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NOTICE IS HEREBY GIVEN that the 6th Annual General Meeting of the Company will be held at Pendeta I, Sofitel Palm Resort, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor Darul Takzim on 30 April 2004 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 2003 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 2003.

(Ordinary Resolution 2)

3. To declare a first and final dividend of 2% less 28% tax in respect of the financial year ended 31 October 2003.

(Ordinary Resolution 3)

4. To re-elect the following Directors who retire in accordance with Article 81 of the Company's Articles of Association:-

Mr Tay Kim Huat

(Ordinary Resolution 4)

Mr Ng Ah Poh

(Ordinary Resolution 5)

Dato' Zaini bin Md. Hasim

(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 ("Act"), the Articles of Association of the Company and the approvals of the Malaysia Securities Exchange Berhad 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 Act, 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**

"THAT, subject always to the Malaysia Securities Exchange Berhad 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 8 April 2004 on the same with the following related parties:-

1. **Wilsin Office Furniture**

(S) Pte Ltd

(Ordinary Resolution 9)

2. **J.A. Nathan & Co**

(Ordinary Resolution 10)

3. **Tay Kim Huat**

(Ordinary Resolution 11)

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."

NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the proposed first and final dividend of 2% less 28% tax in respect of the financial year ended 31 October 2003, if approved, will be paid on 28 May 2004 to depositors registered in the Record of Depositors of the Company at the close of business on 13 May 2004.

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 2004 in respect of ordinary transfers; or
- b) Shares bought on the Malaysia Securities Exchange Berhad on a cum entitlement basis according to the Rules of the Malaysia Securities Exchange Berhad.

BY ORDER OF THE BOARD

Pang Kah Man
(MIA 18831)
Secretary

Muar, Johor Darul Takzim
8 April 2004

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 Item 7 (**Resolutions 9, 10 & 11**), 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 8 April 2004.

Statement Accompanying Notice of Annual General Meeting

Pursuant to paragraph 8.28 (2) of the Malaysia Securities Exchange Berhad Listing Requirements

Name of Directors Standing for Re-election

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

- Mr Tay Kim Huat
- Mr Ng Ah Poh
- Dato' Zaini bin Md. Hasim

Mr Tay Kim Huat, Mr Ng Ah Poh and Dato' Zaini bin Md. Hasim are retiring in accordance with Article 81 of the Company's Articles of Association.

Date, Time and Place of the Annual General Meeting

Date : 30 April 2004
Time : 11.00 a.m.
Place : Pendeta 1
Sofitel Palm Resort
Jalan Persiaran Golf
Off Jalan Jumbo
81250 Senai
Johor Darul Takzim

Details of Attendance of Directors at Board Meetings

Five (5) board meetings were held during the financial year from 1 November 2002 to 31 October 2003. Details of the attendance of Directors at the board meetings are as follows:-

Name	Attendance
Dato' Haji Zakariya bin Mohamed	5/5
Mr Tay Kim Huat	5/5
Mr Tay Kim Hau	4/5
Mr Ng Ah Poh	5/5
Dato' Zaini bin Md. Hasim	4/5
Mr Boo Chin Liong	4/5
Mr Tay Khim Seng	5/5
Mr Chua Syer Cin	3/5

Details of Directors Standing for Re-election

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

Mr Tay Kim Huat

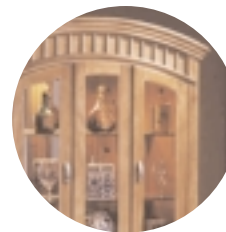
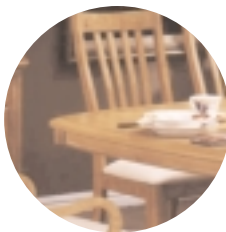
Age	: 48
Nationality	: Malaysian
Designation/Position in the Company	: Managing Director (<i>Non-Independent Executive Director</i>)
Qualification	: Nil
Work Experience	: Furniture manufacturer and entrepreneur (1980 to present)
Directorship in other Public Companies	: Nil
Securities holding in the Company and its subsidiaries	: Ordinary Shares of RM1.00 each Direct - 15,893,294 shares Deemed - 1,934,829 shares Warrants 2003/2008 Direct - 3,288,658 warrants Deemed - 236,967 warrants
Family relationship with any directors and/or major shareholders of the Company	: Mr Tay Kim Huat is the brother of Mr Tay Kim Hau, an Executive Director and major shareholders 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 Ng Ah Poh

Age	:	53
Nationality	:	Malaysian
Designation/Position in the Company	:	Executive Director (<i>Non-Independent Executive Director</i>)
Qualification	:	Nil
Work Experience	:	Businessman involved in the manufacturing of furniture; and manufacturing and retailing of biscuit, confectionery and food products
Directorship in other Public Companies	:	Nil
Securities holding in the Company and its subsidiaries	:	Ordinary Shares of RM1.00 each Direct - 7,323,350 shares Warrants 2003/2008 Direct - 84 warrants
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

Dato' Zaini bin Md. Hasim DIMP, AMP, AMN, PIS, PPA, PPS

Age	:	58
Nationality	:	Malaysian
Designation/Position in the Company	:	Director (<i>Independent Non-Executive Director</i>)
Qualification	:	Bachelor of Social Science (Honours)
Work Experience	:	Royal Malaysian Police Force (1965 to 2001) held various commanding positions including:- <ul style="list-style-type: none">• Commander of General Operations, Sabah• Deputy Director of Security/Intelligence, Malaysian Aviation Department• Assistant Director, Bukit Aman• Officer-In-Charge of District Police
Directorship in other Public Companies	:	Nil
Securities holding in the Company and its subsidiaries	:	Ordinary Shares of RM1.00 each Direct - 12,000 shares Warrants 2003/2008 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



Board of Directors

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

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

* Independent Non-Executive Director

Secretary

Pang Kah Man (MIA 18831)

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

Registrars

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

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

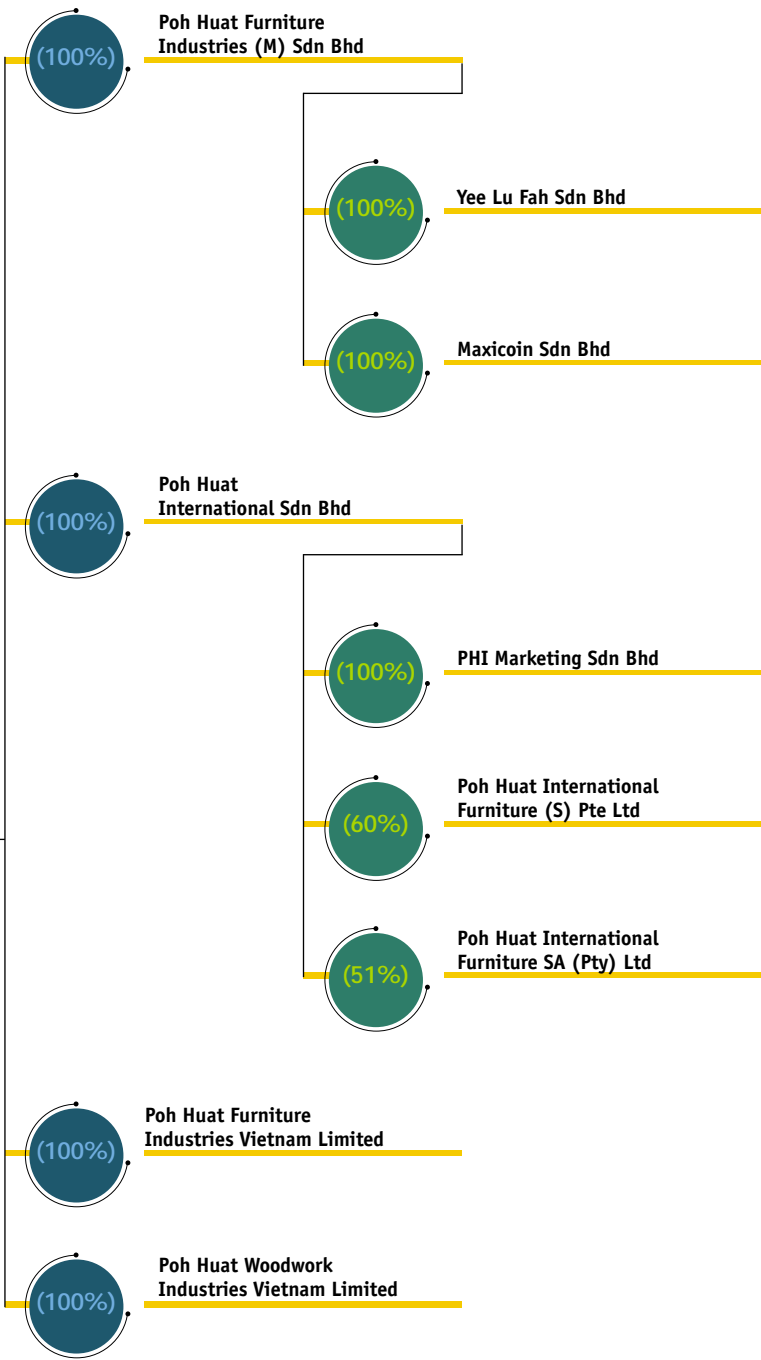
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Bhd

Solicitors

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

Stock Exchange Listing

Main Board of the
Malaysia Securities Exchange Berhad



Dato' Haji Zakariya Bin Mohamed

Chairman (*Non-Independent Executive Director*)

Dato' Haji Zakariya bin Mohamed, Malaysian, aged 57, 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 presently has business interest in and is 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 48, 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.

Mr Tay is the co-founder of Poh Huat Furniture Industries (M) Sdn Bhd, the main operating subsidiary of the Group. With more than 20 years of experience in the furniture manufacturing

industry, Mr Tay now leads the Group in areas of strategic planning, business development, 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 in the overseas ventures and investment undertaken by the Group.

He presently has business interest in and is 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 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 56, 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 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 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 53, 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 58, 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 Audit Committee.

Dato' Zaini received his early 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.

He presently has business interest in 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 43, 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 a member of the Remuneration Committee and the Nomination Committee.

Mr Boo graduated with a Bachelor of Law (Honours) from the University of Malaya in 1985. Mr Boo is an advocate and solicitor and has been in active legal practice since 1986.

He is a director of several private limited companies.

He is currently an Independent Non-Executive Director of Ramatex Berhad and Changhuat Corporation Berhad. 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 43, 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 practising 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 shareholder of the Company.

