

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

**(The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.09 RM'000	Preceding Year Corresponding Quarter 31.03.08 RM'000	Current Year To Date 31.03.09 RM'000	Preceding Year To Date 31.03.08 RM'000
Revenue	12,399	28,374	12,399	28,374
Cost of sales	(10,175)	(20,930)	(10,175)	(20,930)
Gross Profit	<u>2,224</u>	<u>7,444</u>	<u>2,224</u>	<u>7,444</u>
Other Income	75	64	75	64
Operating expenses	(4,231)	(4,969)	(4,231)	(4,969)
Finance costs	(199)	(211)	(199)	(211)
<b>(Loss) / Profit before tax</b>	<u>(2,131)</u>	<u>2,328</u>	<u>(2,131)</u>	<u>2,328</u>
Taxation	515	(327)	515	(327)
<b>(Loss) / Profit for the period, attributable to Shareholders of the Company</b>	<u>(1,616)</u>	<u>2,001</u>	<u>(1,616)</u>	<u>2,001</u>
<b>(Loss) / Earnings per share</b>				
- (Loss) / Basic earnings per share (sen)	<u>(2.00)</u>	<u>2.47</u>	<u>(2.00)</u>	<u>2.47</u>

Notes:

The Condensed Consolidated Income Statement should be read in conjunction with the annual financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009**

(The figures have not been audited)

	(Unaudited) As At End of Current Quarter 31.03.09 RM'000	(Audited) As At End of Preceding Financial Year 31.12.08 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	60,617 ##	52,558
<b>Current assets</b>		
Inventories	13,734	14,428
Trade receivables	20,465	23,970
Other receivables	1,450	1,351
Non current asset held for sale	2,203	2,203
Tax recoverable	700	509
Fixed deposit	230	227
Short term funds	1,453	2,579
Cash and cash at bank	2,231	4,952
	<u>42,466</u>	<u>50,219</u>
<b>TOTAL ASSETS</b>	<u>103,083</u>	<u>102,777</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	40,500	40,500
Share premium	3,844	3,844
Retained earnings	26,985	28,601
<b>Shareholders' equity</b>	<u>71,329</u>	<u>72,945</u>
<b>Non-current and deferred liabilities</b>		
Loans and borrowings	12,579	7,049
Deferred taxation	189	832
	<u>12,768</u>	<u>7,881</u>
<b>Current liabilities</b>		
Trade payables	6,876	11,901
Other payables	6,307	6,785
Dividend payable	7	7
Amount due to directors	35	28
Provision for taxation	60	60
Short term borrowings	5,701	3,170
	<u>18,986</u>	<u>21,951</u>
<b>Total liabilities</b>	<u>31,754</u>	<u>29,832</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>103,083</u>	<u>102,777</u>
Net Assets Per Share (RM)	0.88	0.90

Notes:

The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual financial statements for the financial year ended 31 December 2008 and the accompanying explanatory

notes attached to the interim financial statements.

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009**

(The figures have not been audited)

	Current Year Quarter ended 31.03.09 RM'000	Preceding Year Quarter ended 31.03.08 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(2,131)	2,328
Adjustments for :		
Non-cash items	1,182	994
Non-operating items	132	91
Operating profit before working capital changes	<u>(817)</u>	<u>3,413</u>
Inventories	693	(285)
Trade and other receivables	3,407	(1,869)
Trade and other payables	<u>(4,045)</u>	<u>56</u>
Cash generated from operations	(762)	1,315
Interest received	13	53
Interest paid	(145)	(145)
Tax paid	(319)	(124)
<b>NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES</b>	<u>(1,213)</u>	<u>1,099</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(7,541)	(2,103)
Placement of pledged fixed deposits	(3)	(3)
Proceeds on disposal of fixed assets	-	131
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(7,544)</u>	<u>(1,975)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase payables	(548)	(395)
Repayment of term loan	(141)	(131)
Drawdown of term loan	4,821	-
<b>NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES</b>	<u>4,132</u>	<u>(526)</u>
Net decrease in cash and cash equivalents	(4,625)	(1,402)
Cash and cash equivalents at beginning of the year	6,867	8,701
<b>CASH AND CASH EQUIVALENTS AT END OF THE QUARTER</b>	<u>2,242</u>	<u>7,299</u>

