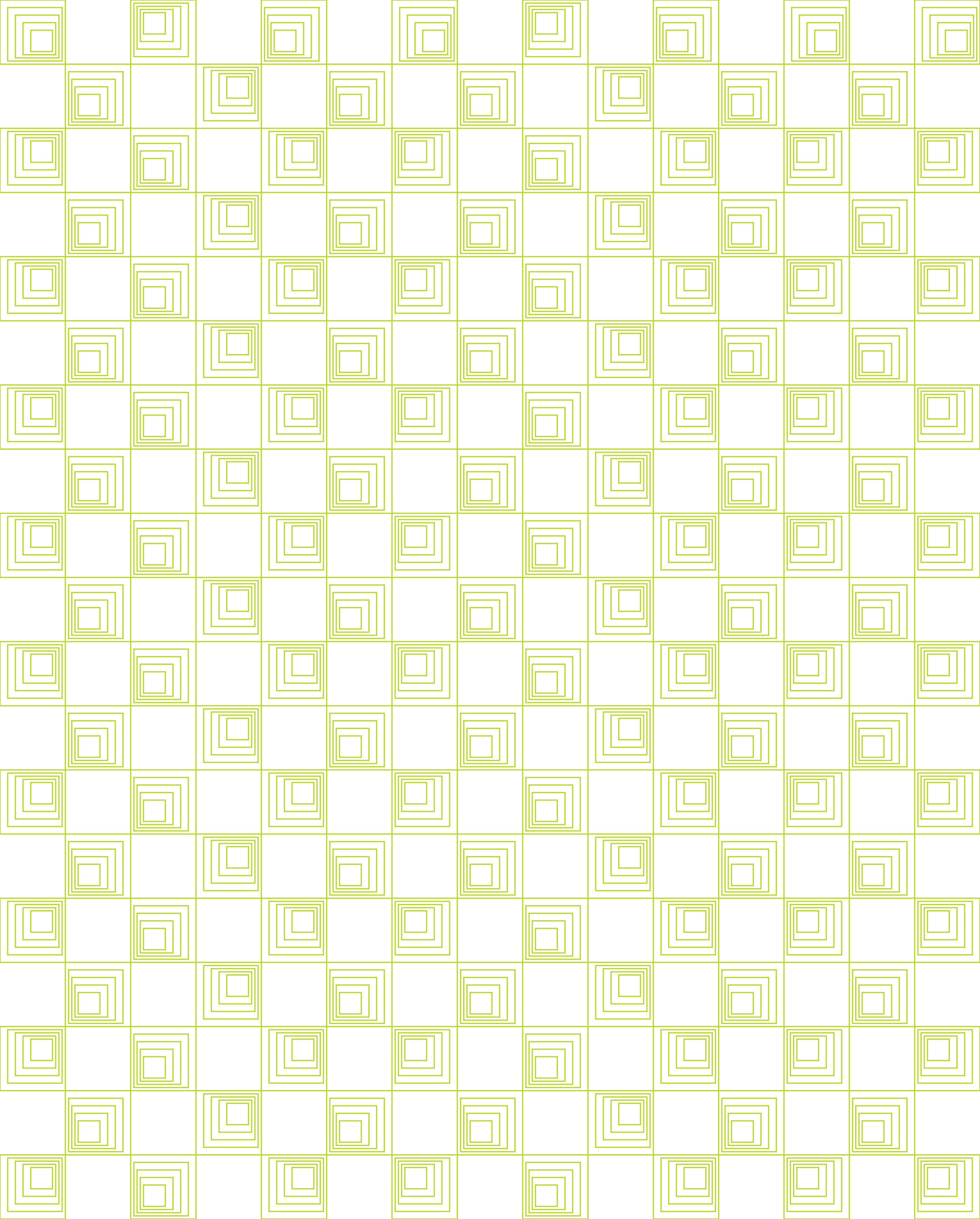
EURO™
inspiration at work

Annual Report **2010**



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Corporate Information

Board of Directors

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

Lew Fatt Sin
Group Managing Director

Law Sim Shee
Executive Director

Lew Hin
Executive Director

Teh Hock Toh
Executive Director

Foong Yein Teng
Executive Director

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

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

Ng Wai Pin
Independent Non-Executive Director

Pua Kah Ho
Independent Non-Executive Director

Tan Poh Ling
Independent Non-Executive Director

Audit Committee

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

Ng Wai Pin
Member, Independent Non-Executive Director

Tan Poh Ling
Member, Independent Non-Executive Director

Remuneration Committee

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

Ng Wai Pin
Member, Independent Non-Executive Director

Lew Fatt Sin
Member, Group Managing Director

Nomination Committee

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

Pua Kah Ho
Member, Independent Non-Executive Director

Law Sim Shee
Member, Executive Director

Company Secretaries

Tai Keat Chai - MIA 1688
Lim Hooi Chin - MAICSA 7025949

Registered Office

Suite 1603, 16th Floor, Wisma Lim Foo Yong
86 Jalan Raja Chulan, 50200 Kuala Lumpur
T : (603) 2732 1377
F : (603) 2732 0338

Head Office

Wisma Euro
Lot 21, Rawang Industrial Estate
48000 Rawang, Selangor Darul Ehsan
T : (603) 6092 6666
F : (603) 6092 5000
Email : corporate@eurochairs.com
Website : www.eurochairs.com

Auditors

HALS & Associates (A.F. 0755)
Chartered Accountants
Suite 1602, 16th Floor, Wisma Lim Foo Yong
86 Jalan Raja Chulan
50200 Kuala Lumpur
T : (603) 2732 0322
F : (603) 2142 3116

Share Registrar

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

Principal Bankers

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

Stock Exchange Listing

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

Corporate **Structure**

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)

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

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

100% Euroland
Euroland & Development Sdn Bhd
(936529-K)

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EURO HOLDINGS BERHAD
(646559-T)

Board Of **Directors**

from right to left

1. Lew Fatt Sin 2. Teh Hock Toh 3. Pua Kah Ho

4. Datuk Dr Syed Muhamad Bin Syed Abdul Kadir 5. Foong Yein Teng 6. Dato' Sri Mohd Haniff bin Abd Aziz

7. Law Sim Shee 8. Tan Poh Ling

9. Dato' Choong Yuen Keong @ Tong Yuen Keong 10. Lew Hin 11. Ng Wai Pin

Dato' Sri Mohd Haniff bin Abd Aziz

Chairman, Non-independent and Non-Executive Director

Dato' Sri Mohd Haniff, a Malaysian aged 57, 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 57, 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 35 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 58, 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 60, 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 46, is a Malaysian who was appointed the Executive Director of EURO on 1 October 2004. He joined EURO Group in 1988 as a Sales Executive and was later promoted to Sales Manager in 1990. With diligence and good management skills, he ascended the corporate ranks efficiently and became the General Manager in 1994. With 21 years of experience in marketing office furniture and equipment, his forte lies in identifying new market opportunities and product development. He is primarily responsible for the overall marketing strategies for EURO Group and heads the Business Development Department. Teh Hock Toh does not hold any directorship in other public listed companies.

Foong Yein Teng

Executive Director

Foong Yein Teng is a 41-year old Malaysian. She was appointed Executive Director of EURO on 1 October 2004. 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 and business advisory services. In 1995, she joined Land & General Berhad as Assistant Manager in the Group Accounts Division, and came on board of EURO Group in 1997 where she is responsible for the Group's Finance and Accounts. She holds no directorship in other public listed companies.

Dato' Choong Yuen Keong @ Tong Yuen Keong

Non-Independent, Non-Executive Director

Dato' Choong Yuen Keong, a 52-year old Malaysian, was appointed Non-Independent and Non-Executive Director of EURO on 24 April 2007. He started his career in construction site management and after eleven years, he moved on to the management of property development where he served for twenty one years. With his wealth of experience in civil engineering, building construction and property development, he is presently the Managing Director of several property development companies which he owns. Spearheading the reputable Beverly Heights project since 2003, Dato' Choong is now venturing into a similar prestigious project in Penang which offers state-of-the-art living conditions, characterized by ultra-modern facilities. He also owns and heads the Management of Menara Klang, which comprises an eight-storey shopping complex and a sixteen-storey office block. 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 63 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), a Doctorate in Business Management from the Virginia Polytechnic Institute and State University (USA). In 2005, he obtained a Bachelor of Jurisprudence (Hons) degree from the University of Malaya, which was followed with a Certificate in legal practice in 2008. In 2009, he completed his LLM (Corporate Law) degree from Universiti Teknologi Mara (UITM). During his long tenure in public service, he was Secretary General (Operations) and Secretary of Tax Analysis Division of the Ministry of Finance, Deputy Secretary (Foreign and Domestic Borrowing, Debt Management) of the Finance Division and Secretary of Higher Education Division of the Ministry of Education. While serving in the Ministry of Human Resource, he was also a board member of the National Institute of Public Administration Council, the National Productivity Centre and the Employees Provident Fund. Datuk Dr Syed Muhamad held various directorships and served as a committee member in several public agencies and companies, which include Pos Malaysia Berhad, Telekom Malaysia Berhad, Malayan Railways and the University of Malaya. Currently, he is a board member of Bumiputra-Commerce Holdings Berhad, CIMB Bank Berhad, CIMB Islamic Berhad, CIMB Bank (L) Ltd, Bursa Malaysia Berhad, Solution Engineering Holdings Berhad and BSL Corporation Berhad.

Ng Wai Pin
Independent Non-Executive Director

Ng Wai Pin is a 46-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 62, 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 41 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 more than 20 years of experience in the field of auditing, accounting, taxation, business advisory and corporate finance, encompassing professional firms, multi national companies and private companies. Currently, she is the managing partner of an audit firm. Tan Poh Ling does not hold any directorship in other public listed companies.

NOTES :

1. *Save as disclosed above, none of the Directors have:*
   a. *any family relationship with any directors and/or substantial shareholders of the Company; and*
   b. *any conflict of interest with the Company*
2. *None of the Directors have any conviction for offences (other than traffic offences) within the past 10 years.*

Chairman's **Statement**

Chairman's **Statement**

(continued)

Economy and Industry Review

More than a year ago, the world was bracing itself for the worst as it entered the breach of a global recession. For most, this was ensued by the most difficult period of operations to weather the imminent storm and hopefully, rising above it. Today, there is collective reprieve as economic activities in most developing countries are, though slowly but surely, on the road to recovery by regaining satisfactory trend growth rates.

Domestically in Malaysia, the economic growth in 2010 surpassed the official expectation of 7%, by registering at 7.2%. Spending by households and businesses also drove private consumptions up steeply to report a growth rate of 5.3% in the past year as compared to 1.2% in 2009.

On the whole, the furniture industry is still recovering from weak demand. The Malaysian Furniture Entrepreneurs Association ("MFEA") projected the furniture export revenue to reach RM9 billion for 2010 with actual total recorded at RM7.96 billion. While this was an increase of 4.4% in comparison to the 2009 figures, it fell short of the anticipated RM10 billion target set by the government. Although furniture demand conditions have been slowly improving, the uncertainties in the leading furniture importing countries such as United States, France and the United Kingdom, continued to dampen demand. In contrast, the Asian markets have been more dynamic, registering higher economic growth and boom in real estates.

Financial Performance

The Group saw an improvement in performance for the full year ended 31 December 2010, with rejuvenated revenue at RM88.2 million against FY2009's RM64.9 million. The increase in revenue cushioned the loss before tax to RM2.7 million as compared to RM4.9 million in the previous year. Similarly, loss after tax was reduced from RM3.5 million in 2009 to RM1.5 million for 2010. The loss per share is at 1.89 sen per share, against 4.34 sen per share the year before. The Group's net asset depreciated slightly from 83.72 sen per share in 2009 to 81.84 in 2010.

