

POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)
For The Quarter Ended 31 July 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31-Jul-13	31-Jul-12	31-Jul-13	31-Jul-12
	RM	RM	RM	RM
Revenue	90,905,545	102,203,897	256,636,482	279,562,086
Cost of Sales	(74,840,265)	(88,604,402)	(214,955,714)	(247,145,602)
Gross Profit	16,065,280	13,599,495	41,680,768	32,416,484
Selling and distribution expenses	(4,040,777)	(4,623,540)	(12,636,541)	(13,878,857)
Administration expenses	(4,438,426)	(3,998,832)	(14,200,167)	(11,964,464)
Other income / (expenses)	(4,569,289)	1,518,655	(3,932,380)	2,704,232
Results from operating activities	3,016,788	6,495,778	10,911,680	9,277,395
Finance costs	(417,487)	(643,126)	(1,445,949)	(1,854,665)
Profit / (Loss) before taxation	2,599,301	5,852,652	9,465,731	7,422,730
Income tax expenses	(1,304,550)	(575,451)	(3,210,291)	(1,038,014)
Profit / (Loss) for the period	1,294,751	5,277,201	6,255,440	6,384,716
Other Comprehensive Income/(Expenses) net of tax				
- Foreign currency translation	637,124	1,493,461	621,700	118,500
Total Comprehensive Income/(Loss) for the period	1,931,875	6,770,662	6,877,140	6,503,216
Profit / (Loss) attributable to :				
Owners of the Company	1,270,067	5,311,531	6,192,519	6,484,903
Non-Controlling Interest	24,684	(34,330)	62,921	(100,187)
Profit / (Loss) for the period	1,294,751	5,277,201	6,255,440	6,384,716
Total Comprehensive Income / (Loss) attributable to :				
Owners of the Company	1,955,071	6,857,657	6,910,993	6,650,549
Non-Controlling Interest	(23,196)	(86,995)	(33,853)	(147,333)
Total Comprehensive Income/(Loss) for the period	1,931,875	6,770,662	6,877,140	6,503,216
Basic Earnings Per Share (in sen)	1.19	4.92	5.78	6.00
Diluted Earnings Per Share (in sen)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2012)

POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)
Condensed Consolidated Statement of Financial Position (Unaudited)
As At 31 July 2013

	Unaudited As At 31-Jul-13 RM	Audited As At 31-Oct-12 RM
ASSETS		
Non-current assets		
Property, plant and equipment	118,600,460	111,088,997
	<u>118,600,460</u>	<u>111,088,997</u>
Current assets		
Inventories	56,995,180	59,150,568
Trade and other receivables	37,633,385	46,018,964
Derivative assets	-	81,382
Deposits, cash and bank balances	30,103,463	32,236,168
	<u>124,732,028</u>	<u>137,487,082</u>
Non-current assets held for sale	-	15,550,547
	<u>124,732,028</u>	<u>153,037,629</u>
TOTAL ASSETS	<u>243,332,488</u>	<u>264,126,626</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	113,387,105	113,387,105
Treasury Shares, At Cost	(2,578,033)	(2,573,777)
Revaluation reserve	6,787,594	6,787,594
Translation reserve	(18,035,776)	(18,754,250)
Retained profits	47,710,102	43,659,789
	<u>147,270,992</u>	<u>142,506,461</u>
Non-controlling interest	1,520,908	1,556,270
TOTAL EQUITY	<u>148,791,900</u>	<u>144,062,731</u>
Non-current liabilities		
Bank borrowings	3,423,027	3,521,814
Deferred tax liabilities	3,930,000	3,930,000
	<u>7,353,027</u>	<u>7,451,814</u>
Current liabilities		
Trade and other payables	57,129,952	74,140,946
Bank borrowings	30,057,609	35,737,014
Tax payable	-	2,734,121
	<u>87,187,561</u>	<u>112,612,081</u>
Total Liabilities	<u>94,540,588</u>	<u>120,063,895</u>
TOTAL EQUITY AND LIABILITIES	<u>243,332,488</u>	<u>264,126,626</u>