Mr Chua Syer Cin

Director (*Independent Non-Executive Director*)

Mr Chua Syer Cin, Malaysian, aged 31, 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 and the Nomination 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 presently a director of several private limited companies.

He is currently an Independent Non-Executive Director of Kia Lim Berhad and Syarikat Kayu Wangi Berhad. 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.

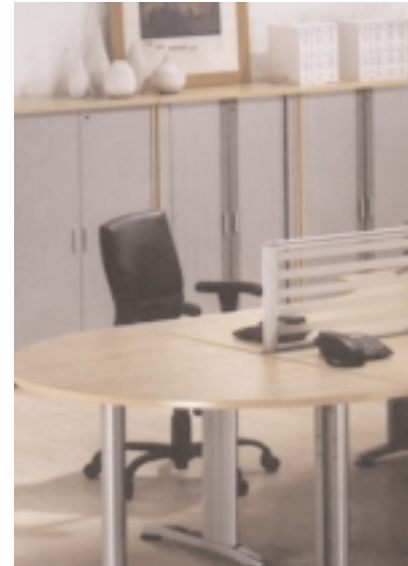
On behalf of the Board of Directors of Poh Huat Resources Holdings Berhad, I have the pleasure to present to you the Annual Report and the Financial Statements of the Company and its subsidiaries for the financial year ended 31 October 2003.

Operations

For the year under review, I am happy to report that the Group achieved a higher consolidated turnover of RM191.86 million, an improvement of more than 24% over the previous year's turnover.

The growth in turnover is especially commendable in light of the slower recovery of the global economy and keener competition from furniture manufacturers in lower cost countries such as China, Thailand and Vietnam. The SARS outbreak in several East Asia countries has also had an adverse impact on the furniture trade.

The challenging conditions notwithstanding, the Group's manufacturing operations performed well with improvements in areas



of operational efficiency, capacity utilisation and value of products manufactured. In particular, the new operations in Vietnam continued to gain strength as witnessed by the increasing shipment of several ranges of bedroom furniture for the upper segment of the US furniture market. With the Vietnamese operations, the Group is now able to offer a complete range of home furnishing products, thus making the Group one of the few one-stop furniture sourcing centres in this region.





The Group's profit before taxation for the year was marginally lower at RM11.17 million compared with RM12.22 million achieved in the previous year. Rather than a cause for concern, I am happy to report that the Group's lower profitability was the result of the initial startup costs incurred by the operations in Vietnam. The Group continued to enjoy good margin for its products and is confident on achieving better bottom line once capacity utilisation improves in Vietnam. The profit after taxation of the Group was lower at RM4.32 million due to higher provision for tax for the current year and additional tax assessment for previous financial years.

Corporate Development

I am pleased to report that the Company successfully completed a corporate exercise involving a 1 for 4 rights issue with free

warrants, a 1 for 2 bonus issue and the transfer of the Company from the Second Board to the Main Board of the Malaysia Securities Exchange Berhad. The corporate exercise has resulted in a healthier balance sheet with stronger cash reserves, a larger capital base to reflect the level of operations of the Group and an enhanced corporate standing as a company listed on the Main Board of the MSEL.

In conjunction with the above, the Company has also established an employees' share option scheme for the benefit of the employees of the Group. The employees' share option scheme is intended to motivate, retain and reward eligible employees who have contributed directly to the success 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 dividend of 2% less 28% tax for the financial year ended 31 October 2003 for approval at the forthcoming Annual General Meeting of the Company.

Prospects

Recent growth in employment, increase in hours worked and higher productivity in the US suggest a strong expansion of the US economy in 2004 whilst keeping inflation low. The rebound of business and consumer confidence, low interest rate and robust equity market in the US are expected to drive gross domestic product growth to a high of 4% in 2004. The positive outlook of the US economy and increasing confidence in Asia and Europe point to an acceleration of global growth to about 3% in 2004. Led by the rapid investments in production facilities and stronger domestic demand, merging markets in Asia, particularly China, are expected to grow at a higher rate of approximately 6% for 2004.

The Malaysia furniture industry continued to register strong growth in 2003 with export of approximately RM5.7 billion following the recovery in 2002. With the global economy on a firmer footing, Malaysia furniture export is now poised for further growth with a target export of RM6.7 billion for 2004.



Responding to the rapid globalisation and liberalisation of the furniture trade, the Group has taken proactive measures to strengthening our core manufacturing capabilities in Malaysia as well as to leverage on the comparative advantages in Vietnam.

The resources that have been devoted into these efforts, in time to come, will place us on a better position to compete with major participants in the international furniture arena, particularly those in China, Thailand and Vietnam. In particular, the investment in Vietnam will form the platform to support the Group's next stage of growth.

We will also continue to upgrade and expand our products offering with emphasis on complete ranges of upper-end household furniture comprising bedroom suites, living and dining sets and complementary occasional items. This one-stop



approach is designed to ease sourcing efforts thus providing the much-welcomed value-added service to furniture buyers and at the same time broaden our customer base and market reach. The Group will also continue to emphasize 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 protected and shareholders' value enhanced.

Acknowledgement

We would like to take this opportunity to express our sincere appreciation to the management and employees of the Group who have time and again performed at levels exceeding expectation.

We also appreciate the long-standing support and guidance of our valued customers, suppliers, business associates and regulatory authorities. To our business partners, we express our gratitude for your unwavering support without which the achievement of the Group will not be possible.

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

23 March 2004



Group Financial Highlights

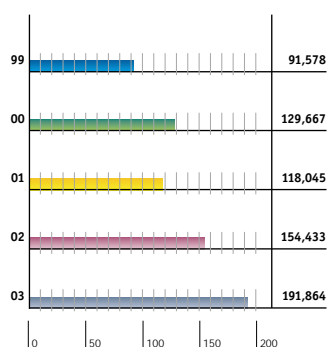
for the 5 financial years ended 31 October 1999 – 2003

<i>Financial Year ended 31 October</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002[@]</i>	<i>2003</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Turnover	91,578	129,667	118,045	154,433	191,864
Profit before taxation	11,890	13,578	5,975	12,224	11,169
Profit after taxation and attributable to shareholders	11,958	10,467	4,039	8,007	4,140
Total shareholders' fund	48,086	74,733	78,773	83,298	96,756
	<i>sen</i>	<i>sen</i>	<i>sen</i>	<i>sen</i>	<i>sen</i>
Net earnings per share*	26.00	22.75	8.78	17.41	5.23
Net tangible asset per share	102.42	160.94	169.93	179.00	111.00

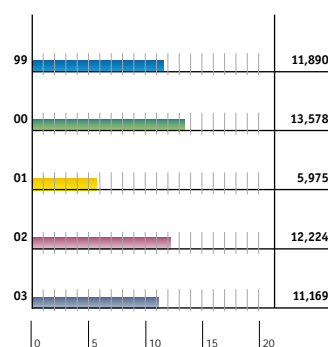
[@] Comparative figures for year 2002 have been restated to conform with the changes in presentation pursuant to the requirements of the new MASB No. 25 – Income Tax. The comparative figures for the years preceding 2002 have not been restated.

* The net earnings per share for years 1999 to 2002 are calculated based on 46,000,000 shares in issue during those years. The net earnings per share for year 2003 is calculated based on the weighted average number of shares in issue during the year of 79,226,180 shares.

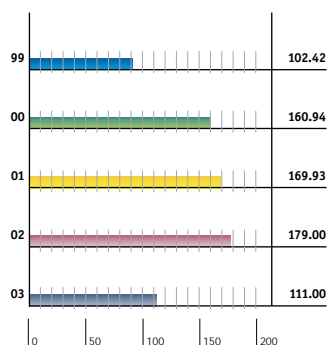
Turnover (RM Million)



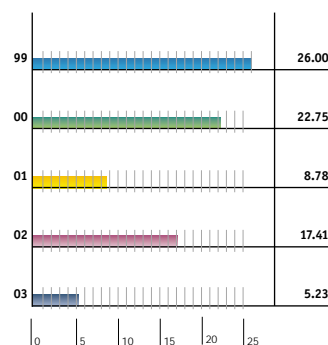
Profit Before Tax (RM Million)



Net Tangible Asset Per Share (Sen)



Net Earnings Per Share (Sen)



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, the Remuneration Committee and the Option Committee in order to enhance operational efficiency and strengthen the overall management and governance of the Group's business and affairs. 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 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 in both 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 fulfil 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 2002 to 31 October 2003, five (5) board meetings were held. Details of the attendance of Directors at these board meetings are as follows:-

Name	Attendance
Dato' Haji Zakariya bin Mohamed	5/5
Mr Tay Kim Huat	5/5
Mr Tay Kim Hau	4/5
Mr Ng Ah Poh	5/5
Dato' Zaini bin Md. Hasim	4/5
Mr Boo Chin Liong	4/6
Mr Tay Khim Seng	5/5
Mr Chua Syer Cin	3/5

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, the Nomination Committee and the Option 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.

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 financial 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 22 to page 24 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
Independent Non-Executive Director
2. Mr Boo Chin Liong
Independent Non-Executive Director
3. Mr Tay Khim Seng
Non-Independent Non-Executive Director
4. Mr Chua Syer Cin
Independent Non-Executive Director

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:-

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

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	318,700	-	318,700
Bonuses	87,000	-	87,000
EPF & SOCSO	49,615	-	49,615
Benefits-in-kind	45,000	-	45,000
	680,315	96,000	776,315

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
	4	4	8

4. Option Committee

The Option Committee is primarily responsible for the orderly administration and governance of the Poh Huat Employees' Share Option Scheme ("ESOS") in accordance to the objectives and provisions contained in the By-Laws to the ESOS. The current members of the Option Committee are:-

1. Mr Boo Chin Liong
Chairman of the Corporate Governance Committee
Independent Non-Executive Director
2. Dato' Zaini bin Md Hasim
Non-Independent Non-Executive Director
3. Mr Tay Khim Seng
Independent Non-Executive Director

The Option Committee determines the relevant criteria for eligibility, the pricing of option, the basis of allocation of option to eligible employees and recommends the offer of option to eligible employees. The Option Committee is also entrusted with matters pertaining to the administration of the ESOS, including the acceptance of offer, exercise of option and issuance of shares pursuant to the exercise of option. The Option Committee shall also review and where necessary recommend changes to the provisions in the By-Laws of the ESOS.