The market demand for office furniture was still weak and remained unpredictable with the continued uncertainties in the developed markets. While the Group managed to achieve stable revenue which was considerably higher than the 2009 level, it remained low with no major leads and opportunities. However, overseas demand recovered considerably from 2009, listing an increase of 71% in the Group's exports revenue. More projects were jumpstarted, but no significant increase was noted as demand remained flat in the wary market.

Awards & Accreditations

We are proud to share the following honors as further testaments of the Group's effective brand-building strategy and commitment to corporate management:

- Brandlaureate Award 2009/2010, the crème-de-la-creme in branding organised by the Brand Laureate Sdn. Bhd., a member of the Asia Pacific Brands Foundation where Euro clinched its fourth consecutive win.

- Furniture Leadership Award ("FLA") Malaysia for Brand Excellence and Best Overall Award 2010, organized by APS Media Group, the publisher of Furniture and Furnishing International Export (a member of International Alliance of Furnishing Publications representing South East Asia), and endorsed by the Malaysian Furniture Promotion Council ("MFPC").

- Asian Furniture Leadership Award 2010, organized by the same organizer of FLA, for Brand Excellence recognition in the ASEAN region, where participating countries included China, Japan, Korea, Vietnam and Thailand.

One of our subsidiaries, Euro Chairs System Sdn. Bhd. was awarded the Industry Appreciation Award by the Malaysian Society of Interior Designers ("MSID") for the company's continuous support to MSID and contribution to the development of the Interior Design industry. We are proud to be one of the only two recipients of the awards and we will continue to pledge our unwavering support to the Interior Design industry, which is inseparable from the furniture project business.

Participated in the 2010 Malaysian International Furniture Fair held in Kuala Lumpur, the Group also won the Merit Award for Best Presentation for its booths.

In 2010, the Group continued to intensify its efforts in achieving higher level of environmental performance and product sustainability. To this end, the Group had successfully attained the highly reputable Greenguard certification by the Greenguard Environmental Institute for certain ranges of its system furniture and office seatings. The Group will continue on with its green initiatives towards preserving the environment, but will not compromise on product functionality, quality and aesthetics.

Outlook & Prospects

Although business sentiment may improve on the back of government's stimulus packages and the expected fairer weather in developed economies around the world, the Group remains cautious on the general economic outlook of the manufacturing of furniture, with anticipation of rising material costs and inflation. The oil and commodity prices have been creeping upwards and are likely to rise further, possibly sending a spiraling effect on material and operation costs. Further, the intense market competition in the furniture industry and the rising value of the Ringgit against USD may dampen selling price and impact the group's margin.

Nevertheless, the Group remains optimistic of the long term prospects of the global furniture industry and is fully committed to address issues confronting its business currently. The Group will closely monitor the development of commodity prices, evaluate and adjust its pricing strategies accordingly. To maintain margin sustainability, the Group will leverage on operational efficiencies and cost saving initiatives. We will also strengthen our efforts in tapping our existing business network to expand and penetrate existing and new markets to increase our revenue base. The Group will therefore work rigorously towards creating new opportunities and will capitalize on the recovering economy.

Dividends

The Board of Directors does not recommend any payment of final dividend for the year ended 31 December 2010. This is to conserve cash to meet working capital requirements and expansion plans of the Group.

Appreciation

The hardwork and dedication of our board, management team and employees are once again demonstrated in these trying times. There is no doubt that EURO is a stronger company through everyone's efforts and that which does not destroy us, has truly made us better. With your continuous commitment and dedication to Euro, the best is definitely yet to come.

To our business associates, bankers and various government agencies, our heartfelt gratitude for your unwavering support in the work that we do. Last but not least, a big thank you to our valued customers and stakeholders for your confidence in the long term prospects of the Group. You inspire us to be unrelenting in delivering our promises to you.

Thank you.

Dato' Sri Mohd Haniff bin Abd Aziz
Chairman

Group **Managing Director's**
REVIEW OF OPERATIONS

Group **Managing Director's** Review Of Operations

(continued)

2010 proved to be a more encouraging year where product demand was steady though quarterly revenue averaged in the lower range of RM 21 million to RM 23 million, with the absence of the year-end boost previously experienced. Also observed was the revival in the export market where demand improved notably within the Asian and Middle East region, but no significant leads emerged from the US and European markets.

BUSINESS REVIEW

Revenue of RM 88.2 million was registered for 2010, as compared to RM64.9 million in 2009. This was equivalent to an increase of 35.9% on a year-to-year basis, where positive export demands contributed 62% to the total revenue generated, against 49% recorded in 2009. There were more on-going projects for our overseas market as the global economy gradually improved, with the strongest growth performance recorded among developing countries in Asia. This region is predicted to continue to drive the global economy recovery with output growth of 6% annually for 2011 and 2012.

DOMESTIC MARKET

RM33.6 million-revenue was generated locally in 2010, a 1.8% increase from 2009's RM33.3 million. The domestic market for furniture remained cautious and quiet despite robust Malaysian economic growth for 2010, primarily due to the hike in borrowing and business costs with the country's central bank increasing its policy rate thrice during the year. Rising inflation and interest rates had also exacerbated the situation and further dampened business sentiment, created little momentum for the overall office furniture demand.

EXPORT MARKET

In 2010, the businesses of overseas clients were rejuvenated from the recession and they began rolling out new projects as well as reviving previously suspended projects.

In the Indian market where the Group suffered a major revenue setback the year before, it recovered with a heartening growth rate, though the projects were executed each with caution as businesses remained careful, with price being the key factor. Euro successfully secured projects with India's best such as ICICI Bank, Ernst & Young and Qualcom India, just to mention a few. At the same time, our southern neighbour, Singapore was also abuzz with projects due to the invigorated boom in property, which translated into higher furniture demand as compared to 2009.

There were also more tenable return-of-orders from the Middle East subsequent to the recovery of the financial crisis that hit Dubai last year. Certain middle-eastern countries also experienced economy boom, which the Group managed to capitalise on. However, business had slowed down once again as of late, following the political unrests spreading in the region.

PRODUCT LAUNCHES IN 2010

In line with Euro's mission to provide total office solution to our clients and to address competitive market's evolving needs and demands, the following products were launched in 2010:

i. Headline office chairs – a new low back executive chair and an alternative cantilever base to further complement the existing range of headline chairs launched in 2009; using 80% of environmentally-approved materials with multiple options for reutilization and recycling.

ii. Metal storages – new additions to the current steel storage line, enhanced with compacters, tambour door cabinets and additional lockers.

OPERATION EXPANSIONS

To better serve our current and new clientele, the Group completed phase II of Plant 3 with enhanced capacity and new production lines, simultaneously adding 160,000 square feet in space where the plant is expected to be fully operational by middle of 2011. Euro will also invest in high-tech and advanced-machineries to produce consistent high-quality output, at lower cost and to reduce dependence on labour. The production lines will be reviewed and rationalized to further improve on efficiency.

LOOKING AHEAD

While the global recovery seems to be on the mend, the social and political turmoil in the Middle East could put a dent to the momentum as witnessed by rising oil and commodity prices and worrisome inflationary pressure. These factors will directly impact input cost for operators in the manufacturing and production industry.

At the local front, The Economic Transformation Programme launched by the government to propel Malaysia into a high-income economy will depend on its implementation and the responses from the private sector. At this point, projects in the local furniture scene remained flat for the first half of 2011, so the Group views the economic outlook of the office furniture manufacturing to remain challenging.

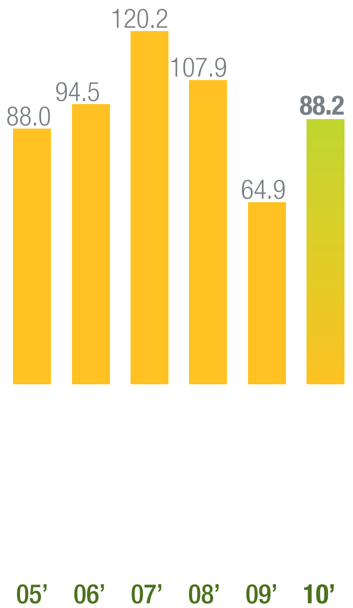
The Group also foresees the continuation of a cost-conscious market where it is crucial to strike a balance between maintaining product quality, sustaining productivity and absorbing the hike in commodity prices and inflation, which was worsened by the gradual removal of government subsidies. The appreciation of Ringgit against USD will retain its unfavorable effect on Euro's export revenue.

The Group will need to carve into new and emerging markets to diversify revenue opportunities and sustain long-term growth strategy. Standing out in terms of product quality, design, innovativeness, reliability and with emphasis on environmental preservation will help us to rise above and stay ahead of the competition. The Group is also looking to forge new alliances with business partners to garner a stronger foothold in the Asian market. Maintaining existing clients by lending an ear to their feedback and input to offer more comprehensive office solutions has always been essential.

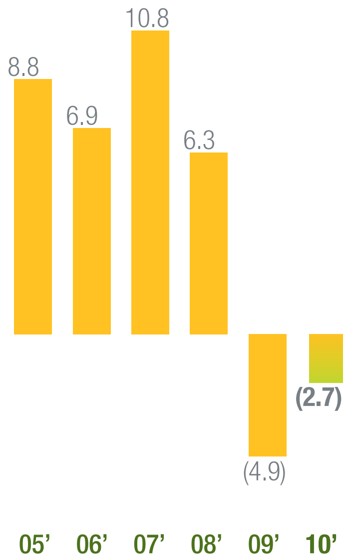
With worldwide demand for furniture projected to grow by 8% to 10% in 2011 and hopefully the worst behind us, let us look forward and work harder together to strive for better performance and higher return.

Lew Fatt Sin
Group Managing Director

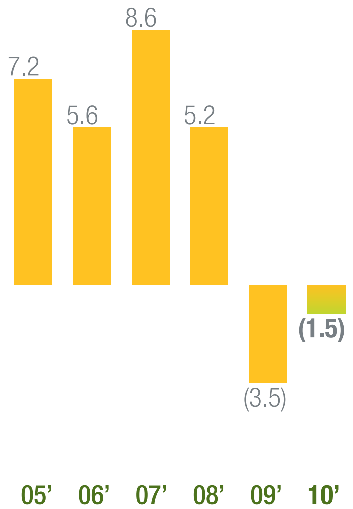
Group **Financial Highlights**



Revenue (RM Million)



Profit/(Loss) Before Tax (RM Million)



Profit/(Loss) After Tax (RM Million)

Statement On **Corporate Governance**

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

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

SECTION 1: THE BOARD OF DIRECTORS

THE BOARD SIZE AND BALANCE

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

COMPOSITION

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

DUTIES AND RESPONSIBILITIES OF THE BOARD

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

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

(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
Tan Poh Ling	5/5	100

SUPPLY OF INFORMATION

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

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

All Directors, whether as a full Board or in their individual capacity, have access to the advice of the Company Secretary and management staff. Where considered necessary, the Board may also engage the services of Independent Professional Advisors on specialized issues in furtherance of their duties.

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' Main LR, all Directors are required to retire from office once at least in each three (3) years, and shall be eligible for re-election. The Articles of Association also require 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.

