

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.09 RM'000	Preceding Year Corresponding Quarter 30.06.08 RM'000	Current Year To Date 30.06.09 RM'000	Preceding Year To Date 30.06.08 RM'000
Revenue	15,385	27,570	27,784	55,944
Cost of sales	(11,929)	(20,978)	(22,104)	(41,908)
Gross Profit	<u>3,456</u>	<u>6,592</u>	<u>5,680</u>	<u>14,036</u>
Other Income	63	255	138	319
Operating expenses	(4,170)	(4,849)	(8,401)	(9,818)
Finance costs	(232)	(237)	(431)	(448)
(Loss) / Profit before taxation	<u>(883)</u>	<u>1,761</u>	<u>(3,014)</u>	<u>4,089</u>
Taxation	309	(458)	824	(784)
(Loss) / Profit for the period, attributable to Shareholders of the Company	<u>(574)</u>	<u>1,303</u>	<u>(2,190)</u>	<u>3,305</u>
(Loss) / Earnings per share				
- (Loss) / Basic earnings per share (sen)	<u>(0.71)</u>	<u>1.61</u>	<u>(2.70)</u>	<u>4.08</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 30 JUNE 2009

(The figures have not been audited)

	(Unaudited) As At End of Current Quarter 30.06.09 RM'000	(Audited) As At End of Preceding Financial Year 31.12.08 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	64,277 ##	52,558
Deferred tax asset	471	-
Current assets		
Inventories	12,927	14,428
Trade receivables	20,343	23,970
Other receivables	1,395	1,351
Non current asset held for sale	2,203	2,203
Tax recoverable	597	509
Fixed deposit	231	227
Short term funds	1,753	2,579
Cash and cash at bank	3,142	4,952
	<u>42,591</u>	<u>50,219</u>
TOTAL ASSETS	<u>107,339</u>	<u>102,777</u>
EQUITY AND LIABILITIES		
Share capital	40,500	40,500
Share premium	3,844	3,844
Retained earnings	26,411	28,601
Shareholders' equity	<u>70,755</u>	<u>72,945</u>
Non-current and deferred liabilities		
Loans and borrowings	17,312	7,049
Deferred taxation	-	832
	<u>17,312</u>	<u>7,881</u>
Current liabilities		
Trade payables	7,647	11,901
Other payables	5,789	6,785
Dividend payable	3	7
Amount due to directors	28	28
Provision for taxation	-	60
Short term borrowings	5,805	3,170
	<u>19,272</u>	<u>21,951</u>
Total liabilities	<u>36,584</u>	<u>29,832</u>
TOTAL EQUITY AND LIABILITIES	<u>107,339</u>	<u>102,777</u>
Net Assets Per Share (RM)	0.87	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 30 JUNE 2009**

(The figures have not been audited)

	Current Year Period ended 30.06.09 RM'000	Preceding Year Period ended 30.06.08 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(3,014)	4,089
Adjustments for :		
Non-cash items	2,387	2,006
Non-operating items	282	198
Operating profit before working capital changes	<u>(345)</u>	<u>6,293</u>
Inventories	1,501	(1,369)
Trade and other receivables	3,584	6,908
Trade and other payables	(4,332)	5
Cash generated from operations	<u>408</u>	<u>11,837</u>
Interest received	23	99
Interest paid	(306)	(297)
Tax paid	(627)	(326)
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES	<u>(502)</u>	<u>11,313</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(12,410)	(3,102)
Proceeds on disposal of property, plant and equipment	-	236
NET CASH USED IN INVESTING ACTIVITIES	<u>(12,410)</u>	<u>(2,866)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(4)
Fixed deposit pledged	(4)	(4)
Repayment of hire purchase payables	(839)	(845)
Repayment of term loan	(602)	(265)
Drawdown of term loan	10,152	-
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	<u>8,707</u>	<u>(1,118)</u>
Net (decrease)/ increase in cash and cash equivalents	(4,205)	7,329
Cash and cash equivalents at beginning of the year	6,867	8,701
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD*	<u>2,662</u>	<u>16,030</u>

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

Bank overdrafts	(2,234)	-
Cash and bank balances	3,142	10,009
Fixed deposits	231	223
Short term funds	1,753	6,021
	<u>2,892</u>	<u>16,253</u>
Less: Fixed deposit pledged to a bank for credit facilities	(230)	(223)
	<u>2,662</u>	<u>16,030</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.

