



Turning
INNOVATIVE
into IDEAS
REALITY



a n n u a l r e p o r t 2002



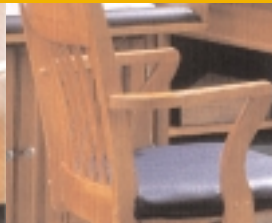
AT OFFICE SYSTEM®

POH HUAT RESOURCES HOLDINGS BERHAD

443169-X

Corporate Statement

*To enhance our position as the leading world class
manufacturer by providing high quality,
innovative products, excellent customer service
at competitive prices.*



COVER RATIONALE

At Poh Huat, we put new ideas to work, creating innovative products and services to benefit our customers and shareholders. In order to strengthen the Group's position, we continue to invest in production facilities, enhance our technical and manufacturing expertise and people; all factors of moving the Company to wider distribution network and achieve higher standards of excellence.





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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 5th Annual General Meeting of the Company will be held at the Maharani Suite, Pulai Spring Resort, 20 Km, Jalan Pontian Lama, 81110, Pulai, Johor Darul Takzim on 29 April 2003 at 11.00 a.m. for the transaction of the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 October 2002 together with the Reports of the Directors and the Auditors thereon. *(Ordinary Resolution 1)*
2. To approve the payment of Directors' fees for the financial year ended 31 October 2002. *(Ordinary Resolution 2)*
3. To declare a first and final tax-exempt dividend of 2% in respect of the financial year ended 31 October 2002. *(Ordinary Resolution 3)*
4. To re-elect the following Directors who retire in accordance with Article 81 of the Company's Articles of Association:-
Dato' Haji Zakariya bin Mohamed *(Ordinary Resolution 4)*
Mr Tay Kim Hau *(Ordinary Resolution 5)*
Mr Boo Chin Liong *(Ordinary Resolution 6)*
5. To re-appoint Messrs S.C. Lim & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 7)*

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without amendment as ordinary resolutions:-

6. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**
"That subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the Kuala Lumpur Stock Exchange and other relevant Governmental or regulatory bodies, where such approvals are necessary, the Directors of the Company be and are hereby given full authority, pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors may, in their discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percentum (10%) of the issued and paid-up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." *(Ordinary Resolution 8)*
7. **Shareholders' Mandate for Recurrent Related Party Transactions involving Wilsin Office Furniture (S) Pte Ltd**
"THAT, subject always to the Kuala Lumpur Stock Exchange Listing Requirements, approval and authority be and is hereby given to the Company and its subsidiaries to enter into the categories of Recurrent Related Party Transactions set out in Section 3 of the Circular to shareholders dated 3 April 2003 on the same with **Wilsin Office Furniture (S) Pte Ltd**;
PROVIDED ALWAYS THAT such arrangements and/or transactions are:-
(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the day-to-day operations;
(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
(iv) not to the detriment of the minority shareholders;



AND THAT such approval and authorisation shall only continue to be in force until:-

- (i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next annual general meeting is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

AND THAT disclosure will be made in the Annual Report of the Company of the aggregate value of transactions conducted pursuant to the mandate during the financial year;

AND FURTHER THAT the Directors of the Company be authorised to do all such acts and things (including, without limitation executing all such documents as may be required) as they may consider expedient or necessary to give effect to this mandate."

(Ordinary Resolution 9)

8. Shareholders' Mandate for Recurrent Related Party Transactions involving J.A. Nathan & Co.

"THAT, subject always to the Kuala Lumpur Stock Exchange Listing Requirements, approval and authority be and is hereby given to the Company and its subsidiaries to enter into the categories of Recurrent Related Party Transactions set out in Section 3 of the Circular to shareholders dated 3 April 2003 on the same with **J.A. Nathan & Co.**;

PROVIDED ALWAYS THAT such arrangements and/or transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) not to the detriment of the minority shareholders;

AND THAT such approval and authorisation shall only continue to be in force until :-

- (i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next annual general meeting is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

AND THAT disclosure will be made in the Annual Report of the Company of the aggregate value of transactions conducted pursuant to the mandate during the financial year;

AND FURTHER THAT the Directors of the Company be authorised to do all such acts and things (including, without limitation executing all such documents as may be required) as they may consider expedient or necessary to give effect to this mandate."

(Ordinary Resolution 10)

9. To transact any other ordinary business of the Company for which due notice shall have been given.



NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the proposed first and final tax-exempt dividend of 2% in respect of the financial year ended 31 October 2002, if approved, will be paid on 28 May 2003 to depositors registered in the Record of Depositors of the Company at the close of business on 13 May 2003.

A depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 13 May 2003 in respect of ordinary transfers; or
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

BY ORDER OF THE BOARD

Yap Sow Leng
(LS 006470)
Secretary

Muar, Johor Darul Takzim
3 April 2003

Notes:-

1. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the form of proxy, duly completed must be deposited at the Registered Office of the Company at 1-10 (1st Floor), Jalan Arab, 84000 Muar, Johor Darul Takzim not less than forty-eight (48) hours before the time of the Annual General Meeting.
3. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/their proxy, provided always that the rest of the form of proxy, other than the particulars of the proxy, have been duly completed by the member(s).
4. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same Annual General Meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. If the appointer is a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.

Explanation Notes on Special Businesses:-

7. The Ordinary Resolution proposed under Item 6 (**Resolution 8**), if pass, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding ten percentum (10%) of the issued and paid-up share capital of the Company for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.
8. The Ordinary Resolutions proposed under Items 7 & 8 (**Resolutions 9 & 10**), if pass, will authorise the Company and its subsidiaries (Group) to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations with the respective related party, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. Further details on the Shareholders' Mandate for Recurrent Related Party Transactions are provided in the Circular to Shareholders dated 3 April 2003.



Statements Accompanying Notice of Annual General Meeting

Pursuant to paragraph 8.28 (2) of the Kuala Lumpur Stock Exchange Listing Requirements

NAME OF DIRECTORS STANDING FOR RE-ELECTION

The Directors standing for re-election at the forthcoming Annual General Meeting are as follows:-

- Dato' Haji Zakariya bin Mohamed
- Mr Tay Kim Hau
- Mr Boo Chin Liong

Dato' Haji Zakariya bin Mohamed, Mr Tay Kim Hau and Mr Boo Chin Liong are retiring in accordance with Article 81 of the Company's Articles of Association.

DATE, TIME AND PLACE OF THE ANNUAL GENERAL MEETING

Date : 29 April 2003
Time : 11.00 a.m.
Place : Maharani Suite
Pulai Spring Resort
20 Km, Jalan Pontian Lama
81110 Pulai
Johor Darul Takzim

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Six (6) board meetings were held during the financial year from 1 November 2001 to 31 October 2002. Details of the attendance of Directors at the board meetings are as follows:-

Name	Attendance
Dato' Haji Zakariya bin Mohamed	6/6
Mr Tay Kim Huat	5/6
Mr Tay Kim Hau	5/6
Mr Ng Ah Poh	6/6
Dato' Zaini bin Md. Hasim	5/6
Mr Boo Chin Liong	6/6
Mr Tay Khim Seng	6/6
Mr Chua Syer Cin	6/6

DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

The details of Directors standing for re-election at the aforementioned Annual General Meeting are as follows:-

DATO' HAJI ZAKARIYA BIN MOHAMED

Age	: 56
Nationality	: Malaysian
Designation/Position in the Company	: Chairman (Non-Independent Executive Director)
Qualification	: Diploma in Office Management
Work Experience	: Inland Revenue Department (1969 to 1994)
Directorship in other Public Companies	: Nil
Securities holding in the Company and its subsidiaries	: Direct - Nil Deemed - 2,070,000 shares
Family relationship with any directors and/or major shareholders of the Company	: Nil
Conflict of interest with the Company	: Nil
List of conviction for offences within the past 10 years	: Nil



MR TAY KIM HAU

Age	:	55
Nationality	:	Malaysian
Designation/Position in the Company	:	Executive Director (Non-Independent Executive Director)
Qualification	:	Malaysian Certificate of Education
Work Experience	:	Executive Director & General Manager, Poh Huat Furniture Industries Sdn Bhd (1996 to present) Nippon Paint (M) Sdn Bhd (1968 to 1996)
Directorship in other Public Companies	:	Nil
Securities holding in the Company and its subsidiaries	:	Direct - 2,909,384 shares Deemed - Nil
Family relationship with any directors and/or major shareholders of the Company	:	Mr Tay Kim Hau is the brother of Mr Tay Kim Huat the Managing Director and major shareholder of the Company and Mr Tay Khim Seng, a Non-Executive Director and shareholder of the Company
Conflict of interest with the Company	:	Nil
List of conviction for offences within the past 10 years	:	Nil

MR BOO CHIN LIONG

Age	:	42
Nationality	:	Malaysian
Designation/Position in the Company	:	Director (Independent Non-Executive Director)
Qualification	:	Bachelor of Law (Honours), Malaya
Work Experience	:	Advocate and solicitor (1986 to present)
Directorship in other Public Companies	:	Nil
Securities holding in the Company and its subsidiaries	:	Direct - 3,000 shares Deemed - Nil
Family relationship with any directors and/or major shareholders of the Company	:	Nil
Conflict of interest with the Company	:	Nil
List of conviction for offences within the past 10 years	:	Nil



Corporate Information

BOARD OF DIRECTORS

Dato' Haji Zakariya bin Mohamed (*Chairman*)
Mr Tay Kim Huat (*Managing Director*)
Mr Tay Kim Hau (*Executive Director*)
Mr Ng Ah Poh (*Executive Director*)
Dato' Zaini bin Md. Hasim
Mr Boo Chin Liong
Mr Tay Khim Seng
Mr Chua Syer Cin

AUDIT COMMITTEE

Mr Boo Chin Liong* (*Chairman*)
Mr Tay Kim Huat (*Member*)
Dato' Zaini bin Md. Hasim* (*Member*)
Mr Chua Syer Cin* (*Member*)

NOMINATION COMMITTEE

Dato' Zaini bin Md. Hasim* (*Chairman*)
Mr Boo Chin Liong* (*Member*)
Mr Tay Khim Seng (*Member*)
Mr Chua Syer Cin* (*Member*)

REGISTRARS

Malaysian Share Registration Services Sdn Bhd
7th Floor, Exchange Square
Bukit Kewangan, 50200 Kuala Lumpur
Telephone : 603-2026 8099
Facsimile : 603-2026 3736

SECRETARY

Yap Sow Leng (LS 006470)

REGISTERED OFFICE

1-10 (1st Floor), Jalan Arab
84000 Muar, Johor Darul Takzim
Telephone : 606-954 1705
Facsimile : 606-952 7328

PRINCIPAL PLACE OF BUSINESS

PLO 1, Bukit Pasir Industrial Area
Mukim of Sungai Raya
84300 Bukit Pasir Muar, Johor Darul Takzim

REMUNERATION COMMITTEE

Dato' Zaini bin Md. Hasim* (*Chairman*)
Mr Boo Chin Liong* (*Member*)
Mr Tay Khim Seng (*Member*)
Mr Chua Syer Cin* (*Member*)

AUDITORS

SC Lim & Co.
(Member of the B.R. International Accounting Firms)
Chartered Accountants
1-9, (1st Floor) Jalan Arab
84000 Muar, Johor Darul Takzim

PRINCIPAL BANKERS

Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Bhd

SOLICITORS

Jeff Leong, Poon & Wong
KM Chye & Murad
J. A. Nathan & Co.

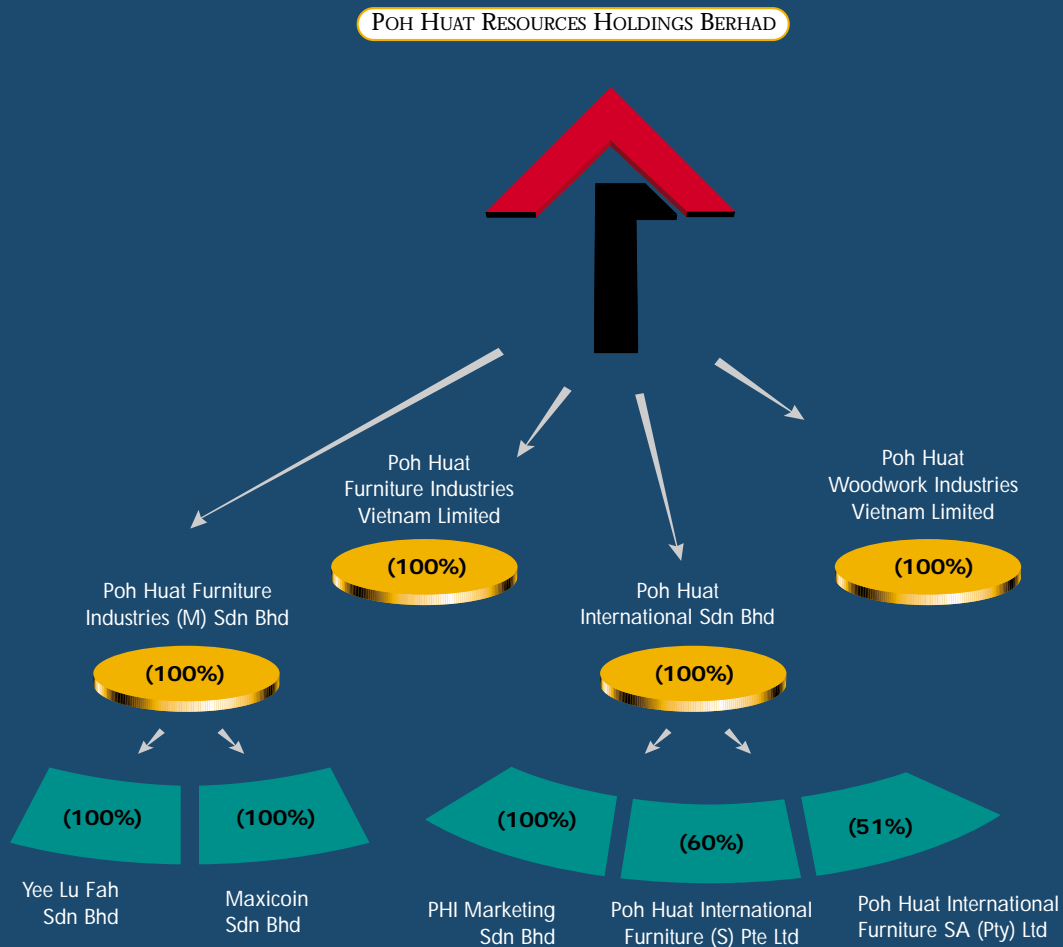
STOCK EXCHANGE LISTING

Second Board of the
Kuala Lumpur Stock Exchange

* Independent Non-Executive Director



The Group at a Glance...



