

POH HUAT RESOURCES HOLDINGS BERHAD (443169-x)
Condensed Consolidated Statement of Comprehensive Income
For The Quarter Ended 31 July 2011 - Unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31-Jul-11	31-Jul-10 (restated)	31-Jul-11	31-Jul-10 (restated)
	RM	RM	RM	RM
Continuing Operations				
Revenue	94,556,801	89,808,035	263,674,698	248,457,126
Cost of Sales	(86,099,225)	(75,157,512)	(235,865,997)	(212,386,982)
Gross Profit	8,457,576	14,650,523	27,808,701	36,070,144
Selling and distribution expenses	(4,978,434)	(4,958,925)	(14,200,397)	(14,056,052)
Administration expenses	(4,364,007)	(3,930,909)	(12,696,897)	(11,290,103)
Finance costs	(630,823)	(661,149)	(1,580,825)	(1,744,578)
Other income / (expenses)	5,990,906	673,682	4,947,732	1,199,939
Profit / (Loss) before taxation	4,475,218	5,773,222	4,278,314	10,179,350
Income tax expenses	(9,069)	(378,676)	(56,623)	(1,179,164)
Profit / (Loss) for the period	4,466,149	5,394,546	4,221,691	9,000,186
Other Comprehensive Income net of tax	435,473	(203,688)	(5,693,483)	(8,775,445)
Total Comprehensive Income for the period	4,901,622	5,190,858	(1,471,792)	224,741
Profit / (Loss) attributable to :				
Owners of the Parent	4,422,464	5,395,913	4,185,641	8,932,771
Non-Controlling Interest	43,685	(1,367)	36,050	67,415
	4,466,149	5,394,546	4,221,691	9,000,186
Total Comprehensive Income attributable to :				
Owners of the Parent	4,890,349	5,172,170	(1,504,471)	184,209
Non-Controlling Interest	11,273	18,688	32,679	40,532
	4,901,622	5,190,858	(1,471,792)	224,741
Basic Earnings Per Share (in sen)	3.90	4.76	3.69	7.88

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2010)

POH HUAT RESOURCES HOLDINGS BERHAD (443169-x)
Condensed Consolidated Statement of Financial Position
As At 31 July 2011

	Unaudited As At 31-Jul-11 RM	Audited As At 31-Oct-10 (restated) RM
ASSETS		
Non-current assets		
Property, plant and equipment	128,088,456	130,881,895
Intangible assets	296,148	296,148
	<u>128,384,604</u>	<u>131,178,043</u>
Current assets		
Inventories	60,779,174	58,622,835
Trade and other receivables	45,863,285	39,015,323
Deposits, cash and bank balances	29,246,928	23,265,280
	<u>135,889,387</u>	<u>120,903,438</u>
TOTAL ASSETS	<u>264,273,991</u>	<u>252,081,481</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	113,387,105	113,387,105
Revaluation reserve	6,787,594	6,787,594
Translation reserve	(20,945,912)	(15,255,800)
Retained profits	29,249,589	27,332,168
	<u>128,478,376</u>	<u>132,251,067</u>
Non-controlling interest	2,328,464	2,295,785
TOTAL EQUITY	<u>130,806,840</u>	<u>134,546,852</u>
Non-current liabilities		
Bank borrowings	3,545,852	4,220,100
Deferred tax liabilities	6,680,000	6,680,000
	<u>10,225,852</u>	<u>10,900,100</u>
Current liabilities		
Trade and other payables	67,937,808	71,509,000
Bank borrowings	55,228,039	35,045,832
Tax payable	75,452	79,235
Dividend payable	-	462
	<u>123,241,299</u>	<u>106,634,529</u>
Total Liabilities	<u>133,467,151</u>	<u>117,534,629</u>
TOTAL EQUITY AND LIABILITIES	<u>264,273,991</u>	<u>252,081,481</u>

(The Condensed Consolidated of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 October 2010)

POH HUAT RESOURCES HOLDINGS BERHAD (443169-x)
Condensed Consolidated Statement of Changes In Equity
For The Period Ended 31 July 2011 - Unaudited

