



AT OFFICE SYSTEM®

POH HUAT RESOURCES HOLDINGS BERHAD

443169-X

Focusing on our strengths,
FULFILLING OUR POTENTIAL



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

– Corporate Statement

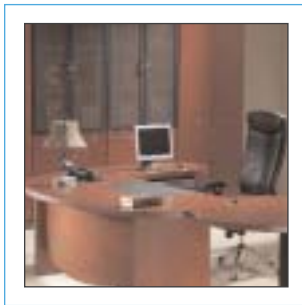


Focusing on our strengths, fulfilling our potential



For Poh Huat, quality is not a constant. It must be continuously redefined and steadily pursued. In our dynamic business environment, only change is certain. We remain committed to a culture of ensuring customer satisfaction. This is key to our success in the global economy.

Our focus is firmly on the future. With our expanding operations and extensive product range, the Group is now one of the few one-stop furniture sourcing centres in this region.



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 7th Annual General Meeting of the Company will be held at the Maharani Suite, Pulau Spring Resort, 20 Km, Jalan Pontian Lama, 81110 Pulau, Johor Darul Takzim on 26 April 2005 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 2004 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 2004.

(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 2004.

(Ordinary Resolution 3)

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

Dato' Haji Zakariya bin
Mohamed

(Ordinary Resolution 4)

Mr Tay Khim Seng
Mr Chua Syer Cin

(Ordinary Resolution 5)

(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 Bursa Malaysia Securities Berhad and all other applicable laws, regulations and

guidelines, 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. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions**

"THAT, subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, 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 31 March 2005 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. **Ornapaper Berhad**

Group of Companies (Ordinary Resolution 11)

4. **Tay Kim Huat (Ordinary Resolution 12)**

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."

8. **Proposed Share Buy-Back**

"THAT, subject always to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, regulations and guidelines, the Directors of the Company be and are hereby given full authority, to allocate an amount not exceeding the total available retained profits and share premium of the Company for the purpose of and to purchase such amount of ordinary shares of RM1.00 each in the Company

("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through the Bursa Securities as the Directors may deem fit and in the best interest of the Company provided that the aggregate number of shares to be purchased and/or held pursuant to this resolution does not exceed ten percentum (10%) of the issued and paid-up share capital of the Company at any point in time;

AND THAT, upon the purchase by the Company of its own shares, the Directors are authorised to retain such shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased as treasury shares and cancel the remainder. The Directors are further authorised to distribute the treasury shares as dividends to the shareholders of the Company and/or resell the shares on the Bursa Securities in accordance with the relevant rules of the Bursa Securities or subsequently cancel the treasury shares or any combination thereof;

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 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;

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities;



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

(Ordinary Resolution 13)

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 2004, if approved, will be paid on 23 May 2005 to depositors registered in the Record of Depositors of the Company at the close of business on 9 May 2005.

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 9 May 2005 in respect of ordinary transfers; or
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Pang Kah Man
(MIA 18831)
Secretary

Muar, Johor Darul Takzim
31 March 2005

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 & 12), 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 Proposed Shareholders' Mandate for Recurrent Related Party Transactions are provided in the Circular to Shareholders dated 31 March 2005 on the same.
9. The Ordinary Resolution proposed under Item 8 (Resolution 13), if pass, will empower the Directors to purchase shares in the Company up to an amount not exceeding ten percentum (10%) of the issued and paid-up share capital of the Company as they consider would be in the best interest of the Company. Further details on the Proposed Share Buy-back are provided in the Circular to Shareholders dated 31 March 2005 on the same.



Statement Accompanying Notice of Annual General Meeting

Name of Directors Standing for Re-election

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

- Dato' Haji Zakariya bin Mohamed
- Mr Tay Khim Seng
- Mr Chua Syer Cin

Dato' Haji Zakariya bin Mohamed, Mr Tay Khim Seng and Mr Chua Syer Cin are retiring in accordance with Article 81 of the Company's Articles of Association.

Date, Time and Place of the Annual General Meeting

Date : 26 April 2005
Time : 11.00 a.m.
Place : Maharani Suite
Pulai Spring Resort
20 Km, Jalan Pontian Lama
81110 Pulai
Johor Darul Takzim

Details of Attendance of Directors at Board Meetings

Five (5) board meetings were held during the financial year from 1 November 2003 to 31 October 2004. 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
Dato' 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:-

Dato' Haji Zakariya bin Mohamed

Age	:	58
Nationality	:	Malaysian
Designation/Position in the Company	:	Chairman (Non-Independent Executive Director)
Qualification	:	Diploma in Office Management
Work Experience	:	Inland Revenue Department (1969 to 1994)
Directorship in other Public Companies	:	Nil
Securities holding in the Company and its subsidiaries	:	Ordinary Shares of RM1.00 each Direct - 250,000 shares Deemed - Nil Warrants 2003/2008 Direct - Nil Deemed - Nil
Family relationship with any directors and/or major shareholders of the Company	:	Nil
Conflict of interest with the Company	:	Nil
List of conviction for offences within the past 10 years	:	Nil



Mr Tay Khim Seng

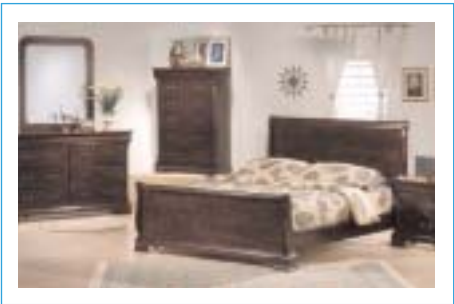
Age	:	44
Nationality	:	Malaysian
Designation/Position in the Company	:	Director (Non-Independent Non-Executive Director)
Qualification	:	Bachelor of Law (Honours), Malaya
Work Experience	:	Advocate and solicitor (1986 to present)
Directorship in other Public Companies	:	Nil
Securities holding in the Company and its subsidiaries	:	Ordinary Shares of RM1.00 each Direct - 1,798,500 shares Deemed - Nil Warrants 2003/2008 Direct - 98,500 warrants Deemed - Nil
Family relationship with any directors and/or major shareholders of the Company	:	Mr Tay Khim Seng 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
Conflict of interest with the Company	:	Nil
List of conviction for offences within the past 10 years	:	Nil

Mr Chua Syer Cin

Age	:	32
Nationality	:	Malaysian
Designation/Position in the Company	:	Director (Independent Non-Executive Director)
Qualification	:	Bachelor of Commerce Member, Malaysian Institute of Accountants Member, CPA Australia
Work Experience	:	Proprietor, S.C. Chua & Associates., (2000 to present) Audit/Tax Manager, Teo & Associates (1998 to 2000) Audit Senior, Ernst & Young (1994 to 1998)
Directorship in other Public Companies	:	Independent Non-Executive Director, Kia Lim Berhad Independent Non-Executive Director, Syarikat Kayu Wangi Berhad
Securities holding in the Company and its subsidiaries	:	Ordinary Shares of RM1.00 each Direct - Nil Deemed - Nil Warrants 2003/2008 Direct - Nil Deemed - Nil
Family relationship with any directors and/or major shareholders of the Company	:	Nil
Conflict of interest with the Company	:	Nil
List of conviction for offences within the past 10 years	:	Nil



Corporate Information



Board of Directors

Dato' Haji Zakariya bin Mohamed
(Chairman)
Tay Kim Huat (Managing Director)
Tay Kim Hau (Executive Director)
Dato' 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

Option Committee

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

Secretary

Pang Kah Man (MIA 18831)

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

Share Registrar

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Telephone: 603-2721 2222
Facsimile : 603-2721 2530

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

Stock Exchange Listing

Main Board of the
Bursa Malaysia Securities Berhad



Corporate Structure



Information on Directors

Dato' Haji Zakariya Bin Mohamed

- Chairman

(Non-Independent Executive Director)

Dato' Haji Zakariya bin Mohamed, Malaysian, aged 58, 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 49, 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 57, 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.

 **Dato' Ng Ah Poh** - Executive Director
(Non-Independent Executive Director)


Dato' Ng Ah Poh, Malaysian, aged 54, 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, Dato' Ng participated in the running of his family-owned business which has interests in plantation and manufacture of food products.

