

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 July 2021

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31-Jul-2021	31-Jul-2020	31-Jul-2021	31-Jul-2020
	RM	RM	RM	RM
Revenue	152,491,864	132,807,536	501,686,236	442,787,534
Cost of Sales	(123,216,769)	(107,310,998)	(414,926,341)	(369,563,540)
Gross Profit	<u>29,275,095</u>	<u>25,496,538</u>	<u>86,759,895</u>	<u>73,223,994</u>
Selling and distribution expenses	(7,154,521)	(5,635,089)	(23,224,547)	(20,114,198)
Administration expenses	(8,446,372)	(6,401,119)	(24,145,717)	(19,339,984)
Other income / (expenses)	2,146,723	494,137	3,712,683	4,201,898
Finance costs	(220,348)	(217,422)	(694,374)	(648,953)
Profit / (Loss) before tax	15,600,577	13,737,045	42,407,940	37,322,757
Income tax expenses	(2,175,384)	(2,202,506)	(6,652,964)	(7,495,862)
Profit / (Loss) for the period	<u>13,425,193</u>	<u>11,534,539</u>	<u>35,754,976</u>	<u>29,826,895</u>
Other Comprehensive Income net of tax				
- Foreign currency translation	5,944,341	1,298,003	7,647,568	3,835,942
Total Comprehensive Income for the period	<u>19,369,534</u>	<u>12,832,542</u>	<u>43,402,544</u>	<u>33,662,837</u>
Profit / (Loss) after tax attributable to :				
Owners of the Company	13,425,193	11,534,539	35,754,976	29,826,895
Non-Controlling Interests	-	-	-	-
Profit / (Loss) for the period	<u>13,425,193</u>	<u>11,534,539</u>	<u>35,754,976</u>	<u>29,826,895</u>
Total Comprehensive Income / (Loss) attributable to :				
Owners of the Company	19,369,534	12,832,542	43,402,544	33,662,837
Non-Controlling Interests	-	-	-	-
Total Comprehensive Income for the period	<u>19,369,534</u>	<u>12,832,542</u>	<u>43,402,544</u>	<u>33,662,837</u>
Basic Earnings Per Share (in sen)	5.07	5.00	13.49	12.92
Diluted Earnings Per Share (in sen)	5.07	4.88	13.49	12.62

(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 2020)

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

	Unaudited As At 31-Jul-2021	Audited As At 31-Oct-2020
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	135,475,385	130,726,565
Right-of-use assets	31,108,819	25,499,622
Land held for property development	20,912,187	20,912,187
Investment properties	40,635,637	39,233,383
Deferred tax assets	42,610	43,237
	<u>228,174,638</u>	<u>216,414,994</u>
Current assets		
Inventories	115,555,727	92,861,604
Trade and other receivables	52,601,128	67,959,597
Deposits, bank and cash balances	183,506,579	190,917,000
	<u>351,663,434</u>	<u>351,738,201</u>
TOTAL ASSETS	<u>579,838,072</u>	<u>568,153,195</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	164,912,803	164,912,803
Treasury shares	(2,836,481)	(2,836,481)
Translation reserve	(2,519,718)	(10,167,286)
Reserves	302,673,085	274,867,278
TOTAL EQUITY	<u>462,229,689</u>	<u>426,776,314</u>
Non-current liabilities		
Lease liabilities	17,228,417	12,959,594
Deferred tax liabilities	6,234,000	6,234,000
	<u>23,462,417</u>	<u>19,193,594</u>
Current liabilities		
Trade and other payables	73,510,159	97,838,290
Bank borrowings	19,213,664	8,503,048
Lease liabilities	1,422,143	485,536
Dividend payable	-	10,598,892
Current tax liabilities	-	4,757,521
	<u>94,145,966</u>	<u>122,183,287</u>
TOTAL LIABILITIES	<u>117,608,383</u>	<u>141,376,881</u>
TOTAL EQUITY AND LIABILITIES	<u>579,838,072</u>	<u>568,153,195</u>

