

**POH HUAT RESOURCES HOLDINGS BERHAD**  
**Condensed Consolidated Income Statement**  
**For The Nine-Month Period Ended 31 July 2008**

(These figures have not been audited)

	<u>3 months ended</u>		<u>9 months ended</u>	
	31-Jul-08	31-Jul-07	31-Jul-08	31-Jul-07
	RM	RM	RM	RM
Revenue	96,575,157	107,758,910	279,485,247	302,422,449
Cost of sales	<u>(84,874,446)</u>	<u>(92,073,629)</u>	<u>(244,910,185)</u>	<u>(260,846,996)</u>
Gross profit	11,700,711	15,685,281	34,575,062	41,575,453
Other income	354,267	(10,030)	773,121	292,471
Selling and distribution exp.	(4,635,805)	(5,376,974)	(13,864,609)	(14,776,733)
Administrative expenses	(3,456,571)	(3,192,319)	(10,325,218)	(9,924,029)
Other operating expenses	<u>239,040</u>	<u>(1,427,674)</u>	<u>(934,756)</u>	<u>(3,082,657)</u>
Profit from operations	4,201,643	5,678,284	10,223,600	14,084,505
Finance costs	<u>(1,041,979)</u>	<u>(1,084,629)</u>	<u>(2,826,890)</u>	<u>(3,331,677)</u>
Profit before tax	3,159,664	4,593,655	7,396,710	10,752,828
Income tax expense	<u>(571,759)</u>	<u>55,018</u>	<u>(1,445,089)</u>	<u>(1,299,482)</u>
Profit for the period	<b><u>2,587,905</u></b>	<b><u>4,648,673</u></b>	<b><u>5,951,620</u></b>	<b><u>9,453,346</u></b>
Attributable to :				
Equity holders of the parent	2,405,067	4,594,529	5,452,834	9,144,117
Minority interest	<u>182,838</u>	<u>54,144</u>	<u>498,786</u>	<u>309,229</u>
	<b><u>2,587,905</u></b>	<b><u>4,648,673</u></b>	<b><u>5,951,620</u></b>	<b><u>9,453,346</u></b>
Earnings per share attributable to equity holders of the parent :				
Basic (sen)	2.76	5.27	6.25	10.48
Diluted (sen)	2.76	5.27	6.25	10.48

**(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31st October 2007)**

# POH HUAT RESOURCES HOLDINGS BERHAD

## Condensed Consolidated Balance Sheet

As At 31 July 2008

(These figures have not been audited)

	As At 31-Jul-08 RM	As At 31-Oct-07 RM (restated)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	128,195,017	114,380,129
Prepaid lease payments	17,644,601	17,421,302
Intangible assets	296,148	296,148
	<u>146,135,766</u>	<u>132,097,579</u>
<b>Current assets</b>		
Inventories	62,392,232	68,511,235
Trade and other receivables	43,019,183	32,130,667
Deposits, cash and bank balances	19,483,492	37,649,605
	<u>124,894,907</u>	<u>138,291,507</u>
<b>TOTAL ASSETS</b>	<u><b>271,030,673</b></u>	<u><b>270,389,086</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	87,220,850	87,220,100
Reserves	34,289,058	34,178,716
	<u>121,509,908</u>	<u>121,398,816</u>
<b>Minority interest</b>	<u>2,087,309</u>	<u>1,874,311</u>
<b>Total Equity</b>	<u><b>123,597,217</b></u>	<u><b>123,273,127</b></u>
<b>Non-current liabilities</b>		
Borrowings	8,339,265	8,471,024
Deferred tax liabilities	6,398,000	6,398,000
	<u>14,737,265</u>	<u>14,869,024</u>
<b>Current liabilities</b>		
Trade and other payables	89,748,924	85,899,845
Borrowings	42,505,709	45,706,684
Taxation	441,558	640,406
	<u>132,696,191</u>	<u>132,246,935</u>
<b>Total Liabilities</b>	<u><b>147,433,456</b></u>	<u><b>147,115,959</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>271,030,673</b></u>	<u><b>270,389,086</b></u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31st October 2007)

## POH HUAT RESOURCES HOLDINGS BERHAD

### Condensed Consolidated Statement of Changes in Equity

For The Nine-Month Period Ended 31 July 2008

(These figures have not been audited)

