

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 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31-Oct-16	31-Oct-15	31-Oct-16	31-Oct-15
	RM	RM	RM	RM
Revenue	152,048,955	140,178,657	535,218,986	453,932,441
Cost of Sales	(116,844,180)	(107,747,098)	(427,979,619)	(363,571,216)
Gross Profit	35,204,775	32,431,559	107,239,367	90,361,225
Selling and distribution expenses	(6,476,183)	(6,016,219)	(24,668,848)	(21,678,898)
Administration expenses	(5,923,563)	(4,822,108)	(23,977,247)	(21,043,898)
Other income / (expenses)	2,300,086	(1,203,209)	1,829,978	1,725,041
Results from operating activities	25,105,115	20,390,023	60,423,250	49,363,470
Finance costs	(407,214)	(503,240)	(1,809,678)	(1,990,465)
Profit / (Loss) before tax	24,697,901	19,886,783	58,613,572	47,373,005
Income tax expenses	(5,696,086)	(4,302,330)	(11,850,879)	(8,793,896)
Profit / (Loss) for the period	19,001,815	15,584,453	46,762,693	38,579,109
Other comprehensive income/(expenses) net of tax				
- Foreign currency translation	2,395,497	4,556,339	(472,489)	12,530,286
Total comprehensive income/(loss) for the period	21,397,312	20,140,792	46,290,204	51,109,395
Profit / (Loss) after tax attributable to :				
Owners of the company	19,058,204	15,850,949	47,063,806	39,185,439
Non-controlling interests	(56,389)	(266,496)	(301,113)	(606,330)
Profit / (Loss) for the period	19,001,815	15,584,453	46,762,693	38,579,109
Total comprehensive income / (loss) attributable to :				
Owners of the company	21,501,680	20,394,052	46,625,794	51,692,881
Non-controlling interests	(104,368)	(253,260)	(335,590)	(583,486)
Total comprehensive income/(loss) for the period	21,397,312	20,140,792	46,290,204	51,109,395
Basic Earnings Per Share (in sen)	8.93	7.43	22.05	18.36
Diluted Earnings Per Share (in sen)	8.16	7.41	20.15	18.31

(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 2015)

POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)
Condensed Consolidated Statement of Financial Position (Unaudited)
As At 31 October 2016

	Unaudited	Audited
	As At	As At
	31-Oct-16	31-Oct-15
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	127,586,969	120,138,638
Land held for property development	20,912,187	20,912,187
Investment properties	10,127,791	7,278,968
Deferred tax assets	-	861,067
	<u>158,626,947</u>	<u>149,190,860</u>
Current assets		
Inventories	70,712,036	67,244,395
Investment in quoted securities	522,321	1,149,106
Trade and other receivables	72,854,208	56,934,170
Deposits, cash and bank balances	71,594,878	70,869,385
	<u>215,683,443</u>	<u>196,197,056</u>
TOTAL ASSETS	374,310,390	345,387,916
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	113,402,905	113,387,105
Treasury shares, at cost	(2,836,481)	(2,836,481)
Share premium reserve	15,800	-
Translation reserve	(5,061,140)	(4,623,128)
Retained profits	137,777,294	107,791,125
	<u>243,298,378</u>	<u>213,718,621</u>
Non-controlling interests	(93,827)	241,763
TOTAL EQUITY	243,204,551	213,960,384
Non-current liabilities		
Bank borrowings	423,696	2,551,036
Deferred tax liabilities	5,962,000	5,030,000
	<u>6,385,696</u>	<u>7,581,036</u>
Current liabilities		
Trade and other payables	89,474,279	86,028,178
Derivatives financial instruments at fair value	222,185	-
Bank borrowings	28,501,073	30,860,266
Tax payable	2,253,042	6,958,052
Dividend payable	4,269,564	-
	<u>124,720,143</u>	<u>123,846,496</u>
Total Liabilities	131,105,839	131,427,532
TOTAL EQUITY AND LIABILITIES	374,310,390	345,387,916

(The Condensed Consolidated of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 October 2015)

POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)
Condensed Consolidated Statement of Changes In Equity (Unaudited)
For The Financial Year Ended 31 October 2016

