

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31-Oct-13	31-Oct-12	31-Oct-13	31-Oct-12
	RM	RM	RM	RM
Revenue	101,336,763	112,457,137	357,973,245	392,019,223
Cost of Sales	(79,760,513)	(92,398,420)	(294,716,227)	(339,544,022)
Gross Profit	21,576,250	20,058,717	63,257,018	52,475,201
Selling and distribution expenses	(4,337,060)	(4,835,446)	(16,973,601)	(18,714,303)
Administration expenses	(5,907,654)	(4,660,527)	(20,107,821)	(16,624,991)
Other income / (expenses)	(727,036)	(563,780)	(4,659,416)	2,140,452
Results from operating activities	10,604,500	9,998,964	21,516,180	19,276,359
Finance costs	(557,194)	(497,695)	(2,003,143)	(2,352,360)
Profit / (Loss) before taxation	10,047,306	9,501,269	19,513,037	16,923,999
Income tax expenses	274,698	(1,043,399)	(2,935,593)	(2,081,413)
Profit / (Loss) for the period	10,322,004	8,457,870	16,577,444	14,842,586
Other Comprehensive Income/(Expenses) net of tax				
- Foreign currency translation	(1,113,401)	(292,459)	(491,701)	(173,959)
Total Comprehensive Income/(Loss) for the period	9,208,603	8,165,411	16,085,743	14,668,627
Profit / (Loss) attributable to :				
Owners of the Company	10,582,870	8,683,104	16,775,389	15,168,007
Non-Controlling Interest	(260,866)	(225,234)	(197,945)	(325,421)
Profit / (Loss) for the period	10,322,004	8,457,870	16,577,444	14,842,586
Total Comprehensive Income / (Loss) attributable to :				
Owners of the Company	9,510,329	8,521,458	16,421,322	15,172,007
Non-Controlling Interest	(301,726)	(356,047)	(335,579)	(503,380)
Total Comprehensive Income/(Loss) for the period	9,208,603	8,165,411	16,085,743	14,668,627
Basic Earnings Per Share (in sen)	9.89	8.04	15.67	14.04
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 October 2013

	Unaudited As At 31-Oct-13 RM	Audited As At 31-Oct-12 RM
ASSETS		
Non-current assets		
Property, plant and equipment	120,656,856	111,088,997
	<u>120,656,856</u>	<u>111,088,997</u>
Current assets		
Inventories	54,078,648	59,150,568
Trade and other receivables	45,757,008	46,018,964
Derivative assets	377,123	81,382
Deposits, cash and bank balances	53,420,298	32,236,168
	<u>153,633,077</u>	<u>137,487,082</u>
Non-current assets held for sale	-	15,550,547
	<u>153,633,077</u>	<u>153,037,629</u>
TOTAL ASSETS	<u>274,289,933</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	(2,836,481)	(2,573,777)
Revaluation reserve	6,787,594	6,787,594
Translation reserve	(19,108,317)	(18,754,250)
Retained profits	58,292,972	43,659,789
	<u>156,522,873</u>	<u>142,506,461</u>
Non-controlling interest	1,219,182	1,556,270
TOTAL EQUITY	<u>157,742,055</u>	<u>144,062,731</u>
Non-current liabilities		
Bank borrowings	4,459,224	3,521,814
Deferred tax liabilities	2,118,000	3,930,000
	<u>6,577,224</u>	<u>7,451,814</u>
Current liabilities		
Trade and other payables	56,151,035	74,140,946
Bank borrowings	50,245,254	35,737,014
Tax payable	3,574,365	2,734,121
	<u>109,970,654</u>	<u>112,612,081</u>
Total Liabilities	<u>116,547,878</u>	<u>120,063,895</u>
TOTAL EQUITY AND LIABILITIES	<u>274,289,933</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 October 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	-	-	-	-	15,168,007	15,168,007	(325,421)	14,842,586
Other comprehensive expense for the period								
- Foreign currency translation	-	-	-	4,000	-	4,000	(177,959)	(173,959)
Total comprehensive income for the period	-	-	-	4,000	15,168,007	15,172,007	(503,380)	14,668,627
Contributions by and distributions to owners								
Purchase of treasury shares	-	(1,151,371)	-	-	-	(1,151,371)	-	(1,151,371)
Dividends								
- by the Company	-	-	-	-	(2,157,542)	(2,157,542)	-	(2,157,542)
- by subsidiary to non-controlling interests	-	-	-	-	-	-	(664)	(664)
Total transactions with owners	-	(1,151,371)	-	-	(2,157,542)	(3,308,913)	(664)	(3,309,577)
At 31 October 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
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	-	-	-	-	16,775,389	16,775,389	(197,945)	16,577,444
Other comprehensive expense for the period								
- Foreign currency translation	-	-	-	(354,067)	-	(354,067)	(137,634)	(491,701)
Total comprehensive income for the period	-	-	-	(354,067)	16,775,389	16,421,322	(335,579)	16,085,743
Contributions by and distributions to owners								
Purchase of treasury shares	-	(262,704)	-	-	-	(262,704)	-	(262,704)
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	-	(262,704)	-	-	(2,142,206)	(2,404,910)	(1,509)	(2,406,419)
At 31 October 2013	113,387,105	(2,836,481)	6,787,594	(19,108,317)	58,292,972	156,522,873	1,219,182	157,742,055