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 2010 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	-	1,492	109	277	1,878
Non-Executive Directors	238	50	-	28	316
Total	238	1,542	109	305	2,194

Remuneration Bands

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

Note:

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

DIRECTORS' TRAINING AND EDUCATION

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

During the year, 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 the Directors in 2010 are as follows:

Corporate Governance	• Getting up to Speed with Governance – Is your Board Equipped? * • The Corporate Governance Guide 2009 • Forum by Public Listed Companies: Corporate Governance Best Practices
Role of an Effective Board	• Views from the Boardroom – Challenges Directors Face • Continuing Obligations of Directors of Listed Companies
Management	• Leading Championship Strategies • Going Forward: Risk & Reform - Implications for Audit Committee Oversights • Risk Management in Audit Practices
Accounting and Economics	• An overview of FRS 139, Financial Instruments: Recognition and Measurement • The all new year 2010 edition quarterly interim financial reporting & the various new standards, interpretations and amendments to the various standards • Global Market Outlook for 2010 • World Islamic Economic Forum: Empowering Leaders of Tomorrow – Connect and Collaborate • Borderless & Globalisation - No Pain, No Gain • Collaborating and Competing in the New Economic Order • Derivatives : What Directors and Senior Management should know • Dawn of the New Decade - Alternative Investments in Asia • World Conference of Accountants 2010 • Furniture Leadership Award 2010 - International Conference and Business Matching

* *Attended by all Directors - An in-house training provided by an external training provider*

SECTION 2: COMMITTEES OF THE BOARD

The Board had delegated certain responsibilities and duties to the Board Committees which operate within clearly defined terms and reference to assist the Board in the running of the Group. This is to allow the members of the Board Committees to deliberate and examine issues in greater details and subsequently recommend and report to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board. The Board Committees for the financial year under review 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

- AUDIT COMMITTEE

  The Audit Committee comprises of three (3) independent Non-Executive Directors as at the end of the year. The composition, responsibilities, detailed term of reference and the activities of the Audit Committee during the financial year are set out separately in the Audit Committee Report on page 27 to page 30 of this Annual Report.

- NOMINATION COMMITTEE

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

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

  - Pua Kah Ho
    Member, Independent Non-Executive Director

  - Law Sim Shee
    Member, Executive Director

  Meetings of the Nomination Committee are held at least once a year or as and when necessary.

- 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

SECTION 3: SHAREHOLDERS

INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

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

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

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

THE ANNUAL GENERAL MEETING ("AGM")

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

SECTION 4: ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

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

The quarterly results were reviewed by the Audit Committee and approved by the Board before being released to Bursa Securities. By presenting the quarterly results and financial statements, the Company is mindful of the necessity to present a balanced assessment of the Group's financial position. The details of the Group's and the Company's financial statements for the financial year ended 31 December 2010 can be found on pages 39 to 98 of the Annual Report.

INTERNAL CONTROL

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 twice a year to review audit plans, audit findings and to facilitate exchange of views on issues requiring attention. The Audit Committee also meets the external auditors without the presence of the executive Directors and management. The role of Audit Committee in relation to the auditors is described in the Audit Committee Report 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 2010, the Board of Directors has:

- adopted suitable accounting polices and applied them consistently;
- where applicable, made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been followed; and
- prepared the annual financial statement on a going concern basis

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.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent fraud and irregularities.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

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

Environmental Preservation

EURO will continue to strive to be environmental friendly in conducting its business. 2010 marked another major milestone for the Group as the Group intensified its efforts in its “Go Green Initiatives”. Besides further enhancing on our ISO 14001 Environment Management System baseline, the Group had successfully obtained Greenguard certification for some of our product range by the Greenguard Environmental Institute.

In 2010, the Group increased its efforts to “Go Green” in which we launched the “Greening the Office” program and in promoting green product offerings. Continuous efforts are being made to “Green” our manufacturing processes i.e. promote recycled materials & using low emission materials, reduce pollution & waste, reuse and increase resource/energy efficient methods and most importantly, instilling environmental conservation awareness among the employees.

The Community

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

Other than the above, EURO has also emphasized CSR within the community by supporting various community services and activities. Some of the initiatives included:

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

CSR initiatives within the Organization:-

Occupational Health and Safety

Euro is committed to provide a healthy and safe working environment to our employees. Clear and written policies, including any updates as well as any training on occupational health and safety matters are provided and communicated to employees. In line with this, we have set up a dedicated committee, spearheaded by the Safety Officer to ensure policies are adhered and implemented effectively and safety audits are conducted periodically. In promoting a safe and healthy workplace for all our staff, Euro is certified with ISO 18001 on Occupational Health and Safety. We continue to eliminate any potential risks of injury or hazards at our workplaces and offices though relevant staff training on health and safety and in promoting good HSE work ethics at all times. Various operational processes are reviewed and updated regularly, so as to ensure safety of personnel at all levels of operations.

Employees Welfare and Development

It is the policy of Euro that its employees are competent on the basis of appropriate education, training, skills and experience. Continuous performance enhancement and development of employees' competencies had been our primary focus in the area of Human Resource development. In this respect, work related trainings and continuous internal and external training programs are provided to all staff, in line with the Group's belief to grow and upgrade our talent pool of workforce.

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

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

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the Main LR 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 2010.

Share Buybacks

The Company had at its Sixth Annual General Meeting held on 28 June 2010, obtained its shareholders' renewal mandate to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company.

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

The Company will seek a renewal of the mandate from its shareholders for the purchase of its own shares at the forthcoming Annual General Meeting to be held on 27 June 2011.

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 2010 amounted to RM 1,000.

Variation in Results

There is no material variance between the audited financial results and the unaudited results previously made for the financial year ended 31 December 2010.

Profit Estimate, Forecast or Guarantee

There was no profit estimate, forecast or 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 Sixth Annual General Meeting of the Company held on 28 June 2010, 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 28 June 2010 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 2010 pursuant to the shareholders' mandate are disclosed in Note 37 to the Financial Statements.

At the forthcoming Annual General meeting to be held on 27 June 2011, 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 3 June 2011 attached to this Annual Report.

Audit Committee Report For The Financial Year Ended 31st December 2010

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 2010.

MEMBERS

The Audit Committee ("the Committee") was established on 3 October 2004. The members who had served during the financial year ended 31 December 2010 and their respective designations are as follows:

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

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

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

TERMS OF REFERENCE

The Committee is governed by the following terms of reference:

1. Composition

The Audit Committee shall be appointed by the Directors from amongst their numbers (pursuant to a resolution of the Board of Directors) and shall be composed of not fewer than three (3) members, all of whom shall be non-executive directors with the majority being independent directors.

At least one member of the Audit Committee:

(i) must be a member of the Malaysian Institute of Accountants; or
(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
   a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
   b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967
(iii) fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities")

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

In the event the elected Chairman is not able to attend a meeting of the Audit Committee, a member of the Audit Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Director.

A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Board of Directors so that a replacement may be appointed before he leaves.

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member, which results in the number of members be reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The term of office and performance of the Audit Committee and each of the members shall be reviewed by the Board at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

2. Duties and functions of Audit Committee

The duties and functions of the Audit Committee are as follows:-

(i) To review the nomination of external auditors, the audit fee and any questions of resignation or dismissal;
(ii) To review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
(iii) To discuss with the external auditor before the audit commences, the nature and scope of the audit
(iv) Approve any appointment or termination of the internal auditor;
(v) To review the effectiveness and the adequacy of the scope, functions, competency and work resources of the internal audit functions and that it has the authority to carry out its work;
(vi) Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function and to report to the Board accordingly;
(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) Major judgemental areas
 (c) Significant adjustments arising from the audit;
 (d) The going concern assumption;
 (e) 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 Main Market Listing Requirements ("Main LR") and all relevant legislations, guidelines and regulations issued by regulatory authorities;
(xvi) To review proposals and implement action plans to effect proposals to meet and maintain required standards and guidelines;
(xvii) To review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
(xviii) To review all related-party transactions and potential conflict of interests situations; and
(xix) To consider other areas as defined by the Board.

3. Rights of the Audit Committee

The Committee is authorised by the Board to investigate any activity within its terms of reference. It shall:-

(i) Have explicit authority to investigate any matters within its terms of reference;
(ii) Have the resources which it needs to perform its duties;
(iii) Have full access to any information pertaining to the Company which it requires in the course of performing its duties;
(iv) Have unrestricted access to the Chief Executive Officer and any other senior management staff of the Group;
(v) Have direct communication channels with the external auditors and internal auditors;
(vi) Be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company; and
(vii) Be able to convene meetings with the external auditors excluding the attendance of the executive directors or management of the Company, whenever deemed necessary.

Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the 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 six (6) times during the financial year ended 31 December 2010. The details of attendance of each member at the meetings were as follows:-

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

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 December 2010 in discharge of their duties:-

(a) Reviewed the quarterly financial results announcements for each quarter of the Group to ensure the Company's compliance with the Main LR of Bursa Securities, applicable approved accounting standards and other legal and regulatory requirements, prior to recommending them for the Board of Director's consideration and approval;
(b) 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
(c) Reviewed the external auditors' fees, scope of work and audit plans for the financial year prior to the commencement of audit and evaluated the performance of the external auditors and recommending the appointment at the AGM;
(d) Discussion with the external auditors on new adoption (if any) and new issuance of the Financial Reporting Standards in Malaysia and its impact to the Group's and Company's financial statements;
(e) 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;
(f) Reviewed with the external auditors , their audit report and management's response
(g) Reviewed the internal audit scope, programmes and plans to ensure adequate scope and comprehensive coverage of the activities of the Group and to determine the internal auditors' fees for the financial year under review;
(h) Reviewed the effectiveness of the audit process for the year and assessed the performance of the internal audit functions
(i) Reviewed the internal auditor's reports which were tabled during the year, on the state of the internal control of the Company, the audit recommendations made and management's response to these recommendations. Where appropriate, the Committee has directed management to rectify and improve control and workflow procedures based on the internal auditors' recommendations and suggestions for improvement; and
(j) Reviewed the related party transactions entered into by the Company and the Group for compliance with the Main LR 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 control of the various operating units within the Group to the Audit Committee so that remedial actions can be taken in relation to any weaknesses noted in the systems and controls of the respective operating units.

INTRODUCTION

The Board of Euro Holdings Berhad ("the Board") acknowledges the importance of maintaining a sound system of internal control and effective risk management as part of its ongoing efforts to practice 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 control of the Group during the financial year ended 31 December 2010.

a. Responsibility of the Board

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

The Board recognises that the Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and that 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 control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Company, assessment of financial and operational risks and an effective monitoring mechanism.

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 test the effectiveness of the internal control on the basis of an internal audit strategy and detailed annual internal audit plan presented to the Audit Committee for approval. The cost incurred for the internal audit during the year was RM20,000.00.

d. Information and Communication

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

e. Risk Management

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

CONCLUSION

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 control 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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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 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 6 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
(Loss)/Profit after taxation for the year	(1,527)	160

DIVIDENDS

The directors do not recommend the payment of any final dividend in respect of the financial year ended 31st December 2010.

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

In accordance with Article 73 of the Company's Articles of Association, Dato' Sri Mohd Haniff Bin Abd Aziz, Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, Ng Wai Pin and Pua Kah Ho shall retire from office in the forthcoming annual general meeting of the Company and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM0.50 each			
	As at 1.1.2010	Bought	Sold	As at 31.12.2010
Direct Interest:				
Dato' Sri Mohd Haniff Bin Abd Aziz	12,150,000	-	-	12,150,000
Lew Fatt Sin	18,019,812	-	-	18,019,812
Law Sim Shee	10,782,163	-	-	10,782,163
Lew Hin	357,840	-	-	357,840
Teh Hock Toh	7,290,001	-	-	7,290,001
Dato' Choong Yuen Keong @ Tong Yuen Keong	8,410,000	-	-	8,410,000

By virtue of their interests in the shares of the Company, Dato' Sri Mohd Haniff Bin Abd Aziz, Lew Fatt Sin and Law Sim Shee are deemed to have interests in the shares of all the subsidiary companies to the extent that the Company has interests.

No other directors in office at the end of the financial year held any interest in shares in the Company and its related corporations.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company or its related corporations as shown in Note 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 statements of comprehensive income and statement of financial position 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,

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

The significant events during and after the financial year are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Messrs HALS & Associates are not seeking re-appointment at the forthcoming Annual General Meeting.