In the late 1980s, Dato' 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, Dato' 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 59, 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 44, 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 the founding partner of Messrs C.L. Boo & Associates.

He is presently 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 44, 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 since 1988 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 of Maharani, Muar, Johor Darul Takzim for the period from 1995 to 1999.

He is presently a director of several private limited companies.

He is not a director of any other public company. He is the brother of Mr Tay Kim 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 32, 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.



Chairman’s Statement



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 2004.

Operations

For the year under review, I am happy to report that the Group registered a quantum leap in turnover growth of more than 59% from RM191 million in the previous year to RM305million in the current year under review. The substantial growth in turnover is attributable to both the higher contribution from the Group first manufacturing facilities in Vietnam and the sustained growth in turnover from the Malaysian operations. During the year, Vietnamese operations, which contributed about RM80 million to the Group, registered significant improvement in production efficiency and capacity utilization. The products shipped from the Vietnamese plant comprised bedroom suites that were of the higher range compared to the previous year. Similarly, I am happy to note that the 30% growth in turnover from the Malaysian operations was the result of the Group’s effort in upgrading its

...emphasis on upgrading of its product offerings, good customer services and constant operational improvements, are part-and-parcel of the Group's strategy to be one of the leading one-stop furniture sourcing centres in the South East Asia





office and home furniture products and improvement in production efficiency. Encouraged by the strong demand for its products, the Group has started two new plant expansion projects, one in Bukit Pasir, Muar and one in the District of Dongnai, Vietnam.

The Group's profit before taxation for the year was marginally lower at RM10.70 million compared with RM11.17 million achieved in the previous year. As mentioned in the previous year, lower profitability was the result of the "learning curve" as the operations in Vietnam improve in product offerings, capacity utilization and workforce efficiency. The Group also incurred some initial start-up costs for the aforementioned plant expansion projects. Notwithstanding these, the Group continued to enjoy good margin for its products and is confident on achieving better result upon the maturing of its new facilities in Vietnam and Malaysia. The profit after taxation of the Group was substantial higher at RM7.74 million due to availability of tax allowances.

Dividend

In line with the Group's performance and as recognition of your confidence and support to the Company, the Board has recommended a first and final dividend of 2% less tax for the financial year ended 31 October 2004 for approval at the forthcoming Annual General Meeting of the Company.

Prospects

The global economic environment, in recent time, has shown resilience and stability despite marked increase in oil prices and weakening of the US Dollar. The inflationary pressures exerted by higher oil prices, anticipated

increase in interest rates and China's blazing growth rates did not materialize. The lower than expected inflation rate has contributed significantly to the sustained consumer and business confidence.

Despite the good fundamentals, the international furniture trade remains challenging. The increased sophistication of the market requires products that are of better quality yet competitively priced. New and established players alike continue to add capacity resulting in more competition, particularly from China and the South East Asia region. Given these developments, the Group expects challenges ahead. The operations of the Group have also been effected by the recent fire incident in one of its factory in Muar, Johor. The Group is now re-organising its remaining facilities to overcome the temporary loss in its production capacity.

The above notwithstanding, Group has embarked on two expansion projects, one each in Malaysia and Vietnam. The plant expansion project in Malaysia entails the establishment of a manufacturing plant cum warehousing facilities on a 2.2 hectares piece of land adjacent to the existing facilities in Bukit Pasir, Muar. The new manufacturing facilities are to complement the Group's existing facilities that are presently undergoing a re-organisation process to enhance operational efficiency and capacity. The total investment for this project is expected to be more than RM20 million. The second project in Vietnam involves the construction of a furniture manufacturing facilities on part of the 11.40 hectares of land owned by Poh Huat Woodwork Industries Vietnam Ltd. The new facilities, located in the District of Dongnai, are expected to complement the Group's first Vietnam facilities in Binh Dong which is expected to mature over the next 18 months.





The expansion plans, together with its emphasis on upgrading of its product offerings, good customer services and constant operational improvements, are part-and-parcel of the Group's strategy to be one of the leading one-stop furniture sourcing centres in the South East Asia and will strengthen the Group's position as one of leading global furniture players.

Acknowledgement

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation to the management and employees of the Group who have contributed to the performance of the Group and who have set the foundation for the future growth of the Group.



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

Lastly, to you, our valued shareholders, our sincere appreciation or your faith in us and for your continuous support to the Group.

Zakariya bin Mohamed

Chairman

Muar, Johor Darul Takzim

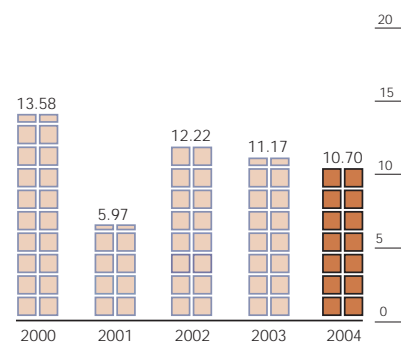
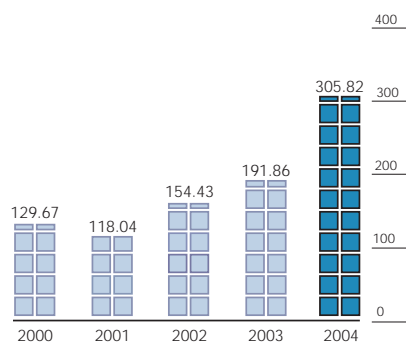
18 March 2005

Group Financial Highlights

Financial Year ended 31 October	2000	2001	2002 [®]	2003	2004
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	129,667	118,045	154,433	191,864	305,823
Profit before taxation	13,578	5,975	12,224	11,169	10,704
Profit after taxation and attributable to shareholders	10,467	4,039	8,007	4,140	7,737
Total shareholders' fund	74,733	78,773	83,298	96,756	104,216
	sen	sen	sen	sen	sen
Net earnings per share*	22.75	8.78	17.41	5.23	8.90
Net tangible asset per share	160.94	169.93	179.00	121.00	118.53

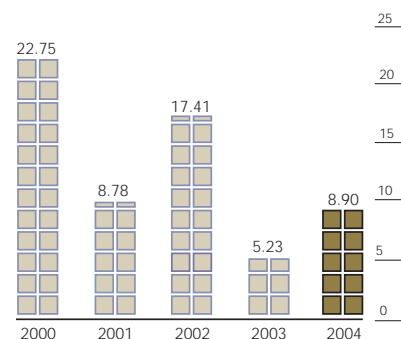
[®] Comparative figures for year 2002 have been restated to conform with the changes in presentation pursuant to the requirements of the new MASB NO 25 – Income Tax. The comparative figures for the years preceding 2002 have not been restated.

* The net earnings per share for years 2000 to 2002 are calculated based on the 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. The net earnings per share for year 2004 is calculated based on the weighted average number of shares in issue during the year of 86,955,530 shares.



Turnover (Million)

Profit Before Tax (Million)



Net Tangible Asset Per Share (Sen)

Net Earnings Per Share (Sen)



Corporate Governance

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

BOARD OF DIRECTORS Role and Responsibilities

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

The Board delegates certain responsibilities to the board committees, namely the Audit Committee, the Nomination Committee, 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 is 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 assess the need for and 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 2003 to 31 October 2004, 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	4/5
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 undertaken. 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 in the Audit Committee section herein.