(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 July 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				29,826,895	29,826,895
Other comprehensive income for the period					
- Foreign currency translation			3,835,942		3,835,942
Total comprehensive income for the period	-	-	3,835,942	29,826,895	33,662,837
Dividends by the Company				(11,784,314)	(11,784,314)
Exercise of Warrants 2015/2020	3,348,909				3,348,909
At 31 July 2020	132,067,500	(2,836,481)	(5,235,640)	263,383,516	387,378,895
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				35,754,976	35,754,976
Other comprehensive income for the period					
- Foreign currency translation			7,647,568	-	7,647,568
Total comprehensive income for the period	-	-	7,647,568	35,754,976	43,402,544
Dividends by the Company				(7,949,169)	(7,949,169)
At 31 July 2021	164,912,803	(2,836,481)	(2,519,718)	302,673,085	462,229,689

(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 July 2021

	31-Jul-2021	31-Jul-2020
	RM	RM
Cash flows from / (for) operating activities		
Profit / (Loss) before tax	42,407,940	37,322,757
Adjustments for :		
Depreciation and amortisation	8,524,803	8,283,944
Property, plant and equipment written off	23,302	349,576
(Gain) / loss on disposal of PPE	(1,012,834)	(1,009,583)
Dividend (Income)	(1,011,584)	(1,283,392)
Unrealised (gain) / loss on forex	(1,242,491)	(988,825)
Net interest (income) / expense	(76,347)	(241,700)
Operating profit/ (loss) before working capital changes	<u>47,612,789</u>	<u>42,432,777</u>
Inventories	(22,694,123)	(24,343,388)
Trade and other receivables	19,754,894	12,121,020
Trade and other payables	(24,328,131)	(12,496,748)
Cash from / (for) operations	<u>20,345,429</u>	<u>17,713,661</u>
Net interest received / (paid)	76,347	241,700
Tax (paid) / refund	(14,564,419)	(9,177,442)
Net cash from / (for) operating activities	<u>5,857,357</u>	<u>8,777,919</u>
Cash flows from / (for) investing activities		
Net proceeds / (purchase) of property, plant and equipment	(10,355,476)	(2,750,646)
Dividends received	1,011,584	1,283,392
Net decrease / (increase) in fixed deposits pledged	(84,407)	(478,651)
Net cash from / (for) investing activities	<u>(9,428,299)</u>	<u>(1,945,905)</u>
Cash flow from / (for) financing activities		
Net movements in bank borrowings	10,710,616	17,943,005
Issue of shares from exercise of Warrants	-	3,348,909
Dividends paid	(18,548,061)	(13,796,772)
Net cash from / (for) financing activities	<u>(7,837,445)</u>	<u>7,495,142</u>
Net increase/ (decrease) in cash and cash equivalents	(11,408,387)	14,327,156
Effects on foreign exchange translation	3,913,559	1,307,423
Cash and cash equivalents at beginning of the financial year	<u>185,747,703</u>	<u>128,239,480</u>
Cash and cash equivalents at end of the financial period	<u>178,252,875</u>	<u>143,874,059</u>
Cash and cash equivalents at end of the financial period consists of		
Bank and cash balances	183,506,579	149,191,811
Less : Fixed deposit pledged to bank	(5,253,704)	(5,317,752)
	<u>178,252,875</u>	<u>143,874,059</u>

(The Condensed Consolidated Cash Flow Statement 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 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
Final Dividend	2 sen	31-Oct-20	5,299,446	10-May-21
First Interim	1 sen	31-Oct-21	2,649,723	4-Jun-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	171,123	330,563	0	0	501,686
Profit / (Loss) Before Tax	3,754	38,549	78	27	42,408
Profit / (Loss) After Tax	3,004	32,647	78	26	35,755
Assets	248,544	293,686	31,817	5,791	579,838
Liabilities	35,905	81,635	55	13	117,608

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	96,000	248,000
Poh Huat Furniture Industries (M) Sdn Bhd	J. A. Nathan & Co	Director	Legal fees	836	14,136
Poh Huat Furniture Industries (M) Sdn Bhd	Corporate Image Corporation (M) Sdn Bhd	Tay Kim Huat's daughter	Sales of furniture	5,609	86,698
Poh Huat Furniture Industries (M) Sdn Bhd	Corporate Image Corporation (M) Sdn Bhd	Tay Kim Huat's daughter	Purchase of stationary	0	31,200

