

POH HUAT RESOURCES HOLDINGS BERHAD [199701027671 (443169-X)]
Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income (Unaudited)
For The Quarter Ended 30 April 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	30-Apr-2023	30-Apr-2022	30-Apr-2023	30-Apr-2022
	RM	RM	RM	RM
Revenue	95,256,261	186,342,384	214,789,529	369,304,477
Cost of Sales	(80,695,737)	(146,244,259)	(173,490,772)	(293,563,052)
Gross Profit	<u>14,560,524</u>	<u>40,098,125</u>	<u>41,298,757</u>	<u>75,741,425</u>
Selling and distribution expenses	(5,358,307)	(7,548,030)	(10,840,494)	(15,245,060)
Administration expenses	(7,793,448)	(8,474,627)	(14,621,079)	(17,551,972)
Other income / (expenses)	4,738,456	3,235,895	(751,780)	5,152,433
Finance costs	(93,590)	(249,157)	(274,519)	(505,514)
Profit / (Loss) before tax	6,053,635	27,062,206	14,810,885	47,591,312
Income tax expense	(1,797,040)	(3,982,094)	(3,728,224)	(9,158,593)
Profit / (Loss) for the period	<u>4,256,595</u>	<u>23,080,112</u>	<u>11,082,661</u>	<u>38,432,719</u>
Other Comprehensive Income / (Expense) net of tax				
- Foreign currency translation differences	9,009,043	5,826,576	(804,985)	7,376,012
Total Comprehensive Income / (Expense) for the period	<u>13,265,638</u>	<u>28,906,688</u>	<u>10,277,676</u>	<u>45,808,731</u>
Profit / (Loss) after tax attributable to : Owners of the Company	<u>4,256,595</u>	<u>23,080,112</u>	<u>11,082,661</u>	<u>38,432,719</u>
Total Comprehensive Income / (Expense) attributable to : Owners of the Company	<u>13,265,638</u>	<u>28,906,688</u>	<u>10,277,676</u>	<u>45,808,731</u>
Basic Earnings Per Share (in sen)	1.61	8.71	4.18	14.50
Diluted Earnings Per Share (in sen)	1.61	8.71	4.18	14.50

(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 2022)

POH HUAT RESOURCES HOLDINGS BERHAD [199701027671 (443169-X)]
Condensed Consolidated Statements of Financial Position (Unaudited)
As At 30 April 2023

	As At 30-Apr-2023 RM	As At 31-Oct-2022 RM
ASSETS		
Non-current assets		
Property, plant and equipment	135,256,125	135,659,094
Right-of-use assets	26,109,262	27,484,475
Land held for property development	19,524,842	20,924,424
Investment properties	37,799,188	38,919,017
Deferred tax assets	504,463	692,398
	<u>219,193,880</u>	<u>223,679,408</u>
Current assets		
Inventories	64,014,805	84,028,628
Trade and other receivables	36,844,027	64,317,196
Short term investment	100,908,498	60,935,873
Deposits, bank and cash balances	174,347,743	188,439,256
	<u>376,115,073</u>	<u>397,720,953</u>
TOTAL ASSETS	<u>595,308,953</u>	<u>621,400,361</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	164,912,803	164,912,803
Treasury shares	(2,836,481)	(2,836,481)
Translation reserve	2,235,305	3,040,290
Retained profits	362,473,861	356,690,647
TOTAL EQUITY	<u>526,785,488</u>	<u>521,807,259</u>
Non-current liabilities		
Lease liabilities	17,209,208	17,209,207
Hire Purchase payables	306,626	305,539
Deferred tax liabilities	6,571,140	6,572,394
	<u>24,086,974</u>	<u>24,087,140</u>
Current liabilities		
Trade and other payables	39,829,505	61,654,443
Bank borrowings	-	-
Lease liabilities	579,442	665,698
Hire Purchase payable	203,944	403,915
Dividend payable	-	5,299,446
Current tax liabilities	3,823,600	7,482,460
	<u>44,436,491</u>	<u>75,505,962</u>
TOTAL LIABILITIES	<u>68,523,465</u>	<u>99,593,102</u>
TOTAL EQUITY AND LIABILITIES	<u>595,308,953</u>	<u>621,400,361</u>

(The Condensed Consolidated of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 October 2022)

