

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.07 RM'000	Preceding Year Corresponding Quarter 30.09.06 RM'000	Current Year To Date 30.09.07 RM'000	Preceding Year Corresponding Period 30.09.06 RM'000
Revenue	35,750	26,576	90,362	66,339
Cost of sales	(27,082)	(21,383)	(67,459)	(49,966)
Gross Profit	8,668	5,193	22,903	16,373
Other income	83	219	179	435
Operating expenses	(4,930)	(4,152)	(14,576)	(12,149)
Finance costs	(208)	(126)	(589)	(328)
Profit before tax	3,613	1,134	7,917	4,331
Tax expense	(721)	(301)	(1,289)	(1,016)
Profit for the period, attributable to Shareholders of the Company	2,892	833	6,628	3,315
Earnings per share				
- Basic earnings per share (sen)	3.57	1.03	8.18	4.09

Notes:

The Condensed Consolidated Income Statements should be read in conjunction with the annual financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2007

(The figures have not been audited)

	(Unaudited) As At End Of Current Quarter 30.09.07 RM'000	(Audited) As At End of Preceding Financial Year 31.12.06 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	43,726	41,192
Prepaid lease payments	2,380	2,381
Investment property	100	101
	<u>46,206</u>	<u>43,674</u>
Current assets		
Inventories	12,766	13,961
Trade receivables	30,276	27,111
Other receivables	1,258	1,342
Tax recoverable	931	1,244
Fixed deposits	219	212
Short term funds	4,993	2,585
Cash and cash at bank	7,952	4,720
	<u>58,395</u>	<u>51,175</u>
TOTAL ASSETS	<u>104,601</u>	<u>94,849</u>
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	40,500	40,500
Share premium	3,844	3,844
Retained earnings	21,966	16,993
	<u>66,310</u>	<u>61,337</u>
Non-current liabilities		
Loans and borrowings	7,052	6,797
Deferred taxation	1,913	1,757
	<u>8,965</u>	<u>8,554</u>
Current liabilities		
Trade payables	21,113	15,883
Other payables	6,461	7,082
Short term borrowings	1,680	1,968
Amount due to directors	59	21
Dividend payable	13	4
	<u>29,326</u>	<u>24,958</u>
Total liabilities	<u>38,291</u>	<u>33,512</u>
TOTAL EQUITY AND LIABILITIES	<u>104,601</u>	<u>94,849</u>
Net Assets Per Share (RM)	0.82	0.76

Notes:

The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the annual

financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2007
(The figures have not been audited)**

	Cumulative Current Year Period ended 30.09.07 RM'000	Cumulative Preceding Year Period ended 30.09.06 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,917	4,331
Adjustments for :		
Non-cash items	3,184	1,833
Non-operating items	256	(13)
Operating profit before working capital changes	<u>11,357</u>	<u>6,151</u>
Inventories	1,195	(4,756)
Trade and other receivables	(3,583)	(4,405)
Trade and other payables	4,143	5,452
Cash generated from operations	<u>13,112</u>	<u>2,442</u>
Interest received	91	129
Interest paid	(362)	(116)
Tax paid	(1,142)	(1,170)
Tax refund	321	1
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>12,020</u>	<u>1,286</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(4,269)	(10,387)
Placement of pledged fixed deposits	(7)	(6)
Proceeds on disposal of fixed assets	17	350
NET CASH USED IN INVESTING ACTIVITIES	<u>(4,259)</u>	<u>(10,043)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,646)	(1,978)
Repayment of hire purchase payables	(913)	(719)
Repayment of term loan	(431)	(300)
Drawdown of term loan	-	1,666
Drawdown of hire purchase payables	909	-
NET CASH USED IN FINANCING ACTIVITIES	<u>(2,081)</u>	<u>(1,331)</u>
Net increase / (decrease) in cash and cash equivalents	5,680	(10,088)
Cash and cash equivalents at beginning of period	7,265	17,210
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	<u>12,945</u>	<u>7,122</u>

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

Bank overdrafts	-	(576)
Cash and bank balances	7,952	4,613
Short term funds	4,993	2,085
Fixed deposits	219	1,212
	<u>13,164</u>	<u>7,334</u>
Less: Fixed deposit pledged to a bank for credit facilities	(219)	(212)
	<u>12,945</u>	<u>7,122</u>

Notes:

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the annual financial statements for the financial year ended 31 December 2006 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 FINANCIAL PERIOD ENDED 30 SEPTEMBER 2007**

(The figures have not been audited)

