

POH HUAT RESOURCES HOLDINGS BERHAD

Condensed Consolidated Income Statement

For The Twelve-Month Period Ended 31 October 2010

(These figures have not been audited)

	3 months ended		12 months ended	
	31-Oct-10	31-Oct-09	31-Oct-10	31-Oct-09
	RM	RM	RM	RM
Revenue	107,259,357	80,033,263	355,716,483	329,648,227
Cost of sales	(88,250,694)	(74,883,156)	(300,637,676)	(288,208,689)
Gross profit	<u>19,008,663</u>	<u>5,150,107</u>	<u>55,078,807</u>	<u>41,439,538</u>
Other income / (expenses)	(3,633,423)	955,111	(3,105,897)	1,630,686
Selling and distribution expenses	(5,025,088)	(3,586,523)	(19,081,140)	(16,305,942)
Administrative expenses	(4,694,441)	(4,589,471)	(15,984,544)	(15,128,595)
Other operating income / (expenses)	(2,790,050)	2,191,226	(2,117,637)	3,035,967
Profit from operations	<u>2,865,661</u>	<u>120,450</u>	<u>14,789,589</u>	<u>14,671,654</u>
Finance costs	(565,559)	(187,924)	(2,310,137)	(2,198,706)
Profit before tax	<u>2,300,102</u>	<u>(67,474)</u>	<u>12,479,452</u>	<u>12,472,948</u>
Income tax expense	(640,360)	(1,832,061)	(1,819,524)	(2,325,039)
Profit for the period	<u>1,659,742</u>	<u>(1,899,535)</u>	<u>10,659,928</u>	<u>10,147,909</u>
Attributable to :				
Equity holders of the parent	1,746,671	(1,999,986)	10,679,442	9,937,466
Minority interest	(86,929)	100,451	(19,514)	210,443
	<u>1,659,742</u>	<u>(1,899,535)</u>	<u>10,659,928</u>	<u>10,147,909</u>
Earnings per share attributable to equity holders of the parent :				
Basic (sen)	1.54	(1.76)	9.42	8.76
Diluted (sen)	1.54	(1.76)	9.42	8.76

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31st October 2009)

POH HUAT RESOURCES HOLDINGS BERHAD

Condensed Consolidated Balance Sheet

As At 31 October 2010

(These figures have not been audited)

	As At 31-Oct-10 RM	As At 31-Oct-09 RM (restated)
ASSETS		
Non-current assets		
Property, plant and equipment	114,563,964	125,105,994
Prepaid lease payments	16,317,930	16,903,535
Intangible assets	296,147	296,148
Deferred tax assets	0	23,749
	<u>131,178,041</u>	<u>142,329,426</u>
Current assets		
Inventories	58,481,385	53,547,030
Trade and other receivables	42,323,771	28,815,335
Deposits, cash and bank balances	19,874,752	16,759,093
	<u>120,679,908</u>	<u>99,121,458</u>
TOTAL ASSETS	<u>251,857,949</u>	<u>241,450,884</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	113,387,105	113,387,105
Reserves	18,888,797	20,040,284
	<u>132,275,902</u>	<u>133,427,389</u>
Minority interest	2,221,363	2,224,916
Total Equity	<u>134,497,265</u>	<u>135,652,305</u>
Non-current liabilities		
Bank Borrowings	3,936,457	4,673,998
Deferred tax liabilities	6,680,000	6,481,000
	<u>10,616,457</u>	<u>11,154,998</u>
Current liabilities		
Trade and other payables	71,613,662	65,604,429
Bank Borrowings	35,051,332	27,510,307
Tax Payable	79,233	1,528,845
	<u>106,744,227</u>	<u>94,643,581</u>
Total Liabilities	<u>117,360,684</u>	<u>105,798,579</u>
TOTAL EQUITY AND LIABILITIES	<u>251,857,949</u>	<u>241,450,884</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31st October 2009)

POH HUAT RESOURCES HOLDINGS BERHAD

Condensed Consolidated Statement of Changes in Equity For The Twelve-Month Period Ended 31 October 2010