(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 October 2013

	31-Oct-13	31-Oct-12
	RM	RM
Cash flows from operating activities		
Profit / (Loss) before tax	19,513,037	16,923,999
Adjustments for :		
Depreciation and amortisation	6,979,805	7,910,240
Allowance for doubtful debts	6,753,600	-
Net (gain) /loss on financial assets at fair value	(295,741)	203,836
Net (gain) / loss on disposal of subsidiary	(615,091)	-
Impairment losses on Investment	-	568,402
Fire insurance compensation	-	(3,830,858)
Write down of inventories	-	268,918
Property, plant and equipment written off	173,040	3,351,611
Other non-cash items	700,359	14,670
Net interest expense	897,694	1,045,989
Operating profit / (loss) before changes in working capital	<u>34,106,703</u>	<u>26,456,807</u>
Inventories	5,071,920	(5,349,948)
Trade and other receivables	884,622	(2,855,045)
Trade and other payables	(17,989,911)	14,607,430
Cash generated from/(absorbed into) operations	<u>22,073,334</u>	<u>32,859,244</u>
Interest paid	(897,694)	(1,045,989)
Tax refunded / (paid)	(3,907,349)	103,091
Net cash from operating activities	<u>17,268,291</u>	<u>31,916,346</u>
Cash flows from investing activities		
Proceed from disposal of property, plant and equipment	866,202	816,016
Proceed from disposal of subsidiary	8,200,800	-
Purchase of property, plant and equipment	(16,996,282)	(13,863,165)
Net cash from investing activities	<u>(7,929,280)</u>	<u>(13,047,149)</u>
Cash flow from financing activities		
Net movements in bank borrowings	15,445,650	(3,007,415)
Treasury shares, at cost	(262,704)	(1,151,371)
Dividend paid	(2,143,715)	(2,158,206)
Net cash (used in) from financing activities	<u>13,039,231</u>	<u>(6,316,992)</u>
Effects on foreign exchange translation	(1,194,112)	21,968
Net increase/(decrease) change in cash and cash equivalents	21,184,130	12,574,173
Cash and cash equivalents at beginning of the financial year	<u>32,236,168</u>	<u>19,661,995</u>
Cash and cash equivalents at end of the period	<u><u>53,420,298</u></u>	<u><u>32,236,168</u></u>
Cash and cash equivalents at end of the period consists of		
Bank and cash balances	53,420,298	32,236,168
Less: Bank overdrafts	-	-
	<u><u>53,420,298</u></u>	<u><u>32,236,168</u></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 398,000 of its own shares from the open market for a total consideration of RM262,704 during the current financial year. The total number of shares repurchased by the Company as at end of reporting period (31 October 2013) is 6,663,800 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	127,564,656	74,855,341
Vietnam	224,239,251	42,441,392
South Africa	5,825,795	3,360,123
People's Republic of China	<u>343,543</u>	<u>0</u>
	<u>357,973,245</u>	<u>120,656,856</u>

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

No material events subsequent to the period ended 31 October 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 31.10.2013 RM	As at 31.10.2012 RM
Corporate guarantee to financial institutions for banking facilities granted to subsidiaries	120,838,602	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 1.53 hectares of freehold land for RM5.92 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 year-to-date (RM)
Poh Huat International Sdn Bhd	Tay Kim Huat	Director	Rental of Premises	45,000	180,000
Poh Huat Furniture Industries (M) Sdn Bhd	JA Nathan & Co, in which, Tay Khim Seng, is a senior partner	Director	Legal fee	7,738	8,798

BMSB LISTING REQUIREMENTS

B1. PERFORMANCE REVIEW

The Group recorded a turnover of RM101.34 million for the quarter ended 31 October 2013 compared to RM112.46 million recorded in the previous corresponding quarter ended 31 October 2012. The reduced turnover was mainly due to the lower shipment of furniture from the Malaysian, in line with its efforts in rationalising its product offerings. The Vietnamese operations continued to lead the Group with shipment worth RM68.94 million while the Malaysian operations shipped RM31.10 million.

The Group managed to achieve a higher gross profit of RM21.58 million for the quarter under review compared to RM20.06 million in the previous corresponding quarter period ended 31 October 2012. The higher gross margin was attributable to the better selling prices mainly from its Vietnamese operations.

The Group achieved a profit before taxation of RM10.05 million during the quarter under review compared to a profit before taxation of RM9.50 million in the previous corresponding quarter ended 31 October 2012. The higher profit before taxation was mainly attributable to higher sales from its Vietnamese operations.

