

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.11 RM'000	Preceding Year Corresponding Quarter 31.12.10 RM'000	Current Year To Date 31.12.11 RM'000	Preceding Year Corresponding Period 31.12.10 RM'000
Continuing Operations:				
Revenue	30,060	22,281	107,076	88,207
Cost of sales	(22,485)	(17,072)	(83,446)	(70,726)
Gross Profit	<u>7,575</u>	<u>5,209</u>	<u>23,630</u>	<u>17,481</u>
Other Income	30	277	445	637
Operating expenses	(4,668)	(4,321)	(21,053)	(19,727)
Finance costs	(963)	(338)	(2,339)	(1,136)
Profit/(Loss) before taxation	<u>1,974</u>	<u>827</u>	<u>683</u>	<u>(2,745)</u>
Taxation	(306)	568	(551)	1,218
Profit/(Loss) for the period	<u>1,668</u>	<u>1,395</u>	<u>132</u>	<u>(1,527)</u>
Other Comprehensive Income ("OCI")	-	-	-	-
Total Comprehensive Profit/(Loss) for the period, attributable to Equity holders of the Company	<u>1,668</u>	<u>1,395</u>	<u>132</u>	<u>(1,527)</u>
Earnings/(Loss) per share				
- Earnings/(Loss) per share (sen)	<u>2.06</u>	<u>1.72</u>	<u>0.16</u>	<u>(1.89)</u>

Notes:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



EURO HOLDINGS BERHAD
(Company No. 646559-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011
(The figures have not been audited)

	(Unaudited) As At End of Current Year 31.12.11 RM'000	(Audited) As At End of Preceding Financial Year 31.12.10 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	65,071	66,941
Deferred tax assets	2,905	2,684
	<u>67,976</u>	<u>69,625</u>
Current assets		
Inventories	15,743	15,254
Property development costs	7,984	-
Trade receivables	33,312	28,930
Other receivables	1,274	1,270
Tax recoverable	1,297	1,172
Foreign currency forward contracts	38	50
Fixed deposit	242	236
Short term funds	115	113
Cash and cash at bank	3,601	2,519
	<u>63,606</u>	<u>49,544</u>
TOTAL ASSETS	<u><u>131,582</u></u>	<u><u>119,169</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	40,500	40,500
Share premium	3,844	3,844
Retained earnings	22,081	21,949
Shareholders' equity	<u><u>66,425</u></u>	<u><u>66,293</u></u>
Non-current liabilities		
Term loans	15,605	16,309
Hire purchase payables	2,247	3,132
	<u>17,852</u>	<u>19,441</u>
Current liabilities		
Trade payables	16,740	11,656
Other payables	7,824	7,737
Dividend payable	-	5
Amount due to directors	37	33
Provision for taxation	364	105
Hire purchase payables	1,827	1,501
Short term borrowings	20,513	12,398
	<u>47,305</u>	<u>33,435</u>
Total liabilities	<u><u>65,157</u></u>	<u><u>52,876</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>131,582</u></u>	<u><u>119,169</u></u>
Net Assets Per Share (RM)	0.82	0.82

Notes:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

(The figures have not been audited)

	Current Year ended 31.12.11 RM'000	Preceding Year ended 31.12.10 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	683	(2,745)
Adjustments for :		
Non-cash items	5,145	4,744
Non-operating items	<u>2,031</u>	<u>808</u>
Operating profit before working capital changes	7,859	2,807
Inventories	(489)	(1,381)
Property development costs	(7,984)	-
Trade and other receivables	(4,464)	(5,561)
Trade and other payables	<u>7,891</u>	<u>2,852</u>
Cash generated from/(used in) operations	2,813	(1,283)
Interest paid	(2,045)	(828)
Interest received	15	20
Tax paid	(731)	(777)
Tax refund	<u>94</u>	<u>212</u>
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	<u>146</u>	<u>(2,656)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,306)	(2,360)
Proceeds from disposal of property, plant and equipment	<u>258</u>	<u>540</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,048)</u>	<u>(1,820)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(5)	(3)
Drawdown of term loan	505	-
Fixed deposit pledged	(5)	(4)
Repayment of hire purchase payables	(1,871)	(2,021)
Repayment of term loans	<u>(964)</u>	<u>(596)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(2,340)</u>	<u>(2,624)</u>
Net decrease in cash and cash equivalents	(4,242)	(7,100)
Cash and cash equivalents at beginning of the year	<u>(2,041)</u>	<u>5,059</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR*	<u>(6,283)</u>	<u>(2,041)</u>