(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	Translation Reserve RM	Retained Profits RM	Total RM	RM	RM
At 1 Nov 2008	87,220,850	144,495	6,808,380	87,281	35,679,724	129,940,730	1,629,139	131,569,869
Bonus Issue	26,166,255	(144,495)			(26,021,760)			
Profit for the period					9,937,466	9,937,466	210,443	10,147,909
Transfer of share options reserve to retained profit for share option lapsed			(20,786)		20,786	-		-
Dividend Paid					(1,308,312)	(1,308,312)		(1,308,312)
Translation adjustment				(5,142,495)		(5,142,495)	385,334	(4,757,161)
At 31 October 2009	113,387,105	-	6,787,594	(5,055,214)	18,307,904	133,427,389	2,224,916	135,652,305
As at 1 Nov 2009	113,387,105	-	6,787,594	(5,055,214)	18,307,904	133,427,389	2,224,916	135,652,305
Profit for the period					10,679,442	10,679,442	(19,514)	10,659,928
Prior Year Adjustment					(28,359)	(28,359)		(28,359)
Dividend Paid					(1,701,303)	(1,701,303)		(1,701,303)
Translation adjustment				(10,101,267)		(10,101,267)	15,961	(10,085,306)
At 31 October 2010	113,387,105	-	6,787,594	(15,156,481)	27,257,684	132,275,902	2,221,363	134,497,265

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st October 2009)

POH HUAT RESOURCES HOLDINGS BERHAD**Condensed Consolidated Cash Flow Statement****For The Twelve-Month Period Ended 31 October 2010**

(These figures have not been audited)

	12 months ended	
	31-Oct-10	31-Oct-09
	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	12,479,452	12,472,948
Adjustment for :-		
Amortisation of prepaid lease payments	175,369	451,833
Depreciation	8,559,688	9,265,001
Bad debts written off	274,543	3,217
Provision For Doubtful Debts	487,675	-
Provision For Obsolete Inventory	60,370	-
Deposit forfeited	-	(360)
Fire insurance compensation	(6,700,200)	(940,932)
Damages on fire	10,404,367	-
Prior Year Adjustment	(28,359)	-
Fixed assets written off	14,339	1,055,859
Unrealised loss on foreign exchange	15,961	55,956
Interest expense	1,493,163	1,668,866
Interest income	(85,485)	(209,499)
Operating profit before working capital changes	27,150,883	23,822,889
Changes in working capital		
Inventories	(7,868,581)	14,499,129
Trade and other receivables	(17,620,754)	15,387,484
Trade and other payables	6,208,233	(26,496,951)
Cash generated from operations	7,869,781	27,212,551
Interest paid	(1,493,163)	(1,668,866)
Interest received	85,485	209,499
Tax paid	(3,269,136)	(2,525,811)
NET CASH FLOW FROM OPERATING ACTIVITIES	3,192,967	23,227,373
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed from insurance claim	3,350,100	4,178,210
Purchase of property, plant and equipment	(8,746,056)	(13,358,588)
Lease payment for leasehold land	-	(334,038)
NET CASH USED IN INVESTING ACTIVITIES	(5,395,956)	(9,514,416)
CASH FLOW FROM FINANCING ACTIVITIES		
Net movements in borrowings	6,803,484	(17,203,888)
Proceed from issuance of shares	-	-
Dividend paid	(1,701,303)	(1,308,312)
NET CASH FLOW FROM FINANCING ACTIVITIES	5,102,181	(18,512,200)
Effect on exchange rate changes	216,467	802,569
NET CHANGE IN CASH & CASH EQUIVALENTS	3,115,659	(3,996,674)
Cash & cash equivalents at beginning of financial year	16,759,093	20,267,287
CASH & CASH EQUIVALENTS AT END OF FINANCIAL YEAR	19,874,752	16,270,613
Cash & cash equivalents comprise the followings :		
Deposits, bank and cash balances	19,874,752	16,759,093
Fixed deposit pledged to bank / (Bank overdrafts)	-	(488,480)
	<u>19,874,752</u>	<u>16,270,613</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st October 2009)

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 2009.

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 2009.

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 2009.

A3. AUDITOR’S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor’s report on the financial statements for the year ended 31 October 2009 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

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

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

A8. DIVIDENDS PAID

No dividends were paid for the quarter ended 31 October 2010.

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	167,785	(117)
Vietnam	176,840	15,827
South Africa	8,091	(141)
China	3,000	(3,090)
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Total	355,716	12,479
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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 October 2010 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 2010.

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 2010.

A14. CAPITAL COMMITMENT

As at 31 October 2010, there are no capital commitments incurred by the Group.

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

As at 31 October 2010, 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 2010 increased significantly to RM107.26 million compared to RM80.03 million recorded in the previous year's corresponding quarter ended 31 October 2009. The increase in turnover is driven mainly by the substantial increase in shipment of furniture from Vietnam and Malaysia during the quarter under review.

