

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31-Oct-12	31-Oct-11	31-Oct-12	31-Oct-11
	RM	RM	RM	RM
Continuing Operations				
Revenue	112,457,136	95,615,224	392,019,222	359,289,922
Cost of Sales	(92,398,419)	(81,238,987)	(339,544,021)	(317,104,984)
Gross Profit	20,058,717	14,376,237	52,475,201	42,184,938
Selling and distribution expenses	(4,881,267)	(4,701,479)	(18,760,124)	(18,901,876)
Administration expenses	(4,613,447)	(4,156,541)	(16,577,911)	(16,853,438)
Finance costs	(500,637)	(360,802)	(2,355,302)	(1,941,627)
Other income / (expenses)	(562,097)	(5,670,527)	2,142,135	(722,795)
Profit / (Loss) before taxation	9,501,269	(513,112)	16,923,999	3,765,202
Income tax expenses	(1,863,400)	1,936,977	(2,901,414)	1,880,354
Profit / (Loss) for the period	7,637,869	1,423,865	14,022,585	5,645,556
Other Comprehensive Income/(Loss) net of tax	(292,462)	1,895,381	(173,962)	(3,798,102)
Total Comprehensive Income/(Loss) for the period	7,345,407	3,319,246	13,848,623	1,847,454
Profit / (Loss) attributable to :				
Owners of the Parent	7,863,103	1,399,257	14,348,006	5,584,898
Non-Controlling Interest	(225,234)	24,608	(325,421)	60,658
	7,637,869	1,423,865	14,022,585	5,645,556
Total Comprehensive Income / (Loss) attributable to :				
Owners of the Parent	7,701,455	3,586,919	14,352,004	2,082,448
Non-Controlling Interest	(356,048)	(267,673)	(503,381)	(234,994)
	7,345,407	3,319,246	13,848,623	1,847,454
Basic Earnings Per Share (in sen)	7.28	1.24	13.28	4.94
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 October 2012

	Unaudited As At 31-Oct-12	Audited As At 31-Oct-11
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	111,088,996	106,962,745
	<u>111,088,996</u>	<u>106,962,745</u>
Current assets		
Inventories	59,150,568	54,375,388
Non-current assets held for sale	15,550,547	15,343,800
Trade and other receivables	45,748,255	39,061,451
Derivative assets	81,382	285,218
Deposits, cash and bank balances	32,236,167	19,800,817
	<u>152,766,919</u>	<u>128,866,674</u>
TOTAL ASSETS	<u>263,855,915</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	(2,573,777)	(1,422,406)
Revaluation reserve	6,787,594	6,787,594
Translation reserve	(18,754,252)	(18,758,250)
Retained profits	42,839,788	30,649,324
	<u>141,686,458</u>	<u>130,643,367</u>
Non-controlling interest	1,556,269	2,060,314
TOTAL EQUITY	<u>143,242,727</u>	<u>132,703,681</u>
Non-current liabilities		
Bank borrowings	3,768,239	3,127,330
Deferred tax liabilities	4,830,000	4,530,000
	<u>8,598,239</u>	<u>7,657,330</u>
Current liabilities		
Trade and other payables	73,790,238	56,375,654
Bank borrowings	35,490,590	38,869,432
Tax payable	2,734,121	223,322
	<u>112,014,949</u>	<u>95,468,408</u>
Total Liabilities	<u>120,613,188</u>	<u>103,125,738</u>
TOTAL EQUITY AND LIABILITIES	<u>263,855,915</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 October 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
Share Buy Back		(1,422,406)				(1,422,406)		(1,422,406)
Dividends Paid					(2,267,742)	(2,267,742)	(477)	(2,268,219)
Total comprehensive income for the period				(3,502,450)	5,584,898	2,082,448	(234,994)	1,847,454
As at 31 October 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
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		(1,151,371)				(1,151,371)		(1,151,371)
Dividends Paid					(2,157,542)	(2,157,542)	(664)	(2,158,206)
Total comprehensive income for the period				3,998	14,348,006	14,352,004	(503,381)	13,848,623
As at 31 October 2012	113,387,105	(2,573,777)	6,787,594	(18,754,252)	42,839,788	141,686,458	1,556,269	143,242,727

(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 (Unaudited)
For The Period Ended 31 October 2012