POH HUAT RESOURCES HOLDINGS BERHAD [199701027671 (443169-X)]
Condensed Consolidated Statements of Changes In Equity (Unaudited)
For The Quarter Ended 30 April 2023

	<-----Non-distributable----->			Distributable	
	Share capital RM	Treasury shares RM	Translation reserve RM	Retained profits RM	Total equity RM
At 1 November 2021	164,912,803	(2,836,481)	(5,094,975)	293,836,193	450,817,540
Profit after tax for the period				38,432,719	38,432,719
Other comprehensive income for the period					
- Foreign currency translation			7,376,012		7,376,012
Total comprehensive income for the period	-	-	7,376,012	38,432,719	45,808,731
Dividends by the Company				(5,299,447)	(5,299,447)
At 30 April 2022	164,912,803	(2,836,481)	2,281,037	326,969,465	491,326,824
At 1 November 2022	164,912,803	(2,836,481)	3,040,290	356,690,647	521,807,259
Profit after tax for the period				11,082,661	11,082,661
Other comprehensive income for the period					
- Foreign currency translation			(804,985)		(804,985)
Total comprehensive income for the period	-	-	(804,985)	11,082,661	10,277,676
Dividends by the Company				(5,299,447)	(5,299,447)
At 30 April 2023	164,912,803	(2,836,481)	2,235,305	362,473,861	526,785,488

(The Condensed Consolidated Statement of Change In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2022)

POH HUAT RESOURCES HOLDINGS BERHAD [199701027671 (443169-X)]
Condensed Consolidated Statements of Cash Flows (Unaudited)
For The Quarter Ended 30 April 2023

	30-Apr-2023	30-Apr-2022
	RM	RM
Cash flows from / (for) operating activities		
Profit before tax	14,810,885	47,591,312
Adjustments for :		
Depreciation and amortisation	5,865,076	6,033,039
(Gain) / loss on disposal of PPE	(1,800,418)	(31,220)
Dividend Income	(777,922)	(496,523)
Unrealised (gain) / loss on forex	91,327	(2,236,103)
Net interest (income) / expense	(1,525,232)	(113,913)
Operating profit/ (loss) before working capital changes	<u>16,663,716</u>	<u>50,746,592</u>
Inventories	20,013,823	12,011,532
Trade and other receivables	27,381,842	(25,433,510)
Trade and other payables	(21,824,938)	7,900,320
Cash from / (for) operations	<u>42,234,443</u>	<u>45,224,934</u>
Net interest received / (paid)	1,525,232	113,913
Tax (paid) / refund	(7,388,338)	(7,609,050)
Net cash from / (for) operating activities	<u>36,371,337</u>	<u>37,729,797</u>
Cash flows from / (for) investing activities		
Dividends received	777,922	496,523
Net (increase) / decrease in pledged fixed deposits	(512)	(214,887)
Net (increase) / decrease in fixed deposits with tenure more than 3 months	(81,214,919)	(8,088,610)
Net (increase) / decrease in other short term investments	(39,972,625)	(40,494,469)
Net (purchase) / proceeds of property, plant and equipment	(459,148)	(5,485,320)
Net cash from / (for) investing activities	<u>(120,869,282)</u>	<u>(53,786,763)</u>
Cash flow from / (for) financing activities		
Net movements in bank borrowings	-	7,545,216
Addition / (repayment) of hire purchase payable	(198,884)	-
Net increase / (decrease) in lease liabilities	(86,255)	191,757
Dividends paid	(10,598,892)	(5,299,446)
Net cash from / (for) financing activities	<u>(10,884,031)</u>	<u>2,437,527</u>
Net increase/ (decrease) in cash and cash equivalents	(95,381,976)	(13,619,439)
Effects on foreign exchange translation	75,032	4,259,312
Cash and cash equivalents at beginning of the financial year	<u>162,944,210</u>	<u>106,373,243</u>
Cash and cash equivalents at end of the financial period	<u>67,637,266</u>	<u>97,013,116</u>
Cash and cash equivalents at end of the financial period consists of		
Bank and cash balances	174,347,743	116,363,670
Less : Fixed deposit pledged to bank	(6,163,226)	(5,801,944)
Less : Fixed deposit with tenure more than 3 months	(100,547,251)	(13,548,610)
	<u>67,637,266</u>	<u>97,013,116</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2022)

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 2022.

