

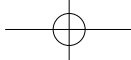


BUILDING **NEW** PARTNERSHIPS

EURO HOLDINGS BHD
(646559-T)

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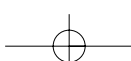




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Corporate Information

Designing to Inspire

Board of Directors

Dato' Mohd Haniff bin Abd Aziz	Chairman, Non-Independent and Non-Executive Director
Lew Fatt Sin	Group Managing Director
Law Sim Shee	Executive Director
Lew Hin	Executive Director
Teh Hock Toh	Executive Director
Foong Yein Teng	Executive Director
Datuk Dr Syed Muhamad bin Syed Abdul Kadir	Independent Non-Executive Director
Ng Wai Pin	Independent Non-Executive Director
Pua Kah Ho	Independent Non-Executive Director

Audit Committee

Datuk Dr Syed Muhamad bin Syed Abdul Kadir	Chairman, Independent Non-Executive Director
Ng Wai Pin	Member, Independent Non-Executive Director
Foong Yein Teng	Member, Executive Director

Remuneration Committee

Datuk Dr Syed Muhamad bin Syed Kadir	Chairman, Independent Non-Executive Director
Ng Wai Pin	Member, Independent Non-Executive Director
Lew Fatt Sin	Member, Executive Director

Nomination Committee

Dato' Mohd Haniff bin Abd Aziz	Chairman, Non-Independent and Non-Executive Director
Pua Kah Ho	Member, Independent Non-Executive Director
Law Sim Shee	Member, Executive Director

Company Secretaries

Tai Keat Chai – MIA 1688
Lim Hooi Chin – MAICSA 7025949

Registered Office

Suite 1603, 16th Floor, Wisma Lim Foo Yong
86 Jalan Raja Chulan, 50200 Kuala Lumpur
T: (603) 2732 1377
F: (603) 2732 0338

Head Office

Wisma Euro
Lot 21, Rawang Industrial Estate,
48000 Rawang, Selangor Darul Ehsan.
T: (603) 6092 6666
F: (603) 6092 5000
Email: sales@eurochairs.com
Website: www.eurochairs.com

Auditors

HALS & Associates (A.F. 0755)
Chartered Accountants,
Suite 1602, 16th Floor Wisma Lim Foo Yong
86 Jalan Raja Chulan
50200 Kuala Lumpur
T: (603) 2732 0322
F: (603) 2142 3116

Share Registrar

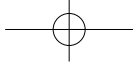
Epsilon Registration Services Sdn Bhd (629261-T)
312, 3rd Floor, Block C, Kelana Square
17 Jalan SS 7/26
47301 Petaling Jaya
T: (603) 7806 2116
F: (603) 7806 1261

Principal Bankers

United Overseas Bank (Malaysia) Bhd (295409-T)
Hong Leong Bank Berhad (97141-X)
EON Bank Berhad (92351-V)
AmBank Berhad (295576-U)

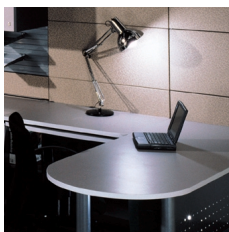
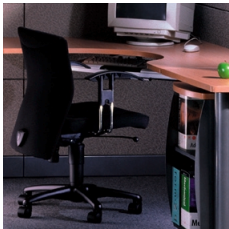
Stock Exchange Listing

Second Board of Bursa Malaysia Securities Berhad
Stock Name : EURO
Stock Code : 7208

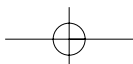


Group Structure

EUROTM
EURO Holdings Bhd (646559-T)
 ("EURO")



Many Companies, One Philosophy



A Testimony of Inspiration at Work

There is a story behind every success. Ours began in 1976.

Mr Lew Fatt Sin started a small business manufacturing sofas and cushions with only three employees. Since then, it has flourished into an international producer of office furniture with over 400 staff and an established sales network that spans five continents.

The EURO brand was created in 1987. In the following years, the brand was exported to Saudi Arabia, Hong Kong, Southeast Asia, New Zealand and Australia.

Then, in 1997, EURO attained the ISO 9002 quality system certificate. With the completion of the second factory in Rawang, production capacity was boosted, and the brand expanded further into Europe. By 2002, the business was transformed to offer 'Total Office Solutions'.

EURO continued to strengthen its brand and market presence and its quality system was upgraded to ISO 9001:2000 Management System Certificate in 2003. It also successfully made a lasting impact in the domestic market on major projects which included clients such as Telekom Malaysia.

Finally, as a testament to the passion for its trade, EURO became a public listed company on the Second Board of Bursa Malaysia Securities Berhad. The EURO brand also won Best Brands Award 2004 under the Best Malaysian Brand Category for the brand EURO.



Corporate Vision, Mission & Philosophy

A Fresh Perspective

To help all our partners and employees stay focused on a common goal, we'd like to share with everyone a new philosophy which we believe will help us all realise our dreams and aspirations.

VISION

Be a business partner to our customers so that we can help create workspaces that inspire people to produce their best.

MISSION

Provide work space consultancy as a value added service in addition to producing the highest quality range of products and services.

VALUES

Quality – Understanding that in our business, no service or care for our customer is of value if our product is not of top quality.

Service – Believing that the close of every sale should open up to the next and this comes with providing great service with our product.

Partnership – We are not mere sales people peddling products. We strive to understand our customer's business thoroughly in order to provide them with solutions and not just products.



Board of Directors

EURO HOLDINGS BERHAD
Co. No. 646559-T

The Foundation for Excellence



Directors' Profiles



Dato' Mohd Haniff bin Abd Aziz
Chairman, Non-Independent and
Non-Executive Director

Dato' Mohd Haniff, a Malaysian aged 51, was appointed Chairman of EURO on 1 October 2004. He is on the Nomination Committee, appointed on 28 February 2005. A graduate of the University of Malaya with a Bachelor of Economics (Honours) Degree, he served the Ministry of International Trade and Industry ("MITI") for nineteen years until his early retirement in 1994. During his tenure at MITI, he was Assistant Director of the Ministry from 1975 to 1978 before serving in the Permanent Mission of Malaysia to the United Nations in Geneva until 1981. He was then assigned as Malaysian Trade Commissioner to the Philippines for the next six years, and then to Thailand until 1991. He was also Director of the Malaysian External Trade Development Corporation from 1991 to 1994. He is currently a board member of TH Hin Corporation Berhad, Jerasia Capital Berhad and Samsung SDI (M) Berhad.



Lew Fatt Sin
Group Managing Director/Founder

Lew Fatt Sin, a Malaysian aged 51, was appointed Group Managing Director of EURO on 1 October 2004. He is on the Remuneration Committee, appointed on 28 February 2005. He is an entrepreneur in his own right, and has garnered over 30 years of experience in furniture manufacturing, design and development. Having started as a skilled craftsman in 1970, he joined a furniture factory that produced sofas and settees as a supervisor in 1974. He embarked on a management buy-out of the company two years later when it went into the red. With long-term expansion goals, Fatt Sin revamped production to cater to the domestic office chair and cushion segment. Encouraging results were forthcoming and in 1984, Fatt Sin (M) Sdn Bhd was incorporated. With Fatt Sin as EURO Group's main driving force, the Group is now a leading manufacturer of ergonomic seating, system furniture and related office furniture products. He is actively involved in the Corporate Affairs of the Group, Research & Development, and the overall Operation of the Group. He is the husband of Law Sim Shee and the brother of Lew Hin. He does not hold any directorships in other public listed companies.



Law Sim Shee
Executive Director

A Malaysian aged 52, Law Sim Shee was appointed Executive Director of EURO on 1 October 2004, and is on the Nomination Committee, appointed on 28 February 2005. She was a general clerk for a factory that produced sofas and settees in 1973. Upon a management buy-out of the factory in 1976, she became involved in the production and in the running of the company's administrative affairs. In her current capacity, she oversees Production, Materials Purchasing Department as well as Human and Administrative Affairs of the Group. She is the wife of Lew Fatt Sin and the sister-in-law of Lew Hin. She does not hold any directorships in other public listed companies.

Lew Hin is a Malaysian, aged 54, and was appointed Executive Director of EURO on 1 October 2004. Having started his career with a residential wooden furniture manufacturing company and later as a renovation contractor, Lew Hin has gained a thorough understanding of the furniture industry. He joined EURO Group in 1984 as Sales Manager and was responsible for developing the Group's initial dealer network. He left the Group for four years to expand his knowledge of the industry before returning in 1995. He currently oversees the Group's overall production activities. Lew Hin holds no other directorships in other public listed companies, and is brother to Lew Fatt Sin and brother-in-law to Law Sim Shee.



Lew Hin
Executive Director

A Malaysian aged 40, Teh Hock Toh was appointed Executive Director of EURO on 1 October 2004. He joined EURO Group in 1988 as a sales executive and was later promoted to Sales Manager in 1990. He climbed the ranks quickly and assumed the position of General Manager in 1994. With 17 years of experience in marketing office furniture and equipment, his forte lies in identifying new market opportunities and product development. He is primarily responsible for the overall marketing strategies of EURO Group and heads the Business Development Department as well as the Project Department. He does not hold any directorships in other public listed companies.



Teh Hock Toh
Executive Director

Foong Yein Teng is a Malaysian, aged 35. She was appointed Executive Director of EURO on 1 October 2004, and sits on the Audit Committee, appointed on 3 October 2004. A Chartered Accountant with the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants, Yein Teng's career took off at PriceWaterhouseCoopers in 1990 where she gained professional exposure in auditing, corporate finance and business advisory services. In 1995, she joined Land & General Berhad as Assistant Manager in the Group's Accounts Division, and came on board EURO Group in 1997 where she is responsible for the Group's Finance and Accounts. She holds no directorships in other public listed companies.



Foong Yein Teng
Executive Director



Datuk Dr Syed Muhamad bin Syed Abdul Kadir
Independent Non-Executive Director

A Malaysian aged 58 and appointed Independent Non-Executive Director of EURO on 1 October 2004, Datuk Dr Syed Muhamad bin Syed Abdul Kadir also sits on the Audit Committee, appointed on 3 October 2004 and the Remuneration Committee, appointed on 28 February 2005. He received his Bachelor of Arts from the University of Malaya, his Master in Business Administration from the University of Massachusetts (USA) and a Doctorate in Business Management from the Virginia Polytechnic Institute and State University (USA). During his long tenure in public service, he was Secretary General of Malaysia's Ministry of Human Resource from 2000 to 2003. Prior to that, he served as Deputy Secretary General (Operations) and Secretary of Tax Analysis Division of the Ministry of Finance, Deputy Secretary (Foreign and Domestic Borrowing, Debt Management) of the Finance Division, and Secretary of Higher Education Division of the Ministry of Education. While serving in the Ministry of Human Resource, he was also a board member of the National Institute of Public Administration Council, the National Productivity Centre and the Employees Provident Fund. Datuk Dr Syed Muhamad held various directorships and served as a committee member in several public agencies and companies that include Pos Malaysia Berhad, Telekom Malaysia Berhad, Malayan Railway and the University of Malaya. Currently, he is a board member of Export-Import Bank of Malaysia Berhad, Malaysia Export Credit Insurance Berhad, Bumiputra-Commerce Bank Berhad, Bumiputra-Commerce Finance Berhad and Lembaga Hasil Dalam Negeri Malaysia.



Ng Wai Pin
Independent Non-Executive Director

Ng Wai Pin is a Malaysian aged 40, and was appointed Independent Non-Executive Director of EURO on 1 October 2004. He also sits on the Audit Committee, appointed on 3 October 2004, and the Remuneration Committee, appointed on 28 February 2005. He graduated from the University of Auckland in 1988 with a LLB Degree and was attached to a leading legal firm as a barrister and solicitor in New Zealand for a few years. He returned to Kuala Lumpur and joined Shook Lin & Bok before being admitted as an Advocate and Solicitor of the High Court of Malaya in 1993. He is currently a partner of Yeo & Yeo, a legal firm in Kuala Lumpur. He does not hold any directorships in other public listed companies.



Pua Kah Ho
Independent Non-Executive Director

Pua Kah Ho, a Malaysian aged 56, was appointed Independent Non-Executive Director of EURO on 1 October 2004. He sits on the Nomination Committee, appointed on 28 February 2005. After graduating high school, he commenced a long and rewarding career with Overseas Union Bank (M) Bhd in 1969. He was Credit Officer and Head of Operations in 1980, and in 1990, he assumed the position of Branch and Business Development Manager at OUB until his retirement in 2002. He does not hold any directorships in other public listed companies.

NOTES:

1. Save as disclosed above, none of the Directors have:
 - a. any family relationship with any directors and/or substantial shareholders of the Company; and
 - b. any conflict of interest with the Company
2. None of the Directors have any conviction for offences (other than traffic offences) within the past 10 years.

