

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 2024

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31-Jul-2024	31-Jul-2023	31-Jul-2024	31-Jul-2023
	RM	RM	RM	RM
Revenue	105,149,018	107,385,496	344,634,663	322,175,025
Cost of Sales	(88,203,952)	(91,648,382)	(286,235,686)	(265,139,154)
Gross Profit	<u>16,945,066</u>	<u>15,737,114</u>	<u>58,398,977</u>	<u>57,035,871</u>
Selling and distribution expenses	(5,365,554)	(5,971,380)	(17,766,025)	(16,811,874)
Administration expenses	(7,003,871)	(6,803,755)	(21,196,342)	(21,424,834)
Other income / (expenses)	(102,368)	2,820,109	7,389,560	2,068,329
Finance costs	(94,823)	(99,701)	(314,867)	(374,220)
Profit / (Loss) before tax	4,378,450	5,682,387	26,511,303	20,493,272
Income tax expense	(1,406,877)	(843,128)	(6,006,360)	(4,571,352)
Profit / (Loss) for the period	<u>2,971,573</u>	<u>4,839,259</u>	<u>20,504,943</u>	<u>15,921,920</u>
Other Comprehensive Income / (Expense) net of tax				
- Foreign currency translation differences	(8,683,813)	915,134	(15,432,816)	110,149
Total Comprehensive Income / (Expense) for the period	<u>(5,712,240)</u>	<u>5,754,393</u>	<u>5,072,127</u>	<u>16,032,069</u>
Profit / (Loss) after tax attributable to : Owners of the Company	<u>2,971,573</u>	<u>4,839,259</u>	<u>20,504,943</u>	<u>15,921,920</u>
Total Comprehensive Income / (Expense) attributable to : Owners of the Company	<u>(5,712,240)</u>	<u>5,754,393</u>	<u>5,072,127</u>	<u>16,032,069</u>
Basic Earnings Per Share (in sen)	1.12	1.83	7.74	6.01
Diluted Earnings Per Share (in sen)	1.12	1.83	7.74	6.01

(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 2023)

POH HUAT RESOURCES HOLDINGS BERHAD [199701027671 (443169-X)]
Condensed Consolidated Statements of Financial Position (Unaudited)
As At 31 July 2024

	As At 31-Jul-2024 RM	As At 31-Oct-2023 RM
ASSETS		
Non-current assets		
Property, plant and equipment	121,352,408	130,460,575
Right-of-use assets	25,416,978	26,679,974
Land held for property development	19,524,842	19,524,842
Investment properties	36,893,573	37,837,742
Deferred tax assets	38,218	385,918
Other receivable	3,200,000	3,200,000
	<u>206,426,019</u>	<u>218,089,051</u>
Current assets		
Inventories	69,834,004	55,536,704
Trade and other receivables	37,857,908	34,969,406
Short term investment	81,555,010	50,123,216
Deposits, bank and cash balances	207,985,647	258,437,920
	<u>397,232,569</u>	<u>399,067,246</u>
TOTAL ASSETS	<u>603,658,588</u>	<u>617,156,297</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	164,912,803	164,912,803
Treasury shares	(2,836,481)	(2,836,481)
Translation reserve	(7,348,024)	8,084,792
Retained profits	369,460,017	364,853,412
TOTAL EQUITY	<u>524,188,315</u>	<u>535,014,526</u>
Non-current liabilities		
Lease liabilities	16,785,683	16,716,717
Hire Purchase payables	280,168	194,628
Deferred tax liabilities	6,795,065	6,799,891
	<u>23,860,916</u>	<u>23,711,236</u>
Current liabilities		
Trade and other payables	54,525,025	55,589,119
Lease liabilities	653,578	685,032
Hire Purchase payables	305,711	305,711
Current tax liabilities	125,043	1,850,673
	<u>55,609,357</u>	<u>58,430,535</u>
TOTAL LIABILITIES	<u>79,470,273</u>	<u>82,141,771</u>
TOTAL EQUITY AND LIABILITIES	<u>603,658,588</u>	<u>617,156,297</u>

(The Condensed Consolidated of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 October 2023)

POH HUAT RESOURCES HOLDINGS BERHAD [199701027671 (443169-X)]
Condensed Consolidated Statements of Changes In Equity (Unaudited)
For The Quarter Ended 31 July 2024

