EURO™
inspiration at work

Immersed in innovative Luxury

annual report 2009

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.

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Corporate Information

Board of Directors

Dato' Sri 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

Dato' Choong Yuen Keong @ Tong Yuen Keong
Non-Independent and Non-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

Tan Poh Ling
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

Tan Poh Ling
Member, Independent Non-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, Executive Director

Nomination Committee

Dato' Sri 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 : corporate@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

Tricor Investor Services Sdn Bhd
(Formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
T : (603) 2664 3883
F : (603) 2282 1886

Principal Bankers

United Overseas Bank (Malaysia) Bhd (295409-T)
Hong Leong Bank Berhad (97141-X)
EON Bank Berhad (92351-V)
HSBC Bank Malaysia Berhad (127776-V)

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Stock Name: EURO
Stock Code : 7208

Corporate Structure

EURO HOLDINGS BERHAD
(646559-T)

100% ESL
Eurosteel Line Sdn Bhd
(890287-M)

100% ECM
Euro Chairs Manufacturer (M) Sdn Bhd
(164921-X)

100% ESI
Euro Space Industries (M) Sdn Bhd
(105420-W)

100% ECS
Euro Chairs System Sdn Bhd
(121935-M)

100% ES
Eurosteel System Sdn Bhd
(885526-M)

100% ESS
Euro Space System Sdn Bhd
(378220-D)

100% ECSB
Euro Chairs (M) Sdn Bhd
(204498-V)

Directors' Profiles

from left to right

1. Pua Kah Ho
2. Datuk Dr Syed Muhamad Bin Syed Abdul Kadir
3. Tan Poh Ling
4. Dato' Sri Mohd Haniff bin Abd Aziz
5. Law Sim Shee
6. Lew Fatt Sin
7. Dato' Choong Yuen Keong @ Tong Yuen Keong
8. Ng Wai Pin
9. Teh Hock Toh
10. Foong Yein Teng
11. Lew Hin

Directors' Profiles
(continued)

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

Dato' Sri Mohd Haniff, a Malaysian aged 56, 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 has 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. Dato' Sri Mohd Haniff was then assigned as Malaysian Trade Commissioner to the Philippines for the next five years, and then to Thailand until 1991. He has also served as the Director of the Malaysian External Trade Development Corporation from 1991 to 1994. Currently, he is a board member of Jerasia Capital Berhad and Samsung SDI (M) Berhad.

Lew Fatt Sin
Group Managing Director

Lew Fatt Sin, a Malaysian aged 56, was appointed Group Managing Director of EURO on 1 October 2004. He is on the Remuneration Committee, appointed on 28 February 2005. A practical entrepreneur who knows his trade well, Lew has garnered over 30 years of experience in furniture manufacturing, design and development. He started his career as a skilled craftsman in 1970 before joining a furniture factory that produced sofas and settees as a supervisor in 1974. Two years later, he embarked on a management buy-out of the company when the company went into the red. With long-term expansion goals, Lew revamped production to cater to the domestic office chair and cushion segment. Encouraging results were forth coming and in 1984, Fatt Sin (M) Sdn Bhd was incorporated. With Lew 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. Lew is married to Law Sim Shee and is the brother of Lew Hin. He does not hold any directorship in other public listed companies.

Law Sim Shee
Executive Director

A Malaysian aged 57, 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 worked as a general clerk in 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 EURO Group. She is the wife of Lew Fatt Sin and the sister-in-law of Lew Hin. She does not hold any directorship in other public listed companies.

Lew Hin
Executive Director

Lew Hin is a Malaysian, aged 59, and was appointed Executive Director of EURO on 1 October 2004. He started his career with a residential wooden furniture manufacturing company and later became a renovation contractor. Hence, he 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. Subsequently, 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 directorship in other public listed companies and is brother to Lew Fatt Sin and brother-in-law to Law Sim Shee.

Directors' Profiles
(continued)

Teh Hock Toh
Executive Director

Teh Hock Toh, aged 45, is a Malaysian who was appointed the 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. With diligence and good management skills, he ascended the corporate ranks efficiently and became the General Manager in 1994. With 21 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 for EURO Group and heads the Business Development Department. Teh Hock Toh does not hold any directorship in other public listed companies.

Foong Yein Teng
Executive Director

Foong Yein Teng is a 40-year old Malaysian. She was appointed Executive Director of EURO on 1 October 2004 and sits on the Audit Committee, from 3 October 2004 to 21 January 2009. Foong is professionally qualified as an Accountant and is a member of the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and CPA Australia. Her career took off at Price Waterhouse Coopers 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 Accounts Division, and came on board of EURO Group in 1997 where she is responsible for the Group's Finance and Accounts. She holds no directorship in other public listed companies.

Dato' Choong Yuen Keong @ Tong Yuen Keong
Non-Independent, Non-Executive Director

Dato' Choong Yuen Keong, a Malaysian aged 50 was appointed Non-Independent, Non-Executive director of EURO on 24 April 2007. He is a businessman by profession and owns several businesses involving property development management and aluminium recycling. Dato' Choong possesses 27 years of extensive working experience in the construction and property development industry, which includes 11 years in construction site management and 21 years in management of property development. He was involved in a few housing and commercial development projects including Taman Maju Jaya, a pioneer landmark project in Cheras, Wisma Cheong Hin along Jalan Pudu, Pusat Perdagangan Tasik Perdana and most recently, Beverly Heights, located in Ulu Kelang, Gombak. He does not hold other directorship in other public listed company.

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

A Malaysian aged 62 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 holds a Bachelor of Arts from University of Malaya, a 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 (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, which include Pos Malaysia Berhad, Telekom Malaysia Berhad, Malayan Railways and the University of Malaya. Currently, he is a board member of Bumiputra-Commerce Holdings Berhad, CIMB Bank Berhad, CIMB Islamic Berhad, CIMB Bank (L) Ltd, Solution Engineering Holdings Berhad and BSL Corporation Berhad.

Directors' Profiles
(continued)

Ng Wai Pin
Independent Non-Executive Director

Ng Wai Pin is a 45-year old Malaysian who was appointed as an 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 degree in Bachelor of Laws and was admitted as a Barrister and Solicitor of the High Court in New Zealand. He was attached to a legal firm in Auckland for a few years. Thereafter, he returned to Kuala Lumpur and joined Shook Lin & Bok before being admitted as an Advocate and Solicitor in the High Court of Malaya in 1993. Besides his experience in legal practice, he also served as a Chief Executive Officer of public listed companies. Currently he sits on the board of Frontken Corporation Berhad and BSL Corporation Berhad.

Pua Kah Ho
Independent Non-Executive Director

Pua Kah Ho, a Malaysian aged 61, was appointed Independent Non-Executive Director or EURO on 1 October 2004. He sits on the Nomination Committee, appointed on 28 February 2005. Upon graduating high school in 1969, Pua commenced a long and rewarding career with Overseas Union Bank (M) Bhd (OUB). 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 directorship in other public listed companies.

Tan Poh Ling
Independent Non-Executive Director

Tan Poh Ling, aged 40 was appointed as a Non-Executive Director of EURO on 21 January 2009. She was also appointed a member of the Audit Committee on the same day. She is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, Malaysian Institute of Taxation and Financial Planning Association of Malaysia. She has 20 years of experience in the field of auditing, accounting, taxation, business advisory and corporate finance, encompassing professional firms, multi national companies and private companies. Currently, she is the managing partner of an audit firm. Tan Poh Ling does not hold any directorship 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

ECONOMIC AND INDUSTRY OVERVIEW

The first quarter of 2009 has seen a significant decline in consumers' demand worldwide as a result of the full impact of the 2008 financial crisis on the global economy. The global economy experienced the sharpest contraction as businesses cut their production severely while inventories were drawn down to abnormally low levels amid weak demand. The deterioration of the economy had an adverse impact on the business confidence and household sentiments globally.

The furniture industry was not spared as businesses became risk adverse and customers' orders reduced tremendously on account of lower demand. The Malaysian furniture recorded an estimated output decline of 10.3%, while exports were valued at RM7.8 billion as against RM8.7 billion in 2008. A decline was also seen in the international furniture trade as low output had also been recorded by other countries in the world.

FINANCIAL PERFORMANCE

In the face of challenging operating environment, the Group registered a significant decrease in revenue from RM107.9 million in 2008 to RM64.9 million in 2009. As a result, the Group encountered a loss before tax of RM4.9 million for the financial year ended 2009 against a profit before tax of RM6.3 million in 2008. The loss after tax was RM3.5 million in 2009 against profit before tax of RM5.2 million in 2008. Loss per share was 4.34 sen per share in 2009, whereas the earnings per share was 6.39 sen per share in 2008. As a result, the Group's net assets dropped from 90.05 sen per share in 2008 to 83.71 sen per share in 2009.

Revenue fell steeply in the first quarter of 2009. This was due to low demand arising from the weak global economic conditions as corporations around the world embarked on cost-cutting measures and project downsizing to counter the financial challenges. Despite taking various cost-cutting measures, the Group faced excess production capacity with significant fall in production volume. Production was not operating at an optimum level with such low level of activities and this had impacted the gross profit margin with higher absorption of fixed overheads per unit sold. Towards the end of the year, margin was also affected by lower selling price due to increased competition.

AWARDS AND ACCREDITATIONS

We are delighted to have once again been honored with the following awards and accreditation:-

Brandlaureate Award 2008/2009 - the Grammy awards for Branding: Best Brand in Office Furniture, Corporate Branding. It is organised by Brand Laureate Sdn Bhd, a member of the Asia Pacific Brands Foundation. Euro had won this award for the third consecutive year.

Furniture Leadership Award ("FLA") Malaysia 2009 and Asian Furniture Leadership Award, organized by APS Media Group, the publisher of Furniture and Furnishing International Export (a member of International Alliance of Furnishing Publications representing South East Asia) with the endorsement of the Malaysian Furniture Promotion Council ("MFPC"). After going through a stringent round of interview and questionnaire by the panel judges, comprising of experienced individuals in the furniture industry of the Asean region, the Group was awarded the FLA

Chairman's Statement
(continued)

Malaysia 2009 award for Brand Excellence and Product Excellence. Mr. Lew Fatt Sin (Group Managing Director) emerged as the Best Entrepreneur of the year for the second time under the same award i.e. FLA Malaysia 2009.

The Group also won the ASEAN Furniture Leadership Award 2009 – a recognition awarded to commendable furniture companies in the ASEAN region by the same organizer of the FLA Malaysia 2009, with panel of judges comprising of representatives from the US and Asian countries.

As a testament to our commitment in enhancing our environmental performance, one of our subsidiaries, Euro Chairs Manufacturer (M) Sdn Bhd was certified with ISO 14001 and OSHAS 18001 in May 2009. We will uphold the values of corporate social responsibility while promoting safety as an important feature in today's society as well as striving to meet market's expectations.

OUTLOOK AND PROSPECTS

Various economic indicators continued to show improvement ahead, albeit being subjected to occasional pullbacks. Economic activities in most economies started to gradually emerge from the recession in the second half of 2009. At the home front, the Malaysian economy is projected to grow by 4.5% to 5.5% in 2010 in view of improving developments. Although the world is on its road to recovery, the economic recovery remained fragile and uneven. Businesses around the world remained cautions.

With improving domestic fundamentals, the Ringgit's performance was on a broad appreciating trend in tandem with regional currencies. Coupled with the volatility of foreign currencies especially the USD, the continued appreciation of Ringgit against USD will have a negative impact to the Group's earnings, as approximately 50% of the Group's revenue is from exports sales and denominated mainly in the USD currency.

Chairman's Statement
(continued)

Also, following the gradual economic recovery, commodity prices began to rise steadily with oil prices reaching above USD 80 per barrel in the beginning of 2010. Prices of raw materials began to climb and are expected to edge higher although demand pressure remained subdued.

Against lingering economic uncertainties and the above challenges faced by the Group, 2010 will remain challenging. The Group will continue to evaluate its operational and strategic alternatives to maintain its competitiveness and to meet the ever changing market needs of the customers. We will be prudent but will move decisively at appropriate times.

On the marketing front, we will continuously look for ways to increase market share and secure new customers locally and abroad. We are optimistic that with the right efforts at the right timing, we would be able to gain new customers especially for our new product line - steel storages, by being able to offer competitive and quality products, packaged with good customer service.

On a brighter note, the economic downturns and current unfavorable market conditions will eventually turn for the better. Coupled with the continued measures taken by the Group, we believe that we will emerge stronger and more competitive when the cycle begins to turn upwards.

DIVIDENDS

The Board of Directors does not recommend any payment of final dividend for the year ended 31 December 2009. This is to conserve cash to meet future working capital requirements and expansion plans of the Group.

APPRECIATION

I extend my sincere appreciation to the Board of Directors, management and staff of the EURO Group, who have been sticking together with us to weather the turbulence. With your patience and consideration, I am convinced that we are equipped with good team work and dynamism to overcome any hardship and subsequently achieve a new height of success.