Chairman's Statement

Dear Valued Shareholder,

On behalf of the Board of Directors of Euro Holdings Berhad ("Euro" or "the Company"), I am pleased to present the Company's inaugural Annual Report and Audited Financial Statements for the financial year ended 31 December 2004.

Economic and Industry Overview

The Malaysian economy experienced its most rapid growth in four years, expanding by 7.1 per cent last year as a result of robust growth in both global trade and domestic demand. The manufacturing sector, which grew by 12.7 per cent remained the leading driver of economic growth, contributing 31.6 per cent to gross domestic product ("GDP").

The Malaysian furniture industry recorded an output growth of 16.7 per cent, while exports rose 10.2 per cent to RM6.4 billion. The sterling performance of the furniture sector is a direct result of the government's policies and strategies, which emphasise on development of value added downstream activities, and at the same time, encourage manufacturers to move up the value chain to become original design manufacturers ("ODM") and original brand manufacturers ("OBM").

Corporate Developments

2004 was a momentous year for EURO. On 13 September 2004, the Company obtained approval from the Securities Commission to list on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities"), and proceeded with the launch of its Prospectus on 28 December 2004 and the initial public offering ("IPO") of 20,250,000 new shares of RM0.50 at RM0.75 each. Euro's shares were officially listed on the Second Board of Bursa Securities on 25 January 2005. The Board believes that the listing of EURO will provide a platform and the necessary financial resources for the Group to accelerate its growth, particularly in the overseas markets.

The IPO exercise raised a total of RM22.3 million for the Group. Of this amount, approximately 57 per cent, or RM12.7 million has been set aside for business expansion, including the construction of a new factory, purchase of new machinery, moulds and tools, and provision of additional working capital. The balance of the proceeds will be used to repay bank borrowings and for listing expenses.

During the year under review, the Group embarked on a major initiative to revitalise its corporate image and logo. This initiative is in line with the Group's ambition to become a regional leader and ultimately a global leader in the provision of mid-to-high-end office furniture system solutions to end customers.



Dato' Mohd Haniff bin Abd Aziz

On 14 October 2004, the Group officially launched its new corporate identity and logo, an event that was witnessed and officiated by YB Datuk Wira Dr Fong Chan Onn, Minister of Human Resources. The design of the letter "O" in Euro represents continuity, while the dot above the letter "O" means two things – the moment of inspiration and a small droplet that causes ripples. The new colour, lime green, sets the tone for our dynamism. We want to better understand our customers' needs so that we are inspired to create an office environment that is ideal and optimal for their business. We will continue to make breakthroughs in quality, innovative design aesthetics and comfort.

R&D and New Product Launches

To stay ahead of competition and to further strengthen our position in the industry, the Group places significant importance on R&D. The R&D department is responsible for developing new and innovative products and designs, conducting relevant market study and research, improving existing manufacturing processes and sourcing for cheaper yet higher grade materials. Since its establishment in 1995, the department has expanded from a headcount of 4 to 15, including eight trained and experienced designers.

Through these R&D efforts, the Group has launched 2-3 new product series each year on average, including its latest Altitude, Memo and Solo series of office chairs in 2004. The Group's R&D spending amounted to approximately RM0.8 million or 1.2 per cent of proforma revenue last year.



Mr Lew Fatt Sin (left), Group Managing Director of EURO, celebrates the launch of EURO's new corporate identity and logo with YB Datuk Wira Dr Fong Chan Onn (right), Minister of Human Resources, on 14 October 2004



EURO showcases its range of office furniture at the Malaysian International Furniture Fair at Putra World Trade Centre in March 2004 in Kuala Lumpur



Awards and Accreditations

In 2004, EURO was awarded the Best Brand Award 2004 under the category of Best Malaysian Brand for the brand EURO. We believe that this award is a testament of the Group's effective brand-building strategy and commitment to innovation and quality.

Marketing

As part of the Group's continuous efforts to grow its export sales and build brand awareness within and outside of Malaysia, EURO actively participates in important international office furniture trade fairs and exhibitions held either locally or abroad. These events not only enable the Group to showcase its latest designs and product offerings, but also to keep its management updated on global industry trends and developments. Notably, Euro participated in the Malaysian International Furniture Fair at Putra World Trade Centre in Kuala Lumpur in March 2004, and the Orgatech International Trade Fair in Cologne, Germany, in October 2004.

Financial and Performance Review

For the year under review, the Group recorded a profit after tax (after pre-acquisition profit) of RM2.6 million on the back of a turnover of RM26.3 million. There is no comparative result as the Company was incorporated on 24 March 2004, and the existing Group only came into existence on 1 October 2004 with the completion of the acquisition of 100 per cent equity interest in the respective subsidiary companies.



Deputy Prime Minister, YB Datuk Seri Najib Tun Razak, gets comfortable in a EURO chair at the International Brands Consumer Fair 2004



Mr Lew Fatt Sin, Group Managing Director of EURO, receives a token of appreciation from YB Datuk Seri Najib Tun Razak at the International Brands Consumer Fair 2004



Mr Lew Fatt Sin, Group Managing Director of EURO, receives the Best Brand Award 2004 from YB Datuk Wira Dr Fong Chan Onn, Minister of Human Resources

However, on a proforma basis, assuming the acquisitions took place on 1 January 2003, the group's profit after tax and revenue would have represented a year-on-year increase of 35.4 per cent and 29.9 per cent respectively to RM6.3 million and RM68.7 million in 2004, compared to RM4.6 million and RM52.9 million in 2003 respectively. The Group's proforma profit after tax for the year ended 31 December 2004 was approximately 6.7 per cent above the Board's estimate of RM5.9 million, as disclosed in the Prospectus dated 28 December 2004.

Both our domestic and export sales registered healthy growth rates, albeit the latter grew at a faster pace of 56.3 per cent in 2004. Domestic sales rose 11.2 per cent. The Group's proforma pre-tax profit margin was stable last year at 11.7 per cent when compared to 11.8 per cent in 2003.

In terms of sales breakdown by product category, office system furniture accounted for 57 per cent (2003: 59 per cent) of total revenue, while office chairs made up another 42 per cent (2003: 39 per cent). Other products contributed the remaining 1 per cent.

Dividends

The Board believes that it will be more beneficial for the Group to conserve cash for future expansion. As disclosed in our Prospectus, the Board therefore does not recommend any dividend payment for the financial year ended 31 December 2004.

Future Prospects

The Group will continue to concentrate on improving its core competencies in the design and manufacture of innovative office chairs and furniture systems. For 2005, EURO anticipates growth from both the domestic and export markets with the latter being the main growth driver. With the appointment of additional distributors and agents, the Group hopes to increase its sales and expand its customer base beyond the Group's traditional markets such as India, the Middle East and Southeast Asia.

To cope with future growth, plans are afoot to construct a new third factory in Rawang, Selangor. The estimated construction cost of RM6.5 million will be partially funded by the IPO proceeds. Upon its completion at the end of 2006, the new factory is expected to increase production capacity by approximately 50 per cent.

Acknowledgements and Appreciation

I would like to extend my sincere gratitude and appreciation to all our employees, esteemed shareholders, customers, business partners, suppliers, bankers and the government authorities for their assistance, dedication and support throughout the year. I would also like to thank my fellow members of the Board for their invaluable advice, contribution and support.



Best Brand Award 2004 for Best Malaysian Brand for the brand EURO



2nd Merit Award for Best Presentation under the Bare Space Category at Malaysia International Furniture Fair



3rd prize for Renovated Booth under Best Display Category at Malaysia International Furniture Fair

Group Managing Director's Statement - Review of Operations

EURO HOLDINGS BERHAD
Co. No. 646559-T

2004 has definitely been a satisfying year for the Group. The Group's proforma revenue rose 29.9 per cent from RM52.9 million in 2003 to RM68.7 million in 2004, boosted mainly by a 56.3 per cent increase in export sales. Export contribution rose to 49.6 per cent of total turnover, a significant increase from 41.2 per cent in 2003, and compared to 28.7 per cent in 2002 and 26.8 per cent in 2001. The rapid rise in export sales reflected our continued success in expanding geographically and increasing penetration in our traditional export markets such as India, the Middle East and Southeast Asia.

Domestic Market

During the year under review, the Group further consolidated its leading position in Malaysia. Domestic sales grew 11.2 per cent, buoyed by a stronger economy and increased investment by the private sector. Our in-depth relationship with and understanding of the needs of our customers have enabled us to compete effectively with both domestic and international players.

The new range of office chairs launched in 2004, namely the Altitude, Memo and Solo, have met with good response from our customers. Developed by our in-house R&D team, these chairs, the Altitude range in particular, incorporate a number of new ergonomic features and the latest designs. We believe that one of our key success factors has been our ability to anticipate evolving consumer preferences and respond effectively to these changing trends.

During the year, the Group secured and completed several high profile projects, including Proton's new plant in Tanjung Malim, Putrajaya (Parcel 4Gs), HSBC Malaysia and Hong Leong Properties. Many of these customers are repeat customers or referrals from existing ones. Given that 87 per cent of our revenue is derived from projects, we believe that customer retention and word-of-mouth advertising are critical to our success and in achieving sustainable earnings growth for the Group.

Export Market

Exports remained the main engine for the Group last year, and we foresee that the trend will continue in coming years, given the limited size of the Malaysia market and our ongoing efforts in building a strong overseas distribution network. In 2004, the Group appointed ten new agents in various countries. This brought the total number of overseas agents to 46 in 33 countries as at the end of 2004. We believe that there is a strong demand for EURO's innovative designs and quality products in the overseas markets.



Lew Fatt Sin



EURO creates a space-efficient and utilitarian office space for Telekom Malaysia Berhad (now known as TM)



Kurnia Insurance Berhad provides a private and sophisticated atmosphere with EURO office systems



EURO inspires a comfortable and spacious environment for the employees at Putrajaya Government Administrative Office

The Group continued to make significant inroads into India and Japan during the year. Sales to these two countries chalked up growth rates in excess of 70 per cent, fuelled by improving brand awareness and increasing recognition of Euro's product quality and designs. Some of the key overseas projects secured and completed during the year included Tata Group and SAP Labs in India. The Group's other key export markets include Southeast Asia, the Middle East and South and Central America.

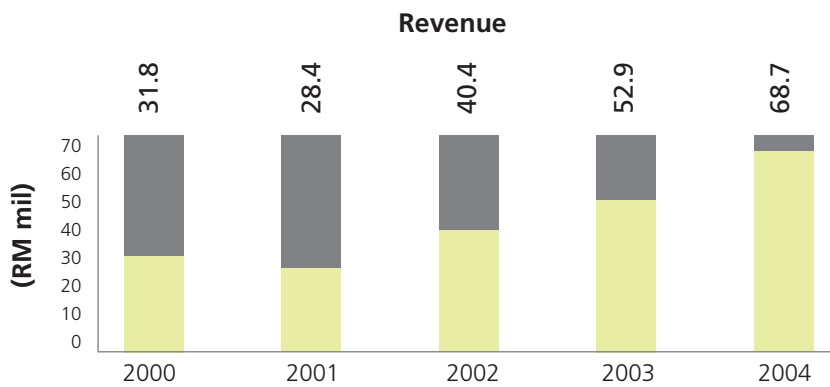
To further build brand awareness and showcase our products in the international market, we participated in the Orgatech International Trade Fair in Cologne, Germany, in October 2004. It was during the fair that we signed up our current distributor in Spain, which subsequently translated into a trial order in 2005.

Outlook and Future Plans

In the coming year, the Group will continue to leverage on its EURO and EURO CHAIRS brand names, R&D capabilities and expanding overseas network to increase penetration in both domestic and export markets. Functionality of office furniture designs will be an increasingly important factor, as consumers become more sophisticated and appreciative of the importance of ergonomics at the workplace. As such, we have new products and designs in the pipeline that include innovative storage systems which will further complement our existing products. Our ultimate aim is to help our customers create a work environment that harmoniously integrates architecture, furniture and technology.

The Group remains committed in its goal to become the leading Original Brand Manufacturer of innovative and high-quality office furniture and solutions. To achieve that, the Group will continue to focus on expanding its overseas distribution network, especially in regions such as Europe where we believe the demand for our products is strong, building brand awareness through active participation in international trade fairs and exhibitions, and strengthening relationships with our customers.

Group Financial Highlights



5 Year Financial Highlights

The revenue, profit before taxation and profit after taxation for the financial year ended 31 December 2000 to 31 December 2004 are based on the proforma audited consolidated income statement of EURO Group, prepared on the assumption that the current structure of the Euro Group has been in existence throughout the period. The proforma consolidated revenue, profit before taxation and profit after taxation are presented for illustrative purposes only.