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 2022 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 period beginning on 1 November 2022.

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) do 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 2022.

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 are 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 are resold or cancelled during the reporting period. The repurchase transactions are 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 year were as follows:

Type of Dividend	Dividend per share	For the year ended	Amount RM	Payment date
Third Interim	2 sen	31-Oct-22	5,299,446	10-Jan-23
Final Dividend	2 sen	31-Oct-22	5,299,446	20-Apr-23

A7. OPERATING SEGMENTS

The Group had adopted geographical segment as its reporting format. The segment information for the financial period was as below:

(RM'000)	Malaysia	Vietnam	Australia	Others	Total
Sales	120,784	94,006	0	0	214,790
Profit / (Loss) Before Tax	8,894	6,011	470	(564)	14,811
Profit / (Loss) After Tax	6,457	4,721	470	(565)	11,083
Assets	294,083	264,413	31,464	5,349	595,309
Liabilities	36,361	32,075	85	2	68,523

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 2022.

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 current reporting period.

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 2022 other than corporate guarantee granted to financial institutions amounting to RM111.43 million as at current reporting period.

A12. CAPITAL COMMITMENTS

There were no capital commitments during the current reporting period.

A13. RELATED PARTY TRANSACTIONS

The Group related party transactions in the current quarter and financial period-to-date were 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 land	60,000	120,000
Poh Huat Furniture Industries (M) Sdn Bhd	Corporate Image Office Solutions (M) Sdn Bhd	Tay Kim Huat's daughter	Sales of furniture	11,044	15,216

BMSB LISTING REQUIREMENTS

B1. PERFORMANCE REVIEW

Revenue	Individual quarter			Cumulative quarters		
	30-Apr-23 RM'000	30-Apr-22 RM'000	+ / - %	30-Apr-23 RM'000	30-Apr-22 RM'000	+ / - %
Malaysia	49,652	81,316	(38.9)	120,784	173,524	(30.4)
Vietnam	45,604	105,026	(56.6)	94,006	195,780	(52.0)
Total	95,256	186,342	(48.9)	214,790	369,304	(41.8)

The Group's turnover for the current reporting period under review continued to moderate as US buyers continued to adjust their orders in line with their inventories and lower household spendings following the surge of the furniture demand during the Covid-19 lockdown period.

US furniture sales for the month of April 2023 were down 6.4% compared to a year ago. Revenue for both our Malaysia and Vietnam operations during the current reporting period under review dropped by 38.9% and 56.6% respectively as furniture importers in the North America made adjustments to their procurement and inventory amidst decline in furniture spendings amongst American. Reflective of the decline in orders, our Vietnamese subsidiary scaled down operations and reduced headcount while our Malaysia operations which were similarly affected, lowered production hours to mitigate pressures on its profitability.

Profit / (Loss) Before Tax	Individual quarter			Cumulative quarters		
	30-Apr-23 RM'000	30-Apr-22 RM'000	+ / - %	30-Apr-23 RM'000	30-Apr-22 RM'000	+ / - %
Malaysia	4,435	13,382	(66.9)	8,894	23,619	(62.3)
Vietnam	1,480	13,102	(88.7)	6,011	23,123	(74.0)
Australia	161	285	(43.5)	470	555	(15.3)
Others	(22)	293	(107.5)	(564)	294	(291.8)
Total	6,054	27,062	(77.6)	14,811	47,591	(68.9)

In line with the significantly lower shipment from both our Malaysia and Vietnam operations, the Group's gross profit margin dropped from 21.5% in the previous year's corresponding reporting period to 15.3% in the current reporting period. The drop in profitability is attributable to increases in raw material prices and the disproportionately higher percentage of direct labour costs and factory overheads to sales as a result of the lower level of activities. Gross profit fell nearly 63.7% from RM40.10 million in the previous year's corresponding reporting period to RM14.56 million in the current reporting period.

Reflective of the drop in operating profits, the Group's profit before tax fell to RM6.05 million in the current reporting period ended 30 April 2023 from RM27.06 million achieved in the previous year's reporting period ended 30 April 2022.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAX

Profit / (Loss) Before Tax	Individual quarter	Preceding quarter	+ / - %
	30-Apr-23 RM'000	31-Jan-23 RM'000	
Malaysia	4,435	4,459	(0.5)
Vietnam	1,480	4,531	(67.3)
Australia	161	309	(47.9)
Others	(22)	(542)	95.9
Total	6,054	8,757	(30.9)

Furniture and home furnishings sales in US continued sagging according to the latest estimates from the US Department of Commerce. Furniture and home furnishings sales were down 6.4% on year-on-year basis in April 2023 despite a sustained level of retail spendings amongst American.