	<u>Non Distributable</u>			<u>Distributable</u>	Total Shareholders' Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000	
At 1 January 2007	40,500	3,844	-	16,993	61,337
Profit for the period	-	-	-	6,628	6,628
Final dividend for the year ended 31 December 2006	-	-	-	(1,655)	(1,655)
At 30 September 2007	<u>40,500</u>	<u>3,844</u>	<u>- #</u>	<u>21,966</u>	<u>66,310</u>
At 1 January 2006					
As previously stated	40,500	3,844	3,693	9,757	57,794
Effects of adopting FRS 3	-	-	(3,693)	3,693	-
At 1 January 2006 (restated)	<u>40,500</u>	<u>3,844</u>	<u>-</u>	<u>13,450</u>	<u>57,794</u>
Profit for the period	-	-	-	3,315	3,315
Final dividend for the year ended 31 December 2005	-	-	-	(2,041)	(2,041)
At 30 September 2006	<u>40,500</u>	<u>3,844</u>	<u>-</u>	<u>14,724</u>	<u>59,068</u>

Notes:

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART A : EXPLANATORY NOTES AS PER FRS 134

A1. Basis of Preparation

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

The interim financial statements have been prepared in accordance with the same accounting policies adopted in 2006 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2007 annual financial statements. Details of these changes in accounting policies are set out in Note A2.

The interim financial statements should be read in conjunction with the annual financial statements of Euro Holdings Berhad ("EURO" or the "Company") for the financial year ended 31 December 2006. 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 2006. The condensed consolidated interim financial statements and notes thereon however do not include all of the information required for full set of financial statements prepared in accordance with FRSs.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2006 except for the adoption of the following new/revised FRSs applicable to the Group for financial period beginning on 1 January 2007:

(a) FRS 117: Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. Prior to 1 January 2007, leasehold land was classified as property, plant and equipment and was stated as cost less accumulated depreciation. Upon the adoption of FRS117 on 1 January 2007, the unamortised amount of leasehold land was reclassified retrospectively as prepaid lease payments and the comparative amount as at 31 December 2006 has been restated, as disclosed in Note A3.

(b) FRS 124: Related Party Disclosures

This new standard affected the identification of related parties and some other related party disclosures. However, there is no financial impact on the adoption of the revised FRS 124.

A3. Comparatives

The following comparative amounts have been restated due to the adoption of FRS 117 - Leases :

	As previously stated RM'000	Effects on adoption of FRS 117 (Note A2a) RM'000	As restated RM'000
As at 31 December 2006			
Property, plant and equipment	43,573	(2,381)	41,192
Prepaid lease payments	-	2,381	2,381

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A4. Changes in Estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at each financial year end. The Group revised the residual values of certain motor vehicles with effect from 1 January 2007. The revisions were accounted for as change in accounting estimates in accordance with FRS 108 and as a result, the depreciation charges for the current period ended 30 September 2007 and future period over the remaining useful life of the assets have increased by RM 90,000 and RM 213,000 respectively.

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

A5. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2006 was not qualified.

A6. 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.

A7. 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 financial period ended 30 September 2007.

A8. Issuances and Repayment of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter and financial period ended 30 September 2007.

A9. Dividends Paid

The final dividend of 2.8 sen gross per share less tax at 27% for the financial year ended 31 December 2006 was paid on 17 July 2007.

A10. Segmental Reporting

Segmental Reporting is not provided as the Group is involved in a single industry segment relating to the manufacturing and trading of office furniture. The operations of the Group are conducted predominantly in Malaysia.

A11. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2006.

A12. Material Events Subsequent to the End of the Interim Period

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

A13. 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

A14. Contingent Liabilities and Contingent Assets

The Group has no material contingent liabilities and contingent assets since the financial period ended 30 September 2007 to 20 November 2007, being a date not earlier than 7 days from the date of this report, save for the following :

<u>Company</u>	As at 20.11.07 RM'000
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>51,133</u>

A15. Capital Commitments

	As at 30.09.07 RM'000
Mould and machinery	
Contracted but not provided for	<u>343</u>

EURO HOLDINGS BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS**PART B : ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Performance**

	Current Quarter ended 30.09.07 RM'Million	Preceding Year Corresponding Quarter ended 30.09.06 RM'Million	Current Year to date ended 30.09.07 RM'Million	Preceding Year Corresponding Period ended 30.09.06 RM'Million
Revenue	35.8	26.6	90.4	66.3
Profit before taxation	3.6	1.1	7.9	4.3

The Group achieved revenue of RM 35.8 million and RM 90.4 million respectively for the current quarter and period ended 30 September 2007 as compared to RM 26.6 million and RM 66.3 million in the preceding year's corresponding quarter and period. This represents an increase of RM 9.2 million and RM 24.1 million or 34.6% and 36.3% in revenue than that of its corresponding quarter and period. Both domestic and export market recorded higher sales, an improvement of 40.3% and 34% respectively as compared to the previous year's corresponding period.

