

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 October 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31-Oct-2023	31-Oct-2022	31-Oct-2023	31-Oct-2022
	RM	RM	RM	RM
Revenue	105,936,276	167,324,285	428,111,301	703,152,461
Cost of Sales	(88,146,029)	(127,703,400)	(353,285,183)	(549,175,287)
Gross Profit	<u>17,790,247</u>	<u>39,620,885</u>	<u>74,826,118</u>	<u>153,977,174</u>
Selling and distribution expenses	(5,740,811)	(6,804,118)	(22,552,685)	(28,746,384)
Administration expenses	(7,163,850)	(5,870,925)	(28,588,684)	(30,250,053)
Other income / (expenses)	10,521,174	5,618,826	12,589,503	12,672,446
Finance costs	(329,161)	(433,105)	(703,381)	(1,204,255)
Profit / (Loss) before tax	15,077,599	32,131,563	35,570,871	106,448,928
Income tax expense	(4,288,694)	(8,555,717)	(8,860,046)	(22,396,690)
Profit / (Loss) for the period	<u>10,788,905</u>	<u>23,575,846</u>	<u>26,710,825</u>	<u>84,052,238</u>
Other Comprehensive Income / (Expense) net of tax				
- Foreign currency translation differences	4,934,354	(2,018,712)	5,044,503	8,135,265
Total Comprehensive Income / (Expense) for the period	<u>15,723,259</u>	<u>21,557,134</u>	<u>31,755,328</u>	<u>92,187,503</u>
Profit / (Loss) after tax attributable to : Owners of the Company	<u>10,788,905</u>	<u>23,575,846</u>	<u>26,710,825</u>	<u>84,052,238</u>
Total Comprehensive Income / (Expense) attributable to : Owners of the Company	<u>15,723,259</u>	<u>21,557,134</u>	<u>31,755,328</u>	<u>92,187,503</u>
Basic Earnings Per Share (in sen)	4.07	8.90	10.08	31.72
Diluted Earnings Per Share (in sen)	4.07	8.90	10.08	31.72

(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 October 2023

	As At 31-Oct-2023 RM	As At 31-Oct-2022 RM
ASSETS		
Non-current assets		
Property, plant and equipment	130,460,575	135,659,094
Right-of-use assets	26,679,974	27,484,475
Land held for property development	19,524,842	20,924,424
Investment properties	37,837,743	38,919,017
Deferred tax assets	385,918	692,398
Other receivable	3,200,000	
	<u>218,089,052</u>	<u>223,679,408</u>
Current assets		
Inventories	55,536,706	84,028,628
Trade and other receivables	34,969,406	64,317,196
Short term investment	50,123,216	60,935,873
Deposits, bank and cash balances	258,437,921	188,439,256
	<u>399,067,249</u>	<u>397,720,953</u>
TOTAL ASSETS	<u>617,156,301</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	8,084,793	3,040,290
Retained profits	364,853,411	356,690,647
TOTAL EQUITY	<u>535,014,526</u>	<u>521,807,259</u>
Non-current liabilities		
Lease liabilities	16,716,718	17,209,207
Hire Purchase payables	194,628	305,539
Deferred tax liabilities	6,799,892	6,572,394
	<u>23,711,238</u>	<u>24,087,140</u>
Current liabilities		
Trade and other payables	55,589,122	61,654,443
Lease liabilities	685,032	665,698
Hire Purchase payables	305,711	403,915
Dividend payable	-	5,299,446
Current tax liabilities	1,850,672	7,482,460
	<u>58,430,537</u>	<u>75,505,962</u>
TOTAL LIABILITIES	<u>82,141,775</u>	<u>99,593,102</u>
TOTAL EQUITY AND LIABILITIES	<u>617,156,301</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 October 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				84,052,238	84,052,238
Other comprehensive income for the period					
- Foreign currency translation			8,135,265		8,135,265
Total comprehensive income for the period	-	-	8,135,265	84,052,238	92,187,503
Dividends distribution to owner of the Company				(21,197,784)	(21,197,784)
At 31 October 2022	164,912,803	(2,836,481)	3,040,290	356,690,647	521,807,259
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				26,710,825	26,710,825
Other comprehensive income for the period					
- Foreign currency translation			5,044,503		5,044,503
Total comprehensive income for the period	-	-	5,044,503	26,710,825	31,755,328
Dividends distribution to owner of the Company				(18,548,061)	(18,548,061)
At 31 October 2023	164,912,803	(2,836,481)	8,084,793	364,853,411	535,014,526