To our valued customers, business associates, bankers, shareholders and various agencies, thank you for your kind support. With your unwavering backing, we are able to see a great prospect ahead and are fully motivated to thrive forward to a bright future.

Thank you.

Dato' Sri Mohd Haniff bin Abd Aziz
Chairman

Group Managing Director's
REVIEW OF OPERATIONS

As anticipated, 2009 was highly challenging and uncertain. The global economy experienced significant contraction that devastated a majority of the world's key economies. Under the unfavourable economic conditions, the Group's performance was adversely affected by the sharp fall in demand and intense market competition. Customers became increasingly cost conscious as most corporations adopted cost-cutting measures to weather the economy downturn.

BUSINESS REVIEW

The company's revenue contracted from RM107.9 million in 2008 to RM64.9 million in 2009, a sharp decline by approximately 40% on a year-to-year basis. The first half of 2009 was a tough period when demand fell sharply as the full impact of the 2008 international financial crisis was felt. Projects were put on hold or delayed by most corporations worldwide as they postponed investment plans with reduced operational activities.

Although revenue started to improve on a quarter-to-quarter basis, the Group's revenue continued to be low throughout 2009 as the economic recovery process was slow and careful. Generally, market remained quiet with more activities noted towards the end of the year.

DOMESTIC MARKET

Revenue from domestic market decreased by 23.0% to RM33.0 million in 2009 compared to RM42.8 million in 2008. The decline was at a lower rate as compared to the export sales. The local market was very quiet in the first half of the year with more projects coming on-stream by the middle of the year.

During the period, sizeable projects were limited. The few in hand were either delayed or downsized. It was understandable that consumers were prudent and budget conscious in times of turbulence. During the year, the Group managed to secure and complete projects from among others, Telekom Berhad, CIMB, MAHB, PDRM, etc.

EXPORT MARKET

Exports revenue suffered due to weak and sluggish global demand although progressive marketing efforts were taken to improve sales. Exports to most key markets were reduced by half amidst the economic downtrend. By comparison, export sales only contributed 49% to the Group's revenue in 2009 from a ratio of 60% in the previous year.

Sales to India almost came to a standstill in the first quarter of the year. Projects were downsized from the original plan as corporations withheld their expansion plans. Activities started to pick up towards the end of the year. However, sales value had gone down substantially from the previous level as end-users became very budget-conscious due to the economic uncertainty. Some of the projects secured and delivered included Flextronics, ICICI Bank, Ernst &Young etc.

Middle East markets had also slowed down in 2009 with the emergence of the financial crisis in Dubai. However, good progress was seen in November 2009 and could bring about a good start in 2010 as many projects were scheduled in 2010. Despite the slowdown, the Middle East region still contributed about 15% of the Group's export's revenue.

Not surprisingly, sales to some countries in the Asian region were also adversely affected, particularly countries that depended heavily on exports as they experienced the full blow of the downward economy. Slower sales were seen in countries like Japan, Singapore, Hong Kong and Thailand. However countries like Indonesia and Vietnam remained as good business potential.

Group Managing Director's

REVIEW OF OPERATIONS
(continued)

PRODUCT LAUNCHES IN 2010

The Group believes that continuous design and product innovation is essential to counter the competition cycle in addressing evolving market trends and enhance competitiveness. In this regard, the Group introduced and launched the following products in 2009 :-

i) Head Lines – a full range of executive office chairs
Headlines come in a multitude of bright colours and are eco-friendly chairs using 80% of eco-friendly materials with multiple options for reutilization and recycling.

ii) Improved version of task chair - Active II

iii) Office Sofa - Block

iv) New range of Workstation: Lighthouse
It is a range of all-in-one workstation that offers simplicity and sophistication. This flexible system promotes easy installation with simple components of hooked-on panels and lightweight materials. This system also provides high level of flexibility to reconfigure things to fit current and future requirements.

v) Metal storages which include steel mobile pedestals, lateral filings and cabinets which are all initial product items of the steel storage line.

LOOKING AHEAD

The general outlook of 2010 is expected to be better than 2009. However, the recovery of the global economy remains uncertain although there are encouraging indications of economic growth gaining momentum. While the global economic conditions gradually improve, notably in the Asian region, the sustainability of consumer demand growth and global economic recovery remain fragile especially for Europe and the US.

While still fresh from the worst economic downturn since the World War II, consumers are now generally more prudent with spending. They are very cost-conscious but yet demanding. The business pattern had also changed as dealers are cutting down on stock holding levels. This applies especially to the US, European and Indian markets.

To counter the challenges, the Group had already implemented and will continue to heighten its cost control measures to improve efficiency and productivity. More efforts would be channelled into the restructuring and reorganizing the production floor and to streamline the entire process flow. The Group aims to transform from a traditionally strong manufacturing company to one which is more technology and automation driven. Currently under construction is the Group's new manufacturing facility which will house the new steel storages product line, additional production area for existing product lines and further warehousing area. The new plant will provide an additional space area of 160,000 sq. ft. upon completion, which is expected in the third quarter of 2010.

Group Managing Director's

REVIEW OF OPERATIONS
(continued)

We will intensify our R&D efforts and activities to introduce new range of products to stay ahead of competition. In addition, we will improve our products which in turn will lower production cost and improve the product quality. More efforts would be put into developing our new product line - steel furniture. We target to design and launch a complete line of steel furniture that evolves and presents a new concept for this fledging category. This new product line also complements our existing crop of office furniture and we hope to tap into this new customer base to broaden the Group's revenue.

On the marketing front, we will explore new markets, for instance North Africa to expand our export business. The Group is also continuously looking for business partners and working on new business strategies to penetrate the North American and European market. We will continue to participate in important international office furniture trade fairs to grow our export sales and to create brand awareness.

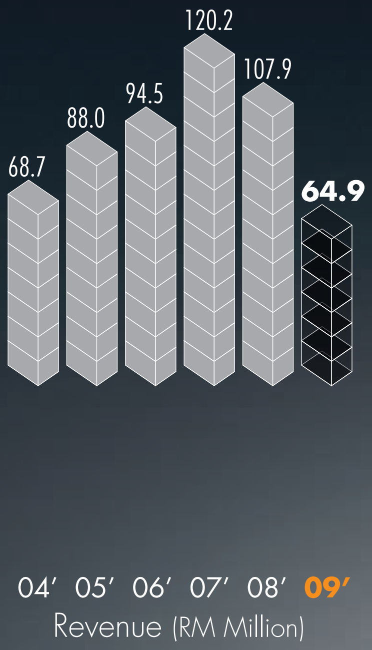
Having obtained the certifications of ISO 14001 and OSHAS 18001 in 2009, the Group will pursue with "Green" certification by internationally recognised bodies for its products as customers are becoming increasingly environmentally conscious with growing awareness of environmental issues worldwide. In an effort to preserve the environment, customers are moving towards sustainable furniture. They now require the usage of "green" materials in products and even the production process must be friendly and safe to the environment.

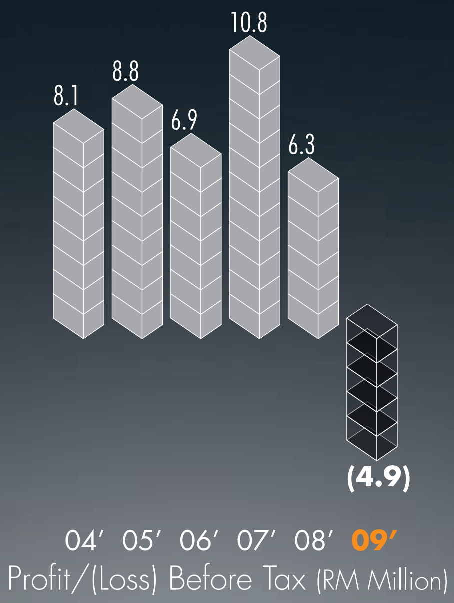
Given the challenges that we have experienced in the past, we are optimistic that we can overcome the current difficulties. We shall endeavor to perform better to restore the Group to a profitable position.

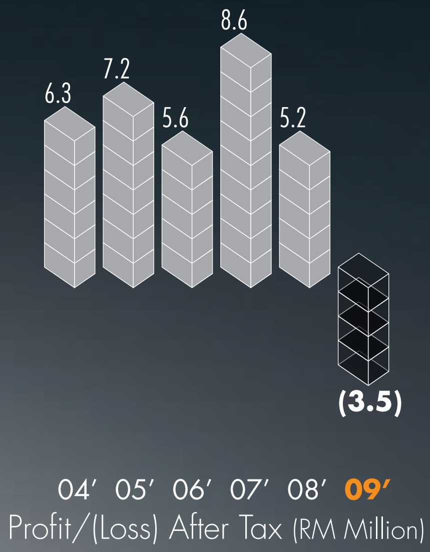
Lew Fatt Sin
Group Managing Director

Group Financial Highlights

The revenue, profit before taxation and profit after taxation for the financial year ended 31 December 2004 was 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 then. 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 of Euro Holdings Berhad ("the Board") believes that good corporate governance is fundamental to ensure the Group's long-term sustainability and good business performance of the organization. Therefore, the Board is committed to ensuring the highest standards of Corporate Governance are practiced throughout Euro Holdings Berhad ("EURO" or the "Company"), as a fundamental part of discharging its responsibilities to create and enhance economic value for its shareholders as well as other stakeholders.

This statement sets out the commitment of the Board towards the Malaysian Code of Corporate Governance ("the Code") and describes how EURO has applied the principles laid down in the Code. Save where otherwise identified specifically, EURO has complied with the Best Practices of the Code throughout the financial year.

SECTION 1: THE BOARD OF DIRECTORS

THE BOARD SIZE AND BALANCE

The Board is collectively responsible for promoting the success of the EURO Group ("the Group") by directing and supervising its affairs. The key responsibilities include the primary responsibilities prescribed under the Best Practices Provision AA I in Part 2 of the Code. These cover a review of the strategic direction for the Group and overseeing the business operations of the Group, evaluating whether these are being properly managed.

COMPOSITION

The Board of Directors consists of a Group Chairman, a Group Managing Director, four (4) Executive Directors, four (4) Independent Non-Executive Directors and one (1) Non-Independent Non Executive Director. The Company complies with the criteria of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), of having at least one third or two of the board members as Independent Non-Executive Directors. The profile of each Director is presented on page 5 to page 7 of this Annual Report.

DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board retains full and effective control over the affairs of the Group and the Company. This includes responsibility for determining the Group's and the Company's development and overall strategies direction which are as follows:

a. Reviewing and providing guidance on the Group's and the Company's corporate strategy and adopting a strategic plan for the Group and the Company through the development of risk policy, annual budgets and long range business plans, reviewing major capital expenditures, acquisition and disposal.

b. Monitoring corporate performance and the conduct of the Group's business and to ensure compliances to best practices and principles of corporate governance.

c. Identifying and implementing appropriate system to manage principal risks. The Board undertakes this responsibility through the Audit Committee.

d. Ensuring and reviewing the adequacy and soundness of the Group's financial system, internal control system and management information system are in compliance with the applicable standards and laws and regulations.

e. Ensuring a transparent Board nomination and remuneration process including management, ensuring the skills and experiences of the Directors are adequate for discharging their responsibilities whilst the caliber of the Non-Executive Directors bring an independent judgment in the decision making process.

Statement on Corporate Governance
(continued)

BOARD MEETINGS

Board Meetings are scheduled for every quarter with additional meetings to be convened as and when required. During the financial year under review, the Board met a total of five (5) times. The attendance of the Directors who held office during the financial year is set out below:

Name of Directors	Attendance at meeting	Percentage of attendance (%)
Dato' Sri Mohd Haniff Bin Abdul Aziz	4/5	80
Lew Fatt Sin	4/5	80
Law Sim Shee	4/5	80
Teh Hock Toh	5/5	100
Lew Hin	5/5	100
Foong Yein Teng	5/5	100
Dato' Choong Yuen Keong @ Tong Yuen Keong	5/5	100
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	5/5	100
Ng Wai Pin	5/5	100
Pua Kah Ho	5/5	100
Tan Poh Ling	5/5	100

SUPPLY OF INFORMATION

All Directors are given complete and timely information before each Board Meeting to be convened together with an agenda and a set of Board papers. Board papers are circulated within sufficient time to enable Directors to obtain further explanation, if necessary, in order to be properly briefed before each meeting.

At least four (4) Board Meetings are held annually, each meeting being scheduled to be held within two (2) months after each quarter to consider the quarterly financial results and to review operational performance. Additional meetings are convened as and when necessary.

All Directors have access to the advice of the Company Secretary, Independent Professional Advisors and Internal/External Auditors in appropriate circumstances at the Company's expense.

APPOINTMENT OF DIRECTORS

The Nomination Committee is responsible for recommending to the Board suitable candidate(s) for appointment as new Directors. In making these recommendations, factors such as mix of skills, experience, expertise and contribution to the Company will be considered before the recommendation for appointment of the proposed director is put forward to the Board for consideration and approval.