Statement on Corporate Governance

The Board of Directors ("Board") of the Company fully supports the Malaysian Code of Corporate Governance ("Code") and is committed to ensure that the standards of corporate governance are practiced throughout EURO and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The following set out how the Board has applied the principles set out in the Code and the extent of the compliance with the best practices of the Code for the financial period ended 31 December 2004.

BOARD OF DIRECTORS

The Board has the overall responsibility to instill a corporate culture that emphasises on corporate governance throughout the Group. The Board establishes strategic directions, directing policies, action plans and stewardship of the Group's resources towards realising long term shareholders' value, whilst taking into account the interests of other stakeholders.

Board Meetings

There were no Board Meetings held during the financial period under review as the current Directors were elected on 1 October 2004 and the Company was listed on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") on 25 January 2005. However, beginning from 2005, Board Meetings have been scheduled every quarter, with additional meetings to be convened as and when required.

Board Composition

The Board currently has nine members, comprising:

- The Group Chairman
- The Group Managing Director
- Four (4) Executive Directors
- Three (3) Independent Non-Executive Directors

The Board composition complies with the Listing Requirements of the Bursa Securities and the requirements of the Code for a minimum of one-third (1/3) of the Board to be independent directors. No individual Director or a group of Directors dominates the Board's decision making and the number of the Directors reflects fairly the investment of the shareholders in the Company.

The Board's composition represents members from diverse disciplines, tapping on their respective qualifications and experiences in business, commercial, finance and legal aspects. Together, the Directors bring a wide range of experience, skill and knowledge necessary relevant to directing the Group. A brief profile of each director is presented on pages 8 to 10 of this Annual Report.

The Group practices a division of responsibilities between the Non-Independent and Non-Executive Chairman and the Group Managing Director. Their roles are separated and clearly defined to ensure a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and the working of the Board whilst the Group Managing Director has the overall responsibility for the Group's business operations, effective direction, implementation of Board policies, management of the Group's businesses and decisions.

All the independent Non-Executive Directors are independent of management and free from any relationship that can materially interfere with the exercise of independent judgement on the Board's deliberations and decision-making process. Their presence is especially vital in ensuring that the strategies proposed by the management are fully discussed and evaluated, taking into account the long term interest of the Group as well as the shareholders and all the other stakeholders.

Supply of Information

All Directors are provided with an agenda and a set of Board papers prior to Board meetings to enable them to obtain further information or explanation, when necessary for their consideration and where appropriate, for decision.

The Board papers circulated include quarterly and annual financial statements, minutes of previous meetings, minutes of meetings of all committees of the Board, internal or external reports on the Group's financial, operational and corporate developments. In addition and in accordance with the Articles, the Board also ratifies matters previously approved through directors' circular resolution. During management meetings, the management provides further details on each matter or supplementary information, where necessary.

All directors have full access to information concerning the Company and the Group, whether as full Board members or in their individual capacity, in furtherance of their duties.

In exercising its duties, the Board has access to the advice and services of the Company Secretary and is also entitled to obtain professional opinions or advice from external consultants such as merchant bankers, valuers, auditors, etc when the need arises.

Board Committees

The Board has established the Audit Committee on 1 October 2004, comprising two (2) independent Non-Executive Directors and an Executive Director to assist the Board in discharging its duties. The composition, responsibilities, detailed terms of reference are set out separately on pages 24 to 27 of this Annual Report.

In line with best practices in Corporate Governance, the Code recommends the establishment of the Nomination and Remuneration Committees.

Board Committees (continued)

As the existing Board of Directors was recently appointed on 1 October 2004 and the Company was listed on the Second Board of Bursa Securities on 25 January 2005, the aforesaid Committees were only established in February 2005. The members of the Committees are:

Nomination Committee

- **Dato' Mohd Haniff Bin Abdul Aziz**
Chairman, Non-Independent and Non-Executive Director
- **Pua Kah Ho**
Member, Independent Non-Executive Director
- **Law Sim Shee**
Member, Non-Independent Executive Director

Remuneration Committee

- **Datuk Dr Syed Muhamad bin Syed Abdul Kadir**
Chairman, Independent Non-Executive Director
- **Ng Wai Pin**
Member, Independent Non-Executive Director
- **Lew Fatt Sin**
Member, Non-Independent Executive Director

Appointment and re-election to the Board

The Nomination Committee of the Company is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nominating Committee will consider the required mixed of skills and experience which the Directors should bring to the Board. Any new nomination received is put to the Board for assessment and endorsement.

In accordance with the Company's Articles of Association, all Directors appointed by the Board are subject to retirement and seek re-election by the shareholders at the first Annual General Meeting ("AGM") following their appointment. The Articles further provide that at least one third (1/3) of the Directors including the Managing Director be subject to re-election by rotation at least once in every three years at each AGM.

Directors Training

Three (3) of the Directors have completed the Mandatory Accreditation Programme ("MAP"). The remaining Directors have registered themselves to attend MAP in 2005 as the Company was only listed on the Second Board of Bursa Securities on 25 January 2005. The Directors will continue to attend other relevant training programmes to keep abreast with new regulations and developments, as well to further enhance their skills and knowledge.

DIRECTORS' REMUNERATION

The Company's remuneration policy for Director is formulated to attract and retain individuals of the necessary calibre relevant to the achievement of the Company's strategic achievements. The remuneration is structured to link experience, expertise and level of responsibility undertakings by the Directors.

The Remuneration Committee is entrusted with the responsibilities to make recommendations to the Board the remuneration for each Executive Director. It is the ultimate responsibility of the entire Board to approve the remuneration of these Directors. Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the financial period from 1 October 2004 to 31 December 2004 are as follows:

Aggregate Remuneration categorised into appropriate components:

	Fees (RM'000)	Salaries and Allowances (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Executive Directors	-	343	30	373
Non-Executive Directors	35	-	-	35
Total	35	343	30	408

Remuneration Bands

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
RM1 – RM50,000	1	4	5
RM51,000 – RM100,000	3	-	3
RM100,001 – RM150,000	1	-	1
Total	5	4	9

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Annual General Meeting is the principal forum of dialogue with the shareholders. The Board will respond to shareholders' questions in relation to the resolutions being proposed, financial results and operations of the Group.

To keep the shareholders and investors informed on the Group's latest business and corporate development, information is disseminated via the annual reports, circulars to shareholders, press releases, quarterly financial results and the various announcements made from time to time via Bursa Securities. In addition, the management also holds meetings/dialogues with institutional investors, fund managers and analysts.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced and understandable assessment of the Group's position and prospects through the annual reports and quarterly announcements to the shareholders, investors and regulatory authorities. The Audit Committee assists the Board by reviewing the information to be disclosed, to ensure completeness, accuracy and adequacy. The financial statements have been prepared in conformity with the applicable accounting standards and in accordance with the provisions of the Companies Act 1965.

A Statement of the Director's responsibilities in preparing the financial statements is set out on page 30 of the Annual Report.

Internal Control

The Statement on Internal Control set out on pages 28 to 29 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with Auditors

The Board via the Audit Committee, maintains an appropriate and transparent relationship with the Group's external auditors. The Audit Committee meets with the external auditors at least once a year to review audit plans and to facilitate exchange of views on issues requiring attention. The role of the Audit Committee in relation to the auditors is described in the Audit Committee Report set out on pages 24 to 27 of this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the Listing Requirements of Bursa Securities.

Status of Utilisation of Proceeds

As at 28 April 2005, the details of utilisation of the gross proceeds derived from the Rights and Public Issue in conjunction with the listing of the Company on the Second Board of Bursa Securities are as follows:

Description	Proposed Utilisation* RM'000	Amount Utilised RM'000	Balance Unutilised RM'000
Construction of new plant	5,000	-	5,000
Purchase of machinery, moulds and tools	3,000	172	2,828
Repayment of borrowings	8,000	8,000	-
Working Capital	4,667	928	3,739
Listing expenses	1,600	1,600	-
	<u>22,267</u>	<u>10,700</u>	<u>11,567</u>

* As set out in the Prospectus dated 28 December 2004

Share Buybacks

The Company did not carry out any share buy-backs during the financial period.

Options, Warrants or Convertible Securities

There were no exercise of Options or Convertible Securities nor conversion of warrants during the financial period.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial period.

Imposition of Sanctions/ Penalties

There were no material sanctions or penalties imposed on the Company and its subsidiaries, Directors of management by the relevant regulatory bodies during the financial period.

Non-Audit Fees

The amount of non-audit fees paid and payable to external auditors by the Group for the financial period ended 31 December 2004 amounted to RM 87,300.

Variation in Results

There is no material variance between the financial results and the profit estimate or unaudited results previously made for the financial period ended 31 December 2004.

Profit Guarantee

There was no profit guarantee given by the Company during the financial period.

Material Contracts

Save as disclosed below, there were no material contracts outside the ordinary course of business entered into by EURO and/or its subsidiaries involving Directors' and major shareholders' interests which were still subsisting at the end of the financial period ended 31 December 2004 or entered into since the beginning of the financial period:-

On 19 April 2004, the Company entered into separate conditional Sale and Purchase agreements to acquire 100% equity interest in Euro Chairs Manufacturer (M) Sdn Bhd, Euro Chairs System Sdn Bhd, Euro Space System Sdn Bhd and Euro Space Industries (M) Sdn Bhd for a consideration of RM1,820,235, RM10,080,899, RM5,334,373 and RM6,462,501 respectively. The purchase consideration is to be satisfied by the issuance of 46,590,781 ordinary shares of RM0.50 each in the share capital of the Company at an issue price on approximately RM0.51. At the same date, the Company entered into Sale and Purchase Agreement to acquire Euro Chairs (M) Sdn Bhd for a cash consideration of RM2. The above acquisitions of subsidiaries were completed on 1 October 2004.

Contracts Relating to Loans

There were no material contracts relating to a loan entered into by the Company and its subsidiaries during the financial period.

Revaluation Policy

The Company and its subsidiaries did not adopt any revaluation policy on landed properties during the financial period.

Audit Committee Report

MEMBERS

The Audit Committee ("the Committee") was established on 3 October 2004. The present members and their respective designation are as follows:

- **Datuk Dr Syed Muhamad bin Abdul Kadir**
Chairman, Independent Non-Executive Director
- **Ng Wai Pin**
Member, Independent Non-Executive Director
- **Foong Yein Teng**
Member, Executive Director

TERMS OF REFERENCE

1. Composition

The Audit Committee shall be appointed by the Directors from among their members (pursuant to a resolution of the Board of Directors) and shall be composed of no fewer than three (3) members of whom the majority shall be independent directors.

At least one member of the Audit Committee:

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
 - a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967
- (iii) fulfill such other requirements as prescribed by Bursa Malaysia Securities Berhad

The members of the Audit Committee shall elect a chairman from among their members who is an Independent Director.

In the event the elected Chairman is not able to attend a meeting of the Audit Committee, a member of the Audit Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Director.

A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Board of Directors so that a replacement may be appointed before he leaves.

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member, which results the number of members be reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The term of office and performance of the Audit Committee and each of the members shall be reviewed by the Board at least once in every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

2. Duties and functions of the Audit Committee

The duties and functions of the Audit Committee are as follows:-

- (i) To review the nomination of external auditors, the audit fee and any questions of resignation or dismissal;
- (ii) To review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
- (iii) To review the effectiveness of the internal audit function (if any);
- (iv) To review the effectiveness of the internal control and management information systems;
- (v) To review the quarterly results and year end financial statements of the Company with both the external auditors, if applicable, and management, prior to the approval by the Board of Directors, focusing particularly on:-
 - (a) Any changes in accounting policies and practices;
 - (b) Significant adjustments arising from the audit;
 - (c) The going concern assumption;
 - (d) Compliance with accounting standards and other legal requirements;
- (vi) To review the external auditors' audit report;
- (vii) To review any management letter sent by the external auditors to the Company and the management's response to such letter;
- (viii) To discuss problems and reservations arising from the external audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- (ix) To review the assistance given by the Company's officers to the external auditors;
- (x) To provide any regulatory authorities with such information concerning the Group in such form and within such time limits as the authorities may require;
- (xi) To ensure strict compliance by the Group with the Listing Requirements and all relevant legislations, guidelines and regulations issued by regulatory authorities;

2. Duties and functions of the Audit Committee (continued)

- (xii) To review proposals and implement action plans to effect proposals to meet and maintain required standards and guidelines.
- (xiii) To review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
- (xiv) To review all related-party transactions and potential conflict of interests situations;
- (xv) To consider other areas as defined by the Board.