Notwithstanding a lower turnover, the Group achieved a profit before taxation of RM19.51 million for the financial year ended 31 October 2013 against RM16.92 million in the previous financial year. The Group would have recorded a significantly higher profit before taxation of RM26.26 million (representing a 55% improvement of the previous full financial year results) if the provision of RM6.75 million arising from the collection uncertainties on the outstanding amounts due from the disposal Poh Huat Furniture Industries (Qingdao) Co Ltd had been excluded.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group turnover increased from RM90.91 million in the preceding quarter ended 31 July 2013 to RM101.34 million in the current quarter ended 31 October 2013. Shipment of furniture from Vietnam increased significantly from RM60.06 million in the preceding quarter to RM68.94 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 at RM31.10 million due to its focus on the office furniture segment which exhibit less seasonality.

In the absence of the RM6.75 million provisions for doubtful debts in the preceding quarter, the Group's profit before taxation increased significantly to RM10.05 million in the current quarter under review from RM2.60 million previously. During the quarter under review, the Vietnamese subsidiary led the Group with a profit before taxation of RM10.04 million compared to RM8.35 million achieved in the preceding quarter while Malaysia subsidiary profit before taxation increased from RM0.30 million previously to RM1.02 million in the current quarter under review. The remaining losses of RM1.01 million were attributable to losses incurred by other subsidiaries.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

Improving fiscal health in the US and stronger local government spending bodes well for the economy. Having declined for three consecutive years, the US government is now hiring and spending more on public investments such as public works and education programs. With unemployment rates at a down trend and pick-up in economic activities, consumers and businesses in the US are now more willing to spend.

Despite a modest recovery and continued concerns on unemployment, European real estate markets appear to be gathering steam in both volume and breadth. While the global property investment market is predicted to grow by around 6% this year, European real estate market is expected to experience a more robust year-on-year progress in 2014.

The Middle East is also "on track" for recovery from the global financial crisis despite the lingering concerns around the Euro, according to leading economists. Sustained oil prices, massive influx of foreign capital and booming real estate markets in several major cities in the Gulf region are key drivers to the resumption of growth in the Middle East.

With the long awaited pickup in global growth, we expect global furniture trade to rise. With successive months of improving economic, employment and housing data, we expect improved demand for furniture for the US market and higher orders from our US customers. Demand in the Middle East is expected to remain resilient as the vibrancy of the real estate sector and pick-up in business activities in the several major cities will lead to higher demand for office furniture.

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 - Malaysian	(36,193)	(12,193)
Current taxation - Overseas	1,573,495	4,759,786
Deferred taxation	(1,812,000)	(1,812,000)
Taxation	<u>(274,698)</u>	<u>2,935,593</u>

The lower current year taxation was mainly due to sufficient business loss carried forward from prior years as well as a reversal of deferred taxation from the local subsidiary company.

B6. STATUS OF CORPORATE PROPOSALS / UTILISATION OF PROCEEDS

There are no 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	8,433,689	2,267,195	10,700,884
Secured - US Dollar	16,410,991	-	16,410,991
Secured - South Africa Rand	313,978	2,192,029	2,506,007
Unsecured - Malaysia Ringgit	6,955,888	-	6,955,888
Unsecured - US Dollar	18,130,708	-	18,130,708
Total	<u>50,245,254</u>	<u>4,459,224</u>	<u>54,704,478</u>

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

	Financial year-to-date RM	As at 31.10.2012 RM
Total retained profits		
- Realised profits / (losses)	59,499,664	47,505,561
- Unrealised profits / (losses)	(1,206,692)	(3,845,772)
At end of reporting period	<u>58,292,972</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 for an estimated amount of RMB16.02 million. The Defendant, Qingdao Beacon Brewing Co. Ltd. has filed a counter claim of RMB22.00 million for delay in the handover of the land and building, land use rights fees and legal fees. Two (2) hearings were conducted on 18 November 2013 and 16 December 2013. No judgement was obtained and the next hearing has been fixed on 6 January 2014.

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

For the financial year ended 31 October 2013 the Directors have recommended a final tax-exempt dividend of 3% for the shareholders' approval at the forthcoming Annual General Meeting of the Company.

a. Type of dividend	:	Final
b. Amount per share	:	3 sen (tax-exempt)
c. Previous corresponding period	:	2 sen (tax-exempt)
d. Total dividend for the financial year	:	5 sen (tax-exempt)

The dividend entitlement and payment date 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 Company by the weighted average number of ordinary shares in issue (excluding treasury shares) during the period under review.

		Current quarter	Financial year-to-date
Profit / (Loss) attributable to Owners of the Company	(RM'000)	10,583	16,775
Weighted average number of shares	('000 shares)	107,031	107,031
Basic Earnings / (Losses) per share	(sen)	9.89	15.67

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 year-to-date RM
(a) Interest income	152,243	501,719
(b) Other income including investment income	157,957	705,841
(c) Interest expense	406,695	1,399,413
(d) Depreciation and amortization	1,419,604	6,979,805
(e) Provision for and write off of receivables	nil	6,753,600
(f) Provision for and write off of inventories	nil	nil
(g) Gain/(loss) on disposal of unquoted investments or properties	374,268	364,161
(h) Impairment of assets	nil	nil
(i) Foreign exchange gain/(loss)	(1,979,163)	43,260
(j) Gain/(loss) on derivatives	nil	295,741
(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
31 December 2013
Muar, Johor Darul Takzim.