

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.12 RM'000	Preceding Year Corresponding Quarter 31.03.11 RM'000	Current Year To Date 31.03.12 RM'000	Preceding Year Corresponding Period 31.03.11 RM'000
Continuing Operations:				
Revenue	18,340	23,144	18,340	23,144
Cost of sales	(15,909)	(19,004)	(15,909)	(19,004)
Gross Profit	<u>2,431</u>	<u>4,140</u>	<u>2,431</u>	<u>4,140</u>
Other Income	106	91	106	91
Operating expenses	(5,127)	(5,393)	(5,127)	(5,393)
Finance costs	(572)	(427)	(572)	(427)
Loss before taxation	<u>(3,162)</u>	<u>(1,589)</u>	<u>(3,162)</u>	<u>(1,589)</u>
Taxation	42	20	42	20
Loss for the period	<u>(3,120)</u>	<u>(1,569)</u>	<u>(3,120)</u>	<u>(1,569)</u>
Other Comprehensive Income ("OCI")	-	-	-	-
Total Comprehensive Loss for the period, attributable to Equity holders of the Company	<u>(3,120)</u>	<u>(1,569)</u>	<u>(3,120)</u>	<u>(1,569)</u>
Loss per share				
- Loss per share (sen)	<u>(3.85)</u>	<u>(1.94)</u>	<u>(3.85)</u>	<u>(1.94)</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 2011 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 MARCH 2012

(The figures have not been audited)

	(Unaudited) As At End of Current Period 31.03.12 RM'000	(Audited) As At End of Preceding Financial Year 31.12.11 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	63,962	65,071
Land held for development	8,133	7,984
Deferred taxation	2,956	2,914
	<u>75,051</u>	<u>75,969</u>
Current assets		
Inventories	16,230	15,743
Trade receivables	24,648	33,364
Other receivables, deposits and prepayments	1,897	1,222
Tax recoverable	1,259	1,238
Forward exchange contracts	40	38
Fixed deposit	245	242
Short term funds	116	116
Cash and bank balances	5,093	3,601
	<u>49,528</u>	<u>55,564</u>
TOTAL ASSETS	<u>124,579</u>	<u>131,533</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	40,500	40,500
Reserves	22,798	25,918
Shareholders' equity	<u>63,298</u>	<u>66,418</u>
Non-current liabilities		
Term loans	15,746	15,584
Hire purchase payables	1,743	2,126
	<u>17,489</u>	<u>17,710</u>
Current liabilities		
Trade payables	13,270	16,671
Other payables and accruals	8,646	7,851
Amount due to directors	27	37
Hire purchase payables	1,844	1,948
Short term borrowings	19,777	20,535
Provision for taxation	228	363
	<u>43,792</u>	<u>47,405</u>
Total liabilities	<u>61,281</u>	<u>65,115</u>
TOTAL EQUITY AND LIABILITIES	<u>124,579</u>	<u>131,533</u>
Net Assets Per Share (RM)	0.78	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 2011 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 FIRST QUARTER ENDED 31 MARCH 2012
(The figures have not been audited)

	<---Attributable to Equity Holders of the Company--->			Total Equity RM'000
	<u>Non-distributable</u>	<u>Distributable</u>	Retained Earnings RM'000	
	Share Capital RM'000	Share Premium RM'000		
At 1 January 2012	40,500	3,844	22,074	66,418
Total comprehensive profit for the period	-	-	(3,120)	(3,120)
At 31 March 2012	<u>40,500</u>	<u>3,844</u>	<u>18,954</u>	<u>63,298</u>
At 1 January 2011	40,500	3,844	21,949	66,293
Total comprehensive loss for the period	-	-	(1,569)	(1,569)
At 31 March 2011	<u>40,500</u>	<u>3,844</u>	<u>20,380</u>	<u>64,724</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 2011 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 PERIOD ENDED 31 MARCH 2012**

(The figures have not been audited)