	←-----Attributable to Owners of the Parent-----→					Non-Controlling Interest RM	Total Equity RM
	Share Capital RM	Revaluation Reserve RM	Translation Reserve RM	Distributable Retained Profits RM	Total RM		
Balance as at 1 November 2009	113,387,105	6,787,594	(5,055,214)	18,307,904	133,427,389	2,224,916	135,652,305
Dividends Paid				(1,700,803)	(1,700,803)	0	(1,700,803)
Total comprehensive income for the period			(8,748,562)	8,932,771	184,209	40,532	224,741
Balance as at 31 July 2010	113,387,105	6,787,594	(13,803,776)	25,539,872	131,910,795	2,265,448	134,176,243
Balance as at 1 November 2010	113,387,105	6,787,594	(15,255,800)	27,332,168	132,251,067	2,295,785	134,546,852
Dividends Paid				(2,268,220)	(2,268,220)		(2,268,220)
Total comprehensive income for the period			(5,690,112)	4,185,641	(1,504,471)	32,679	(1,471,792)
Balance as at 31 July 2011	113,387,105	6,787,594	(20,945,912)	29,249,589	128,478,376	2,328,464	130,806,840

(The Condensed Consolidated Statement of Change In Equity should be read in conjunction with the Audited Financial Statements)

POH HUAT RESOURCES HOLDINGS BERHAD (443169-x)
Condensed Consolidated Statement of Cash Flows
For The Period Ended 31 July 2011 - Unaudited

	31-Jul-11	31-Jul-10
	RM	RM
Cash flows from operating activities		
Profit / (Loss) before tax	4,278,314	10,179,350
Adjustments for :		
Depreciation and amortisation	6,632,830	6,689,686
Allowance for doubtful debts	666,692	-
Doubtful Debts Recovered	(111,207)	-
Fire insurance compensation	(4,879,640)	-
Property, plant and equipment written off	1,163	14,339
(Gain) / Loss on disposal of property, plant and equipment	(56,475)	-
Other non-cash items	(3,371)	(26,883)
Interest income and expenses	894,983	1,073,495
Operating profit / (loss) before changes in working capital	7,423,289	17,929,987
Net change in current assets	(16,259,986)	(24,238,616)
Net change in current liabilities	(3,571,192)	8,725,140
Net income tax paid	(60,406)	(2,478,333)
Interest paid	(894,983)	(1,073,495)
Net cash from operating activities	(13,363,278)	(1,135,317)
Cash flows from investing activities		
Proceed from insurance claim	11,579,840	-
Purchase of property, plant and equipment	(8,446,632)	(3,755,287)
	3,133,208	(3,755,287)
Cash flow from financing activities		
Net movements in borrowings	19,507,959	12,160,565
Dividend paid	(2,268,682)	(1,700,803)
Net cash from financing activities	17,239,277	10,459,762
Effect on exchange rate changes	(1,027,559)	(461,613)
Net change in cash and cash equivalents	5,981,648	5,107,545
Cash and cash equivalents at beginning of financial year	23,265,280	16,759,093
Cash and cash equivalents at end of the period	29,246,928	21,866,638
Cash and cash equivalents at end of the period consists of		
Bank and cash balances	29,246,928	21,866,638
Less: Bank overdrafts	-	-
	29,246,928	21,866,638

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2010)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A1. ACCOUNTING POLICIES

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 October 2010. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 October 2010, except for the followings:

FRS 7, Financial Instruments: Disclosure.

FRS 101 (revised), Presentation of Financial Statements.

FRS 123 (revised), Borrowing Costs

FRS 132, Financial Instruments: Presentation

FRS 139, Financial Instruments: Recognition and Measurement.

IC Interpretation 9, Reassessment of Embedded Derivatives

IC Interpretation 10, Impairment and Interim Financial Reporting

Amendments to FRS 5, 8, 107,108,110,116,117,118,119,123, 127, 128, 134, 136, 138

Amendments to FRS 139, 140

IC Interpretations 9, 10, 17

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

(i) ***FRS 101(revised), Presentation of Financial Statements***

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The effects of the changes in presentation are as follows:

- (a) The gains and losses that were previously recognised directly in the statement of changes in equity in the preceding financial year’s corresponding period are presented as components in Other Comprehensive Income in the statement of comprehensive income.
- (b) The total comprehensive income for the preceding financial year’s corresponding period is presented separately and allocation is made to show the amount attributable to owners of the parent and to non-controlling interests.

Total Comprehensive Income for the financial period is presented as a one-line item in the statement of changes in equity.