(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 October 2023

	31-Oct-2023	31-Oct-2022
	RM	RM
Cash flows from / (for) operating activities		
Profit / (Loss) before tax	35,570,871	106,448,928
Adjustments for :		
Depreciation and amortisation	11,839,116	12,759,896
Inventories written-down	(36,000)	1,836,000
Property, plant and equipment written off	551,435	263,317
Bad Debt written off / (recovered)	101,643	-
(Gain) / Loss on disposal of property, plant and equipment	(1,980,418)	482,833
(Gain) on disposal of short-term investments	(1,042,208)	(564,989)
Dividend (Income)	(1,771,427)	(1,068,729)
Unrealised (gain) / loss on forex	(1,336,882)	(1,676,277)
Net interest (income) / expense	(5,998,271)	(512,240)
Operating profit/ (loss) before working capital changes	35,897,859	117,968,739
Inventories	28,527,922	43,914,536
Trade and other receivables	27,383,029	(18,163,646)
Trade and other payables	(6,065,321)	(5,249,797)
Cash from / (for) operations	85,743,489	138,469,832
Net interest received / (paid)	5,998,271	512,240
Tax (paid) / refund	(14,264,336)	(13,341,447)
Net cash from / (for) operating activities	77,477,424	125,640,625
Cash flows from / (for) investing activities		
Dividends received	1,771,427	1,068,729
Net (increase) / decrease in pledged fixed deposits	(446,925)	(575,657)
Net (increase) / decrease in fixed deposits with tenure more than 3 months	(112,960,669)	(13,872,332)
Net (increase) / decrease in other short term investments	11,854,865	(20,370,884)
Net (purchase) / proceeds of property, plant and equipment	154,380	(7,608,800)
Net cash from / (for) investing activities	(99,626,922)	(41,358,944)
Cash flow from / (for) financing activities		
Net movements in bank borrowings	-	(11,385,043)
(Repayment) / Addition of hire purchase payables	(209,115)	(384,354)
Net increase / (decrease) in lease liabilities	(473,155)	(616,736)
Dividends paid	(23,847,508)	(21,197,784)
Net cash from / (for) financing activities	(24,529,778)	(33,583,917)
Net increase/ (decrease) in cash and cash equivalents	(46,679,276)	50,697,764
Effects on foreign exchange translation	3,270,347	5,873,203
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	119,535,281	162,944,210
Cash and cash equivalents at end of the financial period consists of		
Bank and cash balances	258,437,921	188,439,256
Less : Fixed deposit pledged to bank	(6,609,639)	(6,162,714)
Less : Fixed deposit with tenure more than 3 months	(132,293,001)	(19,332,332)
	119,535,281	162,944,210

(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 year 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 year.

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	7,949,170	27-Jul-23
Second Interim	2 sen	31-Oct-23	5,299,446	27-Oct-23

A7. OPERATING SEGMENTS

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

(RM'000)	Malaysia	Vietnam	Australia	Others	Total
Sales	237,130	190,981	0	0	428,111
Profit / (Loss) Before Tax	25,553	10,190	802	(974)	35,571
Profit / (Loss) After Tax	19,901	7,447	531	(1,168)	26,711
Assets	300,542	278,315	32,911	5,388	617,156
Liabilities	43,342	38,408	392	0	82,142

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 year.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

There are no other changes in the composition of the Group during the current reporting year.

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 RM114.19 million as at current reporting year.

A12. CAPITAL COMMITMENTS

There were no capital commitments during the current reporting year.

A13. RELATED PARTY TRANSACTIONS

The Group related party transactions in the current quarter and financial year-to-date were as follows:

Subsidiary	Transacting Party	Relationship	Nature of Transaction	Current quarter (RM)	Financial year-to-date (RM)
Poh Huat Furniture Industries (M) Sdn Bhd	Tay Kim Huat	Director	Rental of land	60,000	240,000
Poh Huat Furniture Industries (M) Sdn Bhd	Corporate Image Office Solutions (M) Sdn Bhd	Tay Kim Huat's daughter	Sales of furniture	28,809	70,086

BMSB LISTING REQUIREMENTS

B1. PERFORMANCE REVIEW

Revenue	Individual quarter			Cumulative quarters		
	31-Oct-23 RM'000	31-Oct-22 RM'000	+ / - %	31-Oct-23 RM'000	31-Oct-22 RM'000	+ / - %
Malaysia	59,651	91,443	(34.8)	237,130	348,541	(32.0)
Vietnam	46,285	75,881	(39.0)	190,981	354,611	(46.1)
Total	105,936	167,324	(36.7)	428,111	703,152	(39.1)

The shipment of furniture was lower in line with the lower spending on household and furniture amongst US households during the current period under review. Revenue for both our Malaysia and Vietnam operations dropped by 34.8% and 39.0% respectively during the current reporting period under review as furniture importers in the North America scaled back orders in line with weaker market demand. The US furniture market has been on a downtrend since the middle of 2023 following the peak spending during the pandemic years.