	Attributable to Equity Holders of the Parent						Minority Interest	Total Equity	
	Non-Distributable				Distributable				
	Share Capital RM	Share Premium RM	Capital Reserve RM	Merger Deficit RM	Translation Reserve RM	Retained Profits RM	Total RM	RM	RM
At 1 Nov 2006 (as previously stated)	87,220,100	144,495	6,633,467	(28,849,998)	(1,191,587)	45,256,746	109,213,223	1,306,787	110,520,010
Effect of adoption - FRS 3			(80,873)			80,873	0		
At 1 Nov 2006 (Restated)	87,220,100	144,495	6,552,594	(28,849,998)	(1,191,587)	45,337,619	109,213,223	1,306,787	110,520,010
Profit for the period						9,144,117	9,144,117	309,229	9,453,346
Share-based payment			20,786				20,786		20,786
Dividend paid						(1,744,402)	(1,744,402)		(1,744,402)
Translation adjustment					789,443		789,443		789,443
<b>As at 31 July 2007</b>	<b>87,220,100</b>	<b>144,495</b>	<b>6,573,380</b>	<b>(28,849,998)</b>	<b>(402,144)</b>	<b>52,737,334</b>	<b>117,423,167</b>	<b>1,616,016</b>	<b>119,039,183</b>
As at 1 Nov 2007	87,220,100	144,495	6,644,380	(28,849,998)	(4,299,072)	60,538,911	121,398,816	1,874,311	123,273,127
Issue of new shares pursuant to exercise of Warrants	750						750		750
Profit for the period						5,452,834	5,452,834	498,786	5,951,620
Adoption of FRS 3				28,849,998		(28,849,998)	0		0
Share-based payment							0		0
Dividend paid						(3,017,841)	(3,017,841)		(3,017,841)
Translation adjustment					(2,324,651)		(2,324,651)	(285,788)	(2,610,439)
<b>As At 31 July 2008</b>	<b>87,220,850</b>	<b>144,495</b>	<b>6,644,380</b>	<b>0</b>	<b>(6,623,723)</b>	<b>34,123,906</b>	<b>121,509,908</b>	<b>2,087,309</b>	<b>123,597,217</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st October 2007)

**POH HUAT RESOURCES HOLDINGS BERHAD**

**Condensed Consolidated Cash Flow Statement**

**For The Nine-Month Period Ended 31 July 2008**

(These figures have not been audited)

	<b>9 months ended</b>	
	<b>31-Jul-08</b>	<b>31-Jul-07</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	7,396,710	10,752,828
Adjustment for :-		
Depreciation	6,511,082	7,968,791
Amortisation of goodwill on consolidation	-	-
Other non-cash items	(431,396)	86,635
Interest expense	1,981,334	2,602,286
Interest income	(528,494)	(122,881)
Operating profit before working capital changes	<u>14,929,236</u>	<u>21,287,659</u>
Changes in working capital		
Inventories	6,119,003	2,243,807
Trade and other receivables	(10,888,516)	5,612,111
Trade and other payables	<u>3,849,079</u>	<u>4,725,829</u>
Cash generated from operations	14,008,802	33,869,406
Interest paid	(1,981,334)	(2,602,286)
Interest received	528,494	122,881
Tax paid	<u>(1,498,330)</u>	<u>(1,404,482)</u>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>11,057,632</b>	<b>29,985,519</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net purchase of fixed assets	<u>(20,549,269)</u>	<u>(10,227,625)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(20,549,269)</b>	<b>(10,227,625)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net movements in borrowings	(3,332,734)	(3,357,459)
Dividends paid	(3,017,841)	(1,744,402)
Proceed from issuance of shares	750	0
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(6,349,825)</b>	<b>(5,101,861)</b>
Effect on exchange rate changes	(2,324,651)	789,443
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(18,166,113)</b>	<b>15,445,476</b>
Cash & cash equivalents at beginning of financial year	<u>37,649,605</u>	<u>20,235,370</u>
<b>CASH &amp; CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b><u>19,483,492</u></b>	<b><u>35,680,846</u></b>
<b>Cash &amp; cash equivalents comprise the followings :</b>		
Deposits, bank and cash balances	19,483,492	35,680,846
Fixed deposit pledged to bank as collateral	-	-
	<u>19,483,492</u>	<u>35,680,846</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st October 2007)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### **A1. BASIS OF PREPARATION**

The interim financial statements are unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standard Board and paragraph 9.22 and Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 October 2007.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 October 2007.

### **A2. CHANGES IN ACCOUNTING POLICIES**

#### **Adoption of New Financial Reporting Standards**

The significant accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 October 2007.

### **A3. AUDITOR’S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditor’s report on the financial statements for the year ended 31 October 2007 was not qualified.

### **A4. SEASONAL OR CYCLICAL FACTORS**

The principal business operations of the Group has historically shown moderate seasonality, where production and sales of furniture are generally lower in the beginning of the calendar year due to the local festive period as well as the summer holiday in the middle of the year.

### **A5. EXCEPTIONAL, EXTRAORDINARY OR UNUSUAL ITEM**

There was no item of exceptional, extraordinary or unusual in nature, size or incidence in the financial quarter under review.

