

POH HUAT RESOURCES HOLDINGS BERHAD [199701027671 (443169-X)]
Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income (Unaudited)
For The Quarter Ended 31 January 2021

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31-Jan-2021	31-Jan-2020	31-Jan-2021	31-Jan-2020
	RM	RM	RM	RM
Revenue	183,659,182	188,801,162	183,659,182	188,801,162
Cost of Sales	(155,297,389)	(159,744,383)	(155,297,389)	(159,744,383)
Gross Profit	<u>28,361,793</u>	<u>29,056,779</u>	<u>28,361,793</u>	<u>29,056,779</u>
Selling and distribution expenses	(8,327,103)	(8,545,340)	(8,327,103)	(8,545,340)
Administration expenses	(7,532,743)	(6,347,940)	(7,532,743)	(6,347,940)
Other income / (expenses)	(677,500)	399,787	(677,500)	399,787
Finance costs	(276,955)	(259,858)	(276,955)	(259,858)
Profit / (Loss) before tax	11,547,492	14,303,428	11,547,492	14,303,428
Income tax expenses	(1,917,057)	(2,964,756)	(1,917,057)	(2,964,756)
Profit / (Loss) for the period	<u>9,630,435</u>	<u>11,338,672</u>	<u>9,630,435</u>	<u>11,338,672</u>
Other Comprehensive Income/(Expenses) net of tax				
- Foreign currency translation	(2,171,309)	(4,840,723)	(2,171,309)	(4,840,723)
Total Comprehensive Income/(Loss) for the period	<u>7,459,126</u>	<u>6,497,949</u>	<u>7,459,126</u>	<u>6,497,949</u>
Profit / (Loss) after tax attributable to :				
Owners of the Company	9,630,435	11,338,672	9,630,435	11,338,672
Non-Controlling Interests	-	-	-	-
Profit / (Loss) for the period	<u>9,630,435</u>	<u>11,338,672</u>	<u>9,630,435</u>	<u>11,338,672</u>
Total Comprehensive Income / (Loss) attributable to :				
Owners of the Company	7,459,126	6,497,949	7,459,126	6,497,949
Non-Controlling Interests	-	-	-	-
Total Comprehensive Income/(Loss) for the period	<u>7,459,126</u>	<u>6,497,949</u>	<u>7,459,126</u>	<u>6,497,949</u>
Basic Earnings Per Share (in sen)	3.63	4.92	3.63	4.92
Diluted Earnings Per Share (in sen)	3.63	4.69	3.63	4.69

(The Condensed Consolidated Statements 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 2020)

POH HUAT RESOURCES HOLDINGS BERHAD [199701027671 (443169-X)]
Condensed Consolidated Statements of Financial Position
As At 31 January 2021

	Unaudited	Audited
	As At	As At
	31-Jan-2021	31-Oct-2020
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	130,358,330	130,726,565
Right-of-use assets	25,361,891	25,499,622
Land held for property development	20,912,187	20,912,187
Investment properties	40,594,325	39,233,383
Deferred tax assets	26,543	43,237
	<u>217,253,276</u>	<u>216,414,994</u>
Current assets		
Inventories	114,925,407	92,861,604
Trade and other receivables	66,598,396	67,959,597
Deposits, bank and cash balances	174,842,043	190,917,000
	<u>356,365,846</u>	<u>351,738,201</u>
TOTAL ASSETS	573,619,122	568,153,195
EQUITY AND LIABILITIES		
EQUITY		
Share capital	164,912,803	164,912,803
Treasury shares	(2,836,481)	(2,836,481)
Translation reserve	(12,338,595)	(10,167,286)
Reserves	284,497,713	274,867,278
TOTAL EQUITY	434,235,440	426,776,314
Non-current liabilities		
Lease liabilities	12,618,837	12,959,594
Deferred tax liabilities	6,234,000	6,234,000
	<u>18,852,837</u>	<u>19,193,594</u>
Current liabilities		
Trade and other payables	87,572,379	97,838,290
Bank borrowings	30,342,961	8,503,048
Lease liabilities	585,388	485,536
Dividend payable	-	10,598,892
Current tax liabilities	2,030,117	4,757,521
	<u>120,530,845</u>	<u>122,183,287</u>
TOTAL LIABILITIES	139,383,682	141,376,881
TOTAL EQUITY AND LIABILITIES	573,619,122	568,153,195

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 October 2020)

POH HUAT RESOURCES HOLDINGS BERHAD [199701027671 (443169-X)]
Condensed Consolidated Statements of Changes In Equity (Unaudited)
For The Quarter Ended 31 January 2021