**\*Cash and cash equivalents at the end of the quarter comprised the following:**

Bank overdrafts	(1,442)	(2,488)
Cash and bank balances	2,231	3,599
Fixed deposits	230	223
Short term funds	1,453	6,188
	<u>2,472</u>	<u>7,522</u>
Less: Fixed deposit pledged to a bank for credit facilities	(230)	(223)
	<u>2,242</u>	<u>7,299</u>

Notes:

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009  
(The figures have not been audited)**

	<b>Non Distributable</b>		<b>Distributable</b>	Total
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Shareholders' Equity RM'000
<b>At 1 January 2009</b>	40,500	3,844	28,601	72,945
Loss for the period	-	-	(1,616)	(1,616)
<b>At 31 March 2009</b>	<u>40,500</u>	<u>3,844</u>	<u>26,985</u>	<u>71,329</u>
<b>At 1 January 2008</b>	40,500	3,844	25,696	70,040
Profit for the period	-	-	2,001	2,001
<b>At 31 March 2008</b>	<u>40,500</u>	<u>3,844</u>	<u>27,697</u>	<u>72,041</u>

Notes:

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**A1. Basis of Preparation**

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

The interim financial statements should be read in conjunction with the annual financial statements of Euro Holdings Berhad ("EURO" or the "Company") for the financial year ended 31 December 2008. The notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiary companies (hereinafter referred to as the "Group") since the financial year ended 31 December 2008. The condensed consolidated interim financial statements and notes thereon however do not include all of the information required for a full set of financial statements prepared in accordance with FRSs.

The significant accounting policies, methods of computation and basis of consolidation applied in the unaudited interim financial statements are consistent with those adopted in the in the audited annual financial statements of the Group for the financial year ended 31 December 2008.

**A2. Material Changes in Estimates**

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

**A3. Auditors' Report**

The auditors' report on the financial statements for the financial year ended 31 December 2008 was not qualified.

**A4. Seasonal and Cyclical Factors**

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and period ended 31 March 2009.

**A6. Issuances and Repayment of Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities for the current quarter and period ended 31 March 2009.

**A7. Dividends Paid**

No dividends were paid by the Company in the current quarter and period ended 31 March 2009.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**A8. Segmental Reporting**

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

**A9. Valuation of Property, Plant and Equipment**

The valuation of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2008.

**A10. Material Events Subsequent to the End of the Interim Period**

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

**A11. Changes in the Composition of the Group**

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

**A12. Contingent Liabilities and Contingent Assets**

The Group has no material contingent liabilities and contingent assets since the quarter and period ended 31 March 2009 to 21 May 2009, being a date not earlier than 7 days from the date of this report, save for the following :

	<b>As at</b>
	<b>21.05.09</b>
	<b>RM'000</b>
<u>Company</u>	
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>71,256</u>

**A13. Capital Commitments**

	<b>As at</b>
	<b>31.03.09</b>
	<b>RM'000</b>
Property, plant and machinery	
Contracted but not provided for	<u>9,616</u>

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

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

	<b>Current Quarter ended 31.03.09 RM'Million</b>	<b>Preceding Year Corresponding Quarter ended 31.03.08 RM'Million</b>	<b>Current Period ended 31.03.09 RM'Million</b>	<b>Preceding Year Corresponding Period ended 31.03.08 RM'Million</b>
Revenue	12.3	28.3	12.3	28.3
(Loss) / Profit before taxation	(2.10)	2.3	(2.10)	2.3

The Group recorded a revenue of RM 12.3 million for the quarter ended 31 March 2009 as compared to RM 28.3 million in the same corresponding period of 2008. The lower revenue had resulted in a loss of RM 2.1 million in the current quarter. The drop in revenue was mainly due to weaker market demand.

**B2. Variation of Results Against Preceding Quarter**

	<b>Current Quarter ended 31.03.09 RM'Million</b>	<b>Preceding Quarter ended 31.12.08 RM'Million</b>
<b>Revenue</b>	12.3	23.5
<b>(Loss) / Profit before taxation</b>	(2.1)	1.2

There was further decline in revenue in the current quarter as compared to the previous quarter. Revenue closed at RM 12.3 million, which was lower than the previous quarter ended 31 December 2008. The market condition had worsened especially in the first two months of 2009. The Group's exports reduced with fewer on-going projects in most of our major export markets which were affected by the current downturn in economy.

