

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 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31-Jul-2023	31-Jul-2022	31-Jul-2023	31-Jul-2022
	RM	RM	RM	RM
Revenue	107,385,496	166,523,699	322,175,025	535,828,176
Cost of Sales	(91,648,382)	(127,908,835)	(265,139,154)	(421,471,887)
Gross Profit	<u>15,737,114</u>	<u>38,614,864</u>	<u>57,035,871</u>	<u>114,356,289</u>
Selling and distribution expenses	(5,971,380)	(6,697,206)	(16,811,874)	(21,942,266)
Administration expenses	(6,803,755)	(6,827,156)	(21,424,834)	(24,379,128)
Other income / (expenses)	2,820,109	1,901,187	2,068,329	7,053,620
Finance costs	(99,701)	(265,636)	(374,220)	(771,150)
Profit / (Loss) before tax	5,682,387	26,726,053	20,493,272	74,317,365
Income tax expense	(843,128)	(4,682,380)	(4,571,352)	(13,840,973)
Profit / (Loss) for the period	<u>4,839,259</u>	<u>22,043,673</u>	<u>15,921,920</u>	<u>60,476,392</u>
Other Comprehensive Income / (Expense) net of tax				
- Foreign currency translation differences	915,134	2,777,965	110,149	10,153,978
Total Comprehensive Income / (Expense) for the period	<u>5,754,393</u>	<u>24,821,638</u>	<u>16,032,069</u>	<u>70,630,370</u>
Profit / (Loss) after tax attributable to : Owners of the Company	<u>4,839,259</u>	<u>22,043,673</u>	<u>15,921,920</u>	<u>60,476,392</u>
Total Comprehensive Income / (Expense) attributable to : Owners of the Company	<u>5,754,393</u>	<u>24,821,638</u>	<u>16,032,069</u>	<u>70,630,370</u>
Basic Earnings Per Share (in sen)	1.83	8.32	6.01	22.82
Diluted Earnings Per Share (in sen)	1.83	8.32	6.01	22.82

(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 31 July 2023

	As At 31-Jul-2023 RM	As At 31-Oct-2022 RM
ASSETS		
Non-current assets		
Property, plant and equipment	133,700,072	135,659,094
Right-of-use assets	25,996,855	27,484,475
Land held for property development	19,524,842	20,924,424
Investment properties	38,351,115	38,919,017
Deferred tax assets	92,465	692,398
	<u>217,665,349</u>	<u>223,679,408</u>
Current assets		
Inventories	54,700,519	84,028,628
Trade and other receivables	36,837,122	64,317,196
Short term investment	91,465,772	60,935,873
Deposits, bank and cash balances	197,024,238	188,439,256
	<u>380,027,651</u>	<u>397,720,953</u>
TOTAL ASSETS	<u>597,693,000</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	3,150,439	3,040,290
Retained profits	359,363,952	356,690,647
TOTAL EQUITY	<u>524,590,713</u>	<u>521,807,259</u>
Non-current liabilities		
Lease liabilities	17,165,781	17,209,207
Hire Purchase payables	205,151	305,539
Deferred tax liabilities	6,572,251	6,572,394
	<u>23,943,183</u>	<u>24,087,140</u>
Current liabilities		
Trade and other payables	48,375,718	61,654,443
Lease liabilities	579,442	665,698
Hire Purchase payables	203,944	403,915
Dividend payable	-	5,299,446
Current tax liabilities	-	7,482,460
	<u>49,159,104</u>	<u>75,505,962</u>
TOTAL LIABILITIES	<u>73,102,287</u>	<u>99,593,102</u>
TOTAL EQUITY AND LIABILITIES	<u>597,693,000</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 31 July 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				60,476,392	60,476,392
Other comprehensive income for the period					
- Foreign currency translation			10,153,978		10,153,978
Total comprehensive income for the period	-	-	10,153,978	60,476,392	70,630,370
Dividends distribution to owner of the Company				(10,598,892)	(10,598,892)
At 31 July 2022	164,912,803	(2,836,481)	5,059,003	343,713,693	510,849,018
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				15,921,920	15,921,920
Other comprehensive income for the period					
- Foreign currency translation			110,149		110,149
Total comprehensive income for the period	-	-	110,149	15,921,920	16,032,069
Dividends distribution to owner of the Company				(13,248,615)	(13,248,615)
At 31 July 2023	164,912,803	(2,836,481)	3,150,439	359,363,952	524,590,713