2. Nomination Committee

The Nomination Committee is primarily responsible for the identification of the desired mix of expertise, competencies and experience 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:-

- (i) Dato' Zaini bin Md. Hasim
Chairman of the Nomination Committee
Independent Non-Executive Director
- (ii) Mr Boo Chin Liong
Independent Non-Executive Director
- (iii) Mr Tay Khim Seng
Non-Independent Non-Executive Director
- (iv) 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:-

- (i) Dato' Zaini bin Md. Hasim
Chairman of the Remuneration Committee
Independent Non-Executive Director
- (ii) Mr Boo Chin Liong
Independent Non-Executive Director
- (iii) Mr Tay Khim Seng
Non-Independent Non-Executive Director
- (iv) 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 2004, by category and in successive bands of RM50,000 are as below:

Directors Remuneration	Executive Directors RM	Non-Executive Directors RM	Total RM
Fees	180,000	96,000	276,000
Salaries & Allowances	329,200	-	329,200
Bonuses	94,200	-	94,200
EPF & SOCSO	51,714	-	49,615
Benefits-in-kind	45,000	-	45,000
	700,114	96,000	796,114





Number of Directors	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	-	-	-
RM250,001 to RM300,000	-	-	-
RM300,001 to RM350,000	-	-	-
RM350,001 to RM400,000	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 with the objectives and provisions contained in the By-Laws to the ESOS. The current members of the Option Committee are:-

- (i) Mr Boo Chin Liong
Chairman of the Option Committee
Independent Non-Executive Director
- (ii) Dato' Zaini bin Md Hasim
Independent Non-Executive Director
- (iii) Mr Tay Khim Seng
Non-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. Information on the Group is also available on the Company's website.

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 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 section 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 presented in the Audit Committee section herein.

COMPLIANCE WITH THE CODE

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

UTILISATION OF PROCEEDS

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



SHARE BUYBACK

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

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Save as disclosed below, the Company has not granted any other 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.

ESOS

At an Extraordinary General Meeting held on 29 April 2003, the shareholders of the Company approved the establishment of the ESOS which became effective on 28 November 2003. As at 31 October 2004, 7,304,000 option has been granted and accepted by the eligible employees. Of these, 963,300 option has been exercised whilst 6,340,700 option remained unexercised.

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 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 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 to be 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 Warrants 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 2004, 6,800 Warrants 2003/3008 have been exercised whilst 17,243,200 Warrants 2003/2008 remained unexercised.

ADR/GDR PROGRAMME

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

SANCTIONS AND PENALTIES

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

NON-AUDIT FEES PAYABLE TO EXTERNAL AUDITORS

Non-audit fees amounting to RM41,198 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 2004 RM
Poh Huat Group	Wilsin Office Furniture (S) Pte Ltd ("Wilsin"), the 40% minority shareholder of Poh HuatInternational 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	3,199,888
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 of legal services from J.A. Nathan	137,000
Poh Huat Group	Ornapaper Berhad and its subsidiaries ("Ornapaper Group"), a party connected with Tay Kim Huat by virtue of his directorship and 45% shareholding in Ornapaper Vietnam Co Ltd, a 55% owned subsidiary of Ornapaper Berhad.	Purchase of packaging materials from the Ornapaper Group	2,534,099
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	108,000



Audit Committee

Constitution

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

The present members of the Audit Committee are:-

1. Mr Boo Chin Liong
Chairman of the Audit Committee
Independent Non-Executive Director
2. Mr Tay Khim Seng
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 reduce to below 3, the Board shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.





Meetings

The Committee will meet at least once a quarter and such additional meetings as may be required for the Committee to 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 arise within the Company or the Group.

Modifications

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

Audit Committee Report

Five (5) Audit Committee meetings were held during the financial year from 1 November 2003 to 31 October 2004.



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Name	Attendance
Mr Boo Chin Liong	4/5
Mr Tay Khim Seng	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 2003 to 31 October 2004 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 2003 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.

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 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.



Statement on Internal Control



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

Key Elements of the Group's Internal Control System

The internal control system is designed to give reasonable assurance with respect to the:-

- 1. reliability of financial information used within the business or for publication;
- 2. maintenance of proper accounting records;
- 3. safeguarding of assets against unauthorized use or disposition; and
- 4. 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:-

- 1. 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;
- 2. monitoring and control of key financial risks through clearly laid down authorization levels and proper segregation of accounting duties;

- 3. detailed reporting of trading results, balance sheets and cash flows, with regular review by the management;
- 4. regular independent internal audit activities to monitor compliance with procedures and assess the integrity of operational and financial information provided; and
- 5. 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.



Directors' Responsibility Statement

The Directors are responsible for the preparation of financial statements for each financial year. They are responsible for ensuring that these financial statements give a true and fair view of the state 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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Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2004.

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 except for a subsidiary company, Maxicoin Sdn. Bhd. which has ceased its business operations and become dormant since August 2004 as a result of restructuring exercise of the Group as disclosed in Note 5 and Note 29 to the financial statements.

RESULTS

	Group RM	Company RM
Profit after tax	8,009,447	921,892
Minority interests	(272,912)	-
Net profit for the financial year	7,736,535	921,892

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 dividend of 2% less tax at 28% amounting to RM1,255,970, which was proposed in respect of the financial year ended 31 October 2003 and dealt with in the previous directors' report, was declared by the Company on 30 April 2004 and subsequently paid on 28 May 2004. The payment was made to the shareholders whose name appeared in the Company's Record of Depositors on 13 May 2004.

The Directors proposed a first and final dividend of 2% less tax at 28% in respect of the financial year ended 31 October 2004. This dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

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 issued and fully paid up share capital of the Company was increased from RM86,250,000 to RM87,220,100 as a result of:

- (a) Issuance of 6,800 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share pursuant to the exercise of Warrants.
- (b) Issuance of 963,300 new ordinary shares of RM1.00 each at an issue price of RM1.15 per share pursuant to the exercise of options under the Employee Share Option Scheme ("ESOS").

The resultant premium arising from the shares issued pursuant to the exercise of options under the ESOS above amounting to RM144,495 was credited to the share premium account.

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

(a) Warrants

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.



(a) Warrants (Cont'd)

	Number of Warrants
At 1 November 2003	17,250,000
Exercised	(6,800)
At 31 October 2004	17,243,200

At an Extraordinary General Meeting held on 29 April 2003, the shareholders of the Company approved the establishment of ESOS which became effective on 28 November 2003. Pursuant to the ESOS, option to subscribe for ordinary shares of RM1.00 each are granted to the eligible employees and executive directors of the Group.

- (i) The eligible employees shall be a Malaysian citizen, has attained the age of eighteen (18) years, employed full time and are on the payroll of the Group.
- (ii) In the case of eligible executive directors, their specific entitlement under the ESOS shall be approved by the shareholders of the Company in a general meeting.
- (iii) The total number of shares which may be available under the ESOS shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any time during the existence of ESOS and out of which not more than fifty percent (50%) of the shares should be allocated in aggregate to the executive directors and senior management of the Group. In addition, not more than ten percent (10%) of the shares available under the ESOS should be allocated to eligible employees who either singly or collectively through his or her associates, holds 20% or more in the issue and paid-up share capital of the Company.
- (iv) The option price at for each new share may be at a discount of not more than ten percent (10%) (if deemed appropriate by the Option Committee) from the five (5) days weighted average market price of Company's shares at the offer date subject to such adjustments in accordance with Clause 15 of the Draft By-Laws, provided that the subscription price shall in no event be less than the par value of the Company's shares.
- (v) An option holder may deal with the new shares of the Company which allotted and issued to him or her in any way he or she pleases without retention period or restriction of transfer.



OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

(b) Employee Share Option Scheme ("ESOS") (Cont'd)

- (vi) 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 Option 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-Laws 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).

- (vii) 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 then 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.

The terms of share options outstanding at the end of the financial year are as follows:

Number Of Share Options Over Ordinary Shares of RM1.00 Each							
Offer Date	Expiry Date	Exercise Price (RM)	Balance 01.11.03	Offered And Accepted	Exercised	Lapsed	Balance 31.10.04
28 Nov 2003	27 Nov 2008	1.15	-	7,304,000	(963,300)	-	6,340,700

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) Dato' 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, Dato' Haji Zakariya Bin Mohamed, Mr. Tay Khim Seng and Mr. Chua Syer Cin retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.



