

EURO HOLDINGS BERHAD

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.11 RM'000	Preceding Year Corresponding Quarter 31.03.10 RM'000	Current Year To Date 31.03.11 RM'000	Preceding Year Corresponding Period 31.03.10 RM'000
Continuing Operations:				
Revenue	23,144	22,936	23,144	22,936
Cost of sales	(19,004)	(19,789)	(19,004)	(19,789)
Gross Profit	<u>4,140</u>	<u>3,147</u>	<u>4,140</u>	<u>3,147</u>
Other Income	91	149	91	149
Operating expenses	(5,393)	(5,278)	(5,393)	(5,278)
Finance costs	(427)	(235)	(427)	(235)
Loss before taxation	<u>(1,589)</u>	<u>(2,217)</u>	<u>(1,589)</u>	<u>(2,217)</u>
Taxation	20	465	20	465
Loss for the period	<u>(1,569)</u>	<u>(1,752)</u>	<u>(1,569)</u>	<u>(1,752)</u>
Other Comprehensive Income ("OCI")	-	-	-	-
Total Comprehensive Loss for the period, attributable to Equity holders of the Company	<u>(1,569)</u>	<u>(1,752)</u>	<u>(1,569)</u>	<u>(1,752)</u>
Loss per share				
- Loss per share (sen)	<u>(1.94)</u>	<u>(2.16)</u>	<u>(1.94)</u>	<u>(2.16)</u>

Notes:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

(The figures have not been audited)

	(Unaudited) As At End of Current Quarter 31.03.11 RM'000	(Audited) As At End of Preceding Financial Year 31.12.10 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	67,602	66,941
Deferred tax asset	2,904	2,684
	<u>70,506</u>	<u>69,625</u>
Current assets		
Inventories	16,338	15,254
Trade receivables	27,590	28,930
Other receivables	1,835	1,270
Tax recoverable	1,153	1,172
Foreign currency forward contracts	37	50
Fixed deposit	239	236
Short term funds	113	113
Cash and cash at bank	4,869	2,519
	<u>52,174</u>	<u>49,544</u>
TOTAL ASSETS	<u><u>122,680</u></u>	<u><u>119,169</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	40,500	40,500
Share premium	3,844	3,844
Retained earnings	20,380	21,949
Shareholders' equity	<u><u>64,724</u></u>	<u><u>66,293</u></u>
Non-current liabilities		
Term loans	15,780	16,309
Hire purchase payables	3,703	3,132
Deferred taxation	-	-
	<u>19,483</u>	<u>19,441</u>
Current liabilities		
Trade payables	14,048	11,656
Other payables	7,936	7,737
Dividend payable	5	5
Amount due to directors	28	33
Provision for taxation	90	105
Hire purchase payables	1,731	1,501
Short term borrowings	14,635	12,398
	<u>38,473</u>	<u>33,435</u>
Total liabilities	<u><u>57,956</u></u>	<u><u>52,876</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>122,680</u></u>	<u><u>119,169</u></u>
Net Assets Per Share (RM)	0.80	0.82

Notes:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

(Company No. 646559-T)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011
(The figures have not been audited)**

	Current Year Period ended 31.03.11 RM'000	Preceding Year Period ended 31.03.10 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,589)	(2,217)
Adjustments for :		
Non-cash items	1,272	1,270
Non-operating items	308	129
Operating loss before working capital changes	<u>(9)</u>	<u>(818)</u>
Inventories	(1,084)	(1,483)
Trade and other receivables	639	873
Trade and other payables	5,755	5,936
Cash generated from operations	<u>5,301</u>	<u>4,508</u>
Interest received	3	6
Interest paid	(337)	(154)
Tax paid	(195)	(240)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>4,772</u>	<u>4,120</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(573)	(1,279)
Proceeds from disposal of property, plant and equipment	77	108
Proceeds from disposal of asset held for sale	(3)	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(499)</u>	<u>(1,171)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposit pledged		(2)
Repayment of hire purchase payables	(511)	(520)
Repayment of term loans	(390)	(149)
NET CASH USED IN FINANCING ACTIVITIES	<u>(901)</u>	<u>(671)</u>
Net increase in cash and cash equivalents	3,372	2,278
Cash and cash equivalents at beginning of the year	(2,041)	5,060
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD*	<u>1,331</u>	<u>7,338</u>