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

LEW FATT SIN

DATUK DR. SYED MUHAMAD BIN
SYED ABDUL KADIR

KUALA LUMPUR
DATE: 28 April 2011

Statements Of **Financial Position** As At 31st December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	66,941	66,518	614	319
Investment in subsidiary companies	6	-	-	44,433	23,698
Deferred taxation	7	2,684	1,333	-	-
		69,625	67,851	45,047	24,017
CURRENT ASSETS					
Inventories	8	15,254	13,873	-	-
Trade receivables	9	28,930	24,208	-	-
Other receivables, deposits and prepayments	10	1,270	1,009	26	15
Amount due from subsidiary companies	11	-	-	101	20,119
Non-current asset held for sale	12	-	-	-	-
Forward exchange contracts	13	50	-	-	-
Tax recoverable		1,172	782	99	190
Fixed deposit with a licensed bank	14	236	232	-	-
Short term funds	15	113	841	65	103
Cash and bank balances		2,519	4,728	679	1,183
		49,544	45,673	970	21,610
TOTAL ASSETS		119,169	113,524	46,017	45,627
EQUITY AND LIABILITIES					
Share capital	16	40,500	40,500	40,500	40,500
Reserves	17	25,793	27,313	5,038	4,878
SHAREHOLDERS' EQUITY		66,293	67,813	45,538	45,378
NON-CURRENT AND DEFERRED LIABILITIES					
Term loans	18	16,309	18,222	-	-
Hire purchase payables	19	3,132	2,044	309	103
		19,441	20,266	309	103
CURRENT LIABILITIES					
Trade payables	20	11,656	11,136	-	-
Other payables and accruals	21	7,737	6,698	58	51
Dividend payable		5	8	5	8
Amount due to directors	22	33	28	17	18
Hire purchase payables	19	1,501	1,640	90	69
Bank borrowings	23	12,398	5,788	-	-
Provision for taxation		105	147	-	-
		33,435	25,445	170	146
TOTAL LIABILITIES		52,876	45,711	479	249
TOTAL EQUITY AND LIABILITIES		119,169	113,524	46,017	45,627

The above statement of financial position is to be read in conjunction with the notes to the financial statements on pages 44 to 98.

Statements Of **Comprehensive Income** For The Year Ended 31st December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
REVENUE	24	88,207	64,914	800	2,744
Less: COST OF SALES		(70,726)	(52,447)	-	-
GROSS PROFIT		17,481	12,467	800	2,744
OTHER OPERATING INCOME					
- interest income		20	46	3	6
- other income		617	328	95	-
		637	374	98	6
		18,118	12,841	898	2,750
Less: EXPENSES					
Selling and Distribution Expenses		10,556	8,330	-	-
Administrative Expenses		9,171	8,474	616	627
Finance Costs	25	1,136	925	15	9
		20,863	17,729	631	636
(LOSS)/PROFIT BEFORE TAXATION	26	(2,745)	(4,888)	267	2,114
TAXATION	27	1,218	1,376	(107)	(247)
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		(1,527)	(3,512)	160	1,867
BASIC LOSS PER SHARE (SEN)	28	(1.89)	(4.34)	-	-
DIVIDEND PER SHARE (SEN)	29	-	2.00	-	2.00

The above statement of comprehensive income is to be read in conjunction with the notes to the financial statements on pages 44 to 98.

Statements Of **Changes In Equity**

For The Year Ended 31st December 2010

	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 2009		40,500	3,844	28,601	72,945
Loss for the year		-	-	(3,512)	(3,512)
Dividend	29	-	-	(1,620)	(1,620)
Balance at 31st December 2009		40,500	3,844	23,469	67,813
Effects of adopting FRS 139		-	-	7	7
Balance at 31st December 2009, restated		40,500	3,844	23,476	67,820
Loss for the year		-	-	(1,527)	(1,527)
Balance at 31st December 2010		40,500	3,844	21,949	66,293
Company					
Balance at 1st January 2009		40,500	3,844	787	45,131
Profit for the year		-	-	1,867	1,867
Dividend	29	-	-	(1,620)	(1,620)
Balance at 31st December 2009		40,500	3,844	1,034	45,378
Profit for the year		-	-	160	160
Balance at 31st December 2010		40,500	3,844	1,194	45,538

The above statement is to be read in conjunction with the notes to the financial statements on pages 44 to 98.

Statements Of **Cash Flows**

For The Year Ended 31st December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(2,745)	(4,888)	267	2,114
Adjustments for :-					
Allowance for impairment loss		380	75	-	-
Depreciation					
- property, plant and equipment		4,542	4,739	86	103
Dividend income		-	-	(800)	(2,744)
Gain on forward exchange contracts		(43)	-	-	-
(Gain)/Loss on disposal of property, plant and equipment		(175)	(75)	(95)	-
Interest expenses		828	672	15	9
Interest income		(20)	(46)	(3)	(6)
Loss on foreign exchange - unrealised		40	54	-	-
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		2,807	531	(530)	(524)
(Increase)/Decrease in inventories		(1,381)	555	-	-
Increase in receivables		(5,561)	(22)	(478)	(507)
Increase/(Decrease) in payables		2,852	3,820	6	(52)
CASH (USED IN)/GENERATED FROM OPERATIONS		(1,283)	4,884	(1,002)	(1,083)
Interest received		20	46	3	6
Interest paid		(828)	(672)	(15)	(9)
Tax paid		(777)	(1,050)	-	-
Tax refund		212	74	184	-
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		(2,656)	3,282	(830)	(1,086)

The above statements are to be read in conjunction with the notes to the financial statements on pages 44 to 98.

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of new subsidiary companies	6	-	-	(250)	-
Acquisition of property, plant and equipment		(2,360)	(17,669)	(219)	-
Dividend received		-	-	600	2,496
Proceeds from disposal of asset held for sale		-	2,203	-	-
Proceeds from disposal of property, plant and equipment		540	745	363	-
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(1,820)	(14,721)	494	2,496
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(3)	(1,620)	(3)	(1,620)
Fixed deposit pledged		(4)	(6)	-	-
Repayment of hire purchase payables		(2,021)	(2,521)	(203)	(69)
Repayment of term loans		(596)	(571)	-	-
Term loan obtained		-	14,349	-	-
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(2,624)	9,631	(206)	(1,689)
Net decrease in cash and cash equivalents		(7,100)	(1,808)	(542)	(279)
Cash and cash equivalents at beginning of the year		5,059	6,867	1,286	1,565
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	30	(2,041)	5,059	744	1,286

The above statements are to be read in conjunction with the notes to the financial statements on pages 44 to 98.

1. GENERAL

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market 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 28th April 2011.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 6 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 Financial Reporting Standards ("FRSs"), 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 the Bursa Malaysia Securities Berhad.

(b) Changes in Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31st December 2009 except as follows:-

(I) During the year, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial period beginning on or after 1st January 2010:-

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101 (revised)	Presentation of Financial Statements
FRS 123 (revised)	Borrowing Costs
FRS 132 (revised)	Financial Instruments: Presentation
FRS 139	Financial Instruments: Recognition and Measurement

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

(b) Changes in Significant Accounting Policies (continued)

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of and investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations

Amendments to FRS 132 Financial Instruments: Presentation

Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives

Improvements to FRS issued in 2009

The adoption of the above FRSs, amendment to FRSs and IC Interpretations did not have any effect on the financial performance or position of the Group and the Company except for those disclosed below:-

(i) FRS 7 Financial instruments: Disclosures

Prior to 1st January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31st December 2010.

(ii) FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 33 to the financial statements.

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

(b) Changes in Significant Accounting Policies (continued)

(iii) FRS 101 Presentation of Financial Statements (Revised)
The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all other items of income and expense recognised directly in profit or loss together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

(iv) FRS 139 Financial Instruments: Recognition and Measurement
FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1st January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1st January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are summarised below:-

* Impairment of trade receivables
Prior to 1st January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. The adoption of FRS 139 in regards to the impairment of trade and other receivables did not have a significant impact on the financial statements of the Group and no adjustments arising from remeasuring the financial instruments at the beginning of the financial year were necessary to be adjusted against the opening balance of retained earnings or another appropriate reserve.

* Financial guarantee contracts
The Company has previously asserted explicitly that it regards financial guarantee contracts of banking facilities granted to its subsidiaries as insurance contracts and will apply FRS 4 to such financial guarantee contracts. Accordingly, the adoption of FRS 139 did not have any financial impact on the financial statements in respect of the financial guarantee contracts issued by the Company to its subsidiaries. These financial guarantee contracts issued are disclosed as contingent liabilities under Note 32 to the financial statements.

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

(b) Changes in Significant Accounting Policies (continued)

* Non-hedging derivatives
Prior to the adoption of FRS 139, all derivative financial instruments were recognised in the financial statements only upon settlement. Outstanding derivatives at the date of the statement of financial position were not recognized and are recognized at contract dates when, and only when the Group becomes a party to the contractual provisions of the instruments. Hence, upon the adoption of FRS 139, all derivatives held are recognized at fair value. The recognition, derecognition and measurement are applied prospectively from 1st January 2010.

The following are effects arising from the above changes in accounting policies:-

	As at 31st December 2010 RM'000	As at 1st January 2010 RM'000
Group		
Statement of financial position		
Forward exchange contracts	50	-
Retained earnings	-	7

	For the year ended 31st December 2010 RM'000
Statement of comprehensive income	
Other income	43

(II) 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 March 2010

Amendment to FRS 132	Financial Instruments: Presentation Classification of Rights Issues

1st July 2010

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

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

1st January 2011

Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Limited Exemption from comparative FRS 7 Disclosure for First Time Adopters - Additional Exemption for First Time Adopters
Amendments to FRS 2	Group Cash-Settled Share-based Payment Transactions (Amendment to FRS 2)
Amendments to FRS 7	Financial Instruments: Disclosures Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
Improvements to FRSs (2010)	

1st July 2011

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Limit on Defined Benefit Asset of a Minimum Funding Requirement

1st January 2012

IC Interpretation 15	Agreements for the Construction of Real Estate
FRS 124	Related Party Disclosures (revised)

The Group plans to apply the above mentioned standards, amendments and interpretations from the annual period beginning 1st January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1st March 2010, 1st July 2010 and 1st January 2011.

The initial application of the above standards (and its consequential amendments) and interpretations which will be applied prospectively or which required extended disclosures, is not expected to have any material impact on the financial statements of the Group and the Company other than expected changes in accounting policies as discussed below:-

FRS 3 (revised) Business Combinations

FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

FRS 127 (revised) Consolidated and Separate Financial Statements

FRS 127 (Revised) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. Currently, all the subsidiaries are wholly owned by the Company and therefore there will not be any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

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 unless otherwise indicated in the financial statements.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs, 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, there were no significant areas of estimation uncertainty and critical 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 other than those disclosed below or in the notes to the financial statements:-

(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. 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) 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.

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

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

(d) Fair value estimates of certain financial instruments
The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would effect profit and/or equity.

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, unless the investment is held for sale.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the profit or loss.

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries as at the reporting date. Uniform accounting policies are adopted in the consolidated financial statements 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. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. Impairment losses on goodwill are not reversed. Gain or loss on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, Plant and Equipment

(i) Owned Assets

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

The cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the items. Dismantlements, 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.

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

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.

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 profit or loss 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 is recognised as other comprehensive income and accumulated in equity under the 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 profit or loss. On disposal of revalued assets, amounts in revaluation reserve relating to these assets are transferred to retained earnings.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, Plant and Equipment (continued)

The annual rates used are as follows:-

Freehold buildings	2%
Furniture and fittings	10%-15%
Office equipment	10%-35%
Forklifts	10%
Plant, machinery and tools	10%
Moulds	20%
Electrical installation	15%
Computers	13%-20%
Signboards	10%
Renovation	15%
Motor vehicles	3%-20%

The depreciable amount is determined after deducting the residual value. Depreciation methods, useful lives and residual values of property, plant and equipment are reviewed and adjusted as appropriate at each reporting 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 profit or loss.

