

**POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)**  
**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income (Unaudited)**  
**For The Quarter Ended 30 April 2019**

|  | INDIVIDUAL QUARTER       |                          | CUMULATIVE QUARTERS      |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 30-Apr-19                | 30-Apr-18                | 30-Apr-19                | 30-Apr-18                |
|  | RM                       | RM                       | RM                       | RM                       |
| Revenue  | 147,012,861              | 125,529,574              | 344,070,746              | 287,420,559              |
| Cost of Sales  | (121,665,961)            | (106,532,527)            | (284,783,049)            | (243,325,208)            |
| Gross Profit   | <u>25,346,900</u>        | <u>18,997,047</u>        | <u>59,287,697</u>        | <u>44,095,351</u>        |
| Selling and distribution expenses  | (8,330,170)              | (6,979,461)              | (17,759,175)             | (14,336,152)             |
| Administration expenses  | (5,784,196)              | (5,681,585)              | (12,122,351)             | (11,922,465)             |
| Other income / (expenses)  | 1,072,083                | 6,591,410                | 1,656,340                | 3,519,588                |
| Finance costs  | (333,071)                | (281,244)                | (642,851)                | (698,523)                |
| <b>Profit / (Loss) before tax</b>  | <b>11,971,546</b>        | <b>12,646,167</b>        | <b>30,419,660</b>        | <b>20,657,799</b>        |
| Income tax expenses  | (2,437,515)              | (1,815,289)              | (5,624,608)              | (3,727,192)              |
| <b>Profit / (Loss) for the period</b>  | <b><u>9,534,031</u></b>  | <b><u>10,830,878</u></b> | <b><u>24,795,052</u></b> | <b><u>16,930,607</u></b> |
| Other Comprehensive Income/(Expenses) net of tax<br>- Foreign currency translation | 916,434                  | (687,881)                | (1,307,753)              | (9,076,774)              |
| <b>Total Comprehensive Income/(Loss) for the period</b>                            | <b><u>10,450,465</u></b> | <b><u>10,142,997</u></b> | <b><u>23,487,299</u></b> | <b><u>7,853,833</u></b>  |
| Profit / (Loss) after tax attributable to :  |                          |                          |                          |                          |
| Owners of the Company  | 9,534,884                | 10,838,281               | 24,798,382               | 17,077,900               |
| Non-Controlling Interests  | (853)                    | (7,403)                  | (3,330)                  | (147,293)                |
| <b>Profit / (Loss) for the period</b>  | <b><u>9,534,031</u></b>  | <b><u>10,830,878</u></b> | <b><u>24,795,052</u></b> | <b><u>16,930,607</u></b> |
| Total Comprehensive Income / (Loss) attributable to :                              |                          |                          |                          |                          |
| Owners of the Company  | 10,453,161               | 10,138,758               | 23,490,007               | 8,002,344                |
| Non-Controlling Interests  | (2,696)                  | 4,239                    | (2,708)                  | (148,511)                |
| <b>Total Comprehensive Income/(Loss) for the period</b>                            | <b><u>10,450,465</u></b> | <b><u>10,142,997</u></b> | <b><u>23,487,299</u></b> | <b><u>7,853,833</u></b>  |
| Basic Earnings Per Share (in sen)  | 4.33                     | 4.94                     | 11.26                    | 7.78                     |
| Diluted Earnings Per Share (in sen)  | 4.04                     | 4.59                     | 10.51                    | 7.24                     |

(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 2018)

**POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)**  
**Condensed Consolidated Statements of Financial Position (Unaudited)**  
**As At 30 April 2019**