In line with the higher turnover, gross profit increased substantially from RM5.15 million for the previous corresponding period ended 31 July 2010 to RM19.01 million for the current quarter under review. The higher profit margin for the current quarter was mainly attributable to the better pricing and higher level of production of the 2 factories in Vietnam. Pending the resolution of its insurance claims in Poh Huat Vietnam, the Group has accounted RM3.70 million for potential losses for the fire incident in May 2010.

The Group's registered a profit before taxation of RM2.30 million for the quarter under review compared to a loss of RM67 thousand in the previous year's corresponding quarter ended 31 October 2009. The Vietnamese operations contributed the bulk of the profits with a pretax profit of RM4.68 million whereas the other subsidiary sustained losses of RM2.38 million in the current quarter.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's turnover for quarter under review increased significantly to RM RM107.26 million compared to the turnover of RM89.81 million for the preceding quarter ended 31 July 2010. The improved performance was again attributable mainly to the significantly higher turnover achieved by the Malaysian and Vietnamese operations. Shipment to the US from both the Malaysian and Vietnamese operations increased during the quarter in line with anticipated increase in sale toward the Christmas and New Year festive seasons in the US.

For the quarter under review the Group achieved a lower profit before taxation of RM2.30 million compared to RM5.77 million achieved in the preceding quarter ended 31 July 2010. While the Vietnamese operating continued with its strong performance, the provision of RM3.70 million for potential losses on the fire incident in May 2010 has resulted in a lower profit before taxation of RM4.68 million. During the quarter under review, the Group's other operating subsidiaries in Malaysian, China and South Africa also sustained losses totalling RM2.38 million, resulting in the lower overall profits for the Group.

Notwithstanding the lower profits for the current quarter under review, The Group performance for the entire financial year remained strong with a profit before taxation of RM12.48 million. The profit after taxation for the year was higher at RM10.68 million compared to RM9.94 million in the previous year due to the lower provision for taxation.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

With the risk of the global economy slipping back into recession now lower, the recovery in the US appears to have gained traction. Falling claims for jobless benefit, rising consumer and business spending and increasing orders to factories show the expansion is broadening. Further monetary easing and extension of tax relieve are also expected to provide momentum to the recovery process. In the Europe the financial packages by the European Central Bank and the IMF have provided stability to the economies most affected by the debt crisis.

In line with these positive developments, the Group enjoyed higher level of orders from our customers in the US during the period leading to the Christmas holiday season while shipments of furniture to customers from the rest of the regions continued to be encouraging. Given the challenges in the earlier part of the year and the level of performance during the current year, we are cautiously optimistic of better prospects for the coming year. We are however mindful of the continued uncertainties in the slow global economic recovery as high unemployment, slow recovery of the housing sectors and huge budget deficits continue to weigh on consumer confidence and consumption.

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	441	1,621
Deferred tax expenses	199	199
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	640	1,820
	=====	=====

B6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments and/or properties during the financial quarter ended 31 October 2010.

B7. QUOTED SECURITIES

There was no purchase or disposal of quoted securities for the financial quarter ended 31 October 2010.

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 2010 RM'000
Secured Short Term Borrowings		35,051
Secured Long Term Borrowings		3,937

		38,988
		=====
Currency denominations:		
US Dollar	(USD' 000) 2,941	9,151
Vietnam Dong	(VND' 000,000) 440	71
South Africa Rand	(ZAR' 000) 8,505	3,787

Total Ringgit equivalent	(RM' 000)	13,009
Ringgit borrowings	(RM' 000)	25,979

		38,988
		=====

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet during the financial quarter ended 31 October 2010.

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 2010 the Directors have recommended a first and final tax-exempt 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 (tax-exempt)
c. Previous corresponding period	:	2 sen (taxable)
d. Total dividend for the financial year	:	2 sen (tax-exempt)

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

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

		Quarter Under Review	Year To Date
Net Profit	(RM'000)	1,747	10,679
Weighted average number of shares	('000 shares)	113,387	113,387
Basic earnings per share	(sen)	1.54	9.42

Diluted earnings per share

The Company has no convertible securities in issue and hence, computation of diluted earnings per share has not been presented.

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

BOO CHIN LIONG
Independent Non-Executive Director
Chairman
Audit Committee

30 December 2010
Muar, Johor Darul Takzim