	← Attributable to Owners of the Parent →						Non-Controlling Interests	Total Equity
	← Non-distributable →				Distributable			
	Share Capital RM	Treasury Share RM	Premium Reserve RM	Translation Reserve RM	Retained Profits RM	Total RM		
At 1 November 2014	113,387,105	(2,836,481)		(17,130,570)	78,210,783	171,630,837	826,840	172,457,677
Profit after tax for the year					39,185,439	39,185,439	(606,330)	38,579,109
Other comprehensive income for the year								
- Foreign currency translation				12,507,442	-	12,507,442	22,844	12,530,286
Total comprehensive income for the year	-	-	-	12,507,442	39,185,439	51,692,881	(583,486)	51,109,395
Dividends								
- by the company					(9,605,097)	(9,605,097)	-	(9,605,097)
- by subsidiary to non-controlling interests					-	-	(1,591)	(1,591)
At 31 October 2015	113,387,105	(2,836,481)	-	(4,623,128)	107,791,125	213,718,621	241,763	213,960,384
At 1 November 2015	113,387,105	(2,836,481)		(4,623,128)	107,791,125	213,718,621	241,763	213,960,384
Profit after tax for the year					47,063,806	47,063,806	(301,113)	46,762,693
Other comprehensive income for the year								
- Foreign currency translation				(438,012)		(438,012)	(34,477)	(472,489)
Total comprehensive income for the year	-	-	-	(438,012)	47,063,806	46,625,794	(335,590)	46,290,204
Dividends								
- by the company				-	(17,077,637)	(17,077,637)		(17,077,637)
- by subsidiary to non-controlling interests				-	-	-	-	-
Exercise of Warrants 2015/2020	15,800		15,800			31,600		31,600
At 31 October 2016	113,402,905	(2,836,481)	15,800	(5,061,140)	137,777,294	243,298,378	(93,827)	243,204,551

(The Condensed Consolidated Statement of Change In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2015)

POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)
Condensed Consolidated Statement of Cash Flows (Unaudited)
For The Financial Year Ended 31 October 2016

	31-Oct-16	31-Oct-15
	RM	RM
Cash flows from operating activities		
Profit / (Loss) before tax	58,613,572	47,373,005
Adjustments for :		
Depreciation and amortisation	7,272,713	7,115,086
Reversal of impairment losses on receivables	(500)	-
Allowance for impairment losses on receivables	-	25,789
Fire insurance compensation	(4,260,229)	(3,832,400)
Inventories value written down	275,415	432,181
Inventories written-off	-	6,120,016
Allowance for slow moving inventories	-	507,000
Property, plant and equipment written off	(32,859)	3,146,873
(Gain) / loss on disposal of PPE	(274,151)	(167,338)
Fair value (gain) / loss on derivatives	222,185	-
Unrealised (gain)/ loss on forex	(229,300)	(5,777,232)
Net interest expense	180,293	365,641
Operating profit/(loss) before working capital changes	<u>61,767,139</u>	<u>55,308,621</u>
Inventories	(3,743,056)	(8,795,013)
Trade and other receivables	(9,716,564)	(7,381,390)
Trade and other payables	1,732,655	14,870,978
Cash generated from/(absorbed into) operations	<u>50,040,174</u>	<u>54,003,196</u>
Interest paid	(180,293)	(365,641)
Tax (paid)/refund	(15,623,889)	(4,967,463)
Net cash from operating activities	<u>34,235,992</u>	<u>48,670,092</u>
Cash flows from investing activities		
Proceed from disposal of property, plant and equipment	-	745,057
Proceeds / (Investment) from investment in quoted securities	626,785	(1,149,106)
Purchase of property, plant and equipment	(17,839,240)	(15,989,920)
Net cash from investing activities	<u>(17,212,455)</u>	<u>(16,393,969)</u>
Cash flow from financing activities		
Net movements in bank borrowings	(4,486,533)	(8,034,897)
Proceeds from issue of new shares pursuant to the exercise of Warrants 2015/6	31,600	-
Dividends paid	(12,808,073)	(14,942,853)
Net cash (used in) from financing activities	<u>(17,263,006)</u>	<u>(22,977,750)</u>
Effects on foreign exchange translation	964,962	8,689,994
Net increase/(decrease) change in cash and cash equivalents	725,493	17,988,367
Cash and cash equivalents at beginning of the financial year	<u>70,869,385</u>	<u>52,881,018</u>
Cash and cash equivalents at end of the financial period	<u>71,594,878</u>	<u>70,869,385</u>
Cash and cash equivalents at end of the financial period consists of		
Deposit, bank and cash balances	71,594,878	70,869,385

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2015)

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 Main Board Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 October 2015.