|  | <b>Unaudited</b>          | <b>Audited</b>            |
|--|---------------------------|---------------------------|
|  | <b>As At</b>              | <b>As At</b>              |
|  | <b>30-Apr-19</b>          | <b>31-Oct-18</b>          |
|  | <b>RM</b>                 | <b>RM</b>                 |
| <b>ASSETS</b>                                |                           |                           |
| <b>Non-current assets</b>                    |                           |                           |
| Property, plant and equipment                | 169,644,091               | 166,160,335               |
| Land held for property development           | 20,912,187                | 20,912,187                |
| Investment properties                        | 12,110,405                | 12,194,375                |
| Deferred tax assets                          | 36,843                    | 4,622                     |
|  | <u>202,703,526</u>        | <u>199,271,519</u>        |
| <b>Current assets</b>                        |                           |                           |
| Inventories                                  | 82,330,568                | 76,368,009                |
| Trade and other receivables                  | 61,967,999                | 64,918,624                |
| Deposits, bank and cash balances             | 101,994,567               | 89,887,631                |
|  | <u>246,293,134</u>        | <u>231,174,264</u>        |
| <b>TOTAL ASSETS</b>                          | <b><u>448,996,660</u></b> | <b><u>430,445,783</u></b> |
| <b>EQUITY AND LIABILITIES</b>                |                           |                           |
| <b>EQUITY</b>                                |                           |                           |
| Share capital                                | 120,541,367               | 119,845,505               |
| Treasury shares                              | (2,836,481)               | (2,836,481)               |
| Translation reserve                          | (11,526,069)              | (10,217,694)              |
| Retained profits                             | 230,570,897               | 210,199,736               |
| Equity attributable to owners of the Company | <u>336,749,714</u>        | <u>316,991,066</u>        |
| Non-controlling interests                    | 33,875                    | 36,583                    |
| <b>TOTAL EQUITY</b>                          | <b><u>336,783,589</u></b> | <b><u>317,027,649</u></b> |
| <b>Non-current liabilities</b>               |                           |                           |
| Bank borrowings and hire purchase payables   | 17,383                    | 17,764                    |
| Deferred tax liabilities                     | 6,234,000                 | 6,234,000                 |
|  | <u>6,251,383</u>          | <u>6,251,764</u>          |
| <b>Current liabilities</b>                   |                           |                           |
| Trade and other payables                     | 71,492,382                | 80,913,349                |
| Bank borrowings and hire purchase payables   | 26,010,114                | 18,628,269                |
| Dividend payable                             | 4,427,221                 | 4,398,100                 |
| Current tax liabilities                      | 4,031,971                 | 3,226,652                 |
|  | <u>105,961,688</u>        | <u>107,166,370</u>        |
| <b>TOTAL LIABILITIES</b>                     | <b><u>112,213,071</u></b> | <b><u>113,418,134</u></b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>          | <b><u>448,996,660</u></b> | <b><u>430,445,783</u></b> |

(The Condensed Consolidated of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 October 2018)

**POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)**  
**Condensed Consolidated Statements of Changes In Equity (Unaudited)**  
**For The Quarter Ended 30 April 2019**

|   | ← Attributable to Owners of the Company → |                          |                              |                           | Total<br>RM        | Non-<br>controlling<br>interests<br>RM | Total<br>equity<br>RM |
|---|---|--------------------------|------------------------------|---------------------------|--------------------|--|-----------------------|
|   | -----Non-distributable-----               |                          |                              | Distributable             |                    |  |                       |
|   | Share<br>capital<br>RM                    | Treasury<br>shares<br>RM | Translation<br>reserve<br>RM | Retained<br>profits<br>RM |                    |  |                       |
| At 1 November 2017                        | 114,838,405                               | (2,836,481)              | (5,564,526)                  | 178,474,845               | 284,912,243        | (86,341)                               | 284,825,902           |
| Profit after tax for the period           |   |                          |                              | 17,077,900                | 17,077,900         | (147,293)                              | 16,930,607            |
| Other comprehensive income for the period |   |                          |                              |                           |                    |  |                       |
| - Foreign currency translation            |   |                          | (9,075,556)                  |                           | (9,075,556)        | (1,218)                                | (9,076,774)           |
| Total comprehensive income for the period | -   | -                        | (9,075,556)                  | 17,077,900                | 8,002,344          | (148,511)                              | 7,853,833             |
| Dividends by the Company                  |   |                          |                              | (19,421)                  | (19,421)           |  | (19,421)              |
| Exercise of Warrants 2015/2020            | 5,007,100                                 |                          |                              |                           | 5,007,100          |  | 5,007,100             |
| <b>At 30 April 2018</b>                   | <b>119,845,505</b>                        | <b>(2,836,481)</b>       | <b>(14,640,082)</b>          | <b>195,533,324</b>        | <b>297,902,266</b> | <b>(234,852)</b>                       | <b>297,667,414</b>    |
| At 1 November 2018                        | 119,845,505                               | (2,836,481)              | (10,217,694)                 | 210,199,736               | 316,991,066        | 36,583                                 | 317,027,649           |
| Profit after tax for the period           |   |                          |                              | 24,798,382                | 24,798,382         | (3,330)                                | 24,795,052            |
| Other comprehensive income for the period |   |                          |                              |                           |                    |  |                       |
| - Foreign currency translation            |   |                          | (1,308,375)                  |                           | (1,308,375)        | 622                                    | (1,307,753)           |
| Total comprehensive income for the period | -   | -                        | (1,308,375)                  | 24,798,382                | 23,490,007         | (2,708)                                | 23,487,299            |
| Dividends by the Company                  |   |                          |                              | (4,427,221)               | (4,427,221)        |  | (4,427,221)           |
| Exercise of Warrants 2015/2020            | 695,862                                   |                          |                              |                           | 695,862            |  | 695,862               |
| <b>At 30 April 2019</b>                   | <b>120,541,367</b>                        | <b>(2,836,481)</b>       | <b>(11,526,069)</b>          | <b>230,570,897</b>        | <b>336,749,714</b> | <b>33,875</b>                          | <b>336,783,589</b>    |