	<-----Non-distributable ----->			Distributable	
	Share capital RM	Treasury shares RM	Translation reserve RM	Retained profits RM	Total equity RM
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
At 1 November 2023	164,912,803	(2,836,481)	8,084,792	364,853,412	535,014,526
Profit after tax for the period				20,504,943	20,504,943
Other comprehensive income for the period					
- Foreign currency translation			(15,432,816)		(15,432,816)
Total comprehensive income for the period	-	-	(15,432,816)	20,504,943	5,072,127
Dividends distribution to owner of the Company				(15,898,338)	(15,898,338)
At 31 July 2024	164,912,803	(2,836,481)	(7,348,024)	369,460,017	524,188,315

(The Condensed Consolidated Statement of Change In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2023)

POH HUAT RESOURCES HOLDINGS BERHAD [199701027671 (443169-X)]
Condensed Consolidated Statements of Cash Flows (Unaudited)
For The Quarter Ended 31 July 2024

	31-Jul-2024	31-Jul-2023
	RM	RM
Cash flows from / (for) operating activities		
Profit / (Loss) before tax	26,511,303	20,493,272
Adjustments for :		
Depreciation and amortisation	8,816,083	8,952,704
(Gain) / Loss on disposal of property, plant and equipment	(111,577)	(1,800,418)
Dividend (Income)	(1,485,472)	(1,335,196)
Unrealised (gain) / loss on forex	(2,507,095)	76,289
Net interest (income) / expense	(6,088,731)	(3,002,684)
Operating profit/ (loss) before working capital changes	<u>25,134,511</u>	<u>23,383,967</u>
Inventories	(14,297,300)	29,328,109
Trade and other receivables	(3,581,407)	27,403,785
Trade and other payables	(1,064,096)	(13,278,725)
Cash from / (for) operations	<u>6,191,708</u>	<u>66,837,136</u>
Net interest received / (paid)	6,088,731	3,002,684
Tax (paid) / refund	(7,736,816)	(12,053,955)
Net cash from / (for) operating activities	<u>4,543,623</u>	<u>57,785,865</u>
Cash flows from / (for) investing activities		
Dividends received	1,485,472	1,335,196
Net (increase) / decrease in pledged fixed deposits	408,844	(512)
Net (increase) / decrease in fixed deposits with tenure more than 3 months	(4,859,888)	(92,347,700)
Net (increase) / decrease in other short term investments	(31,431,794)	(30,529,899)
Net (purchase) / proceeds of property, plant and equipment	722,448	(1,260,791)
Net cash from / (for) investing activities	<u>(33,674,918)</u>	<u>(122,803,706)</u>
Cash flow from / (for) financing activities		
Net movements in bank borrowings	-	-
(Repayment) / Addition of hire purchase payables	85,540	(300,360)
Net increase / (decrease) in lease liabilities	37,512	(129,681)
Dividends paid	(15,898,338)	(18,548,061)
Net cash from / (for) financing activities	<u>(15,775,286)</u>	<u>(18,978,102)</u>
Net increase/ (decrease) in cash and cash equivalents	(44,906,581)	(83,995,943)
Effects on foreign exchange translation	(9,996,737)	232,713
Cash and cash equivalents at beginning of the financial year	<u>119,535,281</u>	<u>162,944,210</u>
Cash and cash equivalents at end of the financial period	<u><u>64,631,963</u></u>	<u><u>79,180,980</u></u>
Cash and cash equivalents at end of the financial period consists of		
Bank and cash balances	207,985,647	197,024,238
Less : Fixed deposit pledged to bank	(6,200,795)	(6,163,226)
Less : Fixed deposit with tenure more than 3 months	(137,152,889)	(111,680,032)
	<u><u>64,631,963</u></u>	<u><u>79,180,980</u></u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2023)

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 2023.

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 2023 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 2023.

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 2023.

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
First Interim	2 sen	31-Oct-24	5,299,446	26-Jan-24
Final	2 sen	31-Oct-23	5,299,446	3-May-24
Second Interim	2 sen	31-Oct-24	5,299,446	23-Jul-24

A7. OPERATING SEGMENTS

The Group has adopted geographical segment as its reporting format. The segment information for the current financial period is as below:

(RM'000)	Malaysia	Vietnam	Australia	Others	Total
Sales	211,703	132,932	0	0	344,635
Profit / (Loss) Before Tax	21,736	5,564	226	(1,015)	26,511
Profit / (Loss) After Tax	16,700	4,724	103	(1,022)	20,505
Assets	302,011	264,005	32,381	5,262	603,659
Liabilities	44,741	34,381	345	3	79,470

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 2023.