(The Condensed Consolidated of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 October 2012)

POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)
Condensed Consolidated Statement of Changes In Equity (Unaudited)
For The Period Ended 31 July 2013

	←----- 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			
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
Profit after tax for the period	-	-	-	-	6,484,903	6,484,903	(100,187)	6,384,716
Other comprehensive expense for the period								
- Foreign currency translation	-	-	-	165,646	-	165,646	(47,146)	118,500
Total comprehensive income for the period	-	-	-	165,646	6,484,903	6,650,549	(147,333)	6,503,216
Contributions by and distributions to owners								
Purchase of treasury shares	-	(839,549)	-	-	-	(839,549)	-	(839,549)
Dividends								
- by the Company	-	-	-	-	(2,157,542)	(2,157,542)	-	(2,157,542)
- by subsidiary to non-controlling interests	-	-	-	-	-	-	(471)	(471)
Total transactions with owners	-	(839,549)	-	-	(2,157,542)	(2,997,091)	(471)	(2,997,562)
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
At 1 November 2012	113,387,105	(2,573,777)	6,787,594	(18,754,250)	43,659,789	142,506,461	1,556,270	144,062,731
Profit after tax for the period	-	-	-	-	6,192,519	6,192,519	62,921	6,255,440
Other comprehensive expense for the period								
- Foreign currency translation	-	-	-	718,474	-	718,474	(96,774)	621,700
Total comprehensive income for the period	-	-	-	718,474	6,192,519	6,910,993	(33,853)	6,877,140
Contributions by and distributions to owners								
Purchase of treasury shares	-	(4,256)	-	-	-	(4,256)	-	(4,256)
Dividends								
- by the Company	-	-	-	-	(2,142,206)	(2,142,206)	-	(2,142,206)
- by subsidiary to non-controlling interests	-	-	-	-	-	-	(1,509)	(1,509)
Total transactions with owners	-	(4,256)	-	-	(2,142,206)	(2,146,462)	(1,509)	(2,147,971)
At 31 July 2013	113,387,105	(2,578,033)	6,787,594	(18,035,776)	47,710,102	147,270,992	1,520,908	148,791,900

(The Condensed Consolidated Statement of Change In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2012)

POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)
Condensed Consolidated Statement of Cash Flows (Unaudited)
For The Period Ended 31 July 2013

	31-Jul-13	31-Jul-12
	RM	RM
Cash flows from operating activities		
Profit / (Loss) before tax	9,465,731	7,422,730
Adjustments for :		
Depreciation and amortisation	5,560,201	5,926,946
Allowance for doubtful debts	6,753,600	-
Fair value loss/(gain) on derivatives	81,382	-
Net (gain) / loss on disposal of subsidiary	-	(209,457)
Property, plant and equipment written off	467,303	3,344,723
Other non-cash items	500,396	11,793
Net interest expense	643,242	797,328
Operating profit / (loss) before changes in working capital	<u>23,471,855</u>	<u>17,294,063</u>
Inventories	2,155,388	(11,195,793)
Trade and other receivables	8,394,673	7,505,701
Trade and other payables	(17,010,994)	881,204
Cash generated from/(absorbed into) operations	<u>17,010,922</u>	<u>14,485,175</u>
Interest paid	(643,242)	(797,328)
Tax refunded / (paid)	(5,945,931)	(1,261,336)
Net cash from operating activities	10,421,749	12,426,511
Cash flows from investing activities		
Proceed from disposal of property, plant and equipment	862,393	602,350
Proceed from disposal of subsidiary	8,200,800	-
Proceed from insurance claim	-	1,560,300
Purchase of property, plant and equipment	(12,569,120)	(9,737,067)
Net cash from investing activities	(3,505,927)	(7,574,417)
Cash flow from financing activities		
Net movements in bank borrowings	(5,778,192)	5,394,583
Treasury shares, at cost	(4,256)	(839,549)
Dividend paid	(2,143,715)	(2,158,013)
Net cash (used in) from financing activities	(7,926,163)	2,397,021
Effects on foreign exchange translation	(1,122,364)	(891,865)
Net increase/(decrease) change in cash and cash equivalents	(2,132,705)	6,357,250
Cash and cash equivalents at beginning of the financial year	<u>32,236,168</u>	<u>19,800,817</u>
Cash and cash equivalents at end of the period	<u>30,103,463</u>	<u>26,158,067</u>
Cash and cash equivalents at end of the period consists of		
Bank and cash balances	30,103,463	26,158,067
Less: Bank overdrafts	-	-
	<u>30,103,463</u>	<u>26,158,067</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2012)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A1. ACCOUNTING POLICIES

