
2008
EXCELLENCE
WORKSPACE
EURO™
inspiration at work
annual report

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

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Group Managing Director

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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
Epsilon Registration Services Sdn Bhd (629261-T)
Level 17, The Gardens Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
T: (603) 2264 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
Second Board of Bursa Malaysia Securities Berhad
Stock Name: EURO
Stock Code: 7208

Corporate Structure

EURO
inspiration at work

EURO HOLDINGS BERHAD
(646559-T)

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

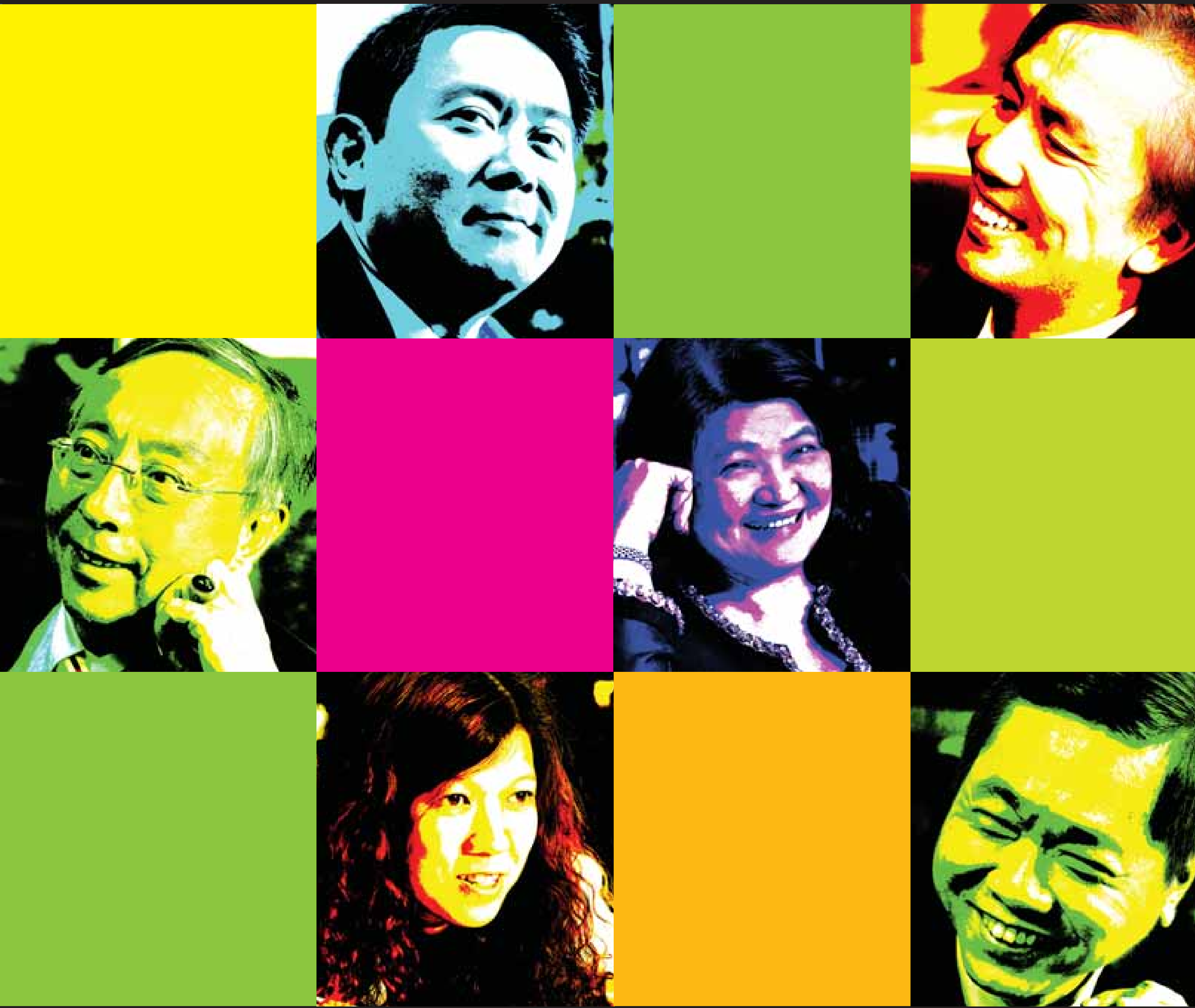
100% **ESI**
Euro Space Industries (M) Sdn Bhd
(105420-W)

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

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

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

Directors' Profiles



Directors' Profiles

Dato' Sri Mohd Haniff bin Abd Aziz

Chairman, Non-independent and Non-Executive Director

Dato' Sri Mohd Haniff, a Malaysian aged 55, 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 55, 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

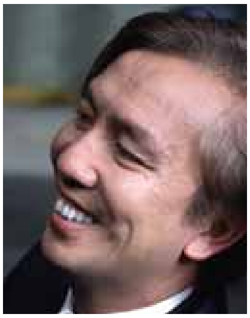
Executive Director

A Malaysian aged 56, 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 58, 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.



Teh Hock Toh

Executive Director

Teh Hock Toh, aged 44, 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 20 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

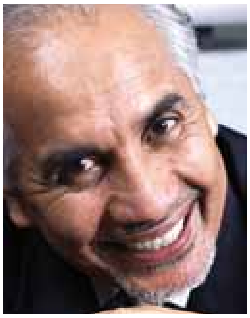
Executive Director

Foong Yein Teng is a 39-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 directorships in other public listed companies.

Dato' Choong Yuen Keong @ Tong Yuen Keong

Non-Independent, Non-Executive Director

Dato' Choong Yuen Keong, a Malaysian aged 49 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 20 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 61 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

Datuk Dr Syed Muhamad Bin Syed Abdul Kadir (continued)

Independent Non-Executive Director

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.

Ng Wai Pin

Independent Non-Executive Director

Ng Wai Pin is a 44-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 60, 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 39 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 19 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

Group Managing Director's Review of Operations

Chairman's Statement

On behalf of the Board of Directors of EURO Holdings Berhad ("EURO"), I would like to present the Annual Report of the Group and the Company for the financial year ended 31 December 2008.

ECONOMIC OVERVIEW

The global economy in 2008 was undoubtedly challenging. What started as a sub prime crisis in the US in 2007 had turned into a full blown global economic crisis that led to recession and high unemployment in key global economies such as US, Europe, China, Japan, etc. This had resulted in shrinking consumer demand and output.

Amidst the international financial turmoil and sharp deterioration in global economic environment, the Malaysian economy registered a growth of 4.6% in 2008. Domestic demand, in particular sustained private consumption and strong public spending, supported the growth during the year. While external demand was strong in the first half of 2008, the sharp and rapid deterioration in the global economic conditions as well as major correction in commodity prices, led to a contraction in Malaysia's export performance in the latter part of the second half year.

FURNITURE INDUSTRY OVERVIEW

The local furniture industry recorded a growth of 2% in 2008, for a total trade of RM8.72 billion in 2008 despite the impact of the financial meltdown in major markets. Increased demand was from upper middle class consumers who were willing to pay higher prices for quality Malaysian furniture. Malaysian furniture manufacturers had also gained a competitive edge due to declining competition from China.

On a global outlook, world furniture demand is expected to contract in major developed economies with no growth projected for world furniture trade in 2009. However, the demand from these markets is still relatively substantial. As such, there will still be potential for Malaysian furniture exports.

FINANCIAL PERFORMANCE

The Group experienced a drop in revenue from RM120.2 million for 2007 to RM107.9 million for 2008. The fall in revenue was attributable to declining customers' orders arising from adverse global economic conditions in the second half of the year. Many corporations started to embark on cost-cutting and downsizing measures in countering the economic challenges.

The Group recorded profit before tax of RM6.3 million in 2008 as compared to RM10.8 million for the year 2007. Consequently, profit after tax was reduced to RM5.2 million for the financial year ended 2008 against RM8.6 million (restated) in the preceding financial year. As a result, earnings per share declined to 6.39 sen per share compared to 10.62 sen (restated) in 2007. The Group's net tangible assets however increased to 90.05 sen per share in 2008 compared to 86.5 sen (restated) in 2007.

Besides lower revenue, earnings of the Group were affected by high raw material costs in tandem with the crude oil price hike in the first half of the year. The crude oil fluctuations coupled with inflationary pressures, had a spiraling upward effect, not only on raw materials but also on other indirect costs and overheads. Material costs only began to ease downwards towards the end of the year.

AWARDS AND ACCREDITATIONS

I am pleased to report that the Group received the following awards in 2008:

i) Brandlaureate Award 2007/2008 – the Grammy Awards for Branding
Euro won the Best brand in office furniture, corporate branding. The prestigious award was organised by Brand Laureate Sdn Bhd, a member of the Asia Pacific Brands Foundation.

ii) Golden Bull Excellence Award 2008
A subsidiary company, EURO Space Industries (M) Sdn Bhd was one of the winners of the 100 Malaysian Outstanding SMEs.

iii) 2008 Furniture Leadership Award ("FLA")
Euro won the Golden Award while Group Managing Director, Mr. Lew Fatt Sin emerged as the Best Entrepreneur of the year. FLA was organised by APS Media Group (a member of International Alliance of Furnishing Publications representing South East Asia) with the endorsement of the Malaysian Furniture Promotion Council ("MFPC").

The above awards and accreditations are testament to Euro's commitment in its continuous pursuit of corporate excellence and effective brand-building strategy.

KEY EVENTS IN 2008

As part of the Group's efforts to grow its export sales and build brand awareness within and outside Malaysia, EURO actively participated in various international furniture trade fairs and exhibitions. These events enabled EURO to showcase its latest designs and product offerings in addition to keeping abreast with the latest industry trends and developments.