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Number Of Ordinary Shares of RM1.00 each

		Balance 01.11.03	Bought	Sold	Balance 31.10.04
Dato' Haji Zakariya Bin Mohamed	- Direct interest	-	250,000	-	250,000
	- Indirect interest	787,500	-	(787,500)	-
Tay Kim Huat	- Direct interest	18,693,294	1,797,600	(3,500,000)	16,990,894
	- Indirect interest	2,684,829	400,100	(750,000)	2,334,929
Dato' Ng Ah Poh	- Direct interest	9,823,350	-	(2,500,000)	7,323,350
Tay Kim Hau	- Direct interest	5,455,500	-	(2,500,000)	2,955,500
Boo Chin Liong	- Direct interest	15,000	-	-	15,000
Dato' Haji Zaini Bin Md. Hasim	- Direct interest	12,000	-	-	12,000
Tay Khim Seng	- Direct interest	592,500	2,506,000	(1,300,000)	1,798,500

		Balance 01.11.03	Bought	Sold	Balance 31.10.04
Dato' Haji Zakariya Bin Mohamed	- Indirect interest	187,500	-	(187,500)	-
Tay Kim Huat	- Direct interest	3,288,658	-	-	3,288,658
	- Indirect interest	236,967	-	-	236,967
Dato' Ng Ah Poh	- Direct interest	74	-	-	74
Tay Kim Hau	- Direct interest	527,616	3,808	-	531,424
Boo Chin Liong	- Direct interest	2,250	-	-	2,250
Tay Khim Seng	- Direct interest	42,000	56,500	-	98,500

Number Of Options Over Ordinary Shares

		Balance 01.11.03	Offered And Accepted	Exercised	Balance 31.10.04
Dato' Haji Zakariya Bin Mohamed	- Direct interest	-	150,000	-	150,000
Tay Kim Huat	- Direct interest	-	500,000	-	500,000
Dato' Ng Ah Poh	- Direct interest	-	200,000	-	200,000
Tay Kim Hau	- Direct interest	-	350,000	-	350,000



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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.

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 as disclosed in Note 19 to the financial statements) 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.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

- (b) At the date of this report, the Directors are not aware of any circumstances:

- [illegible]

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- ## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR






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


.....
DATO' NG AH POH
Director

Muar, Johor Darul Takzim
Date: 14 January 2005



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Signed in accordance with a resolution of the Directors:

TAY KIM HUAT
Director

DATO' NG AH POH
Director

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Subscribed and solemnly declared }
by the abovenamed TAY KIM HUAT }
at Muar in the state of Johor }
Darul Takzim on 14 January 2005 }

TAY KIM HUAT



Report of the Auditors to the members of Poh Huat Resources Holdings Berhad

We have audited the financial statements set out on pages 41 to 88. 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 the 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 at 31 October 2004 and of the results and 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. 1177/12/06 (J)
Partner

Muar, Johor Darul Takzim
Date: 14 January 2005



Consolidated Balance Sheet at 31 October 2004

	Notes	2004 RM	2003 RM
PROPERTY, PLANT AND EQUIPMENT	4	120,081,946	94,935,743
INVESTMENT	6	-	25,527
GOODWILL ON CONSOLIDATION	7	830,220	893,011
CURRENT ASSETS			
Inventories	8	60,382,107	51,239,095
Trade and other receivables	9	50,122,907	26,478,549
Deposits, bank and cash balances	10	15,265,530	12,418,736
		125,770,544	90,136,380
LESS: CURRENT LIABILITIES			
Trade and other payables	11	66,190,969	33,261,753
Borrowings	12	38,494,180	23,620,795
Tax payable		1,243,235	3,785,963
		105,928,384	60,668,511
NET CURRENT ASSETS		19,842,160	29,467,869
		140,754,326	125,322,150
FINANCED BY:			
CAPITAL AND RESERVES			
Share capital	13	87,220,100	86,250,000
Reserves	14	16,995,836	10,505,691
SHAREHOLDERS' FUNDS		104,215,936	96,755,691
MINORITY INTERESTS		866,817	595,883
LONG TERM AND DEFERRED LIABILITIES			
Borrowings	12	28,171,573	20,566,425
Deferred tax liabilities	15	7,500,000	7,404,151
		140,754,326	125,322,150

The accompanying notes form an integral part of the financial statements.



Consolidated Income Statement for the financial year ended 31 October 2004

	Notes	2004 RM	2003 RM
REVENUE	16	305,823,285	191,863,674
COST OF SALES		(261,913,196)	(152,090,782)
GROSS PROFIT		43,910,089	39,772,892
OTHER OPERATING INCOME		461,188	1,314,265
SELLING AND DISTRIBUTION EXPENSES		(16,644,725)	(15,057,159)
ADMINISTRATIVE EXPENSES		(12,927,601)	(10,972,073)
OTHER OPERATING EXPENSES		(494,653)	(567,212)
PROFIT FROM OPERATIONS	17	14,304,298	14,490,713
FINANCE COSTS	20	(3,600,530)	(3,321,827)
PROFIT BEFORE TAX		10,703,768	11,168,886
TAX EXPENSE	21	(2,694,321)	(6,850,609)
PROFIT AFTER TAX BUT BEFORE MINORITY INTERESTS		8,009,447	4,318,277
MINORITY INTERESTS		(272,912)	(178,420)
NET PROFIT FOR THE FINANCIAL YEAR		7,736,535	4,139,857
EARNINGS PER ORDINARY SHARE	22		
- Basic (Sen)		8.90	5.23
- Diluted (Sen)		8.69	4.99
NET DIVIDENDS PER ORDINARY SHARE			
- Proposed first and final dividend of 2% less tax at 28% (Sen)		1.44	1.44

The accompanying notes form an integral part of the financial statements.



Consolidated Statement of Changes in Equity for the financial year ended 31 October 2004

		Non-Distributable				Distributable		
	Notes	Share Capital RM	Share Premium RM	Capital Reserves RM	Merger Deficit RM	Foreign Exchange Fluctuation Reserve RM	Retained Profits RM	Total RM
At 31 October 2002		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
Dividends	23	-	-	-	-	-	(920,000)	(920,000)
Corporate exercise expenses written off against share premium		-	(818,629)	-	-	-	-	(818,629)
Foreign exchange differences		-	-	-	-	(443,631)	-	(443,631)
Net loss not recognised in the consolidated income statement		-	(818,629)	-	-	(443,631)	-	(1,262,260)
At 31 October 2003		86,250,000	-	6,633,467	(28,849,998)	(457,835)	33,180,057	96,755,691
Issue of new shares pursuant to the exercise of Warrants		6,800	-	-	-	-	-	6,800
Issue of new shares pursuant to the exercise of options under the ESOS		963,300	144,495	-	-	-	-	1,107,795
Net profit for the financial year		-	-	-	-	-	7,736,535	7,736,535
Dividends	23	-	-	-	-	-	(1,255,970)	(1,255,970)
Foreign exchange differences		-	-	-	-	(134,915)	-	(134,915)
Net loss not recognised in the consolidated income statement		-	-	-	-	(134,915)	-	(134,915)
At 31 October 2004		87,220,100	144,495	6,633,467	(28,849,998)	(592,750)	39,660,622	104,215,936

The accompanying notes form an integral part of the financial statements.



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	Notes	2004 RM	2003 RM
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares pursuant to the exercise of options under the ESOS		1,107,795	-
Proceeds from issue of new shares pursuant to the exercise of Rights Issue		-	11,500,000
Proceeds from issue of new shares pursuant to the exercise of Warrants		6,800	-
Corporate exercise expenses paid		-	(818,629)
Net movements in trade bills		21,386,130	104,119
Repayment of hire purchase obligations		(211,207)	(293,275)
Proceeds from term loans		19,176,670	15,918,980
Repayment of term loans		(18,334,804)	(14,195,002)
Net increase in fixed deposits pledged		(15,075)	(159,901)
Dividends paid		(1,255,970)	(920,000)
NET CASH FROM FINANCING ACTIVITIES		21,860,339	11,136,292
EFFECT ON EXCHANGE RATE CHANGES		102,535	(143,346)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,831,719	(5,890,337)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR		12,011,315	17,901,652
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	24	14,843,034	12,011,315

The accompanying notes form an integral part of the financial statements.



Balance Sheet at 31 October 2004

	Notes	2004 RM	2003 RM
INVESTMENT IN SUBSIDIARY COMPANIES	5	57,136,805	44,507,734
CURRENT ASSETS			
Other receivables	9	31,433,195	43,468,545
Bank and cash balances	10	158,471	120,214
		31,591,666	43,588,759
LESS: CURRENT LIABILITIES			
Other payables	11	90,116	238,655
NET CURRENT ASSETS		31,501,550	43,350,104
		88,638,355	87,857,838
FINANCED BY:			
CAPITAL AND RESERVES			
Share capital	13	87,220,100	86,250,000
Reserves	14	1,418,255	1,607,838
SHAREHOLDERS' FUNDS		88,638,355	87,857,838

The accompanying notes form an integral part of the financial statements.