Information on Directors

DATO' HAJI ZAKARIYA BIN MOHAMED

Chairman (*Non-Independent Executive Director*)

Dato' Haji Zakariya bin Mohamed, Malaysian, aged 56, was appointed to the Board of the Company on 9 December 1999 and is presently the Chairman of the Company.

Dato' Haji Zakariya obtained his Diploma in Office Management from the MARA Institute of Technology, Malaysia in 1969. He commenced his career as an Assessment Officer with the Inland Revenue Department of Malaysia in 1969 and has held various positions during his 24 years with the Department before retiring as a Director of the Inland Revenue Department in 1994. During his tenure with the Department, he has won numerous service awards including Best/Outstanding Executive, Best Government Department in the State of Malacca and Best Branch Performance for the Malacca Branch of the Inland Revenue Department. Since his retirement from the public service in 1994, he has been involved in several property and investment ventures.

He is presently a director of several private limited companies. He is not a director of any other public company. He has no family relationship with any Director and/or major shareholder of the Company.

MR TAY KIM HUAT

Managing Director (*Non-Independent Executive Director*)

Mr Tay Kim Huat, Malaysian, aged 47, was appointed to the Board of the Company on 9 December 1999 and is presently the Managing Director of the Company and a member of the Audit Committee and the Corporate Governance Committee.

Mr Tay is the co-founder of Poh Huat Furniture Industries (M) Sdn Bhd, the main operating subsidiary of the Group. With more than 19 years of experience in the furniture manufacturing industry, Mr Tay now leads the Group in areas of strategic planning, business development and new ventures

and investment. He is also actively involved in key operational aspects of the business of the Group, particularly in areas of purchasing; production planning and control; and market development. He has been the main driving force behind the continuous introduction of new products and was instrumental in the rapid expansion of the operations of the Group, particularly over the last 5 years.

He is presently a director of several private limited companies. He is not a director of any other public company. He is the brother of Mr Tay Kim Hau, an Executive Director and major shareholder of the Company and Mr Tay Khim Seng, a Non-Executive Director and shareholder of the Company.

MR TAY KIM HAU

Executive Director (*Non-Independent Executive Director*)

Mr Tay Kim Hau, Malaysian, aged 55, was appointed to the Board of the Company on 9 December 1999 and is presently an Executive Director of the Company and a member of the Corporate Governance Committee.

Upon completion of his secondary education in 1968, Mr Tay joined Nippon Paint (M) Sdn Bhd as a Production Supervisor and has held various positions in the Company before resigning from the position of Factory Manager of Nippon Paint (M) Sdn Bhd in 1996. Thereafter, he joined Poh Huat Furniture Industries (M) Sdn Bhd as its General Manager and was subsequently appointed to the Board of the company in February 1998. He is presently involved in the management of the day-to-day operations of the Group, particularly in the areas of production, marketing and human resources of the Group.

He is not a director of any other public or private company. He is the brother of Mr Tay Kim Huat, the Managing Director and major shareholder of the Company and Mr Tay Khim Seng, a Non-Executive Director and shareholder of the Company.



MR NG AH POH

Executive Director (*Non-Independent Executive Director*)

Mr Ng Ah Poh, Malaysian, aged 52, was appointed to the Board of the Company on 9 December 1999 and is presently an Executive Director of the Company.

Upon completion of his early education in Muar, Mr Ng participated in the running of his family-owned business which has interests in plantation and manufacture of food products.

In the late 1980s, Mr Ng, together with Mr Tay Kim Huat, ventured in the manufacture of various types of custom-made household furniture and the provision of interior renovation services. The furniture manufacturing business was formalised in 1992 with the incorporation of Poh Huat Furniture Industries (M) Sdn Bhd. During the early 1990s, Mr Ng was actively involved in the marketing of the company's products both in the local as well as overseas markets. He is presently not involved in the daily operations of the Group but remained involved in the direction setting and strategic management of the Group.

He presently has business interests in and is a director of several private limited companies involved in the manufacturing of biscuit, confectionery and food products.

He is not a director of any other public company. He has no family relationship with any Director and/or major shareholder of the Company.

DATO' ZAINI BIN MD. HASIM

DIMP, AMP, AMN, PIS, PPA, PPS
Director (*Independent Non-Executive Director*)

Dato' Zaini bin Md. Hasim, Malaysian, aged 57, was appointed as an independent non-executive Director of the Company on 2 May 2001 and is presently the Chairman of the Remuneration Committee and the Nomination Committee and a member of the Corporate Governance Committee.

Dato' Zaini received his primary and secondary education in Batu Gajah, Perak Darul Ridzuan and later obtained his Bachelor of Social Science (Honours) from the Science University of Malaysia, Penang. Dato' Zaini commenced his career with the Royal Malaysian Police Force in 1965. During his 36 years of service with the Royal Malaysian Police Force, Dato' Zaini has held various commanding positions including the Officer-In-Charge of District Police and Assistant Director of Bukit Aman before retiring from service as the Commander of General Operations of the Royal Malaysian Police Force, Sabah in March 2001. During his tenure with the Royal Malaysian Police Force, he was also seconded to the Malaysian Aviation Department as its Deputy Director (Security/Intelligence) when the airport security service at all Malaysian airports was first being organised and established.

At present, he has interest and is a director of a private limited company involved in the retailing of golf and sporting equipment.

He is not a director of any other public company. He has no family relationship with any Director and/or major shareholder of the Company.

MR BOO CHIN LIONG

Director (*Independent Non-Executive Director*)

Mr Boo Chin Liong, Malaysian, aged 42, was appointed as an independent non-executive Director of the Company on 9 December 1999 and is presently the Chairman of the Audit Committee and the Corporate Governance Committee and a member of the Remuneration Committee and Nomination Committee.

Mr Boo is an advocate and solicitor and has been in active legal practice since 1986. He is the founding partner of Messrs C.L. Boo & Associates. He graduated with a Bachelor of Law (Honours) from the University of Malaya in 1985.



He is currently an independent non-executive director of Ramatex Berhad and Changhuat Corporation Berhad and a director of several other private limited companies. He has no family relationship with any Director and/or major shareholder of the Company.

MR TAY KHIM SENG

Director (*Non-Independent Non-Executive Director*)

Mr Tay Khim Seng, Malaysian, aged 42, was appointed as a non-independent non-executive Director of the Company on 2 May 2001 and is presently a member of the Remuneration Committee and the Nomination Committee.

Mr Tay completed his education with a Bachelor of Law (Honours) from the University of Malaya in 1985. Mr Tay has been practicing in Muar for more than 16 years and is presently the senior partner of J.A. Nathan & Co. He is the Honorary Legal Advisor of the Muar Furniture Association, the Muar Chinese Chambers of Commerce and several other non-government organisations. He was also the elected State Assemblyman for the constituency for Maharani, Muar, Johor Darul Takzim for the period from 1995 to 1999.

He is currently a director of several other private limited companies. He is not a director of any other public company. He is the brother of Mr Tay Kim Huat, the Managing Director and major shareholder of the Company and Mr Tay Kim Hau, an Executive Director and major shareholder of the Company.

MR CHUA SYER CIN

Director (*Independent Non-Executive Director*)

Mr Chua Syer Cin, Malaysian, aged 30, was appointed as an independent non-executive Director of the Company on 17 May 2001 and is presently a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee.

Upon graduation from the Charles Sturt University, Australia in 1994, Mr Chua joined the accounting practice of Ernst & Young as an Audit Senior. From 1998 to 2000, he was the Audit/Tax Manager of Teo & Associates, an accounting firm in Malacca. In February 2000, he set up his own accounting firm, Messrs SC Chua & Associates and has since been the sole proprietor of the firm.

He is presently a member of both the Malaysian Institute of Accountants and the CPA Australia.

He is currently an independent non-executive director of Kia Lim Berhad and Syarikat Kayu Wangi Berhad and a director of several other private limited companies. He has no family relationship with any Director and/or major shareholder of the Company.

Conflict of Interest

None of the Directors has any conflict of interest with the Company.

Conviction of Offence

None of the Directors has been convicted of any offence within the past 10 years.



Continuing dynamic Expansion...

On behalf of the Board of Directors of Poh Huat Resources Holdings Berhad, I have the pleasure to present to you the Annual Report and the Financial Statements of the Company and its subsidiaries for the financial year ended 31 October 2002.

OPERATIONS

For the year under review, I am happy to report that the Group achieved a higher consolidated turnover of RM154.43 million, an improvement of more than 30% over the previous year's turnover. This substantial improvement was attributable to the sustained orders for traditional office furniture from new and existing buyers and, more significantly, the growth in shipment of SoHo and home furniture to the US market. In particular, the Group enjoyed strong orders from the US market for several ranges of upper-end bedroom suites launched during the year.

The Group's manufacturing operations, similarly, witnessed strong improvement with substantial increase in production output from Maxico's new manufacturing facilities. The manufacturing activities continued to benefit from the many investments made by the Group in upgrading machinery and enhancing production processes.

In line with the improvements mentioned above, I am pleased to report that the Group's profit before taxation for the year increased by more than 2 folds to RM12.22 million compared with RM5.98 million achieved in the previous year. The improvement shown in the Group's profitability was also the result of the higher profit margin brought about by the improved production efficiency and better economy of scale enjoyed by the Group's manufacturing operations and the better selling prices enjoyed by some of its products, particularly for the new ranges of bedroom suites mentioned above.

During the year, the Group also expanded its operations overseas with the establishment of a new manufacturing plant under Poh Huat Furniture Industries Vietnam Limited. The new manufacturing plant, which began commercial production of several ranges of



➔ To strengthen our market position, the Group will also continue to design, produce and market a major part of its products under its AT Office Systems brandname.



“The Group will also emphasise on good customer relationship and support through our global network ”

furniture for the upper-segment of the international furniture trade in November 2002, will allow the Group to capitalise on the availability of skilled labour and lower establishment and operating costs in Vietnam and is expected to supplement the operational capacity of the Group's manufacturing facilities in Malaysia.

CORPORATE DEVELOPMENT

On the corporate front, I am pleased to report that the Group continued to expand with the inclusion of 2 new wholly-owned subsidiaries in Vietnam, namely Poh Huat Furniture Industries Vietnam Limited and Poh Huat Woodwork Industries Vietnam Limited. It is the intention of the Group that these Vietnamese subsidiaries will, in the future, form a major component of and contribute positively to the performance of the Group.

The Company has also in February 2003 announced a corporate exercise involving a proposed rights issue with warrants, a proposed bonus issue, the proposed transfer of the Company to the Main Board of the KLSE and the proposed establishment of an employees' share option scheme for the benefit of the employees of the Group.



DIVIDEND

In line with the Group's performance and as a recognition of your continuous support, the Board has recommended a first and final tax-exempt dividend of 2% for the financial year ended 31 October 2002 for approval at the forthcoming Annual General Meeting of the Company.

PROSPECTS

Notwithstanding the continued uncertainties in the Middle East and the repercussion of the military campaign by the US and its allies on Iraq, the world economy is expected to recover gradually in line with the modest recovery expected in the United States of America. Real output growth in developing countries is expected to outpace those of the developed nations with growth projected at approximately 4.5%.

The Malaysian economy is envisaged to strengthen in 2003, led by further improvements in both external and domestic demand. With the Malaysian furniture industry back on the recovery path after the contraction in 2001, the prospect of the Group is expected to be stable. Notwithstanding competition from other furniture exporting countries within the Southeast Asia region, Malaysia is expected to remain as an important destination for sourcing of furniture.

The Group, as one of the fore runners amongst Malaysian furniture industry, continues to enjoy strong orders from our varied clientele due to the high quality of our products, consistent delivery schedules and competitive pricing policies. Coupled with the country stable political and regulatory regime, sound financial and trading system and good supporting infrastructure, the Group is expected to maintain its competitiveness against competitors in China, Taiwan, Thailand and Indonesia.

To strengthen our market position, the Group will also continue to design, produce and market a major part of its products under its AT Office Systems brandname. The Group will continue to participate in international furniture fairs where new lines of original designs as well as products jointly developed with its customers are being introduced. The Group will also emphasise on good customer relationship and support through our global network.

In term of corporate stewardship, we will continue with our efforts to monitor the adequacy and effectiveness of the governance and management framework to ensure that the businesses and assets of the Group are adequately safeguarded and shareholders' value protected.



→ The Group, as one of the fore runners amongst Malaysian furniture industry, continues to enjoy strong orders from our varied clientele due to the high quality of our products, consistent delivery schedules and competitive pricing policies.