In March 2008, the Group participated in the 2008 Malaysian International Furniture Fair ("MIFF") at Putra World Trade Centre, Kuala Lumpur ("KL"). The fair attracted some 20,000 visitors and more than 500 exhibitors from 16 countries. EURO launched a new range of workstation "Runway", a task chair "caddy flipper" and metal storages in conjunction with the exhibition.

In the same month, EURO also sponsored the office furniture for the media room for Stylo Fashion Show in conjunction with the Formula 1 KL Grand Prix race.

From 29 May – 1 June 2008, EURO participated in Interiors Malaysia 2008, a trendsetting International Interiors Lifestyle Trade Fair, endorsed by the Government Ministries of Malaysia, International Federation of Interior Architects/ Designers, APSDA and MARTRADE at Putra World Trade Centre, KL. Subsequently, from 9 June 2008 to 11 June 2008, EURO took part in the Neocon Fair in Chicago US. It was an international trade fair on furniture products for the American market. EURO continued to participate in Orgatech, the world renowned international trade fair for office furniture in Cologne, Germany in October 2008. International top notched brands and manufacturers set up booths in this fair and visitors came from all over the world to source for products and look at the latest trend and designs.

In respect of business development, in September 2008, EURO signed a Supply Agreement with One Office, India for a period of five years with a contractual amount of approximately RM150 million. One Office is an affiliated company of our partner in India. This contract will reaffirm the collaboration between the two parties which has been in existence since 2000. This will enable both parties to remain focused on their mission to actively promote the EURO brand of office furniture and significantly increase short-term and long-term revenues by establishing a highly visible and supportive local distribution presence in India. The signing ceremony was officiated and witnessed by YB Datuk Liew Vui Keong, Deputy Minister of International Trade and Industry, then.

The Group also started the construction of Phase II of its third plant in Rawang in the third quarter of 2008. Phase II of the plant will comprise of a 4-storey building with an estimated additional floor area of 160,000 sq. ft. Its primary usage would be as a production plant, warehouse and a new product showroom. The new plant area is to cater especially for the new production line of metal storages besides increasing production capacity of the current product lines. The new phase is scheduled to be completed by the end of the year.

OUTLOOK FOR 2009 AND COUNTERING CHALLENGES

Malaysia's export-driven economy is expected to contract this year, due to gloomy business and consumer confidence amidst the global downturn. Accordingly, the Malaysian furniture industry is also expected to be affected. However, the 2 stimulation packages announced by the government in last October and March 2009 would help to boost the consumer and public spending locally, especially in the second half of the year.

At the global front, major developed economies shrank further in the first quarter of 2009. However, they contracted at a lower rate as compared to previous quarters. Signs of stabilization in the business zone began to emerge in the second quarter, indicating a possible recovery. Nevertheless,

the recovery process should not be confused with a return to robust expansion. Further, the major key economies will have to recover first before the developing countries begin to feel its effect.

Besides the economic condition, there is also increasing awareness on environmental issues especially on the usage of green materials by developed nations such as the US, Japan and Europe. This trend is fast catching-up and will soon spread to the rest of the world.

Against the backdrop of the aforesaid environment, the Group expects 2009 to pose greater challenges than what the Group had to face in the past. Our key focus is to operate at the most efficient level and keeping operational costs low. EURO shall embark on further housekeeping initiatives to improve production efficiency and in achieving production at optimum level.

With slowing demand in the market, competition amongst furniture manufacturers has become more intense. Euro will continue with its R&D efforts to provide more choices to our customers by offering new product lines and introducing products with new features. Currently, the Group is actively pursuing the production and marketing of steel storages. By providing more choices to customers at competitive prices, the Group is optimistic in sustaining, if not increasing its market share in the near future.

EURO is also pursuing more R & D efforts to produce eco-friendly products. More emphasis will be given in incorporating the use of recycled materials and adopting processes that are not detrimental to the environment as an integral part for the sustainable environment initiatives.

We are taking this opportunity to reposition ourselves in an enhanced competitive position to meet the increased market demand when the global economy recovers. In-house preparations are underway to obtain certifications for ISO 14001 and OSHAS 18001 in 2009, as a commitment to improve the level of environmental performance. We will uphold the values of corporate social responsibility while promoting health and safety as an important feature in today's society. With the worldwide increase in environmental awareness, EURO is set to meet customers' requirements for sustainability in its product lines.

Dividends

Subject to approval of the shareholders at the forthcoming Fifth Annual General Meeting, the Board of Directors is pleased to recommend a first and final tax exempt dividend of 2.0 sen per ordinary share of RM0.50 each for the financial year ended 31 December 2008.

Appreciation

I would like to take this opportunity to welcome Ms. Tan Poh Ling who joined the Board of EURO Holdings Berhad as an Independent Non-Executive Director on 21 January 2009. With close to 20 years of experience in the accounting and business advisory services, I am sure that she will contribute positively to the Group.

On behalf the Board, I wish to express my deepest appreciation to my fellow Directors, the management and staff of the Group at all levels for their contribution, untiring commitment and dedication. Last but not least, I wish to record my sincere gratitude to our valued customers, business partners and associates, shareholders, government authorities, bankers and other stakeholders for their valuable support to the Group throughout the year. We sincerely appreciate your continuous support and co-operation and we look forward to sharing many more successful years ahead.

Link Chair

Thoughtfully designed & upholstered, EURO Link Chairs come in a variety of shapes, sizes & styles that will suit any setting. EURO Link Chairs can be used to enhance waiting rooms, office lobbies and any public place.

Give your guests and visitors some comfort when they pay you a visit with our wide selection of chairs that have had a lot of thought put into them. Get creative and add some colour & chic to high traffic areas for the public with EURO Link Chairs today!

Managing Director's Review of Operations

2008 had been a year full of challenges and uncertainties. The Group experienced high volatility in material costs and foreign currencies. Inflation led by the crude oil price and energy price hikes had also impacted our operation cost. Thankfully, the price of materials began to stabilize and started to ease downward by the third quarter of the year. However by then, the Group was hit by the overall softening in market demand as corporations and institutions tightened their belts to counter the worsening global economic conditions.

BUSINESS REVIEW

The Group revenue contracted by 10.2% to RM107.9 million in 2008 from RM120.2 million in the previous year. The revenue growth in the first half of the year did not sustain. Sales slowed down as people became more cautious as private investment activities and private consumption moderated significantly in the fourth quarter of 2008. Our export revenue suffered as a result of the decline in overall global demand due to the uncertain economic climate. Nevertheless, the domestic market still held its ground, declined at a lower rate amidst the gloomy economy.

Domestic Market

The domestic demand was led by continued strong expansion in private consumption, supported by a steady increase in disposable income and favourable financing environment. Revenue from the domestic market decreased by 4.9% to RM42.8 million compared to RM45 million in 2007. Ongoing and new projects continued to be secured and delivered steadily despite recessions faced by various key world economies. However, towards the last quarter of 2008, signs of slowing down began to emerge. There were projects being delayed and downsized.

Export Market

The worst economic slump since World War II had also battered Asian exports, inlcuding Malaysia. Export contraction was noted by the Group beginning from the third quarter of 2008 with significant drop in overseas demand.

The Group exports decreased by 13.9% to RM65 million compared to RM75.6 million in 2007. India remained our most significant market especially in the first half of the year. Projects in India however slowed down considerably in the third quarter of 2008 as corporations and multi-national corporations put on hold or scaled down their expansion plans in view of the bleak market condition. This condition was especially obvious in the last quarter of the year where new orders came to almost a standstill, as India's IT services and back-room processes suffered. Nonetheless, EURO still managed to complete a series of important projects in India for 2008, which encompassed the financial, IT and tele-communications sector.

Similarly, our sales to the Asian markets were also affected. Key economies in Asia such as Hong Kong, Singapore and Japan suffered in the last quarter of 2008 whilst sales to Thailand declined as a result of political instability. However, the Group had succeeded in securing more projects in Cambodia and Vietnam.

On the other hand, we achieved higher exports to the Middle East. We managed to secure new partners and completed projects in Saudi Arabia, Egypt and Qatar. The Middle East market outperformed other markets and contributed to more than 20% of the Group's export revenue, compared to only approximately 10% in 2007. As such, the Group shall continue to work closely with local partners in these countries in order to secure more projects.

PRODUCT LAUNCHES

EURO launched its multipurpose task chair with improved version of caddy flip last year. It also introduced a new range of workstation known as 'Runaway'. It is a complete range of workstation comprising of work surface, partitions, accessories etc. Its 'open book' concept and cleaned modernist lines are designed especially to suit the office lifestyle besides fulfilling ergonomic requirements.

Another new product line was the metal storages. This product line was introduced to boost the Group's revenue as the usage of metal storages in offices is regaining popularity.

PLANT & MACHINERY

In order to cater for steady and sustainable development, further plant expansion is in the pipeline. The construction of Phase II of Plant 3 began in the third quarter of 2008 to house production lines of new products i.e. storage accessories and existing products, additional warehousing and a new showroom for the Group. Upon completion, there will be an estimated additional floor space of 160,000 sq. ft. The construction is expected to complete by the end of 2009.

Also moving with times, the future of EURO will be more technology driven. We will invest in advanced machinery that offers high quality output while keeping production cost to a minimum. The Group will continue to invest heavily in machinery and modern plant facilities that emphasise on automation so that productivity and quality consistency can be achieved. At the same time, this will decrease the dependence on manual labour.