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 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 2012.

The significant accounting policies adopted are consistent with those adopted for the annual audited financial statements for the year ended 31 October 2012. The Group has adopted the new MFRS with effect from 1 November 2012. In adopting the new framework, the Group has applied MFRS 1: First Time Adoption of MFRS. The adoption of MFRS 1 did not result in a 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 11,000 of its own shares from the open market for a total consideration of RM4,255 during the current financial year. The total number of shares repurchased by the Company as at end of reporting period (31 July 2013) is 6,276,800 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

The Company had on 18 May 2013 paid dividends totalling RM 2,142,206 being the first and final tax exempt dividend of 2% for the financial year ended 31 October 2012.

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	96,461,931	71,607,719
Vietnam	155,302,482	43,458,356
South Africa	4,565,957	3,504,444
People's Republic of China	<u>306,112</u>	<u>29,941</u>
	<u>256,636,482</u>	<u>118,600,460</u>

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

No material events subsequent to the period ended 31 July 2013 that have not been reflected in the financial statements of the interim period.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

Application of striking off Creative Home Design Sdn Bhd, a wholly-owned subsidiary of the Company has been approved by the relevant authorities on 11 July 2013.

The Company has on 21 December 2011 announced that it has entered into an equity transfer agreement with Qingdao Beacon Brewing Co. Ltd and the Government of Ducun Town, Jiaozhou for the disposal of its entire equity interests/contributed capital in Poh Huat Furniture Industries (Qingdao) Co Ltd, a wholly-owned subsidiary of the Company for a consideration of RMB31.00 million. The transaction is deemed completed as the registration of the transfer of the contributed capital of Poh Huat Qingdao was completed on 24 December 2012 and the equity transfer agreement expired on 30 June 2013.

A10. CHANGES IN CONTINGENT LIABILITIES / ASSETS

No changes in contingent liabilities/assets since the last financial year ended at 31 October 2012 other than as follows:-

	As at 31.07.2013 RM	As at 31.10.2012 RM
Corporate guarantee to financial institutions for banking facilities granted to subsidiaries	112,088,197	108,995,131

A11. CAPITAL COMMITMENTS

There is no capital commitments not recognised in the current interim financial statements and during the current reporting period except purchase of 8 units of wood working machinery for RM4.34 million

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	135,000
Poh Huat Furniture Industries (M) Sdn Bhd	JA Nathan & Co, in which, Tay Khim Seng, is a senior partner	Director	Legal fee	-	1,060

BMSB LISTING REQUIREMENTS

B1. PERFORMANCE REVIEW

For the quarter ended 31 July 2013, the Group's recorded a lower turnover of RM90.91 million compared to RM102.20 million recorded in the previous year's corresponding quarter ended 31 July 2012. The lower turnover is mainly due to the significantly lower shipment of furniture, particularly for the home segment, from its Malaysian operations. Shipment of furniture from the Vietnamese operations was marginally higher compared to the previous year's corresponding quarter. This is in line with the Group's efforts to rationalise the Group's manufacturing focus and product offerings where the Malaysian factories will focus on the office segment while the Vietnamese factories will concentrate on the home segment.

