

POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)
Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For The Quarter Ended 31 July 2012

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31-Jul-12	31-Jul-11	31-Jul-12	31-Jul-11
	RM	RM	RM	RM
Continuing Operations				
Revenue	102,203,897	94,556,801	279,562,086	263,674,698
Cost of Sales	(88,604,402)	(86,099,225)	(247,145,602)	(235,865,997)
Gross Profit	13,599,495	8,457,576	32,416,484	27,808,701
Selling and distribution expenses	(4,623,540)	(4,978,434)	(13,878,857)	(14,200,397)
Administration expenses	(3,998,832)	(4,364,007)	(11,964,464)	(12,696,897)
Finance costs	(643,126)	(630,823)	(1,854,665)	(1,580,825)
Other income / (expenses)	1,518,655	5,990,906	2,704,232	4,947,732
Profit / (Loss) before taxation	5,852,652	4,475,218	7,422,730	4,278,314
Income tax expenses	(575,451)	(9,069)	(1,038,014)	(56,623)
Profit / (Loss) for the period	5,277,201	4,466,149	6,384,716	4,221,691
Other Comprehensive Income/(Loss) net of tax	1,493,461	435,473	118,500	(5,693,483)
Total Comprehensive Income/(Loss) for the period	6,770,662	4,901,622	6,503,216	(1,471,792)
Profit / (Loss) attributable to :				
Owners of the Parent	5,311,531	4,422,464	6,484,903	4,185,641
Non-Controlling Interest	(34,330)	43,685	(100,187)	36,050
	5,277,201	4,466,149	6,384,716	4,221,691
Total Comprehensive Income / (Loss) attributable to :				
Owners of the Parent	6,857,657	4,890,349	6,650,549	(1,504,471)
Non-Controlling Interest	(86,995)	11,273	(147,333)	32,679
	6,770,662	4,901,622	6,503,216	(1,471,792)
Basic Earnings Per Share (in sen)	4.92	3.90	6.00	3.69
Diluted Earnings Per Share (in sen)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2011)

POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)
Condensed Consolidated Statement of Financial Position
As At 31 July 2012

	Unaudited As At 31-Jul-12	Audited As At 31-Oct-11
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	107,819,116	106,962,745
	<u>107,819,116</u>	<u>106,962,745</u>
Current assets		
Inventories	65,571,181	54,375,388
Non-current assets held for sale	-	15,343,800
Trade and other receivables	45,839,174	39,061,451
Derivative assets	-	285,218
Deposits, cash and bank balances	26,158,067	19,800,817
	<u>137,568,422</u>	<u>128,866,674</u>
TOTAL ASSETS	<u>245,387,538</u>	<u>235,829,419</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	113,387,105	113,387,105
Treasury Shares, At Cost	(2,261,955)	(1,422,406)
Revaluation reserve	6,787,594	6,787,594
Translation reserve	(18,592,604)	(18,758,250)
Retained profits	34,976,685	30,649,324
	<u>134,296,825</u>	<u>130,643,367</u>
Non-controlling interest	1,912,510	2,060,314
TOTAL EQUITY	<u>136,209,335</u>	<u>132,703,681</u>
Non-current liabilities		
Bank borrowings	4,694,475	3,127,330
Deferred tax liabilities	4,530,000	4,530,000
	<u>9,224,475</u>	<u>7,657,330</u>
Current liabilities		
Trade and other payables	57,256,858	56,375,654
Bank borrowings	42,696,870	38,869,432
Tax payable	-	223,322
	<u>99,953,728</u>	<u>95,468,408</u>
Total Liabilities	<u>109,178,203</u>	<u>103,125,738</u>
TOTAL EQUITY AND LIABILITIES	<u>245,387,538</u>	<u>235,829,419</u>

(The Condensed Consolidated of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 October 2011)

POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)
Condensed Consolidated Statement of Changes In Equity (Unaudited)
For The Period Ended 31 July 2012