(ii) **FRS 139: Financial instruments: Recognition and Measurement**

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the balance sheet date were not recognised. With the adoption of FRS 139, all financial assets and liabilities, including derivatives, are recognised at contract dates when, and only when, the Company or any subsidiary becomes a party to the contractual provision of the instruments.

With the adoption of FRS 139, financial assets and financial liabilities recognised and unrecognised in the prior financial year are classed into the following categories:

	Pre-FRS 139	Post- FRS 139
1	Long term equity investment	Available for sales investment
2	Current investment	Financial assets at fair value through profit or loss
3	Unrecognised derivative assets	Financial assets at fair value through profit or loss
4	Long term borrowings	Financial liabilities at amortised cost
5	Unrecognised derivative liabilities	Financial liabilities at fair value through profit or loss

The measurement bases applied to the financial assets and liabilities in the prior financial year were changed to conform to the measurement standards of FRS 139 in the current quarter. At initial recognition, all financial assets and liabilities are measured at their fair value plus in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments.

Subsequent to their initial recognition, the financial assets and liabilities are measured as follows:

	Category	Measurement basis
1	Financial instruments at fair value through profit or loss	At fair value through profit or loss
2	Held to maturity investments	At amortised cost effective interest method
3	Loans and receivable	At amortised cost effective interest method
4	Available for sales investments	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost
5	Loans and other financial liabilities	At amortised cost effective interest method

All financial assets other than those classified as at fair value through profit or loss are subject to impairment test of FRS 139.

In accordance with FRS 139, the recognition, de-recognition and measurement requirements are applied prospectively from 1 November 2010. The effects of the re-measurement on 1 November 2010 of the financial assets and financial liabilities brought forward from the previous financial year are adjusted to the opening retained profits and other operating reserves as disclosed in the statement of changes in equity. There was no effect of the reclassification to the comparative of the prior financial year's consolidated statement of financial position in the financial quarter under review.

(iii) **FRS 7, Financial Instrument: Disclosures**

Prior to the adoption of FRS 7, the disclosures for financial instruments were based on the requirements of the original FRS 132, Financial Instruments: Disclosure and Presentation. With the adoption of FRS 7, financial assets and financial liabilities are disclosed in the statement of financial position based on their respective classifications. However, FRS 7 disclosures are not required in the interim financial statements, and hence, no further disclosure is required in these interim financial statements.

(iv) **IC Interpretation 10, Impairment and Interim Financial Reporting**

Prior to the adoption of IC Interpretation 10, impairment losses for equity investment recognised in an earlier interim period were reversed in a later interim period when tests revealed that the losses have reversed. With the adoption of IC Interpretation 10 and FRS 139 on 1 November 2010, the policy has been changed to conform to the impairment requirements of FRS 139. Impairment losses recognised for available for sale equity investments in an interim period are not reversed in a subsequent interim period. This change in basis has no effect to the profit or loss of the current reporting period.

(v) **Amendment to FRS 117, Leases**

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payments in the statement of financial position. With the adoption of the Amendment to FRS 117, the Group has reassessed and determined that all leasehold land of the Group which is in substance financial leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment. The reclassification has no effect to the profit or loss of the current financial reporting period or the comparative prior financial period. The effect of the reclassification to the comparative of the prior financial year's consolidated statement of financial position is as follows:

31 October 2010	As previously reported (RM)	Reclassification (RM)	As restated (RM)
Prepaid lease payment	16,186,349	(16,186,349)	-
Property, plant & equipment	114,695,546	16,186,349	130,881,895

The adoption of the other new and revised FRSs, IC Interpretations and Amendments have no effect to the Group's consolidated financial statements of the current quarter or the comparative consolidated financial statements of the prior financial year.

The Group has not adopted any new/revised FRSs that have been issued as at the date of authorisation of these Interim Financial Statements but are not yet effective for the Group.

A2. 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.

A3. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE AND INCIDENCE

No unusual items of nature, size or incidence that affect the assets, liabilities, equity, net income or cash flow of the Group during the reporting period.

A4. MATERIAL CHANGES IN ESTIMATES

No material changes in estimates of amounts reported in prior interim periods of the current or previous financial year.

A5. 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 been authorised by shareholders to re-purchase its own shares. The Company has not purchased any of its own shares during the financial quarter under review.

A6. DIVIDEND PAID

The Company had on 18 May 2011 paid dividends totalling RM 2,267,742 being the first and final tax exempt dividend of 2% for the financial year ended 31 October 2010.