ACKNOWLEDGEMENT

We would like to take this opportunity to express our sincere appreciation to the management and employees of the Group who have been the foundation of our success during this challenging time.

We also appreciate the long-standing support and guidance of our valued customers, suppliers, business associates, bankers and regulatory authorities. To our business partners, we express our gratitude for your support and forbearance.

Lastly, to the shareholders of the Company, we thank you for your faith in us and for your continuous support to the Group.

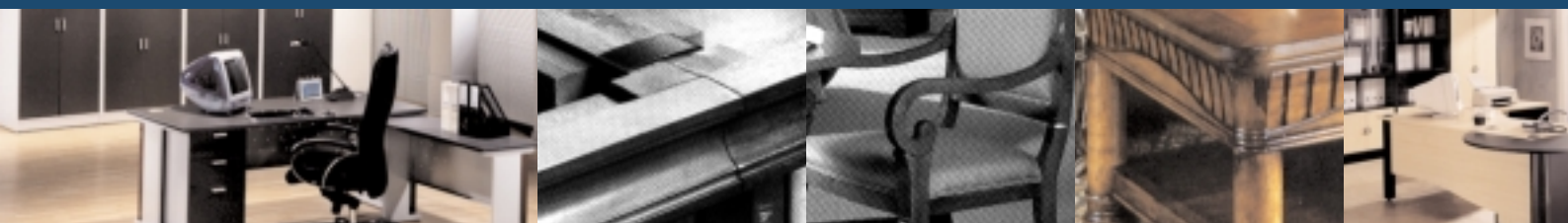
Thank you.

Zakariya bin Mohamed

Chairman

Muar, Johor Darul Takzim

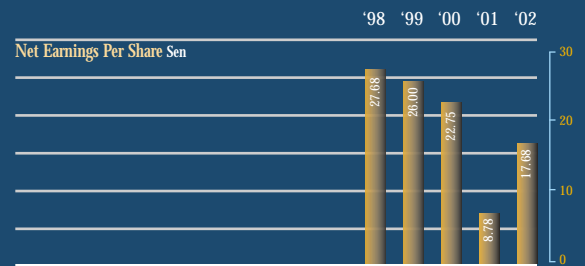
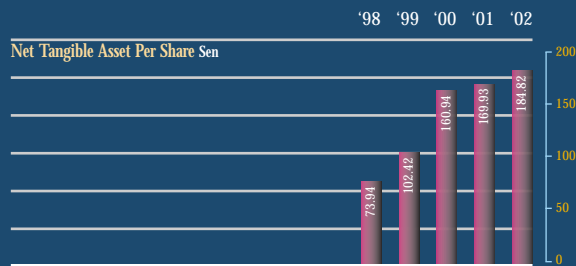
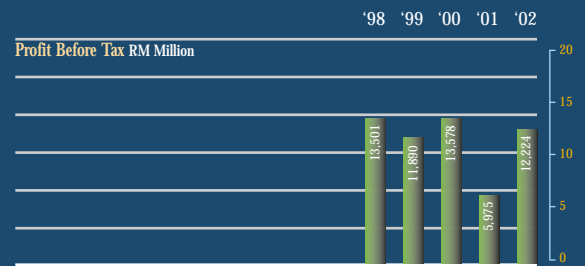
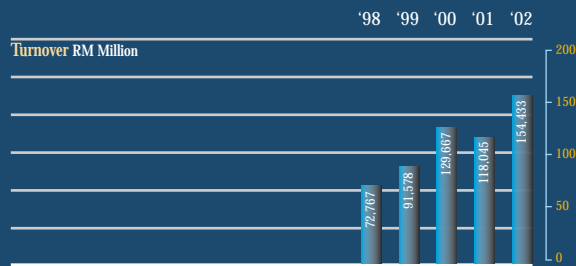
28 March 2003



Group Financial Highlights

Financial year ended 31 October

New structures for Growth...



	1998	1999	2000	2001	2002
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	72,767	91,578	129,667	118,045	154,433
Profit before taxation	13,501	11,890	13,578	5,975	12,224
Profit after taxation and attributable to shareholders	12,735	11,958	10,467	4,039	8,135
Total shareholders' fund	34,714	48,086	74,733	78,773	85,973
	sen	sen	sen	sen	sen
Net earnings per share*	27.68	26.00	22.75	8.78	17.68
Net tangible asset per share*	73.94	102.42	160.94	169.93	184.82

* Based on the issued and paid up share capital of 46,000,000 shares.



Corporate Governance

The Board recognises the importance of good corporate governance in ensuring that the interest of the Company, shareholders and other stakeholders are protected. The Board is committed to the establishment and implementation of a proper framework for governance and controls that are consistent with the principles and best practices recommended in the Malaysian Code on Corporate Governance and other applicable laws, regulations and guidelines.

BOARD OF DIRECTORS

Role and Responsibilities

The Board has the overall responsibility for the strategic direction; formulation of objectives and strategies; establishment of policies and procedures; and the execution and monitoring of the business activities of the Group.

The Board delegates certain responsibilities to the board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee in order to enhance business and increase operational efficiency and strengthen the overall management and governance of the affairs of the Group. All board committees report to the Board.

The Board retains the overall responsibility for monitoring activities undertaken by Board committees, subsidiaries and operational departments. The Board is responsible for the assessment and management of the commercial and financial risks inherent to the business environment in which the Group operates. The Board is also ultimately responsible for the compliance with applicable laws, regulations and guidelines.

Board Balance

The Board of Directors of the Company currently comprises eight (8) members of whom half are Executive Directors and half Non-Executive Directors. Out of the four (4) Non-Executive Directors, three (3) are independent.

The Executive Directors bring together a wealth of expertise and experience both within the manufacturing and public service sectors. The strength of the Executive Directors is complemented by the experience and independent views of the Non-Executive Directors who are well experienced in the fields of accountancy, law and public service.

The positions of the Chairman and the Managing Director are clearly separated to ensure that there are a balance of power and authority. The Chairman is primarily responsible for ensuring the effective conduct of the Board whilst the Managing Director has the overall responsibility for the implementation of Board decisions and operational effectiveness. The independent Directors provide the necessary independent perspective and rigour in the formulation of strategies, deliberation of issues and implementation of major transactions to ensure that the interest of not only the Group, but also stakeholders and the public in general are represented. This mixture of experience and expertise is deemed necessary in light of the increasing challenging economic and operating environment in which the Group operates.



Appointment and Re-election of Directors

The appointment of new directors and nomination of directors for re-election are the remit of the Nomination Committee.

In accordance with Article 88 of the Company's Articles of Association, all directors who are appointed by the Board are subject to re-election by the shareholders of the Company at the first annual general meeting immediate after their appointment. In accordance with Article 81 of the Company's Articles of Association, one-third (1/3) of the remaining Directors, including the Managing Director, are required to submit themselves for re-election by rotation at each annual general meeting of the Company. In addition, all Directors must submit themselves for re-election at least once every three (3) years.

Directors' Training

The Board through the Nomination Committee ensures that it recruits to the Board individuals of sufficient calibre, knowledge and experience to fulfill the duties of a director appropriately. There is no formal training programme for Directors. All Directors have, however, attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysts Malaysia. The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge where relevant.

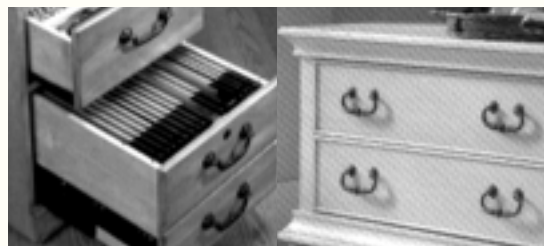
Board Meetings

During the financial year from 1 November 2001 to 31 October 2002, six (6) board meetings were held. Details of the attendance of Directors at these board meetings are as follows:-

Name	Attendance
Dato' Haji Zakariya bin Mohamed	6/6
Mr Tay Kim Huat	5/6
Mr Tay Kim Hau	5/6
Mr Ng Ah Poh	6/6
Dato' Zaini bin Md. Hasim	5/6
Mr Boo Chin Liong	6/6
Mr Tay Khim Seng	6/6
Mr Chua Syer Cin	6/6

At these meetings, broad direction, strategies, plans and matters critical to the Group were discussed and appropriate actions adopted. The implementation of business plans are regularly monitored, reviewed and re-assessed against the changing operating environment to ensure validity and attainment of desired outcomes. The operational and financial performance of the Group together with any material development and issues relating to the business of the Group are discussed and where applicable responded to accordingly.





Board Committees

In the discharge of its fiduciary duties, a number of standing and ad-hoc committees have been established to assist the Board. The committees established, namely the Audit Committee, the Remuneration Committee and the Nomination Committee comprises members of the Board, the composition of which are determined after careful consideration of the mix of expertise, experience and independence of the members. In addition to these 3 permanent committees, the Board has also established a Corporate Governance Committee to assist the Board in matters relating to the governance of the Group.

1. Audit Committee

The Audit Committee is primarily responsible for matters relating to financial accounting and controls to ensure that good practices are adopted in the review and disclosure of the affairs of the Group. This Committee also provides an independent and neutral avenue for reporting and feedback both between the internal audit personnel and the external auditors; and the Directors and management representatives of the Group.

The composition and terms of reference of the Audit Committee together with its report are presented on page 25 to page 28 herein.

2. Nomination Committee

The Nomination Committee is primarily responsible for the identification of the desired mix of expertise, competencies and experiences for an effective Board and the assessment of the performance of the members of the Board. As and when the need arises, this committee shall also identify and recommend candidates with the necessary qualities to strengthen the Board. The current members of the Nomination Committee are:-

- | | |
|---|--|
| 1. Dato' Zaini bin Md. Hasim
Chairman of the Nomination Committee
<i>Independent Non-Executive Director</i> | 3. Mr Tay Khim Seng
<i>Non-Independent Non-Executive Director</i> |
| 2. Mr Boo Chin Liong
<i>Independent Non-Executive Director</i> | 4. Mr Chua Syer Cin
<i>Independent Non-Executive Director</i> |

The nomination of Directors for purpose of re-election shall also be determined and thereafter recommended by the Nomination Committee for approval by the Board. In nominating Directors for re-election, the Nomination Committee is guided by the provisions of the Articles of Association of the Company.



3. Remuneration Committee

The Remuneration Committee is primarily responsible for the development and review of the remuneration policy and packages for the Board members. The current members of the Remuneration Committee are:-

- | | |
|--|---|
| <p>1. Dato' Zaini bin Md. Hasim
Chairman of the Remuneration Committee
<i>Independent Non-Executive Director</i></p> <p>2. Mr Boo Chin Liong
<i>Independent Non-Executive Director</i></p> | <p>3. Mr Tay Khim Seng
<i>Non-Independent Non-Executive Director</i></p> <p>4. Mr Chua Syer Cin
<i>Independent Non-Executive Director</i></p> |
|--|---|

The remuneration policy aims to attract and retain Directors necessary for proper governance and hence success of the Group. The Remuneration Committee is responsible for recommending the remuneration packages of Executive Directors to the Board. None of the Executive Directors participated in any way in determining their individual remuneration. The Board as a whole recommends the remuneration of Non-Executive Directors with individual Directors abstaining from decision in respect of their individual remuneration. The Board, where appropriate, recommends payment of fees to all Directors for approval by shareholders at annual general meetings.

The details of Directors' remuneration payable to the Directors of the Company for the financial year ended 31 October 2002, by category and in successive bands of RM50,000 are as follows:

	Executive Directors RM	Non-Executive Directors RM	Total RM
Fees	180,000	96,000	276,000
Salaries & Allowances	314,800	-	314,800
Bonuses	85,500	-	85,500
EPF & SOCSO	49,055	-	49,055
Benefits-in-kind	45,000	-	45,000
	<u>674,355</u>	<u>96,000</u>	<u>770,355</u>
Number of Director	Executive Directors RM	Non-Executive Directors RM	Total RM
RM1 to RM 50,000	1	4	5
RM50,001 to RM100,000	1	-	1
RM100,001 to RM150,000	-	-	-
RM150,001 to RM200,000	1	-	1
RM200,001 to RM250,000	-	-	-
RM250,000 to RM300,000	-	-	-
RM300,001 to RM350,000	-	-	-
RM350,001 to RM400,000	1	-	1
RM400,001 to RM450,000	-	-	-
RM450,001 to RM500,000	-	-	-
RM500,001 to RM550,000	<u>4</u>	<u>4</u>	<u>8</u>





4. Corporate Governance Committee

The Corporate Governance Committee is an ad-hoc committee established to oversee the application of and adherence to the principles and best practices recommended in the Malaysian Code of Corporate Governance as well as other relevant laws, regulations and guidelines. The current members of the Corporate Governance Committee are:-

- | | |
|---|--|
| 1. Mr Boo Chin Liong
Chairman of the Corporate Governance Committee
<i>Independent Non-Executive Director</i> | 4. Dato' Zaini bin Md Hasim
<i>Independent Non-Executive Director</i> |
| 2. Mr Tay Kim Huat
<i>Managing Director</i> | 5. Mr Chua Syer Cin
<i>Independent Non-Executive Director</i> |
| 3. Mr Tay Kim Hau
<i>Executive Director</i> | 6. Mr Choe Han Boon
<i>Financial Controller</i> |

This committee also acts as the "think-tank" for the Group in the assessment and management of risks, and the recommendation of measures to enhance the management of the Group.