	Current Year Period ended 31.03.12 RM'000	Preceding Year Period ended 31.03.11 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,162)	(1,589)
Adjustments for :		
Non-cash items	1,334	1,272
Non-operating items	527	308
Operating loss before working capital changes	<u>(1,301)</u>	<u>(9)</u>
Inventories	(487)	(1,084)
Trade and other receivables	7,980	639
Trade and other payables	(1,855)	5,755
Cash generated from operations	<u>4,337</u>	<u>5,301</u>
Land held for development	(149)	-
Tax paid	(156)	(195)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>4,032</u>	<u>5,106</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(169)	(573)
Interest received	3	3
Proceeds from disposal of property, plant and equipment	-	77
NET CASH USED IN INVESTING ACTIVITIES	<u>(166)</u>	<u>(493)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	554 ##	-
Fixed deposit pledged	(3)	(3)
Interest paid	(517)	(337)
Repayment of hire purchase payables	(487)	(511)
Repayment of term loans	(402)	(390)
NET CASH USED IN FINANCING ACTIVITIES	<u>(855)</u>	<u>(1,241)</u>
Net decrease in cash and cash equivalents	3,011	3,372
Cash and cash equivalents at beginning of the year	(6,282)	(2,041)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD*	<u>(3,271)</u>	<u>1,331</u>

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

Bank overdrafts	(8,480)	(3,650)
Cash and bank balances	5,093	4,868
Fixed deposit	245	239
Short term funds	116	113
	<u>(3,026)</u>	<u>1,570</u>
Less: Fixed deposit pledged to a bank for credit facilities	(245)	(239)
	<u>(3,271)</u>	<u>1,331</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 2011 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2012

A1. Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Paragraph 9.22 of the Main Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting. The condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Company and its subsidiary companies (hereinafter referred to as the "Group") prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

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 Group since the financial year ended 31 December 2012. 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 MFRSs and should be read in conjunction with the annual consolidated financial statements of the Company for the financial year ended 31 December 2011.

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the interim financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's first set of financial statements prepared in accordance with MFRS Framework will be determined when the process is complete.

A2. Significant Accounting Policies

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. 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 2011, except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2012.

A3. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2011 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 period ended 31 March 2012.

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 period ended 31 March 2012.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2012

A8. Dividends Paid

No dividends were paid by the Company in the current quarter and period ended 31 March 2012.

A9. Segmental Reporting

For the financial period ended 31 March 2012, the Group's financial information is analysed by operating segments as follows:

Financial period ended 31 March 2012:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	6,430	-	-	-	6,430
Exports	11,910	-	-	-	11,910
	<u>18,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,340</u>
Results					
Segment Results	(2,408)	(46)	(136)	-	(2,590)
Finance costs	(568)	-	(4)	-	(572)
Loss before taxation	(2,976)	(46)	(140)	-	(3,162)
Taxation	33	9	0	-	42
Loss after taxation	<u>(2,943)</u>	<u>(37)</u>	<u>(140)</u>	<u>-</u>	<u>(3,120)</u>
Net Assets as at 31 March 2012	<u>41,313</u>	<u>320</u>	<u>46,155</u>	<u>(24,490)</u>	<u>63,298</u>

Financial period ended 31 March 2011:

	Manufacturing RM'000	Property RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue					
Local	10,045	-	-	-	10,045
Exports	13,099	-	-	-	13,099
	<u>23,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,144</u>
Results					
Segment Results	(1,029)	-	(133)	-	(1,162)
Finance costs	(422)	-	(5)	-	(427)
Loss before taxation	(1,451)	-	(138)	-	(1,589)
Taxation	20	-	-	-	20
Loss after taxation	<u>(1,431)</u>	<u>-</u>	<u>(138)</u>	<u>-</u>	<u>(1,569)</u>
Net Assets as at 31 March 2011	<u>43,272</u>	<u>-</u>	<u>45,400</u>	<u>(23,948)</u>	<u>64,724</u>

The corresponding period's segment analysis had been represented to conform with current period's presentation.

A10. Material Events Subsequent to the End of the Quarter

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

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial period under review.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2012

A12. Contingent Liabilities and Contingent Assets

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

<u>Company</u>	As at 22.05.12 RM'000
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>81,896</u>

A13. Capital Commitments

	As at 31.03.12 RM'000
Property, plant and machinery	
Contracted but not provided for	<u>2,333</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2012

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

B1. Review of Performance

	Current Quarter ended 31.03.12 RM'Million	Preceding Year Corresponding Quarter ended 31.03.11 RM'Million	Current Year Period ended 31.03.12 RM'Million	Preceding Year Period ended 31.03.11 RM'Million
Revenue	18.3	23.1	18.3	23.1
Profit/ (Loss) before taxation	(3.2)	(1.6)	(3.2)	(1.6)

The Group recorded a loss before taxation of RM3.2 million (2011: RM1.6 million) in the first quarter of 2012 as revenue dropped to RM18.3 million (2011: RM23.1 million). Generally, market demand was weak. This, coupled with deferment of delivery of certain overseas project caused revenue to contract. However, the contraction rate was higher for the domestic market as compared to exports.