A7. SEGMENTAL REPORTING

The Group adopts geographical segment as its primary reporting format and no business segment analysis is prepared as the Group is principally involved in a single industry.

	9 months ended 31 July 2011						
	Malaysia RM	South Africa RM	Vietnam RM	People's Republic of China RM	British Virgin Islands RM	Eliminations RM	Consolidated RM
Revenue							
- external sales	146,087,426	5,554,803	108,457,566	3,574,904	-	-	263,674,699
- inter-segment sales	1,454,719	-	-	-	-	(1,454,719)	-
Total revenue	<u>147,542,145</u>	<u>5,554,803</u>	<u>108,457,566</u>	<u>3,574,904</u>	<u>-</u>	<u>(1,454,719)</u>	<u>263,674,699</u>
Segment results	(4,684,493)	264,826	10,891,641	(1,023,139)	(4,133)		5,444,702
Unallocated corporate expenses							(271,405)
Interest income							167,102
Interest expenses							<u>(1,062,085)</u>
Profit / (loss) before taxation							4,278,314
Income tax expenses							<u>(56,623)</u>
Profit / (loss) for the period							<u>4,221,691</u>

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

No material events subsequent to the period ended 31 October 2010 that have not been reflected in the financial statements of the interim period.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

No changes in the composition of the Group during the current reporting period.

A10. CHANGES IN CONTINGENT LIABILITIES / ASSETS

No changes in contingent liabilities/assets since the last financial year ended at 31 October 2010 other than as follows:-

	As at 31.07.2011 RM	As at 31.10.2010 RM
Corporate guarantee to financial institutions for banking facilities granted to subsidiaries	104,885,200	92,534,462

A11. CAPITAL COMMITMENTS

There is no capital commitments not recognised in the current interim financial statements during the current reporting period.

A12. RELATED PARTY TRANSACTIONS

The Group related party transactions in the current quarter and financial year-to-date are as follows :

Subsidiary	Transacting Party	Relationship	Nature of Transaction	Current quarter (RM)	Financial year-to-date (RM)
Poh Huat International Sdn Bhd	Tay Kim Huat	Director	Rental of Premises	27,000	81,000

BMSB LISTING REQUIREMENTS

B1. PERFORMANCE REVIEW

The Group's revenue for the current quarter ended 31 July 2011 increased to RM94.56 million compared to RM89.81 million recorded in the previous year's corresponding quarter ended 31 July 2010. The increase in turnover is driven mainly by the higher shipment of furniture from Malaysia of RM49.30 million compared to RM46.36 million shipped in previous year's corresponding quarter. Shipment of furniture from Vietnam for the current quarter was also at RM41.76 million compared to RM40.14 million previous year's corresponding quarter.

Notwithstanding the higher turnover, gross profit for the current quarter was lower at RM8.46 million compared to RM14.65 million achieved in the previous year's corresponding period ended 31 July 2010. The lower profit margin for the current quarter was attributable to the composition of more economic items in the Group's sales mix, rising raw material prices and the progressive weakening of the US Dollar which has resulted in the Group realising lower Ringgit proceeds from its US Dollar sales.

In line with the lower gross margin, the Group's Malaysian operations sustained a loss of RM1.26 million during the quarter under review. The Vietnamese subsidiary remained profitable with an operational profit before taxation of RM1.40 million. The Group's Chinese operations sustained a loss of RM365 thousands whereas its South African operations managed a profit of RM89 thousands. During the quarter, the Group recovered RM4.88 million of losses incurred in the previous financial year following the resolution of the insurance claims for May 2010 fire incident in Vietnam. With this insurance recovery, the Group recorded a profit before taxation of RM4.47 million for the quarter under review compared to a profit of RM5.73 million in the previous year's corresponding quarter ended 31 July 2010.

During the quarter under review, the Group recorded a translation gain of RM0.43 million from the translations of the Group's foreign assets and liabilities in Vietnam, South Africa and China. The translation gain was due mainly to the marginal strengthening of the Vietnamese Dong against the Ringgit during the quarter under review.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's turnover for quarter under review increased significantly to RM94.56 million compared to the turnover of RM75.08 million recorded for the preceding quarter ended 30 April 2011. The higher turnover is mainly due to the resumption of shipments following the seasonal low shipment during the Chinese New Year festive season.