	Share capital RM	Treasury shares RM	Non-distributable Translation reserve RM	Distributable Retained profits RM	Total equity RM
At 1 November 2019	128,718,591	(2,836,481)	(9,071,582)	245,340,935	362,151,463
Profit after tax for the period				11,338,672	11,338,672
Other comprehensive income for the period - Foreign currency translation			(4,840,723)		(4,840,723)
Total comprehensive income for the period	-	-	(4,840,723)	11,338,672	6,497,949
Dividends by the Company				(2,311,788)	(2,311,788)
Exercise of Warrants 2015/2020	1,754,909				1,754,909
At 31 January 2020	130,473,500	(2,836,481)	(13,912,305)	254,367,819	368,092,533
At 1 November 2020	164,912,803	(2,836,481)	(10,167,286)	274,867,278	426,776,314
Profit after tax for the period				9,630,435	9,630,435
Other comprehensive income for the period - Foreign currency translation			(2,171,309)	-	(2,171,309)
Total comprehensive income for the period	-	-	(2,171,309)	9,630,435	7,459,126
Dividends by the Company				-	-
At 31 January 2021	164,912,803	(2,836,481)	(12,338,595)	284,497,713	434,235,440

(The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2020)

POH HUAT RESOURCES HOLDINGS BERHAD [199701027671 (443169-X)]
Condensed Consolidated Statements of Cash Flows (Unaudited)
For The Quarter Ended 31 January 2021

	31-Jan-2021	31-Jan-2020
	RM	RM
Cash flows from / (for) operating activities		
Profit / (Loss) before tax	11,547,492	14,303,428
Adjustments for :		
Depreciation and amortisation	2,745,130	2,706,341
(Gain) / loss on disposal of PPE	56	(515,549)
Dividend (Income)	(307,199)	(369,742)
Unrealised (gain) / loss on forex	(1,113,131)	(887,626)
Net interest (income) / expense	77,184	7,859
Operating profit/ (loss) before working capital changes	12,949,532	15,244,711
Inventories	(22,063,803)	(6,482,566)
Trade and other receivables	2,474,332	6,879,640
Trade and other payables	(10,265,912)	(14,475,788)
Cash from / (for) operations	(16,905,851)	1,165,997
Net interest received / (paid)	(77,184)	(7,859)
Tax (paid) / refund	(4,644,461)	(2,788,367)
Net cash from / (for) operating activities	(21,627,496)	(1,630,229)
Cash flows from / (for) investing activities		
Net proceeds / (purchase) of property, plant and equipment	(4,109,200)	(51,737)
Dividends received	307,199	369,742
Net decrease / (increase) in fixed deposits pledged	83,817	75,855
Net cash from / (for) investing activities	(3,718,184)	393,860
Cash flow from / (for) financing activities		
Net movements in bank borrowings	21,839,913	5,273,924
Issue of shares from exercise of warrants	-	1,754,909
Dividends paid	(10,598,892)	(9,175,132)
Net cash from / (for) financing activities	11,241,021	(2,146,299)
Net increase/ (decrease) in cash and cash equivalents	(14,104,659)	(3,382,668)
Effects on foreign exchange translation	(1,886,482)	(1,771,042)
Cash and cash equivalents at beginning of the financial year	185,747,703	128,239,480
Cash and cash equivalents at end of the financial period	169,756,562	123,085,770
	1,886,482	1,771,042
Cash and cash equivalents at end of the financial period consists of		
Bank and cash balances	174,842,043	127,849,016
Less : Fixed deposits pledged to bank	(5,085,481)	(4,763,246)
	169,756,562	123,085,770

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2020)

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 2020.

The significant accounting policies and presentation adopted for the interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 October 2020 except for the changes in accounting policies and presentation resulting from the adoption of relevant MFRSs, Amendment to MFRSs and IC Interpretations that are effective for the financial periods beginning on 1 November 2020.

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

The Group has not applied in advance any accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the financial year ended 31 October 2020.

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 not been authorised by shareholders to re-purchase its own shares during the last annual general meeting.

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
Third Interim	2 sen	31-Oct-20	5,299,446	4-Dec-20
Forth Interim	2 sen	31-Oct-20	5,299,446	15-Jan-21

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	Total
Sales	75,657	108,002	0	0	183,659
Profit / (Loss) Before Tax	884	10,809	(94)	(52)	11,547
Profit / (Loss) After Tax	637	9,139	(94)	(52)	9,630
Assets	276,886	259,874	31,318	5,541	573,619
Liabilities	58,224	81,153	7	0	139,384

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 2020.

A9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE YEAR

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

A10. CHANGES IN THE COMPOSITION OF THE GROUP

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 2020 other than corporate guarantee granted to financial institutions amounting to RM116.08 million at current reporting year.