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(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2009**

(The figures have not been audited)

	Non Distributable		Distributable	Total Shareholders' Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	
At 1 January 2009	40,500	3,844	28,601	72,945
Loss for the period	-	-	(2,190)	(2,190)
At 30 June 2009	<u>40,500</u>	<u>3,844</u>	<u>26,411</u>	<u>70,755</u>
At 1 January 2008				
As previously stated	40,500	3,844	24,423	68,767
Effect of adopting FRS 112	-	-	1,273	1,273
At 1 January 2008	40,500	3,844	25,696	70,040
Profit for the period	-	-	3,305	3,305
At 30 June 2008	<u>40,500</u>	<u>3,844</u>	<u>29,001</u>	<u>73,345</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 30 June 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 30 June 2009.

A7. Dividends Paid

No dividends were paid by the Company in the current quarter and period ended 30 June 2009.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

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 30 June 2009 to 19 August 2009, being a date not earlier than 7 days from the date of this report, save for the following :

	As at
<u>Company</u>	19.08.09
	RM'000
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>73,149</u>

A13. Capital Commitments

	As at
	30.06.09
	RM'000
Property, plant and machinery	
Contracted but not provided for	<u>5,225</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**

	Current Quarter ended 30.06.09 RM'Million	Preceding Year Corresponding Quarter ended 30.06.08 RM'Million	Current Period ended 30.06.09 RM'Million	Preceding Year Corresponding Period ended 30.06.08 RM'Million
Revenue	15.4	27.6	27.8	55.9
(Loss) / Profit before taxation	(0.9)	1.8	(3.0)	4.1

The Group recorded a revenue of RM 27.8 million for the period ended 30 June 2009 as compared to RM 55.9 million in the same corresponding period of 2008. The decrease in revenue due to the overall weak demand resulted in a loss of RM 3.0 million to the Group in the current period.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 30.06.09 RM'Million	Preceding Quarter ended 30.03.09 RM'Million
Revenue	15.4	12.3
(Loss) / Profit before taxation	(0.9)	(2.1)

Revenue for the current quarter improved by 24% to RM 15.4 million against RM 12.3 million in the previous quarter. With higher revenue achieved and on-going efforts to contain costs, the Group's loss was reduced from RM 2.1 million in the previous quarter to RM 0.9 million in the current quarter.

B3. Current Year Prospects

Notwithstanding the lower sale in the first quarter of the year, there were some positive improvements in recent months. However, the recovery process is expected to be slow and uncertain but market demand is anticipated to increase in the second half of the year.

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 19 August 2009, being a date not earlier than 7 days from the date of this report.

B6. Taxation

	Current Year Quarter ended 30.06.09 RM'000	Preceding Year Corresponding Quarter ended 30.06.08 RM'000	Current Period ended 30.06.09 RM'000	Preceding Year ended 30.06.08 RM'000
Current taxation				
- current	351	481	479	839
- prior year	-	46	-	46
	<u>351</u>	<u>527</u>	<u>479</u>	<u>885</u>
Deferred taxation				
Origination and reversal of temporary differences				
- current	(660)	(69)	(1,303)	(101)
	<u>(309)</u>	<u>458</u>	<u>(824)</u>	<u>784</u>

The effective tax rate for the current quarter and period ended 30 June 2009 were lower than the statutory income tax rate primarily due the claim for reinvestment allowances, partially offset by non-deductable expenses.

B7. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties for the current quarter and financial period ended 30.06.2009 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 was completed in August 2009.

B8. Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities for the current quarter and financial period ended 30 June 2009.

B9. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2009 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<i>Secured</i>			
Overdrafts	2,234	-	2,234
Bills payables	917	-	917
Term loans	588	14,332	14,920
Hire purchase payables	2,066	2,980	5,046
	<u>5,805</u>	<u>17,312</u>	<u>23,117</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

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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 19 August 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 5 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 30 June 2009 (30 June 2008: Nil).

B13. Earnings Per Share

The basic earnings per share for the quarter ended 30 June 2009 is computed as follows:-

	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter ended	Corresponding	Period ended	Period ended
	30.06.09	Quarter ended	30.06.09	30.06.08
(Loss) / Profit for the year, attributable to shareholders of the Company (RM'000)	(574)	1,303	(2,190)	3,305
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)	(0.71)	1.61	(2.70)	4.08

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 30 June 2009.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary

(MIA 1688)

Date: 25 August 2009