Despite the higher shipment of furniture, the Group achieved a lower gross profit of RM8.46 million for the quarter under review compared to RM9.66 million in the preceding quarter. The lower gross margin is again attributable to progressive increase in raw material costs that could not be passed to customers and the weakening of the US Dollar which has resulted in lower Ringgit sales proceeds.

Despite a lower gross margin, the Group sustained a lower loss of RM0.40 million (before the insurance recovery of RM4.88 million for the May 2010 fire incident in Vietnam) compared to a loss of RM0.95 million in the preceding quarter. The lower loss was due to the absence of provision for bad debts, recovery of bad debts previously written-off, higher interest income and gains from disposal of assets.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

We anticipate 2011 to be challenging year. The pace of recovery in the US remained weak as inflation and unemployment continue to dampen consumer confidence and spending. Housing starts and pre-owned home sales trended downward after an encouraging pick-up in the first quarter of the year. The situations in Europe worsen as more countries are affected by the European debt crisis. Austerity drive by the European governments to contain widening fiscal deficits and avert debt defaults further dampen hope of a recovery in the near future. The Europe zone is expected to slide into a recession in 2012. In the Middle East, recovery is also expected to take time as buyers in this region wait for the return of normalcy and resumption of daily activities following the civil movements in several countries in the region.

Given the above, we do not see a recovery of the global furniture demand in the immediate term. We expect further challenges as the global situations will likely deteriorate further before any meaningful improvement could be noted.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

No profit forecast or profit guarantee were issued for the current financial year.

B5. TAXATION

	Current quarter RM	Financial year-to-date RM
Current taxation	9,069	56,623
Deferred taxation	0	0
Taxation	<u>9,069</u>	<u>56,623</u>

The current year taxation is mainly due to tax expense incurred by the Group's Vietnamese subsidiary on taxable income derived by the said subsidiary which is not set-off against losses made by other subsidiary companies in the Group.

B6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

No sales of unquoted investments and/or properties during the financial quarter and financial period-to-date.

B7. PURCHASE AND SALE OF QUOTED SECURITIES

No purchase or disposal of quoted securities during the financial quarter and financial period-to-date.

B8. STATUS OF CORPORATE PROPOSALS / UTILISATION OF PROCEEDS

The Company had on 1 August 2011 announced the voluntarily winding-up of Maxicoïn Sdn Bhd ("Maxicoïn"), a subsidiary of the Company pursuant to Section 254(1)(b) of the Companies Act, 1965. The winding-up of Maxicoïn is pending clearance from the relevant authorities.

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

B9. GROUP BORROWINGS

The Group borrowings, all are secured, as at 31 July 2011 were as below :

	Short term (RM)	Long term (RM)	Total (RM)
Currency denominations			
Malaysia Ringgit	28,032,549	-	28,032,549
US Dollar	27,195,490	-	27,195,490
South Africa Rand	-	3,545,852	3,545,852
Total	<u>55,228,039</u>	<u>3,545,852</u>	<u>58,773,891</u>

B10. FINANCIAL INSTRUMENTS - DERIVATIVES

The Group has no outstanding financial instruments as at the end of the current reporting period.

There have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. There have been also no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

B11. REALISED AND UNREALISED PROFITS

	Financial year-to-date RM
Total retained profits of the Company and its subsidiaries:	
- Realised	28,751,152
- Unrealised	498,437
The group retained profits as per consolidated accounts	<u>29,249,589</u>

B12. MATERIAL LITIGATION

There was no material litigation since the last financial year ended 31 October 2010.

B13. DIVIDEND

No interim ordinary dividend had been declared for the current reporting period.

B14. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share are calculated by dividing the profit attributable to Owners of the Parent by the weighted average number of ordinary shares in issue excluding treasury shares during the period.

		Current quarter	Financial year-to-date
Earnings / (Loss) attributable to Owners of the Parent	(RM'000)	4,422	4,186
Weighted average number of shares	('000 shares)	113,387	113,387
Basic earnings/ (loss) per share	(sen)	3.90	3.69

B15. AUDIT QUALIFICATION REPORT

The preceding financial statements for the year ended 31 October 2010 were reported on without any qualification.

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

BOO CHIN LIONG

Independent Non-Executive Director
Chairman
Audit Committee

29 September 2011
Muar, Johor Darul Takzim