Income Statement for the financial year ended 31 October 2004

	Notes	2004 RM	2003 RM
REVENUE	16	2,205,000	686,000
OTHER OPERATING INCOME		11,865	-
ADMINISTRATIVE EXPENSES		(921,446)	(675,398)
OTHER OPERATING EXPENSES		(1,550)	(1,500)
PROFIT FROM OPERATIONS	17	1,293,869	9,102
FINANCE COST	20	(1,977)	(1,798)
PROFIT BEFORE TAX		1,291,892	7,304
TAX EXPENSE	21	(370,000)	-
NET PROFIT FOR THE FINANCIAL YEAR		921,892	7,304

The accompanying notes form an integral part of the financial statements.



Statement of Changes in Equity for the financial year ended 31 October 2004



			Non-Distributable	Distributable	
	Notes	Share Capital RM	Share Premium RM	Retained Profits RM	Total RM
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
Dividends	23	-	-	(920,000)	(920,000)
At 31 October 2003		86,250,000	-	1,607,838	87,857,838
Issue of new shares pursuant to the exercise of Warrants		6,800	-	-	6,800
Issue of new shares pursuant to the exercise of options under the ESOS		963,300	144,495	-	1,107,795
Net profit for the financial year		-	-	921,892	921,892
Dividends	23	-	-	(1,255,970)	(1,255,970)
At 31 October 2004		87,220,100	144,495	1,273,760	88,638,355

The accompanying notes form an integral part of the financial statements.



Cash Flow Statement for the financial year ended 31 October 2004

	Notes	2004 RM	2003 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		1,291,892	7,304
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		1,291,892	7,304
Changes In Working Capital			
Other receivables		10,336,950	(30,021,902)
Other payables		(148,539)	(965,957)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		11,480,303	(30,980,555)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of a subsidiary company through restructuring exercise		(4,079,071)	-
Purchase of additional shares in existing subsidiary company		(8,550,000)	(2,850,000)
Dividend received from a subsidiary company		1,328,400	23,696,000
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(11,300,671)	20,846,000
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares pursuant to the exercise of options under the ESOS		1,107,795	-
Proceeds from issue of new shares pursuant to the exercise of Rights Issue		-	11,500,000
Proceeds from issue of new shares pursuant to the exercise of Warrants		6,800	-
Corporate exercise expenses paid		-	(818,629)
Dividends paid		(1,255,970)	(920,000)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(141,375)	9,761,371
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		38,257	(373,184)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR		120,214	493,398
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	24	158,471	120,214

The accompanying notes form an integral part of the financial statements.



Notes to the Financial Statements for the financial year ended 31 October 2004

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. There have been no significant changes in the nature of these principal activities during the financial year except for a subsidiary company, Maxicoil Sdn. Bhd. which has ceased its business operations and become dormant since August 2004 as a result of restructuring exercise of the Group as disclosed in Note 5 and Note 29.

The Company was incorporated in Malaysia as a public limited liability company. It is domiciled in Malaysia and is listed on the Main Board of the Bursa Malaysia Securities Berhad.

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

The principal place of business of the Company is located 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 14 January 2005.

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 save as disclosed in the notes on significant accounting policies as modified by the revaluation of long term leasehold land and factory buildings.
- (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 27 Borrowing Costs
MASB 29 Employee Benefits

(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.



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(b) Basis of consolidation (Cont'd)

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 Combinations 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 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 amounts of the investment over the nominal value of the shares acquired is taken to merger reserve, or deficit, as appropriate.

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.

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

On consolidation, all intercompany transactions, balances 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 and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(g).

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 amount.

Surplus arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same 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 reserve relating to those property, plant and equipment are transferred to retained profits. Subsequent to revaluation, any addition is stated at cost whilst disposal is stated at cost or valuation as appropriate.

Long term leasehold land is depreciated over the remaining lease period. Capital work-in-progress are not depreciated until they are completed and put into use whilst other property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. The principal annual rates of depreciation used are as follows:

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

(b) Investment in subsidiary companies

Subsidiary company is the Company in which the Company has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

The Company's investment in subsidiary companies is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(g). On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is charged or credited to the income statement.

(c) Investment

Long term investment is stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investment. Where there has been a decline other than temporary in the value of investment, such decline is recognised as an expense in the period in which the declined is identified.



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(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.

(e) Inventories

Inventories comprising raw materials, packing 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.

The costs of raw materials and packing materials comprise the original purchase price plus cost incurred in bringing the inventories to their present location whilst the costs of work-in-progress and finished goods include raw materials, packing materials, direct labour and an appropriate proportion of production overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business less the costs of completion and selling expenses.

(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 allowance is made for doubtful debts based on estimates of possible losses which may arise from non-collection of certain receivable amounts.

(g) Impairment of assets

The carrying amounts of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying amounts 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.



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(g) Impairment of assets (Cont'd)

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

Trade and other payables and borrowings are stated at cost.

(i) **Hire purchase**

Property, plant and equipment acquired under hire purchase agreements are capitalised in the financial statements and the outstanding obligations after deducting finance expenses are treated as liabilities. The property, plant and equipment so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment and depreciation 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.

(j) **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.

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(k) Revenue recognition

(i) **Dividend income**

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

(ii) **Management fee**

Management fee from subsidiary company is recognised on accrual basis.

(iii) **Sales of goods**

Revenue from sales of goods is recognised upon delivery of products.

(iv) 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.

(I) 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.

(m) Research and development expenditure

Research and development expenditure is charged to the income statement in the financial year in which it is incurred except insofar as it relates to a clearly defined project which the benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of the future benefit and is stated at cost incurred less grants received, if any. The deferred expenditure is amortised through the income statement over the period of the project, upon commencement of commercial production.

(n) **Employee benefits**

(i) **Short term benefits**

Allowance, bonus, salary, wages and social security contributions are recognised as expenses in the income statement in the financial year in which the associated services are rendered by employees of the Group.



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(n) Employee benefits (Cont'd)

(ii) **Defined contribution plans**

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). The Group's foreign subsidiary companies make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

(iii) **Equity compensation benefits**

The Group's Employee Share Option Scheme ("ESOS") allows the Group's eligible employees and executive directors to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

(o) Borrowing costs

Borrowing costs directly incurred in financing the acquisition, construction or production of qualifying assets are capitalised, until such time that the assets are ready for their intended use. All other borrowing costs are charge to the income statement in the period they are incurred.

(p) Cash and cash equivalents

Cash and cash equivalents comprise deposits, bank and cash balances and highly liquid investments that are readily convertible to cash with insignificant risk of changes in value, net of outstanding bank overdrafts, if any.

(g) Foreign currency conversion and translation

(i) Transactions in foreign currencies

Transactions in foreign currencies are measured and recorded in Ringgit Malaysia by using the exchange rates in effect at the date of the transactions or at contracted rates, where applicable. At each balance sheet date, recorded monetary balances that are denominated in a foreign currency are translated into Ringgit Malaysia at the rate of exchange prevailing at the balance sheet date. All exchange differences are taken into 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 foreign exchange fluctuation 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.



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(q) Foreign currency conversion and translation (Cont'd)

(ii) Translation of foreign currency financial statements (Cont'd)

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

	2004 RM	2003 RM
1 US Dollar (USD)	3.8000	3.8000
1 Euro (EUR)	4.8431	3.7527
1 Singapore Dollar (SGD)	2.2868	2.1833
1 South African Rand (ZAR)	0.6175	0.5558
1,000 Vietnam Dong (VND)	0.2413	0.2429

(r) Financial instruments

Financial instruments 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 deposits, bank and cash balances, 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.

The Group is also party to financial instruments with the objective to reduce risk exposure to fluctuations in foreign exchange rates. These derivative financial instruments are not recognised in the financial statements on inception.