In line with the moderation of demand for furniture over the last 6 months, the Group registered broadly lower turnover of RM95.26 million during the current reporting period ended 30 April 2023 compared to RM119.53 million in preceding reporting period ended 31 January 2023, as US furniture importers adjusted their orders in line with the downtrend in demand for furniture.

In line with the decline in turnover, the Group's gross profit dropped by 45.5%, from RM26.74 million in the preceding reporting period ended 31 January 2023 to RM14.56 million in the current reporting period ended 30 April 2023. The drop in gross profit was consistent across our Malaysia and Vietnam operations and was mainly attributable to the disproportionately higher direct labour and factory overhead costs against a lower turnover for the reporting period. The Group's profit before tax was down 30.9% from RM8.76 million in preceding reporting period to RM6.05 million in the current reporting period.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

US retail sales fell more than expected in March 2023 as consumers cut back on purchases of big-ticket items like furniture. Households are feeling the pinch from rising interest rates and the extended period of high inflation and are reducing expenses to compensate the deficits. Meanwhile, high debt levels and successive interest rate hikes have driven up the cost of servicing debts and triggered slump in the housing market.

Weaker retail sales, declining manufacturing outputs and the slowing US economy have put increased pressure on US furniture retailers and manufacturers to cut back on their orders. We are aligning our operations in line with the lower demand whilst continuing to work with our customers to find gaps and opportunities, especially in the changing demographics and market requirements. Slowdown in the US housing sector and weaker furniture spendings will likely continue to negatively impact on our operations and financial performance for the current financial year ending 31 October 2023.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

B5. TAXATION

	Current quarter RM'000	Financial period-to-date RM'000
Current taxation - Local	1,560	2,437
Current taxation - Overseas	237	1,291
Deferred taxation	0	0
Total Taxation	1,797	3,728

For the current reporting quarter ended 30 April 2023, income tax rate for our local operation was estimated at 27%, against the current statutory rate of 24%, due to non-tax deductible expenses. Taxation rate for Vietnamese subsidiary was estimated at higher rate of 21% against the incentive tax rate of 15% due to under-provision of taxation in the previous years.

B6. STATUS OF CORPORATE PROPOSALS / UTILISATION OF PROCEEDS

There were no other corporate proposals or utilisation of proceeds announced but not completed as at the date of the current reporting period.

B7. GROUP BANK BORROWINGS

There were no Group borrowings as at end of the reporting period.

B8. MATERIAL LITIGATION

There was 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 2022.

B9. DIVIDENDS

The Directors have declared a first interim dividend of 3 sen per share in respect of the current financial quarter ended 30 April 2023. The interim dividend will be paid on 27 Jul 2023 to depositors registered in the Records of Depositors of the Company at the close of business on 13 Jul 2023.

The Directors have declared a first interim dividend of 2 sen per share in respect of the previous financial quarter ended 30 April 2022.

Total dividends declared were 3 sen per ordinary share in the current financial period ended 30 April 2023

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 issued (excluding treasury shares) during the current financial period under review.

		Current quarter	Financial quarter-to-date
Profit attributable to Owners of the Company	(RM'000)	4,257	11,083
Weighted average number of shares	('000 shares)	264,972	264,972
Basic earnings per share	(sen)	1.61	4.18

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 2022 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 2022.

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 are below: -

	Current quarter RM'000	Financial period-to-date RM'000
(a) Interest income	663	1,645
(b) Other income including investment income	1,676	3,257
(c) Interest expense	(30)	(120)
(d) Depreciation and amortization	(2,955)	(5,865)
(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	1,800
(h) Impairment of assets	0	0
(i) Foreign exchange gain / (loss)	2,430	(7,219)
(j) Gain / (loss) on derivatives	0	0
(k) Exceptional items	0	0

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

LEE AH TOO
Independent Non-Executive Director
Chairman
Audit Committee

26 June 2023
Muar, Johor Darul Takzim.