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 and annual 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 exchange information 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 25 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 22 to page 24 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

The gross proceeds of RM11.50 million arising from the Company's 1 for 4 renounceable rights issue of 11,500,000 shares have been fully utilised for the repayment of term loan for a subsidiary, payment of expenses relating to the corporate exercise undertaken by the Company and working capital purposes.

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

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

Warrants 2003/2008

In conjunction with the 1 for 4 renounceable rights issue of 11,500,000 shares, the Company had on 18 September 2003 issued 11,500,000 detachable warrants ("Warrants 2003/2008") at no cost to its shareholders. Each Warrant 2003/2008 shall entitle its registered holder to subscribe for one (1) new ordinary share at the exercise price during the exercise period upon and subject to the terms of the Deed Poll dated 29 July 2003. The exercise period for the Warrants 2003/2008 shall be from 18 September 2003 (being the issue date of the Warrants 2003/2008) to 17 September 2008 being the expiry date for the Warrants 2003/2008. The exercise price of the Warrants 2003/2008 is RM1.00 for each new ordinary subscribed.

In conjunction with the 1 for 2 bonus issue implemented by the Company and in accordance with the provision in the Deed Poll constituting the Warrant 2003/2008, an additional 5,750,000 new Warrants 2003/2008 were issued on 28 October 2003 as adjustments to mitigate the equity dilution of existing warrant holders as a result of the aforementioned bonus issue. No adjustments were made to the exercise price of the Warrants 2003/2008 as the exercise price of RM 1.00 per ordinary share is equivalent to the par value of ordinary shares.

As at 31 October 2003, none of the 17,250,000 Warrants 2003/2008 has been exercised.

ADR/GDR PROGRAMME

The Company has not sponsored any American Depository Receipt or Global Depository 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 material 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 Group	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 and purchase of office furniture by the Poh Huat Group to/from Wilsin	RM3,271,573
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.	Procurement of legal services from J.A. Nathan	RM25,450
Poh Huat Furniture Industries Sdn Bhd	Tay Kim Huat, an Executive Director and major shareholder of Poh Huat	Rental of office space from Tay Kim Huat	RM36,000

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 of the Audit Committee
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.

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 reduced 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 fulfil 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 arises 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 2002 to 31 October 2003. Details of the attendance of members at Audit Committee Meetings are as follows:-

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

The activities of the Audit Committee during the financial year from 1 November 2002 to 31 October 2003 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 audited financial statements for the year ended 31 October 2002 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 recommendation 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.

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. monitored and 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.

Internal Control

The internal audit function is undertaken by 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

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 system 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 is sufficient to safeguard the Group's interest.

The Group's internal control system 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;
- monitoring and 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, key business indicators and cash flow performance.

The Company and the Group continuously monitor the effectiveness of the internal control system to ensure 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 these risks. All 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.

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 of 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 provisions 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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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 2003.

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	4,139,857	7,304

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 RM920,000 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 dividend of 2% less tax at 28% amounting to RM1,242,000 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

During the financial year, the authorised share capital of the Company was increased from RM100,000,000 to RM500,000,000 by the creation of additional 400,000,000 ordinary shares of RM1.00 each.

During the financial year, the issued and fully paid up share capital of the Company was increased from RM46,000,000 to RM86,250,000 as a result of:

ISSUE OF SHARES AND DEBENTURES (CONT'D)

- (i) Rights Issue of 11,500,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per new ordinary share on a renounceable basis together with 11,500,000 detachable warrants 2003/2008 ("Warrants 2003/2008") on the basis of one (1) new ordinary share together with one (1) free warrant for every four (4) existing ordinary shares of RM1.00 each held ("Rights Issue with Warrants").
- (ii) Bonus Issue of 28,750,000 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share for every two (2) existing ordinary shares of RM1.00 each held ("Bonus Issue") after the aforesaid Rights Issue.

The new ordinary shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

WARRANTS

During the financial year, in conjunction with a renounceable rights issue of 11,500,000 ordinary shares of RM1.00 each on the basis of one (1) ordinary share for every four (4) existing ordinary shares held, the Company had on 18 September 2003 issued 11,500,000 detachable warrants 2003/2008 ("Warrants 2003/2008") at no cost to its shareholders.

Each Warrant 2003/2008 shall entitle its registered holder to subscribe for one (1) new ordinary share at the exercise price during the exercise period upon and subject to the terms of the Deed Poll dated 29 July 2003. The exercise price of each Warrant 2003/2008 shall be RM1.00 for every one (1) new ordinary share subject to the adjustments under certain circumstances in accordance with the provisions of the Deed Poll. The exercise period shall commence from 18 September 2003 (being the issue date of the Warrants 2003/2008) and expire on 17 September 2008 (being the maturity date of the Warrants 2003/2008). Warrants 2003/2008 not exercised during the exercise period will thereafter lapse and cease to be valid.

Pursuant to the Bonus Issue and as stipulated under the Deed Poll dated 29 July 2003, adjustments may be made to the number and exercise price of outstanding Warrants 2003/2008. The adjustments are made to mitigate the equity dilution of existing warrant holders as a result of the Bonus Issue by increasing the number of warrants held by the warrant holders to reflect the same proportion of share capital prior to the Bonus Issue. Accordingly, an additional 5,750,000 new Warrants 2003/2008 were issued. No adjustments were made to the exercise price of the Warrants 2003/2008 as the exercise price of RM1.00 per ordinary share is equivalent to the par value of ordinary shares.

The salient features of the additional warrants are as follows:

- (a) All the additional warrants shall upon allotment and issue, rank pari passu in all respect with the existing warrants.
- (b) The new ordinary shares to be issued pursuant to the exercise of additional warrants shall not be entitled to the Bonus Issue and shall, upon allotment and issue, rank pari passu in all respect with the existing ordinary shares of the Company except that they shall not be entitled to any dividend which may be declared in respect of the previous financial year or any dividend, rights, allotments or any other distributions, the entitlement date of which is prior to the date of allotment of the shares.

As at 31 October 2003, none of the 17,250,000 Warrants 2003/2008 has been converted to ordinary shares.

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' Haji Zaini Bin Md Hasim
- 7) Tay Khim Seng
- 8) Chua Syer Cin

In accordance with the Company's Articles of Association, Mr. Tay Kim Huat, Mr. Ng Ah Poh and Dato' Haji Zaini Bin Md Hasim 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 and warrants of the Company and its related corporations were as follows:

			<i>Ordinary Shares of RM1 each</i>			
			<i>Balance 01.11.02</i>	<i>Bonus Issue</i>	<i>Bought</i>	<i>Sold</i>
						<i>Balance 31.10.03</i>
Dato' Haji Zakariya Bin Mohamed	- Indirect interest	2,070,000	262,500	125,000	(1,670,000)	787,500
Tay Kim Huat	- Direct interest	9,969,757	6,231,098	2,492,439	-	18,693,294
	- Indirect interest	1,431,908	894,943	357,978	-	2,684,829
Ng Ah Poh	- Direct interest	5,711,951	3,274,450	1,555,000	(718,051)	9,823,350
Tay Kim Hau	- Direct interest	2,909,384	1,818,500	727,616	-	5,455,500
Boo Chin Liong	- Direct interest	3,000	5,000	7,000	-	15,000
Dato' Haji Zaini Bin Md Hasim	- Direct interest	8,000	5,000	2,000	-	15,000
Tay Khim Seng	- Direct interest	294,000	197,500	101,000	-	592,500
			<i>Number of Warrants 2003/2008</i>			
			<i>Balance 01.11.02</i>	<i>Acquired</i>	<i>Bonus Issue</i>	<i>Disposed</i>
						<i>Balance 31.10.03</i>
Dato' Haji Zakariya Bin Mohamed	- Indirect interest	-	125,000	62,500	-	187,500
Tay Kim Huat	- Direct interest	-	2,492,439	1,096,219	(300,000)	3,288,658
	- Indirect interest	-	357,978	78,989	(200,000)	236,967
Ng Ah Poh	- Direct interest	-	1,336,949	-	(1,336,949)	-
Tay Kim Hau	- Direct interest	-	727,616	200,000	(400,000)	527,616
Boo Chin Liong	- Direct interest	-	1,700	850	-	2,550
Dato' Haji Zaini Bin Md Hasim	- Direct interest	-	2,000	-	(2,000)	-
Tay Khim Seng	- Direct interest	-	81,000	37,000	(76,000)	42,000

DIRECTORS' INTEREST (CONT'D)

Other than as disclosed above, none of the Directors in office at the end of the financial year had any other interest in shares and options in the Company or its related corporations during the financial year.

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, none of the Directors 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 financial statements of the Group and the Company 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 26 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company or a related corporation 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 than as may arise from the share options granted pursuant to the issue of warrants.

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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 29 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 30 to the financial statements.

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: 18 February 2004

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 36 to 75 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 2003 and of the results 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: 18 February 2004

Statutory Declaration

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

I, CHOE HAN BOON, the Officer 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 36 to 75 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 CHOE HAN BOON
at Muar in the state of Johor
Darul Takzim on the 18th day of February 2004

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CHOE HAN BOON

Before me:
Commissioner for Oaths
Haji Hassan Bin Abdul Samad
(No. J111)

Report of the Auditors

to the members of Poh Huat Resources Holdings Berhad

We have audited the financial statements set out on pages 36 to 75. 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 2003 and of the results 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.