	31-Oct-12	31-Oct-11
	RM	RM
Cash flows from operating activities		
Profit / (Loss) before tax	16,923,999	3,765,202
Adjustments for :		
Depreciation and amortisation	7,564,095	9,181,280
Net (gain) /loss on financial assets at fair value	(81,382)	(285,218)
Net (gain) / loss on disposal of subsidiary	-	-
Impairment losses on Investment	-	4,742,540
Fire insurance compensation	(3,830,858)	(4,860,108)
Inventory written off	424,463	-
Property, plant and equipment written off	3,907,956	469,242
Other non-cash items	(154,360)	54,316
Net interest expense	1,048,834	1,142,990
Operating profit / (loss) before changes in working capital	<u>25,802,747</u>	<u>14,210,244</u>
Net change in current assets	(7,972,587)	6,700,247
Net change in current liabilities	17,414,584	(10,706,876)
Net income tax paid	(90,615)	(1,461,412)
Interest paid	(1,048,834)	(1,142,990)
Net cash from operating activities	<u>34,105,295</u>	<u>7,599,213</u>
Cash flows from investing activities		
Proceed from disposal of property, plant and equipment	602,624	405,505
Proceed from insurance claim	-	-
Purchase of property, plant and equipment	(16,624,338)	(11,845,774)
Net cash from investing activities	<u>(16,021,714)</u>	<u>(11,440,269)</u>
Cash flow from financing activities		
Net movements in bank borrowings	(2,737,933)	4,429,318
Dividend paid	(2,158,206)	(2,268,681)
Treasury shares, at cost	(1,151,371)	(1,422,406)
Net cash from financing activities	<u>(6,047,510)</u>	<u>738,231</u>
Effect on exchange rate changes	399,279	(139,052)
Net change in cash and cash equivalents	12,435,350	(3,241,877)
Cash and cash equivalents at beginning of the financial year	<u>19,800,817</u>	<u>22,903,872</u>
Cash and cash equivalents at end of the period	<u><u>32,236,167</u></u>	<u><u>19,661,995</u></u>
Cash and cash equivalents at end of the period consists of		
Bank and cash balances	32,236,167	19,800,817
Less: Bank overdrafts	-	(138,822)
	<u><u>32,236,167</u></u>	<u><u>19,661,995</u></u>

(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 2,765,800 of its own shares from the open market for a total consideration of RM1.15 million during the current financial year. The total number of shares repurchased by the Company as at end of reporting period (31 October 2012) is 6,265,800 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

No dividend was paid during the financial quarter under review.

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	179,448,907	64,740,459
Vietnam	205,172,373	41,612,168
South Africa	5,513,682	3,784,136
People's Republic of China	<u>1,884,260</u>	<u>952,233</u>
	<u>392,019,222</u>	<u>111,088,996</u>

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

No material events subsequent to the period ended 31 October 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 31.10.2012 RM	As at 31.10.2011 RM
Corporate guarantee to financial institutions for banking facilities granted to subsidiaries	108,995,131	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	162,000
Poh Huat Furniture Industries (M) Sdn Bhd	JA Nathan & Co, in which, Tay Khim Seng, is a senior partner	Director	Legal fee	12,400	12,400

BMSB LISTING REQUIREMENTS

B1. PERFORMANCE REVIEW

For the quarter ended 31 October 2012, the Group's recorded a turnover of RM112.46 million compared to RM95.60 million recorded in the previous year's corresponding quarter ended 31 October 2011. The significantly higher turnover is mainly due to the higher shipment of furniture from both the Malaysian and Vietnam as furniture importers in the US responded to the prospects of stronger consumers' spending towards the year end festive seasons. The Vietnamese operations led the Group with shipment worth RM65.58 million while the Malaysian operations shipped RM45.61 million.

The Group achieved a higher gross profit of RM20.06 million for the quarter under review compared to RM14.38 million in the previous corresponding period ended 31 October 2011. The higher gross margin is attributable to the better of results arising the higher shipment of furniture achieved by the Group.

In line with the better performance, the Group achieved a profit before taxation of RM9.50 million during the quarter under review compared to a loss of RM0.51 million in the previous corresponding quarter ended 31 October 2011. The significant disparity in profitability of the two comparative quarters was the result of the better profit margin achieved by the Group for the current quarter and the absence of impairment provisions of RM4.74 million for the diminution of the assets of Poh Huat Furniture Industries (Qingdao) Co Ltd made in the previous corresponding quarter.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's turnover for quarter under review increased from RM102.20 million in the preceding quarter ended 31 July 2012 to RM112.46 million in the current quarter ended 31 October 2012. Shipment of furniture from Vietnam increased significantly from RM54.76 million in the preceding quarter to RM65.58 million in the current quarter under review in line with the Christmas/New Year seasonality peak. Turnover from the Malaysian's operation was broadly the same RM45.60 million due mainly to its focus on the office furniture segment which exhibit less seasonality.