*Cash and cash equivalents at the end of the financial year comprised the following:

Bank overdrafts	(9,999)	(4,673)
Cash and bank balances	3,601	2,519
Fixed deposit	242	236
Short term funds	<u>115</u>	<u>113</u>
	(6,041)	(1,805)
Less: Fixed deposit pledged to a bank for credit facilities	<u>(242)</u>	<u>(236)</u>
	<u>(6,283)</u>	<u>(2,041)</u>

Notes:

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**

(The figures have not been audited)

	<---Attributable to Equity Holders of the Company--->			Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	
At 1 January 2011	40,500	3,844	21,949	66,293
Total comprehensive profit for the year	-	-	132	132
At 31 December 2011	<u>40,500</u>	<u>3,844</u>	<u>22,081</u>	<u>66,425</u>
At 1 January 2010	40,500	3,844	23,469	67,813
Effects of applying FRS 139	-	-	7	7
At 1 January 2010, as restated	<u>40,500</u>	<u>3,844</u>	<u>23,476</u>	<u>67,820</u>
Total comprehensive loss for the year	-	-	(1,527)	(1,527)
At 31 December 2010	<u>40,500</u>	<u>3,844</u>	<u>21,949</u>	<u>66,293</u>

Notes:

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2011

A1. Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134, Interim Financial Reporting and Paragraph 9.22 of the Main Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiary companies (hereinafter referred to as the "Group") since the financial year ended 31 December 2010. The condensed consolidated interim financial statements and notes thereon however do not include all of the information required for a full set of financial statements prepared in accordance with FRSs and should be read in conjunction with the annual consolidated financial statements of Euro Holdings Berhad ("EURO" or the "Company") for the financial year ended 31 December 2010.

A2. Significant Accounting Policies

The significant accounting policies, methods of computation and basis of consolidation applied in the unaudited condensed consolidated interim financial statements are consistent with those adopted in the annual audited financial statements of the Group for the financial year ended 31 December 2010, except for the following:

Adoption of New and Revised FRSs, IC Interpretations and Amendments

The Group adopted the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC interpretations which are applicable to its financial statements and relevant operations with effect from 1 January 2011:

FRSs, IC interpretations and Amendments to FRSs and IC Interpretations

FRS 1 (Revised)	First-time Adoption of Financial Reporting Standards
FRS 3 (Revised)	Business Combination
FRS 127 (Revised)	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First Time Adopters - Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment - Group Cash-Settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 138	Intangible Assets
Amendments to FRSs	Improvements to FRSs (2010)
IC Interpretation 4	Determining whether an Arrangement contain a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of Net Investment in a Foreign Operation
IC Interpretation 17	Distribution of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The application of the above FRSs, IC interpretations and Amendments to FRSs and IC Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group except for the changes in accounting policy on adoption of the revised FRS 3 and revised FRS 127, which are described below:

FRS 3 (revised) Business Combinations and FRS 127 (revised) Consolidated and Separate Financial Statements

FRS 3 (revised) introduces significant changes in the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred.

The revised FRS 127 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires total comprehensive income to be attributed to the owners of the parent and to the non-controlling interests, even if the results in the non-controlling interests having a deficit balance.

The changes in FRS 3 and FRS 127 did not have any financial impact on the financial statements of the Group at initial application but may impact the accounting for future acquisitions, transactions or arrangements of the Group.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2011

A3. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2010 was not qualified.

A4. Seasonal and Cyclical Factors

Sales have been historically higher in the second half of the year than the first due to increase in projects during that period.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and year ended 31 December 2011.

A6. Material Changes in Estimates of Amounts Reported

There were no material changes in accounting estimates that have a material effect in the current quarter results.