Statement on Corporate Governance
(continued)

RE – ELECTION

In accordance with the Articles of Association and in compliance with Bursa Securities' Main LR, all Directors are required to retire from office once at least in each three (3) years, and shall be eligible for re-election. The Articles of Association also requires that at least one third (1/3) of the Board of Directors shall retire at each Annual General meeting and may offer themselves for re-election.

AUDIT COMMITTEE

The Audit Committee comprises of three (3) independent Non-Executive Directors as at the end of the year. The composition, responsibilities, detailed term of reference and the activities of the Audit Committee during the financial year are set out separately in the Audit Committee Report on page 27 to page 31 of this Annual Report.

NOMINATION COMMITTEE

The Nomination Committee was established in February 2005. The Committee shall be responsible of nominating the appropriate Board balance and size as well as ensuring that the Board possesses the required mix of responsibilities, skills and experience. The Nomination Committee shall conduct a review of the mix of skills, experience and other core competencies for the Board on an annual basis. The members of the Nomination Committee who served during the financial year are:

- Dato' Sri Mohd Haniff Bin Abdul Aziz
  Chairman, Non-Independent and Non-Executive Director

- Pua Kah Ho
  Member, Independent Non-Executive Director

- Law Sim Shee
  Member, Executive Director

REMUNERATION COMMITTEE

In line with the Best Practices of the Code, the Board has set up a Remuneration Committee in February 2005 to assist the Board in determining the Director's remuneration. The Committee meets at least once a year. The members of the Remuneration Committee who served during the financial year are:

- 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, Group Managing Director

The respective Committee reports to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

Statement on Corporate Governance
(continued)

DIRECTORS' REMUNERATION

The Company's remuneration policy for Director is formulated to attract and retain individuals of the necessary caliber 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 package for the Executive Directors. 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 year ended 31 December 2009 are as follows:

Aggregate Remuneration categorized into appropriate components:

	Fees	Salaries and Allowances, inclusive of EPF contributions	Bonus	Benefits-in-kind	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Executive Directors	-	1,503	109	282	1,894
Non-Executive Directors	236	-	-	28	264
Total	**236**	**1,503**	**109**	**310**	**2,158**

Remuneration Bands

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
RM1- RM50,000	-	5	5
RM100,001- RM150,000	-	1	1
RM150,001- RM200,000	1	-	1
RM250,001- RM300,000	1	-	1
RM350,001- RM400,000	2	-	2
RM600,001- RM650,000	1	-	1
Total	**5**	**6**	**11**

Note:
1. For security and confidentiality reasons, the details of Directors' remuneration are not shown with reference to individual Directors. The Board is on the view that the transparency and accountability aspects of the corporate governance on Directors' remuneration are appropriately served by the band disclosure made.

Statement on Corporate Governance
(continued)

DIRECTORS' TRAINING AND EDUCATION

All Directors appointed to the Board had attended and completed the Mandatory Accreditation Programme accredited by Bursa Securities. The Board will evaluate the Directors' training needs and attend other relevant training programmes to further enhance their business acumen and professionalism in discharging their duties to the Group.

During the year, the Directors have pursued relevant courses and seminars to keep abreast with industry, regulatory and compliance issues, trends and best practices. Conferences, seminars and training programmes attended by the Directors in 2009 are as follows:

Corporate Governance	• PLCs Forum on Corporate Governance Best Practices • Strengthening the Financial Reporting Chain in Enhancing Corporate Governance • Technical Briefing on Main Market Listing Requirements
Role of an Effective Board	• Enhancing Board Effectiveness in a Turbulent Environment
Management	• High Performance Leadership in Turbulent Times • Implementing Quality Control – Incorporating ISQCI & Practice Review Findings • Enterprise Risk Management for Directors* • Talk on "Governance Expectations of International Fund Managers" • Investor Relations Best Practices
Accounting and Economics	• Financial Reporting During Financial Turbulence • Forum on FRS139 Financial Instruments: Recognition and Measurement • Global Market Outlook for 2009 • The Challenges of Implementing FRS139 • Practical Application of Financial Reporting Standards

* Attended by all Directors - An in-house training provided by an external training provider accredited by Bursa Securities for directors of public listed companies.

SECTION 2: COMMITTEES OF THE BOARD

The Board has delegated certain responsibilities to several Committees, which operate within the defined terms of reference. The Chairman of the various committees will report the outcome of the committee meetings to the Board and such reports are incorporated in the minutes of meeting. The various committees are as follows:

Committee	Chairperson
Audit Committee	Datuk Dr. Syed Muhammad bin Syed Abdul Kadir
Nomination Committee	Dato' Sri Mohd Haniff bin Abdul Aziz
Remuneration Committee	Datuk Dr. Syed Muhammad bin Syed Abdul Kadir

Statement on Corporate Governance
(continued)

SECTION 3: SHAREHOLDERS

INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

Recognizing the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that the shareholders and other stakeholders are well informed of all important issues and major developments of the Company and the information is communicated to them through the following documents:

- Annual Report
- The various disclosures and announcements made to Bursa Securities including the Quarterly Reports and Annual Financial Statements.
- Shareholders may obtain the Company's latest announcements via the Bursa Securities' website at www.bursamalaysia.com.my.
- The Company's investors relation site via the Company's website at www.eurochairs.com

During the financial year, the Directors and senior management also responded to requests for discussions with analysts from research houses and investment banks to provide them with the development and information on the Group's strategies and performance.

THE ANNUAL GENERAL MEETING ("AGM")

Notice of AGM which is contained in the Annual Report is sent out at least twenty-one (21) days prior to the date of the meeting. There will be commentary by the Chairman at the AGM regarding the Company's performance for each financial year and a brief review on current business conditions. At each AGM, a platform is available to shareholders to participate in the question and answer session. Extraordinary General Meetings ("EGM") are held when required.

SECTION 4: ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Directors are responsible to ensure that financial statements prepared are drawn up in accordance with the provision of the Companies Act 1965 and Applicable Accounting Standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies and applied them consistently, supported by reasonable judgments and estimates.

The quarterly results were reviewed by the Audit Committee and approved by the Board before being released to Bursa Securities. By presenting the quarterly results and financial statements, the Company is mindful of the necessity to present a balanced assessment of the Group's financial position. The details of the Group's and the Company's financial statements for the financial year ended 31 December 2009 can be found on pages 39 to 84 of the Annual Report.

INTERNAL CONTROL

The Statement on Internal Control, which provides an overview of the state of internal controls within the Group, is set out on page 32 to page 33 of the Annual Report.

Statement on Corporate Governance
(continued)

RELATIONSHIP WITH THE 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 twice 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 page 27 to page 31 of this Annual Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

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 approved 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 cash flows for the financial year then ended.

In preparing the financial statements of the Group and the Company for the year ended 31 December 2009, the Board of Directors has:

- adopted suitable accounting policies and applied them consistently;
- where applicable, made judgments and estimates that are reasonable and prudent; and
- ensured that applicable approved accounting standards have been followed.

The Directors have ensured that the Group and 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.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

We focused our efforts on the effective development of CSR Governance, and 2009 was the year which we successfully developed and executed a more structured CSR programme. The Group undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates in. The Group recognizes that for long term sustainability, its strategic orientation will need to look beyond the financial parameters and strike a balance between business profitability and corporate social responsibility. Hence, the Group supports important causes such as environmental preservation, donation to the needy, community services, promoting a healthy and safety culture within our organization, etc.

Environmental Preservation

Euro will continue to strive to be environmental friendly in conducting its business. 2009 marked a major milestone for the Group as we are now certified to the international environmental management systems standard, ISO 14001. Continuous efforts are being made to reduce wastages, promote recycling and reuse and instilling environmental conservation awareness among employees.

The Group had also increased our green efforts in 2009 by introducing new ranges of product that are eco-friendly. These products emphasize the usage of recyclable materials to preserve the environment.

Statement on Corporate Governance
(continued)

The Community

The Group is committed to promote a healthy and friendly environment to the community. It is our policy to comply with laws governing plant operations, maintenance and improvement relating to environment standards, housekeeping and storage methods, noise level management, emission standards, etc.

Other than the above, EURO has also emphasized CSR within the community by focusing on the following:

- contributing of funds, wheel chairs, office furniture and other necessities to various charitable organizations and associations
- Sponsorship of events of various non-profitable organizations
- Recruitment of fresh graduates and interns, aimed at equipping young graduates with invaluable skills and experience for better employment opportunities.

CSR initiatives within the Organization:-

Occupational Health and Safety

Euro is committed to provide a healthy and safe working environment to our employees. Clear and written policies, including any updates as well as any training on occupational health and safety matters are provided to employees. In line with this, we have set up a dedicated committee, spearheaded by the Safety Officer to ensure policies are adhered and implemented effectively and safety audits are conducted periodically. As a testament of our commitment in promoting a safe and healthy workplace for all our staff, Euro obtained the certification of ISO 18001 on Occupational Health and Safety in May 2009. In addition, relevant training on health and safety were conducted throughout the year to create awareness and to educate employees on health and safety related matters.

Employees Welfare and Development

It is the policy of Euro to ensure that its employees are competent on the basis of appropriate education, training, skills and experience. Continuous performance enhancement and development of employees' competencies had been our primary focus in the area of HR development. In this respect, work related trainings and continuous internal and external training programs are provided to all staff.

The employees are also provided with medical and healthcare insurance, adequate insurance and leave compensation programs which commensurate with their rank and level of employment.

Recognizing the need to provide a healthy and balanced lifestyle to our staff, the Group also organized Annual Dinner, sport activities and social events for our staff.

Statement on Corporate Governance
(continued)

ADDITIONAL COMPLIANCE INFORMATION

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

Utilization of Proceeds

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 December 2009.

Share Buybacks

The Company had at its Fifth Annual General Meeting held on 25 June 2009, obtained its shareholders' mandate to purchase its own shares of up to ten (10%) of the issued and paid-up share capital of the Company.

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

The Company will seek a renewal of the mandate from its shareholders for the purchase of its own shares at the forthcoming Annual General Meeting to be held on 28 June 2010.

Options, Warrants or Convertible Securities

There was neither exercise of Options or Convertible Securities nor conversion of warrants during the financial year.

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

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

Imposition of Sanctions/Penalties

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

Non-Audit Fees

The amount of non-audit fees paid and payable to external auditors by the Group for the financial year ended 31 December 2009 amounted to RM 1,000.

Variation in Results

There is no material variance between the financial results and the profit forecast or unaudited results previously made for the financial year ended 31 December 2009.

Profit Guarantee

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

Statement on Corporate Governance
(continued)

Material Contracts

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Revaluation of Landed Properties

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

Profit Forecast Variance

There was no profit forecast issued in respect of the financial result ended 31 December 2009.

Recurrent Related Party Transactions

At the Fifth Annual General Meeting of the Company held on 25 June 2009, the Company had obtained the approval of shareholders for the renewal of the shareholders' mandate to enter into recurrent related party transactions ("RRPTs) of a revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties.

The said mandate took effect on 26 June 2009 and will continue until the conclusion of the forthcoming Annual General Meeting of the Company. The details of the RRPTs conducted during the financial year ended 31 December 2009 pursuant to the shareholders' mandate are disclosed in Note 36 to the Financial Statements.

At the forthcoming Annual General meeting to be held on 28 June 2010, the Company intends to seek its shareholders' approval to renew the existing mandate for recurrent related party transaction of a revenue or trading nature. The details of the shareholders' mandate to be sought are furnished in the Circular to Shareholders dated 2 June 2010 attached to this Annual Report.

Audit Committee Report

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

The Board of Directors of Euro Holdings Berhad is pleased to present the report on the Audit Committee and its activities during the financial year ended 31 December 2009.

MEMBERS

The Audit Committee ("the Committee") was established on 3 October 2004. The members who had served during the financial year ended 31 December 2009 and their respective designations are as follows:

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

- **Ng Wai Pin**
  Member, Independent Non-Executive Director

- **Tan Poh Ling**
  Member, Independent Non- Executive Director

- **Foong Yein Teng***
  Member, Executive Director

* Foong Yein Teng resigned from the Committee and was replaced by Tan Poh Ling, an Independent Non-Executive Director on 21 January 2009.