The significant accounting policies adopted are consistent with those adopted for the annual audited financial statements for the year ended 31 October 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 October 2015.

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

There were 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

The Company has not issued any revenue or profit estimate, forecast or target.

A5. ISSUANCE, REPURCHASE AND CANCELLATION OF SHARES

Re-Purchase of Own Shares

The Company has been authorised by shareholders to re-purchase its own shares.

The total number of shares repurchased by the Company as at end of reporting year (31 October 2016) was 13,327,600 ordinary shares of RM0.50 each (“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. The Company has not purchased any of its own shares during the financial year under review.

Exercise of Warrants

A total of 31,600 new Poh Huat shares were issued pursuant to the exercise of 31,600 Warrants 2015/2020 at the issue price RM1.00 per share during the financial year to date. 600 shares were listed and quoted on the Official List of Bursa Malaysia on 19 November 2015 and the balance of 31,000 shares were listed and quoted on 12 January 2016.

Save for the above, the Company has not issued any shares, debts or convertible securities during the current financial year.

A6. DIVIDEND PAID

The dividends paid during the financial year were as follows:

Type of Dividend	Dividend per share	For the year ended	Amount RM	Payment date
First Interim	2 sen	31-Oct-16	4,268,944	15-Jan-16
Final Dividend	2 sen	31-Oct-15	4,269,565	19-May-16
Second Interim	2 sen	31-Oct-16	4,269,564	29-Jul-16

A7. OPERATING SEGMENTS

The Group adopted geographical segment as its reporting format. The segment information for the financial year-to-date was as below: -

	Revenue RM'000	Non-Current Assets RM'000
Malaysia	168,066	91,416
Vietnam	365,078	66,114
South Africa	2,075	1,097
Total	535,219	158,627

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE YEAR

On 19 September 2016, the Company announced that it had on 14 September 2016 entered into a contract for sale of real estate with JSNJ Investment Pty Ltd, Australia (owner and developer) for the purchase of a detached warehouse cum office-showroom in South Dandenong, Victoria, Australia for a total consideration of AUD4.25 million or RM13.16 million (the "Acquisition"). An initial deposit of AUD425,000 was paid on 9 September 2016 and the remaining AUD3,825,000 was paid on 7 November 2016. The Acquisition has been completed on 11 November 2016 upon the transferring the title deed to Poh Huat (Australia) Pty Ltd.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

The Company has on 17 October 2016 incorporated a wholly-owned subsidiary in Australia, namely Poh Huat (Australia) Pty Ltd, as the investment holding company to hold the warehouse cum office-showroom in Australia.

Save for the above, there was no change in the composition of the Group during the current financial year.

A10. CHANGES IN CONTINGENT LIABILITIES / ASSETS

There were no changes in contingent liabilities/assets since the last financial year ended at 31 October 2015 other than corporate guarantee granted to financial institutions amounting to RM156.94 million at current financial year.

A11. CAPITAL COMMITMENTS

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

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'000)	Financial year-to-date (RM'000)
Poh Huat Furniture Industries (M) Sdn Bhd	Tay Kim Huat	Director	Rental of Showroom	45	180
Poh Huat Furniture Industries (M) Sdn Bhd	J.A. Nathan & Co	A firm in which Tay Khim Seng is a senior partner	Legal Fees	0	4

BMSB LISTING REQUIREMENTS

B1. PERFORMANCE REVIEW

Revenue	Individual quarter			Cumulative quarters		
	31-Oct-16 RM'000	31-Oct-15 RM'000	+ / - RM'000	31-Oct-16 RM'000	31-Oct-15 RM'000	+ / - RM'000
Malaysia	40,847	45,614	(4,767)	168,066	148,300	19,766
Vietnam	110,632	93,867	16,765	365,078	301,928	63,150
South Africa	570	697	(127)	2,075	3,704	(1,629)
Total	152,049	140,178	11,871	535,219	453,932	81,287

For the quarter ended 31 October 2016, the Group recorded a higher turnover of RM152.05 million compared to RM140.18 million recorded in the previous year's corresponding quarter ended 31 October 2015. The higher turnover was a result of the sustained demand for the Group's products in line with the sustained demand for our furniture from the US and Canada markets. Our Vietnamese factories recorded markedly higher turnover due on sustained orders and improving factory efficiency upon completion the construction of the new spray-line facilities (damaged by fire) in August 2016. Turnover from our Malaysian factories moderated due to continued product rationalisation and gestation period for new products, including panel based bedroom models, introduced during the period.