Supply of Information

All Board and committee members are provided with the requisite notice, agenda and board papers prior to the convening of each meeting. All information and documents are provided on a timely manner so that members are given sufficient time to prepare and, where necessary, obtain additional information or clarification prior to the meeting to ensure effectiveness of the proceeding of the meeting. The board papers include, amongst others, the following:-

1. Minutes of previous meeting;
2. Quarterly and annual financial statements and reports;
3. Proposal for major investments and financial undertakings;
4. Proposal for acquisition of properties and major operating assets;
5. Proposal and documents related to major corporate exercises; and
6. Documentation on policies, procedures and control systems.

Board and committee members have access to the advice and services of the Company Secretary, management representatives and, if deemed necessary, other independent professionals at the expense of the Company in the discharge of their duties.





SHAREHOLDERS

Relation with Shareholders and Investors

The Board acknowledges the need for shareholders to be informed of all material business and corporate developments affecting the Group.

The timely release of quarterly financial results of the Group and the issue of the Company's Annual Reports provide regular information on the state of affair of the Group. These, together with announcement to the Exchange, circulars to shareholders and, where appropriate, ad-hoc press statements and interviews are the principal channels for dissemination of information to shareholders, investors and the public in general.

General meetings of the Company represent the main venue for communication between the shareholders and the Company. Shareholders are encouraged to attend and participate at these meetings. Shareholders who are unable to attend are allowed to appoint proxies. Members of the Board and the external auditors of the Company are present to answer queries raised at these meetings as well as to discuss with shareholders, invited attendees and members the press.

Any queries or concerns regarding the Group may be conveyed to the Chairman of the Audit Committee or the Company Secretary at the registered office of the Company.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual reports and audited financial statements and announcing quarterly results, the Board aims to present an accurate, balanced assessment of the Group's position and prospects. In the preparation of financial statements, the Audit Committee and the Board review the financial statements for consistency and appropriateness of use and application of accounting standards and policies; and for reasonableness and prudence in making estimates, statements and explanation.

Internal Control

The Board recognises the importance of an effective internal control system in improving risk management, enhancing operational and financial controls and ensuring compliance with applicable laws and regulations. The control system is designed to safeguard the Group's operations and assets and hence protect shareholders' investment in the Group. Whilst emphasis are being placed on ensuring the effective of the control system, there can only be reasonable assurance against misstatement, irregularities or losses.

The Statement on Internal Control furnished on page 29 herein provides an overview of the state of internal controls within the Group.



Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of references as detailed on page 25 to page 28 herein.

COMPLIANCE WITH THE CODE

The Group has complied with all the best practices of corporate governance set out in Part 2 of the Code.

UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate exercise during the financial year.

SHARE BUYBACK

The Company has not been authorised by shareholders to purchase its own shares and has not purchased any of its own shares during the financial year. As such, there are no shares being retained as treasury shares by the Company.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company has not granted any options to any parties to take up unissued shares in the Company. The Company has not issued any warrants or convertible securities. As such there is no exercise of any options, warrants or convertible securities during the financial year.

ADR/GDR PROGRAMME

The Company has not sponsored any American Depositary Receipt or Global Depositary Receipt programme during the financial year.

SANCTIONS AND PENALTIES

No sanction or penalty has been imposed by any regulatory bodies on the Company or its subsidiaries, or on the Directors or management of the Company or its subsidiaries.

NON-AUDIT FEES PAYABLE TO EXTERNAL AUDITORS

No non-audit fees have been paid to the external auditors during the financial year.

FINANCIAL FORECAST

No profit forecast was issued by the Company during the financial year.



PROFIT GUARANTEE

No person or party has warranted the profit of the Company for the financial year.

MATERIAL CONTRACTS INVOLVING DIRECTORS'/SUBSTANTIAL SHAREHOLDERS' INTERESTS

The Company has not entered into any other contract with any Directors or substantial shareholders of the Company nor any persons connected to a Directors or major shareholders of the Company.

RECURRENT RELATED PARTY TRANSACTIONS

During the financial year, the recurrent related party transactions conducted pursuant to the mandate granted by the shareholders of the Company at the previous annual general meeting are as follows:-

Group Companies	Mandated Related Party	Nature of Transaction	Value for the year ended 31 October 2002
Poh Huat Furniture Industries Sdn Bhd (PHFI)	Wilsin Office Furniture (S) Pte Ltd ("Wilsin"), the 40% minority shareholder of Poh Huat International Singapore Pte Ltd ("PHI Singapore"), a 60% owned subsidiary of the Company; and a company connected to Cindee Sim Ah Mow (by virtue of her 55% shareholding in Wilsin), a Director of PHI Singapore.	Sale of office furniture by Poh Huat Furniture Industries Sdn Bhd to Wilsin	RM3,140,971
Poh Huat Group	J.A. Nathan, a firm in which Tay Khim Seng, a non-independent non-executive director of the Company and the brother of Tay Kim Huat and Tay Kim Hau, both of whom are Executive Directors and major shareholders of the Company.	Legal services	RM130,375



Audit Committee

CONSTITUTION

The Audit Committee was established by the Board as the prime body to ensure a high standard of corporate responsibility, integrity and accountability to shareholders in line with the corporate governance and disclosure standard expected from that of a public company.

The present members of the Audit Committee are:-

1. Mr Boo Chin Liong - (*Chairman, Independent Non-Executive Director*)
2. Mr Tay Kim Huat - (*Managing Director*)
3. Dato' Zaini bin Md. Hasim - (*Independent Non-Executive Director*)
4. Mr Chua Syer Cin - (*Independent Non-Executive Director*)

hereinafter referred to as the "Committee".

TERMS OF REFERENCE

The terms of reference of the Committee are as follows:-

Objectives

The primary objective of the Committee is to assist the Board in fulfilling their responsibilities in matters relating to financial accounting and control and ensure good practices are adopted in the review and disclosure of the affairs of the Company and of the Group.

The Committee shall also provide the necessary independent and neutral avenue for reporting and feedback between the internal and external auditors and the Board of the Company and of its subsidiaries. Specifically, the Audit Committee will:-

1. oversee and appraise the quality of the audits conducted by the Company's external auditors and where applicable, the internal auditors in order to strengthen the confidence of the shareholders and public in the Group's reported results;
2. maintain, by scheduling regular meetings, open line of communication amongst the Board members, external auditors and where applicable, internal auditors to exchange views and information as well as confirm their respective authority and responsibilities; and
3. provide assistance to the Board in fulfilling their fiduciary duties and responsibilities relating to the conduct of the business and affairs of the Group.



MEETINGS AND PROCEDURES

Composition

The members of the Committee shall be appointed by the Board from amongst their members and shall comprise no fewer than 3 members of whom a majority shall be independent non-executive directors.

The members of the Committee shall elect a Chairman from among their number who is not an executive director or employee of the Company or any related corporation. The Chairman elected shall be subjected to endorsement by the Board.

If a member of the Committee for any reason ceases to be a member with the result that the number of members is reduce to below 3, the Board shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

Meetings

The Committee will meet at least once a quarter and such additional meetings as may be required for the Committee to fulfill its duties. In addition, the Chairman of the Committee may call a meeting of the Committee if a request is made by any Committee member, the Company's Managing Director, the external auditors or where applicable, the internal auditors.

At all meetings of the Committee, the Chairman of the Committee, if present, shall preside. If the Chairman of the Committee is absent, the members present at the meeting shall elect a Chairman for the meeting. The Chairman may appoint a secretary to record the proceedings of all meetings and administration of the affairs of the Committee.

A quorum shall consist of a majority of the members of the Committee. No business shall be transacted at any meeting unless a quorum is present.

Authority

The Committee is authorised to request any relevant information and seek the assistance of any employees of the Group in procuring the same on matters within its terms of reference. All employees of the Group are directed to co-operate with any request made by the Committee.

The Committee shall have unrestricted access to the external auditors and where applicable, the internal auditors as well as the management of the Group. The Audit Committee shall be empowered to retain persons and experts having special competence as necessary to assist the Committee in fulfilling its responsibilities.

Duties and Responsibilities

The duties and responsibilities of the Committee shall include, but not limited, to the following:-

1. to consider and recommend the appointment and remuneration of the external auditors;
2. to oversee matters pertaining to the external audit including the review of the audit scope and plans, the external auditors evaluation of the internal control system and their audit report;





3. to review, where applicable, the scope and results of internal audit procedures, the findings and recommendations of the internal audit report and the remedial or corrective action taken;
4. to review the requisite interim and annual financial statements and reports of the Group, to discuss matters and findings arising from the review with the Board and where necessary, the auditors and to recommend to the Board the announcement/publication of the financial statements on a timely manner;
5. to identify and direct any special project or investigate and report on any matters, issues or concerns that may be agreed to by the Committee and the Board; and
6. to review any related party transaction that may arise within the Company or the Group.

Modifications

The terms and provisions hereinbefore contained are subject to such revisions by way of modification, additions or otherwise as the Board from time to time may consider fit.

AUDIT COMMITTEE REPORT

Five (5) Audit Committee meetings were held during the financial year from 1 November 2001 to 31 October 2002. Details of the attendance of members at Audit Committee Meetings are as follows:-

Name	Attendance
Mr Boo Chin Liong	5/5
Mr Tay Kim Huat	4/5
Dato' Zaini bin Md. Hasim	5/5
Mr Chua Syer Cin	5/5

The activities of the Audit Committee during the financial year from 1 November 2001 to 31 October 2002 included the following:-

1. reviewed with the external auditors their scope of work and audit plans prior to the commencement of the audit activities;
2. reviewed and discussed the Group's audited financial statements for the financial year ended 31 October 2001 with the external auditors' including the audit notes and findings, and updates on new developments pertaining to accounting standards issued by the Malaysian Accounting Standards Board;
3. reviewed and discussed with the external auditors their evaluation of the system of internal controls of the Group;



4. recommended the appointment of and monitored the activities of the internal audit personnel;
5. reviewed the unaudited quarterly financial results of the Group and made recommendations to the Board;
6. reviewed major investment and corporate proposals undertaken by the Group during the financial year; and
7. reviewed related party transactions entered into by the Group in its ordinary course of business.

INTERNAL CONTROL

The internal audit function is undertaken by dedicated internal audit personnel, independent of the activities or operations of other operating units. The principal role of these internal audit personnel is to undertake independent regular and systematic reviews of the systems of internal control within the Group to ensure that operating procedures and internal controls are complied and to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of these internal audit personnel to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group.

The activities undertaken by the internal audit personnel included the following:-

1. reviewed the completeness and effectiveness of standard operating procedures and internal controls of major operational departments within the Group;
2. discussed with the Audit Committee and the representatives of the respective operating departments on the internal audit findings; and
3. where necessary, developed and adopt appropriate measures to further strengthen the standard operating procedures and internal control system.



Statement on Internal Control



The Directors acknowledge their ultimate responsibility for the Group's system of internal controls, which is designed to identify and manage the risks facing the businesses in pursuit of its business objectives. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Key Elements of the Group's Internal Control System

The internal control systems are designed to give reasonable assurance with respect to the:-

- reliability of financial information used within the business or for publication;
- maintenance of proper accounting records;
- safeguarding of assets against unauthorized use or disposition; and
- efficiency and effectiveness of the running of the businesses and operations.

The Board is of the view that the current system of internal control system is sufficient to safeguard the Group's interest.

The Group's internal control and monitoring procedures include:-

- Clearly defined systems and procedures for key operational and financial departments, including maintenance of good operational and financial records and controls and the production of accurate and timely management information;
- control of key financial risks through clearly laid down authorization levels and proper segregation of accounting duties;
- detailed reporting of trading results, balance sheets and cash flows, with regular review by the management;
- regular independent internal audit activities to monitor compliance with procedures and assess the integrity of operational and financial information provided; and
- regular information provided to the management, covering financial performance and key business indicators and cash flow performance.

The Company and the Group continuously monitor the effectiveness of the internal control system by a continuous process of improving the internal control system and enhancing the quality and effectiveness of operational audits.

The Executive Directors have day-to-day contact with the business and are actively involved in risks monitoring and control activities. The Executive Directors report to the Board on the significant risks impacting the Group and the measures proposed or taken by the management to address the risks. All the Board members received copies of management and audit reports and are involved in the decision and actions that are required to maintain the level of risk at an acceptable level.

The internal control system was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.



Directors' Responsibilities Statement

The Directors are responsible for the preparation of financial statements for each financial year. They are responsible for ensuring that these financial statements give a true and fair view of the state affairs of the Group and of the Company and the results and cash flows for the financial year then ended.

The financial statements are prepared on a going concern basis, in accordance with applicable approved accounting standards and comply with the provision of the Companies Act, 1965. It is the duty of the Directors to review the appropriateness of the basis before adopting the financial statements and lay them before the Annual General Meeting together with their Report and the Auditors' Report thereon.

The Directors are also responsible for ensuring that proper accounting and other records are kept to sufficiently explain the transactions and financial position of the Group and of the Company and to enable true and fair financial statements to be prepared.

In preparing the financial statements, the Directors are required to exercise judgement and make estimates that are prudent, reasonable and relevant to the financial statements.





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Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiary companies are as described in Note 5 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	<i>Group</i> <i>RM</i>	<i>Company</i> <i>RM</i>
Net profit for the financial year	8,134,868	23,380,308

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

A first and final tax exempt dividend of 2% amounting to RM 920,000 proposed in respect of the previous financial year and dealt with in the previous directors' report was paid by the Company during the current financial year.

The Directors proposed a first and final tax exempt dividend of 2% amounting to RM 920,000 in respect of the current financial year subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year save as disclosed in the notes to the financial statements.