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

Bank overdrafts	(3,650)	(1,392)
Cash and bank balances	4,868	7,884
Fixed deposits	239	234
Short term funds	113	846
	<u>1,570</u>	<u>7,572</u>
Less: Fixed deposit pledged to a bank for credit facilities	(239)	(234)
	<u>1,331</u>	<u>7,338</u>

Notes:

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the financial year ended 31 December 2010 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 FIRST QUARTER ENDED 31 MARCH 2011
(The figures have not been audited)

	<---Attributable to Equity Holders of the Company--->			Total Equity
	<u>Non-distributable</u>	<u>Distributable</u>	Retained Earnings	
	Share Capital RM'000	Share Premium RM'000		
At 1 January 2011	40,500	3,844	21,949	66,293
Total comprehensive loss for the period	-	-	(1,569)	(1,569)
At 31 March 2011	<u>40,500</u>	<u>3,844</u>	<u>20,380</u>	<u>64,724</u>
At 1 January 2010	40,500	3,844	23,468	67,812
Effects of applying FRS 139	-	-	7	7
At 1 January 2010, as restated	<u>40,500</u>	<u>3,844</u>	<u>23,475</u>	<u>67,819</u>
Total comprehensive loss for the period	-	-	(1,752)	(1,752)
At 31 March 2010	<u>40,500</u>	<u>3,844</u>	<u>21,723</u>	<u>66,067</u>

Notes:

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2011

A1. Basis of preparation

The condensed consolidated interim financial statements 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 Main Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

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 2010. 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 and should be read in conjunction with the annual consolidated financial statements of Euro Holdings Berhad ("EURO" or the "Company") for the financial year ended 31 December 2010.

A2. Significant Accounting Policies

The significant accounting policies, methods of computation and basis of consolidation applied in the unaudited condensed consolidated interim financial statements are consistent with those adopted in the annual audited financial statements of the Group for the financial year ended 31 December 2010, except for the following:

Adoption of New and Revised FRSs, IC Interpretations and Amendments

The Group adopted the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC interpretations which are applicable to its financial statements and relevant operations with effect from 1 January 2011:

FRSs, IC interpretations and Amendments to FRSs and IC Interpretations

FRS 1 (Revised)	First-time Adoption of Financial Reporting Standards
FRS 3 (Revised)	Business Combination
FRS 127 (Revised)	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First Time Adopters - Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-base Payment - Group Cash-Settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 138	Intangible Assets
Amendments to FRSs	Improvements to FRSs (2010)
IC Interpretation 4	Determining whether an Arrangement contain a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of Net Investment in a Foreign Operation
IC Interpretation 17	Distribution of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The application of the above FRSs, IC interpretations and Amendments to FRSs and IC Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group except for the changes in accounting policy on adoption of the revised FRS 3 and revised FRS 127, which are described below:

FRS 3 (revised) Business Combinations and FRS 127 (revised) Consolidated and Separate Financial Statements

FRS 3 (revised) introduces significant changes in the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred.

The revised FRS 127 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires total comprehensive income to be attributed to the owners of the parent and to the non-controlling interests, even if the results in the non-controlling interests having a deficit balance.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2011

The changes in FRS 3 and FRS 127 did not have any financial impact on the financial statements of the Group at initial application but may impact the accounting for future acquisitions, transactions or arrangements of the Group.

A3. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2010 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 2011.

A6. Material Changes in Estimates of Amounts Reported

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

A7. Changes in 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 2011.