### **A6. CHANGES IN ESTIMATE**

Not applicable.

## A7. ISSUANCE, REPURCHASE AND CANCELLATION OF SHARES

### *ESOS*

During the financial quarter ended 31 July 2008, no new shares have been issued to eligible employees under the Poh Huat Employees' Share Option Scheme ("ESOS").

### *Warrants 2003/2008*

During the financial quarter ended 31 July 2008, no new shares have been issued from the exercise of the Warrants 2003/2008 issued by the Company.

Pursuant to the Deed Poll dated 29 July 2003 governing the issue of Warrants 2003/2008, the subscription rights of the Warrants 2003/2008 had expired on 17 September 2008 and accordingly have been removed from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") on 18 September 2008.

Save for the above, the Company has not issued any other shares, debts or convertible securities.

The Company has been authorised by shareholders to re-purchase its own shares but has not purchased any of its own shares during the financial year. As such, there are no shares being resold, cancelled or retained as treasury shares by the Company.

## A8. DIVIDENDS PAID

The Company had on 22 May 2008 paid dividends totalling RM3,017,840.63 being the first and final dividend of 4% comprising a tax-exempt dividend of 2% and a taxable dividend of 2% for the financial year ended 31 October 2007.

## A9. SEGMENTAL REPORTING

No segmental reporting by activities is prepared as the Group is principally involved in a single line of business, namely the manufacture and sale of furniture.

The Group has overseas investments and operations. The year-to-date segmental report by geographical location is as follows:-

	<b>Turnover</b>	<b>Profit / (Loss)</b>
	<b>Year to Date</b>	<b>Before Tax</b>
	<b>RM'000</b>	<b>Year to Date</b>
		<b>RM'000</b>
Malaysia	145,404	2,697
Vietnam	124,657	4,652
South Africa	9,104	1,018
China	320	(970)
	-----	-----
<b>Total</b>	<b>279,485</b>	<b>7,397</b>
	=====	=====

**A10. CARRYING AMOUNT OF REVALUED ASSETS**

The carrying values of land and buildings have been brought forward, without amendments from the previous annual financial statements.

**A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD**

There were no material events subsequent to the period ended 31 July 2008 that have not been reflected in the financial statements of the interim period.

**A12. CHANGES IN THE COMPOSITION OF THE GROUP**

The Company has on 2 July 2008 proposed to undertake a restructuring of the equity in Poh Huat Furniture Industries Vietnam Pte Ltd that include the re-registration and conversion of Poh Huat Vietnam into a joint-stock company (“Proposed Conversion”) and thereafter a subscription of new shares in Poh Huat Vietnam by three (3) new third-party investors.

On 29 July 2008, Poh Huat Vietnam received the approval from the Department of Planning and Investments of Binh Duong Province, Vietnam for the proposed Conversion. Following the approval, the capital restructuring for the Proposed Conversion involving the transfers of legal capital amounting to VND44,422,902,000 and VND10,000,000 to Poh Huat International (BVI) Limited (“Poh Huat BVI”) and Regional Venture Funds Pte Ltd respectively was completed on 8 September 2008 and Poh Huat Vietnam’s legal capital of VND164,422,902,000 was converted to fully issued and paid-up capital of VND164,422,902,000 comprising 16,442,290 shares of VND10,000 each.

Upon completion of the Proposed Conversion, Poh Huat Vietnam became a 73% owned subsidiary of Company and 27% owned associate company of Poh Huat BVI.

**A13. CHANGES IN CONTINGENT LIABILITIES / ASSETS**

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 October 2008.

**A14. CAPITAL COMMITMENT**

As at 31 July 2008, there are no capital commitments incurred by the Group.

**A15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

As at 31 July 2008, there are no significant related party transactions by the Group.

## **BMSB LISTING REQUIREMENTS**

### **B1. PERFORMANCE REVIEW**

The Group's revenue for the current quarter ended 31 July 2008 decreased to RM96.58 million compared to the RM107.76 million recorded in the previous year's corresponding quarter ended 31 July 2007. The lower turnover achieved during the quarter was attributable both to the lower Ringgit sales proceeds realised for the Group's export sales and the weaker sales from the local market due to weaker business sentiment and high inflation rate.

On the manufacturing side, the Group continued to experience higher production costs due to higher prices for major raw materials used in production. The weakening of the US and global economy due to the housing and financial crisis have also resulted in reduction in demand for and a shift toward more economical furniture items.