Group

	Long term leasehold land	Factory buildings	Plant and machinery	Vehicles, furniture, fittings and equipment	Capital work-in- progress	Total
	RM	RM	RM	RM	RM	RM
At Cost / Valuation						
At 1 November 2003	19,015,220	42,188,100	54,144,383	8,056,852	-	123,404,555
Additions	912,758	604,586	7,789,828	1,002,959	22,683,733	32,993,864
Disposals	-	-	(157,731)	(164,263)	-	(321,994)
Write off	-	-	(59,060)	(9,126)	-	(68,186)
Reclassifications	-	-	4,879,803	-	(4,879,803)	-
Foreign exchange differences	(33,799)	(83,332)	(77,781)	12,335	-	(182,577)
At 31 October 2004	19,894,179	42,709,354	66,519,442	8,898,757	17,803,930	155,825,662
Representing:						
At valuation	10,902,104	13,272,729	-	-	-	24,174,833
At cost	8,992,075	29,436,625	66,519,442	8,898,757	17,803,930	131,650,829
	19,894,179	42,709,354	66,519,442	8,898,757	17,803,930	155,825,662
Accumulated Depreciation						
At 1 November 2003	926,033	2,163,952	20,183,845	5,194,982	-	28,468,812
Charge for the financial year	373,966	947,147	5,388,495	920,977	-	7,630,585
Disposals	-	-	(157,731)	(149,564)	-	(307,295)
Write off	-	-	(44,856)	(1,825)	-	(46,681)
Foreign exchange differences	(1,316)	(2,819)	(9,367)	11,797	-	(1,705)
At 31 October 2004	1,298,683	3,108,280	25,360,386	5,976,367	-	35,743,716
Representing:						
At valuation	953,178	1,288,167	-	-	-	2,241,345
At cost	345,505	1,820,113	25,360,386	5,976,367	-	33,502,371
	1,298,683	3,108,280	25,360,386	5,976,367	-	35,743,716



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Group

	Long term leasehold land RM	Factory buildings RM	Plant and machinery RM	Vehicles, furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
Net Book Value						
At 31 October 2004	18,595,496	39,601,074	41,159,056	2,922,390	17,803,930	120,081,946
Representing:						
At valuation	9,948,926	11,984,562	-	-	-	21,933,488
At cost	8,646,570	27,616,512	41,159,056	2,922,390	17,803,930	98,148,458
	18,595,496	39,601,074	41,159,056	2,922,390	17,803,930	120,081,946
Net Book Value						
At 31 October 2003	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
Depreciation charge for the financial year ended 31 October 2003	296,073	888,318	5,074,465	953,971	-	7,212,827

- (a) The long term leasehold land and factory buildings were revalued by the Directors in June 1999 and February 2000 respectively based on professional appraisals by a firm of independent professional valuer using open market value basis.

The revaluation was subsequently updated in September 2004 by the following independent professional valuers using open market value basis:

(i) **Local Subsidiary Companies**

Lee Thiam Sing, a registered valuer at Colliers, Jordan Lee & Jaafar (M'cca) Sdn. Bhd. and also a member of the Institution of Surveyors, Malaysia.



(ii) Foreign Subsidiary Companies

Phan Quac Tuan, a partner with The Vietnam Inspection & Consulting Joint – Stock Company.

The 2004 valuation amounts do not differ materially from the carrying amounts of the respective properties and as such no changes is made to their carrying amounts at 31 October 2004.

The Directors are of the opinion that the current market values of the revalued properties are not less than their carrying amounts at 31 October 2004.

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

	Group	
	2004	2003
	RM	RM
At Net Book Value		
Long term leasehold land	5,538,964	5,647,384
Factory buildings	6,721,573	6,882,392
	12,260,537	12,529,776

- (c) The following property, plant and equipment are secured against bank borrowings granted to the Group (Note 12):

	Group	
	2004	2003
At Net Book Value	RM	RM
Long term leasehold land	15,347,218	10,069,017
Factory buildings	33,859,384	22,271,988
Plant and machinery	5,836,644	10,625,919
Vehicles, furniture, fittings and equipment	138,750	442,423
Capital work-in-progress	5,732,980	-
	60,914,976	43,409,347



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

- (d) The motor vehicles with net book value of RM433,364 (2003 – RM350,950) are acquired under hire purchase instalment plans.
- (e) Included in the cost of factory buildings is interest capitalised during the financial year amounting to RM70,962 (2003 – RM58,472).
- (f) There has been no property, plant and equipment in the Company throughout the current and previous financial years.

5. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2004 RM	2003 RM
Unquoted shares - at cost	57,136,805	44,507,734

Name of Company	Principal Activities	Country of Incorporation	Equity Interest Held	
			2004	2003
Subsidiary Companies				
* Poh Huat Furniture Industries (M) Sdn. Bhd.	Manufacturing and trading of furniture and investment holding.	Malaysia	100%	100%
Poh Huat Woodwork (M) Sdn. Bhd. (formerly known as Yee Lu Fah Sdn. Bhd.)	Manufacturing and trading of furniture and furniture parts.	Malaysia	100%	-
Poh Huat International Sdn. Bhd.	Trading of furniture and investment holding.	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%



Name of Company	Principal Activities	Country of Incorporation	Equity Interest Held	
			2004	2003
Subsidiary Companies of Poh Huat Furniture Industries (M) Sdn. Bhd.				
Poh Huat Woodwork (M) Sdn. Bhd. (formerly known as Yee Lu Fah Sdn. Bhd.)	Manufacturing and trading of furniture and furniture parts.	Malaysia	-	100%
Maxicoin Sdn. Bhd.	Manufacturing and trading of furniture and furniture parts.	Malaysia	100%	100%
Subsidiary Companies of Poh Huat International Sdn. Bhd.				
PHI Marketing Sdn. Bhd.	Trading of furniture.	Malaysia	100%	100%
Poh Huat International Furniture SA (Pty) Ltd.	Imports and sales of 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.

In line with the restructuring exercise of the Group which involving a review of the existing operations and corporate structure with the objective to achieve operational, corporate and reporting efficiency, the entire issued and paid-up share capital of Poh Huat Woodwork (M) Sdn. Bhd. ("PHW") (formerly known as Yee Lu Fah Sdn. Bhd.), was disposed by Poh Huat Furniture Industries (M) Sdn. Bhd. to the Company for a total cash consideration of RM 4,079,071 determined based on the net tangible asset of PHW at 31 March 2004. This restructuring exercise was completed on 6 July 2004.

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	RM	RM
Unquoted shares outside Malaysia - at cost	25,527	25,527
Less: Investment written off	(25,527)	-
	-	25,527

7. GOODWILL ON CONSOLIDATION

	RM	RM
Balance at the beginning of financial year	893,011	955,798
Less: Amortisation during the financial year	(62,791)	(62,787)
Balance at the end of financial year	830,220	893,011

8. INVENTORIES

At Cost / Net Realisable Value	RM	RM
Raw materials	23,368,706	13,855,988
Packing materials	238,309	152,307
Work-in-progress	27,394,329	27,004,802
Finished goods	9,380,763	10,225,998
	60,382,107	51,239,095



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	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade receivables	36,489,009	21,835,677	-	-
Other Receivables				
Amount due from subsidiary companies	-	-	31,079,591	43,263,388
Deposits	264,172	514,139	1,000	1,000
Prepayments	1,663,983	609,606	1,310	-
Others	11,705,743	3,519,127	351,294	204,157
	13,633,898	4,642,872	31,433,195	43,468,545
	50,122,907	26,478,549	31,433,195	43,468,545

- (a) The Group's normal trade credit term ranges from cash term to 90 days. Other credit terms are assessed and approved on a case-by-case basis.
- (b) The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to group of receivables.
- (c) The non-trade amount due from subsidiary companies are unsecured and interest free with no fixed terms of repayment.

10. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Bank and cash balances	14,502,737	11,677,816	158,471	120,214
Fixed deposits with licensed banks	762,793	740,920	-	-
	15,265,530	12,418,736	158,471	120,214

- (a) The fixed deposits with licensed bank of a subsidiary company amounting to RM422,496 (2003 – RM407,421) are pledged against bank guarantee facility.
- (b) The weighted average effective interest rate for fixed deposits with licensed banks at the end of financial year is 3.7% (2003 – 4.0%).
- (c) The maturity period of fixed deposits with licensed banks at the end of financial year is within 12 months (2003 – within 12 months).