The 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: 18 February 2004

Consolidated Balance Sheet

as at 31 October 2003

	<i>Notes</i>	2003 <i>RM</i>	2002 <i>RM</i> <i>(Restated)</i>
PROPERTY, PLANT AND EQUIPMENT	4	94,935,743	86,061,729
INVESTMENT	6	25,527	25,527
GOODWILL ON CONSOLIDATION	7	893,011	955,798
CURRENT ASSETS			
Inventories	8	51,239,095	29,891,890
Trade and other receivables	9	26,478,549	28,484,510
Deposits, bank and cash balances	10	12,418,736	18,149,172
		90,136,380	76,525,572
LESS : CURRENT LIABILITIES			
Trade and other payables	11	33,261,753	29,793,284
Borrowings	12	23,620,795	13,004,182
Tax payable		3,785,963	1,576,694
		60,668,511	44,374,160
NET CURRENT ASSETS		29,467,869	32,151,412
		125,322,150	119,194,466
FINANCED BY:			
CAPITAL AND RESERVES			
Share capital	13	86,250,000	46,000,000
Reserves	14	10,505,691	37,298,094
SHAREHOLDERS' FUNDS		96,755,691	83,298,094
MINORITY INTEREST		595,883	429,866
LONG TERM AND DEFERRED LIABILITIES			
Borrowings	12	20,566,425	29,368,346
Deferred tax liabilities	15	7,404,151	6,098,160
		125,322,150	119,194,466

The accompanying notes form an integral part of the financial statements

Consolidated Income Statement

for the financial year ended 31 October 2003

	Notes	2003 RM	2002 RM (Restated)
REVENUE	16	191,863,674	154,433,146
COST OF SALES		(152,090,782)	(122,726,501)
GROSS PROFIT		39,772,892	31,706,645
OTHER OPERATING INCOME		1,314,265	882,768
SELLING AND DISTRIBUTION EXPENSES		(15,057,159)	(10,230,116)
ADMINISTRATION EXPENSES		(10,972,073)	(7,834,914)
OTHER OPERATING EXPENSES		(567,212)	(668,396)
PROFIT FROM OPERATIONS	17	14,490,713	13,855,987
FINANCE COSTS	18	(3,321,827)	(1,631,724)
PROFIT BEFORE TAXATION		11,168,886	12,224,263
TAXATION	19	(6,850,609)	(4,182,602)
PROFIT AFTER TAXATION BUT BEFORE MINORITY INTEREST		4,318,277	8,041,661
MINORITY INTEREST		(178,420)	(34,183)
NET PROFIT FOR THE FINANCIAL YEAR		4,139,857	8,007,478
EARNINGS PER SHARE (SEN)	20		
- Basic (Sen)		5.23	10.39
- Diluted (Sen)		4.99	N/A
TAX EXEMPT DIVIDEND PER SHARE (SEN)		2	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 2003

	<i>Notes</i>	<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 2001		46,000,000	7,399,387	9,181,237	(28,849,998)	-	45,041,964	78,772,590
Prior year adjustment	21	-	-	(2,547,770)	-	-	-	(2,547,770)
As at 31 October 2001 (as restated)		46,000,000	7,399,387	6,633,467	(28,849,998)	-	45,041,964	76,224,820
Net profit for the financial year (as restated)		-	-	-	-	-	8,007,478	8,007,478
Dividend	22	-	-	-	-	-	(920,000)	(920,000)
Translation of foreign subsidiary companies		-	-	-	-	(14,204)	-	(14,204)
Net loss not recognised in the consolidated income statement		-	-	-	-	(14,204)	-	(14,204)
As at 31 October 2002 (as restated)		46,000,000	7,399,387	6,633,467	(28,849,998)	(14,204)	52,129,442	83,298,094
Rights issue		11,500,000	-	-	-	-	-	11,500,000
Bonus issue		28,750,000	(6,580,758)	-	-	-	(22,169,242)	-
Net profit for the financial year		-	-	-	-	-	4,139,857	4,139,857
Dividend	22	-	-	-	-	-	(920,000)	(920,000)
Corporate exercise expenses written off against share premium		-	(818,629)	-	-	-	-	(818,629)
Translation of foreign subsidiary companies		-	-	-	-	(443,631)	-	(443,631)
Net loss not recognised in the consolidated income statement		-	(818,629)	-	-	(443,631)	-	(1,262,260)
As at 31 October 2003		86,250,000	-	6,633,467	(28,849,998)	(457,835)	33,180,057	96,755,691

The accompanying notes form an integral part of the financial statements

Consolidated Cash Flow Statement

for the financial year ended 31 October 2003

	<i>Notes</i>	2003 <i>RM</i>	2002 <i>RM</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		11,168,886	12,224,263
Adjustments for:			
Amortisation of goodwill on consolidation		62,787	108,944
Bad debts written off		2,026	-
Depreciation		7,212,827	5,118,782
(Gain) on disposal of property, plant and equipment		(123,959)	(13,280)
Inventories written off		442,390	-
Property, plant and equipment written off		15,405	25,394
Interest expense		2,583,029	1,000,688
Interest income		(92,032)	(75,345)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		21,271,359	18,389,446
Changes In Working Capital			
Inventories		(21,789,595)	(8,109,376)
Trade and other receivables		2,003,935	(7,012,237)
Trade and other payables		3,468,469	11,915,246
CASH GENERATED FROM OPERATIONS		4,954,168	15,183,079
Interest paid		(2,583,029)	(958,113)
Interest received		92,032	75,345
Tax paid		(3,335,349)	(1,953,834)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		(872,178)	12,346,477
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of subsidiary companies	23	-	(268,998)
Proceeds from disposal of property, plant and equipment		524,695	233,110
Purchase of property, plant and equipment		(16,815,109)	(35,114,122)
NET CASH (USED IN) INVESTING ACTIVITIES		(16,290,414)	(35,150,010)

	<i>Notes</i>	<i>2003</i>	<i>2002</i>
		<i>RM</i>	<i>RM</i>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		11,500,000	-
Corporate exercise expenses paid		(818,629)	-
Proceeds from term loans		16,198,289	30,368,810
Repayment of term loans		(14,195,002)	-
Repayment of hire purchase obligations		(293,275)	(317,617)
Net movements in trade bills		104,119	1,368,359
Net (increase)/decrease in fixed deposits pledged		(159,901)	98,913
Dividend paid		(920,000)	(920,000)
NET CASH FROM FINANCING ACTIVITIES		11,415,601	30,598,465
EFFECT ON EXCHANGE RATE CHANGES		(143,346)	(18,735)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,890,337)	7,776,197
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		17,901,652	10,125,455
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	24	12,011,315	17,901,652

The accompanying notes form an integral part of the financial statements

Balance Sheet

as at 31 October 2003

	<i>Notes</i>	<i>2003</i> <i>RM</i>	<i>2002</i> <i>RM</i>
INVESTMENT IN SUBSIDIARY COMPANIES	5	44,507,734	41,657,734
CURRENT ASSETS			
Trade and other receivables	9	43,468,545	13,446,643
Dividend receivable		-	23,696,000
Deposits, bank and cash balances	10	120,214	493,398
		43,588,759	37,636,041
LESS : CURRENT LIABILITIES			
Trade and other payables	11	238,655	1,204,612
NET CURRENT ASSETS		43,350,104	36,431,429
		87,857,838	78,089,163
FINANCED BY:			
CAPITAL AND RESERVES			
Share capital	13	86,250,000	46,000,000
Reserves	14	1,607,838	32,089,163
SHAREHOLDERS' FUNDS		87,857,838	78,089,163

The accompanying notes form an integral part of the financial statements

Income Statement

for the financial year ended 31 October 2003

	<i>Notes</i>	<i>2003 RM</i>	<i>2002 RM</i>
REVENUE	16	686,000	26,444,000
OTHER OPERATING INCOME		-	44,755
ADMINISTRATION EXPENSES		(675,398)	(699,332)
OTHER OPERATING EXPENSE		(1,500)	-
PROFIT FROM OPERATIONS	17	9,102	25,789,423
FINANCE COST	18	(1,798)	(5,107)
PROFIT BEFORE TAXATION		7,304	25,784,316
TAXATION	19	-	(2,404,008)
NET PROFIT FOR THE FINANCIAL YEAR		7,304	23,380,308

The accompanying notes form an integral part of the financial statements

Statement of Changes in Equity

for the financial year ended 31 October 2003

	<i>Note</i>	<i>Share Capital RM</i>	<i>Share Premium RM</i>	<i>Retained Profits RM</i>	<i>Total RM</i>
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	22	-	-	(920,000)	(920,000)
As at 31 October 2002		46,000,000	7,399,387	24,689,776	78,089,163
Rights issue		11,500,000	-	-	11,500,000
Bonus issue		28,750,000	(6,580,758)	(22,169,242)	-
Corporate exercise expenses written off against share premium		-	(818,629)	-	(818,629)
Net loss not recognised in the income statement		-	(818,629)	-	(818,629)
Net profit for the financial year		-	-	7,304	7,304
Dividend	22	-	-	(920,000)	(920,000)
As at 31 October 2003		86,250,000	-	1,607,838	87,857,838

The accompanying notes form an integral part of the financial statements

Cash Flow Statement

for the financial year ended 31 October 2003

	<i>Notes</i>	2003 <i>RM</i>	2002 <i>RM</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		7,304	25,784,316
Adjustments for:			
Interest income		-	(44,755)
Dividend income		-	(26,300,000)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		7,304	(560,439)
Changes In Working Capital			
Trade and other receivables		(30,021,902)	3,899,436
Trade and other payables		(965,957)	1,155,088
CASH (ABSORBED INTO)/GENERATED FROM OPERATIONS		(30,980,555)	4,494,085
Interest received		-	44,755
Tax paid		-	(9,702)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		(30,980,555)	4,529,138
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in subsidiary companies		-	(6,557,736)
Purchase of additional shares in existing subsidiary company		(2,850,000)	-
Dividend received from a subsidiary company		23,696,000	1,845,000
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		20,846,000	(4,712,736)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		11,500,000	-
Corporate exercise expenses paid		(818,629)	-
Dividend paid		(920,000)	(920,000)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		9,761,371	(920,000)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(373,184)	(1,103,598)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		493,398	1,596,996
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	24	120,214	493,398

The accompanying notes form an integral part of the financial statements

1. CORPORATE INFORMATION

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.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, listed on the Second Board of the Malaysia Securities Exchange Berhad. On 11 November 2003, the Company was transferred from Second Board to the Main Board of Malaysia Securities Exchange Berhad.

The address of the registered office of the Company is at 1-10 (1st Floor), Jalan Arab, 84000 Muar, Johor Darul Takzim.

The principal place of business of the Company is at PLO 1, Jorak Industrial Area, Mukim Sungai Raya, 84300 Bukit Pasir, Muar, Johor Darul Takzim.

These financial statements were authorised for issue by the Board of Directors on 18 February 2004.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) Basis of accounting

- (i) The financial statements of the Group and of the Company have been prepared under the historical cost convention as modified by the revaluation of long term leasehold land and factory buildings, unless otherwise indicated in the significant accounting policies.
- (ii) 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.
- (iii) During the financial year, the Group and the Company have adopted the following new applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB"):

MASB 22 - Segment Reporting

MASB 23 - Impairment of Assets

MASB 24 - Financial Instruments : Disclosure and Presentation

MASB 25 - Income Taxes

MASB 27 - Borrowing Costs

The effects of adopting MASB 25 on the opening balances of the Group's retained profits are summarised as prior year adjustment in the Consolidated Statement of Changes in Equity and further information is disclosed in Note 21 to the financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(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 include the audited financial statements of the Company and subsidiary companies made up to the end of the financial year.