TERMS OF REFERENCE

The Committee is governed by the following terms of reference:

1. Composition

The Audit Committee shall be appointed by the Directors from amongst their numbers (pursuant to a resolution of the Board of Directors) and shall be composed of not fewer than three (3) members, all of whom shall be non-executive directors, with the majority being 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) fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities")

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

Audit Committee Report

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

(continued)

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 in 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 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 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 discuss with the external auditor before the audit commences, the nature and scope of the audit
(iv) Approve any appointment or termination of the internal auditor;
(v) To review the effectiveness and the adequacy of the scope, functions, competency and work resources of the internal audit functions and that it has the authority to carry out its work;
(vi) Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
(vii) Take cognizance of resignation of internal auditor and provide the resigning internal auditor an opportunity to submit reasons for resigning
(viii) To review the effectiveness of the internal control and management information systems;
(ix) 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;
(x) To review the external auditors' audit report
(xi) To review any management letter sent by the external auditors to the Company and the management's response to such letter;
(xii) To convene meetings with the external auditors, the internal auditors, excluding the attendance of other directors and employees of the Company on problems and reservations arising from the audits, and any matter the auditors may wish to discuss;
(xiii) To review the assistance given by the Company's officers to the external auditors;
(xiv) To provide any regulatory authorities with such information concerning the Group in such form and within such time limits as the authorities may require;

Audit Committee Report

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

(continued)

(xv) To ensure strict compliance by the Group with the Main Market Listing Requirements ("Main LR") and all relevant legislations, guidelines and regulations issued by regulatory authorities;
(xvi) To review proposals and implement action plans to effect proposals to meet and maintain required standards and guidelines;
(xvii) To review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
(xviii) To review all related-party transactions and potential conflict of interests situations; and
(xix) 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 Chief Executive Officer and any other senior management staff of the Group;
(v) Have direct communication channels with the external auditors and internal auditors;
(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 directors or management of the Company, 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 Main LR, the Audit Committee shall promptly report such matter to Bursa Securities.

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, 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 consist of a minimum of two (2) audit committee members and the majority of the members present must be independent directors.

Audit Committee Report

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

(continued)

The Finance Director, representatives of the internal and 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.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee met six (6) times during the financial year ended 31 December 2009. The details of attendance of each member at the meetings were as follows:-

Name of Audit Committee Member	Total meetings attended	Percentage of attendance (%)
Datuk Dr Syed Muhamad bin Abdul Kadir	6	100
Ng Wai Pin	6	100
Tan Poh Ling	6	100

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 December 2009 in discharge of their duties:-

(a) Reviewed the quarterly financial results announcements for each quarter of the Group to ensure the Company's compliance with the Main LR of Bursa Securities, applicable approved accounting standards and other legal and regulatory requirements, prior to recommending them for the Board of Director's consideration and approval;
(b) Discussed significant audit findings in respect of the financial statements and accounting principles and standards that were applied and their judgement of the items that may affect the financial statements of the Group with the external auditors;
(c) Reviewed and discussed the annual audited financial statements of the Company and the Group with the external auditors and management prior to submission to the Board of Directors for their approval
(d) Reviewed the external auditors' fees, scope of work and audit plans for the financial year prior to the commencement of audit;
(e) Discussion with the external auditors on new adoption (if any) and new issuance of the Financial Reporting Standards in Malaysia and its impact to the Group's and Company's financial statements;
(f) Reviewed the internal audit scope, programmes and plans to ensure adequate scope and comprehensive coverage of the activities of the Group and to determine the internal auditors' fees for the financial year under review;
(g) Reviewed the effectiveness of the audit process for the year and assessed the performance of the internal audit functions
(h) Reviewed the internal audit reports which were tabled during the year, on the state of the internal control of the Company, the audit recommendations made and management's response to these recommendations. Where appropriate, the Committee has directed management to rectify and improve control and workflow procedures based on the internal auditors' recommendations and suggestions for improvement; and
(i) Reviewed the related party transactions entered into by the Company and the Group for compliance with the Main LR of Bursa Securities.

Audit Committee Report

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009
(continued)

INTERNAL AUDIT FUNCTIONS

The Audit Committee, on behalf of the Board, assumes the responsibility to review and monitor the effectiveness as well as the adequacy of the Group's internal control system. The Group has outsourced the internal audit function to external consultants, which reports to the Audit Committee and assists the Board of Directors in monitoring and managing risks and internal controls. 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

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

INTRODUCTION

The Board acknowledges that it is responsible for the Group's system of internal controls and for reviewing its adequacy and integrity. The system is designed to provide reasonable assurance of effective operations and compliance with laws and regulations. The Board ensures the effectiveness of the system through periodic reviews.

The system of internal controls is designed to manage rather than eliminate the risk failures to achieve business objectives, and as such can only provide reasonable but not absolute assurance against material misstatement or loss. The Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. This process is reviewed by the Board to ensure the adequacy and integrity of the system.

The Board is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year ended 31 December 2009.

a. Responsibility of The Board

The Board is ultimately responsible for the system of internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations, and risk management in order to safeguard shareholders' investments and the Group's assets.

The Board confirms that the system of internal controls, with the key elements highlighted above, was in place during the financial year. This system is subject to regular review by the Board.

b. Control Environment

The Board of Directors and Senior Management consistently endeavor to maintain an adequate system of internal controls designed to manage risks rather than to eliminate them. The Group has an organization structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Group. As such, it is recognised that the system of internal controls can only provide reasonable assurance and not absolute assurance against the occurrence of any material misstatement or loss.

The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to Senior Management on the manner the Company controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Company, assessment of financial and operational risks and an effective monitoring mechanism.

Statement on Internal Control

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

(continued)

c. Internal Audit

The outsourced Internal Auditors had reviewed the Group's system of internal controls to address the related internal control weaknesses. The Internal Audit team independently reviews the risk identification procedures and control processes implemented by the management. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee. Internal audit also tests the effectiveness of the internal control on the basis of an internal audit strategy and detailed annual internal audit plan presented to the Audit Committee for approval.

The internal audit fee incurred for the financial year ended 31 December 2009 was RM20,000.

d. Information and Communication

While the Management has full responsibility in ensuring the effectiveness of internal control which it establishes, the Board of Directors has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from Management as well as to seek inputs from the Audit Committee, external and internal auditors, and other experts at the expense of the Company.

e. Risk Management

The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review. This is to ensure that all high risks are adequately addressed at various levels within the Group. Risk management is embedded in the Group's management system and is every employee's responsibility. The Group firmly believes that risk management is critical for the Group's continued profitability and the enhancement of shareholders' value.

CONCLUSION

The Board is pleased to report that there were no major internal control weaknesses identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Group's Annual Report. The Board is of the view that the existing system of the internal control is adequate. Nevertheless, Management continues to take measures to strengthen the control environment.

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Directors' Report

The directors have pleasure in submitting their report and the audited financial statements of the Group and the Company for the financial year ended 31st December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

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

RESULT OF OPERATIONS

	GROUP	COMPANY
	RM'000	RM'000
(Loss)/Profit after taxation for the year	(3,512)	1,867
Retained profit brought forward	28,601	787
Profit available for appropriation	25,089	2,654
Dividend	(1,620)	(1,620)
Retained profit carried forward	**23,469**	**1,034**

DIVIDENDS

A first and final tax exempt dividend of 2.0 sen per ordinary share of 50 sen each amounting to RM1,620,000 for the financial year ended 31st December 2008 had been paid during the year.

The directors do not recommend the payment of any final dividend in respect of the financial year ended 31st December 2009.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

There were no issue of shares and debentures by the Company during the financial year.

Directors' Report
(continued)

DIRECTORS

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

Dato' Sri Mohd Haniff Bin Abd Aziz
Lew Fatt Sin
Law Sim Shee (f)
Lew Hin
Teh Hock Toh
Foong Yein Teng (f)
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Dato' Choong Yuen Keong @ Tong Yuen Keong
Pua Kah Ho
Ng Wai Pin
Tan Poh Ling (f)

In accordance with Article 73 of the Company's Articles of Association, Teh Hock Toh, Lew Hin, Foong Yein Teng and Dato' Choong Yuen Keong @ Tong Yuen Keong shall retire from office in the forthcoming annual general meeting of the Company and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM0.50 each			
	As at 1.1.2009	Bought	Sold	As at 31.12.2009
Direct Interest:				
Dato' Sri 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
Dato' Choong Yuen Keong @ Tong Yuen Keong	8,410,000	-	-	8,410,000

By virtue of their interests in the shares of the Company, Dato' Sri 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 year held any interest in shares in the Company and its related corporations.

Directors' Report
(continued)

DIRECTORS' BENEFITS

During and at the end of the financial year, 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 end of the previous financial year, 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 the directors or the fixed salary of a full-time employee of the Company or its related corporations as shown in Note 36(c) to the financial statements and in the financial statements of its related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for those transactions arising in the ordinary course of business as disclosed in Note 36(a) 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 had been taken, in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts have been written off and adequate allowance 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.

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 allowance 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 year 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 year.

Directors' Report
(continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (continued)

No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year 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 year were not substantially affected by any item, transaction or event of a material and unusual nature; and,

(b) there has not arisen in the interval between the end of the financial year 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 year in which this report is made.

SIGNIFICANT EVENTS

The significant events during and after the financial year are disclosed in Note 34 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
Directors

DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR
Directors

KUALA LUMPUR
DATE: 22nd April 2010

Balance Sheets

AS AT 31ST DECEMBER 2009

		GROUP		COMPANY	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	66,518	52,558	319	422
Prepaid lease payments	6	-	-	-	-
Investment in subsidiaries	7	-	-	23,698	23,698
Deferred taxation	8	1,333	-	-	-
		67,851	52,558	24,017	24,120
CURRENT ASSETS					
Inventories	9	13,873	14,428	-	-
Trade receivables	10	24,208	23,970	-	-
Other receivables, deposits and prepayments	11	1,009	1,351	15	25
Amount due from subsidiary companies	12	-	-	20,119	19,601
Non current asset held for sale	13	-	2,203	-	-
Tax recoverable		782	509	190	190
Fixed deposit with a licensed bank	14	232	227	-	-
Short term funds	15	841	2,579	103	1,476
Cash and bank balances		4,728	4,952	1,183	89
		45,673	50,219	21,610	21,381
TOTAL ASSETS		**113,524**	**102,777**	**45,627**	**45,501**
EQUITY AND LIABILITIES					
Share capital	16	40,500	40,500	40,500	40,500
Reserves	17	27,313	32,445	4,878	4,631
SHAREHOLDERS' EQUITY		**67,813**	**72,945**	**45,378**	**45,131**
NON-CURRENT AND DEFERRED LIABILITIES					
Term loans	18	18,222	4,479	-	-
Hire purchase payables	19	2,044	2,570	103	172
Deferred taxation	8	-	832	-	-
		20,266	7,881	103	172
CURRENT LIABILITIES					
Trade payables	20	11,136	11,901	-	-
Other payables and accruals	21	6,698	6,785	51	104
Dividend payable		8	7	8	7
Amount due to directors	22	28	28	18	18
Hire purchase payables	19	1,640	1,935	69	69
Bank borrowings	23	5,788	1,235	-	-
Provision for taxation		147	60	-	-
		25,445	21,951	146	198
TOTAL LIABILITIES		**45,711**	**29,832**	**249**	**370**
TOTAL EQUITY AND LIABILITIES		**113,524**	**102,777**	**45,627**	**45,501**

The above balance sheets are to be read in conjunction with the notes to the financial statements on pages 44 to 84.

Income Statements

FOR THE YEAR ENDED 31ST DECEMBER 2009

		GROUP		COMPANY	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
REVENUE	24	64,914	107,921	2,744	2,905
Less: COST OF SALES		(52,447)	(80,959)	-	-
GROSS PROFIT		12,467	26,962	2,744	2,905
OTHER OPERATING INCOME					
- interest income		46	165	6	150
- other income		328	597	-	-
		374	762	6	150
		12,841	27,724	2,750	3,055
Less: EXPENSES					
Selling and Distribution Expenses		8,330	10,564	-	-
Administrative Expenses		8,474	9,896	627	660
Finance Costs	25	925	934	9	12
		17,729	21,394	636	672
(LOSS)/PROFIT BEFORE TAXATION	26	(4,888)	6,330	2,114	2,383
TAXATION	27	1,376	(1,157)	(247)	(33)
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**(3,512)**	**5,173**	**1,867**	**2,350**
BASIC (LOSS)/EARNINGS PER SHARE (SEN)	28	**(4.34)**	**6.39**	**-**	**-**
DIVIDEND PER SHARE (SEN)	29	**2.00**	**2.80**	**2.00**	**2.80**

The above income statements are to be read in conjunction with the notes to the financial statements on pages 44 to 84.

Statements of Changes in Equity

FOR THE YEAR ENDED 31ST DECEMBER 2009

		--- Non-Distributable ---		Distributable	Total
	Note	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Shareholders' Equity RM'000
GROUP					
Balance at 1st January 2008		40,500	3,844	25,696	70,040
Profit for the year		-	-	5,173	5,173
Dividend	29	-	-	(2,268)	(2,268)
Balance at 31st December 2008		40,500	3,844	28,601	72,945
Loss for the year		-	-	(3,512)	(3,512)
Dividend	29	-	-	(1,620)	(1,620)
Balance at 31st December 2009		**40,500**	**3,844**	**23,469**	**67,813**
COMPANY					
Balance at 1st January 2008		40,500	3,844	705	45,049
Profit for the year		-	-	2,350	2,350
Dividend	29	-	-	(2,268)	(2,268)
Balance at 31st December 2008		40,500	3,844	787	45,131
Profit for the year		-	-	1,867	1,867
Dividend	29	-	-	(1,620)	(1,620)
Balance at 31st December 2009		**40,500**	**3,844**	**1,034**	**45,378**

The above statements are to be read in conjunction with the notes to the financial statements on pages 44 to 84.