Following the reduction of 20.7% in revenue against the previous year's corresponding quarter, the Group recorded a loss before taxation of RM3.2 million due to high fixed overheads.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 31.03.12 RM'Million	Preceding Quarter ended 31.12.11 RM'Million
Revenue	18.3	30.0
Profit before taxation	(3.2)	2.0

Revenue went down significantly from RM30.0 million in the previous quarter to RM18.3 million in the current quarter as market activities slowed down with the continued economic uncertainties. In addition, the Group recorded a loss of RM3.2 million due to high fixed operation overheads.

B3. Loss for the Period

Loss for the quarter /period is arrived at after charging/(crediting) :-

	Current Year Quarter ended 31.03.12 RM'000	Preceding Year Corresponding Quarter ended 31.03.11 RM'000	Current Year Period ended 31.03.12 RM'000	Preceding Year Period ended 31.03.11 RM'000
Interest Income	(3)	(3)	(3)	(3)
Other income including investment income	(88)	(29)	(88)	(29)
Interest expense	517	337	517	337
Depreciation & amortisation	1,262	1,173	1,262	1,173
Foreign exchange (gain)/loss	(4)	115	(4)	115
(Gain)/loss on derivatives	(2)	13	(2)	13

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2012

B4. Current Year Prospects

The global economic and regional economic outlook for 2012 is expected to be more challenging and uncertain, especially with the escalation of the financial problems in the Euro Zone. Further, the office furniture industry is expected to face greater competition as other international office furniture manufacturers are now putting more emphasis to develop the market in the Asian region instead.

Demand is expected to improve in the next few months after a slow start in the beginning of the year. The Group will intensify its efforts to secure more projects in the Asian region and other developing countries. Focus will be given to expand the Group's existing customer base, especially markets that have good growth potential. Concerted efforts will be made to further enhance the steel storage product line and to build on its clientele list.

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 May 2012, being a date not earlier than 7 days from the date of this report.

B7. Taxation

	Current Year Quarter ended 31.03.12 RM'000	Preceding Year Corresponding Quarter ended 31.03.11 RM'000	Current Year Period ended 31.03.12 RM'000	Preceding Year Period ended 31.03.11 RM'000
Current taxation				
-current year	-	197	-	197
-prior year	(1)	-	(1)	-
	(1)	197	(1)	197
Deferred taxation - current	(41)	(217)	(41)	(217)
Total	(42)	(20)	(42)	(20)

The effective tax rate for the year ended 31 March 2012 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 March 2012 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<i>Secured</i>			
Overdrafts	8,480	-	8,480
Bills payables	9,623	-	9,623
Term loans	1,674	15,746	17,420
Hire purchase payables	1,844	1,743	3,587
	21,621	17,489	39,110

All borrowings of the Group are denominated in Ringgit Malaysia.

B9. Realised / unrealised profits

	As at 31.03.12 RM'000	As at 31.03.11 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	36,060	37,558
- unrealised	2,968	2,856
	39,028	40,414
Less: Consolidation adjustments	(20,076)	(20,034)
Total retained earnings as per consolidated accounts	18,954	20,380

EURO HOLDINGS BERHAD
(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2012

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2012

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 March 2012 are as follows:

<u>Type of instruments</u>	Contract/Notional Amount RM'000	Value as at 31 March 2012 RM'000	Fair Value Gain RM'000
Foreign currency forward contracts - Less than 1 year	2,719	2,679	40

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 period ended 31 March 2012 (31 March 2011: Nil).

B13. Loss Per Share

The loss per share for the quarter ended 31 March 2012 is computed as follows:-

	Current Year Quarter ended 31.03.12	Preceding Year Corresponding Quarter ended 31.03.11	Current Year Period ended 31.03.12	Preceding Year Period ended 31.03.11
Loss for the period, attributable to ordinary shareholders of the Company (RM'000)	(3,120)	(1,569)	(3,120)	(1,569)
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
Loss Per Share (sen)	(3.85)	(1.94)	(3.85)	(1.94)

There is no diluted (loss)/earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 31 March 2012.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary
(MIA 1688)

Date: 29 May 2012

EURO HOLDINGS BERHAD
(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2012