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 transitional 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 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.

Minority interest is measured at the minority's share of the net results of operations and of net assets of a subsidiary.

On consolidation, all intercompany transactions, balance and unrealised gains on transactions between companies in the Group are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered. In the case where the accounting policies adopted by a subsidiary company are inconsistent with the Group's policies, the financial statements of the subsidiary company have been restated to be in compliance with the Group policies.

In the financial statements of the Company, investment in subsidiary companies are shown at cost and adjusted for impairment when the diminution in value is not temporary. Impairment loss is recognised as an expense in the period in which the diminution is identified.

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 long term leasehold land and factory buildings every 5 years and at shorter intervals whenever the fair value of the revalued property, plant and equipment is expected to differ materially from their carrying value.

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

Long term leasehold land is amortised over the remaining lease period. Other property, plant and equipment are depreciated on a straight line basis to write off the cost or valuation of such property, plant and equipment over their estimated useful lives. The principal annual rates of depreciation used are as follows:

Factory buildings	2-10%
Plant and machinery	10-20%
Vehicles, furniture, fittings and equipment	2-33.33%

(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 revaluation reserves whilst shortfalls are debited to revaluation reserves to the extent of any previous surplus and all other shortfalls are charged to income statement.

(c) Investment

Long term investment is stated at cost less provision for any permanent diminution in value.

(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 reserves as a permanent item.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 raw materials, direct labour and an appropriate proportion of production overheads.

(f) Trade and other receivables

Trade and other 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) Impairment of assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

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 determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(h) Liabilities

Borrowings and trade and other payables are stated at cost.

(i) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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.

(k) Income tax

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit or part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

In prior years, deferred tax was provided for at the applicable current tax rates for all material timing differences where it was reasonably probable that such timing differences will crystallise in the foreseeable future. In addition, deferred tax benefits were recognised only when there was reasonable assurance of their realisation. This change in accounting policy has been accounted for retrospectively and the effects are dealt with as a prior year adjustment as stated in Note 21.

(l) Revenue recognition

(i) Sales of goods

Revenue from sales of goods is 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 subsidiary company is recognised when the shareholder's right to receive payment is established.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iv) Management fee

Management fee from subsidiary company is recognised on accrual basis.

(m) 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.

(n) Borrowing costs

Costs incurred on borrowings to finance a qualifying asset is capitalised until the asset is ready for their intended use after which such expenses is charged to the income statement.

(o) 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.

(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 from 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:

	2003 RM	2002 RM
US Dollar (USD)	3.8000	3.8000
Euro (EUR)	3.7527	3.7913
Singapore Dollar (SGD)	2.1833	2.1515
South African Rand (ZAR)	0.5558	0.3751
Vietnam Dong (VND)	0.0002	0.0002

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Segment information

The Group adopts geographical segment analysis as its primary reporting format and no business segment analysis is prepared as the Group is principally involved in a single industry.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance costs and corporate administration expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that is expected to be used for more than one period.

(q) Financial instruments

Financial statements are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instruments. Financial instruments carried on the balance sheet include bank and cash balances, investment, trade and other receivables, trade and other payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. PROPERTY, PLANT AND EQUIPMENT

Group - As At 31 October 2003

	<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	16,013,245	29,836,352	40,201,146	7,584,106	13,869,811	107,504,660
Addition/Adjustment	3,095,011	5,514,752	7,463,862	741,484	-	16,815,109
Disposal/Write off	-	-	(300,976)	(312,572)	-	(613,548)
Reclassifications	-	6,963,753	6,906,058	-	(13,869,811)	-
Foreign currency translation	(93,036)	(126,757)	(125,707)	43,834	-	(301,666)
As at 31 October	19,015,220	42,188,100	54,144,383	8,056,852	-	123,404,555
Representing:						
At valuation	10,902,104	13,272,729	-	-	-	24,174,833
At cost	8,113,116	28,915,371	54,144,383	8,056,852	-	99,229,722
	19,015,220	42,188,100	54,144,383	8,056,852	-	123,404,555

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

Group - As At 31 October 2003

	<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>
Accumulated Depreciation						
As at 1 November	631,965	1,278,316	15,132,888	4,399,762	-	21,442,931
Charge for the financial year	296,073	888,318	5,074,465	953,971	-	7,212,827
Disposal/Write off	-	-	(14,944)	(182,463)	-	(197,407)
Foreign currency translation	(2,005)	(2,682)	(8,564)	23,712	-	10,461
As at 31 October	926,033	2,163,952	20,183,845	5,194,982	-	28,468,812
Representing:						
At valuation	758,496	1,022,715	-	-	-	1,781,211
At cost	167,537	1,141,237	20,183,845	5,194,982	-	26,687,601
	926,033	2,163,952	20,183,845	5,194,982	-	28,468,812
Net Book Value						
As at 31 October	18,089,187	40,024,148	33,960,538	2,861,870	-	94,935,743
Representing:						
At valuation	10,143,608	12,250,014	-	-	-	22,393,622
At cost	7,945,579	27,774,134	33,960,538	2,861,870	-	72,542,121
	18,089,187	40,024,148	33,960,538	2,861,870	-	94,935,743

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	18,924,290	31,533,414	6,384,060	4,664,543	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
Reclassifications	-	4,387,043	277,500	-	(4,664,543)	-
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

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

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>
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
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)

- (a) Long term leasehold land with net book value of RM2,123,438 (2002 – RM2,163,884) 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 with net book value of RM8,020,170 (2002 – RM8,174,403) and RM12,250,014 (2002 – RM12,476,365) respectively 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:

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>
At Net Book Value		
Long term leasehold land	5,647,384	5,755,804
Factory buildings	6,882,392	7,043,211
	12,529,776	12,799,015

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

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>
At Net Book Value		
Plant and machinery	-	75,175
Motor vehicles	350,950	630,383
	350,950	705,558

- (c) The following property, plant and equipment are pledged to bank for banking facilities:

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>
At Net Book Value		
Long term leasehold land	10,069,017	2,163,884
Factory buildings	22,271,988	10,405,388
Plant and machinery	10,625,919	-
Vehicles, furniture, fittings and equipment	442,423	-
	43,409,347	12,569,272

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

(d) Included in the cost of factory building is interest capitalised during the financial year amounting to RM58,472 (2002 – RM412,680).

(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>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>
Unquoted shares - at cost	44,507,734	41,657,734

Name of Company	Principal Activities	Country Of Incorporation	Equity Interest Held	
			2003	2002
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	Processing and manufacturing of household furniture.	Vietnam	100%	100%
# Poh Huat Woodwork Industries Vietnam Limited	Processing and manufacturing of household furniture.	Vietnam	100%	100%
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%
Maxicoin Sdn. Bhd.	Manufacturing and trading of furniture and furniture parts.	Malaysia	100%	100%

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

<i>Name of Company</i>	<i>Principal Activities</i>	<i>Country Of Incorporation</i>	<i>Equity Interest Held</i>		
Subsidiary Companies of Poh Huat International Sdn. Bhd.			2003	2002	
	PHI Marketing Sdn. Bhd.	Trading of furniture.	Malaysia	100%	100%
	*# Poh Huat International Furniture SA (Pty) Ltd.	Imports and sales office furniture.	South Africa	51%	51%
	*# Poh Huat International (S) Pte Ltd	Trading of furniture, home furnishings and other household equipment.	Singapore	60%	60%

* Subsidiary company consolidated under the merger method of accounting.

The financial statements of these subsidiary companies were audited by other firms of auditors.

6. INVESTMENT

This represents investment in unquoted shares stated at cost.

7. GOODWILL ON CONSOLIDATION

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>
Balance at beginning of financial year	955,798	605,085
Acquisition of subsidiary companies during the financial year	-	459,657
	955,798	1,064,742
Less : Amortisation during the financial year	(62,787)	(108,944)
Balance at end of financial year	893,011	955,798

8. INVENTORIES

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>
At Cost/Net Realisable Value		
Raw materials	13,646,981	8,885,311
Packing materials	152,307	60,646
Work-in-progress	27,004,802	12,180,489
Finished goods	10,225,998	8,765,444
Goods in transit	209,007	-
	51,239,095	29,891,890

9. TRADE AND OTHER RECEIVABLES

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Trade receivables	21,835,677	23,587,288	-	-
Other Receivables				
Due from subsidiary companies	-	-	43,263,388	11,923,924
Other receivables	4,642,872	4,897,222	205,157	1,522,719
	26,478,549	28,484,510	43,468,545	13,446,643

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

10. DEPOSITS, BANK AND CASH BALANCES

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Bank and cash balances	11,677,816	17,897,901	120,214	493,398
Fixed deposits with licensed banks	740,920	251,271	-	-
	12,418,736	18,149,172	120,214	493,398

The fixed deposits of a subsidiary company amounting to RM407,421 (2002 – RM247,520) are pledged against bank guarantee facilities.

11. TRADE AND OTHER PAYABLES

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Trade payables	28,951,260	20,079,952	-	-
Other Payables				
Due to a director	20,195	13,630	-	-
Other payables	4,290,298	9,699,702	238,655	1,204,612
	33,261,753	29,793,284	238,655	1,204,612

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

12. BORROWINGS

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>
CURRENT		
Secured - Hire purchase obligations	208,893	287,799
- Term loans	13,830,902	3,239,502
- Trade bills	895,000	913,000
Unsecured - Trade bills	14,934,795	4,440,301
	8,686,000	8,563,881
NON CURRENT	23,620,795	13,004,182
Secured - Hire purchase obligations	144,946	359,315
- Term loans	20,421,479	29,009,031
	20,566,425	29,368,346

(a) Bank borrowings are secured over the long term leasehold land, factory buildings and other property, plant and equipment of certain subsidiary companies (Note 4(c)).

(b) Trade bills comprising bankers' acceptances and trade loan bear interest ranging from 3.0% to 3.9% (2002 - 2.8% to 4.0%) per annum.

12. BORROWINGS (CONT'D)

(c) Outstanding hire purchase obligations:

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>
Minimum hire purchase payments:		
Not later than one year	234,044	341,427
Later than one year and not later than five years	154,699	394,324
	388,743	735,751
Less : Unexpired term charges	(34,904)	(88,637)
	353,839	647,114
Principal outstanding:		
Current portion	208,893	287,799
Non-current portion	144,946	359,315
	353,839	647,114

The implicit interest rates of the hire purchase obligations are from 10% to 13% (2002 – 10% to 13%) per annum.