LOOKING FORWARD

Since the collapse of mortgage finance markets in 2008, and the slowing down of housing industry in the US and Europe, the world furniture consumption has suffered. The data for the first two months of 2009 continued to show poor Malaysian furniture exports amid a worse-than-expected slump in exports. The export contraction was much greater than earlier envisaged. Since then, things are looking up on the business front. Rising demands were noted. Nevertheless, uncertainty remains on the sustainability of new orders and whether the economy had indeed "bottomed out". Further, the recovery process will not be robust given that the people will remain pessimistic for a time afterwards.

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

To overcome the challenges of the current market slump, it is important for EURO to retain our existing customers by providing top-notch service and high quality products. We will fall back on our motto, "We are our Clients' Business Partners". The input and feedback from our customers are always placed on top priority. We will offer total office solutions by understanding the requirements of our customers and providing solutions that suit their needs.

To broaden our customers' base and to tap new business development, the Group is making inroads to new emerging markets for long term growth strategy. On the bright side, the current economy outlook in the US may

provide good opportunities for the Group as corporations and companies there are more likely to source for more affordable, yet quality products from Asia to reduce overall costs.

We still believe that continuous R&D for new products is essential to remain competitive even amidst the lackluster global economy. We shall continue to innovate with times and to enhance our product range. The R&D focus would be on ergonomic product features and eco-friendly office furniture to cater to growing public demand for environment preservation. As our commitment to improve our level of environmental performance, EURO is making the necessary efforts to obtain ISO 14001 certification in 2009. The Company will identify the aspects of the organisation's business processes that affect the environment, determine their significance and ensure that their relevance to applicable environmental legislations are understood and complied with.

As 'value' is more important than 'price', EURO shall continue to create and build brand awareness by relating the EURO brand with innovation and quality. We will not compromise on brand building despite the current tough conditions as we believe a good brand will in fact enhance our chances and is certainly a long term endeavour for a better future.

The current economic condition also provides a great opportunity for the Group to carry out improvement initiatives to be more resilient. Areas to focus shall be improving production efficiency, rationalizing operation and, pursuing of ISO 14001 and OSHAS 18001 certifications. The Group shall also execute cost-cutting measures across the board to stay lean and competitive. We believe that the Group has the capacity to flexibly implement its key strategies to ride out the current challenges and to reposition ourselves with an enhanced competitive edge so that we are ready to meet increased demand when the economy recovers.

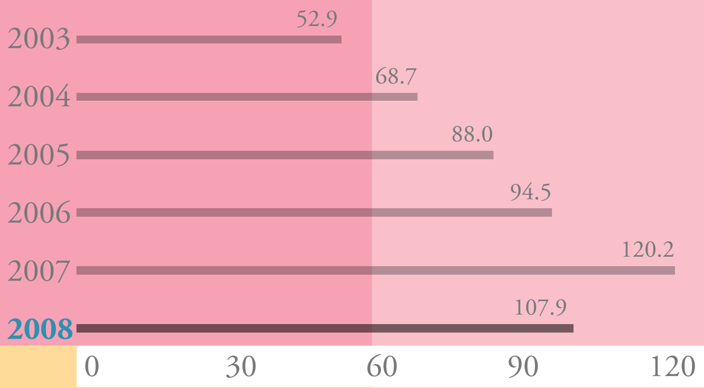
The future is BRIGHT with LIGHTHOUSE

A system that sheds light on dynamic working environments

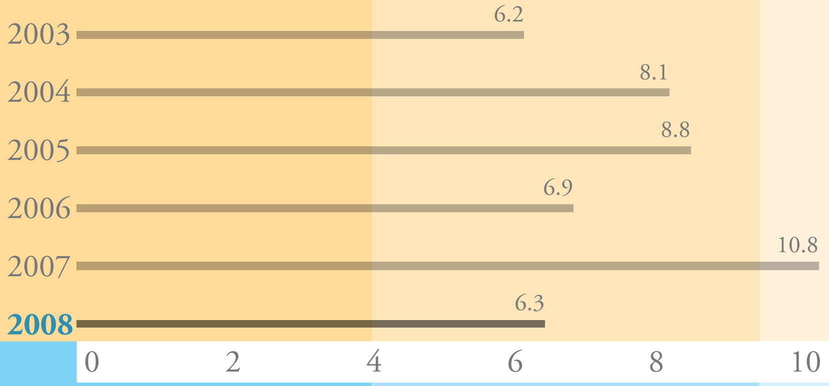
Lighthouse

Group Financial Highlights

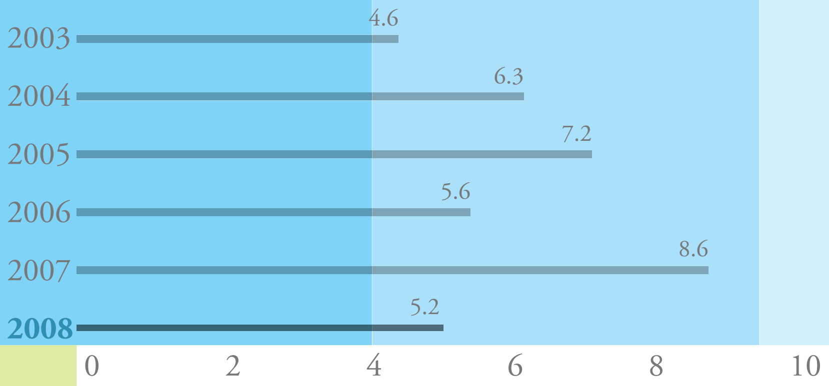
Revenue (RM Million)



Profit Before Tax (RM Million)



Profit After Tax (RM Million)



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

Statement on Corporate Governance

The Board of Directors of Euro Holdings Berhad ("the Board") believes that good corporate governance is fundamental to the Group's continued success. 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 protect and enhance the shareholders' value and financial performance of the organization.

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

In 2008, the Board of Directors consists of a Group Chairman, a Group Managing Director, four (4) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non Executive Director. The Board admitted an additional member following the appointment of Tan Poh Ling as an Independent Executive Director on 21 January 2009. The Company complies with the criteria of the Listing Requirements ("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 6 to page 8 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.

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	5/5	100
Lew Fatt Sin	5/5	100
Law Sim Shee	5/5	100
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

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 in 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.

RE – ELECTION

In accordance with the Articles of Association and in compliance with Bursa Securities's 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 was established on 3rd October 2004, comprising two (2) independent Non-Executive Directors and an Executive Director. 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 30 of this Annual Report.

On 21 January 2009, the composition of the audit committee was changed to consist of three (3) Independent Non-Executive Directors following the resignation of Foong Yein Teng and the appointment of Tan Poh Ling to the Audit Committee. This is in line with the amendments to the LR of Bursa Securities to enhance the effectiveness and independence of the audit committee.

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.

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 2008 are as follows:

Aggregate Remuneration categorized into appropriate components :

	Fees (RM'000)	Salaries and Allowances, inclusive of EPF contributions (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Executive Directors	-	1,504	191	275	1,970
Non-Executive Directors	205	39	-	28	272
Total	205	1,543	191	303	2,242

Remuneration Bands

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
RM1-RM50,000	-	4	4
RM100,001-RM150,000	-	1	1
RM200,001-RM250,000	1	-	1
RM250,001-RM300,000	1	-	1
RM350,001-RM400,000	1	-	1
RM400,001-RM450,000	1	-	1
RM650,001-RM700,000	1	-	1
Total	5	5	10

Note:
1. For security and confidentiality reasons, the details of Directors' remuneration are not shown with reference to individual Director. 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.

DIRECTORS' TRAINING AND EDUCATION

All Directors appointed to the Board have attended and completed the Mandatory Accreditation Programme accredited by Bursa Securities. In addition, the Directors have participated in conferences, seminars and other relevant training programmes to further enhance their business acumen and professionalism in discharging their duties to the Group.

During the year, some 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 Directors in 2008 are as follows:

Corporate Governance	> Update on Corporate Governance Regulatory Framework and Current Issues - Effective Governance the Way Forward > Corporate Governance Focus Group Session
Management	> Management System for Top Manager > Furniture Leadership Award Round Table Conference 2008 – Crisis Management & Gaining a Competitive Edge*
Accounting and Economics	> Financial Reporting Standards in Malaysia – An Overview > Impact of the 2009 Budget on Business and Tax Updates

Note* : Attended by the whole Board except for Tan Poh Ling who joined the Board on 21 January 2009

SECTION 2: COMMITTEES OF THE BOARD

The Board has delegated certain responsibilities to several Committees, which operate within the clearly 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

SECTION 3: SHAREHOLDERS

DIALOGUE WITH INVESTORS

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.my
- Press releases

During the financial year, the Directors and senior management also responded to requests for discussions with institutional investors and research/financial analysts 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 2008 can be found on page 39 to 78 of the Annual Report.

INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound system of internal control which provides reasonable assurance of effective and efficient operations and compliance with regulations as well as with internal procedures and guidelines.

The Statement of Internal Control, which provides an overview of the state of internal controls within the Group is set out on page 31 to page 32 of the Annual Report.

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 at least twice a year to review audit plans and to facilitate exchange of views on issues requiring attention. The role of Audit Committee in relation to the auditors is described in the Audit Committee Report as set out on page 27 to page 30 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 2008, the Board of Directors has:

- adopted appropriate accounting polices and applied them consistently;
- where applicable, made judgments and estimates that are reasonable and prudent; and
- ensured that all 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")

Mindful of the need to be a corporately responsible organization, the Group undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates. The Group recognizes that for long term sustainability, its strategic orientation will need to look beyond the financial parameters. Hence, the Group supports important causes such as donation to the needy, community services, promoting a healthy and safety culture within our organization, etc. The Group endeavors to broaden its scope of CSR initiatives over time and will plan accordingly.