Profit before taxation improved to RM 3.6 million for the current quarter and RM 7.9 million for the current period. The improved performance was primarily attributable to higher sales volume of products with lower rate of increase in operating expenses.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 30.09.07 RM'Million	Preceding Quarter ended 30.06.07 RM'Million
Revenue	35.8	28.0
Profit before taxation	3.6	3.0

The Group recorded a revenue of RM 35.8 million in the current quarter as compared to RM 28.0 million in the preceding quarter, an increase of 27.8%. The export market performed very well in the current quarter, denominating 65% of the Group's overall revenue. Profit before taxation improved in the current quarter in tandem with increase in revenue. Despite lower gross profit margin achieved in the current quarter as a result of higher raw material cost, PBT margin remained consistent for both quarters. The increase in manufacturing cost had been offset by cost savings in operating expenses in the current quarter.

B3. Current Year Prospects

The market condition for the final quarter of the current financial year is expected to remain challenging with an upward trend of world crude oil prices affecting the world economy. Further anticipated strengthening of Ringgit against USD may also affect the Group's export margin. The Group continues to mitigate the difficulties by improving its operational efficiency and intensify its efforts to focus on strengthening its existing markets as well as expanding into new markets, especially overseas.

Barring any unforeseen circumstances, the Board expects the Group to record satisfactory result for the financial year ending 31 December 2007.

B4. Variance of Actual and Forecast Profit

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

B5. Corporate Proposal

There were no corporate proposals announced but not completed as at 20 November 2007, being a date not earlier than 7 days from the

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

date of this report.

B6. Taxation

	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter ended	Corresponding	to date ended	Corresponding
	30.09.07	Quarter ended	30.09.07	Period ended
	RM'000	30.09.06	RM'000	30.09.06
		RM'000	RM'000	RM'000
Current taxation				
- current	570	215	1,162	771
- prior year	-	-	(28)	-
	<u>570</u>	<u>215</u>	<u>1,134</u>	<u>771</u>
Deferred taxation				
Origination and reversal of temporary differences				
- current	151	86	155	245
	<u>721</u>	<u>301</u>	<u>1,289</u>	<u>1,016</u>

The effective tax rate for the current quarter and period ended 30 September 2007 was lower than the statutory income tax rate primarily due to the utilisation of reinvestment allowances and the qualification of 20% tax rate for the first RM 500,000 of taxable income for certain subsidiary companies.

B7. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties for the current quarter and financial period ended 30 September 2007.

B8. Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities for the current quarter and financial period ended 30 September 2007.

B9. Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2007 are as follows:

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
<u>Secured</u>			
Term loans	549	5,143	5,692
Hire purchase payables	1,131	1,909	3,040
	<u>1,680</u>	<u>7,052</u>	<u>8,732</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

Forward foreign exchange contracts were entered into by subsidiary companies to manage exposure to fluctuations in foreign currency exchange rates on specific transactions and to hedge its sales orders denominated in foreign currencies. The transactions in foreign currencies are booked in at the prevailing market rates. Exchange gains or losses arising on contracts are deferred until the date of transaction.

As at 20 November 2007, the notional amount for forward foreign exchange contracts that were entered into as hedges for sales was RM1.8 million. This amount represents the future cash flows under the contracts to sell the foreign currencies. The settlement periods of these forward contracts range between 1 month and 2 months.

The Group has no significant concentrations of credit risk and market risk in relation to the above off-balance sheet financial instruments because of low risk of non-performance by counterparties and pre-determined exchange rates under such contracts.

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(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS**B11. Material Litigation**

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

B12. Dividend

No interim dividend has been declared for the financial period ended 30 September 2007 (30 September 2006: Nil).

B13. Earnings Per Share

The basic earnings per share for the quarter ended 30 September 2007 is computed as follows:-

	Current Year Quarter ended 30.09.07	Preceding Year Corresponding Quarter ended 30.09.06	Current Year to date 30.09.07	Preceding Year Corresponding Period 30.09.06
Profit for the period, attributable to shareholders of the Company (RM'000)	2,892	833	6,628	3,315
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
Basic Earnings Per Share (sen)	3.57	1.03	8.18	4.09

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the current quarter and financial period ended 30 September 2007.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary
(MIA 1688)

Date: 27 November 2007