(d) As at end of the financial year, term loans are repayable as follows:

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>
CURRENT		
Not later than one year	13,830,902	3,239,502
NON-CURRENT		
Later than one year and not later than two years	5,676,961	6,177,881
Later than two years and not later than five years	11,453,896	16,321,031
Later than five years	3,290,622	6,510,119
	20,421,479	29,009,031
	34,252,381	32,248,533

Term loans bear interest ranging from 7.5% to 8.0% (2002 – 7.9% to 8.4%) per annum and are repayable over 51 to 66 monthly instalments and 16 equal quarterly instalments respectively.

13. SHARE CAPITAL

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Ordinary Shares Of RM1.00 Each				
Authorised:				
Balance at beginning of financial year	100,000,000	100,000,000	100,000,000	100,000,000
Created during the financial year	400,000,000	-	400,000,000	-
Balance at end of financial year	500,000,000	100,000,000	500,000,000	100,000,000
Issued and fully paid:				
Balance at beginning of financial year	46,000,000	46,000,000	46,000,000	46,000,000
Rights issue	11,500,000	-	11,500,000	-
Bonus issue	28,750,000	-	28,750,000	-
Balance at end of financial year	86,250,000	46,000,000	86,250,000	46,000,000

14. RESERVES

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
		<i>(Restated)</i>		
Non-Distributable				
Share premium	-	7,399,387	-	7,399,387
Capital reserves:				
Revaluation reserves	6,552,594	6,552,594	-	-
Reserve on consolidation	80,873	80,873	-	-
Merger deficit	(28,849,998)	(28,849,998)	-	-
Translation reserve	(457,835)	(14,204)	-	-
Distributable				
Retained profits	33,180,057	52,129,442	1,607,838	24,689,776
	10,505,691	37,298,094	1,607,838	32,089,163

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 TAX LIABILITIES

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i> <i>(Restated)</i>
Balance at beginning of financial year	6,098,160	5,145,770
Deferred tax expense relating to the origination of temporary differences	1,313,991	952,390
Effect on opening deferred tax resulting from a reduction in income tax rate	(8,000)	-
Balance at end of financial year	7,404,151	6,098,160
Component of deferred tax liabilities		
Revaluation of properties	2,377,000	2,425,000
Temporary differences between book depreciation and corresponding capital allowances	5,027,151	3,673,160
	7,404,151	6,098,160

16. REVENUE

Revenue of the Group and the Company comprises the following:

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Sale of furniture net of returns and discount	191,863,674	154,433,146	-	-
Dividend income	-	-	-	26,300,000
Management fee	-	-	686,000	144,000
	191,863,674	154,433,146	686,000	26,444,000

17. PROFIT FROM OPERATIONS

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</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	62,787	108,944	-	-
Audit fee - current	94,362	77,039	8,000	8,000
- underprovision	-	500	-	500

17. PROFIT FROM OPERATIONS (CONT'D)

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
(a) Profit from operations is arrived at after charging:				
Bad debts written off	2,026	-	-	-
Depreciation	7,212,827	5,118,782	-	-
Pre-operating expenses written off	94,062	434,403	-	-
Inventories written off	442,390	-	-	-
Loss on foreign exchange	408,746	150,839	-	-
Property, plant and equipment written off	15,405	25,394	-	-
Rental - exhibition	143,218	-	-	-
- factory	362,461	549,600	-	-
- premises	407,623	256,381	-	-
And crediting:				
Gain on disposal of property, plant and equipment	(123,959)	(13,280)	-	-
Gain on foreign exchange	(187,755)	(258,352)	-	-
Insurance claim received	(59,500)	(267,554)	-	-
Interest income	(92,032)	(75,345)	-	(44,755)
(b) Directors' remuneration:				
Executive directors:				
Bonuses	117,000	85,500	30,000	-
EPF and Socso	49,615	49,055	-	-
Fees	180,000	180,000	180,000	180,000
Salaries and allowances	484,078	431,719	-	-
Benefits-in-kind	45,000	45,000	-	-
Non-executive directors:				
Fees	96,000	96,000	96,000	96,000
(c) Employee information (excluding directors')				
Staff costs	23,766,633	17,431,905	-	-
Number of employees as at financial year end	2,697	1,234	-	-

18. FINANCE COSTS

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Interest On:				
Hire purchase	52,148	85,012	-	-
Term loans	2,147,647	657,858	-	-
Trade bills	383,234	257,677	-	-
Others	-	141	-	-
	2,583,029	1,000,688	-	-
Bank charges	738,798	631,036	1,798	5,107
	3,321,827	1,631,724	1,798	5,107

19. TAXATION

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
		<i>(Restated)</i>		
(a) Component of tax expenses				
Current income tax				
- Malaysia income tax	3,000,000	3,361,869	-	2,412,106
- Foreign	52,171	81,259	-	-
	3,052,171	3,443,128	-	2,412,106
Under/(Over)provision in prior years	2,492,447	(212,916)	-	(8,098)
Deferred tax expenses relating to the origination of temporary differences	1,313,991	952,390	-	-
Effect on opening deferred tax resulting from a reduction in income tax rate	(8,000)	-	-	-
	6,850,609	4,182,602	-	2,404,008

Domestic income tax is calculated at the Malaysian statutory rate of 28% (2002 – 28%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Subsequent to the current financial year end, an additional assessment has been raised on a subsidiary company by the Inland Revenue Board for additional liabilities for years of assessment 1994 to 2001. These additional tax liabilities have been provided for in the financial statements of current financial year.

19. TAXATION

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
		<i>(Restated)</i>		
(b) Reconciliation of effective tax rate				
Profit before taxation	11,168,886	12,224,263	7,304	25,784,316
Taxation at Malaysian statutory rate of 28%	3,127,300	3,422,800	2,100	7,219,600
Tax saving as a result of first RM100,000 taxable income taxed at 20% for subsidiaries with issued and paid-up capital of RM2.5M and below	(16,000)	-	-	-
Tax effects of:				
Different tax rates in other countries	11,962	4,295	-	-
Non-taxable items	(192,700)	(8,000)	-	-
Tax exempt item	-	-	-	(4,760,000)
Double deduction items	(205,900)	(211,300)	-	-
Non-deductible items	313,900	1,383,023	2,800	13,506
Others	(8,000)	-	-	-
Utilisation of reinvestment allowances	-	(195,000)	-	-
Utilisation of previously unrecognised tax losses	(4,900)	(61,000)	(4,900)	(61,000)
Temporary differences and unutilised tax losses not recognised in loss making subsidiary companies	1,332,500	60,700	-	-
Under/(Over)provision in prior years	2,492,447	(212,916)	-	(8,098)
	6,850,609	4,182,602	-	2,404,008

20. EARNINGS PER SHARE

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>
		<i>(Restated)</i>
(a) BASIC EARNINGS PER SHARE		
Net profit attributable to shareholders	4,139,857	8,007,478
	<i>2003</i>	<i>2002</i>
	<i>Units</i>	<i>Units</i>
		<i>(Restated)</i>
Number of ordinary shares in issue at beginning of financial year	46,000,000	46,000,000
Effect of rights issue	4,476,180	2,343,949
Effect of bonus issue	28,750,000	28,750,000
	79,226,180	77,093,949

20. EARNINGS PER SHARE (CONT'D)

(a) BASIC EARNINGS PER SHARE

	2003 Units	Group 2002 Units (Restated)
Basic earnings per share (sen)	5.23	10.39

The basic earnings per share for financial year 2002 has been restated to take into account the effect of bonus issue and rights issue on weighted average number of ordinary shares in issue.

(b) DILUTED EARNINGS PER SHARE

Net profit attributable to shareholders	Group 2003 RM
	4,139,857
	2003 Units
Weighted average number of ordinary shares in issue	79,226,180
Effect of warrants	3,720,588
Adjusted weighted average number of ordinary shares for calculating diluted earnings per shares	82,946,768
Diluted earnings per share (sen)	4.99

No diluted earnings per share have been presented for financial year 2002 as there was no dilutive potential ordinary shares as at 31 October 2002.

21. PRIOR YEAR ADJUSTMENT

This represents adjustment made in relation to the adoption of MASB 25 Income Taxes. In the prior years, provision is made by using the "liability" method for deferred taxation in respect of all material timing differences between accounting income and taxable income where it was reasonably probable that such timing differences will crystallise in the foreseeable future. Timing differences that give rise to deferred tax benefits are not taken into account except where there is reasonable expectation of realisation. Under MASB 25 Income Taxes, deferred tax liability should be recognised for all taxable temporary differences, unless otherwise specified in the standard. Deferred tax asset should be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised except in cases specified in the standard.

21. PRIOR YEAR ADJUSTMENT (CONT'D)

The Group adopted MASB 25 Income Taxes during the financial year which has been applied retrospectively. Opening balances of certain financial captions have been adjusted to account for the impact of change in accounting policies, as follows:

	<i>Amount as previously stated</i>	<i>Effect of change in policy</i>	<i>Amount as restated</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>
BALANCE SHEET			
Reserves	39,973,254	(2,675,160)	37,298,094
Deferred tax liabilities	3,423,000	2,675,160	6,098,160
INCOME STATEMENT			
Taxation	(4,055,212)	(127,390)	(4,182,602)
Net profit for the financial year	8,134,868	(127,390)	8,007,478

22. DIVIDEND

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
In respect of the financial years ended 31 October 2001 and 2002				
First and final tax exempt dividend of 2% on 46,000,000 ordinary shares	920,000	920,000	920,000	920,000

23. ACQUISITION OF SUBSIDIARY COMPANIES

During the financial year 2002, the Group through its wholly owned subsidiary company, Poh Huat International Sdn. Bhd., acquired 100% equity interest in PHI Marketing Sdn. Bhd., 51% equity interest in Poh Huat International Furniture SA (Pty) Ltd and 60% equity interest in Poh Huat International (S) Pte Ltd. The fair value of the assets acquired and the liabilities assumed are as follows:

	<i>2002</i>
	<i>RM</i>
Trade and other receivables	307,367
Property, plant and equipment at net book value	101,976
Inventories	568,591

23. ACQUISITION OF SUBSIDIARY COMPANIES (CONT'D)

	2002 RM
Trade and other payables	(764,875)
Bank and cash balances	631,431
Minority interest	(403,718)
Net assets acquired	440,772
Goodwill on consolidation	459,657
Purchase consideration	900,429
Cash and cash equivalents in subsidiary company acquired	(631,431)
Net cash outflow on acquisition	268,998

