

POH HUAT RESOURCES HOLDINGS BERHAD
Condensed Consolidated Income Statement
For The Year Ended 31 Oct 2008

(These figures have not been audited)

	<u>3 months ended</u>		<u>12 months ended</u>	
	<u>31-Oct-08</u>	<u>31-Oct-07</u>	<u>31-Oct-08</u>	<u>31-Oct-07</u>
	RM	RM	RM	RM
Revenue	108,504,893	106,960,146	387,990,140	405,037,163
Cost of sales	<u>(96,847,275)</u>	<u>(86,224,825)</u>	<u>(341,727,460)</u>	<u>(344,132,445)</u>
Gross profit	11,657,618	20,735,321	46,262,680	60,904,718
Other income	726,804	998,674	1,469,925	681,570
Selling and distribution expenses	(5,216,775)	(5,502,468)	(19,081,383)	(18,977,634)
Administrative expenses	(4,151,630)	(3,627,385)	(14,476,848)	(13,265,172)
Other operating expenses	<u>1,085,561</u>	<u>(2,465,429)</u>	<u>150,805</u>	<u>(5,378,600)</u>
Profit from operations	4,101,578	10,138,713	14,325,179	23,964,882
Finance costs	<u>(995,409)</u>	<u>(1,113,518)</u>	<u>(3,822,299)</u>	<u>(4,411,711)</u>
Profit before tax	3,106,169	9,025,195	10,502,880	19,553,171
Income tax expense	<u>(1,673,233)</u>	<u>(830,423)</u>	<u>(3,118,323)</u>	<u>(2,101,342)</u>
Profit for the period	<u>1,432,936</u>	<u>8,194,772</u>	<u>7,384,557</u>	<u>17,451,829</u>
Attributable to :				
Equity holders of the parent	1,716,408	7,993,832	7,169,242	16,945,694
Minority interest	<u>(283,472)</u>	<u>200,940</u>	<u>215,315</u>	<u>506,135</u>
	<u>1,432,936</u>	<u>8,194,772</u>	<u>7,384,557</u>	<u>17,451,829</u>
Earnings per share attributable to equity holders of the parent :				
Basic (sen)	1.97	9.17	8.22	19.43
Diluted (sen)	1.97	9.17	8.22	19.43

(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 October 2008

(These figures have not been audited)

	As At 31-Oct-08 RM	As At 31-Oct-07 RM (restated)
ASSETS		
Non-current assets		
Property, plant and equipment	134,285,146	114,380,129
Prepaid lease payments	17,728,598	17,421,302
Intangible assets	296,148	296,148
	<u>152,309,892</u>	<u>132,097,579</u>
Current assets		
Inventories	68,535,460	68,511,235
Trade and other receivables	50,466,221	32,130,667
Deposits, cash and bank balances	20,279,132	37,649,605
	<u>139,280,813</u>	<u>138,291,507</u>
TOTAL ASSETS	<u>291,590,705</u>	<u>270,389,086</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	87,220,850	87,220,100
Reserves	43,935,216	34,178,716
	<u>131,156,066</u>	<u>121,398,816</u>
Minority interest	<u>1,504,875</u>	<u>1,874,311</u>
Total Equity	<u>132,660,941</u>	<u>123,273,127</u>
Non-current liabilities		
Borrowings	11,969,604	8,471,024
Deferred tax liabilities	5,701,000	6,398,000
	<u>17,670,604</u>	<u>14,869,024</u>
Current liabilities		
Trade and other payables	100,637,490	85,899,845
Borrowings	39,064,977	45,706,684
Taxation	1,556,693	640,406
	<u>141,259,160</u>	<u>132,246,935</u>
Total Liabilities	<u>158,929,764</u>	<u>147,115,959</u>
TOTAL EQUITY AND LIABILITIES	<u>291,590,705</u>	<u>270,389,086</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 Year Ended 31 Oct 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
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
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
Profit for the period						16,945,694	16,945,694	506,135
Share-based payment			20,786				20,786	20,786
Dividend paid						(1,744,402)	(1,744,402)	(1,744,402)
Effect of changes in tax rates			71,000				71,000	71,000
Translation adjustment					(3,107,485)		(3,107,485)	61,389
As at 31 October 2007	87,220,100	144,495	6,644,380	(28,849,998)	(4,299,072)	60,538,911	121,398,816	1,874,311
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
Issue of new shares pursuant to exercise of Warrants	750						750	750
Profit for the period						7,169,242	7,169,242	215,315
Adoption of FRS 3				28,849,998		(28,849,998)	0	0
Reversal of deferred tax			82,000			1,112,000	1,194,000	
Realisation of revaluation surplus			(3,320,756)			3,320,756	0	
Prior year adjustment						(20,204)	(20,204)	(20,204)
Dividend paid						(3,017,841)	(3,017,841)	(3,017,841)
Translation adjustment					4,431,303		4,431,303	(584,751)
As At 31 October 2008	87,220,850	144,495	3,405,624	0	132,231	40,252,866	131,156,066	1,504,875