ISSUE OF SHARES AND DEBENTURES

There was no shares or debentures issued during the financial year.



OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares or debentures of the Company during the financial year.

DIRECTORS OF THE COMPANY

The Directors who served since the date of last report are :

- 1) Dato' Haji Zakariya Bin Mohamed
- 2) Tay Kim Huat
- 3) Ng Ah Poh
- 4) Tay Kim Hau
- 5) Boo Chin Liong
- 6) Dato' Zaini Bin Md Hasim
- 7) Tay Khim Seng
- 8) Chua Syer Cin

In accordance with the Company's Articles of Association, Dato' Haji Zakariya Bin Mohamed, Mr. Tay Kim Hau and Mr. Boo Chin Liong retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTEREST

According to the register of directors' shareholdings, the interests of the Directors in office at the end of the financial year in the shares of the Company and its related corporations were as follows:

Ordinary Shares of RM 1 each

		<i>Balance 01.11.01</i>	<i>Bought</i>	<i>Sold</i>	<i>Balance 31.10.02</i>
Dato' Haji Zakariya Bin Mohamed	- Indirect interest	6,600,000	-	4,530,000	2,070,000
Tay Kim Huat	- Direct interest	9,859,757	110,000	-	9,969,757
	- Indirect interest	1,431,908	-	-	1,431,908
Ng Ah Poh	- Direct interest	5,711,951	-	-	5,711,951
Tay Kim Hau	- Direct interest	2,909,384	-	-	2,909,384
Boo Chin Liong	- Direct interest	3,000	-	-	3,000
Dato' Zaini Bin Md Hasim	- Direct interest	8,000	-	-	8,000
Tay Khim Seng	- Direct interest	294,000	-	-	294,000

None of the other directors holding office at the end of the financial year has any interest in shares and options of the Company and its related corporations.

By virtue of his interest in the shares of the Company, Mr. Tay Kim Huat is also deemed to have an interest in the shares of all the subsidiary companies to the extent the Company has an interest.



DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors shown in the Group's and the Company's financial statements or the fixed salary of a full-time employee of the Group or of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest save as disclosed in note 25 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company or a related corporations was a party, whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps :
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances :
 - (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent; or
 - (ii) that would render the values attributed to current assets in the financial statements of the Group and of the Company misleading ; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate ; and
 - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.



OTHER STATUTORY INFORMATION (CONT'D)

- (c) At the date of this report, there does not exist :
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors :
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Messrs. S. C. Lim & Co., have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors :

TAY KIM HUAT
Director

NG AH POH
Director

Muar, Johor Darul Takzim
Date : 17 January 2003



Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of Poh Huat Resources Holdings Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 39 to 68 are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to exhibit a true and fair view of the state of affairs of the Group and of the Company as at 31 October 2002 and of the results, the changes in equity and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors :

TAY KIM HUAT
Director

NG AH POH
Director

Muar, Johor Darul Takzim
Date : 17 January 2003



Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, TAY KIM HUAT, the Director primarily responsible for the financial management of Poh Huat Resources Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 68 are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared }
by the abovenamed TAY KIM HUAT }
at Muar in the state of Johor }
Darul Takzim on the 17th day of }
January 2003

TAY KIM HUAT

Before me:
Commissioner for Oaths
K. Ramasamy
(No. J014)



Report of the Auditors

To the members of Poh Huat Resources Holdings Berhad

We have audited the financial statements set out on pages 39 to 68. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we consider necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors as well as evaluating on overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
 - (i) the state of affairs of the Group and of the Company as at 31 October 2002 and of the results, the changes in equity and the cash flows of the Group and of the Company for the financial year ended on that date ; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company ; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 5 to the financial statements, being financial statements that are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

Our auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

S. C. LIM & CO.
No. AF 0681
Chartered Accountants

LIM SWEE CHONG
No. 1177/12/04 (J)
Partner

Muar, Johor Darul Takzim
Date : 17 January 2003



Consolidated Balance Sheet

As At 31 October 2002

	<i>Notes</i>	<i>2002 RM</i>	<i>2001 RM</i>
PROPERTY, PLANT AND EQUIPMENT	4	86,061,729	56,082,341
INVESTMENT	6	25,527	25,527
GOODWILL ON CONSOLIDATION	7	955,798	605,085
CURRENT ASSETS			
Inventories	8	29,891,890	21,213,923
Trade and other receivables	9	28,484,510	21,164,906
Deposits, bank and cash balances	10	18,149,172	10,471,888
		76,525,572	52,850,717
LESS: CURRENT LIABILITIES			
Trade and other payables	11	29,793,284	17,113,163
Borrowings	12	13,004,182	8,411,350
Provision for taxation		1,576,694	300,316
		44,374,160	25,824,829
NET CURRENT ASSETS		32,151,412	27,025,888
		119,194,466	83,738,841
FINANCED BY:			
CAPITAL AND RESERVES			
Share capital	13	46,000,000	46,000,000
Reserves	14	39,973,254	32,772,590
SHAREHOLDERS' FUNDS		85,973,254	78,772,590
MINORITY INTEREST		429,866	-
LONG TERM AND DEFERRED LIABILITIES			
Borrowings	12	29,368,346	2,368,251
Deferred taxation	15	3,423,000	2,598,000
		119,194,466	83,738,841

The accompanying notes form an integral part of the financial statements



Consolidated Income Statement

For The Financial Year Ended 31 October 2002

	<i>Notes</i>	<i>2002 RM</i>	<i>2001 RM</i>
REVENUE	16	154,433,146	118,045,438
COST OF SALES		(122,726,501)	(99,193,720)
GROSS PROFIT		31,706,645	18,851,718
OTHER OPERATING INCOME		882,768	245,742
SELLING AND DISTRIBUTION EXPENSES		(10,230,116)	(6,968,795)
ADMINISTRATION EXPENSES		(7,834,914)	(5,138,295)
OTHER OPERATING EXPENSES		(668,396)	(132,326)
PROFIT FROM OPERATIONS	17	13,855,987	6,858,044
FINANCE COSTS	18	(1,631,724)	(883,039)
PROFIT BEFORE TAXATION		12,224,263	5,975,005
TAXATION	19	(4,055,212)	(1,935,822)
PROFIT AFTER TAXATION BUT BEFORE MINORITY INTEREST		8,169,051	4,039,183
MINORITY INTEREST		(34,183)	-
NET PROFIT FOR THE FINANCIAL YEAR		8,134,868	4,039,183
EARNINGS PER SHARE (SEN)	20	18	9
TAX EXEMPT DIVIDEND PER SHARE (SEN)		2	-

The accompanying notes form an integral part of the financial statements



Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 October 2002

	<i>Share Capital RM</i>	<i>Share Premium RM</i>	<i>Capital Reserves RM</i>	<i>Merger Deficit RM</i>	<i>Translation Reserve RM</i>	<i>Retained Profits RM</i>	<i>Total RM</i>
As at 31 October 2000	46,000,000	7,399,387	9,181,237	(28,849,998)	-	41,002,781	74,733,407
Net profit for the financial year	-	-	-	-	-	4,039,183	4,039,183
As at 31 October 2001	46,000,000	7,399,387	9,181,237	(28,849,998)	-	45,041,964	78,772,590
Net profit for the financial year	-	-	-	-	-	8,134,868	8,134,868
Dividend (Note 21)	-	-	-	-	-	(920,000)	(920,000)
Exchange difference on translation of net assets of foreign subsidiary companies	-	-	-	-	(14,204)	-	(14,204)
As at 31 October 2002	46,000,000	7,399,387	9,181,237	(28,849,998)	(14,204)	52,256,832	85,973,254

The accompanying notes form an integral part of the financial statements



Consolidated Cash Flow Statement

For The Financial Year Ended 31 October 2002

	<i>Notes</i>	<i>2002</i> <i>RM</i>	<i>2001</i> <i>RM</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		12,224,263	5,975,005
Adjustments for :			
Depreciation		5,118,782	4,544,689
Amortisation of goodwill on consolidation		108,944	31,846
Property, plant and equipment written off		25,394	-
(Gain) on disposal of property, plant and equipment		(13,280)	(1,633)
Expenditure carried forward written off		-	62,302
Interest expense		1,000,688	825,919
Interest income		(75,345)	(47,105)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		18,389,446	11,391,023
Changes In Working Capital			
Inventories		(8,109,376)	(1,345,306)
Trade and other receivables		(7,012,237)	7,867,229
Trade and other payables		11,915,246	(5,525,594)
CASH GENERATED FROM OPERATIONS		15,183,079	12,387,352
Interest paid		(958,113)	(825,919)
Interest received		75,345	47,105
Tax paid		(1,953,834)	(2,340,126)
NET CASH FROM OPERATING ACTIVITIES		12,346,477	9,268,412
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(35,114,122)	(6,701,966)
Acquisition of subsidiary companies	22	(268,998)	-
Proceeds from disposal of property, plant and equipment		233,110	18,500
NET CASH (USED IN) INVESTING ACTIVITIES		(35,150,010)	(6,683,466)



	<i>Notes</i>	<i>2002</i> <i>RM</i>	<i>2001</i> <i>RM</i>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from term loans		30,368,810	1,837,148
Repayment of hire purchase obligations		(317,617)	(307,052)
Net movements in short-term borrowings		1,368,359	(2,025,841)
Net increase/(decrease) in fixed deposits pledged		98,913	(238,001)
Dividend paid		(920,000)	(2,300,000)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		30,598,465	(3,033,746)
EFFECT ON EXCHANGE RATE CHANGES		(18,735)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		7,776,197	(448,800)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		10,125,455	10,574,255
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	23	17,901,652	10,125,455

The accompanying notes form an integral part of the financial statements



Balance Sheet

As At 31 October 2002

	<i>Notes</i>	<i>2002 RM</i>	<i>2001 RM</i>
INVESTMENT IN SUBSIDIARY COMPANIES	5	41,657,734	35,099,998
CURRENT ASSETS			
Trade and other receivables	9	13,446,643	17,154,185
Dividend receivable		23,696,000	1,845,000
Deposits, bank and cash balances	10	493,398	1,596,996
		37,636,041	20,596,181
LESS: CURRENT LIABILITIES			
Trade and other payables	11	1,204,612	49,524
Provision for taxation		-	17,800
		1,204,612	67,324
NET CURRENT ASSETS		36,431,429	20,528,857
		78,089,163	55,628,855
FINANCED BY:			
CAPITAL AND RESERVES			
Share capital	13	46,000,000	46,000,000
Reserves	14	32,089,163	9,628,855
		78,089,163	55,628,855

The accompanying notes form an integral part of the financial statements



Income Statement

For The Financial Year Ended 31 October 2002

	<i>Notes</i>	<i>2002 RM</i>	<i>2001 RM</i>
REVENUE	16	26,444,000	1,965,000
OTHER OPERATING INCOME		44,755	29,367
ADMINISTRATION EXPENSES		(699,332)	(366,537)
PROFIT FROM OPERATIONS	17	25,789,423	1,627,830
FINANCE COSTS	18	(5,107)	(742)
PROFIT BEFORE TAXATION		25,784,316	1,627,088
TAXATION	19	(2,404,008)	(7,800)
NET PROFIT FOR THE FINANCIAL YEAR		23,380,308	1,619,288

The accompanying notes form an integral part of the financial statements



Statement of Changes in Equity

For The Financial Year Ended 31 October 2002

	<i>Share Capital RM</i>	<i>Share Premium RM</i>	<i>Retained Profits RM</i>	<i>Total RM</i>
As at 31 October 2000	46,000,000	7,399,387	610,180	54,009,567
Net profit for the financial year	-	-	1,619,288	1,619,288
As at 31 October 2001	46,000,000	7,399,387	2,229,468	55,628,855
Net profit for the financial year	-	-	23,380,308	23,380,308
Dividend (Note 21)	-	-	(920,000)	(920,000)
As at 31 October 2002	46,000,000	7,399,387	24,689,776	78,089,163

The accompanying notes form an integral part of the financial statements



Cash Flow Statement

For The Financial Year Ended 31 October 2002

	<i>Notes</i>	<i>2002 RM</i>	<i>2001 RM</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		25,784,316	1,627,088
Adjustments for :			
Interest income		(44,755)	(29,367)
Dividend income		(26,300,000)	(1,845,000)
OPERATING (LOSS) BEFORE WORKING CAPITAL CHANGES		(560,439)	(247,279)
Changes In Working Capital			
Trade and other receivables		3,899,436	(5,224)
Trade and other payables		1,155,088	(10,335)
CASH GENERATED FROM/(USED IN) OPERATIONS		4,494,085	(262,838)
Interest received		44,755	29,367
Tax paid		(9,702)	-
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		4,529,138	(233,471)
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in subsidiary companies		(6,557,736)	-
Acquisition of subsidiary company	22	-	(2)
Purchase of additional shares in existing subsidiary company		-	(99,998)
Dividend received from a subsidiary company		1,845,000	3,075,000
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		(4,712,736)	2,975,000
CASH FLOW FROM FINANCING ACTIVITIES			
Advances to subsidiary companies		-	(781,890)
Dividend paid		(920,000)	(2,300,000)
NET CASH (USED IN) FINANCING ACTIVITIES		(920,000)	(3,081,890)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,103,598)	(340,361)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		1,596,996	1,937,357
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	23	493,398	1,596,996

The accompanying notes form an integral part of the financial statements



Notes to the Financial Statements

Financial Year Ended 31 October 2002

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiary companies are as described in Note 5.

There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The financial statements of the Group and of the Company have been prepared under the historical cost convention as modified by the revaluation of land and buildings, unless otherwise indicated in the significant accounting policies.