A8. Dividends Paid

No dividends were paid by the Company in the current quarter and period ended 31 March 2011.

A9. Segmental Reporting

Segment analysis for the current financial period ended 31 March 2011 is as follows:-

By Market Segments:

	Local	Exports	Total
Revenue	10,045	13,099	23,144
Results			
Segment Results			(1,013)
Unallocated expenses			(149)
Operating loss			(1,162)
Finance costs			(427)
Loss before taxation			(1,589)
Taxation			20
Loss after taxation			(1,569)

Segment analysis for the preceding financial period ended 31 March 2010 was as follows:-

	Local	Exports	Total
Revenue	7,829	15,107	22,936
Results			
Segment Results			(1,834)
Unallocated expenses			(148)
Operating loss			(1,982)
Finance costs			(235)
Loss before taxation			(2,217)

EURO HOLDINGS BERHAD
(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2011

Taxation	<u>465</u>
Loss after taxation	<u><u>(1,752)</u></u>

EURO HOLDINGS BERHAD

(Company No. 646559-T)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2011**A10. Valuation of Property, Plant and Equipment**

The Group did not revalue any of its property, plant and equipment in the quarter and period ended 31 March 2011. The valuation of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2010.

A11. Material Events Subsequent to the End of the Quarter

There were no material events between the end of the year and the date of this report that have not been reflected in the financial statements for the period except for the following:

On 7 April 2011, the Company acquired the entire issued and paid-up share capital of Euroland & Development Sdn Bhd ("Euroland") for a cash consideration of RM 2. Euroland became a wholly owned subsidiary of the Company with effect from that date.

Euroland had on 18 May 2011, entered into a conditional sale and purchase agreement with Yap Tong Feng to acquire a piece of freehold land held under title G.M 974, Lot 2223, Mukim of Cheras, District of Hulu Langat, State of Selangor, measuring approximately 4.031 acres for a cash consideration of RM 7 million.

The acquisition of the land has not been completed as at the date of this report.

A12. Changes in the Composition of the Group

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

A13. Contingent Liabilities and Contingent Assets

The Group has no material contingent liabilities and contingent assets since the quarter and financial year ended 31 March 2011 to 24 May 2011, being a date not earlier than 7 days from the date of this report, save for the following :

	As at
<u>Company</u>	24.05.11
	RM'000
<u>Contingent Liabilities (Unsecured)</u>	
- Corporate guarantees to financial institutions for credit facilities granted to subsidiary companies	<u>76,155</u>

A14. Capital Commitments

	As at
	31.03.11
	RM'000
Property, plant and machinery	
Contracted but not provided for	<u>357</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2011

PART B : ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

	Current Quarter ended 31.03.11 RM'Million	Preceding Year Corresponding Quarter ended 31.03.10 RM'Million	Current Year ended 31.03.11 RM'Million	Preceding Year ended 31.03.10 RM'Million
Revenue	23.1	22.9	23.1	22.9
Profit/(Loss) before taxation	(1.6)	(2.2)	(1.6)	(2.2)

The Group registered a revenue of RM 23.1 million for the current quarter ended 31 March 2011 against RM22.9 million for the same corresponding quarter in 2010. Profit margin for the projects though higher than the corresponding quarter in the previous year, was still generally low due to lower selling price and increase in raw material costs.

The Company also recorded higher operating and finance costs with the completion of phase II of the third plant that added an estimated floor area of 160,000 sq. feet. The plant is only expected to be fully operational in the third quarter of 2011.

B2. Variation of Results Against Preceding Quarter

	Current Quarter ended 31.03.11 RM'Million	Preceding Quarter ended 31.12.10 RM'Million
Revenue	23.1	22.3
Profit/(Loss) before taxation	(1.6)	0.8

The Group recorded a revenue of RM 23.1 million for the current quarter, as compared to the previous quarter of RM 22.3 million. In spite of higher revenue, the margin of the projects completed during the quarter was low, affected by stiff competition and the continued appreciation of Ringgit against USD.