The year 2008 saw the Group undertaking several CSR activities. Our efforts included:

- Contribution of funds, wheel-chairs and other necessities to various charitable organizations and associations.
- Sponsorship of events of various non-profitable organizations.
- Organized visits to orphanage homes.
- Recruitment of fresh graduates and interns, aimed at equipping young graduates with invaluable skills and experience for better employment opportunities in the future.
- Promoting the usage of green materials in our products and encourage materials to be recycled to preserve the environment. In this respect the Group had started its initiatives to pursue the certification of ISO 14001 by 2009. The ISO 14001 certification sets out the specifications of the management process for controlling and improving the organization's environmental friendliness. To enable the staff to have a better understanding on environmental issues, the Group also invited representatives form Tzu Zhi Foundation to give a formal briefing on environmental issues and ways to preserve the environment.

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

- Occupational health and safety at the workplace. Employees are equipped with the necessary equipment and accessories at the various work-sites and factory to promote safety. The Group also ensured that employees receive adequate safety and health training. 24 Euro staff attended the First Aid and Fire Fighting training in 2008 and obtained certification. Fire Drill is carried out annually to prepare the staff in case of emergency.
- Looking after the welfare of its employees, example successful insurance and Socso claims for the unfortunate, provision of Annual Staff Dinner, etc.
- Providing training to employees for performance enhancement via internal and external training programs. The Company also conducted visits to international trade fairs/ exhibitions and manufacturing plants locally and overseas, to broaden the knowledge-base of the employees.

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the 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 2008.

Share Buybacks

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

Options, Warrants or Convertible Securities

There as 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 2008 amounted to RM1,000.

Variation in Results

There was no material variance between the financial results and the unaudited results previously made for the financial year ended 31 December 2008. There was no profit forecast issued in respect of the financial result ended 31 December 2008.

Profit Guarantee

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

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.

Recurrent Related Party Transactions

At the Third Annual General Meeting of the Company held on 26 June 2008, 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 2008 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 2008 pursuant to the shareholders' mandate are disclosed in Note 37 to the Financial Statements.

At the forthcoming Annual General meeting to be held on 25 June 2009, 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 2009 attached to this Annual Report.

Audit Committee Report

For the Financial Year Ended 31st December 2008

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 2008.

MEMBERS

The Audit Committee ("the Committee") was established on 3 October 2004. The members who had served during the financial year ended 31 December 2008 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
- **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 of whom the majority shall be independent directors.

At least one member of the Audit Committee:

(i) must be a member of the Malaysian Institute of Accountants; or
(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
  a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967
(iii) 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.

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 programmes 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;
(xv) To ensure strict compliance by the Group with the Listing Requirements 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 Listing Requirements, 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.

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 five (5) times during the financial year ended 31 December 2008. The details of attendance of each member at the meetings are as follows:-

Name of Audit Committee Member	Total meetings attended	Percentage of attendance (%)
Datuk Dr Syed Muhamad bin Abdul Kadir	5	100
Ng Wai Pin	5	100
Foong Yein Teng	5	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 2008 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 Listing Requirements 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 the adoption of the new 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 and to determine the internal auditors' fees for the financial year under review;
(g) Reviewed the internal audit reports which were tabled during the year, on the state of the internal controls of the Company, the audit recommendations made and management's response to these recommendations; and
(h) Reviewed the related party transactions entered into by the Company and the Group for compliance with the Listing Requirements of Bursa Securities.

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 controls 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 2008

INTRODUCTION

The Board of Euro Holdings Berhad ("the Board") acknowledges the importance of maintaining a sound system of internal controls and effective risk management practices as part of its ongoing efforts to attain good corporate governance. The Board is committed to practising good standards of corporate governance and observing best practices, and will continue to improve on current practices.

The Board is pleased to provide the following statement, which outlines the nature and scope of internal controls of the Group during the financial year ended 31 December 2008.

a. Responsibility of The Board

The Board is ultimately responsible for the system of internal controls 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 recognises that the Group's system of internal controls is designed to manage, rather than eliminate the risk of failure to achieve policies and business objectives of the Group. Accordingly, it can only provide reasonable and not absolute assurance against misstatement or loss. The Board continuously evaluates appropriate initiatives to strengthen the transparency and efficiency of its operations, taking into account the requirements for sound and appropriate internal controls and management information systems within the Group.

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 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 controls 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. During the year, no major internal control weaknesses were identified nor did any of the reported weaknesses result in any material losses, contingencies or uncertainties that would require disclosure in the internal control statement.

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.

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.

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 controls 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. Management's risk assessments had been moderated and reconfirmed; with the corresponding action plans for the significant risks prepared by key members of the management to address those risks. 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

On the whole, the Board of Directors is satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives is in place to provide reasonable assurance to that effect. It is the Group's positive attitude towards striving for better that drives its desire to ensure that the system of internal controls will be enhanced on regular basis as the Group progresses to the next level. The Board of Directors and the Management will seek regular assurance on the effectiveness and soundness of the internal control system through appraisals by the internal as well as external auditors.

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Reports & Financial Statements

Directors' Report

The directors have pleasure in submitting their report and the audited financial statements of the Group and the Company for the financial year ended 31st December 2008.

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 RM'000	Company RM'000
Profit after taxation for the year	5,173	2,350
Retained profit brought forward	25,696	705
Profit available for appropriation	30,869	3,055
Dividend	(2,268)	(2,268)
Retained profit carried forward	**28,601**	**787**

DIVIDENDS

A first and final tax exempt dividend of 2.8 sen per ordinary share of 50 sen each amounting to RM2,268,000 for the financial year ended 31st December 2007 had been paid during the year.

The directors recommended 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 which is subject to shareholders' approval at the forthcoming Annual General Meeting. The financial statements of the current financial year do not reflect this proposed dividend. Such dividend, when approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 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

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
Ng Wai Pin
Pua Kah Ho
Tan Poh Ling (f) (Appointed: 21.1.2009)

In accordance with Article 73 of the Company's Articles of Association, Dato' Sri Mohd Haniff Bin Abd Aziz, Lew Fatt Sin and Law Sim Shee shall retire from office in the forthcoming annual general meeting of the Company and being eligible, offer themselves for re-election.

In accordance with Article 78 of the Company's Articles of Association, Tan Poh Ling shall retire from office in the forthcoming annual general meeting of the Company and being eligible, offers herself 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 1.1.2008	**Bought**	**Sold**	**As at 31.12.2008**
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, Law Sim Shee, Lew Hin, Teh Hock Toh and Dato' Choong Yuen Keong @ Tong Yuen Keong 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' 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.

DIRECTORS' BENEFITS (continued)

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 37(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 37(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.

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (continued)

(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 the financial year are disclosed in Note 35 to the financial statements.

AUDITORS

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

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

....

LEW FATT SIN
Director

....

DATUK DR. SYED MUHAMAD BIN
SYED ABDUL KADIR
Director

KUALA LUMPUR
DATE: 23rd April 2009

Balance Sheets

As at 31st December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
ASSET					
NON-CURRENT ASSETS					
Property, plant and equipment	5	552,558	43,139	422	552
Prepaid lease payments	6	-	2,452	-	-
Investment in subsidiaries	7	-	-	23,698	23,698
Investment property	8	-	-	-	-
		52,558	45,591	24,120	24,250
CURRENT ASSETS					
Inventories	9	14,428	12,959	-	-
Trade receivables	10	23,970	31,586	-	-
Other receivables, deposits and prepayments	11	1,351	2,245	25	42
Amount due from subsidiary companies	12	-	-	19,601	13,654
Non current asset held for sale	13	2,203	99	-	-
Tax recoverable		509	885	190	150
Fixed deposit with a licensed bank	14	227	219	-	-
Short term funds	15	2,579	7,246	1,476	7,246
Cash and bank balances		4,952	1,455	89	77
		50,219	56,694	21,381	21,169
TOTAL ASSETS		**102,777**	**102,285**	**45,501**	**45,419**
EQUITY AND LIABILITIES					
Share capital	16	40,500	40,500	40,500	40,500
Reserves	17	32,445	29,540	4,631	4,549
SHAREHOLDERS' EQUITY		**72,945**	**70,040**	**45,131**	**45,049**
NON-CURRENT AND DEFERRED LIABILITIES					
Term loans	18	4,479	5,049	-	-
Hire purchase payables	19	2,570	1,660	172	241
Deferred taxation	20	832	844	-	-
		7,881	7,553	172	241
CURRENT LIABILITIES					
Trade payables	21	11,901	16,876	-	-
Other payables and accruals	22	6,785	6,184	104	33
Dividend payable		7	10	7	10
Amount due to directors	23	28	29	18	20
Hire purchase payables	19	1,935	1,060	69	66
Bank borrowings	24	1,235	533	-	-
Provision for taxation		60	-	-	-
		21,951	24,692	198	129
TOTAL LIABILITIES		**29,832**	**32,245**	**370**	**370**
TOTAL EQUITY AND LIABILITIES		**102,777**	**102,285**	**45,501**	**45,419**

The above balance sheets are to be read in conjunction with the notes to the financial statements on pages 44 to 78.

Income Statements

For the year ended 31st December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
REVENUE	25	107,921	120,189	2,905	3,370
Less: COST OF SALES		(80,959)	(89,118)	-	-
GROSS PROFIT		26,962	31,071	2,905	3,370
OTHER OPERATING INCOME					
- interest income		165	145	150	138
- other income		597	207	-	-
		762	352	150	138
		27,724	31,423	3,055	3,508
Less: EXPENSES					
Selling and Distribution Expenses		10,564	10,497	-	-
Administrative Expenses		9,896	9,298	660	522
Finance Costs	26	934	818	12	10
		21,394	20,613	672	532
PROFIT BEFORE TAXATION	27	6,330	10,810	2,383	2,976
TAXATION	28	(1,157)	(2,210)	(33)	(761)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**5,173**	**8,600**	**2,350**	**2,215**
BASIC EARNINGS PER SHARE (SEN)	29	**6.39**	**10.62**	**-**	**-**
DIVIDEND PER SHARE (SEN)	30	**2.80**	**2.80**	**2.80**	**2.80**

The above income statements are to be read in conjunction with the notes to the financial statements on pages 44 to 78.