Profit / (Loss) Before Tax	Individual quarter			Cumulative quarters		
	31-Oct-16 RM'000	31-Oct-15 RM'000	+ / - RM'000	31-Oct-16 RM'000	31-Oct-15 RM'000	+ / - RM'000
Malaysia	6,720	11,082	(4,362)	20,424	21,290	(866)
Vietnam	18,356	6,377	11,979	41,028	23,931	17,097
South Africa	(470)	(545)	75	(972)	(1,240)	268
Others	92	2,973	(2,881)	(1,866)	3,392	(5,258)
Total	24,698	19,887	4,811	58,614	47,373	11,241

In line with the higher turnover during quarter under review, the gross profit for the quarter rose to RM35.20 million compared to RM32.43 million achieved in the previous corresponding period ended 31 October 2015. The higher gross profit margin is mainly attributable to the Group's higher level of production and improvement in margin of the products shipped, particularly those from our Vietnamese factories and the higher proceeds realised from the stronger US Dollar denominated sales during the quarter under review.

During the quarter under review, the Group's operating subsidiary in Vietnam received a RM2.22 million of insurance compensation as a result of the fire incident in Vietnam in August 2015. In line with the better gross profit margin and the insurance compensation, the Group recorded a higher profit before tax of RM24.70 million during the quarter under review compared to profit before tax of RM19.89 million in the previous corresponding quarter ended 31 October 2015.

The financial performance for the entire financial year ended 31 October 2016 was also consistently better against the preceding financial year. The Group recorded an all-time high turnover of RM535.22 million against a turnover of RM453.93 million in the previous financial year. Profit before tax increased by more than RM10 million to RM58.61 million. Notably, the profit before tax in our Vietnamese operations has increased by 71% to RM41.03 million in the current financial year against RM23.93 million in the previous financial year.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAX

Profit / (Loss) Before Tax	Individual quarter	Preceding quarter	+ / - RM'000
	31-Oct-16 RM'000	31-Jul-16 RM'000	
Malaysia	6,720	4,818	1,902
Vietnam	18,356	7,019	11,337
South Africa	(470)	(77)	(393)
Others	92	480	(388)
Total	24,698	12,240	12,458

Consistent with the Christmas/New Year seasonality peak, the Group's turnover for quarter under review increased markedly from RM125.65 million in the preceding quarter ended 31 July 2016 to RM152.05 million in the current quarter under review. As in previous years, the shipment of furniture from Vietnam increased significantly from RM82.85 million in the preceding quarter to RM110.63 million in the current quarter under review. The turnover from the Malaysian's operations decreased marginally to RM40.85 million compared to RM42.39 million in the preceding quarter due to introduction of new models including panel-based bed room furniture explained in Section B1 above.

Consistent with the pre-year-end festive peak, the Group achieved a higher profit before tax of RM24.70 million for the quarter under review compared RM12.24 million in the preceding quarter. The Vietnamese subsidiary achieved a record profit of RM18.36 million on the back of new high in revenue due to higher shipping volume and added factory capacity from the commencement of operations of the new factory in Binh Duong, Vietnam. Despite lower shipping volume and revenue, the profitability of the Malaysian operations continue to improve due to the product rationalisation efforts and higher Ringgit sales proceeds from the stronger US exchange rate prevailing during the quarter.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

The US economy continues to register growth in employment, manufacturing outputs, housing and corporate earnings. With the housing market improving and discretionary spending increases in line with employment, we will see demand for household furniture continuing over the next few years. In fact, the U.S. furniture industry has outpaced the U.S. economy in recent years. Over the last two years, furniture and home furnishings stores have fared better than other retail trade businesses such as department stores and clothing stores. The industry itself is performing roughly twice as well as the overall economy, due in large part to strong performance in bedroom and dining room furnishing sales. While the industry is riding on the housing sector boom, the biggest fear is that interest rate hikes could slow down the housing market. While the industry has greatly benefitted from the pick-up in housing, so a significant and sustained slow down there could be devastating to the industry.