Higher operating expenses were incurred in the current quarter due to additional promotion and exhibition expenses. There were also higher related selling expenses incurred in the quarter.

B3. Prospects

Although business sentiment may improve on the back of government's stimulus packages and the expected improving conditions in the developed economies around the world, the Group remains cautious on the general outlook of the furniture manufacturing business, with anticipated rising material costs and inflation. The intense competition and the rising value of Ringgit against USD will further dampen the gross profit margin of the Group for its export market.

Nevertheless, the Group is optimistic towards the long term prospects of the global furniture industry and is fully committed to address the issues confronting the business currently. The Group will continue to improve on its operational efficiencies and cost saving initiatives. The Group will also need to carve into new and emerging markets to diversify revenue opportunities.

B4. Variance of Actual and Forecast Profit

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

B5. Corporate Proposal

There were no corporate proposals announced but not completed as at 24 May 2011, being a date not earlier than 7 days from the date of this report.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2011

B6. Taxation

	Current Year Quarter ended 31.03.11 RM'000	Preceding Year Corresponding Quarter ended 31.03.10 RM'000	Current Year period ended 31.03.11 RM'000	Preceding Year Period ended 31.03.10 RM'000
Current taxation	197	73	197	73
Deferred taxation	(217)	(538)	(217)	(538)
Total	<u>(20)</u>	<u>(465)</u>	<u>(20)</u>	<u>(465)</u>

The effective tax rate for the current quarter and period ended 31 March 2011 were higher than the statutory income tax rate primarily due to non allowable expenses and non-recognition of deferred tax assets for certain subsidiaries.

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 March 2011.

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 2011.

B9. Group Borrowings and Debt Securities

The Group's borrowings as at 31 March 2011 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<i>Secured</i>			
Overdrafts	3,650	-	3,650
Bills payables	8,922	-	8,922
Term loans	2,062	15,780	17,842
Hire purchase payables	1,731	3,703	5,434
	<u>16,365</u>	<u>19,483</u>	<u>35,848</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B10. Realised / unrealised profits

	Current Quarter ended 31.03.11 RM'000	Year ended 31.12.10 RM'000
Total retained profits of the Company and its subsidiaries		
- realised	17,524	19,255
- unrealised	2,856	2,694
Total Group retained profits as per consolidated accounts	<u>20,380</u>	<u>21,949</u>

B11. Derivative Financial Instruments

The Group uses forward exchange contracts to hedge the Group's sales denominated in USD and SGD. Financial derivatives are recognised on their respective contract dates.

Details of the outstanding derivative financial instruments of the Group as at 31 March 2011 are as follows:

Type of instruments	Contract/Notional Amount	Value as at 31 March 2011	Fair Value Gain
Foreign currency forward contracts			
- Less than 1 year	2,477	2,440	37

The currency forward contracts are transacted with the Group's bankers. Credit risk for non-performance by the counterparties in these instruments is low.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 31 MARCH 2011

B12. Material Litigation

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

B13. Dividend

No dividend has been proposed or declared for the financial period ended 31 March 2011 (31 March 2010: Nil).

B14. Earnings Per Share

The basic earnings per share for the quarter ended 31 March 2011 is computed as follows:-

	Current Year Quarter ended 31.03.11	Preceding Year Corresponding Quarter ended 31.03.10	Current Year Period ended 31.03.11	Preceding Year Period ended 31.03.10
Loss for the period, attributable to ordinary shareholders of the Company (RM'000)	(1,569)	(1,752)	(1,569)	(1,752)
Weighted average number of shares of RM0.50 each in issue ('000)	81,000	81,000	81,000	81,000
Loss Per Share (sen)	(1.94)	(2.16)	(1.94)	(2.16)

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 31 March 2011.

By order of the Board
EURO HOLDINGS BERHAD

Tai Keat Chai

Company Secretary
(MIA 1688)

Date: 30 May 2011