Despite the lower turnover, the Group achieved a higher gross profit of RM16.07 million for the quarter under review compared to RM13.60 million in the previous corresponding period ended 31 July 2012. The higher gross margin is attributable the composition of products shipped during the quarter as the Group continues to review its selling prices and rationalise its product offerings.

During the quarter under review, the Group made a provision for doubtful debts of RM6.75 million arising from the collection uncertainties on the outstanding amounts due for the Company's disposal Poh Huat Qingdao. As a result of the provision, the Group registered a lower profit before taxation of RM2.60 million against RM6.50 million previously despite stronger profit margins from its operations.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's turnover for quarter under review was higher at RM90.91 million compared to the turnover of RM70.75 million for the preceding quarter ended 30 April 2013. The higher turnover was due mainly to the seasonal low shipment of furniture in the preceding quarter following the year-end pre-festive peak and the lower number of working days in the month of February 2013. Shipments were broadly higher for both the Vietnam and Malaysian operations.

In line with the higher shipment of furniture, the Group achieved a higher gross profit of RM16.07 million for the quarter under review compared RM10.15 million in the preceding quarter. The higher gross profit is in line with the higher turnover for the quarter under review.

Despite the higher gross profits, the Group recorded a profit before taxation of RM2.60 million. The Group made a provision for doubtful debts of RM6.75 million arising from the collection uncertainty on the outstanding amounts due for the Company's disposal Poh Huat Qingdao Co Ltd. While this is an improvement over the preceding quarter profit before taxation for the quarter under review, the profitability of the Group would have been significantly higher if not for the above provision.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

The US economy, with help from the financial and fiscal stimulus, has emerged from the 5-year crisis into a much better health. Successive improvements in production outputs and lower unemployment claims have resulted in higher business and consumer confidence. Healthier balance sheets and credit easing amongst financial institutions also help bolster the recovery in the housing market, a key indicator for upswing in the demand for household furniture.

In tandem with the improving global demand, outputs of European manufacturers also expanded at a faster pace than initially estimated as the 17-nation currency bloc's recovery began to build momentum. The recovery however is expected to be slower as Europe continues to struggle with the legacy of a debt crisis and record high jobless rate.

The fear of a hard landing in the Chinese economy has also subsided as manufacturers reported successive increases in industrial outputs. Consumer-discretionary and real estate posted the largest gains as China's 20 years economic boom boosted the wealth of its 1.3 billion citizens at the fastest pace worldwide.

In view of the sustained order book leading to the year-end festive season, we expect improved financial performance for the final quarter of the financial year.

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 - Malaysian	6,000	24,000
Current taxation - Overseas	1,298,550	3,186,291
Deferred taxation	0	0
Taxation	<u>1,304,550</u>	<u>3,210,291</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 proposals:-

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

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. The registration of the transfer of the contributed capital of Poh Huat Qingdao was completed on 24 December 2012. Up to the date of this announcement, the Company had received a total of RMB17.00 million towards the purchase consideration. Prior to the final due date of 30 June 2013, the Company has on several occasions written to the purchaser for settlement of the outstanding amount of RMB14.00 million (“Outstanding Amount”).

In view of the non-receipt of the outstanding amount, the Company had on 26 September 2013, vide Messrs Grandall Law Firm (Beijing), filed a Statement of Claims, along with the cause papers and payment of the required statutory litigation fee, in/to the Qingdao City Intermediate People’s Court for the recovery of the Outstanding Amount, interests for the delay in payment of the Outstanding Amount and associated legal and litigation fees.

In view of the above development, the Company has also made a provision for doubtful debts of RM6.75 million arising from the collection uncertainty on the Outstanding Amount.