(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 the profit or loss so as to give a constant periodic rate of interest on the outstanding liability at the end of the financial year.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Inventories

Inventories are stated at the lower of cost and net realisable value.

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.

(e) Financial instruments

Arising from the adoption of FRS 139 Financial Instruments: Recognition and Measurement, with effect from 1st January 2010, financial instruments are categorized and measured using the accounting policies as mentioned below. Before 1st January 2010, different accounting policies were applied. Significant changes to the accounting policies are described in Note 3(b)(l)(iv) to the financial statements.

Financial Assets

(i) Classification

The classification of financial assets depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group and the Company categorise financial assets as follows:-

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the reporting date.

(b) Loans and receivables

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial instruments (continued)

(ii) Initial measurement

Financial assets are recognised in the financial statements when and only when, the Group and the Company becomes a party to the contractual provisions of the financial instruments.

Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial instruments. Transaction costs for financial assets at fair value through profit and loss are recognised immediately as expenses.

(iii) Subsequent measurement

Financial assets, at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gain or losses of these financial assets are recognised in profit or loss when these financial assets are derecognised or impaired, and through the amortisation process.

Changes in the fair value of financial assets, at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in the profit or loss when the changes arise.

(iv) Recognition and derecognition

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned. Regular way purchases and sales of financial assets are recognised or derecognised as applicable, using trade date accounting. Under trade date accounting, the recognition of asset to be received and the liability to pay for it is made on the trade date. Asset that is sold together with its gain or loss on disposal and the recognition of receivable is recognized on trade date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired and the Group and the Company have transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the profit or loss. Any amount in the fair value reserve relating to that asset is transferred to the profit or loss.

(v) Impairment

The Group and the Company assess at each reporting date whether there is objective evidence that a financial asset or a group of financial assets (except for those measured at fair value thorugh profit or loss) is impaired and recognises an allowance for impairment when such evidence exists.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial instruments (continued)

Financial liabilities

(i) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives exclude exchange differences.

The Group and the Company have not designated any financial liabilities as fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables, borrowings and hire purchase payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings and hire purchase payables are recognised initially at fair value plus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial instruments (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

The Group designates corporate guarantee given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 Insurance Contracts. The Group recognises these financial guarantee contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group shall assess at every reporting date, whether its recognised liabilities are adequate. If the carrying amount of the liabilities is assessed to be inadequate, the entire deficiency shall be recognised in profit or loss. Insurance liabilities recognised are only removed from the statement of financial position when it is extinguished through discharge, cancellation or expiration.

(f) Cash and Cash Equivalents

The Group and the Company adopt the indirect method in the preparation of statement of cash flows.

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.

(g) Impairment

(i) Financial Assets

All financial assets (other than those categorized at fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognized as the date the impairment is reversed. The amount of the reversal is recognized in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment (continued)

(ii) Non-Financial Assets

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

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

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

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indicators that the loss has decreased or no longer exists. 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 profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(h) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Provisions

Provisions are recognised when the Group and the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The unwinding of the discount is recognised as finance cost.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the profit or loss when the changes arise.

(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 reporting date.

Deferred tax is provided by the liability method based on all taxable temporary differences by comparing carrying amounts of assets and liabilities and their corresponding tax bases. 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 or loss.

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 reporting date. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised outside profit or loss, in which case the deferred tax is also charged or credited directly either in other comprehensive income or 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.

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.

A tax incentive that is not a tax base of an asset is recognised as a reduction of expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(k) Revenue Recognition

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Currency Conversion

(i) Functional and presentation currency

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

(ii) Foreign Currencies Transactions

Transactions in foreign currencies are measured in the functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the date of the initial transactions. Non monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(m) Employee Benefits

(i) Short term employee benefits

Short term employee benefits in respect of wages, salaries, social security contributions, paid annual leaves, paid sick leaves, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed in the financial year when employees have rendered their services to the Group and the Company.

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

(ii) Defined contribution plan

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses.

Operating segments are reported in a manner consistent with the internal reporting provided to the management who is responsible for allocating resources and assessing performance of the operating segments. An operating segment's operating results are reviewed regularly by the chief operating decision maker in this case is the Group Managing Director, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. PROPERTY, PLANT AND EQUIPMENT

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

Group 2010 Cost:	At 1st January 2010 RM'000	Additions RM'000	Disposal RM'000	At 31st December 2010 RM'000
Freehold land				
- at cost	8,010	-	-	8,010
- at valuation	1,194	-	-	1,194
Factory buildings				
- at cost	18,449	65	-	18,514
- at valuation	510	-	-	510
Building-in-progress	20,403	635	-	21,038
Furniture and fittings	1,548	-	-	1,548
Office equipment	945	30	-	975
Forklifts	159	-	(81)	78
Plant, machinery and tools	25,151	3,283	(485)	27,949
Moulds	8,746	239	-	8,985
Electrical installation	142	90	-	232
Computers	2,076	121	-	2,197
Signboards	17	-	-	17
Renovation	140	39	-	179
Motor vehicles	5,721	828	(805)	5,744
Total	93,211	5,330	(1,371)	97,170

Accumulated Depreciation:	At 1st January 2010 RM'000	Charge for the year RM'000	Disposal RM'000	At 31st December 2010 RM'000	Net Book Value at 31st December 2010 RM'000
Freehold land					
- at cost	-	-	-	-	8,010
- at valuation	-	-	-	-	1,194
Factory buildings					
- at cost	2,983	358	-	3,341	15,173
- at valuation	124	22	-	146	364
Building-in-progress	-	-	-	-	21,038
Furniture and fittings	1,342	59	-	1,401	147
Office equipment	683	53	-	736	239
Forklifts	107	8	(81)	34	44
Plant, machinery and tools	10,464	2,225	(396)	12,293	15,656
Moulds	6,332	902	-	7,234	1,751
Electrical installation	78	22	-	100	132
Computers	1,568	205	-	1,773	424
Signboards	10	1	-	11	6
Renovation	95	21	-	116	63
Motor vehicles	2,907	666	(529)	3,044	2,700
Total	26,693	4,542	(1,006)	30,229	66,941

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Company 2010 Cost:	At 1st January 2010 RM'000	Additions RM'000	Disposal RM'000	At 31st December 2010 RM'000
Motor vehicles	649	649	(649)	649

Accumulated Depreciation:	At 1st January 2010 RM'000	Charge for the year RM'000	Disposal RM'000	At 31st December 2010 RM'000	Net Book Value at 31st December 2010 RM'000
Motor vehicles	330	86	(381)	35	614

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

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

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

	Group 2010 RM'000	Group 2009 RM'000
Freehold land	9,204	9,204
Freehold buildings and building-in-progress	36,575	36,255
	45,779	45,459

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Plant and machinery	6,438	5,601	-	-
Motor vehicles	2,128	2,416	614	319
	8,566	8,017	614	319

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

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Motor vehicles	550	-	430	-
Plant and machinery	2,420	1,700	-	-
	2,970	1,700	430	-

(v) Group
Included in building-in-progress is interest capitalised during the year of RM635,374 (2009: RM289,765).

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2010	2009
	RM'000	RM'000
At cost:		
Unquoted shares, at cost	23,948	23,698
Amount due from subsidiaries	20,485	-
	44,433	23,698

The amount due from subsidiaries represents advances that are non-trade in nature, unsecured and interest free. The repayment of the amount is neither planned nor likely to occur in the foreseeable future. As this amount is in substance a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment.

6. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(a) The details of subsidiary companies are as follows:-

Name of Subsidiary	Country of Incorporation	Principal Activities	Group's Effective Interest 2010 %	Group's Effective Interest 2009 %
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
Eurosteel System Sdn Bhd (Company No: 885526 M)	Malaysia	Trading of storages and steel furniture	100	-
Eurosteel Line Sdn Bhd (Company No: 890287 M)	Malaysia	Manufacturing and trading of steel Furniture	100	-

All the subsidiary companies are audited by HALS & Associates.

6. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(b) The effects of the acquisition of the subsidiaries on the Group's financial results for the financial year are as follows:-

	2010 RM'000
Revenue	3,035
Cost of sales	(2,824)
	211
Add: Other income	22
	233
Less: Administrative expenses	(446)
Loss from operations	(213)
Less: Taxation	45
Decrease in Group's net profit	(168)

The effects of the acquisition of the subsidiaries on the Group's financial position for the financial year are as follows:-

	2010 RM'000
Plant and equipment	2,042
Deferred taxation	45
Trade and other receivables	802
Cash and bank balances	796
Trade and other payables	(1,929)
Amount due to directors	(2)
Hire purchase payables	(1,672)
Net assets as at year end	82
Add:	
Group's share of loss had the Group not	
acquired the additional equity interest	168
	250

(c) There is no effect of current year acquisition of subsidiaries on cash flow as the subsidiaries were acquired on incorporation.

6. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Going Concern

At the end of the financial year, three of the Company's subsidiaries, namely Euro Space Industries (M) Sdn Bhd, Euro Chairs (M) Sdn Bhd and Eurosteel Line Sdn Bhd had net current liabilities of RM3,567,401, RM112,661 and RM289,481 respectively. Euro Chairs (M) Sdn Bhd and Eurosteel Line Sdn Bhd had accumulated losses of RM112,663 and RM25,923 respectively as at that date.

The financial statements of these subsidiaries have been prepared on a going concern basis in view of:-

(i) the availability or continued financial support from the Company;

(ii) realisation of assets by the subsidiaries is expected to be undertaken in the ordinary course of business; and

(iii) these subsidiaries are not expected to cease their operations in the foreseeable future.

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

7. DEFERRED TAXATION

	Group	
	2010	2009
	RM'000	RM'000
At 1st January	1,333	(832)
Recognised in the statement of comprehensive income (Note 27)	1,351	2,165
At 31st December	2,684	1,333
Presented after appropriate offsetting as follows:-		
Deferred tax assets	5,469	4,320
Deferred tax liabilities	(2,785)	(2,987)
	2,684	1,333

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

7. DEFERRED TAXATION (continued)

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 2009	1,460	242	-	1,702
Recognised in the statement of comprehensive income				
- current year	648	18	1,991	2,657
- under/(over)provision in prior year	35	(74)	-	(39)
At 31st December 2009	2,143	186	1,991	4,320
Recognised in the statement of comprehensive income				
- current year	444	(1)	791	1,234
- overprovision in prior year	(20)	(11)	(54)	(85)
At 31st December 2010	2,567	174	2,728	5,469

Deferred Tax Liabilities

	Group Excess of capital allowances over depreciation	
	2010 RM'000	2009 RM'000
At beginning of the year	(2,987)	(2,534)
Recognised in the statement of comprehensive income		
- current year	(178)	(386)
- over/(under)provision in prior year	380	(67)
At end of the year	(2,785)	(2,987)

8. INVENTORIES – AT COST

	Group	
	2010	**2009**
	RM'000	RM'000
Raw materials	11,207	9,601
Work in progress	2,803	2,865
Finished goods	1,244	1,407
	15,254	13,873

9. TRADE RECEIVABLES

	Group	
	2010	**2009**
	RM'000	RM'000
Trade receivables	30,794	25,692
Less:		
Allowance for impairment loss	(1,864)	(1,484)
	28,930	24,208

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

	Group	
	2010	**2009**
	RM'000	RM'000
United States Dollar	5,923	6,472
Singapore Dollar	2,495	1,579
Euro	193	-
Ringgit Malaysia	20,319	16,157
	28,930	24,208

The credit period on trade receivables is normally 30-90 (2009: 30-90) days or contractual periods based on project contract sales.