On the back of healthy fundamentals, the demand for the Group's products, particularly from the North American market, is expected to remain for the next financial year. The Group is however mindful that the global environment continues to be volatile due to the prolonged economic downturn in Europe and low commodity prices. The Trump victory in the recent US election has also added elements of policy and regulatory uncertainties.

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'000	Financial year-to-date RM'000
Current taxation - Malaysian	1,474	4,187
Current taxation - Overseas	2,498	5,910
Deferred taxation	1,724	1,754
Total Taxation	5,696	11,851

B6. STATUS OF CORPORATE PROPOSALS / UTILISATION OF PROCEEDS

The Company had on 14 September 2016 entered into a contract for the sale of real estate with JSNJ Investment Pty Ltd, Australia (the owner and developer) for the purchase of a detached warehouse cum office-showroom in South Dandenong, Victoria, Australia for a total cash consideration of AUD4.25 million or RM13.16 million (the "Acquisition"). The Acquisition has been completed on 11 November 2016.

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 at end of the reporting year were as below: -

Currency denominations	Current RM'000	Non-Current RM'000	Total RM'000
Secured - Malaysian Ringgit	1,015	424	1,439
Secured - US Dollar	17,987	0	17,987
Secured - South Africa Rand	0	0	0
Unsecured - Malaysian Ringgit	0	0	0
Unsecured - US Dollar	9,499	0	9,499
Total	28,501	424	28,925

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

	As at 31-Oct-16 RM'000	As at 31-Oct-15 RM'000
Total retained profits :		
- Realised	163,961	127,090
- Unrealised	(5,955)	1,608
- Consolidation adjustments	(20,229)	(20,907)
At end of reporting period	137,777	107,791

B9. MATERIAL LITIGATION

There are no 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 2015.

B10. DIVIDEND

The Company has declared and paid a first, second and third interim single-tier dividend of 2 sen per ordinary share each in respect of the financial year ending 31 October 2016. These interim dividends were paid on 15 January 2016, 29 July 2016 and 15 December 2016 respectively.

The Directors have also recommended a final single-tier dividend of 2 sen per ordinary share for the shareholders' approval at the forthcoming Annual General Meeting of the Company. The dividend entitlement and payment date for the proposed dividend will be determined, and thereafter announced at a later date.

The total dividend declared/ proposed for the current financial year is 8 sen per ordinary share.

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 financial year under review.

		Current quarter	Financial year-to-date
Profit attributable to			
Owners of the Company	(RM'000)	19,058	47,064
Weighted average number of shares	('000 shares)	213,472	213,472
Basic earnings per share	(sen)	8.93	22.05

Diluted earnings per share

The diluted 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) that would have been issued upon full conversion of Warrants 2015/2020.

		Current quarter	Financial year-to-date
Profit attributable to Owners of the Company	(RM'000)	19,058	47,064
Weighted average number of shares	('000 shares)	213,472	213,472
<u>Effect of dilution from Warrants 2015/2020</u>	<u>('000 shares)</u>	<u>20,051</u>	<u>20,051</u>
Adjusted weighted average number of shares	('000 shares)	233,523	233,523
Diluted earnings per share	(sen)	8.16	20.15

B12. AUDIT QUALIFICATION REPORT

The preceding financial statements for the year ended 31 October 2015 were reported on without any qualification.

B13. OTHER DISCLOSURES

Items which have been included in the Condensed Consolidated Statement of Profit or Loss for the current quarter and financial year were below: -

	Current quarter RM'000	Financial year-to-date RM'000
(a) Interest income	252	1,113
(b) Other income including investment income	2,295	5,109
(c) Interest expense	(279)	(1,294)
(d) Depreciation and amortization	(1,793)	(7,273)
(e) Provision for and write off of receivables	nil	nil
(f) Provision for and write off of inventories	(275)	(275)
(g) Gain/(loss) on disposal of unquoted investments / properties	nil	nil
(h) Impairment of assets	nil	nil
(i) Foreign exchange gain/(loss)	763	(3,287)
(j) Gain/(loss) on derivatives	(222)	(222)
(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

22 December 2016
Muar, Johor Darul Takzim.