BMSB LISTING REQUIREMENTS

B1. PERFORMANCE REVIEW

Revenue	Individual quarter			Cumulative quarters		
	31-Jul-21 RM'000	31-Jul-20 RM'000	+ / - %	31-Jul-21 RM'000	31-Jul-20 RM'000	+ / - %
Malaysia	28,787	59,359	(51.5)	171,123	209,473	(18.3)
Vietnam	123,705	73,449	68.4	330,563	233,314	41.7
Total	152,492	132,808	14.8	501,686	442,787	13.3

The performance of the Group was affected by the implementation of the nationwide Full Movement Control Order (FMCO) in Malaysia which commenced on 1 June 2021. The implementation of the FMCO had resulted in a 3½-month production interruption, 2 months of which was in the current reporting period which, in turn, adversely affected shipment and financial performance of our operations in Malaysia. While we have some buffer inventory, we are unable to mitigate the 2 months production interruption and hence recorded a drop of 52% of the shipment to RM28.79 million for the current reporting period compared to RM59.36 million in previous year's correspondence financial period.

Our Vietnam operations continued uninterrupted until the 19 July 2021 where the government of Vietnam imposed a total lockdown in most Districts in and around Ho Chi Minh. We were unable to operate during the last 2 weeks of the quarter under review. The above notwithstanding, our Vietnamese operations, which had ramped up operations before the production halt, managed a record shipment of RM123.71 million or 68% increase for the current reporting period over the previous year's correspondence financial period.

Despite the FMCO challenges, the Group managed to achieve a higher turnover of RM152.49 million for the current reporting period under review compared to RM132.81 million recorded in the previous year's corresponding reporting period ended 31 July 2020.

Profit / (Loss) Before Tax	Individual quarter			Cumulative quarters		
	31-Jul-21 RM'000	31-Jul-20 RM'000	+ / - %	31-Jul-21 RM'000	31-Jul-20 RM'000	+ / - %
Malaysia	(2,057)	9,358	(122.0)	3,754	23,764	(84.2)
Vietnam	17,402	4,817	261.3	38,549	14,327	169.1
Australia	56	(213)	126.3	78	(424)	118.4
Others	200	(225)	188.9	27	(344)	107.8
Total	15,601	13,737	13.6	42,408	37,323	13.6

In Malaysia, the FMCO interruption had resulted in a disproportionately higher absorption of fixed factory overheads and labour costs which brought about a significant drop in gross profits to 7.6% of Malaysia sales or RM2.18 million during the current period under review. The lower gross profits, coupled with the relatively fixed administrative and COVID-19 related expenses had resulted in a loss before tax of RM2.06 million for the period under review.

The losses in Malaysia was however mitigated by the better operational and financial performance from our Vietnam operations. The significantly higher production and shipment levels translated to a whopping 158% jump in gross profits, from RM10.50 million in the previous year's reporting period to RM27.10 million in the current period under review. This together with the across-the-board improvement in labour efficiency and better absorption of manufacturing overheads from the higher level of production give rise to a 3.6 folds increase in profit before tax from RM4.82 million in the previous year's reporting period to RM17.40 million for the current reporting period.

All in all, the Group reported a commendable profit before tax of RM15.60 million in the current reporting period compared to RM13.74 million recorded in the previous year's corresponding reporting period ended 31 July 2020.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAX

	Individual quarter	Preceding quarter	
Profit / (Loss)	31-Jul-21	30-Apr-21	+ / -
Before Tax	RM'000	RM'000	%
Malaysia	(2,057)	4,927	(141.7)
Vietnam	17,402	10,338	68.3
Australia	56	116	(51.7)
Others	200	(121)	265.3
Total	15,601	15,260	2.2

In line the FMCO interruption in Malaysia, the Group registered a lower turnover of RM152.49 million in the current reporting period compared to RM165.54 million in the preceding reporting period ended 30 April 2021.