A7. Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities for the current quarter and year ended 31 December 2011.

A8. Dividends Paid

No dividends were paid by the Company in the current quarter and year ended 31 December 2011.

A9. Segmental Reporting

The Group is involved in a single industry of manufacturing and trading of office furniture, with its operations conducted predominantly in Malaysia as at 31 December 2011. The property division of the Group had not commenced operations as at year end.

The Group presents its segment information based on local and exports market segment, which is the basis of presenting its monthly management reports. For each market segment, the Group's Managing Director reviews internal management reports on a regular basis for performance and resource allocation decisions.

Segment analysis for the current financial year ended 31 December 2011 is as follows:-

By Market Segments:

	Local RM'000	Exports RM'000	Total RM'000
Revenue	47,822	59,254	107,076
Results			RM'000
Segment Results			3,726
Unallocated expenses			(704)
Operating profit			3,022
Finance costs			(2,339)
Loss before taxation			683
Taxation			(551)
Loss after taxation			132

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2011

Segment analysis for the corresponding financial year ended 31 December 2010 was as follows:-

	Local RM'000	Exports RM'000	Total RM'000
Revenue	33,554	54,653	88,207
Results			RM'000
Segment Results			(1,076)
Unallocated expenses			(533)
Operating loss			(1,609)
Finance costs			(1,136)
Loss before taxation			(2,745)
Taxation			1,218
Loss after taxation			(1,527)

A10. Material Events Subsequent to the End of the Year

There were no material events between the end of the year and the date of this report that have not been reflected in the financial statements for the year.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year under review, except for the following:

On 7 April 2011, the Company acquired the entire issued and paid-up share capital of Euroland & Development Sdn Bhd ("Euroland") for a cash consideration of RM 2. Euroland became a wholly owned subsidiary of the Company with effect from that date.

On 15 August 2011, Euroland increased its paid up share capital from RM 2 to RM 500,000 by way of new allotment of 499,998 new ordinary shares of RM1.00 each at par for cash consideration. There is no change to the shareholding structure subsequent to the event.

A12. Contingent Liabilities and Contingent Assets

The Group has no material contingent liabilities and contingent assets since the quarter and financial year ended 31 December 2011 to 22 February 2012, being a date not earlier than 7 days from the date of this report, save for the following :

<u>Company</u>	As at 22.02.12 RM'000
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	80,396

A13. Capital Commitments

	As at 31.12.11 RM'000
Property, plant and machinery	
Contracted but not provided for	1,465

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2011

PART B : ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

	Current Quarter ended 31.12.11 RM'Million	Preceding Year Corresponding Quarter ended 31.12.10 RM'Million	Current Year ended 31.12.11 RM'Million	Preceding Year ended 31.12.10 RM'Million
Revenue	30.0	22.3	107.0	88.2
Profit/ (Loss) before taxation	2.0	0.8	0.7	(2.7)

The Group's revenue for the current quarter ended 31 December 2011 was RM30.0 million as compared to the preceding year's corresponding quarter of RM22.3 million. There were more projects secured and completed in the quarter, notably for the overseas markets.

For the period ended 31 December 2011, the Group registered a revenue increase of 18.8 million from RM88.2 million in the preceding year to RM107.0 million in the current year. Higher number of projects were completed for existing and new customers, both in the domestic and export markets.

The achievement of higher revenue had helped to turn around the Group into recording a profit before taxation of RM0.7 million against a loss of RM2.7 million in the preceding year. Further, the higher production output had improved the operational efficiency to attain a better margin.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 31.12.11 RM'Million	Preceding Quarter ended 30.09.11 RM'Million
Revenue	30.0	29.3
Profit before taxation	2.0	1.8

For the quarter under review, the Group's revenue improved marginally to RM30.0 million as compared to the previous quarter of RM29.3 million. Market demand of office furniture continued to be strong in the final quarter of 2011. In line with higher revenue, the Group recorded RM2.0 million profit before taxation in the current quarter, which was consistent with the profit before taxation achieved in the previous quarter.