Statement of Changes in Equity

For the year ended 31st December 2008

	Note	-- Non Distributable -- Share Capital RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	Total Shareholders' Equity RM'000
GROUP					
Balance at 1st January 2007		40,500	3,844	16,993	61,337
Effect of adopting FRS 112		-	-	1,759	1,759
Balance at 1st January 2007, as restated		40,500	3,844	18,752	63,096
Profit for the year		-	-	9,086	9,086
Effect of adopting FRS 112		-	-	(486)	(486)
Profit for the year, as restated		-	-	8,600	8,600
		40,500	3,844	27,352	71,696
Dividend	30	-	-	(1,656)	(1,656)
Balance at 31st December 2007		40,500	3,844	25,696	70,040
Profit for the year		-	-	5,173	5,173
Dividend	30	-	-	(2,268)	(2,268)
Balance at 31st December 2008		**40,500**	**3,844**	**28,601**	**72,945**
COMPANY					
Balance at 1st January 2007		40,500	3,844	146	44,490
Profit for the year		-	-	2,215	2,215
Dividend	30	-	-	(1,656)	(1,656)
Balance at 31st December 2007		40,500	3,844	705	45,049
Profit for the year		-	-	2,350	2,350
Dividend	30	-	-	(2,268)	(2,268)
Balance at 31st December 2008		**40,500**	**3,844**	**787**	**45,131**

The above statements are to be read in conjunction with the notes to the financial statements on pages 44 to 78.

Cash Flow Statements

For the year ended 31st December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		6,330	10,810	2,383	2,976
Adjustments for:					
Amortisation for prepaid lease payments		26	26	-	-
Allowance for doubtful debts		274	804	-	-
Bad debts written off		9	7	-	-
Depreciation					
- property, plant and equipment		4,323	3,591	130	97
- investment property		-	2	-	-
Dividend income		-	-	(2,905)	(3,370)
Gain on disposal of investment property		(14)	-	-	-
Loss/(Gain) on disposal of property, plant and equipment		21	(16)	-	-
Interest expense		623	513	12	10
Interest income		(165)	(145)	(150)	(138)
Impairment loss of leasehold land		223	-	-	-
Property, plant and equipment written off		20	-	-	-
Unrealised loss on foreign exchange		15	106	-	-
Operating profit/(loss) before working capital changes		11,685	15,698	(530)	(425)
(Increase)/Decrease in inventories		(1,469)	1,002	-	-
Decrease/(Increase) in receivables		8,206	(6,308)	(5,930)	4,482
(Decrease)/Increase in payables		(5,712)	(388)	69	29
Cash generated from(used in) operations		12,710	10,004	(6,391)	4,086
Interest received		165	145	150	138
Interest paid		(623)	(513)	(12)	(10)
Tax paid		(810)	(1,450)	-	-
Tax refund		77	445	73	9
Net cash generated from/(used in) operating activities		11,519	8,631	(6,180)	4,223

Cash Flow Statements (continued)

For the year ended 31st December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		(9,209)	(4,594)	-	(299)
Dividend received		-	-	2,759	2,492
Payment for prepaid lease		-	(97)	-	-
Proceeds from disposal of property, plant and equipment		349	17	-	-
Proceeds from disposal of investment property		113	-	-	-
Net cash (used in)/generated from investing activities		(8,747)	(4,674)	2,759	2,193
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(2,271)	(1,650)	(2,271)	(1,650)
Fixed deposit pledged		(8)	(7)	-	-
Hire purchase obtained		-	909	-	-
Repayment of hire purchase payables		(1,795)	(1,232)	(66)	(42)
Repayment of term loans		(532)	(541)	-	-
Net cash used in financing activities		(4,606)	(2,521)	(2,337)	(1,692)
Net (decrease)/increase in cash and cash equivalents		(1,834)	1,436	(5,758)	4,724
Cash and cash equivalents at beginning of the year		8,701	7,265	7,323	2,599
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	31	**6,867**	**8,701**	**1,565**	**7,323**

The above statements are to be read in conjunction with the notes to the financial statements on pages 44 to 78.

1. GENERAL

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

The financial statements of the Group and the Company were authorised for issue by the Board of Directors on 23rd April 2009.

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.

At the beginning of the current financial year, the Group and the Company had adopted the revised 2008 FRSs which are mandatory for financial periods beginning on or after 1st January 2008 as described in Note 3(b)(i).

(b) Changes in Significant Accounting Policies

(i) Standards, amendments to published standards and IC interpretations that are effective

All significant accounting policies set out below are consistent with those applied in the previous year except for the adoption of the following revised FRSs for the financial period beginning on 1st January 2008:-

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 111	Construction Contracts
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
FRS 126	Accounting and Reporting by Retirement Benefit Plans

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

(b) Changes in Significant Accounting Policies (continued)

FRS 129	Financial Reporting in Hyperinflationary Economies
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2 Share-based Payments

The adoption of the above FRSs, amendments to FRSs and IC interpretations did not result in significant changes to the Group's and the Company's financial statements. The principal changes in accounting policies and the effects resulting from the adoption of FRS 112 are disclosed in Note 4 (r) to the financial statements.

(ii) Standards, amendments to published standards and IC interpretations that are not yet effective

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 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

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 is either, not relevant to the Group's operations or is not expected to have any material impact to the financial statements of the Group and the Company.

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

(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 RM155,000 (2007: RM 120,000). 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.

(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 33, 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.

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

(d) Use of estimates and judgements (continued)

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Consolidation (continued)

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) Investment Property

Investment property comprises a freehold shoplot.

Investment property is property which is owned for capital appreciation or held for long term rental yield or both and is not occupied by the Group.

Investment property is measured at cost of acquisition and other incidental expenditure of acquisition less accumulated depreciation and impairment loss. Depreciation is calculated to write off the cost of investment property on a straight line basis over its estimated useful life. The principal annual rate adopted is 2%.

The residual value and useful life of investment property is reviewed and adjusted as appropriate at each balance sheet date.

On disposal of an investment property, the difference between the net proceed and the carrying amount is recognised in the income statement.

(d) 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.

(e) Property, Plant and Equipment

(i) Owned Assets

Property, plant and equipment (except for freehold land) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, Plant and Equipment (continued)

(i) Owned Assets (continued)

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 is stated at cost/valuation and no depreciation is provided as it has an infinite life.

Building-in-progress is stated at cost. Depreciation of building-in-progress only commences when the asset is ready for its intended use.

Depreciation is calculated to write off the cost of property, plant and equipment on a straight line basis over the estimated useful lives of the assets concerned.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, Plant and Equipment (continued)

(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.

(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.

(f) Impairment of Non-Financial Assets

Goodwill and intangible assets that have indefinite useful lives and are 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

(g) 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.

(h) Receivables

Receivables are initially recognised at their 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.

(i) 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.

(j) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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.

(k) 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; the 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.

(l) 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.

(m) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Currency Conversion (continued)

(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.

(n) 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.

(o) Financial Instruments

(i) Financial instruments recognised in the balance sheet

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.

(ii) Financial instruments not recognised in the balance sheet

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 obligation. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) 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 obligation 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 obligation.

(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.

(q) 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.

(r) Effects On Financial Statements on Adoption Of Revised FRS

The effects on adoption of FRS 112 are set out below:-

FRS 112: Income Taxes

The main changes introduced by FRS 112 affecting the Group is on the removal of the relevant provisions in FRS 112_{2004} which explicitly prohibit the recognition of deferred tax on the reinvestment allowances or other allowances in excess of capital allowance. With the removal, entities can now account for these items as tax credits or investment tax credits.

The adoption of the revised standard will result in a retrospective change in the accounting policy relating to the recognition of the potential deferred tax benefits arising from unutilised reinvestment allowances. The details and impact to the financial statements of the Group are outlined below:-

	RM'000
Deferred Tax Liabilities	
As at 31st December 2007, as previously stated	2,117
Effect of adopting FRS 112	(1,273)
As at 31st December 2007, as restated	**844**
Income Tax Expense	
For the year ended 31st December 2007, as previously stated	(1,724)
Effect of adopting FRS 112	(486)
For the year ended 31st December 2007, as restated	**(2,210)**
Retained Earnings	
As at 31st December 2007, as previously stated	24,423
Effect of adopting FRS 112	1,273
As at 31st December 2007, as restated	**25,696**

Notes to the Financial Statements (continued)

31st December 2008

5. PROPERTY, PLANT AND EQUIPMENT

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**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Group 2007 Cost:	At 1st January 2007 RM'000	Addition RM'000	Disposal RM'000	Adjustment RM'000	At 31st December 2007 RM'000
Freehold land					
- at cost	8,010	-	-	-	8,010
- at valuation	1,194	-	-	-	1,194
Factory buildings					
- at cost	17,957	482	-	-	18,439
- at valuation	510	-	-	-	510
Furniture and fittings	1,504	43	-	(6)	1,541
Office equipment	778	102	(1)	-	879
Forklifts	298	-	-	-	298
Plant, machinery and tools	14,629	3,197	-	-	17,826
Moulds	6,692	850	-	-	7,542
Electrical installation	56	58	-	-	114
Computers	1,443	154	-	-	1,597
Signboards	7	10	-	-	17
Renovation	117	-	-	-	117
Motor vehicles	4,938	649	(40)	-	5,547
Total	**58,133**	**5,545**	**(41)**	**(6)**	**63,631**