(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 Year Ended 31 Oct 2008

(These figures have not been audited)

	<u>12 months ended</u>	
	31-Oct-08	31-Oct-07
	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	10,502,880	19,553,171
Adjustment for :-		
Depreciation	7,931,997	8,953,209
Amortisation of goodwill on consolidation	-	-
Amortisation of prepaid lease payments	251,857	394,566
Other non-cash items	(604,955)	312,770
Interest expense	2,681,595	3,415,026
Interest income	(642,090)	(241,939)
Operating profit before working capital changes	20,121,284	32,386,803
Changes in working capital		
Inventories	(24,225)	(7,718,051)
Trade and other receivables	(18,335,554)	10,218,165
Trade and other payables	14,737,645	6,526,061
Cash generated from operations	16,499,150	41,412,978
Interest paid	(2,681,595)	(3,415,026)
Interest received	642,090	241,939
Tax paid	(1,705,036)	(1,764,567)
NET CASH FLOW FROM OPERATING ACTIVITIES	12,754,609	36,475,324
CASH FLOW FROM INVESTING ACTIVITIES		
Net purchase of fixed assets	(27,837,014)	(15,970,793)
Prepaid lease payment	(559,153)	(776,118)
NET CASH USED IN INVESTING ACTIVITIES	(28,396,167)	(16,746,911)
CASH FLOW FROM FINANCING ACTIVITIES		
Net movements in borrowings	(3,143,127)	(283,862)
Dividends paid	(3,017,841)	(1,744,402)
Proceed from issuance of shares	750	0
NET CASH FLOW FROM FINANCING ACTIVITIES	(6,160,218)	(2,028,264)
Effect on exchange rate changes	4,431,303	(285,914)
NET CHANGE IN CASH & CASH EQUIVALENTS	(17,370,473)	17,414,235
Cash & cash equivalents at beginning of financial year	37,649,605	20,235,370
CASH & CASH EQUIVALENTS AT END OF FINANCIAL YEAR	20,279,132	37,649,605
Cash & cash equivalents comprise the followings :		
Deposits, bank and cash balances	20,279,132	37,649,605
Fixed deposit pledged to bank as collateral	-	-
	20,279,132	37,649,605

(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

Pursuant to the Bye-laws governing the Poh Huat Group's Employees Share Option Scheme ("ESOS"), the expiry of the ESOS was on 27 November 2008. In accordance with the Bye-laws, all options to the extent unexercised on the expiry of the ESOS shall lapse and be null and void and of no further force and effect for any purpose under the ESOS. No options were exercised and hence no shares were issued during the period from 1 August 2008 to the date of expiry of the ESOS.

The Company has not issued any shares, debts or convertible securities during the financial quarter under review.

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

No dividends were paid for the quarter ended 31 October 2008.

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:-

	Turnover	Profit / (Loss)
	Year to Date	Before Tax
	RM'000	Year to Date
		RM'000
Malaysia	201,222	7,809
Vietnam	177,385	5,985
South Africa	11,848	633
China	2,762	(1,898)
Less: Eliminations	(5,227)	(2,026)
	-----	-----
Total	387,990	10,503
	=====	=====

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

On 21 November 2008, one of the factory buildings belonging to Poh Huat Furniture Industries Joint-Stock Company was destroyed in a fire incident. The factory building, located in the Group's Dongnai, Vietnam manufacturing facility, houses a finishing line comprises a 1,586 meter spray line, pallets, conveyor system and other finishing and other related woodworking machineries.

Save for the above, there were no materials events subsequent to the period ended 31 October 2008 that have not been reflected in the financial statements of the interim period.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter ended 31 October 2008.

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 October 2008, there are no capital commitments incurred by the Group.