Cash Flow Statements

FOR THE YEAR ENDED 31ST DECEMBER 2009

		GROUP		COMPANY	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(4,888)	6,330	2,114	2,383
Adjustments for :					
Amortisation for prepaid lease payments		-	26	-	-
Allowance for doubtful debts		75	274	-	-
Bad debts written off		-	9	-	-
Depreciation					
- property, plant and equipment		4,739	4,323	103	130
Dividend income		-	-	(2,744)	(2,905)
Gain on disposal of investment property		-	(14)	-	-
(Gain)/Loss on disposal of property, plant and equipment		(75)	21	-	-
Interest expenses		672	623	9	12
Interest income		(46)	(165)	(6)	(150)
Impairment loss of leasehold land		-	223	-	-
Property, plant and equipment written off		-	20	-	-
Unrealised loss on foreign exchange		54	15	-	-
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		531	11,685	(524)	(530)
Decrease/(Increase) in inventories		555	(1,469)	-	-
(Increase)/Decrease in receivables		(22)	8,206	(507)	(5,930)
Increase/(Decrease) in payables		3,820	(5,712)	(52)	69
CASH GENERATED FROM/(USED IN) OPERATIONS		4,884	12,710	(1,083)	(6,391)
Interest received		46	165	6	150
Interest paid		(672)	(623)	(9)	(12)
Tax paid		(1,050)	(810)	-	-
Tax refund		74	77	-	73
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		3,282	11,519	(1,086)	(6,180)

The above statements are to be read in conjunction with the notes to the financial statements on pages 44 to 84.

Cash Flow Statements

FOR THE YEAR ENDED 31ST DECEMBER 2009

(continued)

	Note	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		(17,669)	(9,209)	-	-
Dividend received		-	-	2,496	2,759
Proceeds from disposal of asset held for sale		2,203	-	-	-
Proceeds from disposal of property, plant and equipment		745	349	-	-
Proceeds from disposal of investment property		-	113	-	-
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(14,721)	(8,747)	2,496	2,759
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(1,620)	(2,271)	(1,620)	(2,271)
Fixed deposit pledged		(6)	(8)	-	-
Term loan obtained		14,349	-	-	-
Repayment of hire purchase payables		(2,521)	(1,795)	(69)	(66)
Repayment of term loans		(571)	(532)	-	-
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		9,631	(4,606)	(1,689)	(2,337)
Net decrease in cash and cash equivalents		(1,808)	(1,834)	(279)	(5,758)
Cash and cash equivalents at beginning of the year		6,867	8,701	1,565	7,323
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	30	**5,059**	**6,867**	**1,286**	**1,565**

The above statements are to be read in conjunction with the notes to the financial statements on pages 44 to 84.

Notes to the Financial Statements

31ST DECEMBER 2009

1. GENERAL

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market (Formerly known as the Main Board and 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 Board of Directors on 22nd April 2010.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

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

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with applicable Financial Reporting Standards ("FRS"), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

(b) Changes in Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31st December 2008

The Group and the Company have not adopted the following FRSs, amendments to FRSs and IC interpretations that have been issued but which are only effective for the financial periods beginning on or after:-

1st July 2009

FRS 8	Operating Segments

1st January 2010

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101 (revised)	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 8	Operating Segments
Amendments to FRS 107	Statement of Cash Flows
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events after the Reporting Period
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 128	Investments in Associates
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

1st March 2010

Amendment to FRS 132	Financial Instruments: Presentation

1st July 2010

FRS 1 (revised)	First-time Adoption of Financial Reporting Standards
FRS 3 (revised)	Business Combinations
FRS 127 (revised)	Consolidated and Separate Financial Statements: Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30 (b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs.

The initial application of the other standards (and its consequential amendments) and interpretations above upon their effective dates are either, not relevant to the Group's and the Company's operations or are not expected to have any material impact on the financial statements of the Group and the Company.

(c) Basis of measurement

The financial statements of the Group and the Company have been prepared under the historical cost convention except for non-current asset held for sale as disclosed in the notes to the financial statements.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with the MASB Approved Accounting Standards for Entities other than Private Entities, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of preparing these financial statements:

(i) there were no significant judgements made in applying the accounting policies of the Group and the Company which may have significant effects on the amounts recognised in the financial statements except for:

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management revised the residual values of certain motor vehicles resulting in an increase of the Group's depreciation charge by RM Nil (2008: RM 155,000). Changes in the expected level of usage and market condition could impact the residual values of these assets, therefore future depreciation charges could be revised.

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(b) Allowance for bad and doubtful receivables

The policy for allowances for bad and doubtful receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(c) Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. This involves judgement in relation to the future financial performance of the entities in which the deferred tax assets had been recognised.

(d) Contingent liabilities

As disclosed in Note 32, a contingent liability is not recognised but is disclosed in the notes to the financial statements and when a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

The directors are of the opinion that provisions are not required in respect of the above instance as it is not probable that a future sacrifice of economic benefits will be required.

(ii) there were no significant estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Subsidiaries

Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

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

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries as at the financial year end. Uniform accounting policies are adopted in the consolidated financial statement for the transactions and events in similar circumstances.

Subsidiaries are fully consolidated from the date that control is transferred to the Group and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, all intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflected external transactions only. Unrealised losses are eliminated but are considered an impairment indicator of the asset transferred.

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date represents goodwill. Goodwill is recognised as an asset at cost less accumulated impairment losses, if any. When the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date exceeds the cost of acquisition, the excess (formerly known as "negative goodwill"), after reassessment, is recognised in the income statement.

Goodwill on acquisition of subsidiaries is presented separately in the balance sheet as intangible asset. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. Impairment losses on goodwill are not reversed. Gain or loss on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

For the excess of Group's interest in net fair value of subsidiaries' identifiable assets, liabilities and contingent liabilities over cost, the Group shall reassess the identification and measurement of the subsidiary's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combinations and recognise immediately in the income statement any excess remaining after that reassessment.

(c) Non-current Asset Held for Sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before the initial classification of the asset as held for sale, the carrying amount of the relevant asset is measured in accordance with applicable FRSs. Upon classification as an asset held for sale, the asset, other than financial assets within the scope of FRS 139 *Financial Instruments: Recognition And Measurement*, is measured at the lower of its carrying amount and fair value less costs to sell and is reclassified as current asset/liability. This change in accounting policy is applied prospectively. Any initial or subsequent write-down to, or any subsequent increase in, fair value less costs to sell is recognised in the income statement.

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, Plant and Equipment

(i) Owned Assets

Property, plant and equipment (except for freehold land and building-in-progress) are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost and incidental cost of land and buildings, including interest on borrowings will be capitalised as part of the cost of the asset up to the date when the property is ready for use.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised as expense and charged to the income statement during the financial year in which they are incurred.

The Group carried one of its subsidiary's freehold industrial land and building at revalued amount less accumulated depreciation (except freehold land) and impairment losses. The Group has availed itself to the transitional provision of MASB first adopted IAS 16 Property, Plant and Equipment in 1998. In accordance with the transitional provision, these assets acquired since the last valuation in 1997 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.

Surplus arising from revaluation are credited to revaluation reserve. Any deficit arising from revaluation is offset against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve 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.

Freehold land with an unlimited useful life and building-in-progress which is not yet available for use are stated at cost/valuation and are not depreciated. Depreciation of building-in-progress only commences when the asset is ready for its intended use. Depreciation of other property, plant and equipment is provided on a straight line basis, calculated to write off the cost of each asset to its residual value over the term of its estimated useful lives.

Notes to the Financial Statements

31ST DECEMBER 2009

(continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, Plant and Equipment (continued)

(i) Owned Assets (continued)

The annual rates used are as follows:-

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	3% - 20%

The depreciable amount is determined after deducting the residual value. Depreciable methods, residual values and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at each balance sheet date.

Property, plant and equipment are derecognised upon disposal or when no future economy benefits are expected from their use on disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement.

(ii) Property, Plant and Equipment Acquired Under Hire Purchase Arrangements

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

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

Outstanding obligations 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 year.

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, Plant and Equipment (continued)

(iii) Prepaid Lease Payments

Lease of assets, where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from lessor) are charged to the income statement on a straight line basis over the remaining lease period.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

(e) Impairment of Non-Financial Assets

Goodwill and intangible assets that have indefinite useful lives and not subject to amortisation are tested annually for impairment. Assets that have definite useful lives and are subject to amortisation are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash generating units ("CGU") to which the asset belongs to. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent of the cash inflows from other assets and groups.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the units (group of units) on a prorata basis.

The recoverable amount of an asset (or CGU) is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indicators that the loss has decreased or no longer exists.

Notes to the Financial Statements

31ST DECEMBER 2009

(continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment of Non-Financial Assets (continued)

An impairment loss for an asset other than goodwill is reversed if, and only there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, subject to this amount not exceeding the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in previous years. A reversal of impairment loss for an asset is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(f) Inventories

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

Cost is determined on a first-in, first-out basis and includes all costs in bringing the inventory to its present location and condition. The cost of raw materials consists of purchase cost and incidental cost of purchase. The cost of finished goods and work-in progress consists of raw materials, direct labour, other direct costs and related production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(g) Receivables

Receivables are initially recognised at cost when the contractual right to receive cash or another financial asset from another entity is established. Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts. The allowance is established when there is objective evidence that the Group and the Company will not be able to collect all amounts due. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(h) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(i) Taxation and Deferred 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.

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Taxation and Deferred Taxation (continued)

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 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, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

(j) Borrowings and Borrowing Costs

Borrowings are initially recognised based on proceeds received, net of transaction costs incurred.

In subsequent periods, borrowings are stated at amortised cost using the effective yield method; difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

All borrowing costs are recognised as an expense in the income statement in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(k) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of returns, commissions and discounts and after eliminating sales within the Group. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

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

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Currency Conversion

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional and presentation currency. All financial information presented in RM has been rounded up to the nearest thousand, unless otherwise stated.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currencies") are translated into functional currency 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.

(m) Cash and Cash Equivalents

The Group and the Company adopt the indirect method in the preparation of cash flow statements.

Cash and cash equivalents consists of cash and bank balances, deposits with licensed financial institutions, bank overdrafts and other short term, highly liquid investments with original maturities of three months or less.

(n) Financial Instruments

(i) Financial instruments recognised in the balance sheets

Financial instruments are recognised in the balance sheets when the Group and the Company have become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interests, dividends gains and losses relating to a financial instrument classified as a 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 Company has a legally enforceable right to set off the recognised amount and intends 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.

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial Instruments (continued)

(ii) Financial instruments not recognised in the balance sheets

The Group and the Company is a party to financial instruments that comprise forward foreign currency exchange contracts and contingent liabilities. These instruments are not recognised in the financial statements on inception but their existence are disclosed in the financial statements.

The Group enters into forward foreign currency exchange contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Exchange gains and losses on contracts are recognised when settled at which time they are included in the measurement of the transaction hedged.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligations. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

(o) Employee Benefits

(i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leaves, paid sick leaves, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group and the Company.

Bonuses are recognised as an expense when there is a present, legal or constructive obligations to make such payments, as a result of past services provided by employees and when a reliable estimate can be made of the amount of the obligations.