3. Rights of the Audit Committee

The Committee is authorised by the Board to investigate any activity within its terms of reference. It shall:-

- (i) Have explicit authority to investigate any matters within its terms of reference;
- (ii) Have the resources which it needs to perform its duties;
- (iii) Have full access to any information pertaining to the Company which it requires in the course of performing its duties;
- (iv) Have unrestricted access to the Group Managing Director and any other senior management staff of the Group;
- (v) Have direct communication channels with the external auditors and internal auditors (if any);
- (vi) Be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company; and
- (vii) Be able to convene meetings with the external auditors excluding the attendance of the executive members of the committee, whenever deemed necessary.

Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

4. Meetings

The Audit Committee shall meet at least four (4) times a year and such additional meetings, as the Chairman shall decide in order to fulfill its duties. Upon the request of the Committee members, external auditors or internal auditors (if any), the Chairman of the Committee shall convene a meeting of the Committee to consider any matters that the auditors believe should be brought to the attention of the Directors or shareholders.

The Company Secretary or other appropriate senior official shall act as Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the committee members prior to each meeting and taking attendance for the Audit Committee meeting.

The Secretary shall also be responsible for keeping the minutes of Audit Committee and circulating them to committee members and to the other members of the Board of Directors.

A quorum shall be two (2) members present and a majority of whom must be independent directors.

The Finance Director, the Head of Internal Audit (where such a function exists) and a representative of the external auditors shall normally attend meetings. Other board members may attend the Audit Committee Meeting upon the invitation of the Audit Committee.

By invitation of the Audit Committee, the Company must ensure that other directors and employees attend any particular audit committee meeting specific to the relevant meeting.

ACTIVITIES DURING THE FINANCIAL PERIOD

No meeting was held during the financial period as the Audit Committee was only formed on 3 October 2004 and the Company was listed on the Second Board of Bursa Securities on 25 January 2005.

INTERNAL AUDIT FUNCTIONS

The Audit Committee is aware that an independent adequately resourced internal audit function is essential to ensuring the implementation of a sound internal control system. Accordingly, the Company will appoint an external professional consultancy firm to assume the internal audit function of the Group. The principal role of the internal audit is to undertake systematic reviews of the systems of internal control within the Group so as to provide reasonable assurance that such systems are adequate and functioning as intended. It's responsibilities include the provision of independent and objective reports on the state of internal control of the various operating units within the Group to the Audit Committee so that remedial actions can be taken in relation to any weaknesses noted in the systems and controls of the respective operating units.

Statement on Internal Control

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Pursuant to paragraph 15.27(b) of the Bursa Malaysia Securities Berhad Listing Requirements, the Board is pleased to provide the following Statement on Internal Control which outlines the nature and scope of internal control of the Group during the financial period.

Responsibility of The Board

The Board acknowledges that it is responsible for the Group's system of internal control and for ensuring its adequacy and integrity. The system is designed to manage the risk at an acceptable level rather than eliminate the risk of failure to achieve corporate objectives. It should be noted that the system can only provide reasonable, and not absolute assurance against material misstatement, fraud or loss. In pursuing this objective, the management's role is to ensure the implementation and compliance of those internal controls in its day-to-day operations.

Risk Management Framework

The Board regards risk management as an integral part of business operations and shall endeavour to exercise due care to identify, optimize and manage such risks. The Group is in the process of developing a formal risk management framework to identify and assess the principal risks threatening the achievement of its business objectives.

The Board will incorporate a process to conduct risk assessment and an ongoing review focusing on areas most critical to the Company's success. This will entail establishing risk profile and opportunity identifications and developing control activities and action plans that address the aforementioned in the near future.

These initiatives would ensure that the Group has in place a formalised on-going process for identifying, evaluating, managing and monitoring the significant risks that may affect the achievement of its business objectives.

Internal Control Function

Senior Management staffs are currently appointed to assist the Audit Committee in discharging its duties and responsibilities. The Board and Audit Committee feel that although the current practice is not the best practice advocated, it nevertheless provides sufficient assurance in obtaining regular review and appraisal of the effectiveness of the system of internal control within the Group. The Board will enhance the Group's Internal Audit Function by engaging the services of an external professional consultancy firm.

Key Elements of the System of Internal Control

The key elements of the Group's system of internal control are as follows:

- There is in place an organisation structure whereby policies, directions as well as values of the Company are effectively communicated at all levels of operations. The organization structure consists of the Board of Directors and their functional levels comprising of a team of key management personnel as outlined in the organization chart, ensures clear definition of responsibilities, authority, line of reporting and communication within the organization;
- There is annual budgeting and target setting process, where management of each business unit or division will propose and submit their own budgets. In ensuring that budgets are adequately addressed and strategically orientated, proposed budgets are subject to a review process by the Executive Directors before they are submitted to the Board of Directors for their approval and adoption;
- Scheduled management and operational meetings are held with all the business and divisional heads to review the Group's business and operating performance in ensuring that set measurable objectives are accomplished, progress of key development areas are effectively monitored, opportunities for improvement are identified and the need for changes in policies and objectives are adequately addressed;
- Active participation by members of the Board in the day-to day running of the business and regular meetings / dialogues with senior management team on operational matters ensures operational issues strategic to the overall business development are adequately brainstormed and are effectively communicated for timely decisions and actions;
- Key operation policies, control procedures and process controls are documented in the ISO Quality Management System ("QMS"). Adhering to the standards of QMS will provide the means for continuous improvement in operations under controlled conditions. One of the subsidiaries in the Group is certified with ISO9001:2000 which is subject to periodic audit and review by the certification auditor;
- Employment of qualified and capable work force to support the continuous expansion of the Company. The Company maintains a policy for recruitment and development of competent employees, whereby, personnel required are evaluated for the competency relevant to the task. Competency gaps and training needs of existing employees are determined through the annual staff performance appraisal. Required training, both formal and informal, is provided aimed at constantly upgrading skills to meet new challenges;
- Quarterly reporting of the financial results of the Group to the Audit Committee and the Board.

Conclusion

The Board is of the view that the Group's system of internal control is adequate under current operating conditions and there are no significant control failures or weaknesses in the financial period under review that would result in material loss that require disclosure in the Group's Annual Report.

Notwithstanding this, the Board recognizes the importance of maintaining appropriate controls at all times and will continue to take measures to review and strengthen the control environment within the Group.

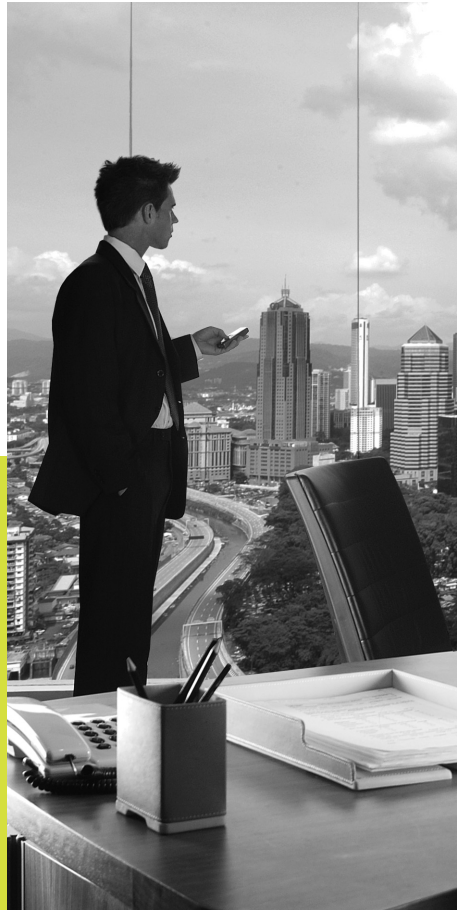
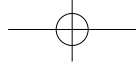
Statement on Directors' Responsibility

The Directors are required by the Companies Act, 1965 ('the Act') to prepare financial statements for each financial year which have been made out in accordance with the applicable accounting standards and the provisions of the Act. The Board of Directors is responsible to take reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company, and of their results and cashflows for the financial year then ended.

In preparing the Financial Statements of the Group and the Company for the financial period ended 31 December 2004, the Board of Directors has:

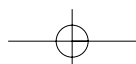
- adopted suitable accounting policies and applied them consistently;
- where applicable, made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been followed; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have ensured that the Group and the Company keep proper accounting and other records that will disclose with reasonable accuracy at any time the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Act and the applicable approved accounting standards.



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Reports & Financial Statements



Reports & Financial Statements

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and the Company for the financial period from 24th March 2004 (Date of incorporation) to 31st December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in these activities during the financial period.

RESULTS OF OPERATIONS

	Group RM'000	Company RM'000
Profit after taxation and net profit for the financial period	<u>2,559</u>	<u>19</u>

DIVIDENDS

The directors do not recommend the payment of a final dividend in respect of the financial period ended 31st December 2004.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than as disclosed in the financial statements.

INCREASE IN AUTHORISED SHARE CAPITAL

On 22 September 2004, the Company increased its authorised share capital from RM100,000 to RM50,000,000 with the creation of 99,800,000 ordinary shares of RM0.50 each.

ISSUE OF SHARES

During the financial period, the issued and paid up share capital of the Company was increased from RM2 to RM30,375,000 by allotment of 60,749,996 ordinary shares of RM0.50 each.

The details of the changes of the issued and paid up share capital of the Company are as follows:-

Date of Issue	Number of ordinary shares of RM0.50 each	Terms of Issue	Purpose of Issue
24.3.2004	4	Cash at par	Subscribers' shares
1.10.2004	46,590,781	Shares issued at approximately RM0.51 each as purchase consideration for the acquisition of its subsidiary companies as disclosed in Note 32 to the financial statements	Proposed listing exercise
2.11.2004	14,159,215	Rights issue at par on the basis of approximately 3.04 new shares for every 10 shares held.	Proposed listing exercise

Subsequent to the financial period, the Company implemented a public issue of 20,250,000 new shares at an issue price of RM0.75 per share. As a result, the issued and paid up share capital of the Company increased from RM30,375,000 comprising 60,750,000 shares to RM40,500,000 comprising 81,000,000 shares as disclosed in Note 32 to the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets of the Group and the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action has been taken, in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts have been written off and adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts which were unlikely to realise their book values in the ordinary course of business of the Group and the Company have been written down to an amount which they might be expected so to realise.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (continued)

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the financial period which secures the liability of any other person; or
- (b) any contingent liability in respect of the Group and the Company which has arisen since the end of the financial period.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Group and the Company to meet their obligations as and when they fall due.

In the opinion of the directors:

- (a) the results of the Group's and the Company's operations during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in Note 32 to the financial statements; and
- (b) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and the Company for the financial period in which this report is made.

DIRECTORS

The directors who have held office since the date of incorporation are:-

Choong Man Tang	(Appointed: 24.3.2004, Resigned: 2.10.2004)
Tan Hong Teng	(Appointed: 24.3.2004, Resigned: 2.10.2004)
Dato' Mohd Haniff Bin Abd Aziz	(Appointed: 1.10.2004)
Lew Fatt Sin	(Appointed: 1.10.2004)
Law Sim Shee (f)	(Appointed: 1.10.2004)
Lew Hin	(Appointed: 1.10.2004)
Teh Hock Toh	(Appointed: 1.10.2004)
Foong Yein Teng (f)	(Appointed: 1.10.2004)
Datuk Dr Syed Muhamad Bin Syed Abdul Kadir	(Appointed: 1.10.2004)
Ng Wai Pin	(Appointed: 1.10.2004)
Pua Kah Ho	(Appointed: 1.10.2004)

In accordance with Article 73 of the Company's Articles of Association, all the directors shall retire from office in the first annual general meeting and being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

During and at the end of the financial period, no arrangement subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the date of incorporation, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial period in shares in the Company and its related corporations were as follows:-

Number of Ordinary Shares of RM0.50 each

	As at 24.3.2004 (Date of Incorporation)	Bought	Sold	As at 31.12.2004
Direct Interest:				
Dato' Mohd Haniff bin Abd Aziz	-	12,150,000	-	12,150,000
Lew Fatt Sin	-	18,019,812	-	18,019,812
Law Sim Shee	-	10,782,163	-	10,782,163
Lew Hin	-	357,840	-	357,840
Teh Hock Toh	-	7,290,001	-	7,290,001
Indirect Interest:				
Dato' Mohd Haniff bin Abd Aziz	-	12,150,000	-	12,150,000

By virtue of their interests in the shares of the Company, Dato' Mohd Haniff bin Abd Aziz, Lew Fatt Sin and Law Sim Shee are deemed to have interests in the shares of all the subsidiary companies to the extent that the Company has interests.

No other directors in office at the end of the financial period held any interest in shares in the Company and its related corporations.