Given the above, the gross profit of the Group decline from RM15.69 million for the previous corresponding period ended 31 July 2007 to RM11.73 million for the current quarter under review. As a result of the fall in gross margins, the Group profit before taxation declined to RM3.16 million compared to profit before tax of RM4.59 million achieved in the previous corresponding quarter ended 31 July 2007. The Group also incurred initial losses arising from the commencement of its manufacturing operations in Qingdao, China in June 2008.

### **B2. MATERIAL CHANGE IN PROFIT BEFORE TAXATION**

The Group's turnover of RM96.58 million achieved during the quarter under review was higher than the turnover of RM82.07 million for the preceding quarter ended 30 April 2008. The higher turnover is attributable both to the higher average selling prices for the furniture shipped during the current quarter and higher output due to the higher number of production days as compared to the preceding quarter ended 30 April 2008.

In line with the higher turnover, the Group has turnaround from a loss before taxation of RM0.95 million registered in the preceding quarter ended 30 April 2008 to profit before taxation RM3.17 million for the quarter under review. The Group operations in Vietnam registered a marked improvement in profit before taxation of RM2.38 million during the quarter under review compared to profit before taxation of RM0.20 million in the preceding quarter.

### **B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR**

Global economic growth remained slow and may slip into recession in 2008 amidst continued concerns over consumption power and raising inflation. With the US experiencing its worst housing slump and financial crisis, the Group expects the current down trend to continue.

The above notwithstanding, the Group continue to enjoy sustained orders for shipment of furniture to US and elsewhere. Recent upward adjustments to selling prices and the strengthening of the US Dollar against the Ringgit also augur well for the Group as this trend, if sustained, results in higher revenue and stronger profit in the coming quarters. The commencement of Group operations in Qingdao, China will have negative impact on the Group bottom-line during the initial stages. However, the Group expect this situation to reverse as workers efficiency and scale of operations in Qingdao, China improve. In tackling raising costs, the Group will continue to actively pursue alternatives with its customers, both in its products and manufacturing materials/processes, to ensure that the Group's operations remain viable during this challenging period.



**B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

There is no profit forecast issued for the current financial year under review.

**B5. TAXATION**

	<b>Quarter Under Review RM'000</b>	<b>Year To Date RM'000</b>
Current income tax expenses	572	1,445
Deferred tax expenses	-	-
	-----	-----
	<b>524</b>	<b>1,445</b>
	=====	=====

For the financial quarter under review, the effective tax rate of the Group is lower than the statutory rate due tax incentive given to Malaysia and Overseas subsidiaries.

**B6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There were no sales of unquoted investments and/or properties for the financial quarter ended 31 July 2008.

**B7. QUOTED SECURITIES**

There was no purchase or disposal of quoted securities for the financial quarter ended 31 July 2008.

**B8. STATUS OF CORPORATE PROPOSALS / UTILISATION OF PROCEEDS**

There were no corporate proposals or utilisation of proceeds announced but not completed as at the date of the report.

**B9. GROUP'S BORROWINGS**

		<b>As at 31 July 2008 RM'000</b>
Secured Short Term Borrowings		42,506
Secured Long Term Borrowings		8,339
		-----
		<b>50,845</b>
		=====
Currency denominations :		
US Dollar	(USD' 000)	6,122
Vietnam Dong	(VND' 000,000)	26,032
South Africa Rand	(ZAR' 000)	Nil
		-----
Total Ringgit equivalent	(RM' 000)	23,559
Ringgit borrowings	(RM' 000)	27,286
		-----
		<b>50,845</b>
		=====

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no financial instruments with off balance sheet during the financial quarter ended 31 July 2008.

**B11. MATERIAL LITIGATION**

The Directors are not aware of any material litigation pending or threatened against the Group.

**B12. DIVIDEND**

No interim ordinary dividend had been declared for the financial period ended 31 July 2008

**B13. EARNINGS PER SHARE*****Basic earnings per share***

Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of shares in issue during the period.

		<b>Quarter Under Review</b>	<b>Year To Date</b>
Net Profit / (Loss)	(RM'000)	2,405	5,452
<b>Weighted average number of shares</b>	<b>('000 shares)</b>	87,221	87,221
Basic earnings per share	(sen)	2.97	6.82

***Diluted earnings per share***

For the purpose of calculating diluted earnings per share, the weighted average numbers of ordinary shares in issued during the quarter under review have been adjusted for the dilutive effects of all potential shares, i.e. Warrants 2003/2008 and the options under the ESOS.

During the quarter under review, the diluted earnings per share has not been presented as the conversion of each class of potential shares have anti-dilutive effect as the exercise price of the shares are above the average market value of the Company's shares.

For and on behalf of the Board  
**Poh Huat Resources Holdings Berhad**

**BOO CHIN LIONG**  
Independent Non-Executive Director  
Chairman  
Audit Committee

19 September 2008  
Muar, Johor Darul Takzim