	←-----Attributable to Owners of the Parent-----→					Total RM	Non-Controlling Interest RM	Total Equity RM
	Share Capital RM	Treasury Share RM	Revaluation Reserve RM	Translation Reserve RM	Distributable Retained Profits RM			
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)
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
As at 1 November 2011	113,387,105	(1,422,406)	6,787,594	(18,758,250)	30,649,324	130,643,367	2,060,314	132,703,681
Share Buy Back		(839,549)				(839,549)		(839,549)
Dividends Paid					(2,157,542)	(2,157,542)	(471)	(2,158,013)
Total comprehensive income for the period				165,646	6,484,903	6,650,549	(147,333)	6,503,216
As at 31 July 2012	113,387,105	(2,261,955)	6,787,594	(18,592,604)	34,976,685	134,296,825	1,912,510	136,209,335

(The Condensed Consolidated Statement of Change In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2011)

POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)
Condensed Consolidated Statement of Cash Flows (Unaudited)
For The Period Ended 31 July 2012

	31-Jul-12	31-Jul-11
	RM	RM
Cash flows from operating activities		
Profit / (Loss) before tax	7,422,730	4,278,314
Adjustments for :		
Depreciation and amortisation	5,926,946	6,632,830
Net (gain) / loss on disposal of subsidiary	(209,457)	-
Fire insurance compensation	-	(4,879,640)
Property, plant and equipment written off	3,344,723	1,163
Other non-cash items	11,793	495,639
Net interest expense	797,328	894,983
Operating profit / (loss) before changes in working capital	17,294,063	7,423,289
Net change in current assets	(3,690,092)	(16,259,986)
Net change in current liabilities	881,204	(3,571,192)
Net income tax paid	(1,261,336)	(60,406)
Interest paid	(797,328)	(894,983)
Net cash from operating activities	12,426,511	(13,363,278)
Cash flows from investing activities		
Proceed from disposal of property, plant and equipment	602,350	-
Proceed from insurance claim	1,560,300	11,579,840
Purchase of property, plant and equipment	(9,737,067)	(8,446,632)
Net cash from investing activities	(7,574,417)	3,133,208
Cash flow from financing activities		
Net movements in bank borrowings	5,394,583	19,507,959
Dividend paid	(2,158,013)	(2,268,682)
Treasury shares, at cost	(839,549)	-
Net cash from financing activities	2,397,021	17,239,277
Effect on exchange rate changes	(891,865)	(1,027,559)
Net change in cash and cash equivalents	6,357,250	5,981,648
Cash and cash equivalents at beginning of the financial year	19,800,817	23,265,280
Cash and cash equivalents at end of the period	26,158,067	29,246,928
Cash and cash equivalents at end of the period consists of		
Bank and cash balances	26,158,067	29,246,928
Less: Bank overdrafts	-	-
	26,158,067	29,246,928

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2011)

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’s Main Board Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 October 2011. 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 2011, except for the followings:

- Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters
- Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- IC Interpretation 4: Determining Whether An Arrangement Contains a Lease
- IC Interpretation 18: Transfers of Assets from Customers
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- Annual Improvements to FRSS (2010)

The adoptions of abovementioned FRSS, Amendments to FRS and IC Interpretations do not have any significant impact on the financial statements of 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 current financial year.

The Company repurchased 2,010,000 of its own shares from the open market for a total consideration of RM0.84 million during the current financial year. The total number of shares repurchased by the Company as at end of reporting period (31 July 2012) is 5,510,000 ordinary shares. All the repurchased shares are held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965. None of the treasury shares were resold or cancelled during the reporting period. The repurchase transactions were financed by internally generated funds.

A6. DIVIDEND PAID

The Company had on 18 May 2012 paid dividends totalling RM 2,157,542 being the first and final tax exempt dividend of 2% for the financial year ended 31 October 2011.