SIGNIFICANT EVENTS

The significant events during and after the financial period are disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, Messrs HALS & Associates, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

LEW FATT SIN
Director

LAW SIM SHEE
Director

KUALA LUMPUR
DATE: 13 April 2005

BALANCE SHEETS

AS AT 31ST DECEMBER 2004

	Note	Group 2004 RM'000	Company 2004 RM'000
ASSETS			
FIXED ASSETS	5	23,404	-
INVESTMENT IN SUBSIDIARIES	6	-	23,698
INVESTMENT IN PROPERTY	7	106	-
CURRENT ASSETS			
Inventories	8	9,070	-
Trade receivables	9	19,409	-
Other receivables, deposits and prepayments	10	2,049	554
Tax recoverable		375	-
Amount due from subsidiary companies	11	-	4,200
Fixed deposits with licensed banks	12	2,400	2,200
Cash and bank balances	26	3,631	610
		<u>36,934</u>	<u>7,564</u>
CURRENT LIABILITIES			
Trade payables	13	12,467	-
Other payables and accruals	14	4,269	14
Hire purchase payables	15	1,060	-
Amount due to a subsidiary company	11	-	417
Amount due to directors	16	49	34
Bank borrowings	17	3,487	-
		<u>21,332</u>	<u>465</u>
NET CURRENT ASSETS		<u>15,602</u>	<u>7,099</u>
Financed by:		<u>39,112</u>	<u>30,797</u>
CAPITAL AND RESERVES			
SHARE CAPITAL	18	30,375	30,375
RESERVES	19	<u>6,655</u>	<u>422</u>
SHAREHOLDERS' FUNDS		37,030	30,797
LONG TERM AND DEFERRED LIABILITIES			
Term loans	20	98	-
Hire purchase payables	15	1,296	-
Deferred taxation	21	688	-
		<u>39,112</u>	<u>30,797</u>

The above balance sheets are to be read in conjunction with the notes to the financial statements on pages 43 to 68.

INCOME STATEMENTS

FOR THE PERIOD FROM 24TH MARCH 2004 (DATE OF INCORPORATION) TO 31ST DECEMBER 2004

		Group 24.3.2004 To 31.12.2004 RM'000	Company 24.3.2004 To 31.12.2004 RM'000
REVENUE	22	26,290	99
Less: COST OF SALES		(18,407)	-
GROSS PROFIT		<u>7,883</u>	<u>99</u>
OTHER OPERATING INCOME		<u>86</u>	<u>1</u>
		7,969	100
Less: EXPENSES			
SELLING AND DISTRIBUTION EXPENSES		(2,459)	-
ADMINISTRATIVE EXPENSES		(1,616)	(53)
		<u>(4,075)</u>	<u>(53)</u>
PROFIT FROM OPERATIONS		3,894	47
Less: FINANCE COSTS	23	(179)	-
PROFIT BEFORE TAXATION	24	<u>3,715</u>	<u>47</u>
TAXATION	25	(1,156)	(28)
PROFIT AFTER TAXATION		<u>2,559</u>	<u>19</u>
EARNINGS PER SHARE (SEN)	27	<u>13.70</u>	<u>-</u>

The above income statements are to be read in conjunction with the notes to the financial statements on pages 43 to 68.

STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD FROM 24TH MARCH 2004 (DATE OF INCORPORATION) TO 31ST DECEMBER 2004

Group	Share Capital RM'000	Share Premium RM'000	Reserve Arising On Consolidation RM'000	Retained Profit RM'000	Total RM'000
At date of incorporation	-*	-	-	-	-*
Issue of shares	23,295	403	-	-	23,698
Right issue	7,080	-	-	-	7,080
Reserve arising on consolidation	-	-	3,693	-	3,693
Profit for the period	-	-	-	2,559	2,559
Balance at 31st December 2004	<u>30,375</u>	<u>403</u>	<u>3,693</u>	<u>2,559</u>	<u>37,030</u>
Company					
At date of incorporation	-*	-	-	-	-*
Issue of shares	23,295	403	-	-	23,698
Right issue	7,080	-	-	-	7,080
Profit for the period	-	-	-	19	19
Balance at 31st December 2004	<u>30,375</u>	<u>403</u>	<u>-</u>	<u>19</u>	<u>30,797</u>

* represents RM2

The above statements are to be read in conjunction with the notes to the financial statements on pages 43 to 68.

CASH FLOW STATEMENTS

FOR THE PERIOD FROM 24TH MARCH 2004 (DATE OF INCORPORATION) TO 31ST DECEMBER 2004

	Group 24.3.2004 To 31.12.2004 RM'000	Company 24.3.2004 To 31.12.2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,715	47
Adjustments for:		
Allowance for doubtful debts	-*	-
Depreciation	662	-
Dividend income	-	(99)
Gain on disposal of fixed assets	(78)	-
Interest expenses	116	-
Interest income	(3)	(1)
Unrealised loss on foreign exchange	1	-
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	4,413	(53)
Increase in inventories	(135)	-
Increase in receivables	(7,015)	(4,754)
Increase in payables	2,038	465
NET CASH USED IN OPERATIONS	(699)	(4,342)
Tax paid	(674)	(28)
Interest received	3	1
Interest paid	(116)	-
NET CASH USED IN OPERATING ACTIVITIES	(1,486)	(4,369)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income	-	99
Purchase of investment in subsidiary company	-	-**
Surplus of cash on acquisition of subsidiaries	A 725	-
Purchase of fixed assets	(180)	-
Proceeds from disposal of fixed assets	82	-
NET CASH GENERATED FROM INVESTING ACTIVITIES	627	99

* represents RM134

** represents RM2

	Group 24.3.2004 To 31.12.2004 RM'000	Company 24.3.2004 To 31.12.2004 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	7,080	7,080
Repayment of hire purchase payables	(332)	-
Repayment of term loans	(225)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	6,523	7,080
Effect of exchange rate changes	-*	-
Net increase in cash and cash equivalents	5,664	2,810
Cash and cash equivalents at beginning of the period	-	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5,664	2,810
	26	

* represents RM389

The above statement is to be read in conjunction with the notes to the financial statements on pages 43 to 68.

CASH FLOW STATEMENTS

FOR THE PERIOD FROM 24TH MARCH 2004 (DATE OF INCORPORATION) TO 31ST DECEMBER 2004 (continued)

A. SUMMARY OF EFFECT OF ACQUISITION OF SUBSIDIARIES DURING THE FINANCIAL PERIOD

	Total 24.3.2004 To 31.12.2004 RM'000
Fixed assets	23,631
Inventories	8,935
Receivables	15,409
Fixed deposits, cash, bank balances and overdrafts *	925
Payables	(13,173)
Borrowings	(6,547)
Long term liabilities	(1,197)
Deferred taxation	(592)
Reserve on consolidation	(3,693)
Total purchase consideration	<u>23,698</u>
Less:	
Purchase consideration satisfied by the issuance of 46,590,781 ordinary shares of the Company at approximately RM0.51 per share	<u>(23,698)</u>
Purchase consideration satisfied by cash	- **
Less: Cash and cash equivalents acquired	<u>(725)</u>
Surplus of cash on acquisition of subsidiaries	<u>(725)</u>

* Fixed deposit of RM200,000 which has been pledged to a bank for credit facilities granted is excluded from cash and cash equivalents.

** represents RM2

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 2004

1. GENERAL

The financial statements of the Group and the Company are expressed in Malaysian Ringgit (RM).

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 1603, 16th Floor, Wisma Lim Foo Yong, 86, Jalan Raja Chulan, 50200 Kuala Lumpur and the principal place of business is at Wisma Euro, Lot 21, Rawang Industrial Estate, 48000 Rawang, Selangor Darul Ehsan.

The financial statements of the Group and the Company were authorised for issue by the directors on 13th April 2005.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in these activities during the financial period.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The results of the Group for the financial year ended 31st December 2004 included 3 months' results of its newly acquired subsidiary companies from 1st October 2004 to 31st December 2004.

4. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies.

The preparation of the financial statements in conformity with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(b) Basis of Consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investment.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included and retained in the consolidated balance sheet as reserves arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflected external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

4. ACCOUNTING POLICIES (continued)**(c) Investments**

Investment in subsidiary companies which are eliminated on consolidation are stated at cost less impairment losses, where applicable.

Investment in property is stated at cost plus other direct costs less impairment if any. Property held for investment purposes is not depreciated.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(d) Fixed Assets and Depreciation**(i) Owned Assets**

Fixed assets (except for a freehold land and building) are stated at cost less accumulated depreciation and impairment losses.

Freehold land is stated at cost/valuation. No amortisation is provided for freehold land.

One of the freehold buildings is stated at valuation less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the estimated useful lives of the assets concerned.

The annual rates used are as follows:-

Leasehold land	1%
Freehold buildings	2%
Furniture and fittings	10%-15%
Office equipment	10%-35%
Forklifts	10%
Plant, machinery and tools	10%
Moulds	20%
Electrical installation	10%-15%
Computers	20%
Signboards	10%
Renovation	15%
Motor vehicles	20%

The Group carried one of its subsidiary's freehold industrial land and buildings at revalued amount less accumulated depreciation and impairment losses and placed reliance on the transitional provision of Financial Reporting Standards No. 116: Property, Plant and Equipment (formerly known as Malaysian Accounting Standards Board No. 15). In accordance with the transitional provision, these assets acquired since the last valuation are maintained at their original valuation less accumulated depreciation and impairment losses. The aggregate carrying amount on revalued assets are disclosed in Note 5 to the financial statements.

4. ACCOUNTING POLICIES (continued)

Surplus arising from revaluation are credited to revaluation reserve. All deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount will be charged to income statement. On disposal of revalued assets, amounts in revaluation reserve relating to these assets are transferred to retained earnings

Incidental costs inclusive of interest on borrowings to finance the purchase of industrial land are capitalised as part of the cost of assets up to the date when the properties are ready for use.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit from operations.

(ii) Fixed Assets Acquired Under Hire Purchase Arrangements

The cost of the assets acquired under hire purchase arrangements which in substance transfer the risks and benefits of ownership of the assets to the Group are capitalised.

The fixed assets are recorded at the lower of the minimum hire purchase instalments payments or the fair value of the assets at the beginning of the respective hire purchase terms less accumulated depreciation. Assets acquired under such arrangements are depreciated over the useful lives of equivalent owned assets. The depreciation policy on these assets are similar to that of the Group's fixed assets depreciation policy.

Outstanding obligation due under the hire purchase arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges of hire purchase agreements are allocated to income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of the financial period.

(e) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets other than inventories, deferred tax assets and financial assets (other than investments in subsidiaries and associates), to determine whether there is any indication of impairment. If such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to equity.

4. ACCOUNTING POLICIES (continued)**(f) Inventories**

Inventories are stated at the lower of cost and net realisable value after adequate provision has been made for deteriorated, damaged, obsolete and slow moving items.

Cost is determined on a first-in, first-out (FIFO) basis and includes all costs in bringing the inventory to its present location and condition. The cost of raw material consists of purchase cost and incidental cost of purchase.

The cost of finished goods and work-in progress consist of raw materials, direct labour and appropriate proportion of production overheads.

Net realisable value is the price of which the inventory can be realised in the normal course of business after allowing for the cost of realisation and where appropriate, the cost of conversion from their existing state to a finished condition.

(g) Receivables

Receivables are carried at invoiced amount less any estimates made for doubtful debts based on a review of outstanding amounts at the year end. Known bad debts are written off and specific allowance is made for any debt which is considered to be doubtful for collection.

(h) Payables

Payables are stated at cost which is the consideration to be paid in the future for products and services rendered.

(i) Taxation

Provision for taxation is made based on the amount of tax estimated to be payable on profits adjusted for tax purposes and is measured using the tax rates that have been enacted at the balance sheet date. Deferred tax is provided by the balance sheet liability method based on all taxable temporary differences by comparing carrying amounts of assets and liabilities and their corresponding tax bases.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credit can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

4. ACCOUNTING POLICIES (continued)

(j) Borrowings and Borrowing Costs

Borrowings are reported at their face value.

All borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(k) Revenue Recognition

Revenue from sales of goods are recognised upon delivery of products and customers' acceptance.

Dividend income is recognised when the right to receive payment is established.

(l) Foreign Currencies

Transactions in foreign currencies are converted into Malaysian Ringgit at the exchange rates prevailing at the transaction dates or, where settlement has not taken place at the Balance Sheet date, at the approximate exchange rate prevailing at that date. All exchange gains or losses, including those arising from translation, are taken up in the income statement.

The principal closing rates used in translation of foreign currency are as follows:-

Foreign Currency	2004 RM
1 US Dollar	3.775
1 Singapore Dollar	2.299
Euro	5.120

(m) Cash and Cash Equivalents

Cash consists of cash and bank balances, deposits with licensed financial institutions and bank overdrafts.

Cash equivalents consist of investments maturing within three months from the date of acquisition and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value.