(b) Basis of consolidation

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Unless otherwise indicated the Group is deemed to have power to exercise control over the financial and operating policies if the Company owns directly or indirectly through its subsidiary companies, more than one half of the voting power of the subsidiary companies.

The consolidated financial statements incorporate the audited financial statements of the Company and its subsidiary companies made up to the end of the financial year. All inter-company transactions and balances are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Acquisitions of subsidiary companies which meet the criteria for the application of the merger method of accounting in accordance with Malaysian Accounting Standard (MAS) No. 2, Accounting for Acquisitions and Mergers are consolidated based on that method. If the criteria of MAS 2 are not met, then the acquisitions are accounted for under the acquisition method of accounting.

The Group has adopted the transition provision provided by MASB 21 – Business Combination and chosen to apply this standard prospectively. Accordingly, Business Combination entered into prior to 1 July 2001 has not been restated to comply with this standard.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the financial year are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies net assets are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill or reserve on consolidation, as appropriate.

Under the merger method of accounting, the results of the subsidiary companies are presented as if the merger had been effected throughout the current and previous financial years. On consolidation, the difference between the carrying values of the investment over the nominal value of the shares acquired is taken to merger reserve, or deficit, as appropriate.



3. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation.

The Group revalues its properties comprising land and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surplus arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained profits. Subsequent to revaluation, any addition is stated at cost whilst disposal is at cost or valuation as appropriate.

Leasehold land is amortised over the remaining lease period whilst other property, plant and equipment are depreciated on the straight line method to write off the cost or valuation of such assets over their estimated useful lives. The principal annual rates of depreciation used are as follows :

Factory buildings	2%
Plant and machinery	10%
Vehicles, furniture, fittings and equipment	2-33.3%

Capital work-in-progress comprising building under construction and machinery under installation are not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying value of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

(b) Investment in subsidiary companies

Investment in subsidiary companies is stated at cost or valuation in the Company's financial statements. The investment in subsidiary companies will be revalued every 5 years. Where market conditions indicate that the carrying values of the revalued investment differ materially from the underlying net tangible asset values of the subsidiary companies, the Directors will consider revaluations in those intervening years. Surpluses on the revaluation are taken to reserves whilst shortfalls are debited to reserves to the extent of any previous surplus and all other shortfalls are charged to income statement.

(c) Investment

Long term investments are stated at cost less provision for any permanent diminution in value.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Goodwill or reserve on consolidation

Goodwill or reserve on consolidation represents the difference between the acquisition cost and the fair value of the net assets of subsidiary companies at the effective date of acquisition.

Where goodwill is considered to be capable of generating future economic benefits, it is capitalised in the financial statements and amortised on a straight line basis over its estimated useful life or 20 years, whichever is shorter; otherwise it is written off in the income statement in the year of acquisition. The carrying amount and amortisation period is reviewed annually, and goodwill is written down when, in the opinion of the Directors, its value has deteriorated or when it ceases to have a useful life.

Reserve on consolidation is credited to capital reserve as a permanent item.

(e) Inventories

Inventories comprising raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined on the weighted average and first-in-first-out bases, as applicable. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Costs of finished goods and work-in-progress include direct materials, direct labour and an appropriate proportion of production overheads.

(f) Trade receivables

Trade receivables are carried at anticipated realisable value. All known bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the financial year end.

(g) Hire purchase

Assets acquired under hire purchase agreements are capitalised in the financial statements and the outstanding obligations after deducting finance expenses are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment in note 3(a). Finance expenses are charged to the income statement over the period of the respective agreements using the sum-of-digit method.

(h) Operating lease

Lease of assets under which all the risks and benefits are retained by the lessor are classified as operating leases. Operating lease rentals are taken to the income statement in the financial year in which the expenses are incurred.

(i) Deferred taxation

Provision is made using the liability method for taxation which is deferred due to timing differences except those which are not expected to reverse in the foreseeable future. Deferred tax benefits are recognised only if there is a reasonable expectation of realisation.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Revenue recognition

(i) Sales of goods

Revenue from sales of goods are recognised upon delivery of products whilst revenue from workmanship charges is recognised upon performance of services.

(ii) Interest income

Interest income is recognised on accrual basis unless collectability is in doubt, in which case the recognition of such income is suspended. Subsequent to suspension, income is recognised on the receipt basis until all arrears have been paid.

(iii) Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

(iv) Management fee

Management fee from subsidiary companies is recognised on accrual basis.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and other short term, highly liquid investments which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(l) Foreign currency conversion and translation

(i) Transactions in foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling on transactions dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the approximate rates of exchange at the balance sheet date except where there are related or matching forward contracts in respect of trading transactions, in which case, the rates of exchange specified in those contracts are used.

All gains or losses from currency transactions are taken up in the income statement.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(ii) Translation of foreign currency financial statements**

For consolidation purposes, the assets and liabilities of foreign entities are translated into Ringgit Malaysia at the rates ruling at the balance sheet date. Income statement items are translated at exchange rates at the dates of transactions. The translation differences arising therefrom are taken up and reflected in the exchange translation reserve.

Goodwill arising on the acquisition of a foreign entity and fair value adjustments to the carrying amounts of assets and liabilities acquired, where applicable are translated at the exchange rate at the date of transaction.

The principal closing rates used in translation of foreign currency are as follows :

	2002	2001
	RM	RM
US Dollar (USD)	3.8000	3.8000
Euro (EUR)	3.7913	N/A
Singapore Dollar (SGD)	2.1515	2.0800
South African Rand (ZAR)	0.3751	N/A
Vietnam Dong (VND)	0.0002	N/A

4. PROPERTY, PLANT AND EQUIPMENT**Group - As At 31 October 2002**

	<i>Long-term leasehold land</i>	<i>Factory buildings</i>	<i>Plant and machinery</i>	<i>Vehicles, furniture, fittings and equipment</i>	<i>Capital work-in- progress</i>	<i>Total</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
At Cost / Valuation						
As at 1 November	10,902,104	23,311,333	31,810,914	6,384,060	-	72,408,411
Addition	5,111,141	6,525,019	8,651,662	1,087,289	13,869,811	35,244,922
Disposal/Write off	-	-	(261,430)	(1,063)	-	(262,493)
Acquisition of subsidiary company	-	-	-	119,785	-	119,785
Foreign currency translation	-	-	-	(5,965)	-	(5,965)
As at 31 October	16,013,245	29,836,352	40,201,146	7,584,106	13,869,811	107,504,660
Representing :						
At valuation	10,902,104	13,272,729	-	-	-	24,174,833
At cost	5,111,141	16,563,623	40,201,146	7,584,106	13,869,811	83,329,827
	16,013,245	29,836,352	40,201,146	7,584,106	13,869,811	107,504,660



4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	<i>Long-term leasehold land RM</i>	<i>Factory buildings RM</i>	<i>Plant and machinery RM</i>	<i>Vehicles, furniture, fittings and equipment RM</i>	<i>Capital work-in- progress RM</i>	<i>Total RM</i>
Accumulated Depreciation						
As at 1 November	369,137	775,822	11,687,672	3,493,439	-	16,326,070
Charge for the financial year	263,582	502,494	3,462,042	890,664	-	5,118,782
Disposal/Write off	-	-	(16,826)	(443)	-	(17,269)
Acquisition of subsidiary company	-	-	-	17,809	-	17,809
Foreign currency translation	(754)	-	-	(1,707)	-	(2,461)
As at 31 October	631,965	1,278,316	15,132,888	4,399,762	-	21,442,931
Representing :						
At valuation	563,817	796,364	-	-	-	1,360,181
At cost	68,148	481,952	15,132,888	4,399,762	-	20,082,750
	631,965	1,278,316	15,132,888	4,399,762	-	21,442,931
Net Book Value						
As at 31 October	15,381,280	28,558,036	25,068,258	3,184,344	13,869,811	86,061,729
Representing :						
At valuation	10,338,287	12,476,365	-	-	-	22,814,652
At cost	5,042,993	16,081,671	25,068,258	3,184,344	13,869,811	63,247,077
	15,381,280	28,558,036	25,068,258	3,184,344	13,869,811	86,061,729



4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**Group - As At 31 October 2001**

	<i>Long-term leasehold land RM</i>	<i>Factory buildings RM</i>	<i>Plant and machinery RM</i>	<i>Vehicles, furniture, fittings and equipment RM</i>	<i>Capital work-in- progress RM</i>	<i>Total RM</i>
At Cost / Valuation						
As at 1 November	10,902,104	18,485,326	29,903,618	6,206,257	229,000	65,726,305
Addition	-	438,964	1,649,656	177,803	4,435,543	6,701,966
Disposal/Write off	-	-	(19,860)	-	-	(19,860)
As at 31 October	10,902,104	18,924,290	31,533,414	6,384,060	4,664,543	72,408,411
Representing :						
At valuation	10,902,104	13,272,729	-	-	-	24,174,833
At cost	-	5,651,561	31,533,414	6,384,060	4,664,543	48,233,578
	10,902,104	18,924,290	31,533,414	6,384,060	4,664,543	72,408,411
Accumulated Depreciation						
As at 1 November	174,457	400,679	8,576,140	2,633,098	-	11,784,374
Charge for the financial year	194,680	375,143	3,114,525	860,341	-	4,544,689
Disposal/Write off	-	-	(2,993)	-	-	(2,993)
As at 31 October	369,137	775,822	11,687,672	3,493,439	-	16,326,070
Representing :						
At valuation	369,137	530,909	-	-	-	900,046
At cost	-	244,913	11,687,672	3,493,439	-	15,426,024
	369,137	775,822	11,687,672	3,493,439	-	16,326,070
Net Book Value						
As at 31 October	10,532,967	18,148,468	19,845,742	2,890,621	4,664,543	56,082,341
Representing :						
At valuation	10,532,967	12,741,820	-	-	-	23,274,787
At cost	-	5,406,648	19,845,742	2,890,621	4,664,543	32,807,554
	10,532,967	18,148,468	19,845,742	2,890,621	4,664,543	56,082,341



4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The following property, plant and equipment are acquired under hire purchase instalment plans :

	2002	Group	2001
	RM		RM
At Net Book Value			
Plant and machinery	75,175		250,408
Motor vehicles	630,383		774,167
	705,558		1,024,575

- (b) Leasehold land of a subsidiary company was revalued in February 2000 prior to its acquisition in September 2000 whilst other long term leasehold land and factory buildings were revalued in June 1999 by a firm of independent professional valuers based on the open market value method of valuation.

The carrying amounts of the revalued property, plant and equipment that would have been included in the financial statements stated at cost less accumulated depreciation are as follows :

	2002	Group	2001
	RM		RM
At Net Book Value			
Leasehold land	5,755,804		5,864,224
Factory buildings	7,043,211		7,204,030
	12,799,015		13,068,254

- (c) The long term leasehold land and factory building with net book value of RM 12,569,272 (2001 – RM 6,591,374) of a subsidiary company are being pledged to bank for banking facilities.
- (d) Included in the cost of factory building is interest capitalised during the financial year amounting to RM 412,680 (2001 – RM 20,788) for a subsidiary company.
- (e) There has been no property, plant and equipment in the Company throughout the current and previous financial years.



5. INVESTMENT IN SUBSIDIARY COMPANIES

	<i>Company</i>	
	<i>2002</i>	<i>2001</i>
	<i>RM</i>	<i>RM</i>
Unquoted shares - at cost	41,657,734	35,099,998

<i>Name of Company</i>	<i>Principal Activities</i>	<i>Country Of Incorporation</i>	<i>Equity Interest Held</i>	
			<i>2002</i>	<i>2001</i>
Subsidiary Companies				
Poh Huat Furniture ** Industries (M) Sdn. Bhd.	Manufacturing and trading of furniture and investment holding.	Malaysia	100%	100%
Poh Huat International Sdn. Bhd. *	Investment holding and trading of furniture.	Malaysia	100%	100%
Poh Huat Furniture Industries # Vietnam Limited	Process and manufacture of household furniture.	Vietnam	100%	N/A
Poh Huat Woodwork Industries # Vietnam Limited	Process and manufacture of household furniture.	Vietnam	100%	N/A
Subsidiary Companies of Poh Huat Furniture Industries (M) Sdn. Bhd.				
Yee Lu Fah Sdn. Bhd. *	Manufacturing and trading of furniture and furniture parts.	Malaysia	100%	100%
Maxicoins Sdn. Bhd. *	Manufacturing and trading of furniture and furniture parts.	Malaysia	100%	100%
Subsidiary Companies of Poh Huat International Sdn. Bhd.				
PHI Marketing Sdn. Bhd. * (Formerly known as Turbo Vector Sdn. Bhd.)	Trading of furniture.	Malaysia	100%	N/A
Poh Huat International Furniture *# SA (Pty) Ltd. (Formerly known as A-On Systems Furniture (PTY) Limited)	Trading of office and home furniture.	South Africa	51%	N/A
Poh Huat International (S) Pte Ltd *#	Sales and distribution of furniture and related products.	Singapore	60%	N/A

* Subsidiary companies consolidated under the acquisition method of accounting.

** Subsidiary company consolidated under the merger method of accounting.

The financial statements of the subsidiary companies was audited by other firms of auditors.



6. INVESTMENT

This represents investment in unquoted shares stated at cost.