(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 31 July 2023

	31-Jul-2023	31-Jul-2022
	RM	RM
Cash flows from / (for) operating activities		
Profit / (Loss) before tax	20,493,272	74,317,365
Adjustments for :		
Depreciation and amortisation	8,952,704	9,103,271
(Gain) / Loss on disposal of property, plant and equipment	(1,800,418)	(38,398)
Dividend (Income)	(1,335,196)	(713,222)
Unrealised (gain) / loss on forex	76,289	(1,910,188)
Net interest (income) / expense	(3,002,684)	(402,719)
Operating profit/ (loss) before working capital changes	23,383,967	80,356,109
Inventories	29,328,109	21,344,122
Trade and other receivables	27,403,785	(15,526,831)
Trade and other payables	(13,278,725)	11,437,486
Cash from / (for) operations	66,837,136	97,610,886
Net interest received / (paid)	3,002,684	402,719
Tax (paid) / refund	(12,053,955)	(11,191,430)
Net cash from / (for) operating activities	57,785,865	86,822,175
Cash flows from / (for) investing activities		
Dividends received	1,335,196	713,222
Net (increase) / decrease in pledged fixed deposits	(512)	(276,283)
Net (increase) / decrease in fixed deposits with tenure more than 3 months	(92,347,700)	(21,998,506)
Net (increase) / decrease in other short term investments	(30,529,899)	(50,711,168)
Net (purchase) / proceeds of property, plant and equipment	(1,260,791)	(6,372,638)
Net cash from / (for) investing activities	(122,803,706)	(78,645,373)
Cash flow from / (for) financing activities		
Net movements in bank borrowings	-	2,105,348
(Repayment) / Addition of hire purchase payables	(300,360)	-
Net increase / (decrease) in lease liabilities	(129,681)	227,145
Dividends paid	(18,548,061)	(15,898,338)
Net cash from / (for) financing activities	(18,978,102)	(13,565,845)
Net increase/ (decrease) in cash and cash equivalents	(83,995,943)	(5,389,043)
Effects on foreign exchange translation	232,713	6,092,471
Cash and cash equivalents at beginning of the financial year	162,944,210	106,373,243
Cash and cash equivalents at end of the financial period	79,180,980	107,076,671
Cash and cash equivalents at end of the financial period consists of		
Bank and cash balances	197,024,238	140,398,517
Less : Fixed deposit pledged to bank	(6,163,226)	(5,863,340)
Less : Fixed deposit with tenure more than 3 months	(111,680,032)	(27,458,506)
	79,180,980	107,076,671

(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
First Interim	3 sen	31-Oct-23	7,949,169	27-Jul-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	177,479	144,696	0	0	322,175
Profit / (Loss) Before Tax	13,961	7,133	488	(1,089)	20,493
Profit / (Loss) After Tax	11,074	5,654	476	(1,282)	15,922
Assets	291,010	269,176	32,289	5,218	597,693
Liabilities	37,060	35,979	60	3	73,102

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	180,000
Poh Huat Furniture Industries (M) Sdn Bhd	Corporate Image Office Solutions (M) Sdn Bhd	Tay Kim Huat's daughter	Sales of furniture	26,060	41,277

BMSB LISTING REQUIREMENTS

B1. PERFORMANCE REVIEW

Revenue	Individual quarter			Cumulative quarters		
	31-Jul-23 RM'000	31-Jul-22 RM'000	+ / - %	31-Jul-23 RM'000	31-Jul-22 RM'000	+ / - %
Malaysia	56,695	83,574	(32.2)	177,479	257,098	(31.0)
Vietnam	50,690	82,950	(38.9)	144,696	278,730	(48.1)
Total	107,385	166,524	(35.5)	322,175	535,828	(39.9)

The Group's shipment of furniture for the current reporting period under review continued to moderate as US buyers cut back on orders following the downturn of the housing sector and household spendings in the second quarter of 2023. Revenue for both our Malaysia and Vietnam operations during the current reporting period under review dropped by 32.2% and 38.9% respectively as furniture importers in the North America held back orders while focusing on clearing inventory. Reflective of the decline in orders, our Vietnam 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		
	31-Jul-23 RM'000	31-Jul-22 RM'000	+ / - %	31-Jul-23 RM'000	31-Jul-22 RM'000	+ / - %
Malaysia	5,067	17,320	(70.7)	13,961	40,939	(65.9)
Vietnam	1,122	10,060	(88.8)	7,133	33,183	(78.5)
Australia	18	63	(71.4)	488	618	(21.0)
Others	(525)	(717)	(26.8)	(1,089)	(423)	157.4
Total	5,682	26,726	(78.7)	20,493	74,317	(72.4)