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

As at 31 October 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 October 2008 increased to RM108.50 million compared to the RM106.96 million recorded in the previous year's corresponding quarter ended 31 October 2007. The higher turnover achieved during the quarter was attributable both to the higher Ringgit sales proceeds realised for the Group's on the back of sustained export sales, particular in Vietnam, despite deteriorating external environment. Sales to the local market remained stable during the period under review.

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

Given the above, the gross profit of the Group decline from RM20.74 million for the previous corresponding period ended 31 October 2007 to RM11.66 million for the current quarter under review. As a result of the fall in gross margins, the Group profit before taxation declined to RM3.11 million compared to profit before tax of RM9.03 million achieved in the previous corresponding quarter ended 31 October 2007. The Group continued to incur losses arising from the low level of production in its initial stage of its manufacturing operations in Qingdao, China. The group incurred disproportional higher tax due to withdrawal of prior years reinvestment tax allowance.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's turnover of RM108.50 million achieved during the quarter under review was higher than the turnover of RM96.58 million for the preceding quarter ended 31 July 2008. The higher turnover is attributable both to the higher average selling prices for the furniture shipped during the current quarter arising from upward price adjustments for certain products and higher output due as shipment increase in anticipation of the higher sales during the year end festive seasons in the US.

Although the company has achieved significant improvement in turnover, the Group achieved only a moderate profit before taxation of RM3.11 million compared to a profit before taxation of RM3.16 million registered in the preceding quarter ended 31 July 2008. This is mainly due to the increase in profit of Malaysia operations were partially offset by the losses arising from the low level production in its initial stage of its manufacturing operations in Qingdao, China as well as rising material costs in Vietnam operations. The Group operations in Malaysia registered significantly higher profit before taxation of RM4.67 million during the quarter under review compared to profit before taxation of RM1.19 million in the preceding quarter. The profitability of the Vietnam operations was lower at RM1.33 million compared to RM 2.38 millions in the preceding quarter due to higher raw material prices.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

Global economic condition continued to deteriorate amidst losses in the financial markets, weaker consumer spending and significant cut in capital expenditure in most developed nation. As developed nations slip into recession, falling demands have resulted in significant drop in commodity and energy prices, thus erode the wealth of resource rich nations. The economic stimulus packages announced by the US, European and China notwithstanding, the slow pace of recovery points toward, a protracted global slowdown.

Given the adverse outlook, the Group will prepare itself for tougher times ahead. The Group will continue with its efforts to tackle rising costs, improve manufacturing efficiency and 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

	Quarter Under Review RM'000	Year To Date RM'000
Current income tax expenses	1,673	3,118
Deferred tax expenses	-	-
	-----	-----
	1,673	3,118
	=====	=====

For the financial quarter under review, the effective tax rate of the Group is higher than the statutory rate due to increase in tax income tax payable for prior years resulting from withdrawal of reinvestment allowance by the tax authority.

B6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

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

B7. QUOTED SECURITIES

There was no purchase or disposal of quoted securities for the financial quarter ended 31 October 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

		As at 31 October 2008 RM'000
Secured Short Term Borrowings		39,065
Secured Long Term Borrowings		11,970

		51,035
		=====
Currency denominations :		
US Dollar	(USD' 000)	5,697
Vietnam Dong	(VND' 000,000)	20,945
South Africa Rand	(ZAR' 000)	Nil

Total Ringgit equivalent	(RM' 000)	24,268
Ringgit borrowings	(RM' 000)	26,767

		51,035
		=====

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B11. MATERIAL LITIGATION

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

B12. DIVIDEND

For the financial year ended 31 October 2008 the Directors have recommended a first and final gross dividend of 2% for the shareholders' approval at the forthcoming Annual General Meeting of the Company.

- | | | |
|--|---|--------------------------------------|
| a. Type of dividend | : | First and final |
| b. Amount per share | : | 2 sen (gross) |
| c. Previous corresponding period | : | 2 sen (gross) and 2 sen (tax-exempt) |
| d. Total dividend for the financial year | : | 2 sen (gross) |

The dividend entitlement and payment dates for the proposed dividend will be determined, and thereafter announced at a later date.

B13. EARNINGS PER SHARE

Basic earnings per share

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

		Quarter	Year
		Under Review	To Date
Net Profit / (Loss)	(RM'000)	1,716	7,196
Weighted average number of shares	(‘000 shares)	87,221	87,221
Basic earnings per share	(sen)	1.97	8.22

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

29 December 2008
Muar, Johor Darul Takzim