(The Condensed Consolidated Statement of Change In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2018)

**POH HUAT RESOURCES HOLDINGS BERHAD (443169-X)**  
**Condensed Consolidated Statement of Cash Flows (Unaudited)**  
**For The Quarter Ended 30 April 2019**

|  | <b>30-Apr-19</b>          | <b>30-Apr-18</b>          |
|--|---------------------------|---------------------------|
|  | <b>RM</b>                 | <b>RM</b>                 |
| <b>Cash flows from / (for) operating activities</b>                  |                           |                           |
| Profit / (Loss) before tax   | 30,419,660                | 20,657,799                |
| Adjustments for :  |                           |                           |
| Depreciation and amortisation  | 4,702,523                 | 4,037,396                 |
| Property, plant and equipment written off                            | 604,289                   | 1,936,604                 |
| Fire insurance compensation  | -                         | (4,282,505)               |
| Reversal of receivables impairment                                   | -                         | (4,503,370)               |
| (Gain) / loss on disposal of PPE                                     | (419,960)                 | -                         |
| Inventories value written off  | -                         | 1,077,122                 |
| Dividend (Income)  | (354,001)                 | -                         |
| Unrealised (gain) / loss on forex                                    | (1,627,316)               | (973,523)                 |
| Net interest expense   | 228,447                   | 92,048                    |
| Operating profit/ (loss) before working capital changes              | <u>33,553,642</u>         | <u>18,041,571</u>         |
| <br>   |                           |                           |
| Inventories  | (5,962,559)               | 1,735,689                 |
| Trade and other receivables  | 4,577,942                 | 17,544,411                |
| Trade and other payables   | (9,420,967)               | (16,595,831)              |
| Cash from / (for) operations   | <u>22,748,058</u>         | <u>20,725,840</u>         |
| Interest (paid)  | (228,447)                 | (92,048)                  |
| Tax (paid) / refund  | (4,819,289)               | (3,935,500)               |
| <b>Net cash from / (for) operating activities</b>                    | <b><u>17,700,322</u></b>  | <b><u>16,698,292</u></b>  |
| <br>   |                           |                           |
| <b>Cash flows from / (for) investing activities</b>                  |                           |                           |
| Net proceeds / (purchase) of property, plant and equipment           | (9,156,738)               | (3,173,546)               |
| Dividends received   | 354,001                   |                           |
| Net decrease / (increase) in fixed deposits pledged                  | (6,891)                   | 309,953                   |
| <b>Net cash from / (for) investing activities</b>                    | <b><u>(8,809,628)</u></b> | <b><u>(2,863,593)</u></b> |
| <br>   |                           |                           |
| <b>Cash flow from / (for) financing activities</b>                   |                           |                           |
| Net movements in bank borrowings                                     | 7,381,464                 | 2,122,284                 |
| Proceeds from the exercise of Warrants 2015/2020                     | 695,862                   | 5,007,100                 |
| Dividends paid   | (4,398,100)               | (6,551,836)               |
| <b>Net cash from / (for) financing activities</b>                    | <b><u>3,679,226</u></b>   | <b><u>577,548</u></b>     |
| <br>   |                           |                           |
| Net increase/ (decrease) in cash and cash equivalents                | 12,569,920                | 14,412,247                |
| <br>   |                           |                           |
| Effects on foreign exchange translation                              | (469,875)                 | (2,823,503)               |
| <br>   |                           |                           |
| Cash and cash equivalents at beginning of the financial year         | <u>85,386,024</u>         | <u>88,464,884</u>         |
| <br>   |                           |                           |
| <b>Cash and cash equivalents at end of the financial period</b>      | <b><u>97,486,069</u></b>  | <b><u>100,053,628</u></b> |
| <br>   |                           |                           |
| Cash and cash equivalents at end of the financial period consists of |                           |                           |
| Bank and cash balances   | 101,994,567               | 104,135,832               |
| Less : Fixed deposit pledged to bank                                 | (4,508,498)               | (4,082,204)               |
|  | <b><u>97,486,069</u></b>  | <b><u>100,053,628</u></b> |