4. ACCOUNTING POLICIES (continued)**(n) Financial Instruments**

- (i) The recognised financial instruments carried on the balance sheet include cash and bank balances, investments, fixed deposits with licensed banks, receivables, payables, hire purchase payables, amount due to directors, borrowings and inter company indebtedness. These instruments are recognised in the financial statements has been entered into with the counter parties.
- (ii) Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and the Company have a legally enforceable right to set off the recognised amount and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The measurement basis, extent and nature of the financial instruments are disclosed in the respective notes to the financial statements.

(o) Employee Benefits

As required by Malaysia's regulations, the Group and the Company make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as and when incurred.

5. FIXED ASSETS

The details of fixed assets are as follows:-

Group 2004 Cost:	At date of incorporation RM'000	Acquisition of subsidiaries RM'000	Additions RM'000	Disposals RM'000	At end of the period RM'000
Freehold land					
- at cost	-	3,163	-	-	3,163
- at valuation	-	1,194	-	-	1,194
Leasehold land	-	2,536	-	-	2,536
Freehold buildings					
- at cost	-	9,299	-	-	9,299
- at valuation	-	510	-	-	510
Furniture and fittings	-	1,336	-	-	1,336
Office equipment	-	637	-	(5)	632
Forklifts	-	140	80	-	220
Plant, machinery and tools	-	7,366	214	-	7,580
Moulds	-	5,021	51	-	5,072
Electrical installation	-	39	-	-	39
Computers	-	889	31	-	920
Signboards	-	7	-	-	7
Renovation	-	35	-	-	35
Motor vehicles	-	4,011	63	(272)	3,802
Total	-	36,183	439	(277)	36,345

Accumulated Depreciation:	At date of Incorporation RM'000	Acquisition of subsidiaries RM'000	Charge for the period RM'000	Disposals RM'000	At end of the period RM'000	Net Book Value at end of the period RM'000
Freehold land						
- at cost	-	-	-	-	-	3,163
- at valuation	-	-	-	-	-	1,194
Leasehold land	-	96	7	-	103	2,433
Freehold buildings						
- at cost	-	1,457	49	-	1,506	7,793
- at valuation	-	60	-	-	60	450
Furniture and fittings	-	828	21	-	849	487
Office equipment	-	388	16	(1)	403	229
Forklifts	-	122	4	-	126	94
Plant, machinery and tools	-	3,667	177	-	3,844	3,736
Moulds	-	3,163	201	-	3,364	1,708
Electrical installation	-	18	1	-	19	20
Computers	-	566	25	-	591	329
Signboards	-	5	1	-	6	1
Renovation	-	8	1	-	9	26
Motor vehicles	-	2,174	159	(272)	2,061	1,741
Total	-	12,552	662	(273)	12,941	23,404

5. FIXED ASSETS (continued)

- (i) The net book value of fixed assets charged to bank for credit facilities granted to the Group are as follows:-

	Group 2004 RM'000
Freehold land	4,357
Leasehold land	2,433
Freehold buildings	8,243
	<u>15,033</u>

- (ii) One of the subsidiary's freehold industrial land and factory building stated at valuation was revalued in year 1997 based on the opinion expressed by the professional valuers on the basis of 'Open Market Value'.

- (iii) The net book value of fixed assets acquired under hire purchase instalment plans are as follows:-

	Group 2004 RM'000
Plant and machinery	2,163
Motor vehicles	1,679
	<u>3,842</u>

- (iv) Cost of assets financed by hire purchase instalment plans during the financial period are:-

	Group 2004 RM'000
Motor vehicles	59
Plant and machinery	120
Forklifts	80
	<u>25</u>

6. INVESTMENT IN SUBSIDIARY COMPANIES

(A) INVESTMENT IN SUBSIDIARIES

	Company 2004 RM'000
Unquoted shares, at cost	<u>23,698</u>

The details of subsidiary companies are as follows:-

Name	Country of Incorporation	Principal Activities	Group's Effective Interest 2004 %
Euro Chairs Manufacturer (M) Sdn Bhd (Company No: 164921 X)	Malaysia	Manufacturing and marketing of furniture	100
Euro Space Industries (M) Sdn Bhd (Company No: 105420 W)	Malaysia	Manufacturing and trading of office furniture, partitions, chairs and panels	100
Euro Chairs System Sdn Bhd (Company No: 121935 M)	Malaysia	Trading of furniture furniture fabric materials and other furniture components	100
Euro Space System Sdn Bhd (Company No: 378220 D)	Malaysia	Trading of office furniture	100
Euro Chairs (M) Sdn Bhd (Company No: 204498 V)	Malaysia	Holds the industrial designs and trademarks of the Group	100

(B) ACQUISITION OF SUBSIDIARIES

- (i) As disclosed in Note 32 to the financial statements, the Company has completed the acquisitions of Euro Chairs Manufacturer (M) Sdn Bhd ("ECM"), Euro Space Industries (M) Sdn Bhd ("ESI"), Euro Chairs System Sdn Bhd ("ECS"), Euro Space System Sdn Bhd ("ESS") and Euro Chairs (M) Sdn Bhd ("ECSB") during the financial period.

6. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

- (ii) The effect of these acquisitions on the Group's financial results for the financial period are as follows:-

	Total RM'000
Revenue	26,290
Less: Cost Of Sales	<u>18,407</u>
Gross Profit	7,883
Other Operating Income	<u>84</u>
	7,967
Less: Expenses	
Selling and Distribution Expenses	(2,459)
Administrative Expenses	<u>(1,562)</u>
Profit From Operations	3,946
Less: Finance Costs	<u>(179)</u>
Profit Before Taxation	3,767
Taxation	<u>(1,156)</u>
Increased in Group's profit	<u>2,611</u>

- (iii) The effect of these acquisitions on the Group's financial position for the financial period are as follows:-

	Total RM'000
Fixed assets	23,404
Investment property	106
Inventories	9,070
Receivables	21,260
Fixed deposits, cash and bank balances	3,221
Payables	(17,797)
Borrowings	(3,487)
Long term liabilities	(1,394)
Deferred taxation	<u>(688)</u>
Group share of net assets	33,695
Reserve arising on acquisition	<u>(3,693)</u>
Increase in Group's net assets	<u>30,002</u>

- (iv) The impact of the acquisition of subsidiaries during the financial period on the cash flows of the Group is disclosed in the consolidated cash flow statements.

7. INVESTMENT IN PROPERTY

Group

The investment in property consists of purchase cost of freehold shop lot and other incidental expenditure of purchase stated at cost.

The carrying amount of the investment property approximates its fair value which is based on the directors' opinion.

8. INVENTORIES – AT COST

	Group 2004 RM'000	Company 2004 RM'000
Raw materials	5,845	-
Work in progress	2,390	-
Finished goods	835	-
	<u>9,070</u>	<u>-</u>

9. TRADE RECEIVABLES

	Group 2004 RM'000	Company 2004 RM'000
Trade receivables	19,720	-
Less: Allowance for doubtful debts	(311)	-
	<u>19,409</u>	<u>-</u>

The currency exposure profile of trade receivables are as follows:-

Functional currency of:-

	Group 2004 RM'000	Company 2004 RM'000
United States Dollar	1,483	-
Singapore Dollar	1,662	-
Ringgit Malaysia	16,264	-
	<u>19,409</u>	<u>-</u>

The credit period on trade receivables is normally 30 to 90 days or contractual periods based on project contract sales.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Other receivables, deposits and prepayments comprise the following:-

	Group 2004 RM'000	Company 2004 RM'000
Other receivables	154	-
Deposits	1,160	-
Prepayments	<u>735</u>	<u>554</u>
	<u>2,049</u>	<u>554</u>

Other receivables' credit terms are assessed and approved on a case by case basis.

11. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

The amount due from subsidiary companies represents non trade advances which is unsecured, interest free with no fixed term of repayment.

The amount due from subsidiary companies comprises:-

	Company 2004 RM'000
Euro Chairs Manufacturer (M) Sdn Bhd	2,700
Euro Space Industries (M) Sdn Bhd	<u>1,500</u>
	<u>4,200</u>

The amount due to a subsidiary company comprises:

	Company 2004 RM'000
Euro Chairs System Sdn Bhd	<u>417</u>

12. FIXED DEPOSITS WITH LICENSED BANK

	Group 2004 RM'000	Company 2004 RM'000
Deposits (Note 26)	<u>2,400</u>	<u>2,200</u>

A fixed deposit amounting to RM200,000 had been pledged as security for banking facilities granted to a subsidiary company.

The fixed deposits as at 31st December 2004 have maturity periods ranging from 1 to 3 months and bear interest rate at 2.70% to 3.00% per annum.

13. TRADE PAYABLES

The currency exposure profile of trade payables are as follows:-

Functional currency of:-

	Group 2004 RM'000	Company 2004 RM'000
United States Dollar	205	-
Singapore Dollar	51	-
Euro	175	-
Ringgit Malaysia	12,036	-
	<u>12,467</u>	<u>-</u>

The normal trade credit terms granted to the Group range from 30 to 90 days.

14. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:-

	Group 2004 RM'000	Company 2004 RM'000
Other payables	3,827	6
Accruals	442	8
	<u>4,269</u>	<u>14</u>

The currency exposure profile of other payables and accruals are as follows:-

Functional currency of:-

	Group 2004 RM'000	Company 2004 RM'000
United States Dollar	608	-
Singapore Dollar	2	-
Ringgit Malaysia	3,659	14
	<u>4,269</u>	<u>14</u>

The other payables' credit terms are granted to the Group and the Company on a case to case basis.

15. HIRE PURCHASE PAYABLES

	Group 2004 RM'000	Company 2004 RM'000
Minimum hire purchase payment:		
Not later than 1 year	1,192	-
Later than 1 year and not later than 5 years	1,422	-
After 5 years	4	-
	<u>2,618</u>	<u>-</u>
Less: Future finance charges	(262)	-
Present value of hire purchase liabilities	<u>2,356</u>	<u>-</u>
Present value of hire purchase liabilities		
Not later than 1 year	1,060	-
Later than 1 year and not later than 5 years	1,292	-
After 5 years	4	-
	<u>2,356</u>	<u>-</u>
Instalment due:		
Within next 12 months	1,060	-
After next 12 months	1,296	-
	<u>2,356</u>	<u>-</u>

The hire purchase payables bear interest rate at 3.20% to 10.68% per annum.

16. AMOUNT DUE TO DIRECTORS**Group/Company**

The amount due to directors is unsecured, interest free with no fixed term of repayment.

17. BANK BORROWINGS

Secured:	Group 2004 RM'000	Company 2004 RM'000
Term loans (Note 20)	521	-
Bills payable	2,799	-
Bank overdrafts (Note 26)	167	-
	<u>3,487</u>	<u>-</u>

The bank borrowings are secured against the following:-

- (i) Assignment over certain land and properties belonging to the Group as disclosed in Note 5 of the financial statements and certain directors' related company.
- (ii) All monies restricted debenture over certain land and properties owned by the Group and certain directors' related company.
- (iii) Debentures by way of a fixed and floating charge over certain present and future assets of the Group.
- (iv) All monies facility agreements.
- (v) All monies charge over certain assets of the Group and properties belonging to certain directors.
- (vi) Pledge of 1st party fixed deposit of RM200,000 of the Group as disclosed in Note 12 to the financial statements.
- (vii) Personal guarantee and Indemnity by certain directors.
- (viii) Corporate guarantee by the Company.

Terms of repayment of bank borrowings are as follows:-

- | | | |
|----------------------|---|---------------------|
| i) Term loans | : | 7-15 years. |
| ii) Bills payable | : | 120-150 days |
| iii) Bank overdrafts | : | repayable on demand |

The interest rates per annum on the Group's borrowings are as follows:-

	Group 2004	Company 2004
Term loans	7.50%-11.0%	-
Bills payable	4.44%-4.75%	-
Bank overdrafts	7.50%-7.75%	-

18. SHARE CAPITAL

	Group/Company 2004 RM'000
(a) Authorised: 100,000,000 Ordinary Shares of RM0.50 each	
At date of incorporation	100
Created during the period	49,900
At end of the period	<u>50,000</u>
(b) Issued and fully paid: 60,750,000 Ordinary Shares of RM0.50 each	
At date of incorporation	-*
Issued during the period	23,295
Right issue	7,080
At end of the period	<u>30,375</u>

* represents RM2

19. RESERVES

	Group 2004 RM'000	Company 2004 RM'000
NON-DISTRIBUTABLE		
Share premium	403	403
Reserve arising on consolidation	3,693	-
	<u>4,096</u>	<u>403</u>
DISTRIBUTABLE:		
Accumulated profit	2,559	19
Total	<u>6,655</u>	<u>422</u>

20. TERM LOANS - SECURED

	Group 2004 RM'000	Company 2004 RM'000
Payable within 2 years	599	-
Payable next 2 years but within 5 years	20	-
	<u>619</u>	<u>-</u>
Portion repayable within next 12 months (Note 17)	(521)	-
	<u>98</u>	<u>-</u>

21. DEFERRED TAXATION

	Group 2004 RM'000
At beginning of the period	-
Acquisition of subsidiary companies	592
Transfer from income statement (Note 25)	96
At end of the period	<u>688</u>

Presented after appropriate offsetting as follows:-

Deferred tax assets	134
Deferred tax liabilities	<u>(822)</u>
	<u>(688)</u>

Deferred Tax Assets

	Unused tax losses RM'000
At beginning of the period	-
Acquisition of subsidiary companies	<u>(134)</u>
At end of the period	<u>(134)</u>

Deferred Tax Liabilities

	Excess of Capital Allowances Over Depreciation RM'000
At beginning of the period	-
Acquisition of subsidiary companies	726
Transfer from income statement	96
At end of the period	<u>822</u>

22. REVENUE**Group**

Revenue represents the invoiced value of goods sold less returns, discounts and agents' commissions.