A7. SEGMENTAL REPORTING

The Group adopts geographical segment as its reporting format. The segment information for the financial period-to-date is as below: -

	Revenue RM	Non-Current Assets RM
Malaysia	133,847,267	60,701,439
Vietnam	139,595,218	41,118,579
South Africa	4,579,946	4,394,058
People's Republic of China	<u>1,539,655</u>	<u>1,605,040</u>
	<u>279,562,086</u>	<u>107,819,116</u>

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

No material events subsequent to the period ended 31 July 2012 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 2011 other than as follows:-

	As at 31.07.2012 RM	As at 31.10.2011 RM
Corporate guarantee to financial institutions for banking facilities granted to subsidiaries	105,892,250	101,782,324

A11. CAPITAL COMMITMENTS

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

A12. RELATED PARTY TRANSACTIONS

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

Subsidiary	Transacting Party	Relationship	Nature of Transaction	Current quarter (RM)	Financial period-to-date (RM)
Poh Huat International Sdn Bhd	Tay Kim Huat	Director	Rental of Premises	45,000	117,000

BMSB LISTING REQUIREMENTS

B1. PERFORMANCE REVIEW

The Group's revenue for the current quarter ended 31 July 2012 was higher at RM102.20 million compared to RM94.56 million recorded in the previous year's corresponding quarter ended 31 July 2011. The higher turnover is due mainly to the higher shipment of furniture from the Vietnamese operations (RM54.76 million in the current quarter compared to RM41.76 million in the previous corresponding quarter ended 31 July 2011). Shipment of furniture from the Malaysia operations was lower at RM45.90 million compared to RM49.30 million for the previous year's corresponding quarter. Shipments of furniture from China and South Africa were broadly the same for the two periods.

In line with the higher turnover, gross profit for the current quarter rose to RM13.60 million compared to RM8.46 million achieved in the previous year's corresponding period ended 31 July 2011. The higher profit margin for the current quarter was mainly attributable the better results from both the Vietnamese and Malaysian operations. The margins in Vietnam remained strong in line with the higher shipping volume and sustained selling prices. The Malaysian operations registered a significant improvement in margins as efforts to rationalise products offerings and selling prices gained traction.

As a result of the better operating profits, the Group registered a profit before taxation of RM5.85 million for the quarter under review. The Vietnamese operations contributed the most with a profit before taxation of RM4.23 million whilst the Malaysian operations registered a solid turnaround profit before taxation of RM2.24 million. The operations in South Africa sustained a small loss of RM70,000 whereas the China operations sustained a loss of RM0.55 million. The Group provided RM0.58 million as tax expenses for the quarter under review.

During the quarter under review, the Group registered a translation gain of RM1.49 million due to the strengthening of the Vietnamese Dong against the Ringgit.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's turnover for quarter under review was higher at RM102.20 million compared to the turnover of RM92.68 million for the preceding quarter ended 30 April 2012. The Vietnam operations recorded a significantly higher turnover of RM54.76 million in line with the higher shipment and sustained selling prices during the quarter under review, whilst the RM45.90 million turnover achieved by the Malaysian operations was broadly the same as those achieved in preceding quarter, the product selling prices and mix during the quarter were markedly better following the clearance of slow moving items in the preceding quarter.

For the quarter under review the Group achieved a higher gross profit of RM13.60 million compared to RM8.29 million in the preceding quarter. The profit contribution from the Vietnamese operations continued to improve in line with the higher volume of shipment and sustained selling prices. The Malaysian operations similarly registered significant improvements following the push to clear slower moving items in the preceding quarter.

In line with the better profit margins, the operations in Vietnam continued to lead the Group with a strong profit before taxation of RM4.23 million. The Malaysian operations also turned around with profit before taxation of RM2.24 million compared to a loss of RM2.62 million in the preceding quarter. The scaled down China operations continued to sustain a loss of RM0.55 million while the South Africa operation sustained a small loss of RM70 thousand during the quarter under review. Given the better results from the Vietnamese and Malaysian operations, the Group registered a healthy profit before taxation of RM5.85 million for the current quarter compared to a loss of RM0.94 million in the preceding quarter.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

The global environment remained weak as the Europe crisis and austerity measures continue to adversely affect global demand. The US economy, while on the path of recovery, continued to be weighed down by negative internal and external factors. In China, efforts by its central government to cool down inflation also resulted in slower growth, re-igniting fears of a hard landing in the world most populous nation.