In line with the significantly lower shipment from both our Malaysia and Vietnam operations, the Group's gross profit fell nearly 59.2% from RM38.61 million in the previous year's corresponding reporting period to RM15.74 million in the current reporting period. Overall, gross profit margin dropped from 23.2% in the previous year's corresponding reporting period to 14.7% in the current reporting period. The drop in profitability is attributable to the disproportionately higher percentage of direct labour costs and factory overheads to sales as a result of the significantly lower level of production activities.

Reflective of the drop in operating profits, the Group's profit before tax fell from RM26.73 million achieved in the previous year's reporting period ended 31 July 2022 to RM5.68 million in the current reporting period ended 31 July 2023.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAX

Profit / (Loss) Before Tax	Individual quarter	Preceding quarter	+ / - %
	31-Jul-23 RM'000	30-Apr-23 RM'000	
Malaysia	5,067	4,435	14.3
Vietnam	1,122	1,480	(24.2)
Australia	18	161	(88.8)
Others	(525)	(22)	(2,286.4)
Total	5,682	6,054	(6.1)

Furniture and home furnishings sales in US continued sagging according to the latest estimates from the US Department of Commerce. The sales were down 6.4% in both April and May 2023 followed by 4.6% in Jun 2023 on year-on-year basis.

While the demand for furniture in the US over the last 6 months has trended downward, the Group registered a higher revenue of RM107.39 million during the current reporting period ended 31 July 2023 compared to the seasonal low of RM95.26 million in preceding reporting period ended 30 April 2023 which coincide with the Chinese New Year / Tet holiday.

In line with the higher shipment of furniture for the current reporting period under review, the Group's gross profit rose by 8.1%, from RM14.56 million in the preceding reporting period ended 30 April 2023 to RM15.74 million in the current reporting period ended 31 July 2023. The higher gross profit was consistent across our Malaysia and Vietnam operations and was mainly attributable to the higher level of production activities for the reporting period against a relatively fixed labour and factory overhead costs. The Group's profit before tax was however lower by 6.1% from RM6.05 million recorded in preceding reporting period to RM5.68 million in the current reporting period as the Group had enjoyed a higher foreign exchange gain of approximately RM2.43 million in the preceding reporting period against a foreign exchange gain of RM0.50 million in the current reporting period under review.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

In line with the weaker demand, orders from our US customers moderated in the first half of 2023 following last year's pre-festive shipment peak. The reduction in orders became inevitable as the furniture sector went into a clear contraction in April 2023 whilst importers and retailers were stuck with surplus inventories.

As mentioned previously, slowdown in the US housing sector and weaker furniture spendings will likely continue for some time and will impact on our operations and financial performance for the current financial year ending 31 October 2023. We have scaled back our operating hours and workforces in line with the reduced orders. We are now working with our customers to develop newer range of products, particularly for the office segment which has weathered the slowdown better whilst anticipating a pick-up in our home furnishing orders toward the year end Christmas festival peak.

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	641	3,078
Current taxation - Overseas	202	1,493
Deferred taxation	0	0
Total Taxation	843	4,571

For the current reporting quarter ended 31 July 2023, income tax rate for our local operation was estimated at 22%, against the current statutory rate of 24%, due to non-taxable of certain non-operational incomes. 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

On 26 Jun 2023, the directors have declared a first interim dividend of 3 sen per share in respect of the current financial quarter ended 30 April 2023, 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 second interim dividend of 2 sen per share in respect of the current financial quarter ended 31 July 2023 against a declaration of 2 sen per ordinary share in the previous financial period ended 31 July 2022. The interim dividend will be paid on 27 Oct 2023 to depositors registered in the Records of Depositors of the Company at the close of business on 13 Oct 2023.

Total dividends declared were 5 sen per ordinary share in the current financial period ended 31 July 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)	4,839	15,922
Weighted average number of shares	('000 shares)	264,972	264,972
Basic earnings per share	(sen)	1.83	6.01

Diluted earnings per share

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

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	1,499	3,144
(b) Other income including investment income	1,340	4,596
(c) Interest expense	(21)	(141)
(d) Depreciation and amortization	(3,088)	(8,953)
(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)	518	(6,701)
(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 September 2023
Muar, Johor Darul Takzim.