B3. Profit for the Year

Profit for the quarter /year is arrived at after crediting/(charging) :-

	Current Year Quarter ended 31.12.11 RM'000	Preceding Year Corresponding Quarter ended 31.12.10 RM'000	Current Year ended 31.12.11 RM'000	Preceding Year ended 31.12.10 RM'000
Interest Income	4	3	15	20
Other income including investment income	-	-	109	181
Interest expense	882	257	2,045	828
Depreciation & amortisation	1,295	1,135	5,123	4,542
Provision for and write off of receivables	90	64	90	380
Foreign exchange gain/(loss)	32	249	321	411
Gain/(loss) on derivatives	137	7	(5)	43
	2,440	1,715	7,698	6,405

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2011

B4. Next Year Prospects

The overall global economic climate remains uncertain for 2012. The Group expects the operating conditions to remain challenging and competitive. Demand is uncertain and is expected to be weak in the first half of the year. In view of the above, the Group will intensify its marketing efforts and will continue to strengthen its operations in order to achieve favourable performance in the next financial year.

B5. Variance of Actual and Forecast Profit

Not applicable as there is no profit forecast or profit guarantee issued.

B6. Corporate Proposal

There were no corporate proposals announced but not completed as at 22 February 2012, being a date not earlier than 7 days from the date of this report.

B7. Taxation

	Current Year Quarter ended 31.12.11 RM'000	Preceding Year Corresponding Quarter ended 31.12.10 RM'000	Current Year ended 31.12.11 RM'000	Preceding Year ended 31.12.10 RM'000
Current taxation				
-current year	(190)	3	879	244
-prior year	-	(1)	(108)	(111)
	(190)	2	771	133
Deferred taxation				
-current year	571	(201)	(350)	(1,056)
-prior year	(75)	(369)	130	(295)
	496	(570)	(220)	(1,351)
Total	306	(568)	551	(1,218)

The effective tax rate for the year ended 31 December 2011 was higher than the statutory income tax rate primarily due to non allowable expenses and non-recognition of deferred tax assets for certain subsidiaries.

B8. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2011 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Secured</u>			
Overdrafts	9,999	-	9,999
Bills payables	8,852	-	8,852
Term loans	1,662	15,605	17,267
Hire purchase payables	1,827	2,247	4,074
	22,340	17,852	40,192

All borrowings of the Group are denominated in Ringgit Malaysia.

B9. Realised / unrealised profits

	Current year ended 31.12.11 RM'000	Year ended 31.12.10 RM'000
Total retained profits of the Company and its subsidiaries		
- realised	19,169	19,255
- unrealised	2,912	2,694
Total Group retained profits as per consolidated accounts	22,081	21,949

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 31 DECEMBER 2011

B10. Derivative Financial Instruments

The Group uses forward exchange contracts to hedge the Group's sales denominated in USD and SGD. Financial derivatives are recognised on their respective contract dates.

Details of the outstanding derivative financial instruments of the Group as at 31 December 2011 are as follows:

<u>Type of instruments</u>	Contract/Notional Amount RM'000	Value as at 31 Dec 2011 RM'000	Fair Value Gain RM'000
Foreign currency forward contracts - Less than 1 year	4,088	4,050	38

The currency forward contracts are transacted with the Group's bankers. Credit risk for non-performance by the counterparties in these instruments is low.

B11. Material Litigation

The Group does not have any material litigation as at the date of this report.

B12. Dividend

No dividend has been proposed or declared for the financial year ended 31 December 2011 (31 December 2010: Nil).

B13. Earnings Per Share

The basic earnings per share for the quarter ended 31 December 2011 is computed as follows:-

	Current Year Quarter ended 31.12.11	Preceding Year Corresponding Quarter ended 31.12.10	Current Year ended 31.12.11	Preceding Year ended 31.12.10
Profit/(Loss) for the period, attributable to ordinary shareholders of the Company (RM'000)	1,668	1,395	132	(1,527)
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
Profit/(Loss) Per Share (sen)	2.06	1.72	0.16	(1.89)

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial year ended 31 December 2011.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary
(MIA 1688)

Date: 29 February 2012