Accumulated Depreciation:	At 1st January 2007 RM'000	Charge for the year RM'000	Disposal RM'000	Adjustment RM'000	At 31st December 2007 RM'000	Net Book Value at 31st December 2007 RM'000
Freehold land						
- at cost	-	-	-	-	-	8,010
- at valuation	-	-	-	-	-	1,194
Factory buildings						
- at cost	1,902	367	-	-	2,269	16,170
- at valuation	70	10	-	-	80	430
Furniture and fittings	1,035	102	-	-	1,137	404
Office equipment	513	59	-	-	572	307
Forklifts	148	18	-	-	166	132
Plant, machinery and tools	5,308	1,551	-	-	6,859	10,967
Moulds	4,827	770	-	-	5,597	1,945
Electrical installation	31	12	-	-	43	71
Computers	892	197	-	-	1,089	508
Signboards	7	1	-	-	8	9
Renovation	37	18	-	-	55	62
Motor vehicles	2,171	486	(40)	-	2,617	2,930
Total	**16,941**	**3,591**	**(40)**	**-**	**20,492**	**43,139**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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
Motor vehicles	97	130	-	227	422

Company 2007 Cost:	At 1st January 2007 RM'000	Addition RM'000	Disposal RM'000	At 1st December 2007 RM'000
Motor vehicles	-	649	-	649

Accumulated Depreciation:	At 1st January 2007 RM'000	Charge for the year RM'000	Disposal RM'000	At 31st December 2007 RM'000	Net Book Value at 31st December 2007 RM'000
Motor vehicles	-	97	-	97	552

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

	Group 2008 RM'000	Group 2007 RM'000
Freehold land	9,204	9,204
Freehold buildings	21,749	16,600
	30,953	**25,804**

(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'.

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Plant and machinery	4,670	2,460	-	-
Motor vehicles	4,024	2,045	422	552
	8,694	**4,505**	**422**	**552**

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Motor vehicles	1,585	350	-	350
Plant and machinery	1,995	595	-	
	3,580	**945**	**-**	**350**

6. PREPAID LEASE PAYMENTS

	Group	
	2008 RM'000	2007 RM'000
At beginning of the year	2,452	2,381
Addition during the year	-	97
Amortisation for the year	(26)	(26)
Impairment loss	(223)	-
Reclassification to non current asset held for sale (Note 13)	(2,203)	-
At end of the year	**-**	**2,452**

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	23,698	23,698

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 2008 %	Group's Effective Interest 2007 %
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.

8. INVESTMENT PROPERTY

The details of investment property are as follows:-

Group

2008: Nil

Group

2007 Cost:	**At 1st January 2007 RM'000**	**Addition RM'000**	**Transfer to non current asset held for sale RM'000**	**At 31st December 2007 RM'000**
Freehold shoplot	106	-	(106)	-

Accumulated Depreciation:	**At 1st January 2007 RM'000**	**Charge for the year RM'000**	**Transfer to non current asset held for sale RM'000**	**At 31st December 2007 RM'000**	**Net Book Value at 31st December 2007 RM'000**
Freehold shoplot	5	2	(7)	-	-

9. INVENTORIES – AT COST

	Group	
	2008 RM'000	2007 RM'000
Raw materials	9,684	8,482
Work in progress	3,853	3,374
Finished goods	891	1,103
	14,428	**12,959**

10. TRADE RECEIVABLES

	Group	
	2008 RM'000	2007 RM'000
Trade receivables	25,379	32,727
Less:		
Allowance for doubtful debts	(1,409)	(1,141)
	23,970	**31,586**

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

	Group	
	2008 RM'000	2007 RM'000
United States Dollar	3,231	5,371
Singapore Dollar	2,540	2,155
Ringgit Malaysia	18,199	24,060
	23,970	**31,586**

The credit period on trade receivables is normally 30-90 (2007: 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Other receivables	362	635	-	-
Deposits	733	1,433	-	-
Prepayments	256	177	25	42
	1,351	**2,245**	**25**	**42**

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

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	
	2008 RM'000	2007 RM'000
Euro Chairs (M) Sdn Bhd	75	42
Euro Chairs Manaufacturer (M) Sdn Bhd	6,419	7,805
Euro Space Industries (M) Sdn Bhd	13,107	5,807
	19,601	**13,654**

13. NON CURRENT ASSET HELD FOR SALE

	Group	
	2008 RM'000	2007 RM'000
Balance at 1st January	99	-
Transfer from investment property (Note 8)	-	99
Less:		
Disposed off during the year	(99)	-
Transfer from prepaid lease payments (Note 6)	2,203	-
Balance at 31st December	**2,203**	**99**

	Group	
	2008 RM'000	2007 RM'000
Fair value	**2,203**	**118**

The above leasehold land is charged to a bank for credit facilities granted to a subsidiary company.

14. FIXED DEPOSIT WITH A LICENSED BANK

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposit (Note 31)	227	219	-	-

A fixed deposit amounting to RM226,606 (2007: RM219,548) had been pledged as security for banking facilities granted to a subsidiary company.

The fixed deposit as at 31st December 2008 has a maturity period of 3 months and will mature on 2nd March 2009. It bears interest rate at 3.38% (2007: 3.38%) per annum.

15. SHORT TERM FUNDS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short term funds (Note 31)	2,579	7,246	1,476	7,246
Redeemable at call	1,341	6,120	238	6,120
Redeemable upon 7 day notice	1,238	1,126	1,238	1,126
	2,579	7,246	1,476	7,246

The short term funds represent placements in fixed income trusts with a licensed financial institution, incorporated in Malaysia.

16. SHARE CAPITAL

	Group/Company	
	2008 RM'000	2007 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 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	24,423	16,993	705	146
Effect of adopting FRS 112	1,273	1,759	-	-
At beginning of the year (restated)	25,696	18,752	705	146
Profit for the year	5,173	9,086	2,350	2,215
Effect of adopting FRS 112	-	(486)	-	-
Profit for the year (restated)	5,173	8,600	2,350	2,215
Dividend	(2,268)	(1,656)	(2,268)	(1,656)
	2,905	6,944	82	559
At end of the year	28,601	25,696	787	705
	32,445	**29,540**	**4,631**	**4,549**

18. TERM LOANS - SECURED

	Group	
	2008 RM'000	2007 RM'000
Payable within 2 years	1,099	1,099
Payable next 2 years but within 5 years	1,911	1,911
Payable after 5 years	2,040	2,572
At end of the year	5,050	5,582
Portion repayable within next 12 months (Note 24)	(571)	(533)
At end of the year	**4,479**	**5,049**

The terms of repayment, interest rates and securities are disclosed in Note 24 to the financial statements.

19. HIRE PURCHASE PAYABLES

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Mimimum hire purchase payments:				
Not later than 1 year	2,126	1,219	78	78
Later than 1 year and not later than 5 years	2,734	1,728	181	259
	4,860	2,947	259	337
Less: Future finance charges	(355)	(227)	(18)	(30)
Present value of hire purchase liabilities	**4,505**	**2,720**	**241**	**307**
Present value of hire purchase liabilities:				
Not later than 1 year	1,935	1,060	69	66
Later than 1 year and not later than 5 years	2,570	1,660	172	241
	4,505	**2,720**	**241**	**307**
Instalment due:				
Within next 12 months	1,935	1,060	69	66
After next 12 months	2,570	1,660	172	241
	4,505	**2,720**	**241**	**307**

The hire purchase payables bear interest rate at 1.98% to 4.50% (2007: 2.25% to 5.35%) per annum.

20. DEFERRED TAXATION

	Group 2008 RM'000	Group 2007 RM'000
At 1st January	844	1,757
Effect of adopting FRS 112	-	(1,759)
At 1st January - restated	844	(2)
Recognised in the income statement (Note 28)	(12)	846
At 31st December	**832**	**844**
Presented after appropriate offsetting as follows:-		
Deferred tax assets	(1,702)	(1,273)
Deferred tax liabilities	2,534	2,117
	832	**844**

20. DEFERRED TAXATION (continued)

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 2007	-	-	111	111
Effect of adopting FRS 112	1,759	-	-	1,759
As 1st January 2007 - restated	1,759	-	111	1,870
Recognised in the income statement	(486)	-	(111)	(597)
At 31st December 2007 - restated	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**

Deferred Tax Liabilities

	Group Excess of capital allowances over depreciation	
	2008 RM'000	2007 RM'000
At beginning of the year	2,117	1,868
Recognised in the income statement		
- current year	390	292
- underprovision in prior year	27	176
- effect of difference in deferred tax rates	-	(219)
At end of the year	**2,534**	**2,117**

21. TRADE PAYABLES

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

	Group	
	2008 RM'000	2007 RM'000
United States Dollar	59	898
Singapore Dollar	-	58
Euro Dollar	-	74
Ringgit Malaysia	11,842	15,846
	11,901	**16,876**

The normal trade credit terms granted to the Group range from 30 to 90 (2007: 30 to 90) days.

22. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:-

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Other payables	5,971	5,011	-	-
Accruals	814	1,173	104	33
	6,785	**6,184**	**104**	**33**

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
United States Dollar	1,083	1,693	-	-
Euro Dollar	8	-	-	-
Ringgit Malaysia	5,694	4,491	104	33
	6,785	**6,184**	**104**	**33**

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

23. AMOUNT DUE TO DIRECTORS

Group/Company

The amount due to directors represents non-trade advance and is unsecured, interest free and has no fixed term of repayment.

24. BANK BORROWINGS

	Group 2008 RM'000	Group 2007 RM'000
Secured:		
Term loans (Note 18)	571	533
Bank overdrafts (Note 31)	664	-
	1,235	**533**

The bank borrowings are secured against the following:-

(i) Assignment over certain land and properties belonging to the Group as disclosed in Note 5 and 13 to the financial statements and certain directors' related company.