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2018)

## **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 2018.

The significant accounting policies adopted are consistent with those adopted for the annual audited financial statements for the year ended 31 October 2018. 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 2018.

### **A2. SEASONAL OR CYCLICAL FACTORS**

The principal business operations of the Group have historically shown moderate seasonality, where production and sales of home 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 current reporting period are 13,327,600 ordinary shares. All the repurchased shares are held as treasury shares and treated in accordance with the requirement of Section 127 of the Companies Act 2016. None of the treasury shares was 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 reporting period under review.

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

## A6. DIVIDEND PAID

The dividends paid during the financial period-to-date were as follows:

| Type of Dividend | Dividend per share | For the year ended | Amount RM | Payment date |
|------------------|--------------------|--------------------|-----------|--------------|
| Second Interim   | 2 sen              | 31-Oct-18          | 4,398,100 | 20-Dec-18    |

## A7. OPERATING SEGMENTS

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

| (RM'000)                      | Malaysia | Vietnam | Australia | Others | Elimination | Total   |
|-------------------------------|----------|---------|-----------|--------|-------------|---------|
| Sales                         | 163,436  | 180,635 | 0         | 0      | 0           | 344,071 |
| Profit / (Loss)<br>Before Tax | 19,648   | 10,660  | 175       | (63)   | 0           | 30,420  |
| Profit / (Loss)<br>After Tax  | 15,739   | 8,945   | 175       | (64)   | 0           | 24,795  |
| Assets                        | 382,476  | 198,037 | 30,212    | 16,816 | (178,544)   | 448,997 |
| Liabilities                   | 52,628   | 64,041  | 16        | 12,572 | (17,044)    | 112,213 |

## A8. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuation of the property, plant and equipment has been brought forward without amendment from the audited financial statements for the year ended 31 October 2018.

## A9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER

No material events subsequent to the current reporting period that have not been reflected in the financial statements of the interim period.

## A10. CHANGES IN THE COMPOSITION OF THE GROUP

On 27 May 2019, Poh Huat Furniture Industries (M) Sdn Bhd acquired the remaining minority interests in Poh Huat Furniture Industries Vietnam Joint Stock Company comprising 1,000 shares of VND10,000 each for a purchase consideration of USD1,833 (RM7,570). The acquisition resulted in Poh Huat Furniture Industries Vietnam Joint Stock Company becoming a wholly-owned subsidiary of the Company.

Save for the above, there are no other changes in the composition of the Group during the current reporting period.

## A11. CHANGES IN CONTINGENT LIABILITIES / ASSETS

There were no changes in contingent liabilities/ assets since the last financial year ended at 31 October 2018 other than corporate guarantee granted to financial institutions amounting to RM 145.28 million at current reporting period.

## A12. CAPITAL COMMITMENTS

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

## A13. 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 Furniture Industries (M) Sdn Bhd | Tay Kim Huat      | Director  | Rental of Showroom    | 36,000               | 72,000                        |
| Poh Huat Furniture Industries (M) Sdn Bhd | J.A. Nathan & Co  | A firm in which Tay Khim Seng is a senior partner | Legal Fees            | Nil                  | Nil                           |