7. GOODWILL ON CONSOLIDATION

	<i>2002</i> <i>RM</i>	<i>Group</i> <i>2001</i> <i>RM</i>
Balance at beginning of financial year	605,085	636,931
Arising from acquisition of subsidiary companies during the financial year	459,657	-
	1,064,742	636,931
Less : Amortisation during the financial year	(108,944)	(31,846)
Balance at end of financial year	955,798	605,085

8. INVENTORIES

	<i>2002</i> <i>RM</i>	<i>Group</i> <i>2001</i> <i>RM</i>
At Cost		
Raw materials	8,885,311	6,468,908
Packing materials	60,646	40,083
Work-in-progress	12,180,489	8,896,102
Finished goods	8,765,444	5,808,830
	29,891,890	21,213,923

9. TRADE AND OTHER RECEIVABLES

	<i>2002</i> <i>RM</i>	<i>Group</i> <i>2001</i> <i>RM</i>	<i>Company</i> <i>2002</i> <i>RM</i>	<i>2001</i> <i>RM</i>
Trade receivables	23,587,288	18,884,973	-	-
Other Receivables				
Due from subsidiary companies	-	-	11,923,924	17,148,961
Other receivables	4,897,222	2,279,933	1,522,719	5,224
	28,484,510	21,164,906	13,446,643	17,154,185

The amount due from subsidiary companies are unsecured, interest free with no fixed terms of repayment.

In financial year 2001, included in other receivables of the Group is a deposit of RM 237,295 paid for the acquisition of 918,000 shares representing 51% equity interest in A-On Systems Furniture (Pty) Ltd, a company incorporated in South Africa .



10. DEPOSITS, BANK AND CASH BALANCES

	<i>Group</i>		<i>Company</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Bank and cash balances	17,897,901	8,608,083	493,398	79,624
Fixed deposits with licensed banks	251,271	1,863,805	-	1,517,372
	18,149,172	10,471,888	493,398	1,596,996

The fixed deposits of a subsidiary company amounting to RM 247,520 (2001 – RM 346,433) are pledged against bank guarantee facilities.

11. TRADE AND OTHER PAYABLES

	<i>Group</i>		<i>Company</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Trade payables	22,105,157	12,108,046	-	-
Due to a director	13,630	-	-	-
Other payables	7,674,497	5,005,117	1,204,612	49,524
	29,793,284	17,113,163	1,204,612	49,524

The amount due to a director is unsecured, interest free with no fixed terms of repayment.

12. BORROWINGS

	<i>Group</i>	
	<i>2002</i>	<i>2001</i>
	<i>RM</i>	<i>RM</i>
CURRENT		
Secured - Short term borrowings	913,000	-
- Term loan	3,239,502	-
- Hire purchase obligations	287,799	302,828
	4,440,301	302,828
Unsecured - Short term borrowings	8,563,881	8,108,522
	13,004,182	8,411,350
NON CURRENT		
Secured - Term loan	29,009,031	1,837,148
- Hire purchase obligations	359,315	531,103
	29,368,346	2,368,251



12. BORROWINGS (CONT'D)

- (a) Bank borrowings are secured over the leasehold land and factory building of a subsidiary company (Note 4(c)).
- (b) Short term borrowings comprising bankers' acceptances and trade loan bear interest ranging from 2.8% to 4.0% (2001 – 3.4% to 3.8%) per annum.
- (c) The term loan is partially drawn down. It bears interest ranging from 7.9% to 8.4% (2001 – 8.5% to 8.8%) per annum.
- (d) The implicit interest rates of the hire purchase obligations are at 10% to 13% (2001 – 9.8% to 13.6%) per annum.
- (e) Outstanding hire purchase obligations :

	<i>Group</i>	
	<i>2002</i>	<i>2001</i>
	<i>RM</i>	<i>RM</i>
Minimum hire purchase payments :		
Within one year	341,427	377,213
Within two to five years	394,324	591,781
	735,751	968,994
Less : Unexpired term charges	(88,637)	(135,063)
	647,114	833,931
Principal outstanding :		
Current portion	287,799	302,828
Non current portion	359,315	531,103
	647,114	833,931

- (f) The term loans as at end of the financial year are repayable as follows :

	<i>Group</i>	
	<i>2002</i>	<i>2001</i>
	<i>RM</i>	<i>RM</i>
Current		
Not later than one year	3,239,502	-
Non-Current		
Between one to two years	6,177,881	242,424
Between two to five years	22,831,150	1,594,724
	29,009,031	1,837,148
	32,248,533	1,837,148



13. SHARE CAPITAL

	<i>Group</i>		<i>Company</i>	
	<i>2002 RM</i>	<i>2001 RM</i>	<i>2002 RM</i>	<i>2001 RM</i>
Authorised :				
Ordinary shares of RM 1 each	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid :				
Ordinary shares of RM 1 each	46,000,000	46,000,000	46,000,000	46,000,000

14. RESERVES

	<i>Group</i>		<i>Company</i>	
	<i>2002 RM</i>	<i>2001 RM</i>	<i>2002 RM</i>	<i>2001 RM</i>
Non-Distributable				
Share premium	7,399,387	7,399,387	7,399,387	7,399,387
Merger deficit	(28,849,998)	(28,849,998)	-	-
Capital reserves :				
Revaluation reserve	9,100,364	9,100,364	-	-
Reserve on consolidation	80,873	80,873	-	-
Translation reserve	(14,204)	-	-	-
Distributable				
Retained profits	52,256,832	45,041,964	24,689,776	2,229,468
	39,973,254	32,772,590	32,089,163	9,628,855

Subject to the agreement of the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income to frank the payment of dividend out of its entire retained profits without incurring additional tax liability.

15. DEFERRED TAXATION

	<i>Group</i>	
	<i>2002 RM</i>	<i>2001 RM</i>
Balance at beginning of financial year	2,598,000	1,900,000
Transfer from income statement	825,000	698,000
Balance at end of financial year	3,423,000	2,598,000

The potential deferred tax liability of the Group estimated at RM 0.2 million (2001 - RM 0.6 million) in respect of capital allowance in excess of book depreciation is not provided for in the current financial year as it is anticipated that the tax effects of such deferrals will continue in the foreseeable future.

Deferred taxation is not provided for by the Group on the surplus arising from the revaluation of land and buildings which are held for long term use.



16. REVENUE

Revenue of the Group and the Company comprises the following :

	<i>Group</i>		<i>Company</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Sale of furnitures net of returns and discounts	154,433,146	118,045,438	-	-
Dividend income	-	-	26,300,000	1,845,000
Management fee	-	-	144,000	120,000
	154,433,146	118,045,438	26,444,000	1,965,000

17. PROFIT FROM OPERATIONS

	<i>Group</i>		<i>Company</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
(a) Profit from operations is arrived at after charging :				
Amortisation of goodwill on consolidation	108,944	31,846	-	-
Audit fee - current	77,039	49,600	8,000	7,500
- underprovision	500	-	500	-
Depreciation	5,118,782	4,544,689	-	-
Expenditure carried forward written off	434,403	62,302	-	-
Loss on foreign exchange	150,839	210	-	-
Property, plant and equipment written off	25,394	-	-	-
Rental - factory	549,600	744,000	-	-
- hostel	-	4,340	-	-
- premises	256,381	-	-	-
And crediting :				
Gain on foreign exchange	(258,352)	-	-	-
Gain on disposal of property, plant and equipment	(13,280)	(1,633)	-	-
Insurance claim received	(267,554)	-	-	-
Interest income	(75,345)	(47,105)	(44,755)	(29,367)
(b) Directors' remuneration :				
Payable to :				
Executive directors :				
Fees	180,000	194,000	180,000	194,000
Salaries and allowances	431,719	313,200	-	-
Bonuses	85,500	88,500	-	-
EPF and Socso	49,055	49,253	-	-
Benefits-in-kind	45,000	43,800	-	-
Non-executive directors :				
Fees	96,000	75,000	96,000	75,000
(c) Employee information :				
Staff costs (excluding directors' remuneration)	17,431,905	13,216,995	-	-
Number of employees as at year end	1,234	956	-	-



18. FINANCE COSTS

	<i>Group</i>		<i>Company</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Interest on :				
Hire purchase	85,012	112,677	-	-
Term loans	657,858	8,671	-	-
Trade bills	257,677	704,571	-	-
Others	141	-	-	-
	1,000,688	825,919	-	-
Bank charges	631,036	57,120	5,107	742
	1,631,724	883,039	5,107	742

19. TAXATION

	<i>Group</i>		<i>Company</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Current	3,443,128	1,222,800	2,412,106	7,800
Deferred	825,000	698,000	-	-
(Overprovision)/Underprovision in previous year	(212,916)	15,022	(8,098)	-
	4,055,212	1,935,822	2,404,008	7,800

Group

The effective tax rate of the Group for the current financial year is higher than the statutory rate due to certain expenses not deductible for tax purpose and the losses suffered by certain subsidiary companies for which no group relief is available.

For financial year 2001, the effective tax rate of the Group is lower than the statutory tax rate due to certain expenses eligible for double deductions and the utilisation of reinvestment allowances.

Company

For financial year 2002, the effective tax rate of the Company is lower than the statutory tax rate mainly due to certain dividend income is tax exempt.

For financial year 2001, no provision for taxation is made on the dividend income from subsidiary company which is tax exempt. The current tax charge is provided in respect of interest income.



20. EARNINGS PER SHARE

Earnings per share has been calculated based on the Group's profit after taxation of RM 8,134,868 (2001 – RM 4,039,183) and the number of ordinary shares in issue of 46,000,000 (2001 – 46,000,000).

21. DIVIDEND

	<i>Group</i>		<i>Company</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
In respect of the financial year ended 31 October 2001				
First and final tax exempt dividend of 2% on 46,000,000 ordinary shares	920,000	-	920,000	-

22. ACQUISITION OF SUBSIDIARY COMPANIES

During the financial year, the Group through its wholly owned subsidiary company, Poh Huat International Sdn. Bhd., acquired 100% equity interest in PHI Marketing Sdn. Bhd. (Formerly known as Turbo Vector Sdn. Bhd.), 51% equity interest in Poh Huat International Furniture (SA) Pty Ltd and 60% equity interest in Poh Huat International (S) Pty Ltd. In previous financial year, the Company acquired 100% equity interest in Poh Huat International Sdn. Bhd. (Formerly known as Seraya Dimensi Sdn. Bhd.). The fair value of the assets acquired and the liabilities assumed are as follows :

	<i>Group</i>		<i>Company</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Preliminary expenses	-	2,602	-	2,602
Receivables	307,367	-	-	-
Property, plant and equipment at net book value	101,976	-	-	-
Inventories	568,591	-	-	-
Payables	(764,875)	(2,602)	-	(2,602)
Cash and bank balances	631,431	2	-	2
Minority interest	(403,718)	-	-	-
Net assets acquired	440,772	2	-	2
Goodwill on consolidation	459,657	-	-	-
Purchase consideration	900,429	2	-	2
Cash and cash equivalents in subsidiary company acquired	(631,431)	(2)	-	-
Net cash outflow on acquisition	268,998	-	-	2



22. ACQUISITION OF SUBSIDIARY COMPANIES (CONT'D)

The effect of these acquisitions on the financial results of the Group during the financial year is as follows :

	2002	2001
	RM	RM
Revenue	2,734,429	-
Cost of sales	(536,590)	-
Gross profit	2,197,839	-
Other operating income	269,609	-
Selling and distribution expenses	(72,639)	-
Administration expenses	(983,726)	(4,287)
Other operating expenses	(1,274)	-
Profit/(loss) from operations	1,409,809	(4,287)
Finance costs	(4,912)	-
Profit/(loss) before taxation	1,404,897	(4,287)
Taxation	(81,259)	-
Increase/(Decrease) in Group net profit	1,323,638	(4,287)

The effect of these acquisitions on the financial position of the Group at the end of the financial year is as follows

	2002	2001
	RM	RM
Property, plant and equipment	77,240	-
Inventories	1,095,935	-
Trade receivables	638,876	-
Other receivables	40,650	524,177
Deposits with licensed banks	3,751	-
Cash and bank balances	222,377	2,000
Trade payables	(258,173)	-
Other payables	(34,583)	(430,464)
Provision for taxation	(78,669)	-
Increase in Group net assets	1,707,404	95,713



23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following :

	<i>Group</i>		<i>Company</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Deposits, bank and cash balances (Note 10)	18,149,172	10,471,888	493,398	1,596,996
Less : Non-cash and cash equivalents				
Fixed deposit pledged to bank	(247,520)	(346,433)	-	-
as collateral (Note 10)				
	17,901,652	10,125,455	493,398	1,596,996

24. CONTINGENT LIABILITIES (UNSECURED)

	<i>Company</i>	
	<i>2002</i>	<i>2001</i>
	<i>RM</i>	<i>RM</i>
Guarantee to financial institutions for banking facilities granted to subsidiary companies	104,046,000	75,046,000

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identities of related parties

- (i) The subsidiary companies are disclosed as in note 5 to the financial statements.
- (ii) TKH Resources Sdn. Bhd. – A company in which a director, Mr. Tay Kim Huat has substantial financial interest.