(b) The Company had on 22 July 2013 announced that PHW Properties Sdn Bhd (formerly known as Poh Huat Woodwork (M) Sdn Bhd (“PHW”), a wholly owned subsidiary of Poh Huat, together with Kini Superstore (M) Sdn Bhd (“Kini Superstore”) as co-purchasers, had entered into several sale and purchase agreements (“SPAs”) for the purchase of 5 parcels of agricultural land with total land area of 3.26 ha in Simpang Jeram, Mukim of Bakri, District of Muar, Johor for an cash consideration of RM15.73 million. In conjunction with the purchase of the said land, PHW and Kini Superstore also entered into a co-owners agreement to regulate, inter alia, payment for purchase considerations for the land; the registration, apportionment and allotment of land and subdivided lots; and the sharing of costs for the conversion, subdivision and joint-construction of infrastructure and public utilities/amenities/facilities for the Land. As at the date of this announcement, all the titles to the land lots has been presented for registration at the Muar land office. In view of the above, this transaction is deemed completed.

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	3,499,765	545,869	4,045,634
Secured - US Dollar	6,441,341	776,933	7,218,274
Secured - South Africa Rand	-	2,100,225	2,100,225
Unsecured - Malaysia Ringgit	7,788,721	-	7,788,721
Unsecured - US Dollar	12,327,782	-	12,327,782
Total	<u>30,057,609</u>	<u>3,423,027</u>	<u>33,480,636</u>

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

	Financial period-to-date RM	As at 31.10.2012 RM
Total retained profits		
- Realised profits / (losses)	50,796,433	47,505,561
- Unrealised profits / (losses)	<u>(3,086,331)</u>	<u>(3,845,772)</u>
At end of reporting period	<u>47,710,102</u>	<u>43,659,789</u>

B9. MATERIAL LITIGATION

The Company had on 26 September 2013, vide Messrs Grandall Law Firm (Beijing), filed a statement of claims, along with the cause papers and payment of the required statutory litigation fee, in/to the Qingdao City Intermediate People's Court for the recovery of the Outstanding Amount, interests for the delay in payment of the Outstanding Amount and associated legal and litigation fees as follows:-

- (i) The purchaser shall continue to perform its obligations pursuant to the enterprise acquisition framework agreement and the equity transfer agreement, and pay RMB14 million to the Company.
- (ii) The purchaser shall pay default interests for delaying payment. (According to calculation standard for fine for delayed payment stipulated in the contract, the default interest for the RMB12 million should be calculated for the period from 25 December 2012 to the actual date when payment is effected, and the interest for the remaining RMB2 million should be calculated for the period from 1 July 2013 to the date when the final payment is effected).
- (iii) The purchaser shall pay the Company's legal fee amounting to RMB500,000.
- (iv) The purchaser shall bear the litigation fee of this case.

The sum of the first three (3) claims would, for the time being, totalling RMB16,020,000.

The hearing of the claim is expected to take place in two to three months' time after the filing of the same.

Save for the above, there are no other material litigation, pending or threatening, by or against the Company and its subsidiaries (as plaintiff or defendant) since the last financial year ended 31 October 2012.

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 Company by the weighted average number of ordinary shares in issue (excluding treasury shares) during the period under review.

		Current quarter	Financial period-to-date
Profit / (Loss) attributable to Owners of the Company	(RM'000)	1,270	6,193
Weighted average number of shares	('000 shares)	107,111	107,111
Basic Earnings / (Losses) per share	(sen)	1.19	5.78

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 2012 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	132,182	349,476
(b) Other income including investment income	127,831	547,883
(c) Interest expense	279,329	992,719
(d) Depreciation and amortization	1,780,641	5,560,201
(e) Provision for and write off of receivables	6,753,600	6,753,600
(f) Provision for and write off of inventories	nil	nil
(g) Gain/(loss) on disposal of unquoted investments or properties	(20,433)	(10,107)
(h) Impairment of assets	nil	nil
(i) Foreign exchange gain/(loss)	1,722,912	2,022,423
(j) Gain/(loss) on derivatives	nil	(81,382)
(k) Exceptional items	nil	nil

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

Dato' Haji Zaini Bin Md Hasim
Independent Non-Executive Director
Member
Audit Committee
30 September 2013
Muar, Johor Darul Takzim.