The Group achieved a higher gross profit of RM20.06 million for the quarter under review compared RM13.60 million in the preceding quarter. The higher gross margin is again attributable to the better profit results from the higher shipment of furniture by the Group's Vietnamese operations.

During the quarter under review, the Vietnamese subsidiary again led the Group with a profit before taxation of RM9.39 million compared to RM4.23 million achieved in the preceding quarter ended 31 July 2012. The profit before taxation of the Malaysia subsidiary increase slightly from RM2.00 million for the preceding quarter ended 31 July 2012 to RM2.37 million for the current quarter ended 31 October 2012 due to the better product margin during the quarter under review. The Group's Chinese operations sustained a loss of RM1.21 million due to provision for diminution of machinery and obsolete stocks of RM0.84 million.

The Group achieved a 4-folds improvement in profitability for the financial year ended 31 October 2012 with a profit before taxation of RM16.92 million against the RM3.76 million in the previous year. This significant improvement in results again could be attributed to the productivity and sales improvement efforts for both the Vietnam and Malaysia subsidiaries and the absence of provisions for our investments in China.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

The global economic conditions remained weak as growth in China moderated and the Eurozone slid into a recession in 2012. While the European Central Bank made progress in the recovery and stimulus efforts, economic fundamentals and consumer confidence in the Eurozone remained weak. China, the world 2nd largest economy, is expected to register a significantly lower growth rate in 2012 as property prices moderated, exports declined and jobless rate deteriorated in the first 9 months in 2012.

In US, economic indicators in the 2nd half of 2012 showed improvement with the economy recovery gaining strengths. Employment rate, new homes starts and retail sales in the US continued to show gradual, stable improvements. Notwithstanding the impact of Hurricane Sally in late October 2012 and the concerns on the year end fiscal cliff that may result in higher federal tax and spending cuts, there is a sense of the positive momentum in the US economy heading into next year.

Elsewhere, the economic condition in the Middle East region has not progress significantly as civil-political unrests in several countries continued to cause concerns and affect economic sentiments and activities in other Gulf States.

Given the mixed global economic environment, we maintained a cautiously optimistic outlook as we face the many challenges and opportunities in the global furniture trade in 2013.

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	1,236,109	2,274,123
Deferred taxation	627,291	627,291
Taxation	<u>1,863,400</u>	<u>2,901,414</u>

A lower current year taxation is mainly due to sufficient business loss carried forward from prior years in local subsidiary companies.

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	11,123,613	531,107	11,654,720
Secured - US Dollar	14,322,958	1,076,434	15,399,392
Secured - South Africa Rand	295,600	2,160,698	2,456,298
Unsecured - Malaysia Ringgit	3,150,000	-	3,150,000
Unsecured - US Dollar	6,598,419	-	6,598,419
Total	<u>35,490,590</u>	<u>3,768,239</u>	<u>39,258,829</u>

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

	Financial period-to-date RM	As at 31.10.2011 RM
Total retained profits		
- Realised profits / (losses)	47,680,218	33,835,148
- Unrealised profits / (losses)	(4,840,430)	(3,185,824)
At end of reporting period	<u>42,839,788</u>	<u>30,649,324</u>

B9. MATERIAL LITIGATION

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

B10. DIVIDEND

For the financial year ended 31 October 2012 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 (tax-exempt) |
| 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.

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)	7,863	14,348
Weighted average number of shares	('000 shares)	108,025	108,025
Basic earnings / (losses) per share	(sen)	7.28	13.28

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 RM	Financial period-to-date RM
(a) Interest income	85,776	618,831
(b) Other income including investment income	172,943	775,389
(c) Interest expense	337,282	1,667,665
(d) Depreciation and amortization	1,637,150	7,564,095
(e) Provision for and write off of receivables	1,318	1,318
(f) Provision for and write off of inventories	268,918	268,918
(g) Gain/(loss) on disposal of unquoted investments or properties	(173,594)	(28,795)
(h) Impairment of assets	568,402	568,402
(i) Foreign exchange gain/(loss)	(302,751)	1,469,057
(j) Gain/(loss) on derivatives	81,382	81,382
(k) Exceptional items	nil	nil

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

CHUA SYER CIN
Independent Non-Executive Director
Chairman
Audit Committee

27 December 2012
Muar, Johor Darul Takzim