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- (a) The normal trade credit terms granted to the Group ranges from 30 days to 120 days.
- (b) The non-trade amount due to a director is unsecured and interest free with no fixed terms of repayment.

12. BORROWINGS

□ □

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- | | Group | |
|--|------------|------------|
| | 2004
RM | 2003
RM |
| CURRENT | | |
| Not later than one year | 7,348,931 | 13,830,902 |
| NON-CURRENT | | |
| Later than one year and not later than two years | 7,882,961 | 5,676,961 |
| Later than two years and not later than five years | 19,740,688 | 11,453,896 |
| Later than five years | 273,338 | 3,290,622 |
| | 27,896,987 | 20,421,479 |
| | 35,245,918 | 34,252,381 |

13. SHARE CAPITAL

	2004	2003
	RM	RM
Ordinary Shares of RM1.00 Each		
Authorised:		
Balance at the beginning of financial year	500,000,000	100,000,000
Created during the financial year	-	400,000,000
Balance at the end of financial year	500,000,000	500,000,000
Issued and fully paid:		
Balance at the beginning of financial year	86,250,000	46,000,000
Rights issue	-	11,500,000
Bonus issue	-	28,750,000
Share issue pursuant to the exercise of Warrants	6,800	-
Share issue pursuant to the exercise of options under the ESOS	963,300	-
Balance at the end of financial year	87,220,100	86,250,000



13. SHARE CAPITAL (CONT'D)

During the financial year, the issued and fully paid up share capital of the Company was increased from RM86,250,000 to RM87,220,100 as a result of:

- (a) Issuance of 6,800 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share pursuant to the exercise of Warrants.
- (b) Issuance of 963,300 new ordinary shares of RM1.00 each at an issue price of RM1.15 per share pursuant to the exercise of options under the ESOS.

The resultant premium arising from the shares issued pursuant to the exercise of options under the ESOS above amounting to RM144,495 was credited to the share premium account.

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

(a) Warrants

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 movements in the Warrants during the financial year to take up unissued new ordinary shares of RM1.00 each in the Company are as follows:

	Number of Warrants
At 1 November 2003	17,250,000
Exercised	(6,800)
At 31 October 2004	17,243,200



13. SHARE CAPITAL (CONT'D)

(b) Employee Share Option Scheme ("ESOS")

At an Extraordinary General Meeting held on 29 April 2003, the shareholders of the Company approved the establishment of ESOS which became effective on 28 November 2003. Pursuant to the ESOS, option to subscribe for ordinary shares of RM1.00 each are granted to the eligible employees and executive directors of the Group.

The salient features of the ESOS are as follows:

- (i) The eligible employees shall be a Malaysian citizen, has attained the age of eighteen (18) years, employed full time and are on the payroll of the Group.
- (ii) In the case of eligible executive directors, their specific entitlement under the ESOS shall be approved by the shareholders of the Company in a general meeting.
- (iii) The total number of shares which may be available under the ESOS shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any time during the existence of ESOS and out of which not more than fifty percent (50%) of the shares should be allocated in aggregate to the executive directors and senior management of the Group. In addition, not more than ten percent (10%) of the shares available under the ESOS should be allocated to eligible employees who either singly or collectively through his or her associates, holds 20% or more in the issue and paid-up share capital of the Company.
- (iv) The option price at for each new share may be at a discount of not more than ten percent (10%) (if deemed appropriate by the Option Committee) from the five (5) days weighted average market price of Company's shares at the offer date subject to such adjustments in accordance with Clause 15 of the Draft By-Laws, provided that the subscription price shall in no event be less than the par value of the Company's shares.
- (v) An option holder may deal with the new shares of the Company which allotted and issued to him or her in any way he or she pleases without retention period or restriction of transfer.
- (vi) 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 Option 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-Laws 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).

- (vii) 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 then 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.



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(b) Employee Share Option Scheme ("ESOS") (Cont'd)

The terms of share options outstanding at the end of the financial year are as follows:

Number Of Share Options Over Ordinary Shares of RM1.00 Each							
Offer Date	Expiry Date	Exercise Price (RM)	Balance 01.11.03	Offered And Accepted	Exercised	Lapsed	Balance 31.10.04
28 Nov 2003	27 Nov 2008	1.15	-	7,304,000	(963,300)	-	6,340,700

Number of share options vested:

	Group And Company	
	2004	2003
	RM	RM
At 31 October 2004	6,340,700	-

Details of share options exercised during the financial year and the fair value, at exercise date, of ordinary shares issued are as follows:

Exercise Date	Exercise Price RM	Fair Value Of Ordinary Shares RM	Number Of Share Options	Considerations Received RM
January - April 2004	1.15	1.14 - 1.54	963,300	1,107,795
Less: Par value of ordinary shares				(963,300)
Share premium				144,495

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	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Non-Distributable				
Share premium	144,495	-	144,495	-
Capital reserves:				
- Revaluation reserve	6,552,594	6,552,594	-	-
- Reserve on consolidation	80,873	80,873	-	-
Merger deficit	(28,849,998)	(28,849,998)	-	-
Foreign exchange fluctuation reserve	(592,750)	(457,835)	-	-
Distributable				
Retained profits	39,660,622	33,180,057	1,273,760	1,607,838
	16,995,836	10,505,691	1,418,255	1,607,838

- (a) Share premium represents the resultant premium arising from the issued of new shares pursuant to the exercise of options under the ESOS.
- (b) Revaluation reserve represents the surpluses arising from the revaluation of the long term leasehold land and factory buildings, net of deferred tax liabilities.
- (c) Reserve on consolidation represents the excess of net assets acquired over purchase consideration for the acquisition of subsidiary companies under the acquisition method of accounting.
- (d) Merger deficit represents the excess of investment carrying amount over the nominal value of share of subsidiary companies acquired under the merger method of accounting.
- (e) Foreign exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiary companies.
- (f) Retained profits are those available for distribution by way of dividends.
- (g) 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 the balance in tax exempt income account to frank the payment of dividends out of its entire retained profits without incurring additional tax liability.



	2004 RM	Group 2003 RM
(a) The movements of deferred tax liabilities		
Balance at the beginning of financial year	7,404,151	6,098,160
Deferred tax expense relating to the origination of temporary differences (Note 21)	395,849	1,313,991
Effect on opening deferred tax resulting from a reduction in income tax rate	-	(8,000)
Overprovision of deferred tax expense in previous financial year	(300,000)	-
Balance at the end of financial year	7,500,000	7,404,151
(b) Components of deferred tax liabilities		
Revaluation surplus of properties	2,370,000	2,377,000
Temporary differences between book depreciation and corresponding capital allowances	5,130,000	5,027,151
	7,500,000	7,404,151

16. REVENUE

Revenue of the Group and the Company comprise the following:

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Dividend income	-	-	1,845,000	-
Management fee	-	-	360,000	686,000
Sale of furniture net of discounts, returns and sales tax	305,823,285	191,863,674	-	-
	305,823,285	191,863,674	2,205,000	686,000



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18. STAFF COSTS

18. STAFF COSTS



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Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM732,862 (2003 – RM830,693) and RM180,000 (2003 – RM210,000) respectively as further disclosed in Note 19.

	2004	2003	2004	2003
	RM	RM	RM	RM
Directors of the Company				
Executive Directors:				
Bonus	94,200	117,000	-	30,000
Fee	180,000	180,000	180,000	180,000
Salary and other emoluments	329,200	318,700	-	-
Pension costs - defined contribution plan	50,808	48,701	-	-
Social security costs	906	914	-	-
Benefits-in-kind	45,000	45,000	-	-
	700,114	710,315	180,000	210,000
Non-executive Directors:				
Fee	96,000	96,000	96,000	96,000
	796,114	806,315	276,000	306,000
Directors of the Subsidiary Companies				
Executive Directors:				
Salary and other emoluments	77,748	165,378	-	-
Total Directors' remuneration	873,862	971,693	276,000	306,000
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 18)	732,862	830,693	180,000	210,000
Total non-executive directors' remuneration excluding benefits-in-kind (Note 17)	96,000	96,000	96,000	96,000
Total Directors' remuneration excluding benefits-in-kind	828,862	926,693	276,000	306,000



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The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed as below:

	Number Of Directors	
	2004	2003
Executive Directors:		
RM1 - RM50,000	1	1
RM50,001 - RM100,000	1	1
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	-	-
RM350,001 - RM400,000	1	1
Non-executive Directors		
RM1 - RM50,000	4	4

Executive directors of the Company have been granted the following number of share options under the ESOS:

	Company	
	2004	2003
At 1 November 2003	-	-
Offered and accepted	1,200,000	-
Exercised	-	-
Lapsed	-	-
At 31 October 2004	1,200,000	-

The share options were granted on the same terms and conditions as those offered to other eligible employees of the Group.