10.OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Other receivables, deposits and prepayments comprise the following:-

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Other receivables	140	130	-	-
Deposits	442	450	-	-
Prepayments	688	429	26	15
	1,270	1,009	26	15

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

11.AMOUNT DUE FROM SUBSIDIARY COMPANIES

The amount due from subsidiary companies represents non trade advances which is unsecured, interest free and repayable on demand.

The amount due from subsidiary companies comprises:-

	Company	
	2010	2009
	RM'000	RM'000
Euro Chairs (M) Sdn Bhd	101	93
Euro Chairs Manufacturer (M) Sdn Bhd	-	5,919
Euro Space Industries (M) Sdn Bhd	-	14,107
	101	20,119

12.NON CURRENT ASSET HELD FOR SALE

	Group	
	2010	2009
	RM'000	RM'000
Balance at 1st January	-	2,203
Less:		
Disposed off during the year	-	(2,203)
Balance at 31st December	-	-

13.FORWARD EXCHANGE CONTRACTS

Group RM'000	2010 Contract Notional Amount	2010 Assets	2010 Liabilities	2009 Contract Notional Amount	2009 Assets	2009 Liabilities
Non-hedging derivatives:						
Current						
Forward currency contracts	2,777	50	-	1,603	-	-

The Group uses forward exchange contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedge and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward exchange contracts are used to hedge the Group's sales and purchases denominated in USD for which firm commitments existed at the reporting date, extending to June 2011 (2009: June 2010).

During the financial year, the Group's recognised a gain of RM42,551 (2009: RM Nil) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

14.FIXED DEPOSIT WITH A LICENSED BANK

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Fixed deposit (Note 30)	236	232	-	-

A fixed deposit amounting to RM236,222 (2009: RM232,137) had been pledged as security for banking facilities granted to a subsidiary company.

The fixed deposit as at 31st December 2010 has a maturity period of 3 months and will mature on 1st March 2011. It bears interest rate at 2.25% (2009: 1.50%) per annum.

15. SHORT TERM FUNDS

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	RM'000	RM'000	RM'000
Short term funds (Note 30)	113	841	65	103
Redeemable at call	72	82	24	81
Redeemable upon 7 day notice	41	759	41	22
	113	841	65	103

The short term funds represent placements in fixed income trusts with a licensed financial institution, incorporated in Malaysia. It bears interest rate of 2.20%-3.00% (2009: 2.20%-3.00%) per annum.

16. SHARE CAPITAL

	Group/Company	
	2010	**2009**
	RM'000	RM'000
(a) Authorised:		
100,000,000 Ordinary shares of RM0.50/= each	50,000	50,000
(b) Issued and fully paid:		
81,000,000 Ordinary shares of RM0.50/= each	40,500	40,500

17.RESERVES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Non-Distributable: Share premium				
At beginning/end of the year	3,844	3,844	3,844	3,844
Distributable: Retained earnings				
At beginning of the year	23,469	28,601	1,034	787
Effect of adopting FRS 139	7	-	-	-
(Loss)/Profit for the year	(1,527)	(3,512)	160	1,867
Dividend	-	(1,620)	-	(1,620)
At end of the year	21,949	23,469	1,194	1,034
	25,793	27,313	5,038	4,878

(a) Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and the Company at the end of the reporting period, into realised and unrealised profits is analysed as follows:-

	Group	
	Group	Company
	RM'000	RM'000
Total retained earnings of the Group and the Company:-		
- realised	19,255	1,194
- unrealised	2,694	-
	21,949	1,194

18.TERM LOANS - SECURED

	Group	
	2010	**2009**
	RM'000	**RM'000**
Payable within 2 years	3,985	3,646
Payable next 2 years but within 5 years	6,251	8,669
Payable after 5 years	7,996	6,513
At end of the year	18,232	18,828
Portion repayable within next 12 months (Note 23)	(1,923)	(606)
At end of the year	16,309	18,222

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

19.HIRE PURCHASE PAYABLES

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Mimimum hire purchase payments:				
Not later than 1 year	1,748	1,822	99	78
Later than 1 year and not later than 5 years	3,391	2,169	354	103
	5,139	3,991	453	181
Less: Future finance charges	(506)	(307)	(54)	(9)
Present value of hire purchase liabilities	4,633	3,684	399	172
Present value of hire purchase liabilities:				
Not later than 1 year	1,501	1,640	90	69
Later than 1 year and not later than 5 years	3,132	2,044	309	103
	4,633	3,684	399	172
Instalment due:				
Within next 12 months	1,501	1,640	90	69
After next 12 months	3,132	2,044	309	103
	4,633	3,684	399	172

The hire purchase payables bear interest rate at 1.98% to 4.00% (2009: 1.98% to 4.50%) per annum.

20.TRADE PAYABLES

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

	Group	
	2010	2009
	RM'000	RM'000
United States Dollar	17	34
Ringgit Malaysia	11,639	11,102
	11,656	11,136

The normal trade credit terms granted to the Group range from 30 to 90 (2009: 30 to 90) days.

21.OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:-

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Other payables	6,999	5,849	-	-
Accruals	738	849	58	51
	7,737	6,698	58	51

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

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
United States Dollar	3,168	1,685	-	-
Euro	42	52	-	-
Ringgit Malaysia	4,527	4,961	58	51
	7,737	6,698	58	51

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

22.AMOUNT DUE TO DIRECTORS

Group/Company

The amount due to directors is unsecured, interest free and repayable on demand.

23.BANK BORROWINGS

	Group	
	2010	2009
	RM'000	RM'000
Secured:		
Bills payable	5,802	4,672
Term loans (Note 18)	1,923	606
Bank overdrafts (Note 30)	4,673	510
	12,398	5,788

The bank borrowings are secured against the following:-

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

(ii) All monies facility agreements.

(iii) Pledge of 1st party fixed deposit of RM236,222 (2009: RM232,137) of the Group as disclosed in Note 14 to the financial statements.

(iv) Personal guarantee and indemnity by certain directors.

(v) Corporate guarantee by the Company.

Terms of repayment of bank borrowings are as follows:-

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

The interest rates per annum on the Group's borrowings are disclosed in Note 35.

24. REVENUE

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

Company
Revenue represents dividend income received and receivable.

25. FINANCE COSTS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Bank charges	222	160	-	-
Bank overdraft interest	98	32	-	-
Bankers acceptance interest	250	64	-	-
Commitment fees	80	89	-	-
Hire purchase interest	217	289	15	9
LC charges	6	4	-	-
Term loan interest	263	287	-	-
	1,136	925	15	9

26.(LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before taxation is stated after charging:-				
Allowance for impairment loss	380	75	-	-
Auditors' remuneration				
- current year	85	64	20	15
- underprovision in prior year	4	-	2	-
Depreciation				
- property, plant and equipment	4,542	4,739	86	103
Directors of the Company				
- remuneration	1,612	1,612	24	24
- fees	238	236	238	236
- benefits-in-kind	305	310	28	28
- other emoluments	39	38	39	38
Loss on foreign exchange				
- unrealised	40	54	-	-
Rental of forklifts	193	120	-	-
Rental of equipment	82	21	-	-
Rental of premises				
- others	30	2	-	-
- paid to a company in which directors have interests	30	26	-	-
Staff cost	14,442	12,728	-	-
And crediting:-				
Dividend income received from subsidiaries	-	-	(800)	(2,744)
Gain on disposal of property, plant and equipment	(175)	(75)	(95)	-
Gain on forward exchange contracts	(43)	-	-	-
Gain on foreign exchange				
- realised	(411)	(223)	-	-
Interest income	(20)	(46)	(3)	(6)

27.TAXATION

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Tax expense for the year:				
- provision for current year	244	844	200	248
- overprovision in prior year	(111)	(55)	(93)	(1)
	133	789	107	247
Deferred taxation:				
Transfer (from)/to deferred taxation (Note 7)				
- relating to origination and reversal of temporary differences	(1,056)	(2,271)	-	-
- (over)/underprovision in prior year	(295)	106	-	-
	(1,351)	(2,165)	-	-
	(1,218)	(1,376)	107	247

27.TAXATION (continued)

Income tax is calculated at the Malaysian Statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before taxation	(2,745)	(4,888)	267	2,114
Taxation at Malaysian Statutory tax rate at 25% (2009: 25%)	(686)	(1,222)	67	529
Deferred tax assets on reinvestment allowance	(444)	(634)	-	-
Expenses not deductible for tax purposes	378	465	134	157
Income not subject to tax	(1)	-	-	(438)
Double tax deduction	(58)	(36)	-	-
Deferred tax liability not recognised	(1)	-	(1)	-
(Over)/Underprovision in prior year				
- taxation	(111)	(55)	(93)	(1)
- deferred taxation	(295)	106	-	-
Tax (income)/expense for the year	(1,218)	(1,376)	107	247

The Group has available unabsorbed capital allowance and tax losses of approximately RM6,592,000 (2009: RM4,879,000) and RM4,320,000 (2009: RM3,090,000) respectively for utilisation against future taxable income.

27.TAXATION (continued)

The Group has available unabsorbed reinvestment allowances of approximately RM10,270,000 (2009: RM8,571,000) for utilisation against future taxable income.

The Company and its subsidiary companies have tax exempt income of approximately RM329,000 (2009: RM329,000) and RM20,743,000 (2009: RM20,584,000) respectively from which tax exempt dividend may be declared.

The Company and its subsidiary companies have tax credit of approximately RM379,000 (2009: RM379,0000) and RM8,407,000 (2009: RM8,607,000) 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.

28.BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net loss 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	
	2010	**2009**
Consolidated loss after tax (RM'000)	(1,527)	(3,512)
Weighted average number of shares of RM0.50 each ('000)	81,000	81,000
Basic loss per share (sen)	(1.89)	(4.34)

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

29.DIVIDEND

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

	Group/Company	
	2010	2009
	RM'000	RM'000
In respect of the financial year ended 31st December 2008		
First and final tax exempt dividend of 2.00 sen per share	-	1,620

30.CASH AND CASH EQUIVALENTS AT END OF THE YEAR

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	2,519	4,728	679	1,183
Fixed deposit (Note 14)	236	232	-	-
Short term funds (Note 15)	113	841	65	103
Bank overdrafts (Note 23)	(4,673)	(510)	-	-
	(1,805)	5,291	744	1,286
Less:				
Fixed deposit pledged (Note 14)	(236)	(232)	-	-
	(2,041)	5,059	744	1,286

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

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
United States Dollar	274	168	-	-
Ringgit Malaysia	2,240	4,554	679	1,183
Others	5	6	-	-
	2,519	4,728	679	1,183

31.CAPITAL COMMITMENT

	Group	
	2010	**2009**
	RM'000	RM'000
Approved and contracted but not provided for:		
Purchase of motor vehicles	571	-
Purchase of plant and machinery	872	93
	1,443	93

32.CONTINGENT LIABILITIES

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	RM'000	RM'000	RM'000
Unsecured				
Corporate guarantees given to financial institutions in respect of credit facilities granted to subsidiary companies	-	-	76,155	73,356

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

33.SEGMENTAL INFORMATION

The Group is involved in a single industry of manufacturing and trading of office furniture with its operations conducted predominantly in Malaysia.

The Group presents its segment information based on local and exports market segments, which is the basis of presenting its monthly management reports. For each of the market segments, the Group's Managing Director reviews internal management reports on a regular basis for performance and resource allocation decisions.