The current low level of operation had resulted in a loss of RM 2.1 million whilst on-going efforts are in progress to further reduce fixed overheads and operating costs.

**B3. Prospects for next financial year**

Against the current economic landscape, the first half of the year would be challenging for the Group. We continue to face low demands both locally and globally. However, the assessment is that there will be an improvement in the second half of the year.

Euro will embark on further house-keeping initiatives to improve production efficiency, rationalising operation and to implement further cost-cutting measures across the board to stay lean and competitive. However, Euro will continue to participate in international trade exhibitions to broaden our customers' base and to tap new business developments. Besides, it is a good way to create and build brand awareness which will enhance our chances in the current competitive environment and for the long term endeavour for the future.

**B4. Variance of Actual and Forecast Profit**

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



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(Company No. 646559-T)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS****B5. Corporate Proposal**

There were no corporate proposals announced but not completed as at 21 May 2009, being a date not earlier than 7 days from the date of this report.

**B6. Taxation**

	<b>Current Year Quarter ended 31.03.09 RM'000</b>	<b>Preceding Year Corresponding Quarter ended 31.03.08 RM'000</b>	<b>Current Period ended 31.03.09 RM'000</b>	<b>Preceding Year ended 31.03.08 RM'000</b>
Current taxation	128	358	128	358
Deferred taxation	(643)	(31)	(643)	(31)
Origination and reversal of temporary differences				
	<u>(515)</u>	<u>327</u>	<u>(515)</u>	<u>327</u>

The effective tax rate for the current quarter and period ended 31 March 2009 were lower than the statutory income tax rate primarily due to non-allowable deductible expenses, partially offset by the claim for reinvestment allowances.

**B7. Sale of Unquoted Investments and/or Properties**

There were no sale of unquoted investments and/or properties for the current quarter and financial period ended 31.03.2009 except for the following:

On 19 December 2008, Euro Chairs Manufacturer (M) Sdn Bhd, a wholly owned subsidiary of the Company, entered into a sales and purchase agreement to dispose off a parcel of leasehold industry land measuring 11,372 square metres held under title no H.S.(D) 58764, P.T. No. 557, Bandar Rawang, Daerah Gombak, Negeri Selangor for a cash consideration of RM 2,203,326.

The disposal has not been completed as at the end of the quarter or the date of this report.

**B8. Purchase or Disposal of Quoted Securities**

There were no purchases or disposals of quoted securities for the current quarter and financial period ended 31 March 2009.

**B9. Group Borrowings and Debt Securities**

The Group's borrowings as at 31 March 2009 are as follows:

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>	<b>Total RM'000</b>
<b><u>Secured</u></b>			
Overdrafts	1,442	-	1,442
Bills payables	1,451	-	1,451
Term loans	579	9,151	9,730
Hire purchase payables	2,229	3,428	5,657
	<u>5,701</u>	<u>12,579</u>	<u>18,280</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

**EURO HOLDINGS BERHAD**

(Company No. 646559-T)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS****B10. Off Balance Sheet Financial Instruments**

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

As at 21 May 2009, the notional amount for forward foreign exchange contracts that were entered into as hedges for sales were RM 0.5 million. This amount represents the future cash flows under the contracts to sell the foreign currencies. The settlement periods of these forward contracts range between 3 months to 6 months.

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

**B11. Material Litigation**

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

**B12. Dividend**

No interim dividend has been declared for the financial period ended 31 March 2009 (31 March 2008: Nil).

**B13. Earnings Per Share**

The basic earnings per share for the quarter ended 31 March 2009 is computed as follows:-

	<b>Current Year Quarter ended 31.03.09</b>	<b>Preceding Year Corresponding Quarter ended 31.03.08</b>	<b>Current Year ended 31.03.09</b>	<b>Preceding Year ended 31.03.08</b>
(Loss) / Profit for the year, attributable to shareholders of the Company (RM'000)	(1,616)	2,001	(1,616)	2,001
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
(Loss) / Basic Earnings Per Share (sen)	(2.00)	2.47	(2.00)	2.47

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the quarter ended 31 March 2009.

By order of the Board  
**EURO HOLDINGS BERHAD**

Tai Keat Chai

Company Secretary

(MIA 1688)

Date: 28 May 2009