Company

Revenue represents dividend income received and receivable.

23. FINANCE COSTS

	Group 2004 RM'000	Company 2004 RM'000
Bank charges	38	-
Bank overdraft interest	5	-
Bankers acceptance interest	42	-
Commitment fees	20	-
Hire purchase interest	54	-
LC charges	5	-
Term loan interest	15	-
	<u>179</u>	<u>-</u>

24. PROFIT BEFORE TAXATION

	Group 2004 RM'000	Company 2004 RM'000
Profit before taxation is stated after charging:-		
Auditor's remuneration	46	8
Allowance for doubtful debts	-*	-
Depreciation	662	-
Directors' emoluments - directors of the Company	373	-
Directors' fees - directors of the Company	34	34
Loss on foreign exchange - realised	2	-
- unrealised	1	-
Rental of premises	12	-
Staff cost	2,802	-
Incorporation fee	<u>8</u>	<u>8</u>
And crediting:-		
Dividend income	-	(99)
Gain on disposal of fixed assets	(78)	-
Gain on foreign exchange - realised	(6)	-
Interest income	<u>(3)</u>	<u>(1)</u>

* represents RM134

25. TAXATION

	Group 2004 RM'000	Company 2004 RM'000
Tax expense for the period:		
- Current period's income tax provision	1,060	28
Deferred taxation		
- Transfer to deferred tax (Note 21)	96	-
	<u>1,156</u>	<u>28</u>

Income tax is calculated at the Malaysian Statutory tax rate of 28% of the estimated assessable profit for the period.

During the financial period, the tax rate of the subsidiary companies has been reduced from 28% to 20% on the first RM500,000 of chargeable income for small-medium industries with paid up capital of less than RM2.5 million.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:-

	Group 2004 RM'000	Company 2004 RM'000
Profit before taxation	<u>3,715</u>	<u>47</u>
Taxation at Malaysian Statutory tax rate at 28%	1,040	13
Expenses not deductible for tax purposes	125	15
Double tax deduction	(18)	-
Utilisation of reinvestment Allowance	(211)	-
Utilisation of investment tax Allowances	(63)	-
Reversal of deferred tax liabilities from pre-acquisition period	283	-
Tax expense for the period	<u>1,156</u>	<u>28</u>

The Group has available unabsorbed tax losses of approximately RM469,000 and unabsorbed reinvestment allowances of approximately RM3,046,000 respectively for utilisation against future taxable income.

The subsidiary companies have tax exempt income of approximately RM10,683,000 from which tax exempt dividend may be declared.

25. TAXATION (continued)

The subsidiary companies have tax credit of approximately RM6,850,000 under Section 108 of the Income Tax Act 1967 to frank the distributable reserves as dividends.

The above are subject to the approval of the tax authorities.

26. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD

	Group 2004 RM'000	Company 2004 RM'000
Cash and bank balances	3,631	610
Fixed deposits (Note 12)	2,400	2,200
Bank overdrafts (Note 17)	(167)	-
	<u>5,864</u>	<u>2,810</u>
Less: Fixed deposit pledged	(200)	-
	<u>5,664</u>	<u>2,810</u>

The currency exposure profile of cash and bank balances are as follows:-

Functional currency of:-

	Group 2004 RM'000	Company 2004 RM'000
United States Dollar	108	-
Euro	22	-
Ringgit Malaysia	3,501	610
	<u>3,631</u>	<u>610</u>

27. EARNINGS PER SHARE

The basic earnings per share for the financial period ended 31st December 2004 is as follows:-

	Group 2004
Consolidated profit after tax (RM'000)	<u>2,559</u>
Weighted average number of shares of RM0.50 each (share)	<u>18,676,757</u>
Basic earnings per share (sen)	<u>13.70</u>

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 31st December 2004.

28. EMPLOYEES

The average number of employees at the end of the financial period is:-

	Group 2004 No.	Company 2004 No.
No. of employees	<u>406</u>	<u>-</u>

29. CAPITAL COMMITMENT

	Group 2004 RM'000	Company 2004 RM'000
Approved and contracted but not provided for:	<u>1,849</u>	<u>-</u>

30. CONTINGENT LIABILITIES - SECURED

	Group 2004 RM'000	Company 2004 RM'000
Corporate guarantee given to a financial institution in respect of credit facilities granted to a subsidiary company	<u>-</u>	<u>5,000</u>

31. SEGMENTAL INFORMATION

No segmental reporting is presented as the Group operates principally in the manufacturing and trading of office furniture industry in Malaysia.

32. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD

- (i) In conjunction with the listing of the Company on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company had on 19th April 2004, entered into separate conditional Sale and Purchase agreements to acquire 100% equity interest in Euro Chairs Manufacturer (M) Sdn Bhd, Euro Chairs System Sdn Bhd, Euro Space System Sdn Bhd and Euro Space Industries (M) Sdn Bhd for consideration of RM1,820,235, RM10,080,899, RM5,334,373 and RM6,462,501 respectively. The purchase consideration is to be satisfied by the issuance of 46,590,781 ordinary shares of RM0.50 each in the share capital of the Company at an issue price of approximately RM0.51. At the same date, the Company acquired 100% equity interest in Euro Chairs (M) Sdn Bhd for a cash consideration of RM2. The above acquisition of subsidiaries and listing exercise were subject to the approvals from the Ministry of International Trade and Industry ("MITI"), Foreign Investment Committee ("FIC") and the Securities Commission ("SC"). The acquisition of the subsidiaries were completed on 1st October 2004.
- (ii) The Company obtained the following approvals for the restructuring and listing of the Company on the Second Board of Bursa Securities.
- (a) SC (including FIC) vide its letters dated 13th September 2004 and 16th December 2004; and
- (b) MITI vide its letters dated 29th May 2004 and 2nd November 2004.
- On 18th October 2004, the Company obtained approval-in-principal from Bursa Securities for its admission to the Official List of the Second Board of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up ordinary shares of the Company on the Second Board of Bursa Securities.
- (iii) On 2nd November 2004, the Company implemented a renounceable right issue of 14,159,215 new shares at par on the basis of approximately 3.04 new shares for every 10 shares held after the acquisitions.
- (iv) In conjunction with the listing of Company on the Second Board of Bursa Securities, the Company implemented a public issue of 20,250,000 new shares of RM0.50 each at an issue price of RM0.75 each.
- (v) On 25th January 2005, the Company was admitted to the Official List of Bursa Securities and was listed on the Second Board of Bursa Securities.

33 FINANCIAL INSTRUMENTS

(A) Financial Risk Management Objectives and Policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's business whilst managing their interest, foreign exchange, liquidity and credit risks.

(i) Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relate primarily to interest bearing debts. The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

The interest rate risk that financial instruments value will fluctuate as a result of changes in market rates and the effective weighted average interest rates on classes of financial assets and financial liabilities is disclosed in Note 12, 15 and 17 respectively.

(ii) Foreign Exchange Risk

The Group is exposed to foreign currency risk as a result of its normal trading activities, where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Group maintains a foreign exchange account to hedge against foreign currency fluctuation and to limit their exposure to foreign currency payables and/or cash flows generated from anticipated transactions denominated in foreign currencies

The net unhedged financial assets and financial liabilities of the Group is disclosed in Note 9,13,14 and 26 respectively.

(iii) Liquidity and Cash Flow Risk

As part of the Group's and the Company's overall prudent liquidity management, the Group and the Company maintain sufficient level of cash to meet its working capital requirements.

The Group's and the Company's cash flow positions are monitored on an ongoing basis through the budgetary controls as well as management reporting procedures.

(iv) Credit Risk

Credit risk or the risk of counterparties' defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Trade receivables are monitored on an ongoing basis via the Group management reporting procedures.

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheets.

The Group and the Company have no significant concentration of credit risk with any single counterparty.

At 31st December 2004, the Group and the Company had no significant credit risk associated with its exposure to potential counterparty's failure to settle outstanding foreign currency

33 FINANCIAL INSTRUMENTS (continued)**(B) Fair Value of Financial Instruments**

The carrying amounts of all the financial instruments are stated approximately at their fair values, unless otherwise indicated in the respective notes to the financial statements.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

(i) Receivables and Payables

The historical cost of the carrying amounts of receivables and payables subject to normal trade credit terms approximate their fair values. The carrying amounts of other receivables (except for prepayments and tax recoverable) and payables are reasonable estimates of their fair values because of their short maturity.

(ii) Fixed Deposits, Cash and Bank Balances

The carrying amounts of fixed deposits, cash and bank balances approximate their fair values due to the relatively short term maturity of these instruments.

(iii) Hire Purchase Payables

The carrying amounts of hire purchase payables approximate their fair values.

(iv) Inter Company Indebtedness and Amount Due To Directors

There is no fixed term of repayment but the Group and the Company do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received and paid.

(v) Borrowings

The carrying amounts of short term borrowings approximate their fair values because of the short period to maturity of these instruments. The carrying amounts of long term borrowings approximate fair values because they bear floating market rate of interest.

34. RELATED PARTIES DISCLOSURES

Group

The related parties of the Group and its subsidiaries and their relationship are as follows:-

Related parties	Relationship
Law Sim Shee	Executive Director of Euro Holdings Berhad
Lew Chee Lung	Lew Chee Lung is the son of Lew Hin, an Executive Director of Euro Holdings Berhad

Related parties transactions

The related parties transactions arising from normal business transactions during the financial period between the related parties are as follows:-

Transactions	Related parties	24.3.2004 to 31.12.2004 RM'000
Rental of apartment	Law Sim Shee	2
Sub-contractor fees for upholstery works	Lew Chee Lung	110

The directors are of the opinion that the above transactions have been entered into based on normal course of business and are established under negotiated terms. The terms and conditions and prices are not materially different with that transacted with unrelated parties.

Related parties balances

The related parties balances as at the balance sheet date are disclosed in Note 11 and 16 to the financial statements.

35. COMPARATIVE FIGURES

Group/Company

There are no comparative figures for the Group and the Company for the financial period ended 31st December 2004 as this is the first set of financial statements.

STATEMENT BY DIRECTORS

We, LEW FATT SIN and LAW SIM SHEE, being two of the directors of EURO HOLDINGS BERHAD, do hereby state that in our opinion, the financial statements on pages 37 to 68 are drawn up in accordance with applicable approved Accounting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31st December 2004 and of the results of their operations and of the cash flows of the Group and the Company for the period ended on that date.

On behalf of the Board

LEW FATT SIN

LAW SIM SHEE

KUALA LUMPUR
DATE: 13 April 2005

STATUTORY DECLARATION

I, FOONG YEIN TENG, being the director primarily responsible for the accounting records and financial management of EURO HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements on pages 37 to 68 of the Group and the Company are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in Wilayah Persekutuan on 13 April 2005.

Before me,

FOONG YEIN TENG

LAM THENG SUM

No. W 244

COMMISSIONER FOR OATHS

AUDITORS' REPORT

TO THE MEMBERS OF EURO HOLDINGS BERHAD

We have audited the financial statements set out on pages 37 to 68. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved Auditing Standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements are properly drawn up in accordance with applicable approved Accounting Standards and the provisions of the Companies Act, 1965, as amended so as to give a true and fair view of:
 - (i) the state of affairs of the Group and the Company as at 31st December 2004 and of the results of their operations and of the cash flows of the Group and the Company for the financial period from 24th March 2004 (date of incorporation) to 31st December 2004; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries, which have been consolidated in the Company's financial statements are in form, content appropriate, and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for these purposes.

The auditors' report of the subsidiary companies were not subject to any material qualification and did not include any comments made under Section 174 (3) of the Act.