The effect of these acquisitions on the financial results of the Group for the financial year 2002 is as follows:

	2002 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)
Other operating expenses	(1,274)
Profit from operations	1,409,809
Finance costs	(4,912)
Profit before taxation	1,404,897
Taxation	(81,259)
Increase in Groups' net profit	1,323,638

23. ACQUISITION OF SUBSIDIARY COMPANIES (CONT'D)

The effect of these acquisitions on the financial position of the Group at the end of the financial year 2002 is as follows:

	2002
	RM
Property, plant and equipment	77,240
Inventories	1,095,935
Trade receivables	638,876
Other receivables	40,650
Deposits with licensed banks	3,751
Bank and cash balances	222,377
Trade payables	(258,173)
Other payables	(34,583)
Tax payable	(78,669)
Increase in Groups' net assets	1,707,404

24. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Deposits, bank and cash balances (Note 10)	12,418,736	18,149,172	120,214	493,398
Less : Non-cash and cash equivalents				
Fixed deposit pledged to bank as collateral (Note 10)	(407,421)	(247,520)	-	-
	12,011,315	17,901,652	120,214	493,398

25. CONTINGENT LIABILITIES (UNSECURED)

	Group	
	2003	2002
	RM	RM
Guarantee to financial institutions for banking facilities granted to subsidiary companies	95,546,000	104,046,000

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related party relationship

- (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.
- (iii) J.A. Nathan & Co. – A firm in which a Director, Mr. Tay Khim Seng is a senior partner.
- (iv) Wilsin Office Furniture (S) Pte Ltd – Minority shareholder (40%) of Poh Huat International (S) Pte Ltd.

(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>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</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
- Management fee income	-	-	686,000	144,000
TKH Resources Sdn. Bhd.				
- Rental of premises paid	-	324,000	-	-
J.A. Nathan & Co.				
- Professional fee paid	25,450	-	-	-
Wilsin Office Furniture (S) Pte Ltd				
- Sales of goods	3,107,820	3,154,742	-	-
- Purchase of goods	163,753	197,685	-	-
- Rental of premises paid	-	27,954	-	-

27. COMMITMENTS

(a) Capital Commitments

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

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>
Property, plant and equipment		
Authorised and contracted for	5,050,000	5,472,645
Analysed as follows:		
Long term leasehold land	-	2,975,600
Factory building	5,050,000	2,497,045
	5,050,000	5,472,645

(b) Lease Commitments

The future minimum lease payments under non-cancelable operating leases are as follows:

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>
Not later than one year	255,460	256,869
Later than one year and not later than five years	1,021,838	1,027,478
Later than five years	9,494,580	9,803,853
	10,771,878	11,088,200

28. SEGMENTAL INFORMATION

(a) Geographical Segments

	<i>Malaysia</i>	<i>South Africa</i>	<i>Singapore</i>	<i>Vietnam</i>	<i>Eliminations</i>	<i>Consolidated</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
2003						
Revenue from external customers	187,514,411	3,216,240	434,310	698,713	-	191,863,674
Inter-segment revenue	4,116,196	-	-	13,556,746	(17,672,942)	
Total revenue	191,630,607	3,216,240	434,310	14,255,459	(17,672,942)	191,863,674

28. SEGMENTAL INFORMATION (CONT'D)

(a) Geographical Segments

	<i>Malaysia</i>	<i>South Africa</i>	<i>Singapore</i>	<i>Vietnam</i>	<i>Eliminations</i>	<i>Consolidated</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
2003						
Segment result	17,708,199	583,830	(221,361)	(4,024,592)	444,637	14,490,713
Finance costs						(3,321,827)
Profit before taxation						11,168,886
Taxation						(6,850,609)
Profit after taxation but before minority interest						4,318,277
Minority interest						(178,420)
Net profit for the financial year						4,139,857
Segment assets/ Consolidated total assets	157,509,041	2,880,586	158,881	45,912,758	(20,470,605)	185,990,661
Segment liabilities/ Consolidated total liabilities	62,473,816	1,087,302	294,358	41,472,820	(20,475,172)	84,853,124
Other information						
Capital expenditure	6,105,177	3,399	-	10,706,533	-	16,815,109
Amortisation of goodwill	39,804	19,743	3,240	-	-	62,787
Depreciation	5,808,178	27,721	906	1,376,022	-	7,212,827
Non-cash expenses (other than depreciation and amortisation)	2,464	2,026	12,941	442,390	-	459,821

28. SEGMENTAL INFORMATION (CONT'D)

(a) Geographical Segments

	<i>Malaysia</i> <i>RM</i>	<i>South Africa</i> <i>RM</i>	<i>Singapore</i> <i>RM</i>	<i>Vietnam</i> <i>RM</i>	<i>Eliminations</i> <i>RM</i>	<i>Consolidated</i> <i>RM</i>
2002						
Revenue from external customers	151,828,152	2,354,945	250,049	-	-	154,433,146
Inter-segment revenue	2,766,355	-	-	-	(2,766,355)	-
Total revenue	154,594,507	2,354,945	250,049	-	(2,766,355)	154,433,146
Segment result	14,239,061	199,918	(79,688)	(503,304)	-	13,855,987
Finance costs						(1,631,724)
Profit before taxation						12,224,263
Taxation						(4,182,602)
Profit after taxation but before minority interest						8,041,661
Minority interest						(34,183)
Net profit for the financial year						8,007,478
Segment assets/ Consolidated total assets	143,562,652	2,116,813	395,312	24,563,861	(7,070,012)	163,568,626
Segment liabilities/ Consolidated total liabilities	65,662,672	809,516	303,017	18,562,815	(7,074,048)	78,263,972
Other information						
Capital expenditure	16,145,516	3,107	2,218	19,094,081	-	35,244,922
Amortisation of goodwill	87,581	19,743	1,620	-	-	108,944
Depreciation	5,024,078	23,513	2,289	68,902	-	5,118,782
Non-cash expenses (other than depreciation and amortisation)	25,394	-	-	-	-	25,394

(b) Business Segments

No segmental reporting by activity is prepared as the Group is principally involved in the furniture industry.

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 29 April 2003, the Company increased its authorised share capital from RM100,000,000 to RM500,000,000 by the creation of additional 400,000,000 ordinary shares of RM1.00 each.
- (b) On 18 September 2003, the Company issued and allotted 11,500,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per new ordinary share by way of a Rights Issue on the basis of one (1) new ordinary share of RM1.00 each together with one (1) free warrant for every four (4) existing ordinary shares held.

Each of the 11,500,000 warrants arising from the Rights Issue carries the entitlement to subscribe for one (1) new ordinary share of RM1.00 each at an exercise price of RM1.00 subject to the adjustments under certain circumstances in accordance with the provisions of the deed poll dated 29 July 2003 at any time from 18 September 2003 to 17 September 2008.

- (c) On 28 October 2003, a Bonus Issue of 28,750,000 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary shares for every two (2) existing ordinary shares of RM1.00 each held aforesaid after the Rights Issue in the Company were issued to the shareholders.

An additional 5,750,000 new Warrants 2003/2008 were issued to adjust for the equity dilution of existing warrant holders as a result of the Bonus Issue by increasing the number of warrants held by the warrant holders to reflect the same proportion of share capital prior to the Bonus Issue.

The salient features of the additional warrants are as follows:

- (i) All the additional warrants shall upon allotment and issue, rank pari passu in all respect with the existing warrants.
- (ii) The new ordinary shares to be issued pursuant to the exercise of additional warrants shall not be entitled to the Bonus Issue and shall, upon allotment and issue, rank pari passu in all respect with the existing ordinary shares of the Company except that they shall not be entitled to any dividend which may be declared in respect of the previous financial year or any dividend, rights, allotments or any other distributors, the entitlement date of which is prior to the date of allotment of the shares.
- (d) On 6 July 2003, the Company contributed a total of VND11,588,250,000 or RM2,850,000 to the legal capital of a subsidiary company, namely Poh Huat Furniture Industries Vietnam Limited.

30. SUBSEQUENT EVENTS

- (a) On 11 November 2003, the listing of and quotation for the entire issued and fully paid-up share capital of the Company comprising 86,250,000 ordinary shares of RM1.00 each and the 17,250,000 outstanding Warrants 2003/2008 was transferred from Second Board to the Main Board of the Malaysia Securities Exchange Berhad.
- (b) Pursuant to the Employees' Share Option Scheme ("ESOS") which became effective on 28 November 2003, options to subscribe for ordinary shares of RM1.00 each are granted to the eligible employees and executive directors of the Group.

30. SUBSEQUENT EVENTS (CONT'D)

The salient features of the ESOS are as follows:

- (i) The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed ten percent (10%) of the total issued and fully paid-up share capital of the Company at any time.
- (ii) The ESOS shall be in force for a period of five (5) years commencing from the date of the confirmation letter submitted by the adviser of the Company to the Securities Commission as per clause 19.1 of the By-Laws of ESOS.

The Scheme may at the discretion of the Options Committee be extended or renewed (as the case may be) provided always that the initial scheme period stipulated above and such extension of the Scheme made pursuant to the By-Law shall not in aggregate exceed a duration of ten (10) years. For the avoidance of doubt, no further sanction, approval or authorisation of the shareholders of the Company in a general meeting is required for any such extension or renewal (as the case may be).

- (iii) The new ordinary shares to be allotted upon any exercise of the Options shall, upon allotment and issue, rank pari passu in all respects with the existing issued and fully paid-up ordinary shares of the Company save and except that the new ordinary shares will not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date proceeds the date of allotment of the new ordinary shares.

31. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(i) Interest rate risk

Interest rate risk is the risk in interest rates changes that will have an adverse financial effect on the Group's financial conditions and/or results. The primary source of the Group's interest rate risk is its borrowings from banks and other financial institutions. The Group does not hedge interest rate risk. The Group ensures that it obtains borrowings at competitive interest rates under the most favourable terms and conditions.

(ii) Credit risk

Credit risk with respect to trade and other receivables is managed through the application of credit approvals, credit limits and monitoring procedures. Credit is extended to the customers based upon careful evaluation of the customers' financial condition and credit history.

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly US Dollar, Euro, Singapore Dollar, South African Rand and Vietnam Dong. The Group maintains a natural hedge and the foreign exchange exposures in transactional currencies are kept to an acceptable level.