A9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE YEAR

There are 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 are no changes in contingent liabilities/ assets since the last financial year ended as at 31 October 2023 other than corporate guarantee granted to financial institutions amounting to RM112.67 million as at current reporting period.

A12. CAPITAL COMMITMENTS

There are no capital commitments during the current reporting period.

A13. RELATED PARTY TRANSACTIONS

The Group related party transactions in the current quarter and financial year-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 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	39,470	61,863

BMSB LISTING REQUIREMENTS

B1. PERFORMANCE REVIEW

Revenue	Individual quarter			Cumulative quarters		
	31-Jul-24 RM'000	31-Jul-23 RM'000	+ / - %	31-Jul-24 RM'000	31-Jul-23 RM'000	+ / - %
Malaysia	70,167	56,696	23.8	211,703	177,479	19.3
Vietnam	34,982	50,690	(31.0)	132,932	144,696	(8.1)
Total	105,149	107,386	(2.1)	344,635	322,175	7.0

The Group recorded a lower turnover of RM105.15 million in the current reporting period ended 31 July 2024 compared to RM107.39 million recorded in the previous year's corresponding reporting period ended 31 July 2023. The lower turnover was mainly due the low orders and shipment of home furniture from our Vietnamese operations as many US furniture distributors and retailers continue to deal with surplus inventory, high shipping costs and most critically low traffic at their stores. Many exhibitors in the last Las Vegas market in July 2024 have cited that high cost of financing has been the main deterrence for consumer spending in 2024.

Orders from our Malaysian factories, which focused mainly on the office segment, grew strongly following pickup in office furniture spendings by business as the return-to-office working norms gained traction and US business recorded sustained job growth.

Profit / (Loss) Before Tax	Individual quarter			Cumulative quarters		
	31-Jul-24 RM'000	31-Jul-23 RM'000	+ / - %	31-Jul-24 RM'000	31-Jul-23 RM'000	+ / - %
Malaysia	6,342	5,066	25.2	21,736	13,960	55.7
Vietnam	(858)	1,122	(176.5)	5,564	7,133	(22.0)
Australia	(453)	18	(2,616.7)	226	488	(53.7)
Others	(653)	(524)	(24.6)	(1,015)	(1,088)	(6.7)
Total	4,378	5,682	(22.9)	26,511	20,493	29.4

Despite lower turnover, gross profit from our operations rose to RM16.95 million in the current reporting period ended 31 July 2024 compared to RM15.74 million achieved in the previous year's corresponding period ended 31 July 2023. The better operational results were mainly driven by higher capacity utilisation rate and economy of scale in our Malaysian operations while raw materials and labour costs were general stable during the 2 corresponding reporting periods. The higher gross profit from our Malaysian operations helped mitigate the lower gross profit from our Vietnamese operations amid continued low-capacity utilisation.

The Group recorded net deficit in other income of RM102,368 in the current reporting period under review against a net other income of RM2.82 million in previous year's corresponding period ended 31 July 2023. The significant difference was mainly due to foreign exchange losses for RM3.58 million, offsetting the interest/ dividends income of RM2.94 million and rental income of RM0.56 million during the current reporting period ended 31 July 2024. This comparable for the previous year's corresponding reporting period ended 31 July 2023 was a foreign exchange gains of RM0.52 million, interest / dividends income of RM2.06 million and rental income of RM0.66 million. Save for higher land taxes incurred by our Australian subsidiary, the Group's selling, distribution and administrative expenses were broadly comparable over the 2 corresponding reporting periods. The significant reversal of the net other income gave rise to a lower profit before tax of RM4.38 million in the current reporting period ended 31 July 2024 against RM5.68 million recorded in the previous year's corresponding reporting period ended 31 July 2023.

B2. MATERIAL CHANGE IN PROFIT BEFORE TAX

Profit / (Loss) Before Tax	Individual quarter	Preceding quarter	+ / -
	31-Jul-24 RM'000	30-Apr-24 RM'000	%
Malaysia	6,342	7,212	(12.1)
Vietnam	(858)	1,182	(172.6)
Australia	(453)	336	(234.8)
Others	(653)	(296)	(120.6)
Total	4,378	8,434	(48.1)

The Group recorded slight lower turnover of RM105.15 million in the current reporting period ended 31 July 2024 compared to RM108.35 million recorded in the preceding reporting period ended 30 April 2024. This was mainly due to the continued slowdown in furniture spendings amongst American households in the first half of 2024.