## BMSB LISTING REQUIREMENTS

### B1. PERFORMANCE REVIEW

| Revenue      | Individual quarter  |                     |             | Cumulative quarters |                     |             |
|--------------|---------------------|---------------------|-------------|---------------------|---------------------|-------------|
|              | 30-Apr-19<br>RM'000 | 30-Apr-18<br>RM'000 | + / -<br>%  | 30-Apr-19<br>RM'000 | 30-Apr-18<br>RM'000 | + / -<br>%  |
| Malaysia     | 73,501              | 57,090              | 28.7        | 163,436             | 124,180             | 31.6        |
| Vietnam      | 73,512              | 68,440              | 7.4         | 180,635             | 163,241             | 10.7        |
| Others       | 0                   | 0                   | 0.0         | 0                   | 0                   | 0.0         |
| <b>Total</b> | <b>147,013</b>      | <b>125,530</b>      | <b>17.1</b> | <b>344,071</b>      | <b>287,421</b>      | <b>19.7</b> |

For the quarter under review, we recorded a higher turnover of RM147.01 million compared to RM125.53 million recorded in the previous year corresponding quarter ended 30 April 2018. The 17.1% year-on-year increase in turnover was mainly driven by the substantial increase in shipment of furniture from our Malaysian operations.

Our Malaysian operations registered a 28.7% increase in turnover as we received significantly more orders for our panel-based bedroom sets from our customers in the US. US consumers, particularly the young demographics, now readily accept ready-to-assemble panel-based furniture as the most practical and cost effective option for bedroom furniture.

In Vietnam, we continued to enjoy sustained orders for our customers, albeit at a more moderate pace of increase. Reflective of the shift to the more cost effective range of products amongst US consumers, our products mix have trended to the more affordable segment of the US market as our customers emphasised volume over higher value items.

| Profit / (Loss)<br>Before Tax | Individual quarter  |                     |              | Cumulative quarters |                     |             |
|-------------------------------|---------------------|---------------------|--------------|---------------------|---------------------|-------------|
|                               | 30-Apr-19<br>RM'000 | 30-Apr-18<br>RM'000 | + / -<br>%   | 30-Apr-19<br>RM'000 | 30-Apr-18<br>RM'000 | + / -<br>%  |
| Malaysia                      | 10,075              | 5,221               | 93.0         | 19,648              | 8,905               | 120.6       |
| Vietnam                       | 1,866               | 3,995               | (53.3)       | 10,660              | 10,153              | 5.0         |
| Australia                     | 181                 | (159)               | 213.8        | 175                 | (254)               | 168.9       |
| Others                        | (150)               | 3,589               | (104.2)      | (63)                | 1,854               | (103.4)     |
| <b>Total</b>                  | <b>11,972</b>       | <b>12,646</b>       | <b>(5.3)</b> | <b>30,420</b>       | <b>20,658</b>       | <b>47.3</b> |

In line with the increase in turnover, the Group recorded higher gross profit of RM25.35 million compared to RM19.00 million in the previous year' corresponding period. Gross profit margin increased from 15.13% to 17.24%.

Driven by the strong shipment in panel-based furniture from our Malaysian operations, gross profit increased from RM9.27 million in the previous' year corresponding period to RM16.71 million in the current reporting period. Gross profit margin rose from 16.24% to 22.73% due to lower raw material costs as a percentage of sales and better absorption of overheads from increased production and shipment of panel-based bedroom sets. Selling and administrative expenses, as a percentage of sales, were broadly similar for the 2 periods under review. The higher gross profit has resulted in a significantly higher profit before tax of RM10.08 million for the current period under review.

In Vietnam, gross profits dropped from RM9.73 million in the previous' year corresponding period to RM8.64 million in the current period under review despite higher turnover. The shift in our products mix to the more affordable ranges and the continued increase in raw material and labour costs have also resulted in the decline in gross profit margin as raw material and labour components made up a bigger portion of costs of production. The drop in profit margin has resulted in lower profit before tax of RM1.87 million compared to RM3.99 million in the previous year's corresponding period.

Excluding the one-off non-operational incomes in the previous' year corresponding period i.e. the recovery of bad debt previously written off of RM4.50 million and fire insurance compensation of RM1.27 million, the current quarter profit before tax of RM11.97 million would been an improvement of about 74% compared to the adjusted profit before tax of RM6.88 million recorded in the previous' year corresponding period.