(b) Related party transactions

In the normal course of business, the Group and the Company undertake on agreed terms and prices, transactions with its related parties. The significant related party transactions during the financial year are as follows :

	<i>Group</i>		<i>Company</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Poh Huat Furniture Industries (M) Sdn. Bhd.				
- Dividend income	-	-	26,300,000	1,845,000
- Management fee income	-	-	144,000	120,000
TKH Resources Sdn. Bhd.				
- Rental of premises paid	324,000	744,000	-	-



26. CAPITAL COMMITMENTS

Capital expenditures not provided for in the financial statements are as follows :

	<i>2002</i> <i>RM</i>	<i>Group</i> <i>2001</i> <i>RM</i>
(a) Property, plant and equipment		
Authorised but not contracted for	-	7,668,000
Authorised and contracted for	5,454,645	6,897,000
	5,454,645	14,565,000
Analysed as follows :		
Land	2,957,600	-
Factory building	2,497,045	3,842,000
Plant and machinery	-	10,723,000
	5,454,645	14,565,000
(b) Investment		
Authorised and contracted for (note 9)	-	355,947
(c) Operating lease commitments		
Within one year	256,869	-
Within two to five years	1,027,478	-
After five years	9,803,853	-
	11,088,200	-

27. SEGMENTAL ANALYSIS**By Activity**

	<i>Revenue</i> <i>RM</i>	<i>Cost of sales</i> <i>RM</i>	<i>Profit/(Loss)</i> <i>before</i> <i>taxation</i> <i>RM</i>	<i>Gross assets</i> <i>RM</i>
2002				
Investment holding	-	-	(659,684)	1,824,223
Manufacturing	154,433,146	122,726,501	12,883,947	161,744,403
	154,433,146	122,726,501	12,224,263	163,568,626
2001				
Investment holding	-	-	(337,912)	1,602,220
Manufacturing	118,045,438	99,193,720	6,312,917	107,961,450
	118,045,438	99,193,720	5,975,005	109,563,670



27. SEGMENTAL ANALYSIS (CONT'D)

By Geographical Segments

	<i>Revenue</i> <i>RM</i>	<i>Cost of sales</i> <i>RM</i>	<i>Profit/(Loss)</i> <i>before</i> <i>taxation</i> <i>RM</i>	<i>Gross assets</i> <i>RM</i>
2002				
Malaysia	151,828,152	122,294,268	11,338,518	136,930,935
South Africa	2,354,945	267,538	1,502,398	1,741,692
Singapore	250,049	164,695	(67,590)	332,138
Vietnam	-	-	(549,063)	24,563,861
	154,433,146	122,726,501	12,224,263	163,568,626
2001				
Malaysia	118,045,438	99,193,720	5,975,005	109,563,670
South Africa	-	-	-	-
Singapore	-	-	-	-
Vietnam	-	-	-	-
	118,045,438	99,193,720	5,975,005	109,563,670

28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (1) During the financial year, the Company contributed a total of VND 22,995,000,000 or RM 5,700,000 to the legal capital of a newly incorporated subsidiary, namely Poh Huat Furniture Industries Vietnam Limited, a company incorporated in Vietnam under the investment licence issued by the Management Board of Binh Duong Industrial Zone of Vietnam on 1 March 2002.
- (2) On 3 July 2002, the Company entered into an agreement with Tin Nghia Company (Timexco) ("Timexco") for the sub-lease of 114,000 square meters of leasehold industrial land located in Vietnam for an upfront lease payment of USD 225,000 (RM 855,000) and an annual lease payment of USD 0.70 per square meter for the remaining lease term of 50 years. A refundable deposit of USD 10,000 (RM 38,000) was paid to Timexco upon signing of the said agreement.
- (3) During the financial year, the Company contributed a total of VND 3,446,744,000 or RM 857,736 to the legal capital of a newly incorporated subsidiary, namely Poh Huat Woodwork Industries Vietnam Limited, a company incorporated in Vietnam under the Investment Licence issued by the People's Committee of Dong Nai Province of Vietnam on 29 August 2002.
- (4) On 21 October 2002, Poh Huat Furniture Industries (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a Sale And Purchase Agreement for the acquisition of two parcels of freehold land for a total cash consideration of RM 2,975,600. A 10% deposit of RM 297,560 was paid and included as other receivables in the financial statements.



29. COMPARATIVE FIGURES

The following comparative figures on the face of consolidated income statement have been reclassified to conform with current year's presentation.

	<i>Amounts as restated RM</i>	<i>Amounts as previously reported RM</i>
Administration expenses	5,138,295	5,270,621
Other operating expenses	132,326	-

The reclassification has no impact on the net profit attributable to shareholders.

30. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 17 January 2003.



List of Landed Properties

The Group's policy on revaluation of landed properties is as stated in Note 3(a) to the Financial Statements.

<i>Location</i>	<i>Description</i>	<i>Land Area (hectare)</i>	<i>Use</i>	<i>Tenure/ Age of Building</i>	<i>Net Book Value as at 31.10.2002 RM'000</i>	<i>Date of Revaluation or Acquisition</i>
<i>Poh Huat Furniture Industries (M) Sdn Bhd</i>						
PTD No. 1502 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of industrial land with an office building, a warehouse and ancillary structures	1.08	Office with warehousing facilities	60 years leasehold expiring in 2056/6 years	5,402	17.6.99 (Date of Revaluation)
PTD No. 1531 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of industrial land with 2 blocks of factory buildings and ancillary structures	0.96	Furniture manufacturing facilities	60 years leasehold expiring in 2056/6 years	5,139	17.6.99 (Date of Revaluation)
PTD Nos. 1547 & 1548 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	2 plots of industrial land with 1 block of factory building and ancillary structures	1.92	Furniture manufacturing facilities	60 years leasehold expiring in 2056/4 years	7,363	27.7.99 (Date of Revaluation)
<i>Yee Lu Fah Sdn Bhd</i>						
PTD No. 1546 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of industrial land with an office building, 1 block of factory building and ancillary structures	1.62	Office with furniture manufacturing facilities	60 years leasehold expiring in 2056/6 years	8,424	17.6.99 (Date of Revaluation)
<i>Maxicoins Sdn Bhd</i>						
PTD No. 1473 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of industrial land with an office building, 1 block of factory building and ancillary structures	1.62	Office with furniture manufacturing and kiln drying facilities	60 years leasehold expiring in 2056/2 years	12,569	12.9.00 (Date of Acquisition)



List of Landed Properties Continued

<i>Location</i>	<i>Description</i>	<i>Land Area (hectare)</i>	<i>Use</i>	<i>Tenure/ Age of Building</i>	<i>Net Book Value as at 31.10.2002 RM'000</i>	<i>Date of Revaluation or Acquisition</i>
<i>Poh Huat Furniture Industries Vietnam Ltd</i>						
No. 17, Road 26 Song Than Industrial Zone II Di An District Binh Duong Province Vietnam	1 plot of industrial land with an office building, 1 hostel, 3 factory buildings and ancillary structures	6.76	Office with furniture manufacturing and accommodation facilities	50 years lease expiring in 2045/ 1 year	18,913	1.3.02 (Date of Acquisition)
<i>Poh Huat Woodwork Industries Vietnam Ltd</i>						
Lot 25 Tam Phuoc Commune Long Thanh District Dongnai Province Vietnam	1 plot of vacant industrial land	11.40	Land held for future expansion	50 years lease expiring in 2052/ N.A.	853	29.8.02 (Date of Acquisition)



Shareholding Statistics

as at 5 March 2003

Principal Statistics

Authorised Share Capital	-	RM100,000,000
Issued and Paid-up Share Capital	-	RM46,000,000
Class of Shares	-	Ordinary shares of RM1.00 each
Voting Rights	-	One vote per ordinary share
Number of Shareholders	-	4,283

Distribution of Shareholdings

	<i>No. of Shareholders</i>	<i>% of Shareholders</i>	<i>No. of Shares</i>	<i>% of Issued Share Capital</i>
Less than 1,000	-	-	-	-
1,000 to 10,000	4,038	94.28	8,860,000	19.26
10,001 to 100,000	215	5.02	4,817,000	10.47
100,001 to less than 5% of issued shares	27	0.63	13,731,908	29.85
5% and above of issued shares	3	0.07	18,591,092	40.42
Total	4,283	100.00	46,000,000	100.00

Substantial Shareholders

(Based on the Register of Substantial Shareholders)

<i>Name of Shareholders</i>	<i>No. of Shares Held</i>		<i>% of Issued Share Capital</i>	
	<i>Direct</i>	<i>Deemed</i>	<i>Direct</i>	<i>Deemed</i>
Tay Kim Huat	9,969,757	1,431,908(a)	21.67	3.11
Ng Ah Poh	5,711,951	-	12.42	-
Tay Kim Hau	2,909,384	-	6.32	-

Notes:-

(a) Deemed interested by virtue of the shareholding of his spouse and children.

Directors' Shareholdings

(Based on the Register of Directors' Shareholdings)

<i>Name of Shareholders</i>	<i>No. of Shares Held</i>		<i>% of Issued Share Capital</i>	
	<i>Direct</i>	<i>Deemed</i>	<i>Direct</i>	<i>Deemed</i>
Dato' Haji Zakariya bin Mohamed	-	2,070,000(a)	-	4.50
Tay Kim Huat	9,969,757	1,431,908(b)	21.67	3.11
Ng Ah Poh	5,711,951	-	12.42	-
Tay Kim Hau	2,909,384	-	6.32	-
Dato' Zaini bin Md. Hasim	8,000	-	0.02	-
Boo Chin Liong	3,000	-	0.01	-
Tay Khim Seng	294,000	-	0.64	-
Chua Syer Cin	-	-	-	-

Notes:-

(a) Deemed interested by virtue of his substantial shareholding in Sewina Sdn Bhd.

(b) Deemed interested by virtue of the shareholding of his spouse and children.



The 30 Largest Shareholders

<i>Name of Shareholders</i>	<i>No. of Shares Held</i>	<i>% of Issued Share Capital</i>
1. Tay Kim Huat	9,969,757	21.67
2. Ng Ah Poh	5,711,951	12.42
3. Tay Kim Hau	2,909,384	6.32
4. Lembaga Tabung Haji	2,145,000	4.66
5. Sewina Sdn Bhd	2,070,000	4.50
6. Lee Fook Long	1,700,000	3.70
7. Ong Ee Chang	1,527,000	3.32
8. Sim Sheau Yun	620,000	1.35
9. Ng Sui Kang	600,000	1.30
10. Tay Li Chin	477,954	1.04
11. Yeo Gek Cheng	477,954	1.04
12. Tay Li Ping	476,000	1.03
13. Toh Bee Ching	388,000	0.84
14. Amanah Raya Nominees (Tempatan) Sdn Bhd (Amanah Saham Johor)	321,000	0.70
15. Ling Hee Keat	320,000	0.70
16. TA Nominees (Tempatan) Sdn Bhd (A/C for Tay Khim Seng)	294,000	0.64
17. Toh Kim Chong	286,000	0.62
18. Chua Kim Keng	278,000	0.60
19. Neoh Cher Leong	237,000	0.52
20. Ter Poh Hwa	200,000	0.43
21. A A Assets Nominees (Tempatan) Sdn Bhd (A/C for Sim Sheau Yun)	156,000	0.34
22. RHB Capital Nominees (Tempatan) Sdn Bhd (A/C for Sin Huan Kwang)	151,000	0.33
23. Tan Swee Huan	148,000	0.32
24. Tan Chen Neo @ Tang Chen Neo	140,000	0.30
25. Tan Bee Eng	134,000	0.29
26. Ng Yen Fen	130,000	0.28
27. Lu Chin Poh	125,000	0.27
28. Ng Leng Huat	118,000	0.26
29. Ong Yee Kon	110,000	0.24
30. Green River Wood & Lumber MFG Sdn Bhd	102,000	0.22



Proxy Form



POH HUAT RESOURCES HOLDINGS BERHAD
443169-X

I/We _____

of _____

being member/members of **POH HUAT RESOURCES HOLDINGS BERHAD**, hereby appoint _____

of _____

or failing him, _____

of _____

as my/our proxy to vote on my/our behalf at the 4th Annual General Meeting of the Company to be held at the Maharani Suite, Pulau Spring Resort, 20 Km, Jalan Pontian Lama, 81110, Pulai, Johor Darul Takzim on 29 April 2003 at 11.00 a.m. and, at every adjournment thereof, and to vote as indicated below:-

Ordinary Resolution		For	Against
Ordinary Resolution 1	Adoption of Audited Financial Statements and Reports		
Ordinary Resolution 2	Payment of Directors' Fee		
Ordinary Resolution 3	Declaration of First and Final Tax-exempt Dividend of 2%		
Ordinary Resolution 4	Re-election of Dato Haji Zakariya bin Mohamed as Director		
Ordinary Resolution 5	Re-election of Mr Tay Kim Hau as Director		
Ordinary Resolution 6	Re-election of Mr Boo Chin Liong as Director		
Ordinary Resolution 7	Re-appointment of Auditors		
Ordinary Resolution 8	Authority for Directors to Issue Shares		
Ordinary Resolution 9	Shareholders' Mandate for Recurrent Related Party Transactions Involving Wilsin Office Furniture (S) Pte Ltd		
Ordinary Resolution 10	Shareholders' Mandate for Recurrent Related Party Transactions Involving J.A. Nathan & Co.		

Please indicate with [**p**] how you wish your vote to be cast. (Unless otherwise instructed, the proxy may vote as he/she thinks fit). If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

As witness my hand this _____ day of _____ 2003.

Signature of Member(s)

Signature of Witness

Number of shares held / to be represented

Name of Witness

Notes:

1. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the form of proxy, duly completed must be deposited at the Registered Office of the Company at 1-10 (1st Floor), Jalan Arab, 84000 Muar, Johor Darul Takzim not less than forty-eight (48) hours before the time of the Annual General Meeting.
3. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/her proxy, provided always that the rest of the form of proxy, other than the particulars of the proxy, have been duly completed by the member(s).
4. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same Annual General Meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. If the appointer is a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.

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Registered Office / Pejabat Berdaftar
POH HUAT RESOURCES HOLDINGS BERHAD
1 - 10 (1st Floor), Jalan Arab
84000 Muar, Johor Darul Takzim

Stamp/Setem

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