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 & land	56,000	56,000
Poh Huat Furniture Industries (M) Sdn Bhd	J. A. Nathan & Co	Director	Legal fees	9,254	9,254
Poh Huat Furniture Industries (M) Sdn Bhd	Corporate Image Corporation (M) Sdn Bhd	Tay Kim Huat's daughter	Sales of furniture	44,089	44,089
Poh Huat Furniture Industries (M) Sdn Bhd	Corporate Image Corporation (M) Sdn Bhd	Tay Kim Huat's daughter	Purchase of stationary	18,192	18,192

BMSB LISTING REQUIREMENTS

B1. PERFORMANCE REVIEW

Revenue	Individual quarter			Cumulative quarters		
	31-Jan-21 RM'000	31-Jan-20 RM'000	+ / - %	31-Jan-21 RM'000	31-Jan-20 RM'000	+ / - %
Malaysia	75,657	99,545	(24.0)	75,657	99,545	(24.0)
Vietnam	108,002	89,256	21.0	108,002	89,256	21.0
Total	183,659	188,801	(2.7)	183,659	188,801	(2.7)

The Group registered a marginally lower turnover of RM183.66 million for the current reporting period under review against RM188.80 million recorded in the previous year's corresponding reporting period ended 31 January 2020.

In Malaysia, production and shipment of furniture were interrupted by a production halt from 25 January 2021 to 3 February 2021, following a voluntarily COVID-19 testing where positive cases were confirmed in our Muar factories. The lower shipment from Malaysia were however mitigated by a 21% increase in turnover from our Vietnamese operations, where operations continued uninterrupted. Demand for home and office furniture remained firm from the sustained orders from our US customers in line with their priorities in securing shipments and maintaining adequate inventories amidst tighter supply and longer lead time amongst manufacturers.

Profit / (Loss) Before Tax	Individual quarter			Cumulative quarters		
	31-Jan-21 RM'000	31-Jan-20 RM'000	+ / - %	31-Jan-21 RM'000	31-Jan-20 RM'000	+ / - %
Malaysia	884	9,226	(90.4)	884	9,226	(90.4)
Vietnam	10,809	5,425	99.2	10,809	5,425	99.2
Australia	(94)	(32)	(193.8)	(94)	(32)	(193.8)
Others	(52)	(316)	83.5	(52)	(316)	83.5
Total	11,547	14,303	(19.3)	11,547	14,303	(19.3)

The COVID-19 related production interruptions in Malaysia have resulted a substantial drop in number of production days during the period under review. The lower production level against a relatively fixed labour and factory overhead costs, couple with the incidental costs for the COVID-19 screening had resulted in a significantly lower gross profit of RM8.88 million for the current reporting period compared to RM17.45 million in the previous reporting period. Gross profit margin dropped from 17.5% in previous reporting period to 11.7% in the current reporting period. Selling expenses were broadly lower in line with the lower shipment while finance and administrative expenses remained broadly the same as per previous corresponding reporting period. With the lower gross profit, profit before tax dropped significantly to RM0.88 million against RM9.23 million previously.

In line with the higher shipment of furniture, our Vietnamese operations registered markedly higher gross profit of RM19.48 million compared to RM11.61 million recorded in previous year's corresponding reporting period. Gross profit margin improved significantly from 13.0% previously to 18.0% for the current reporting period as our Vietnamese operations enjoyed across-the-board improvement in manufacturing costs due to better labour efficiency and better absorption of manufacturing overheads from the higher level of production. Profit before tax doubled from RM5.43 million in the previous year's reporting period to RM10.81 million during the current reporting period.

Consequently, the Group reported a profit before tax of RM11.55 million in the current reporting period compared to RM14.30 million recorded in the previous year's corresponding reporting period ended 31 January 2020.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAX

	Individual quarter	Preceding quarter	
Profit / (Loss)	31-Jan-21	31-Oct-20	+ / -
Before Tax	RM'000	RM'000	%
Malaysia	884	11,259	(92.1)
Vietnam	10,809	17,084	(36.7)
Australia	(94)	(185)	49.2
Others	(52)	9	(677.8)
Total	11,547	28,167	(59.0)

The Group registered a lower turnover of RM183.66 million in the current reporting period compared to RM216.72 million in the preceding reporting period ended 31 October 2020. The lower turnover is consistent with the seasonal low in the US furniture market and the lower shipment arising from the COVID-19 related interruptions in Malaysia,

The COVID-19 related interruption and incidental costs incurred by our Malaysia operations had resulted in significant drop in profitability. The lower level of production against a relatively fixed labour costs and factory overheads had resulted in a significant drop in profit before tax to RM0.88 million in the current reporting period ended 31 Jan 2021 against RM11.26 million in the preceding quarter ended 31 October 2020.

In Vietnam, we recorded a lower shipment of RM108.00 million in the current reporting period against RM132.00 million in the preceding quarter. While direct materials remained broadly the same, the increases in fixed labour costs and factory overheads had resulted a lower profit before tax to RM10.81 million from RM17.08 million in the preceding quarter.