2010	Local RM'000	Export RM'000	Total RM'000
Revenue			
Revenue from external customers	33,554	54,653	88,207
Results			
Segment result			(1,076)
Unallocated expenses			(533)
Operating loss			(1,609)
Finance costs			(1,136)
Loss before taxation			(2,745)
Tax expense			1,218
Net loss for the financial year			(1,527)

2009	Local RM'000	Export RM'000	Total RM'000
Revenue			
Revenue from external customers	32,950	31,964	64,914
Results			
Segment result			(3,333)
Unallocated expenses			(630)
Operating loss			(3,963)
Finance costs			(925)
Loss before taxation			(4,888)
Tax expense			1,376
Net loss for the financial year			(3,512)

34.SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

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

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

(iii) On 7th April 2011, the Company acquired the entire issued and paid up share capital of Euroland & Development Sdn Bhd ("ELD") (Company incorporated in Malaysia) for a consideration of RM2.00. ELD became a wholly owned subsidiary of the Company with effect from that date.

35.FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 31st December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

(A) Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised as follows:-

(a) Loans and receivables (L&R);
(b) Fair value through profit or loss (FVTPL);
(c) Other financial liabilities (OFL)

Group 2010	**Carrying Amount** RM'000	**L&R** RM'000	**FVTPL** RM'000	**OFL** RM'000
Non-derivative financial assets				
Trade receivables	28,930	28,930	-	-
Other receivables and deposits	582	582	-	-
Fixed deposit with a licensed bank	236	236	-	-
Short term funds	113	113	-	-
Cash and cash equivalents	2,519	2,519	-	-
	32,380	32,380	-	-
Derivative financial asset				
Forward exchange contracts	50	-	50	-

35.FINANCIAL INSTRUMENTS (continued)

(A) Categories of Financial Instruments (continued)

(a) Loans and receivables (L&R);
(b) Fair value through profit or loss (FVTPL);
(c) Other financial liabilities (OFL)

Group 2010	Carrying Amount RM'000	L&R RM'000	FVTPL RM'000	OFL RM'000
Non-derivative financial liabilities				
Trade payables	11,656	-	-	11,656
Other payables and accruals	7,737	-	-	7,737
Dividend payable	5	-	-	5
Amount due to directors	33	-	-	33
Hire purchase payables	4,633	-	-	4,633
Bank borrowings	28,707	-	-	28,707
	52,771	-	-	52,771

Company 2010	Carrying Amount RM'000	L&R RM'000	FVTPL RM'000	OFL RM'000
Non-derivative financial assets				
Amount due from a subsidiary company	101	101	-	-
Short term funds	65	65	-	-
Cash and cash equivalents	679	679	-	-
	845	845	-	-
Non-derivative financial liabilities				
Other payables and accruals	58	-	-	58
Dividend payable	5	-	-	5
Amount due to directors	17	-	-	17
Hire purchase payables	399	-	-	399
	479	-	-	479

Net gains or losses arising from financial instruments:-

Group	2010 RM'000	2009 RM'000
Net gains arising on:		
Financial asset at fair value through profit or loss	43	-

35.FINANCIAL INSTRUMENTS (continued)

(B) Financial Risk Management

The Group and the Company have exposure to the following risks from its use of financial instruments:

* Credit risk
* Liquidity risk
* Market risk

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given.

Receivables

Risk management objectives, policies and processes for managing the 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. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk, credit quality and collateral

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due which are deemed to have higher credit risk are monitored individually.

Credit risk concentration profile

The Group's concentration of credit risk relates to the amounts owing by a major customer which constituted 16% (2009: 20%) of its trade receivables at the end of the reporting period.

35. FINANCIAL INSTRUMENTS (continued)

(B) Financial Risk Management (continued)

The exposure of credit risk for receivables as at the end of the reporting period by geographical region was:-

	Group	
	2010	**2009**
	RM'000	RM'000
Domestic	20,319	16,157
India	3,051	4,077
Singapore	2,495	1,579
Middle East	963	121
Others	2,102	2,274
	28,930	24,208

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

Ageing Analysis

The ageing of receivables as at the end of the reporting period are as follows:-

		Individual	
Group	**Gross**	**Impairment**	**Net**
2010	RM'000	RM'000	RM'000
1-30 days	8,351	-	8,351
31-60 days	4,098	-	4,098
61-90 days	3,323	-	3,323
91-120 days	1,780	-	1,780
More than 120 days	13,242	(1,864)	11,378
	30,794	(1,864)	28,930
2009			
1-30 days	6,188	-	6,188
31-60 days	3,044	-	3,044
61-90 days	2,921	-	2,921
91-120 days	1,024	-	1,024
More than 120 days	12,515	(1,484)	11,031
	25,692	(1,484)	24,208

The credit period is normally 30 to 90 days or contractual period as based on project contract sales. A significant portion of the Group's revenue is derived from projects, both locally and abroad.

35.FINANCIAL INSTRUMENTS (continued)

(B) Financial Risk Management (continued)

Impairment losses

The movements in the allowance for impairment losses of trade receivables during the year were:-

	2010 RM'000	2009 RM'000
At 1 January	1,484	1,409
Impairment loss recognised	380	75
At 31 December	1,864	1,484

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Other financial assets

Risk management objectives, policies and processes for managing the risk
Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Transactions involving derivative financial instruments are entered into with approved financial institutions.

Exposure to credit risk, credit quality and collateral
As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

The investments and other financial assets are unsecured.

Financial guarantees

Risk management objectives, policies and processes for managing the risk
The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral
The maximum exposure to credit risk amounts to RM76,155,461 (2009: RM73,355,580) representing the banking facilities and hire purchase facilities of the subsidiaries as guaranteed by the Company as at the end of the reporting period.

As at end of the reporting period, there was no indication that any subsidiary would default on repayment.

35. FINANCIAL INSTRUMENTS (continued)

(B) Financial Risk Management (continued)

Inter company balances

Risk management objectives, policies and processes for managing the risk
The Company provides unsecured loan and advances to subsidiaries to meet their working capital and other needs. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral
As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses
As at the end of the reporting period, there was no indication that the amount due from subsidiaries are not recoverable.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

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.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual repayments obligations:

Group	Carrying Amount RM'000	Within 1 year RM'000	1-5 years RM'000	More than 5 years RM'000
2010				
Non-derivative financial liabilities				
Trade payables	11,656	11,656	-	-
Other payables and accruals	7,775	7,775	-	-
Hire purchase payables	4,633	1,501	3,132	-
Bank overdraft	4,673	4,673	-	-
Bills payables	5,802	5,802	-	-
Term loan	18,232	1,923	8,313	7,996
	52,771	33,330	11,445	7,996

35.FINANCIAL INSTRUMENTS (continued)

(B) Financial Risk Management (continued)

Company	Carrying Amount RM'000	Within 1 year RM'000	1-5 years RM'000	More than 5 years RM'000
2010				
Non-derivative financial liabilities				
Other payables and accruals	80	80	-	-
Hire purchase payables	399	90	309	-
	479	170	309	-

(iii) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

(a) Currency 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.

Risk management objectives, policies and processes for managing the risk
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 2010, the foreign currency forward contracts which have been entered by the Group for its trade receivables are as follows:-

	Amount in 2010 RM'000	2009 RM'000	Average Contract 2010 Rate	2009 Rate
Trade receivables				
United States Dollar	2,657	1,119	3.12	3.41
Singapore Dollar	120	484	2.38	2.41

These contracts mature within 3 to 6 (2009: 5 to 6) months from the balance sheet date.

35.FINANCIAL INSTRUMENTS (continued)

(B) Financial Risk Management (continued)

Exposure to foreign currency risk
The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period is disclosed in Note 9,13,20,21 and 30 respectively.

Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period with all other variables held constant:-

	Increase/(Decrease) in the Group'sresults 2010 RM
Effects on loss after taxation	
USD:-	
- strengthened by 10%	55
- weakened by 10%	(55)
SGD:-	
- strengthened by 5%	118
- weakened by 5%	(118)
Euro:-	
- strengthened by 25%	37
- weakened by 25%	(37)

(b) Interest Rate Risk

The Group's borrowings are exposed to a risk of change in their fair values due to changes in interest rates.

Risk management objectives, policies and processes for managing the 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.

35.FINANCIAL INSTRUMENTS (continued)

(B) Financial Risk Management (continued)

Exposure to interest rate risk
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 reporting date in respect of interest-bearing financial assets and interest-bearing financial liabilities are as follows:-

	Effective interest rate per annum	
	2010	**2009**
	%	%
Fixed rate instruments		
Financial assets		
Fixed deposits with a licensed bank	2.25	1.51
Short term funds	2.20-3.00	2.20-3.00
Financial Liabilities		
Hire purchase payables	3.79-7.45	3.79-7.12
Term loan	3.80-6.25	3.80-6.00
Floating Rate Instruments		
Financial Liabilities		
Bills payable	3.23-6.01	3.20-5.13
Bank overdraft	6.55-7.85	6.55-7.75

Interest Rate Sensitivity Analysis

Fair value sensitivity analysis for fixed rate instruments
The Group and the Company do not account for any fixed rate financial liabilities at fair value through profit or loss and do not designate derivatives as hedging instruments under fair value hedge accounting method. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

35.FINANCIAL INSTRUMENTS (continued)

(B) Financial Risk Management (continued)

Interest rate risk sensitivity analysis

If the interest rates have been higher or lower and all other variables were held constant, the Group's profit before tax would decrease or increase accordingly. This is mainly attributable to the Group's exposure to interest rates on its floating rate borrowings which are not hedged. The following analysis shows the Group's sensitivity to interest rate exposure:

	Decrease in the Group's results 2010 RM'000
Interest rate increased by:	
25 basis points	20
50 basis points	40
75 basis points	60
100 basis points	80

(C) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The fair value of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:-

Group	2010 Carrying Amount RM'000	Fair Value RM'000	2009 Carrying Amount RM'000	Fair Value RM'000
Financial Asset				
Forward exchange contracts	50	50	-	7
Financial liabilities				
Term loan	18,232	18,672	18,828	19,216
Hire purchase payables	4,633	4,622	3,684	3,679

35.FINANCIAL INSTRUMENTS (continued)

(C) Fair Value of Financial Instruments (continued)

Company	2010 Carrying Amount RM'000	Fair Value RM'000	2009 Carrying Amount RM'000	Fair Value RM'000
Financial liability				
Hire purchase payable	399	399	172	172

36.CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain investment, creditor and market confidence and to sustain future development of the business.

To achieve these objectives, the Group may make adjustments to the capital structure in the light of changes in economic conditions and the net characteristic of the underlying assets. The Group may adjust the amount of dividend payment, new issue of shares, return capital to shareholders, raise new debt financing or sell assets to reduce debts.

The Group monitors its capital on the basis of the debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year, was to maintain the debt-to equity ratio at a manageable level.

The debt-to-equity ratio at the end of reporting period was as follows:-

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Group				
Total borrowings	33,340	27,694	399	172
Less:				
Cash and cash equivalents	(2,868)	(5,801)	(744)	(1,286)
Net debt	30,472	21,893	(345)	(1,114)
Total equity	66,293	67,813	45,538	45,378
Debt-to-equity	0.46	0.32	N/A	N/A

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 6 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	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income earned:						
Dividend income (Note 26)	-	-	-	-	800	2,744
Expenditure incurred:						
Rental of staff accommodation	-	-	30	26	-	-
Sub-contractor fees	356	272	-	-	-	-
	356	272	30	26	-	-

(b) Related party balances

The related party balances as at the statement of financial position date are disclosed in Note 11 and 22 to the financial statements.

37.RELATED PARTY DISCLOSURES (continued)

(c) Key Management Personnel Compensation

The key management personnel compensation are as follows:-

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Directors				
- Salaries, allowances and contributions to Employee Provident Fund	1,651	1,650	63	62
- Fees	238	236	238	236
- Benefits-in-kind	305	310	28	28
	2,194	2,196	329	326
Senior Management				
- Salaries, allowances and contributions to Employee Provident Fund	905	869	-	-
- Benefits-in-kind	12	2	-	-
	917	871	-	-
	3,111	3,067	329	326

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 98 are drawn up in accordance with Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and the Company as at 31st December 2010 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: 28 April 2011

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 98, 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 28 April 2011

Before me,

FOONG YEIN TENG

COMMISSIONER FOR OATHS

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Euro Holdings Berhad which comprise the statement of financial position as at 31st December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of 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 98.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of financial statements that give a true and fair view 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 2010 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.