Whilst we continue to enjoy orders from our customers, we, as with other exporters, continue to face many challenges and uncertainties both within our furniture manufacturing business and external developments which impact the demand and prospects of our industry. As before, we continue with our efforts to overcome these constraints and mitigate weaknesses to ensure we are on a stronger footing to weather the difficult global environment.

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 period-to-date RM
Current taxation	575,451	1,038,014
Deferred taxation	0	0
Taxation	<u>575,451</u>	<u>1,038,014</u>

The current year taxation is mainly due to non-availability of set-off against taxable profit made by other subsidiary companies in the Group.

B6. STATUS OF CORPORATE PROPOSALS / UTILISATION OF PROCEEDS

The Company has announced the following proposal:-

- (a) Disposal of Poh Huat Furniture Industries (Qingdao) Co. Ltd (“Poh Huat Qingdao”).

The Company had on 21 December 2011 announced the disposal of the entire equity interest in Poh Huat Qingdao to Qingdao Beacon Brewing Co., Ltd for a cash consideration of RMB31 million (equivalent to RM14.95 million). As at the date of this announcement, Qingdao Beacon Brewing Co., Ltd has paid a consideration of RMB12.00 million being the first 2 payments in accordance to the terms of the relevant agreements. The remaining payments pursuant to the agreement for the disposal of Poh Huat Qingdao are pending.

Save for the above, there are no other corporate proposals or utilisation of proceeds announced but not completed as at the date of the report.

B7. GROUP BORROWINGS

The Group borrowings, as attend of the reporting period were as below: -

Currency denominations	Current RM	Non-Current RM	Total RM
Secured - Malaysia Ringgit	8,314,053	-	8,314,053
Secured - US Dollar	6,979,676	1,954,052	8,933,728
Secured - South Africa Rand	-	2,740,423	2,740,423
Unsecured - Malaysia Ringgit	11,470,820	-	11,470,820
Unsecured - US Dollar	15,932,321	-	15,932,321
Total	42,696,870	4,694,475	47,391,345

B8. DISCLOSURE OF REALISED AND UNREALISED PROFITS / (LOSSSES)

	Financial period-to-date RM	As at 31.10.2011 RM
Total retained profits		
- Realised profits / (losses)	39,262,910	33,835,148
- Unrealised profits / (losses)	(4,286,225)	(3,185,824)
At end of reporting period	34,976,685	30,649,324

B9. MATERIAL LITIGATION

There was no material litigation since the last financial year ended 31 October 2011.

B10. DIVIDEND

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

B11. 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 under review.

		Current quarter	Financial period-to-date
Earnings / (Losses) attributable to Owners of the Parent	(RM'000)	5,312	6,485
Weighted average number of shares	('000 shares)	108,064	108,064
Basic earnings / (losses) per share	(sen)	4.92	6.00

The diluted earnings per ordinary share was not applicable as there were no dilutive potential ordinary share outstanding at the end of the reporting period.

B12. AUDIT QUALIFICATION REPORT

The preceding financial statements for the year ended 31 October 2011 were reported on without any qualification.

B13. OTHER DISCLOSURES

Items which have been included in the Statement of Comprehensive Income for the current quarter and financial period-to-date are below: -

	Current quarter	Financial period-to-date
	RM	RM
(a) Interest income	41,531	533,055
(b) Other income including investment income	116,740	602,447
(c) Interest expense	477,591	1,330,383
(d) Depreciation and amortization	2,003,650	5,926,946
(e) Provision for and write off of receivables	nil	nil
(f) Provision for and write off of inventories	nil	nil
(g) Gain/(loss) on disposal of unquoted investments or properties	(50,309)	144,798
(h) Impairment of assets	nil	nil
(i) Foreign exchange gain/(loss)	1,463,506	1,771,808
(j) Gain/(loss) on derivatives	nil	nil
(k) Exceptional items	nil	nil

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

BOO CHIN LIONG
Independent Non-Executive Director
Chairman
Audit Committee

27 September 2012
Muar, Johor Darul Takzim