At the Group level, absolute gross profits declined from RM46.58 million in the preceding reporting period to RM28.36 million in the current reporting period. Gross profit margin declined to 15.4% from 21.5% due mainly to higher labour costs and to a lesser extent, higher manufacturing overheads as the results of lower production and shipment of furniture.

Selling, distribution and administrative expenses, as a percentage of sales, were broadly consistent with those in the preceding reporting period. Consequentially, profit before tax dropped by 59% from RM28.17 million in the preceding reporting period to RM15.55 million in the current reporting period under review.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

The US furniture trade continues with its recovering trend with the latest survey of residential furniture manufacturers and distributors continued to report positive market activities. US furniture and home furnishing store sales were estimated to reach USD10.7 billion in November 2020, a firm return to normal compared to sales of US3.9 billion in March 2020 due to the impact of the COVID-19 pandemic. For the final quarter period of October to December 2020, total sales were up 36.5% year-on-year.

Similarly, US homebuilding and permits increased solidly in November 2020, pointing to sustained housing market strength even as the broader economic recovery is slowing amid a resurgence in new COVID-19 cases and lack of additional government subsidies.

Premised on the strong retail and housing prospects, we are of the view that the global furniture trade will continue its growth in 2021 as we adapt to the new normal and global economic activities return to normalcy. We are confident that demand for our products will remain strong in the coming year as the transition of power in US is behind us and household income and spending amongst US middle and lower households are expected to benefit the most from US's third stimulus package of USD1.9 trillion. As before, we are developing products to cater for the stay at home and work from home requirements which are now the main drivers of growth in the furniture sector. The above notwithstanding, the risk of infection remains as in our recent experience to the

exposure and handling of the COVID-19 incident in our Malaysian operations. We are committed to remain vigilant on the need to maintain safety and health priorities of our employees and the community.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

B5. TAXATION

	Current quarter RM'000	Financial period-to-date RM'000
Current taxation - Malaysian	247	247
Current taxation - Overseas	1,670	1,670
Deferred taxation	0	0
Total Taxation	1,917	1,917

Malaysia current income tax rate was estimated at 28% which was higher than the statutory rate during the period under review, due to non-tax deductible for certain expenses. Taxation for Vietnamese subsidiary was estimated at 15% which is 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 year were as below: -

Currency denominations	Current RM'000	Non-Current RM'000	Total RM'000
Secured trade bills - US Dollar	22,169	0	22,169
Unsecured trade bills - Malaysian Ringgit	8,174	0	8,174
Total	30,343	0	30,343

The weighted average fixed interest rate for the trade bills ranged from 1.99% to 2.46%.

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 RM4.05 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 2020.

B9. DIVIDENDS

The Directors have recommended a final dividend of 2 sen per ordinary share in respect of the financial year ended 31 October 2020 for the shareholders' approval at the forthcoming Annual General Meeting of the Company on 29 April 2021. The dividend, if approved, will be paid on 10 May 2021 to depositors registered in the Records of Depositors of the Company at the close of business on 23 April 2021.

The Directors have also declared a first interim dividend of 1 sen per ordinary share in respect of the current financial period ended 31 Jan 2021 (against a declaration of dividend of 1 sen in the previous financial period ended 31 Jan 2020). The first interim dividend will be paid on 4 Jun 2021 to depositors registered in the Records of Depositors of the Company at the close of business on 21 May 2021.

Total dividends declared were 1 sen per ordinary share in the current financial period ended 31 January 2021.

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 current financial period under review.

		Current quarter	Financial period-to-date
Profit attributable to Owners of the Company	(RM'000)	9,630	9,630
Weighted average number of shares	('000 shares)	264,972	264,972
Basic earnings per share	(sen)	3.63	3.63

Diluted earnings per share

There is no dilution effect to the earnings per share as the Company does not have any convertible securities for the current reporting period.

B11. AUDIT QUALIFICATION REPORT

The preceding financial statements for the year ended 31 October 2020 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 2020.

B13. OTHER DISCLOSURES

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

	Current quarter RM'000	Financial period-to-date RM'000
(a) Interest income	86	86
(b) Other income including investment income	1,051	1,051
(c) Interest expense	(163)	(163)
(d) Depreciation and amortization	(2,745)	(2,745)
(e) Provision for and write off of receivables	0	0
(f) Provision for and write off of inventories	0	0
(g) Gain / (loss) on disposal of unquoted investments / properties	0	0
(h) Impairment of assets	0	0
(i) Foreign exchange gain / (loss)	(1,495)	(1,495)
(j) Gain / (loss) on derivatives	0	0
(k) Exceptional items	0	0

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

CHUA SYER CIN
Independent Non-Executive Director
Chairman
Audit Committee

25 March 2021
Muar, Johor Darul Takzim.