## B2. MATERIAL CHANGE IN PROFIT BEFORE TAX

| Profit / (Loss)<br>Before Tax | Individual quarter  | Preceding quarter   | + / -         |
|-------------------------------|---------------------|---------------------|---------------|
|                               | 30-Apr-19<br>RM'000 | 31-Jan-19<br>RM'000 | %             |
| Malaysia                      | 10,075              | 9,573               | 5.2           |
| Vietnam                       | 1,866               | 8,794               | (78.8)        |
| Australia                     | 181                 | (6)                 | 3,116.7       |
| Others                        | (150)               | 87                  | (272.4)       |
| <b>Total</b>                  | <b>11,972</b>       | <b>18,448</b>       | <b>(35.1)</b> |



Following the peak shipment in the preceding period, the Group recorded a lower revenue for RM147.01 million for the current period under review due to lower production level during the Lunar new year holidays.

In Malaysia, we recorded a lower sales of RM73.50 million in the current reporting period compared to RM89.94 million in the preceding reporting period. In line with the lower revenue, gross profit was lower at RM16.71 million compared to RM18.41 million in preceding reporting period. Gross profit margin however rose from 20.47% to 22.73% due to lower material costs, namely particle boards, furniture parts and hardware while direct labour and factory overheads, as a percentage of sales, remain broadly the same. The improved operational results and the lower selling and administration expenses during the current period under review have resulted in a higher profit before tax of RM10.07 million for the current period under review.

In Vietnam, we also recorded lower sales of RM73.51 million against RM107.12 million in the preceding quarter. Gross profit dropped from RM15.53 million in preceding reporting period to RM8.64 million in the current reporting period due to keener price competition and higher direct labour costs. Given the relatively fixed selling, administration and financial expenses, profit before tax for our Vietnamese subsidiary declined from RM8.79 million in the preceding quarter to RM1.87 million in the current quarter under review.

In line with the seasonal low, the Group's profit before tax was lower at RM11.97 in the current period under review compared to RM18.45 million in the preceding period.

### **B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR**

The trade tension between the US and China has taken a turn for the worse with US imposing higher tariffs starting this May. The trade spat is hurting both countries as well as the rest of the world. The OECD said the world's global growth will slow from 3.5% in 2018 to 3.2 in 2019 and further slow to 2.5% in 2021. The US economy is expected expand at a far lower rate of 2.0% for the second quarter of 2019 compared to 3.3% in the first quarter of this year.

While the US labour market and consumer spending remains robust for the first four months of 2019, a protracted US-China trade war could likely have adverse impact on consumer confidence and the US economy. Slower hiring pace, higher prices for consumers or lower profits for companies due to higher tariffs will likely mean lower consumer and business spendings including on the housing and home furnishing sectors.

The change in demographics and shift in the US market to trendier but more affordable range of household furniture have seen us getting more orders for panel-based ready to assemble furniture from our Malaysian operations. We registered healthy increase in shipment and the trend is likely to remain strong in the foreseeable future. In Vietnam, we face more challenges as our sprayed furnished furniture faces more competition and escalating raw material and labour costs mean lower profit margin. As before, we will continue to work with our customers to cater for the changes in demographics and market trends. We will strive for better manufacturing efficiency and work with our customers to mitigate increases in raw material prices and labour costs.

### **B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

No profit forecast or profit guarantee were issued for the current reporting period.

**B5. TAXATION**

|                              | Current<br>quarter<br>RM'000 | Financial<br>period-to-date<br>RM'000 |
|------------------------------|------------------------------|---------------------------------------|
| Current taxation - Malaysian | 2,005                        | 3,910                                 |
| Current taxation - Overseas  | 432                          | 1,715                                 |
| Deferred taxation            | 0                            | 0                                     |
| <b>Total Taxation</b>        | <b>2,437</b>                 | <b>5,625</b>                          |

Malaysian income tax was estimated at 20% which was lower than the statutory tax rate of 24%, due to the increase in export allowance and other tax incentives as well as other non-taxable income received. Taxation for Vietnamese subsidiary was estimated at 15% which was lower than statutory tax of 20% as a result of export incentive granted by the authorities. No tax was incurred in other foreign subsidiaries during the current financial period under review.