HALS & ASSOCIATES

A.F. 0755

CHARTERED ACCOUNTANTS

Subramaniam Sankar

Bil 925/02/06 (J/PH)

Partner

KUALA LUMPUR

DATE: 13 April 2005

List of Properties

Registered/ Beneficial Owner	Location	Description/ Existing use	Land area (sq. ft.)	Built-up area (sq. ft.)	Approximate age of building/ Tenure	Net book value as at 31 Dec 2004 (RM'000)	Year of acquisition/ revaluation*
ECM	Bearing postal address: Lot 11, Jalan Perusahaan Satu Kawasan Perindustrian Batu 20 Jalan Rawang 48000 Rawang Selangor Darul Ehsan	Vacant industrial land [^]	122,407	N/A	Leasehold for 99 years from the date of individual land title to be issued	2,433	1997
ECM	H.S.(D) 28271 P.T. No. 10343 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 21, Jalan RP3 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	Industrial land with factory and office building erected thereon	87,121	94,500	8 years/ Freehold	6,688	1996/ 2004 #
ESI	H.S.(D) 28285 P.T. No. 10357 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 15, Jalan RP 3 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	Industrial land with factory and office building erected thereon	82,657	63,938	7 years/ Freehold	5,912	1997*
ESS	H.S.(D) No.94663 P.T. No. 28589D Mukim of Sungai Buluh Daerah Petaling Jaya Selangor Bearing postal address: No. 42-D, Tingkat 3 Jalan BRP 6/11 Bukit Rahman Putra 47000 Sungai Buluh Selangor Darul Ehsan	Vacant office floor	N/A	1,650	5 years/ Freehold	106	2004

* Revalued

[^] The master title of the land has not been sub-divided yet.

The building was constructed in 1996 whereas the land was only acquired in 2004.

Analysis of Shareholdings

As at 28th April 2005

Authorised Share Capital	: RM 100,000,000.00 comprising 200,000,000 ordinary shares of RM0.50 each
Issued and Fully Paid-Up Share Capital	: RM 81,000,000.00
Class of Shares	: Ordinary shares of RM 0.50 each
Voting Rights	: One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
1 - 99	3	0.54	102	0.00
100 - 1,000	72	12.95	60,200	0.07
1,001 - 10,000	277	49.82	1,463,500	1.81
10,001 - 100,000	148	26.62	5,225,082	6.45
100,001 - 4,049,999	51	9.17	28,441,116	35.11
4,050,000 and above	5	0.90	45,810,000	56.56
Total	556	100.00	81,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No. Name of Shareholders	No. of Shares held			
	Direct Interest	%	Deemed Interest	%
1 Dato' Mohd Haniff Bin Abd Aziz	12,150,000	15.00	4,500,000*	5.56
2 Lew Fatt Sin	18,019,812	22.25	-	-
3 Law Sim Shee	10,782,163	13.31	-	-
4 Teh Hock Toh	7,290,001	9.00	-	-
5 Nusa Abadi Sdn Bhd	4,500,000	5.56	-	-

* Deemed interest by virtue of his shareholding in Nusa Abadi Sdn Bhd

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

No. Name of Shareholders	No. of Shares held			
	Direct Interest	%	Deemed Interest	%
1 Dato' Mohd Haniff Bin Abd Aziz	12,150,000	15.00	4,500,000*	5.56
2 Lew Fatt Sin	18,019,812	22.25	-	-
3 Law Sim Shee	10,782,163	13.31	-	-
4 Lew Hin	357,840	0.44	-	-
5 Teh Hock Toh	7,290,001	9.00	-	-

* Deemed interest by virtue of his shareholding in Nusa Abadi Sdn Bhd

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	%
1	Lew Fatt Sin	14,558,851	17.97
2	Mohd Haniff Bin Abd Aziz	10,140,785	12.52
3	Law Sim Shee	8,711,296	10.75
4	Teh Hock Toh	5,889,853	7.27
5	EB Nominees (Tempatan) Sendirian Berhad Pledged securities Account for Nusa Abadi Sdn Bhd (RWG)	4,500,000	5.56
6	Amsec Nominees (Tempatan) Sdn Bhd Ambank Berhad for Lew Fatt Sin	3,460,961	4.27
7	Amsec Nominees (Tempatan) Sdn Bhd Ambank Berhad for Law Sim Shee	2,070,867	2.56
8	Mohd Haniff Bin Abd Aziz	2,009,215	2.48
9	Amsec Nominees (Tempatan) Sdn Bhd Ambank Berhad for Teh Hock Toh	1,400,148	1.73
10	Tew Boo Sing	1,346,500	1.66
11	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Kok Fatt (101AB0999)	1,306,900	1.61
12	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Lian Hong (101AB0417)	1,212,600	1.50
13	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Hwang-DBS Select Small Caps Fund (4579)	1,000,000	1.23
14	Chen Kim Loong	1,000,000	1.23
15	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Norlaila Lee Binti Abdullah (14570MM0703)	969,500	1.20
16	Lee Seng On	948,600	1.17
17	Leong Hoong Chin	813,000	1.00
18	Cimsec Nominees (Tempatan) Sdn Bhd Commerce Asset Fund Managers Sdn Bhd for Telekom Malaysia Berhad	787,000	0.97
19	How Dat Soon	784,000	0.97
20	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Chee Keong (M12)	745,600	0.92
21	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Hwang-DBS Dana Izdihar (4207)	630,000	0.78
22	Phang Yik Fui	600,000	0.74
23	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Law Kok Fatt (SFC)	500,000	0.62
24	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Ng Chee Keong (SFC)	500,000	0.62
25	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Law Kok Lam (SFC)	500,000	0.62
26	Wong Lip Kean	452,000	0.56
27	Lim Chiam Huat	440,000	0.54
28	Loke May Kam	416,000	0.51
29	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Hwang-DBS Dana Fahim (4637)	370,000	0.46
30	Goh Siew Hoo	360,000	0.44
		68,423,676	84.47

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the First Annual General Meeting of the Company will be held at Ballroom 3, 10th Floor, Crown Princess Hotel, City-Square Centre, Jalan Tun Razak, 50400 Kuala Lumpur on Tuesday, 28 June 2005 at 2.30 p.m. for the transaction of the following businesses:-

A G E N D A

Ordinary Business

1. To receive the Audited Financial Statements for the financial period ended 31 December 2004 together with the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To re-elect the following Directors who retire pursuant to Article 73 of the Company's Articles of Association:-

Dato' Mohd Haniff Bin Abd Aziz	(Resolution 2)
Lew Fatt Sin	(Resolution 3)
Law Sim Shee	(Resolution 4)
Lew Hin	(Resolution 5)
Teh Hock Toh	(Resolution 6)
Foong Yein Teng	(Resolution 7)
Datuk Dr Syed Muhamad Bin Syed Abdul Kadir	(Resolution 8)
Ng Wai Pin	(Resolution 9)
Pua Kah Ho	(Resolution 10)
3. To approve the payment of Directors' fees amounting to RM34,500 for the financial period ended 31 December 2004. (Resolution 11)
4. To re-appoint Messrs HALS & Associates as Auditors of the Company for the financial year ending 31 December 2005 and to authorise the Board of Directors to fix their remuneration. (Resolution 12)

Special Business

5. To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:-

Authority to Allot Shares

(Resolution 13)

"That subject always to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the approvals of Bursa Malaysia Securities Berhad and the relevant regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Act, to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate numbers of shares to be issued does not exceed 10% of the total issued share capital of the Company for the time being."

Proposed Shareholders' Ratification and Proposed Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature

(Resolution 14)

"That subject to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and / or its subsidiaries to enter into Recurrent Related Party Transactions ("RRPTs") of a revenue or trading nature with the related parties as set out in Section 2.3 of the Circular to the Shareholders of EURO dated 6 June 2005, subject to the following:

- i) the RRPTs are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public;
- ii) the disclosure is made in the Annual Report of the Company of the aggregate value of the RRPTs based on the type of transactions, the names of the Related Parties and their relationship with the Company pursuant to the Proposed Shareholders' Ratification and Proposed Shareholders' Mandate during the financial year and in the Annual Report of the Company in the subsequent year during which the Proposed Shareholders' Mandate is in force; and

iii) the Proposed Shareholders' Mandate is subject to annual renewal and will continue to be in full force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT all RRPTs entered into by the Company and/or its subsidiaries from 25 January 2005, being the date of the Company was listed on the Second Board of Bursa Securities, up to the date of this Ordinary Resolution be and are hereby approved and ratified.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution."

6. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

Tai Keat Chai (MIA 1688)

Lim Hooi Chin (MAICSA 7025949)

Company Secretaries

Kuala Lumpur

Date : 6 June 2005

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. To be valid the proxy form duly completed must be deposited at the Registered Office of the Company at Suite 1603, 16th Floor, Wisma Lim Foo Yong, No. 86, Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting.
2. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1) (c) of the Act are complied with. Where a member appoints more than one proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
4. Explanatory Notes on Special Business :-
 - a. The proposed Resolution 13 if passed is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This authority will expire at the next Annual General Meeting of the Company.
 - b. The proposed Resolution 14 if passed will empower the Company to conduct recurrent transactions of a revenue or trading nature with parties related to the Company. Please refer to the Circular to Shareholders for more information.

Statement Accompanying Notice of Annual General Meeting

EURO HOLDINGS BERHAD
Co. No. 646559-T

PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION

The Directors of the Company who are standing for re-election at the First Annual General Meeting of the Company are as follows:

- I. Dato' Mohd Haniff Bin Abd Aziz
- II. Lew Fatt Sin
- III. Law Sim Shee
- IV. Lew Hin,
- V. Teh Hock Toh
- VI. Foong Yein Teng
- VII. Datuk Dr Syed Muhamad Bin Syed Abdul Kadir
- VIII. Ng Wai Pin
- IX. Pua Kah Ho

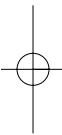
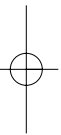
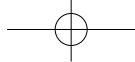
The Directors are subject to retirement pursuant to Article 73 of the Articles of Association of the Company. The details of the directors who are standing for re-election and their particulars are set out in the Profile of the Board of Directors which appear on pages 8 to 10 of this Annual Report.

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

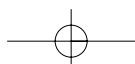
There is no Board of Directors' Meeting held during the financial period ended 31 December 2004.

3. DATE, TIME AND VENUE OF THE FIRST ANNUAL GENERAL MEETING

- Date : Tuesday, 28 June 2005*
- Time : 2.30 p.m.*
- Venue : Ballroom 3, 10th Floor, Crown Princess Hotel
City-Square Centre, Jalan Tun Razak
50400 Kuala Lumpur*



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FORM OF PROXY

No. of shares held I/We, I.C. or Company No.
(Full name in block letters)CDS Account No. of
(Full address)being a member / members of EURO HOLDINGS BERHAD hereby appoint
(Full name in block letters)I.C. No. of
(New and old I.C No.) (Full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the First Annual General Meeting of the Company to be held at Ballroom 3, 10h Floor, Crown Princess Hotel, City-Square Centre, Jalan Tun Razak, 50400 Kuala Lumpur on Tuesday, 28 June 2005 at 2.30 p.m. or at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to the voting is given, the Proxy will vote or abstain from voting at his/her discretion.

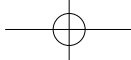
	FOR	AGAINST
RESOLUTION 1 - Adoption of Reports and Audited Financial Statements		
RESOLUTION 2 - Re-election of Dato' Mohd Haniff Bin Abd Aziz		
RESOLUTION 3 - Re-election of Lew Fatt Sin		
RESOLUTION 4 - Re-election of Law Sim Shee		
RESOLUTION 5 - Re-election of Lew Hin		
RESOLUTION 6 - Re-election of Teh Hock Toh		
RESOLUTION 7 - Re-election of Foong Yein Teng		
RESOLUTION 8 - Re-election of Datuk Dr Syed Muhamad Bin Syed Abdul Kadir		
RESOLUTION 9 - Re-election of Ng Wai Pin		
RESOLUTION 10 - Re-election of Pua Kah Ho		
RESOLUTION 11 - Approval of the payment of Directors' fees		
RESOLUTION 12 - Re-appointment of Auditors		
RESOLUTION 13 - Approval for Directors to issue shares pursuant to Section 132D		
RESOLUTION 14 - Proposed Shareholders' Ratification and Proposed Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature		

Signed this day of 2005

.....
Signature of Shareholder(s)

NOTES:

1. A member entitled to attend and vote at this Meeting is entitled to appoint a proxy/proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. Where the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at Suite 1603, 16th Floor, Wisma Lim Foo Yong, No. 86 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for convening the Meeting or any adjournment thereof.



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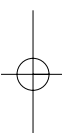
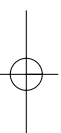
affix
stamp

The Company Secretary

EURO HOLDINGS BERHAD (646559-T)

Suite 1603, 16th Floor,
Wisma Lim Foo Yong,
No. 86 Jalan Raja Chulan,
50200 Kuala Lumpur

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