Despite the lower shipment of furniture, gross profit improved from RM15.48 million in the preceding reporting period to RM16.95 million in the current reporting period due to the better factory utilisation in our Malaysian operations which helped to mitigate the lower gross profits from our Vietnamese operations. The higher gross profit notwithstanding, the Group recorded net other expenses of RM102,368 against the net other income of RM5.78 million in the preceding reporting period ended 30 April 2024. The significant reversal in the net other income give rise to a lower profit before tax of RM4.38 million in the current reporting period under review against profit before tax of RM8.43 million in the preceding reporting period ended 30 April 2024.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

US consumer spending contracted in the first half of 2024 as pandemic savings run dry and high mortgage payment and cost of living drained wallets. The US furniture market continues to moderate following its pandemic peak in 2021-22 period. Soaring mortgage rates further compounded these challenges, as fewer home purchases mean fewer large-scale furnishing projects. Despite widespread efforts to bring the numbers down, retail inventories remain high enough that sales are not yet creating equivalent demand for finished products.

Given the above, we expect that the prospect of the Group to be mixed for the remaining months of 2024. While sales of home furniture continue with their downtrend into the first half of 2024, demand for office furniture remains robust as work-from-home arrangements now gradually shift to hybrid and return-to-office arrangements. This is reflected in the results of our Malaysian operations which focus on the panel-based office segment of the market.

Mirroring the statement by the US Federal Reserve Chairman, it is predicted that the 30-year mortgage rates will fall to the 6% to 6.2% range in the second half of 2024. As a result of mortgage rates stabilising and the subsequent increase in housing sales, the industry experts are predicting a return of furniture retailers in 2025, driven by consumers regaining confidence and improved financial capacity to invest in home furnishings.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

B5. TAXATION

	Current quarter RM'000	Financial period-to-date RM'000
Current taxation - Local	1,587	5,043
Current taxation - Overseas	(180)	963
Deferred taxation	0	0
Total Taxation	1,407	6,006

Income tax for our local operations in the current financial period ended 31 July 2024 was estimated at RM5.04 million which was slightly lower than the current statutory rate of 24%, due to non-taxable on certain other incomes. Taxation for the Vietnamese subsidiary was estimated at RM0.84 million or at taxation rate of 17% against the incentive tax rate of 15% due to the interest income was charged under statutory rate of 20% and some non-tax deductible expenses in the current reporting period ended 31 July 2024.

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 current reporting period.

B7. GROUP BANK BORROWINGS

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

B8. MATERIAL LITIGATION

There are 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 2023.

B9. DIVIDENDS

On 4 December 2023, the Directors have declared the first interim dividends of 2 sen per ordinary share in respect of the current financial quarter ended 31 January 2024, paid on 26 January 2024 to depositors registered in the Records of Depositors of the Company at the close of business on 29 December 2023.

On 26 June 2024, the Directors have declared the second interim dividends of 2 sen per ordinary share in respect of the current financial quarter ended 30 April 2024, paid on 23 July 2024 to depositors registered in the Records of Depositors of the Company at the close of business on 11 July 2024.

On 12 Sept 2024, the Directors have declared the third interim dividends of 2 sen per ordinary share in respect of the current financial quarter ended 31 July 2024, paid on 15 October 2024 to depositors registered in the Records of Depositors of the Company at the close of business on 30 September 2024.

Total dividends declared were 6 sen per ordinary share in the current financial period ending 31 October 2024.

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 period-to-date
Profit attributable to			
Owners of the Company	(RM'000)	2,972	20,505
Weighted average number of shares	('000 shares)	264,972	264,972
Basic earnings per share	(sen)	1.12	7.74

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 2023 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 2023.

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	2,436	6,153
(b) Other income including investment income	1,136	2,870
(c) Interest expense	(22)	(64)
(d) Depreciation and amortization	(2,887)	(8,816)
(e) Provision for and write off of receivables	0	0
(f) Reversal of inventories written-off	0	0
(g) Gain / (loss) on disposal of unquoted investments / properties	0	112
(h) Impairment of assets	0	0
(i) Foreign exchange gain / (loss)	(3,585)	(1,611)
(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

12 September 2024
Muar, Johor Darul Takzim.