(ii) Defined contribution plan

The Group and the Company make contributions to a statutory provident fund and recognise the contribution payable as an expense in the financial year in which the employees render their services. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(p) Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

5. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:-

Group	At 1st January			At 31st December
2009	2009	Addition	Disposal	2009
Cost:	RM'000	RM'000	RM'000	RM'000
Freehold land				
- at cost	8,010	-	-	8,010
- at valuation	1,194	-	-	1,194
Factory buildings				
- at cost	18,446	3	-	18,449
- at valuation	510	-	-	510
Building-in-progress	5,521	14,882	-	20,403
Furniture and fittings	1,548	-	-	1,548
Office equipment	922	24	(1)	945
Forklifts	298	-	(139)	159
Plant, machinery and tools	22,223	3,130	(202)	25,151
Moulds	7,614	1,132	-	8,746
Electrical installation	138	4	-	142
Computers	1,987	89	-	2,076
Signboards	17	-	-	17
Renovation	140	-	-	140
Motor vehicles	6,857	105	(1,241)	5,721
Total	**75,425**	**19,369**	**(1,583)**	**93,211**

	At 1st January	Charge for		At 31st December	Net Book Value at 31st December
Accumulated	2009	the year	Disposal	2009	2009
Depreciation:	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land					
- at cost	-	-	-	-	8,010
- at valuation	-	-	-	-	1,194
Factory buildings					
- at cost	2,626	357	-	2,983	15,466
- at valuation	102	22	-	124	386
Building-in-progress	-	-	-	-	20,403
Furniture and fittings	1,239	103	-	1,342	206
Office equipment	628	56	(1)	683	262
Forklifts	183	13	(89)	107	52
Plant, machinery and tools	8,434	2,223	(193)	10,464	14,687
Moulds	5,533	799	-	6,332	2,414
Electrical installation	60	18	-	78	64
Computers	1,327	241	-	1,568	508
Signboards	9	1	-	10	7
Renovation	74	21	-	95	45
Motor vehicles	2,652	885	(630)	2,907	2,814
Total	**22,867**	**4,739**	**(913)**	**26,693**	**66,518**

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

The details of property, plant and equipment are as follows:-

Group 2008 Cost:	At 1st January 2008 RM'000	Addition RM'000	Disposal RM'000	At 31st December 2008 RM'000
Freehold land				
- at cost	8,010	-	-	8,010
- at valuation	1,194	-	-	1,194
Factory buildings				
- at cost	18,439	7	-	18,446
- at valuation	510	-	-	510
Building-in-progress	-	5,521	-	5,521
Furniture and fittings	1,541	7	-	1,548
Office equipment	879	43	-	922
Forklifts	298	-	-	298
Plant, machinery and tools	17,826	4,861	(464)	22,223
Moulds	7,542	895	(823)	7,614
Electrical installation	114	24	-	138
Computers	1,597	390	-	1,987
Signboards	17	-	-	17
Renovation	117	23	-	140
Motor vehicles	5,547	2,361	(1,051)	6,857
Total	**63,631**	**14,132**	**(2,338)**	**75,425**

Accumulated Depreciation:	At 1st January 2008 RM'000	Charge for the year RM'000	Disposal RM'000	At 31st December 2008 RM'000	Net Book Value at 31st December 2008 RM'000
Freehold land					
- at cost	-	-	-	-	8,010
- at valuation	-	-	-	-	1,194
Factory buildings					
- at cost	2,269	357	-	2,626	15,820
- at valuation	80	22	-	102	408
Building-in-progress	-	-	-	-	5,521
Furniture and fittings	1,137	102	-	1,239	309
Office equipment	572	56	-	628	294
Forklifts	166	17	-	183	115
Plant, machinery and tools	6,859	1,927	(352)	8,434	13,789
Moulds	5,597	744	(808)	5,533	2,081
Electrical installation	43	17	-	60	78
Computers	1,089	238	-	1,327	660
Signboards	8	1	-	9	8
Renovation	55	19	-	74	66
Motor vehicles	2,617	823	(788)	2,652	4,205
Total	**20,492**	**4,323**	**(1,948)**	**22,867**	**52,558**

Notes to the Financial Statements

31ST DECEMBER 2009

(continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

The details of property, plant and equipment are as follows:-

Company	At 1st January	Additions	Disposal	At 31st December
2009	2009			2009
Cost:	RM'000	RM'000	RM'000	RM'000
Motor vehicles	**649**	**-**	**-**	**649**

	At 1st January	Charge for the year	Disposal	At 31st December	Net Book Value at 31st December
Accumulated	2009			2009	2009
Depreciation:	RM'000	RM'000	RM'000	RM'000	RM'000
Motor vehicles	**227**	**103**	**-**	**330**	**319**

Company	At 1st January	Additions	Disposal	At 31st December
2008	2008			2008
Cost:	RM'000	RM'000	RM'000	RM'000
Motor vehicles	**649**	**-**	**-**	**649**

	At 1st January	Charge for the year	Disposal	At 31st December	Net Book Value at 31st December
Accumulated	2008			2008	2008
Depreciation:	RM'000	RM'000	RM'000	RM'000	RM'000
Motor vehicles	**97**	**130**	**-**	**227**	**422**

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(i) The net book value of property, plant and equipment charged to bank for credit facilities granted to the Group are as follows:-

	GROUP	
	2009	2008
	RM'000	RM'000
Freehold land	9,204	9,204
Freehold buildings and building-in-progress	36,255	21,749
	45,459	**30,953**

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

(iii) The net book value of plant and equipment acquired under hire purchase instalment plans are as follows:-

	GROUP		COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Plant and machinery	5,601	4,670	-	-
Motor vehicles	2,416	4,024	319	422
	8,017	**8,694**	**319**	**422**

(iv) The cost of plant and equipment financed by hire purchase instalment plans during the financial year are:-

	GROUP		COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Motor vehicles	-	1,585	-	-
Plant and machinery	1,700	1,995	-	-
	1,700	**3,580**	**-**	**-**

GROUP

(v) Included in building-in-progress is interest capitalised amounting to RM280,765 (2008: Nil).

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

6. PREPAID LEASE PAYMENTS

	GROUP	
	2009 RM'000	2008 RM'000
At beginning of the year	-	2,452
Amortisation for the year	-	(26)
Impairment loss	-	(223)
Reclassification to non current asset held for sale (Note 13)	-	(2,203)
At end of the year	**-**	**-**

7. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	**23,698**	**23,698**

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

7. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The details of subsidiary companies are as follows:-

Name of Subsidiary	Country of Incorporation	Principal Activities	GROUP'S EFFECTIVE INTEREST 2009 %	GROUP'S EFFECTIVE INTEREST 2008 %
Euro Chairs Manufacturer (M) Sdn Bhd (Company No:164921 X)	Malaysia	Manufacturing and marketing of furniture	100	100
Euro Space Industries (M) Sdn Bhd (Company No:105420 W)	Malaysia	Manufacturing and trading of office furniture, partitions, chairs and panels	100	100
Euro Chairs System Sdn Bhd (Company No:121935 M)	Malaysia	Trading of furniture, furniture fabric materials and other furniture components	100	100
Euro Space System Sdn Bhd (Company No:378220 D)	Malaysia	Trading of office furniture	100	100
Euro Chairs (M) Sdn Bhd (Company No:204498 V)	Malaysia	Holds the industrial designs and trademarks of the Group	100	100

All the subsidiary companies are audited by HALS & Associates.

Going Concern

At the end of the financial year, three of the Company's subsidiaries, namely Euro Space Industries (M) Sdn Bhd, Euro Chairs Manufacturer (M) Sdn Bhd and Euro Chairs (M) Sdn Bhd had net current liabilities of RM13,937,040, RM5,604,266 and RM103,690 respectively. Euro Chairs (M) Sdn Bhd had accumulated losses of RM103,692 as at that date.

The financial statements of these three subsidiaries have been prepared on a going concern basis in view of:-
(i) the availability or continued financial support from the Company;
(ii) realisation of assets by the subsidiaries is expected to be undertaken in the ordinary course of business; and
(iii) these subsidiaries are not expected to cease their operations in the foreseeable future.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that may be necessary if the entities are unable to continue as a going concern.

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

8. DEFERRED TAXATION

	GROUP	
	2009 RM'000	2008 RM'000
At 1st January	(832)	(844)
Recognised in the income statement (Note 27)	2,165	12
At 31st December	**1,333**	**(832)**

Presented after appropriate offsetting as follows:-

Deferred tax assets	4,320	1,702
Deferred tax liabilities	(2,987)	(2,534)
	1,333	**(832)**

The components and movements of deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows:-

Deferred Tax Assets

	GROUP			
	Unabsorbed reinvestment allowances RM'000	Other deductible temporary differences RM'000	Unused tax losses and capital allowances RM'000	Total RM'000
At 1st January 2008	1,273	-	-	1,273
Recognised in the income statement				
- current year	187	189	-	376
- underprovision in prior year	-	53	-	53
At 31st December 2008	1,460	242	-	1,702
Recognised in the income statement				
- current year	648	18	1,991	2,657
- under/(over)provision in prior year	35	(74)	-	(39)
At 31st December 2009	**2,143**	**186**	**1,991**	**4,320**

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

8. DEFERRED TAXATION (continued)

Deferred Tax Liabilities

	GROUP	
	Excess of capital allowances over depreciation	
	2009	2008
	RM'000	RM'000
At beginning of the year	(2,534)	(2,117)
Recognised in the income statement		
- current year	(386)	(390)
- underprovision in prior year	(67)	(27)
At end of the year	**(2,987)**	**(2,534)**

9. INVENTORIES – AT COST

	GROUP	
	2009	2008
	RM'000	RM'000
Raw materials	9,601	9,684
Work in progress	2,865	3,853
Finished goods	1,407	891
	13,873	**14,428**

Notes to the Financial Statements

31ST DECEMBER 2009

(continued)

10. TRADE RECEIVABLES

	GROUP	
	2009	2008
	RM'000	RM'000
Trade receivables	25,692	25,379
Less:		
Allowance for doubtful debts	(1,484)	(1,409)
	24,208	**23,970**

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

	GROUP	
	2009	2008
	RM'000	RM'000
United States Dollar	6,472	3,231
Singapore Dollar	1,579	2,540
Ringgit Malaysia	16,157	18,199
	24,208	**23,970**

The credit period on trade receivables is normally 30-90 (2008: 30-90) days or contractual periods based on project contract sales.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Other receivables, deposits and prepayments comprise the following:-

	GROUP		COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Other receivables	130	362	-	-
Deposits	450	733	-	-
Prepayments	429	256	15	25
	1,009	**1,351**	**15**	**25**

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

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

12. AMOUNT DUE FROM SUBSIDIARY COMPANIES

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

The amount due from subsidiary companies comprises:-

	COMPANY	
	2009 RM'000	2008 RM'000
Euro Chairs (M) Sdn Bhd	93	75
Euro Chairs Manufacturer (M) Sdn Bhd	5,919	6,419
Euro Space Industries (M) Sdn Bhd	14,107	13,107
	20,119	**19,601**

13. NON CURRENT ASSET HELD FOR SALE

	GROUP	
	2009 RM'000	2008 RM'000
Balance at 1st January	2,203	99
Less:		
Disposed off during the year	(2,203)	(99)
Transfer from prepaid lease payments (Note 6)	-	2,203
Balance at 31st December	**-**	**2,203**

	GROUP	
	2009 RM'000	2008 RM'000
Fair value	**-**	**2,203**

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

14. FIXED DEPOSIT WITH A LICENSED BANK

	GROUP		COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Fixed deposit (Note 30)	**232**	**227**	-	-

A fixed deposit amounting to RM232,137 (2008: RM226,606) had been pledged as security for banking facilities granted to a subsidiary company.

The fixed deposit as at 31st December 2009 has a maturity period of 3 months and will mature on 1st March 2010. It bears interest rate at 1.50% (2008: 3.38%) per annum.

15. SHORT TERM FUNDS

	GROUP		COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Short term funds (Note 30)	841	2,579	103	1,476
Redeemable at call	82	1,341	81	238
Redeemable upon 7 day notice	759	1,238	22	1,238
	841	**2,579**	**103**	**1,476**

The short term funds represent placements in fixed income trusts with a licensed financial institution, incorporated in Malaysia. It bears interest rate of 2.20%-3.00% (2008: 2.50%-3.00%) per annum.

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

16. SHARE CAPITAL

	GROUP/COMPANY	
	2009	2008
	RM'000	RM'000
(a) Authorised:		
100,000,000 Ordinary shares of RM0.50/= each	50,000	50,000
(b) Issued and fully paid:		
81,000,000 Ordinary shares of RM0.50/= each	40,500	40,500

17. RESERVES

	GROUP		COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Non-Distributable:				
Share premium				
At beginning/end of the year	3,844	3,844	3,844	3,844
Distributable:				
Retained earnings				
At beginning of the year	28,601	25,696	787	705
(Loss)/Profit for the year	(3,512)	5,173	1,867	2,350
Dividend	(1,620)	(2,268)	(1,620)	(2,268)
At end of the year	23,469	28,601	1,034	787
	27,313	**32,445**	**4,878**	**4,631**

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

18. TERM LOANS - SECURED

	GROUP	
	2009	2008
	RM'000	RM'000
Payable within 2 years	3,646	1,099
Payable next 2 years but within 5 years	8,669	1,911
Payable after 5 years	6,513	2,040
At end of the year	18,828	5,050
Portion repayable within next 12 months (Note 23)	(606)	(571)
At end of the year	**18,222**	**4,479**

The terms of repayment, interest rates and securities are disclosed in Note 23 to the financial statements.

19. HIRE PURCHASE PAYABLES

	GROUP		COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Mimimum hire purchase payments:				
Not later than 1 year	1,822	2,126	78	78
Later than 1 year and not later than 5 years	2,169	2,734	103	181
	3,991	4,860	181	259
Less: Future finance charges	(307)	(355)	(9)	(18)
Present value of hire purchase liabilities	**3,684**	**4,505**	**172**	**241**
Present value of hire purchase liabilities:				
Not later than 1 year	1,640	1,935	69	69
Later than 1 year and not later than 5 years	2,044	2,570	103	172
	3,684	**4,505**	**172**	**241**
Instalment due:				
Within next 12 months	1,640	1,935	69	69
After next 12 months	2,044	2,570	103	172
	3,684	**4,505**	**172**	**241**

The hire purchase payables bear interest rate at 1.98% to 4.50% (2008: 1.98% to 4.50%) per annum.

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

20. TRADE PAYABLES

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

	GROUP	
	2009	2008
	RM'000	RM'000
United States Dollar	34	59
Ringgit Malaysia	11,102	11,842
	11,136	**11,901**

The normal trade credit terms granted to the Group range from 30 to 90 (2008: 30 to 90) days.

21. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:-

	GROUP		COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Other payables	5,849	5,971	-	-
Accruals	849	814	51	104
	6,698	**6,785**	**51**	**104**

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

	GROUP		COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
United States Dollar	1,685	1,083	-	-
Euro Dollar	52	8	-	-
Ringgit Malaysia	4,961	5,694	51	104
	6,698	**6,785**	**51**	**104**

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

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

22. AMOUNT DUE TO DIRECTORS

Group/Company

The amount due represents fees payable to directors and is unsecured, interest free and has no fixed term of repayment.

23. BANK BORROWINGS

	GROUP	
	2009	2008
	RM'000	RM'000
Secured:		
Bills payable	4,672	-
Term loans (Note 18)	606	571
Bank overdrafts (Note 30)	510	664
	5,788	**1,235**

The bank borrowings are secured against the following:-

(i) Assignment over certain land and properties belonging to the Group as disclosed in Note 5 to the financial statements and certain directors' related company.

(ii) All monies facility agreements.

(iii) Pledge of 1st party fixed deposit of RM232,137 (2008: RM226,606) of the Group as disclosed in Note 14 to the financial statements.

(iv) Personal guarantee and indemnity by certain directors.

(v) Corporate guarantee by the Company.

Terms of repayment of bank borrowings are as follows:-

i) Term loans	:	10-14 years from draw down date
ii) Bank overdrafts	:	repayable on demand
iii) Bills payable	:	30 – 150 days

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

23. BANK BORROWINGS (continued)

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

	GROUP	
	2009	2008
	%	%
Term loans	3.80 - 7.50	6.00
Bank overdrafts	7.50 - 7.75	7.50 - 7.75
Bills payable	3.16 - 4.20%	3.61 - 4.79

During the year, one of the subsidiary companies was granted a term loan facility of RM16,000,000 and the said loan was first drawn down on 19th January 2009.

24. REVENUE

Group

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

Company

Revenue represents dividend income received and receivable.

25. FINANCE COSTS

	GROUP		COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Bank charges	160	208	-	-
Bank overdraft interest	32	14	-	-
Bankers acceptance interest	64	9	-	-
Commitment fees	89	94	-	-
Hire purchase interest	289	274	9	12
LC charges	4	9	-	-
Term loan interest	287	326	-	-
	925	**934**	**9**	**12**

Notes to the Financial Statements

31ST DECEMBER 2009

(continued)

26.(LOSS)/PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before taxation is stated after charging:-				
Amortisation of prepaid lease payments	-	26	-	-
Allowance for doubtful debts	75	274	-	-
Auditors' remuneration	64	64	15	15
Bad debts written off	-	9	-	-
Depreciation				
- property, plant and equipment	4,739	4,323	103	130
Directors of the Company				
- remuneration	1,612	1,700	24	20
- fees	236	205	236	205
- benefits-in-kind	310	303	28	28
- other emoluments	38	34	38	34
Impairment loss of leasehold land	-	223	-	-
Loss on disposal of property, plant and equipment	-	21	-	-
Loss on foreign exchange				
- unrealised	54	15	-	-
Property, plant and equipment written off	-	20	-	-
Rental of forklifts	120	123	-	-
Rental of equipment	21	20	-	-
Rental of premises				
- others	2	23	-	-
- paid to a company in which directors have interests	6	20	-	-
Staff cost	12,728	16,367	-	-
And crediting:-				
Dividend income received from subsidiaries	-	-	(2,744)	(2,905)
Gain on disposal of investment property	-	(14)	-	-
Gain on disposal of property, plant and equipment	(75)	-	-	-
Gain on short term fund	-	(9)	-	-
Gain on foreign exchange				
- realised	(223)	(530)	-	-
Interest income	(46)	(165)	(6)	(150)

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

27. TAXATION

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax expense for the year:				
- provision for current year	844	1,129	248	53
- (over)/under provision in prior year	(55)	40	(1)	(20)
	789	1,169	247	33
Deferred taxation:				
Transfer (from)/to deferred taxation (Note 8)				
- relating to origination and reversal of temporary differences	(2,271)	14	-	-
- under/(over) provision in prior year	106	(26)	-	-
	(2,165)	(12)	-	-
	(1,376)	**1,157**	**247**	**33**

Income tax is calculated at the Malaysian Statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year.

Notes to the Financial Statements

31ST DECEMBER 2009

(continued)

27. TAXATION (continued)

A reconciliation of income tax expense applicable to (loss)/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		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(Loss)/Profit before taxation	(4,888)	6,330	2,114	2,383
Taxation at Malaysian Statutory tax rate at 25% (2008: 26%)	(1,222)	1,646	529	620
Effect of 20% tax rate for first RM500,000 taxable income	-	(120)	-	-
Deferred tax assets on reinvestment allowance	(634)	-	-	-
Expenses not deductible for tax purposes	465	417	157	82
Income not subject to tax	-	(39)	(438)	(649)
Double tax deduction	(36)	(32)	-	-
Utilisation of reinvestment allowance	-	(729)	-	-
(Over)/Underprovision in prior year				
- taxation	(55)	40	(1)	(20)
- deferred taxation	106	(26)	-	-
Tax (income)/expense for the year	**(1,376)**	**1,157**	**247**	**33**

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

27. TAXATION (continued)

The Group has available unabsorbed capital allowance and tax losses of approximately RM4,879,000 (2008: Nil) and RM3,090,000 (2008: Nil) respectively for utilisation against future taxable income.

The Group has available unabsorbed reinvestment allowances of approximately RM8,571,000 (2008: RM5,794,000) for utilisation against future taxable income.

The Company and its subsidiary companies have tax exempt income of approximately RM329,000 (2008: RM197,000) and RM20,584,000 (2008: RM22,567,000) respectively from which tax exempt dividend may be declared.

The Company and its subsidiary companies have tax credit of approximately RM379,000 (2008: RM379,0000) and RM8,607,000 (2008: RM8,971,800) respectively under Section 108 of the Income Tax Act 1967 to frank their distributable reserves as dividends.

The Tax Budget 2008 introduced a single tier company income tax system with effect from the year of assessment 2008. As such, the Section 108 tax credit as at 31st December 2007 will be available to the Company until the tax credit is fully utilised or upon expiry of the six years transitional period on 31st December 2013, whichever is earlier.

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

28. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net (loss)/profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of shares in issue during the financial year.

	GROUP	
	2009	2008
Consolidated (loss)/profit after tax (RM'000)	**(3,512)**	**5,173**
Weighted average number of shares of RM0.50 each ('000)	**81,000**	**81,000**
Basic (loss)/earnings per share (sen)	**(4.34)**	**6.39**

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

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

29. DIVIDEND

Dividend recognised in the current year by the Company are:-

	GROUP/COMPANY	
	2009 RM'000	2008 RM'000
In respect of the financial year ended 31st December 2008		
First and final tax exempt dividend of 2.00 sen per share	1,620	-
In respect of the financial year ended 31st December 2007		
First and final tax exempt dividend of 2.80 sen per share	-	2,268
	1,620	**2,268**

30. CASH AND CASH EQUIVALENTS AT END OF THE YEAR

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	4,728	4,952	1,183	89
Fixed deposit (Note 14)	232	227	-	-
Short term funds (Note 15)	841	2,579	103	1,476
Bank overdrafts (Note 23)	(510)	(664)	-	-
	5,291	7,094	1,286	1,565
Less:				
Fixed deposit pledged (Note 14)	(232)	(227)	-	-
	5,059	**6,867**	**1,286**	**1,565**

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

30.CASH AND CASH EQUIVALENTS AT END OF THE YEAR (continued)

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

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
United States Dollar	168	221	-	-
Ringgit Malaysia	4,554	4,728	1,183	89
Others	6	3	-	-
	4,728	**4,952**	**1,183**	**89**

31. CAPITAL COMMITMENT

	GROUP	
	2009 RM'000	2008 RM'000
Approved and contracted but not provided for:		
Construction of building	-	15,407
Purchase of plant and machinery	93	2,559
	93	**17,966**

Notes to the Financial Statements

31ST DECEMBER 2009

(continued)

32. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(A) **Secured:**				
Letter of credit issued by financial institution in respect of acquisition of plant and machinery	-	2,113	-	-
(B) **Unsecured**				
Corporate guarantees given to financial institutions in respect of credit facilities granted to subsidiary companies	-	-	73,356	71,256

The directors are of the opinion that provisions are not required in respect of the above as it is not probable that a future sacrifice of economic benefit will be required.

33. SEGMENTAL INFORMATION

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

34. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

(i) During the year, Euro Chairs Manufacturer (M) Sdn Bhd completed the disposal of its leasehold land for a total consideration of RM2,203,326 to a third party of which the sales and purchase agreement was entered into on 19th December 2008.

(ii) On 1st March 2010, the Company acquired the entire issued and paid up share capital of Eurosteel System Sdn Bhd and Eurosteel Line Sdn Bhd (companies incorporated in Malaysia) for a consideration of RM2 each. Both the companies became wholly owned subsidiaries of the Company with effect from that date.

(iii) On 11th March 2010, Eurosteel System Sdn Bhd, a subsidiary of the Company, increased its paid up share capital from RM2 to RM250,000 by way of new allotment of 249,998 new ordinary shares of RM1.00 each at par for cash consideration. There is no change to the shareholding structure subsequent to the event.

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

35. 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 currency, liquidity and credit risks.

(i) Interest Rate Risk

The Group's policy is to borrow principally on the fixed rate basis but to retain a proportion of floating rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

The interest rate risk that financial instrument values will fluctuate as a result of changes in market interest rates on classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

The effective interest rates at balance sheet date in respect of interest-bearing financial assets and interest-bearing financial liabilities are as follows:-

	Effective interest rate per annum	
	2009	2008
	%	%
Financial Assets		
Fixed deposits with a licensed bank	1.51	3.42
Short term funds	2.20-3.00	2.50-3.00
Financial Liabilities		
Hire purchase payables	3.79-7.12	3.56-8.31
Term loans	3.80-6.00	6.00
Bills payable	3.20-5.13	3.61-4.79
Bank overdrafts	6.55	7.50-7.75

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

35. FINANCIAL INSTRUMENTS (continued)

(A) Financial Risk Management Objectives and Policies (continued)

(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 functional currency, Ringgit Malaysia (RM). The currencies giving rise to this risk are primarily United States Dollar, Euro Dollar and Singapore Dollar.

The Group maintains foreign currency accounts 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 Group also enters into forward foreign currency exchange contracts to limit their exposure on foreign currency receivables, payables and on cash flows generated from anticipated transactions denominated in foreign currencies.

As at 31st December 2009, the foreign currency forward contracts which have been entered by the Group for its trade receivables and payables are as follows:-

	AMOUNT IN		AVERAGE CONTRACT	
	2009	2008	2009	2008
	RM'000	RM'000	Rate	Rate
Trade receivables				
United States Dollar	1,119	388	3.41	3.54
Singapore Dollar	484	240	2.41	2.39
Euro Dollars	-	2,164	-	4.65

These contracts mature within 5 to 6 (2008: 1 to 4) months from the balance sheet date.

The unrecognised gain associated with anticipated future transactions are RM6,795 (2008: RM80,551) and the expected timing of recognition of income is on the maturity of the contracts. Where necessary, the forward exchange contracts are rolled over at maturity at market rates.

The net unhedged financial assets and financial liabilities of the Group are disclosed in Note 10, 20, 21 and 30 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.

Notes to the Financial Statements

35. FINANCIAL INSTRUMENTS (continued)

(A) Financial Risk Management Objectives and Policies (continued)

(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 had no significant concentration of credit risk with any single counterparty.

As at year end, the Group and the Company had no significant credit risk associated with its exposure to potential counterparty's failure to settle its obligations.

(B) Fair Value

(a) Recognised financial instruments

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheets approximated their respective net fair values, due to their short-term nature except as disclosed below:-

(i) Hire purchase payables

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

(ii) Borrowings

The carrying amount of the fixed rate term loan approximate its fair value and the fair value is determined by discounting the expected future cash flows using the current interest rates for similar instruments at the balance sheets date.

(b) Unrecognised financial instruments

The face value of secured contingent liabilities approximate their fair values due to their short term nature.

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

36. RELATED PARTY DISCLOSURES

Group

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or if one other party controls both.

The related parties of the Group and its subsidiaries are:-

(i) Subsidiary companies
Details of the subsidiary companies are shown in Note 7 to the financial statements.

(ii) Key Management Personnel
Key management personnel of the Group and Company are defined as those persons having authority and responsibility for planning, directing and controlling their activities either directly or indirectly. The key management personnel of the Group and Company includes Directors of the Company and certain members of senior management of the subsidiary companies.

(iii) Directors and persons connected to Directors
Directors of the Company and persons connected to Directors, including close family members of their families.

(iv) Companies in which certain Directors have substantial financial interests
These are entities in which significant voting power in such entities directly or indirectly resides with certain Directors of the Group.