(iv) Liquidity risks

The Group monitors its cash flows actively and ensures that credit facilities are in place to meet its obligations as and when they fall due.

(b) Fair Values

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of the Group are as follows:

- (i) The fair values of cash and bank balances, trade and other receivables, trade and other payables and trade bills are considered to approximate their carrying amounts as they are either payable on demand or within the normal credit terms or they have short maturity.
- (ii) The fair value of term loan approximates their carrying amount as the interest rates are on floating rate basis.
- (iii) The fair value of hire purchase obligations does not differ materially from its carrying amount.

The fair values of financial assets and liabilities approximate their carrying values as at 31 October 2003 except that a reasonable estimate of the fair value of the investment in unquoted shares could not be made without incurring excessive cost. Such investments are valued at cost and subject to review for impairment.

List of Landed Properties

as at 31 October 2003

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

<i>Address/ 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 31.10.2003 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/ 7 years	5,277	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/ 7 years	5,033	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/ 5 years	7,211	27.7.99 (Date of Revaluation)
PTD Nos. 1470 & 1535 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	2 plots of industrial land	2.21	Land held for future expansion	60 years leasehold expiring in 2060/ n.a.	3,076	21.10.03 (Date of Acquisition)
<i>Yee Lu Fah Sdn Bhd</i>						
PTD No. 1546 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	2 plots 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/ 7 years	8,250	17.6.99 (Date of Revaluation)

<i>Address/ Location</i>	<i>Description</i>	<i>Land Area (hectare)</i>	<i>Use</i>	<i>Age of Building</i>	<i>Value as at 31.10.2003 RM'000</i>	<i>Revaluation or Acquisition</i>
Maxicoiin Sdn Bhd						
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/ 3 years	12,311	12.9.00 (Date of Acquisition)
Poh Huat Furniture Industries Vietnam Limited						
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 accom- modation facilities	50 years lease expiring in 2045/ 2 year	16,701	1.3.02 (Date of Acquisition)
Poh Huat Woodwork Industries Vietnam Limited						
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.	837	29.8.02 (Date of Acquisition)

Analysis of Shareholdings

as at 8 March 2004

Principal Statistics

Authorised Share Capital	-	RM500,000,000
Issued and Paid-up Share Capital	-	RM87,067,800
Class of Shares	-	Ordinary shares of RM1.00 each
Voting Rights	-	One vote per ordinary share
Number of Shareholders	-	4,591

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 100	129	2.81	6,136	0.01
100 - 1,000	419	9.13	359,715	0.41
1,001 - 10,000	3,486	75.93	11,571,975	13.29
10,001 - 100,000	480	10.45	12,827,488	14.73
100,001 to less than 5% of issued shares	73	1.59	38,253,942	43.94
5% and above of issued shares	4	0.09	24,048,544	27.62
Total	4,591	100.00	87,067,800	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	15,893,294	1,934,829 ^(a)	18.25	2.22
Ng Ah Poh	7,323,350	-	8.41	-
Employees Provident Fund Board	4,531,900	-	5.21	-

Note:-

(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 Directors</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	-	250,000 ^(a)	-	0.29
Tay Kim Huat	15,893,294	1,934,829 ^(b)	18.25	2.22
Ng Ah Poh	7,323,350	-	8.41	-
Tay Kim Hau	2,955,500	-	3.39	-
Dato' Zaini bin Md. Hasim	12,000	-	0.01	-
Boo Chin Liong	15,000	-	0.02	-
Tay Khim Seng	1,792,500	-	2.06	-
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. Ng Ah Poh	7,323,350	8.41
2. Tay Kim Huat	6,193,294	7.11
3. EB Nominees (Tempatan) Sdn Bhd (Account for Tay Kim Huat)	6,000,000	6.89
4. Employees Provident Fund Board	4,531,900	5.21
5. Mayban Nominees (Tempatan) Sdn Bhd (Mayban Investment Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja)	4,000,000	4.59
6. RHB Nominees (Tempatan) Sdn Bhd (Account for Tay Kim Huat)	3,700,000	4.25
7. Lembaga Tabung Haji	3,453,075	3.97
8. EB Nominees (Tempatan) Sdn Bhd (Account for Tay Kim Hau)	2,100,000	2.41
9. Malaysia Assurance Alliance Berhad	2,000,000	2.30
10. Tahan Insurance Malaysia Berhad	2,000,000	2.30
11. Kenanga Nominees (Tempatan) Sdn Bhd (Account for Sim Sheau Yun)	1,270,300	1.46
12. Chan Kim Eng	1,010,200	1.16
13. Ng Sui Kang	1,010,000	1.16
14. Yeo Gek Cheng	896,165	1.03
15. Tay Li Ping	892,500	1.03
16. Tay Kim Hau	855,500	0.98
17. Tay Khim Seng	737,500	0.85
18. Hong Leong Finance Berhad (Account for Tay Khim Seng)	555,000	0.64
19. Tan Chen Neo @ Tang Chen Neo	550,000	0.63
20. Lu Kim San	520,500	0.60
21. TA Nominees (Tempatan) Sdn Bhd (Account for Tay Khim Seng)	500,000	0.57
22. AA Assets Nominees (Tempatan) Sdn Bhd (Account for Ng Leng Huat)	473,000	0.54
23. Toh Su See	460,000	0.53
24. Cartaban Nominees (Tempatan) Sdn Bhd (Account for Su Ming Keat)	450,000	0.52
25. Toh Bee Ching	442,000	0.51
26. AA Assets Nominees (Tempatan) Sdn Bhd (Account for Chua Kim Keng)	416,500	0.48
27. Yeow Kah Loo	350,000	0.40
28. JB Nominees (Tempatan) Sdn Bhd (Account for Lim Kim Boon)	339,500	0.39
29. Tan Wan Cher	333,000	0.38
30. RHB Nominees (Tempatan) Sdn Bhd (Account for Chua Kim Keng)	307,600	0.35

Analysis of Warrantholdings for Warrants 2003/2008

as at 8 March 2004

Principal Statistics

No. of Warrants in issue	- 17,243,200 warrants
Exercise price of warrants	- RM1.00 per ordinary share subscribed
Expiry dates of warrants	- 17 September 2008
Voting rights	- One vote per warrant at any warrantholders' meeting
Number of warrantholders	- 1,593

Distribution of Warrantholdings

<i>Warrantholdings</i>	<i>No. of Warrantholders</i>	<i>% of Warrantholders</i>	<i>No. of Warrants</i>	<i>% of Warrants in Issue</i>
Less than 100	138	8.66	5,987	0.03
100 – 1000	621	38.99	398,826	2.31
1,001 – 10,000	650	40.80	2,483,063	14.40
10,001 – 100,000	158	9.92	4,639,533	26.91
100,001 to less than 5% of issued warrants	25	1.57	7,165,791	41.56
5% and above of issued warrants	1	0.06	2,550,000	14.79
Total	1,593	100.00	17,243,200	100.00

The 30 Largest Warrantholders

<i>Name of Warrantholders</i>	<i>No. of Warrants Held</i>	<i>% of Warrants in Issue</i>
1. EB Nominees (Tempatan) Sdn Bhd (Account for Tay Kim Huat)	2,550,000	14.79
2. Tay Kim Huat	738,658	4.28
3. AA Assets Nominees (Tempatan) Sdn Bhd (Account for Chua Kim Keng)	548,500	3.18
4. EB Nominees (Tempatan) Sdn Bhd (Account for Tay Kim Hau)	500,000	2.90
5. RHB Nominees (Tempatan) Sdn Bhd (Account for Chua Kim Keng)	442,300	2.57
6. Hong Leong Finance Berhad (Account for Tay Kim Soon)	420,000	2.44
7. TA Nominees (Tempatan) Sdn Bhd (Account for Ku Mun Foo)	410,000	2.38
8. Tan Hooi Leng	385,500	2.24
9. Gan Surt Neo	350,500	2.03
10. Mayban Securities Nominees (Tempatan) Sdn Bhd (Account for Chin Shih Shyong)	276,800	1.61
11. Public Nominees (Tempatan) Sdn Bhd (Account for Chua Chok Ann)	225,000	1.30
12. RHB Nominees (Tempatan) Sdn Bhd (Account for Ng Leng Huat)	220,000	1.28

The 30 Largest Warrantholders (Cont'd)

Name of Warrantholders	No. of Warrants Held	% of Warrants in Issue
13. Tan Swee Huan	218,500	1.27
14. Chin Shih Shyong	180,000	1.04
15. Tay Li Chin	179,233	1.04
16. DB (Malaysia) Nominees (Asing) Sdn Bhd (Deutsche Bank AG London for North Northwest Fund)	166,100	0.96
17. Chua Chin Chyang	158,000	0.92
18. Ch'ng Gim Chew	150,000	0.87
19. Ling Hee Keat	150,000	0.87
20. Su Ming Keat	150,000	0.87
21. HDM Nominees (Asing) Sdn Bhd (UOB Kay Hian Pte Ltd for Rajiv Suri)	147,700	0.86
22. Eng Nominees (Asing) Sdn Bhd (Kim Eng Securities Pte Ltd for Sim Joo Keow)	147,000	0.85
23. Ter Poh Hwa	142,500	0.83
24. Lembaga Tabung Haji	142,275	0.83
25. Yap Kok Kee	129,000	0.75
26. Chua Kim Keng	116,600	0.68
27. Mayban Nominees (Tempatan) Sdn Bhd (Account for Too Hooi Seong)	110,000	0.64
28. Seow Seng Leong @ Siow Seng Leong	110,000	0.64
29. Ang Khai Sheh	100,000	0.58
30. Alliancegroup Nominees (Tempatan) Sdn Bhd (Account for Chan Chee Kit)	99,400	0.58

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Form of Proxy



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 6th Annual General Meeting of the Company to be held at Pendeta I, Sofitel Palm Resort, Jalan Persiaran Golf, Off Jalan Jumbo, 81250, Senai, Johor Darul Takzim on 30 April 2004 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 Dividend of 2%		
Ordinary Resolution 4	Re-election of Mr Tay Kim Huat as Director		
Ordinary Resolution 5	Re-election of Mr Ng Ah Poh as Director		
Ordinary Resolution 6	Re-election of Dato' Zaini bin Md. Hasim 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.		
Ordinary Resolution 11	Shareholders' Mandate for Recurrent Related Party Transactions Involving Tay Kim Huat		

Please indicate with [✓] 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 _____ 2004.

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/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.

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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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