(ii) All monies facility agreements.

(iii) Pledge of 1st party fixed deposit of RM226,606 (2007: RM219,548) 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 years.

ii) Bank overdrafts : repayable on demand

iii) Bills payables : 120 – 150 days

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

	Group 2008 %	Group 2007 %
Term loans	6.00	3.80-6.00
Bank overdrafts	7.50-7.75	7.50-7.75
Bill payables	3.61-4.79	3.70-4.48

25. REVENUE

Group

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

Company

Revenue represents dividend income received and receivable.

26. FINANCE COSTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Bank charges	208	198	-	-
Bank overdraft interest	14	1	-	-
Bankers acceptance interest	9	8	-	-
Commitment fees	94	91	-	-
Hire purchase interest	274	178	12	10
LC charges	9	16	-	-
Term loan interest	326	326	-	-
	934	**818**	**12**	**10**

27. PROFIT BEFORE TAXATION

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before taxation is stated after charging:-				
Amortisation of prepaid lease payments	26	26	-	-
Allowance for doubtful debts	274	804	-	-
Auditors' remuneration				
- current year	64	64	15	15
- underprovision in prior year	-	3	-	-
Bad debts written off	9	7	-	-
Depreciation				
- property, plant and equipment	4,323	3,591	130	97
- investment property	-	2	-	-
Directors of the Company				
- remuneration	1,700	1,719	20	17
- fees	205	176	205	176
- benefits in kind	303	288	28	19
- other emoluments	34	35	34	35
Impairment loss of leasehold land	223	-	-	-
Loss on disposal of property, plant and equipment	21	-	-	-
Loss on foreign exchange				
- unrealised	15	106	-	-
Property, plant and equipment written off	20	-	-	-
Rental of forklifts	123	80	-	-
Rental of equipment	20	24	-	-
Rental of premises				
- others	23	6	-	-
- paid to a company in which directors have interests	20	22	-	-
Staff cost	16,367	15,332	-	-

27. PROFIT BEFORE TAXATION (continued)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
And crediting:-				
Dividend income received from subsidiaries	-	-	(2,905)	(3,370)
Gain on disposal of investment property	(14)	-	-	-
Gain on disposal of property, plant and equipment	-	(16)	-	-
Gain on short term fund	(9)	-	-	-
Gain on foreign exchange				
- realised	(530)	(191)	-	-
Interest income	(165)	(145)	(150)	(138)

28. TAXATION

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Tax expense for the year:				
- provision for current year	1,129	1,393	53	810
- under/(over) provision in prior year	40	(29)	(20)	(49)
	1,169	1,364	33	761
Deferred taxation:				
Transfer to deferred taxation (Note 20)				
- relating to origination and reversal of temporary differences	14	889	-	-
- relating to changes in tax rates	-	(219)	-	-
- (over)/under provision in prior year	(26)	176	-	-
	(12)	846	-	-
	1,157	**2,210**	**33**	**761**

Income tax is calculated at the Malaysian Statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year.

The tax rate of the subsidiary companies is 20% on the first RM500,000 (2007: RM500,000) of chargeable income for small-medium industries with paid up capital of less than RM2.5 million.

28. TAXATION (continued)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before taxation	**6,330**	**10,810**	**2,383**	**2,976**
Taxation at Malaysian Statutory tax rate at 26% (2007: 27%)	1,646	2,919	620	803
Effect of 20% tax rate for first RM500,000 (2007:RM500,000) taxable income	(120)	(140)	-	-
Effect of adopting FRS 112	-	486	-	-
Expenses not deductible for tax purposes	417	298	82	44
Income not subject to tax	(39)	(37)	(649)	(37)
Double tax deduction	(32)	(48)	-	-
Utilisation of reinvestment allowance	(729)	(1,196)	-	-
Effect of difference in deferred tax rates	-	(219)	-	-
Under/(Over) provision in prior year				
- taxation	40	(29)	(20)	(49)
- deferred taxation	(26)	176	-	-
Tax expense for the year	**1,157**	**2,210**	**33**	**761**

The Group has available unabsorbed reinvestment allowances of approximately RM5,794,000 (2007: RM5,256,000) for utilisation against future taxable income.

The Company and its subsidiary companies have tax exempt income of approximately RM197,000 (2007: RM120,000) and RM22,567,000 (2007: RM22,584,000) respectively from which tax exempt dividend may be declared.

The Company and its subsidiary companies have tax credit of approximately RM379,000 (2007: RM430,0000) and RM8,971,800 (2007: RM8,486,000) 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.

29. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net 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	
	2008	**2007**
Consolidated profit after tax (RM'000)	**5,173**	**8,600**
Weighted average number of shares of RM0.50 each ('000)	**81,000**	**81,000**
Basic earnings per share (sen)	**6.39**	**10.62**

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

30. DIVIDEND

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

	Group/Company	
	2008 RM'000	**2007 RM'000**
In respect of the financial year ended 31st December 2006		
Final dividend of 2.80 sen gross per share less 27% of income tax	-	1,656
In respect of the financial year ended 31st December 2007		
Final tax exempt dividend of 2.80 sen per share	2,268	-
	2,268	**1,656**

Subsequent to 31st December 2008, the directors recommended 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 which is subject to shareholders' approval at the forthcoming Annual General Meeting. The dividend will be recognised in the subsequent financial year upon approval by the shareholders.

31. CASH AND CASH EQUIVALENTS AT END OF THE YEAR

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances	4,952	1,455	89	77
Fixed deposit (Note 14)	227	219	-	-
Short term funds (Note 15)	2,579	7,246	1,476	7,246
Bank overdrafts (Note 24)	(664)	-	-	-
	7,094	8,920	1,565	7,323
Less:				
Fixed deposit pledged (Note 14)	(227)	(219)	-	-
	6,867	**8,701**	**1,565**	**7,323**

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
United States Dollar	221	270	-	-
Ringgit Malaysia	4,728	1,178	89	77
Others	3	7	-	-
	4,952	**1,455**	**89**	**77**

32. CAPITAL COMMITMENT

	Group	
	2008 RM'000	2007 RM'000
Approved and contracted but not provided for:		
Construction of building	15,407	-
Purchase of plant and machinery	2,559	2,081
	17,966	**2,081**

33. CONTINGENT LIABILITIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(A) Secured: Letter of credit issued by a 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	-	-	71,256	51,133

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.

34. SEGMENTAL INFORMATION

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

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) During the year, Euro Chairs Manufacturer (M) Sdn Bhd, a wholly owned subsidiary of the Company entered into a sale and purchase agreement to dispose off its leasehold land for a total consideration of RM2,203,326.

The transaction had not been concluded as at the year ended 31st December 2008.

(ii) The Board of Directors had authorised and approved the construction of a plant by Euro Space Industries (M) Sdn Bhd, a wholly owned subsidiary of the Company, for a contracted sum of approximately RM20 million.

36. 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.

36. FINANCIAL INSTRUMENTS (continued)

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

(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	
	2008	2007
	%	%
Financial Assets		
Fixed deposits with a licensed bank	3.42	3.42
Financial Liabilities		
Hire purchase payables	3.56-8.31	4.28-8.31
Term loans	6.00	3.80-6.00
Bills payable	3.61-4.79	3.70-4.48
Bank overdrafts	7.50-7.75	7.50-7.75

(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 2008, the foreign currency forward contracts which have been entered by the Group for its trade receivables and payables are as follows:-

	Amount in RM'000	Average Contract Rate
Trade receivables/payables		
United States Dollar	388	3.54
Singapore Dollar	240	2.39
Euro Dollar	2,164	4.65

These contracts mature within 1 to 4 months from the balance sheet date.

36. FINANCIAL INSTRUMENTS (continued)

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

(ii) Foreign Exchange Risk (continued)

The unrecognised gain associated with anticipated future transactions is 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, 21, 22 and 31 respectively.

(iii) Liquidity and Cash Flow Risk

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

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

(iv) Credit Risk

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

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

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 sheet 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.

36. FINANCIAL INSTRUMENTS (continued)

(B) Fair Value (continued)

(a) Recognised financial instruments (continued)

(ii) Borrowings

The fair value of the fixed rate term loan has been determined by discounting the expected future cash flows using the current interest rates for similar instruments at the balance sheet date.

Financial Liabilities	Carrying amount RM'000	Fair value RM'000
Term loans	5,050	4,832

(b) Unrecognised financial instruments

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

37. 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.

37. 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	**2008 RM'000**	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Income earned:						
Dividend income (Note 27)	-	-	-	-	2,905	3,370
Expenditure incurred:						
Rental of staff accommodation	-	-	20	22	-	-
Sub-contractor fees	439	577	-	-	-	-
	439	**577**	**20**	**22**	**-**	**-**

(b) Related party balances

The related party balances as at the balance sheet date are disclosed in Note 12 and 23 to the financial statements.

(c) Key Management Personnel Compensation

The key management personnel compensation are as follows:-

	Group		Company	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Directors				
- Salaries, allowances and contributions to Employee Provident Fund	1,734	1,754	54	52
- Fees	205	176	205	176
- Benefits-in-kind	303	288	28	19
	2,242	2,218	287	247
Senior Management				
- Salaries, allowances and contributions to Employee Provident Fund	1,224	1,456	-	-
- Benefits-in-kind	2	3	-	-
	1,226	1,459	-	-
	3,468	**3,677**	**287**	**247**

38. COMPARATIVE FIGURES

Certain comparative figures are restated in respect of the financial year ended 31st December 2007 to reflect the adoption of FRS 112 Income Taxes and to conform with current year's presentation.