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

36. RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions

Transactions arising from normal business transactions of the Group and its subsidiaries with its related parties during the financial year are as follows:-

	GROUP				COMPANY	
	Directors or persons connected to Directors		Company in which certain Directors have interests		Subsidiary companies	
Transactions	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Income earned:						
Dividend income (Note 26)	-	-	-	-	2,744	2,905
Expenditure incurred:						
Rental of staff Accommodation	-	-	26	20	-	-
Sub-contractor fees	272	439	-	-	-	-
	272	**439**	**26**	**20**	**-**	**-**

(b) Related party balances

The related party balances as at the balance sheets date are disclosed in Note 12 and 22 to the financial statements.

Notes to the Financial Statements

31ST DECEMBER 2009
(continued)

36.RELATED PARTY DISCLOSURES (continued)

(c) Key Management Personnel Compensation

The key management personnel compensation are as follows:-

	GROUP		COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Directors				
- Salaries, allowances and contributions to Employee Provident Fund	1,650	1,734	62	54
- Fees	236	205	236	205
- Benefits-in-kind	310	303	28	28
	2,196	2,242	326	287
Senior Management				
- Salaries, allowances and contributions to Employee Provident Fund	869	1,224	-	-
- Benefits-in-kind	2	2	-	-
	871	1,226	-	-
	3,067	**3,468**	**326**	**287**

Statement by Directors

We, LEW FATT SIN and DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR, being two of the directors of EURO HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the financial statements on pages 39 to 84 are drawn up in accordance with Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and the Company as at 31st December 2009 and of the results of their operations and of the cash flows of the Group and the Company for the year ended on that date.

On behalf of the Board

LEW FATT SIN

DATUK DR. SYED MUHAMAD
BIN SYED ABDUL KADIR

KUALA LUMPUR
DATE: 22nd April 2010

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 39 to 84, 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 22nd April 2010.

Before me,

PESURUHJAYA SUMPAH
No. W 521
MOHAN A.S. MANIAM
MALAYSIA
No: 50, Jalan Hang Lekiu,
50100 Kuala Lumpur.

FOONG YEIN TENG

COMMISSIONER FOR OATHS

Independent Auditors' Report

TO THE MEMBERS OF EURO HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Euro Holdings Berhad which comprise the balance sheets as at 31st December 2009 of the Group and the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 84.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31st December 2009 and of their financial performance and cash flows of the Company for the year then ended.

Independent Auditors' Report

TO THE MEMBERS OF EURO HOLDINGS BERHAD

(continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, 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.

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HALS & ASSOCIATES
A.F. 0755
CHARTERED ACCOUNTANTS

Lim Kian Keong
Bil 2043/09/10 (J)
Partner

KUALA LUMPUR
DATE: 22nd April 2010

Analysis of Shareholdings

AS AT 22ND APRIL 2010

Authorised Share Capital	: RM 100,000,000.00 comprising 200,000,000 ordinary shares of RM 0.50 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	2	0.13	100	0.00
100 - 1,000	1,040	68.70	164,202	0.20
1,001 - 10,000	258	17.04	1,331,702	1.65
10,001 - 100,000	155	10.23	5,881,380	7.26
100,001 - 4,049,999	54	3.57	36,801,684	45.43
4,050,000 and above	5	0.33	36,820,932	45.46
Total	**1,514**	**100.00**	**81,000,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		No. of Shares held	
No.	Name of Shareholders	Direct Interest	%
1	Dato' Sri Mohd Haniff Bin Abd Aziz	12,150,000	15.00
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	Dato' Choong Yuen Keong @ Tong Yuen Keong	8,410,000	10.38

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		No. of Shares held	
No.	Name of Shareholders	Direct Interest	%
1	Dato' Sri Mohd Haniff Bin Abd Aziz	12,150,000	15.00
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
6	Dato' Choong Yuen Keong @ Tong Yuen Keong	8,410,000	10.38

Analysis of Shareholdings

AS AT 22ND APRIL 2010
(continued)

THIRTY (30) LARGEST SHAREHOLDERS

No	Name of Shareholders	No. of Shares Held	%
1	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Sri Mohd Haniff Bin Abd Aziz	10,140,785	12.52
2	Dato' Choong Yuen Keong @ Tong Yuen Keong	8,410,000	10.39
3	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Fatt Sin	7,558,851	9.33
4	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Fatt Sin	6,000,000	7.41
5	Law Sim Shee	4,711,296	5.82
6	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Lew Fatt Sin	3,460,961	4.27
7	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Sim Shee	3,000,000	3.71
8	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Teoh Lian Hong	2,488,600	3.07
9	Teh Hock Toh	2,389,853	2.95
10	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Law Sim Shee	2,070,867	2.56
11	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Sri Mohd Haniff Bin Abd Aziz	2,009,215	2.48
12	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Teh Hock Toh	1,900,148	2.35
13	NLY Development Sdn Bhd	1,621,100	2.00
14	Tew Boo Sing	1,346,500	1.66
15	Khong Saw Keng	1,015,200	1.26
16	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Hock Toh	1,000,000	1.23
17	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Hock Toh	1,000,000	1.23
18	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Sim Shee	1,000,000	1.23
19	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Fatt Sin	1,000,000	1.23
20	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Hock Toh	1,000,000	1.23
21	HDM Nominees (Asing) Sdn Bhd Lim & Tan Securities Pte Ltd for Yap Ah Wah	1,000,000	1.23
22	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Chew Cheng	810,000	1.00
23	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Moon Thiam	614,000	0.76
24	Lui Kok Kiang	558,100	0.69
25	Phang Yik Fui	485,000	0.60
26	Chang Yew Kwong	468,900	0.58
27	Mayban Nominees (Asing) Sdn Bhd Nomura Singapore Limited for Suwandi Kojodjojo	400,000	0.50
28	Lew Hin	357,840	0.44
29	Leong Hai Lan	325,000	0.40
30	Chong Tick Siong	300,000	0.37
		68,422,216	**84.50**

Group Properties

AS AT 31ST DECEMBER 2009

Registered / Beneficial Owner	ECM	ESI	ESI
Location	H.S.(D) 86293 No Lot . 178 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 21, Jalan RP3 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	H.S.(D) 86340 Lot No. 193 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 15, Jalan RP 3 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	H.S.(D) 86280 Lot. No 169 (Previously known as H.S.(D) 28262 P.T.No 10334) Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 25, Jalan RP 2 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan
Description/Existing use	Industrial land with factory and office building erected thereon	Industrial land with factory and office building erected thereon	Industrial land with factory building erected thereon
Land area (sq. ft.)	87,126	82,654	210,101
Built-up area (sq. ft.)	94,500	63,938	110,000 (Phase I) 160,000 (Phase II)
Approximate age of building/ Tenure	13 years/ Freehold	12 years/ Freehold	3 years/Freehold (Phase I) Construction-in-progress (Phase II)
Net book value as at 31 Dec 2009 (RM'000)	6,138	5,663	13,253 (Phase I) 20,403 (Phase II)
Year of acquisition/ revaluation	1996 2004#	1997*	2005

* Revalued

\# The building was constructed in 1995 whereas the land was only acquired in 2004.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of Euro Holdings Berhad ("EURO" or "the Company") will be held at Green I, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Off Jalan Tropicana Utama, 47410 Petaling Jaya on Monday, 28 June 2010 at 10.00 a.m. for the transaction of the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2009 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 Articles of Association of the Company:

   Dato' Choong Yuen Keong @ Tong Yuen Keong (Resolution 2)
   Lew Hin (Resolution 3)
   Teh Hock Toh (Resolution 4)
   Foong Yein Teng (Resolution 5)

3. To approve the payment of Directors' fees amounting to RM236,013 for the financial year ended 31 December 2009. (Resolution 6)

4. To re-appoint Messrs HALS & Associates as Auditors of the Company for the financial year ending 31 December 2010 and to authorise the Board of Directors to fix their remuneration. (Resolution 7)

Special Business

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

   ORDINARY RESOLUTION 1 (Resolution 8)

   Authority to allot shares

   "That, subject always to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the approvals of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 number of shares to be issued does not exceed 10% of the total issued share capital of the Company for the time being."

Notice of Annual General Meeting
(continued)

ORDINARY RESOLUTION 2 (Resolution 9)

Proposed renewal of authority to the Company to purchase its own shares of up to ten per cent (10%) of the issued and paid-up share capital ("Proposed Renewal of SBB Mandate")

"THAT subject to compliance with the Act, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to allocate an amount not exceeding the total of audited share premium reserve and retained profit of the Company for the purpose of and to purchase such amount of ordinary shares of RM0.50 each ("EURO Shares") in the Company ("Proposed Renewal of SBB Mandate") as may be determined by the Directors of the Company provided that the aggregate number of EURO Shares purchased and/or held as treasury shares pursuant to this resolution does not exceed RM4,050,000 comprising 8,100,000 shares in the Company, representing ten percent (10%) of the total issued and paid-up capital of the Company.

THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to deal with the EURO Shares in the following manner:

i) to cancel the EURO Shares so purchased; or
ii) to retain the EURO Shares so purchased as treasury shares for distribution as dividends to shareholders and/or resell through Bursa Securities in accordance with the relevant rules of Bursa Securities; or
iii) combination of (i) and (ii) above

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:

i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which this resolution was passed, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

Notice of Annual General Meeting
(continued)

whichever occurs first AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things deem fit and expedient in the interest of the Company to give full effect to the Proposed Renewal of SBB Mandate contemplated and/or authorised by this resolution."

ORDINARY RESOLUTION 3 (Resolution 10)

Proposed Renewal of Shareholders' Mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties ("Proposed Renewal of RRPT Mandate")

"That, pursuant to Paragraph 10.09 Part E of the Listing Requirements of Bursa Securities, EURO and/or its subsidiaries ("EURO Group") be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out in Paragraph 3.2 of the Circular to Shareholders of EURO dated 2 June 2010 with the related parties mentioned therein which are necessary for the EURO Group's day-to-day operations, subject further to the following:

i) the transactions are in the ordinary course of business on normal commercial terms and on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
ii) disclosure of the aggregate value of the transactions of the Proposed Renewal of RRPT Mandate conducted during the financial year will be disclosed in the Annual Report for the said financial year,

AND THAT such approval shall continue to be in force until:

i) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first AND THAT the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things deemed fit and expedient in the interest of the Company to give full effect to the Proposed Renewal of RRPT Mandate contemplated and/or authorized by this resolution."

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

Notice of Annual General Meeting

(continued)

BY ORDER OF THE BOARD

Tai Keat Chai
Lim Hooi Chin
Company Secretaries

Kuala Lumpur
Date : 2 June 2010

NOTES:

1. *A member of the Company shall be entitled to appoint one or more proxies to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with. 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.*

2. *Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*

3. *The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.*

4. *To be valid, the proxy form duly completed and signed 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 or any adjournment thereof.*

5. *Explanatory Notes on Special Business:-*

   a. *The proposed Ordinary Resolution 1, if passed is primarily to give flexibility to the Board of Directors to issue and allot shares in the Company up to and not exceeding in total 10% of the issued and paid up share capital of the Company for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting.*

   b. *The proposed Ordinary Resolution 2, if passed, will give the Company the authority to purchase its own ordinary shares of up to 10% of the issued and paid-up share capital of the Company for the time being. Please refer to the Circular to Shareholders dated 2 June 2010 which is circulated with the 2009 Annual Report for more information.*

   c. *The proposed Ordinary Resolution 3, if passed will empower the Company and its subsidiaries to conduct recurrent related party transactions of a revenue or trading nature with parties related to the Company. The details of the proposal are set out in the Circular to Shareholders dated 2 June 2010 which is circulated with the 2009 Annual Report.*

FORM OF PROXY

No. of shares	

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 Sixth Annual General Meeting of the Company to be held at Green I, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Off Jalan Tropicana Utama, 47410 Petaling Jaya on Monday, 28 June 2010 at 10.00 a.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 for the year ended 31 December 2009		
RESOLUTION 2	Re-election of Dato' Choong Yuen Keong @ Tong Yuen Keong		
RESOLUTION 3	Re-election of Lew Hin		
RESOLUTION 4	Re-election of Teh Hock Toh		
RESOLUTION 5	Re-election of Foong Yein Teng		
RESOLUTION 6	Approval of the payment of Directors' fees		
RESOLUTION 7	Re-appointment of Auditors		
RESOLUTION 8	Approval for Directors to issue shares pursuant to Section 132D		
RESOLUTION 9	Proposed Renewal of Share Buy-back Mandate to purchase its own shares of up to ten per cent (10%) of the issued and paid-up share capital		
RESOLUTION 10	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature		

Signed this............. day of 2010

....
Signature of Shareholder(s)

NOTES:

1. *A member of the Company shall be entitled to appoint one or more proxies to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with. 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.*
2. *Where a member appoints more than a proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
3. *The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.*
4. *To be valid, the proxy form duly completed and signed 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 or any adjournment thereof.*

Fold this flap for sealing

2nd fold here

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

1st fold here

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EURO III Lot 25

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