**B6. STATUS OF CORPORATE PROPOSALS / UTILISATION OF PROCEEDS**

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 period were as below: -

| Currency denominations                    | Current<br>RM'000 | Non-Current<br>RM'000 | Total<br>RM'000 |
|---|-------------------|-----------------------|-----------------|
| Secured trade bills - US Dollar           | 21,598            | 0                     | 21,598          |
| Secured hire purchase - Malaysian Ringgit | 355               | 17                    | 372             |
| Unsecured trade bills - Malaysian Ringgit | 0                 | 0                     | 0               |
| Unsecured trade bills - US Dollar         | 4,057             | 0                     | 4,057           |
| <b>Total</b>                              | <b>26,010</b>     | <b>17</b>             | <b>26,027</b>   |

The weighted average fixed interest rate for the trade bills ranged from 4.1% to 5.0% while the fixed interest rate for the hire purchase ranged from 4.7% to 5.1%.

USD denominated loans were not hedged against the Ringgit as most of our sales proceeds are transacted in USD currency. The USD denominated loans were translated at RM4.14 per USD during the current reporting period.

**B8. MATERIAL LITIGATION**

There is 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 2018.

## B9. DIVIDEND

The final single-tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 October 2018 has been approved at the Annual General Meeting on 29 April 2019, payable on 29 May 2019 to depositors registered in the Records of Depositors of the Company at the close of business on 14 May 2019.

The Directors have declared a first single-tier interim dividend of 2 sen per ordinary share in respect of the current financial period ended 30 April 2019 (against declaration of dividend of 2 sen per ordinary share in the previous financial period ended 30 April 2018), payable on 15 August 2019 to depositors registered in the Records of Depositors of the Company at the close of business on 31 July 2019.

Total dividend declared for the current financial year-to-date is 2 sen per ordinary share.

## B10. 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 period under review.

|                                   |               | Current<br>quarter | Financial<br>period-to-date |
|-----------------------------------|---------------|--------------------|-----------------------------|
| Profit attributable to            |               |                    |                             |
| Owners of the Company             | (RM'000)      | 9,535              | 24,798                      |
| Weighted average number of shares | ('000 shares) | 220,319            | 220,319                     |
| <b>Basic earnings per share</b>   | <b>(sen)</b>  | <b>4.33</b>        | <b>11.26</b>                |

### *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<br>quarter | Financial<br>period-to-date |
|--|---------------|--------------------|-----------------------------|
| Profit attributable to                     |               |                    |                             |
| Owners of the Company                      | (RM'000)      | 9,535              | 24,798                      |
| Weighted average number of shares          | ('000 shares) | 220,319            | 220,319                     |
| Effect of dilution from Warrants 2015/2020 | ('000 shares) | 15,711             | 15,711                      |
| Adjusted weighted average number of shares | ('000 shares) | 236,030            | 236,030                     |
| <b>Diluted earnings per share</b>          | <b>(sen)</b>  | <b>4.04</b>        | <b>10.51</b>                |

## B11. AUDIT QUALIFICATION REPORT

The preceding financial statements for the year ended 31 October 2018 were reported on without any qualification.

## B12. FINANCIAL INSTRUMENTS - DERIVATIVES

There is no outstanding forward foreign currency contract during the current reporting period. There is no change in financial instruments disclosure since the preceding audited financial statements for the year ended 31 October 2018.

## B13. OTHER DISCLOSURES

Items which have been included in the Condensed Consolidated Statements of Profit or Loss for the current quarter and financial period-to-date were below: -

|  | Current<br>quarter<br>RM'000 | Financial<br>period-to-date<br>RM'000 |
|--|------------------------------|---------------------------------------|
| (a) Interest income  | 130                          | 214                                   |
| (b) Other income including investment income                       | 1004                         | 1804                                  |
| (c) Interest expense   | (249)                        | (443)                                 |
| (d) Depreciation and amortization                                  | (2,413)                      | (4,703)                               |
| (e) Provision for and write off of receivables                     | nil                          | nil                                   |
| (f) Provision for and write off of inventories                     | nil                          | nil                                   |
| (g) Gain / (loss) on disposal of unquoted investments / properties | 103                          | 420                                   |
| (h) Impairment of assets   | (604)                        | (604)                                 |
| (i) Foreign exchange gain / (loss)                                 | 416                          | (54)                                  |
| (j) Gain / (loss) on derivatives                                   | nil                          | nil                                   |
| (k) Exceptional items (due to fire insurance compensation)         | 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 Jun 2019  
Muar, Johor Darul Takzim.