Gross profits from our Malaysia operations dropped significantly to RM2.18 million in current reporting period against RM10.62 million in the preceding period ended 30 April 2021. The lower gross profits were the direct result of the FMCO interruption vis-a-vis the relatively fixed factory overheads and labour costs. The lower gross profits coupled with the relatively fixed financial and administrative expenses had resulted a loss before tax of RM2.06 million for the period under review.

In Vietnam, we registered a 25% jump turnover from RM98.86 million in the preceding reporting period to RM123.71 million in the current reporting period. With the relatively fixed manufacturing and administrative overheads, profit before tax similarly jumped from RM10.34 million in the preceding reporting period to RM17.40 million in the current reporting period.

At the Group level, absolute gross profits were broadly similar as the ramped-up shipment in Vietnam helped mitigate the operations interruption in Malaysia. Selling, distribution and administrative expenses, as a percentage of sales, were also broadly consistent with those in the preceding reporting period, thus resulting in a similar profit before tax of RM15.60 million in the current reporting period under review compared to RM15.26 million in the preceding reporting period.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

In US, demand for home and office furniture remains strong as witnessed by the sustained orders from our US customers. The recent moderation of the US economy notwithstanding, low interest rates, continued easy fiscal policies and demand for more living space as people continue to work from home, will boost demand for housing and household furniture this year.

While demand remains strong, our operations are adversely affected by the worsening spread of the more contagious Delta variant of the Covid-19 virus. In Vietnam, a total lockdown was also imposed on many Districts in and around Ho Chi Minh City since 19 July 2021. The operations in both our manufacturing bases in Binh Duong and Dong Nai have been suspended and have yet to resume. Pending the progress in vaccination of our workers and further clarity on SOPs for the relevant authorities in Vietnam, resumption of normal activities, including factory operations remained uncertain.

Malaysia is progressing well on vaccinating its population. To-date, all the workers/employees in our Malaysia operations have completed their second dose of vaccine, and our factories in Muar have resumed full operations since 11 September 2021. Our priorities are to ensure safety amongst our employees, stability in our supply chain while ramping up production to meet shipment backlogs for our customers.

Given the uncertainties and challenges ahead, our focus is now on balancing the safety and welfare of our staff while mitigating operational costs and constrains to ensure our business viability. We have been prudent in our financial management and are fortunate that we have considerable financial reserves to weather the on-going Covid-19 pandemic related challenges. We are working closely with all stakeholders in ensuring resumption and continuity of operations and are confident that the interests of all stakeholders are safeguarded.

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	(554)	751
Current taxation - Overseas	2,729	5,902
Deferred taxation	0	0
Total Taxation	2,175	6,653

Malaysia income tax rate was estimated lower at 20% during the financial period ending 31 July 2021. This was due mainly to the RM1 mil gain from the land disposal was charged under real property gain tax. Taxation for Vietnamese subsidiary was estimated at 15% which was par with the local statutory tax rate. 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 RM'000	Non-Current RM'000	Total RM'000
Secured trade bills - US Dollar	19,214	0	19,214
Unsecured trade bills - Malaysian Ringgit	0	0	0
Total	19,214	0	19,214

The weighted average fixed interest rate for the trade bills ranged from 1.99% to 2.44%.

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 RM4.22 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 not declared any dividend in respect of the current financial quarter ended 31 July 2021. (against a declaration of dividend of 2 sen in the previous financial period ended 31 July 2020).

Total dividends declared were 1 sen per ordinary share in the current financial period ended 31 July 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)	13,425	35,755
Weighted average number of shares	('000 shares)	264,972	264,972
Basic earnings per share	(sen)	5.07	13.49

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	370	514
(b) Other income including investment income	1,171	3,411
(c) Interest expense	(149)	(438)
(d) Depreciation and amortization	(2,953)	(8,525)
(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	1,013
(h) Impairment of assets	0	(23)
(i) Foreign exchange gain / (loss)	658	(774)
(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

28 September 2021
Muar, Johor Darul Takzim.