	As restated RM'000	As previously reported RM'000
BALANCE SHEET		
Reserves	29,540	28,267
Deferred taxation	844	2,117
INCOME STATEMENT		
Taxation	(2,210)	(1,724)
Profit attributable to shareholders of the Company	8,600	9,086
Basic earning per shares (sen)	10.62	11.22

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 78 are drawn up in accordance with applicable approved Accounting 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 2008 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: 23rd April 2009

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 78, 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 23rd April 2009

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

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 sheet as at 31st December 2008 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 78.

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 2008 and of their financial performance and cash flows of the Company for the year then ended.

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.

Report on Other Legal and Regulatory Requirements (continued)

(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: 23rd April 2009

Analysis of Shareholdings

As at 23rd April 2009

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	0.14	100	0.00
100 - 1,000	1,024	70.18	164,802	0.21
1,001 - 10,000	247	16.93	1,256,602	1.55
10,001 - 100,000	123	8.43	4,462,280	5.51
100,001 - 4,049,999	58	3.98	42,454,135	52.41
4,050,000 and above	5	0.34	32,662,081	40.32
Total	**1,459**	**100.00**	**81,000,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	Direct Interest	No. of Shares held %
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.	Name of Shareholders	Direct Interest	No. of Shares held %
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 (continued)

As at 23rd April 2009

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 Aziz	10,140,785	12.52
2	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Fatt Sin	6,000,000	7.41
3	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Fatt Sin	6,000,000	7.41
4	Dato' Choong Yuen Keong @ Tong Yuen Keong	5,810,000	7.17
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	3.70
8	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Choong Yuen Keong @ Tong Yuen Keong	2,600,000	3.21
9	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Teoh Lian Hong	2,486,400	3.07
10	Teh Hock Toh	2,389,853	2.95
11	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Law Sim Shee	2,070,867	2.56
12	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato'Sri Mohd Haniff Bin Abd Aziz	2,009,215	2.48
13	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Teh Hock Toh	1,900,148	2.35
14	NLY Development Sdn Bhd	1,621,100	2.00
15	Lew Fatt Sin	1,558,851	1.93
16	Tew Boo Sing	1,346,500	1.66
17	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Kok Fatt	1,306,900	1.61
18	Khong Saw Keng	1,015,200	1.25
19	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Hock Toh	1,000,000	1.23
20	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Fatt Sin	1,000,000	1.23
21	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Sim Shee	1,000,000	1.23
22	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Hock Toh	1,000,000	1.23
23	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Hock Toh	1,000,000	1.23
24	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Chee Keong	986,300	1.22
25	Chong Sin Lai @ Song Sin Lai	847,000	1.05
26	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Moon Thiam	614,000	0.76
27	Phang Yik Fui	485,000	0.60
28	Goh Siew Hoo	470,100	0.58
29	Lee Seng On	408,700	0.51
30	Teo Kwee Hock	394,400	0.49
		68,633,576	**84.73**

Group Properties

As at 31st December 2008

Registered/ Beneficial Owner	ECM	ECM	ESI	ESI
Location	Bearing postal address: Lot 11, Jalan Perusahaan Satu Kawasan Perindustrian Batu 20 Jalan Rawang 48000 Rawang Selangor Darul Ehsan	H.S.(D) 86293 No Lot. 178 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 21, Jalan RP 3 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 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	Vacant industrial land^	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.)	122,407	87,126	82,654	210,101
Built-up area (sq. ft.)	N/A	94,500	63,938	110,000
Approximate age of building/ Tenure	Leasehold for 99 years from the date of individual land title to be issued	12 years/Freehold	11 years/Freehold	2 years/Freehold
Net book value as at 31 Dec 2008 (RM'000)	2,426	6,251	5,578	13,603
Year of acquisition/ revaluation*	1997	1996 2004#	1997*	2005

* Revalued
^ The master title of the land has not been sub-divided yet.
\# The building was constructed in 1996 whereas the land was only acquired in 2004.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of Euro Holdings Berhad ("EURO" or "the Company") will be held at Green II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Off Jalan Tropicana Utama, 47410 Petaling Jaya on Thursday, 25 June 2009 at 2.30 p.m. for the transaction of the following businesses:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To declare a first and final tax exempt dividend of 2.0 sen per Ordinary Share of RM0.50 for the financial year ended 31 December 2008. **(Resolution 2)**

3. To re-elect the following Directors who retire pursuant to the following Articles of Association of the Company:

   Article 73

   Dato' Sri Mohd Haniff Bin Abd Aziz **(Resolution 3)**
   Lew Fatt Sin **(Resolution 4)**
   Law Sim Shee **(Resolution 5)**

   Article 78

   Tan Poh Ling **(Resolution 6)**

4. To approve the payment of Directors' fees amounting to RM204,600 for the financial year ended 31 December 2008. **(Resolution 7)**

5. To re-appoint Messrs HALS & Associates as Auditors of the Company for the financial year ending 31 December 2009 and to authorise the Board of Directors to fix their remuneration. **(Resolution 8)**

Special Business

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

   ORDINARY RESOLUTION 1
   Authority to allot shares **(Resolution 9)**

   "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."

ORDINARY RESOLUTION 2

Proposed authority to the Company to purchase its own share of up to ten per cent (10%) of the issued and paid-up share capital ("Proposed Share Buy-Back") **(Resolution 10)**

"THAT subject to compliance with the the Act, the Memorandum and Articles of Association of the Company, the 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 Share Buy-Back") 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;

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 deemed fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back contemplated and/or authorised by this resolution."

ORDINARY RESOLUTION 3

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") **(Resolution 11)**

"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 2009 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 general meeting,

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 deemed fit and expedient in the interest of the Company to give full effect to the Proposed Renewal of RRPT Mandate contemplated and/or authorised by this resolution.

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

NOTICE OF ENTITLEMENT AND PAYMENT OF FIRST AND FINAL DIVIDEND

NOTICE IS HEREBY GIVEN THAT subject to the approval of Members at the Fifth Annual General Meeting to be held on 25 June 2009, a first and final tax exempt dividend of 2.0 sen per Ordinary Share of RM0.50 for the financial year ended 31 December 2008 will be paid on 16 July 2009 to Depositors whose name appear in the Record of Depositors on 30 June 2009.

A Depositor shall qualify for entitlement to the dividends only in respect of:

a. Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 30 June 2009 in respect of transfers; and

b. Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Tai Keat Chai
Lim Hooi Chin
Company Secretaries

Kuala Lumpur
Date : 2 June 2009

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 2009 which is circulated with the 2008 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 2009 which is circulated with the 2008 Annual Report.*

Statement Accompanying Notice of Annual General Meeting

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

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION

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

Article 73

Dato' Sri Mohd Haniff Bin Abd Aziz
Lew Fatt Sin
Law Sim Shee

Article 78

Tan Poh Ling

The Directors are subject to retirement pursuant to Article 73 and Article 78 of the Articles of Association of the Company. The details of the Directors who are standing for re-election and their particulars are set out in the Profile of the Board of Directors which appears on page 6 to page 8 of this Annual Report and Statement of Directors' Shareholdings on page 82.

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Five (5) Board of Directors' Meetings were held during the financial year ended 31 December 2008. Details of attendance of Directors at the Board Meetings are as follows:

Name of Directors	Attendance	Percentage of attendance (%)
Dato' Sri Mohd Haniff Bin Abd Aziz	5/5	100
Lew Fatt Sin	5/5	100
Law Sim Shee	5/5	100
Lew Hin	5/5	100
Teh Hock Toh	5/5	100
Foong Yein Teng	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
Dato' Choong Yuen Keong @ Tong Yuen Keong	5/5	100

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

Date : 25 June 2008 (Thursday)

Time : 2.30 p.m.

Venue : Green II, Tropicana Golf & Country Resort,
Jalan Kelab Tropicana, Off Jalan Tropicana Utama, 47410 Petaling Jaya

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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 Fifth Annual General Meeting of the Company to be held at Green II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Off Jalan Tropicana Utama, 47410 Petaling Jaya on Thursday, 25 June 2009 at 2.30 p.m or at any adjournment thereof.

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

		FOR	AGAINST
RESOLUTION 1	Adoption of Reports and Audited Financial Statements for the year ended 31 December 2008		
RESOLUTION 2	Declaration of a first and final tax exempt dividend of 2.0 sen per Ordinary Share of RM0.50 for the financial year ended 31 December 2008.		
RESOLUTION 3	Re-election of Dato' Sri Mohd Haniff Bin Abd Aziz		
RESOLUTION 4	Re-election of Lew Fatt Sin		
RESOLUTION 5	Re-election of Law Sim Shee		
RESOLUTION 6	Re-election of Tan Poh Ling		
RESOLUTION 7	Approval of the payment of Directors' fees		
RESOLUTION 8	Re-appointment of Auditors		
RESOLUTION 9	Approval for Directors to issue shares pursuant to Section 132D		
RESOLUTION 10	Proposed Share Buy-Back Authority		
RESOLUTION 11	Proposed Renewal of Shareholders' Mandate for recurrent party transactions of a revenue or trading nature		

Signed this................ day of 2009

....
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

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AFFIX
STAMP

THE COMPANY SECRETARY
EURO HOLDINGS BERHAD (646559-T)
Suite 1603, 16th Floor
Wisma Lim Foo Yong
No. 86 Jalan Raja Chulan
50200 Kuala Lumpur

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EURO™

inspiration at work

Wisma Euro Lot 21
EURO II Lot 15
EURO III Lot 25

Rawang Industrial Estate
48000 Rawang
Selangor Darul Ehsan, Malaysia

tel +603 6092 6666
fax +603 6092 5000

corporate@eurochairs.com
www.eurochairs.com