(b) We are satisfied that the financial statements 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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 17 (a) to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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 2043/09/12 (J)
Partner

KUALA LUMPUR
DATE: 28 April 2011

Analysis Of Shareholdings As At 26th April 2011

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	5	0.27	277	0.00
100 - 1,000	1,024	56.14	156,702	0.19
1,001 - 10,000	370	20.29	2,326,800	2.87
10,001 - 100,000	342	18.75	12,616,982	15.58
100,001 - 4,049,999	79	4.33	32,789,603	40.48
4,050,000 and above	4	0.22	33,109,636	40.88
Total	1,824	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	14,558,851	17.97
3	Law Sim Shee	6,500,096	8.02
4	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	14,558,851	17.97
3	Law Sim Shee	6,500,096	8.02
4	Lew Hin	357,840	0.44
5	Teh Hock Toh	2,400,201	2.96
6	Dato' Choong Yuen Keong @ Tong Yuen Keong	8,410,000	10.38

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	%
1	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Sri Mohd Haniff Bin Abd Aziz	10,140,785	12.52
2	Dato' Choong Yuen Keong @ Tong Yuen Keong	8,410,000	10.38
3	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Fatt Sin	7,558,851	9.33
4	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Fatt Sin	7,000,000	8.64
5	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Sim Shee	3,000,000	3.70
6	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Sim Shee	2,500,000	3.09
7	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Teh Hock Toh	2,400,148	2.96
8	NLY Development Sdn Bhd	2,100,900	2.59
9	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Sri Mohd Haniff Bin Abd Aziz	2,009,215	2.48
10	Tew Boo Sing	1,346,500	1.66
11	Khong Saw Keng	1,015,200	1.25
12	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Sim Shee	1,000,000	1.23
13	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Teoh Lian Hong	829,500	1.02
14	Tan Soh Gek	755,100	0.93
15	Foong Sau Har	738,000	0.91
16	Loh Cheng Fatt	500,000	0.62
17	Shanmughanathan A/L Vellanthurai	500,000	0.62
18	SJ SEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Francis Ho Ik Sing	500,000	0.62
19	Chang Yew Kwong	491,900	0.61
20	Phang Yik Fui	485,000	0.60
21	Lui Kok Kiang	449,100	0.56
22	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abdullah Bin Hussain	372,000	0.46
23	Tan Boo Chuan	370,000	0.46
24	Oon Kim Suan	360,000	0.45
25	Lew Hin	357,840	0.44
26	Goh Siew Hoo	352,900	0.44
27	Kenanga Nominees (Asing) Sdn Bhd Exempt An for Phillip Securities Pte Ltd	325,000	0.40
28	Hau Gat Niw	300,000	0.37
29	Lim Soo Jee	300,000	0.37
30	Mayban Securities Nominees (Asing) Sdn Bhd Lim & Tan Securities Pte Ltd for Chang Seow Song	300,000	0.37
		56,767,939	**70.08**

Group **Properties** As At 31st December 2010

Registered / Beneficial Owner	ECM	ESI	ESI
Location	H.S.(D) 86293 No Lot . 178 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 21, Jalan RP3 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	H.S.(D) 86340 Lot No. 193 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 15, Jalan RP 3 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	H.S.(D) 86280 Lot. No 169 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 25, Jalan RP 2 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan
Description/Existing use	Industrial land with factory and office building erected thereon	Industrial land with factory and office building erected thereon	Industrial land with factory buildings erected thereon
Land area (sq. ft.)	87,126	82,654	210,101
Built-up area (sq. ft.)	94,500	63,938	110,000 160,000
Approximate age of building/ Tenure	14 years/Freehold	13 years/Freehold	4 years/ Freehold Building-in-progress /Freehold
Net book value as at 31 Dec 2010 (RM'000)	6,059	5,431	13,210 21,038
Year of acquisition/ revaluation	1996 2004#	1997*	2005

* Revalued

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

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at Green II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Off Jalan Tropicana Utama, 47410 Petaling Jaya, Selangor on Monday, 27 June 2011 at 10.00 a.m. for the transaction of the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To re-elect the following Directors who retire pursuant to Article 73 of the Articles of Association of the Company:

   Datuk Dr Syed Muhamad Bin Syed Abdul Kadir **Resolution 2**
   Ng Wai Pin **Resolution 3**
   Pua Kah Ho **Resolution 4**
   Dato' Sri Mohd Haniff Bin Abd Aziz **Resolution 5**

3. To approve the payment of Directors' fees amounting to RM237,600 for the financial year ended 31 December 2010. **Resolution 6**

4. To appoint the Auditors and to authorise the Board of Directors to fix their remuneration. **Resolution 7**

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 (a copy of which is annexed and marked as "Annexure A" in the Annual Report 2010) has been received by the Company for the nomination of Messrs SSY Partners for appointment as Auditors and of the intention to propose the following ordinary resolution:

   "That Messrs SSY Partners having consented to act, be and are hereby appointed as Auditors of the Company for the financial year ending 31 December 2011 in place of the retiring Auditors, Messrs HALS & Associates and to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to determine their remuneration."

Special Business

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

   ORDINARY RESOLUTION 1 **Resolution 8**

   Authority to issue shares pursuant to section 132D of the Companies Act, 1965

"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 where such approval is necessary, 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 ("AGM") and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate numbers of shares to be issued does not exceed ten percent (10%) of the total issued share capital of the Company for the time being."

ORDINARY RESOLUTION 2 **Resolution 9**

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

"THAT subject to compliance with the Act, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to allocate an amount not exceeding the total of audited share premium reserve and retained profit of the Company for the purpose of and to purchase such amount of ordinary shares of RM0.50 each ("EURO Shares") in the Company ("Proposed Renewal of SBB Mandate") as may be determined by the Directors of the Company provided that the aggregate number of EURO Shares purchased and/or held as treasury shares pursuant to this resolution does not exceed RM4,050,000 comprising 8,1000,000 shares in the Company, representing ten percent (10%) of the total issued and paid-up share 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 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 deem fit and expedient in the interest of the Company to give full effect to the Proposed Renewal of SBB Mandate contemplated and/or authorised by this resolution."

ORDINARY RESOLUTION 3 **Resolution 10**

Proposed renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature ("Proposed Renewal of RRPT Mandate")

"THAT, pursuant to Paragraph 10.09 Part E of the Listing Requirements of Bursa Securities, EURO and/or its subsidiaries ("EURO Group") be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out in Paragraph 3.2 of the Circular to Shareholders of EURO dated 3 June 2011 with the related parties mentioned therein which are necessary for the EURO Group's day-to-day operations, subject further to the following:

(i) the transactions are in the ordinary course of business on normal commercial terms and on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(ii) disclosure of the aggregate value of the transactions of the Proposed Renewal of RRPT Mandate conducted during the financial year will be disclosed in the Annual Report for the said financial year,

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

(i) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

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

ORDINARY RESOLUTION 4 **Resolution 11**

Proposed Diversification of Business into Property Development ("Proposed Diversification")

"THAT subject to the approval any relevant authorities being obtained, approval be and is hereby given to the Company to diversify the business of the EURO Group into property development;

AND THAT THE Directors and/or any of them be and hereby authorized to complete and do all such acts ad things deemed fit and expedient in the interest of the Company to give full effect to the Proposed Diversification contemplated and/or authorized by this resolution."

SPECIAL RESOLUTION 1 **Resolution 12**

Proposed Amendments to the Articles of Association ("Proposed Amendments")

"THAT the Articles of Association of the Company be and are hereby amended in the form and manner as set out in Appendix II of the Circular to Shareholders dated 3 June 2011;

AND THAT the Board of Directors of the Company and the Company Secretary be and are hereby authorised to do all such acts and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."

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

BY ORDER OF THE BOARD

Tai Keat Chai (MIA 1688)
Lim Hooi Chin (MAICSA 7025949)
Company Secretaries

Kuala Lumpur
Date: 3 June 2011

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 is a renewal of the general authority for the Directors to issue shares pursuant to Section 132D of the Act, 1965. If passed, it will empower the Directors of the Company, from the conclusion of this AGM to allot and issue shares in the Company up to and not exceeding in total ten percent (10%) of the issued and paid-up share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will expire at the next AGM of the Company, unless revoked or varied at a general meeting.

       The Company has not issued any new shares under the general authority which was approved at the Sixth AGM held on 28 June 2010 and which will lapse at the conclusion of the Seventh AGM to be held on 27 June 2011.

       The general authority to issue shares will allow the Company to take advantage of any strategic opportunities, including but not limited to, issuance of new shares for purpose of funding investment project(s), working capital and/or acquisitions which require new shares to be allotted and issued speedily and would also save the cost involved in convening a general meeting to approve such issuance of shares.

    b. The proposed Ordinary Resolution 2, if passed, will give the Directors of the Company the authority to purchase its own ordinary shares of up to ten percent (10%) of the issued and paid-up share capital of the Company. Please refer to the Circular to Shareholders dated 3 June 2011 which is circulated with the 2010 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 3 June 2011 which is circulated with the 2010 Annual Report.

    d. The proposed Ordinary Resolution 4, if passed, will allow the Company to diversify into property development activities.

    e. The special resolution I, if passed, will empower the Company to make electronic dividend payments.

25 April 2011

The Board of Directors
EURO HOLDINGS BERHAD
Suite 1603, 16th Floor
Wisma Lim Foo Yong
No. 86 Jalan Raja Chulan
50200 Kuala Lumpur

Dear Sirs

EURO HOLDINGS BERHAD ("Company")
NOTICE OF NOMINATION OF MESSRS SSY PARTNERS AS AUDITORS

I, being the major shareholder of EURO Holdings Berhad, hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of my nomination of Messrs SSY Partners as Auditors of the Company in place of the retiring auditors and of our intention to propose the following as an ordinary resolution to be tabled at the forthcoming Seventh Annual General Meeting:

"That Messrs SSY Partners having consented to act, be and are hereby appointed as Auditors of the Company for the financial year ending 31 December 2011 in place of the retiring Auditors, Messrs HALS & Associates and to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to determine their remuneration."

Yours faithfully,

(Lew Fatt Sin)

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 Seventh 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 Monday, 27 June 2011 at 10.00 a.m or at any adjournment thereof.

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

		FOR	AGAINST
RESOLUTION 1	– Adoption of Reports and Audited Financial Statements for the year ended 31 December 2010		
RESOLUTION 2	– Re-election of Datuk Dr Syed Muhamad Bin Syed Abdul Kadir		
RESOLUTION 3	– Re-election of Ng Wai Pin		
RESOLUTION 4	– Re-election of Pua Kah Ho		
RESOLUTION 5	– Re-election of Dato' Sri Mohd Haniff Bin Abd Aziz		
RESOLUTION 6	– Approval of the payment of Directors' fees		
RESOLUTION 7	– Appointment of Auditors		
RESOLUTION 8	– Authority to issue shares pursuant to Section 132D of the Act		
RESOLUTION 9	– Proposed Renewal of Share Buyback Mandate to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital		
RESOLUTION 10	– Proposed Renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature		
RESOLUTION 11	– Proposed Diversification of Business into Property Development		
RESOLUTION 12	– Proposed Amendments to the Articles of Association		

Signed this______________day of_______________2011

____
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.*
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Fold this flap for sealing

2nd fold here

AFFIX
STAMP

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

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

Rawang Industrial Estate
48000 Rawang
Selangor Darul Ehsan, Malaysia

tel 603 6092 6666
fax 603 6092 3000

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www.eurosteelline.com