Profit / (Loss) Before Tax	Individual quarter			Cumulative quarters		
	31-Oct-23 RM'000	31-Oct-22 RM'000	+ / - %	31-Oct-23 RM'000	31-Oct-22 RM'000	+ / - %
Malaysia	11,593	21,936	(47.2)	25,553	62,875	(59.4)
Vietnam	3,057	10,430	(70.7)	10,190	43,613	(76.6)
Australia	314	284	10.6	802	902	(11.1)
Others	114	(518)	122.0	(974)	(941)	(3.5)
Total	15,078	32,132	(53.1)	35,571	106,449	(66.6)

In line with the significantly lower shipment from both our Malaysia and Vietnam operations, the Group gross profit fell by nearly 57% from RM39.62 million in the previous year's corresponding reporting period to RM17.79 million in the current reporting period. Overall, gross profit margin dropped from 23.2% in the previous year's corresponding reporting period to 16.8% in the current reporting period. The drop in profitability was 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 for both our Malaysia and Vietnam operations.

Reflective of the drop in operating profits, the Group's profit before tax fell from RM32.13 million achieved in the previous year's reporting period ended 31 October 2022 to RM15.08 million in the current reporting period ended 31 October 2023.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAX

	Individual quarter	Preceding quarter	
Profit / (Loss)	31-Oct-23	31-Jul-23	+ / -
Before Tax	RM'000	RM'000	%
Malaysia	11,593	5,066	128.8
Vietnam	3,057	1,122	172.5
Australia	314	18	1,644.4
Others	114	(524)	121.8
Total	15,078	5,682	165.4

While the Group recorded relatively stable turnover of about RM106 million and gross profit margins of about 15% for the 2 comparative reporting periods ended 31 July 2023 and 31 October 2023, the profit before tax increased by 165% to RM15.08 million in the current reporting period against RM5.68 million in the preceding reporting period. The increase was mainly driven by the higher foreign exchange gains as USD strengthened against the Malaysian Ringgit and the Vietnamese Dong.

Profit before tax from Malaysia operation reported more than double from RM5.07 million in the preceding period to RM11.59 million in the current reporting period. The increase in profit before tax was attributable mainly to the higher foreign exchange gains of RM4.05 million, interest income /dividends received from financial institutions of RM1.65 million as well as a RM1.04 million gain from disposal of short-term investment.

Our Vietnam operation also recorded a higher profit before tax of RM3.06 million in the current reporting period ended 31 October 2023 in line with the strengthening of the US Dollar against the Vietnamese Dong as well as the RM1.99 million interest income received during the current period under review.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

We received less orders from our US customers during the current financial year under review. The reduction in orders became inevitable as the furniture sector went into a clear contraction in April 2023 following the surge in household furniture spending amongst US households during the pandemic years.

Furniture and home furnishings sales in US continued sagging according to the latest estimates from the US Department of Commerce. As mentioned previously, the slowdown in the US housing sector and weaker furniture spendings will likely continue for some time whilst importers and retailers deal with surplus inventories and weaker consumer spendings.

US consumers, hit by high mortgages or rents and higher cost of living are trading down at every price point and are much more price sensitive. We continue to work with customers on budget friendly products to accommodate the more competitive market condition. We are prioritising credit monitoring and collection while managing our overheads in line with the lower orders.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

B5. TAXATION

	Current quarter RM'000	Financial year-to-date RM'000
Current taxation - Local	2,765	5,844
Current taxation - Overseas	985	2,477
Deferred taxation	539	539
Total Taxation	4,289	8,860

For the current reporting year ended 31 October 2023, income tax rate for our local operation was estimated at 23%, against the current statutory rate of 24%, due to non-taxable of certain non-operational incomes. Taxation for the Vietnamese subsidiary was estimated at RM2.74 million or at taxation rate of 24% against the incentive tax rate of 15% due to under-provision of taxation in the previous year and deferred taxation of RM0.31 million during the current reporting year. Taxation for our Australian subsidiary was estimated at RM0.27 million, due mainly to the deferred taxation of RM0.22 million during the current reporting year.

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 year.

B7. GROUP BANK BORROWINGS

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

B8. MATERIAL LITIGATION

There were 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.

The Directors have also recommended a final dividend of 2 sen per ordinary share for the shareholders' approval at the forthcoming Annual General Meeting of the Company. The dividend entitlement and payment date for the proposed dividend will be determined, and thereafter announced at a later date.

Total dividends declared/ proposed were 7 sen per ordinary share in the current financial year ended 31 October 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 year under review.

		Current quarter	Financial year-to-date
Profit attributable to			
Owners of the Company	(RM'000)	10,789	26,711
Weighted average number of shares	('000 shares)	264,972	264,972
Basic earnings per share	(sen)	4.07	10.08

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 was no outstanding forward foreign currency contract during the current reporting period. There was 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 year-to-date are below: -

	Current quarter RM'000	Financial year-to-date RM'000
(a) Interest income	3,250	6,394
(b) Other income including investment income	1,354	5,951
(c) Interest expense	(20)	(88)
(d) Depreciation and amortization	(2,886)	(11,839)
(e) Provision for and write off of receivables	(102)	(102)
(f) Reversal of inventories written-off	36	36
(g) Gain / (loss) on disposal of unquoted investments / properties	1,222	3,023
(h) Impairment of assets	(551)	(551)
(i) Foreign exchange gain / (loss)	5,583	(1,118)
(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

14 December 2023
Muar, Johor Darul Takzim.