	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Interest On:				
Hire purchase	29,281	52,148	-	-
Term loans	1,904,121	2,206,119	-	-
Trade bills	517,290	383,234	-	-
Others	228	-	-	-
	2,450,920	2,641,501	-	-
Less: Term loans interest capitalised in qualifying property, plant and equipment	(70,962)	(58,472)	-	-
	2,379,958	2,583,029	-	-
Bank commission and charges	1,220,572	738,798	1,977	1,798
	3,600,530	3,321,827	1,977	1,798

21. TAX EXPENSE

	2004 RM	Group 2003 RM	2004 RM	Company 2003 RM
(a) Components of tax expense				
Current income tax expense				
- Malaysian tax	2,451,000	3,000,000	370,000	-
- Foreign tax	181,837	52,171	-	-
	2,632,837	3,052,171	370,000	-
(Over)/Underprovision in prior financial years				
- Malaysian tax	(34,365)	2,492,447	-	-
	2,598,472	5,544,618	370,000	-
Deferred tax expense:				
- Relating to the origination of temporary differences	395,849	1,313,991	-	-
- Effect on opening deferred tax resulting from a reduction in income tax rate	-	(8,000)	-	-



21. TAX EXPENSE (CONT'D)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(a) Components of tax expense				
Overprovision in previous financial year	(300,000)	-	-	-
	95,849	1,305,991	-	-
	2,694,321	6,850,609	370,000	-

Domestic income tax is calculated at the Malaysian statutory tax rates of 20% to 28% (2003 – 20% to 28%) of the estimated assessable profit for the financial year. Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(b) Reconciliation of effective tax rate				
Profit before tax	10,703,768	11,168,886	1,291,892	7,304
Tax at Malaysian statutory tax rate of 28%	2,997,000	3,127,300	360,000	2,100
Tax effect of different tax rate in subsidiary companies				
- Domestic subsidiary companies with issued and paid-up capital of RM2.5 million and below	(87,000)	(16,000)	-	-
- Foreign subsidiary companies	(33,000)	11,962	-	-
Tax effects of (income)/expenses that are not (chargeable)/deductible in determining taxable profit				
- Non-taxable income	(15,000)	(192,700)	-	-
- Non-deductible expenses	722,086	313,900	10,000	2,800
Tax effect of double deduction expenses	(157,000)	(205,900)	-	-
Utilisation of previously unabsorbed capital allowances	(286,000)	-	-	-
Utilisation of previously unabsorbed tax losses	(10,400)	(4,900)	-	(4,900)
Utilisation of reinvestment allowance	(1,326,000)	-	-	-
Deferred tax assets not recognised	1,224,000	1,332,500	-	-
(Over)/Underprovision in prior financial years				
- Current income tax expense	(34,365)	2,492,447	-	-
- Deferred tax expense	(300,000)	-	-	-
Others	-	(8,000)	-	-
	2,694,321	6,850,609	370,000	-



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Subject to the agreement of the Inland Revenue Board, at 31 October, the Group and the Company has deferred tax assets not recognised in the financial statements for the following items under the liability method:

No deferred tax assets have been recognised for the above items because it is not probable that future taxable profits will be available against which the Company can utilise the benefits.

22. EARNINGS PER ORDINARY SHARE

(a) BASIC EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	2004	2003
	Units	Units
Number of ordinary shares in issue at the beginning of financial year	86,250,000	46,000,000
Effect of Rights Issue	-	4,476,180
Effect of Bonus Issue	-	28,750,000
Effect of ordinary shares issued during the financial year	705,530	-
Weighted average number of ordinary shares in issue	86,955,530	79,226,180
Basic earnings per ordinary share (sen)	8.90	5.23

22. EARNINGS PER ORDINARY SHARE

(b) DILUTED EARNINGS PER ORDINARY SHARE

For the purpose of calculating diluted earnings per ordinary share, the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. Warrants 2003/2008 and ESOS.

	Group	
	2004 RM	2003 RM
Net profit for the financial year	7,736,535	4,139,857
	2004 Units	2003 Units
Weighted average number of ordinary shares in issue	86,955,530	79,226,180
Effect of Warrants	2,114,220	3,720,588
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary shares	89,069,750	82,946,768
Diluted earnings per ordinary share (sen)	8.69	4.99

No effect of ESOS as effect of potential ordinary shares arising from the ESOS is anti-dilutive.

23. DIVIDENDS

	Group And Company	
	2004 RM	2003 RM
In respect of the financial year ended 31 October 2002		
First and final tax exempt dividend of 2% on 46,000,000 ordinary shares of RM1.00 each	-	920,000
In respect of the financial year ended 31 October 2003		
First and final dividend of 2% less tax at 28% on 87,220,100 ordinary shares of RM1.00 each	1,255,970	-
	1,255,970	920,000

The Board proposed a first and final dividend of 2% less tax at 28% in respect of financial year ended 31 October 2004. This dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Such dividend, if approved by the shareholders will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 October 2005.



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

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deposits, bank and cash balances (Note 10)	15,265,530	12,418,736	158,471	120,214
Less:				
Non-cash and cash equivalents				
Fixed deposits pledged to bank as collateral (Note 10)	(422,496)	(407,421)	-	-
	14,843,034	12,011,315	158,471	120,214

25. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	2004	2003
	RM	RM
Corporate guarantee to financial institutions for banking facilities granted to subsidiary companies	145,891,000	95,546,000

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) **Related Party Relationship**

- (i) The subsidiary companies are as disclosed in Note 5.
- (ii) Tay Kim Huat – Managing Director of the Company.
- (iii) J.A. Nathan & Co. – A firm in which Director of the Company, Mr. Tay Khim Seng is a partner.
- (iv) Ornapaper Berhad Group of Companies – A group of companies in which Managing Director of the Company, Mr. Tay Kim Huat is a Director and substantial shareholder of Ornapaper Vietnam Co., Ltd., a 55% owned subsidiary company of Ornapaper Berhad.
- (v) Wilsin Office Furniture (S) Pte. Ltd. – Minority shareholder (40%) of Poh Huat International (S) Pte. Ltd..



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(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 occurred during the financial year are as follows:

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Poh Huat Furniture Industries (M) Sdn. Bhd.				
- Dividend income	-	-	(1,845,000)	-
- Management fee income	-	-	(360,000)	(686,000)
- Acquisition of subsidiary company	-	-	4,079,071	-
Tay Kim Huat				
- Rental of premises	108,000	36,000	-	-
J.A. Nathan & Co.				
- Legal fee	131,090	-	-	-
- Professional fee	5,910	25,450	2,180	-
Ornapaper Berhad Group of Companies				
- Purchase of goods	2,534,099	N/A	-	N/A
Wilsin Office Furniture (S) Pte. Ltd.				
- Sales of goods	(3,199,888)	(3,107,820)	-	-
- Purchase of goods	-	163,753	-	-

The Directors are of opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

27. COMMITMENTS

(a) Capital Commitments

At 31 October, the capital expenditures not provided for in the financial statements are as follows:

	Group	
	2004	2003
	RM	RM
Property, plant and equipment		
Authorised and contracted for	3,930,449	5,050,000
Analysed as follows:		
Factory building	3,930,449	5,050,000



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(b) Lease Commitments

At 31 October, the future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2004	2003
	RM	RM
Not later than one year	277,804	255,460
Later than one year and not later than five years	1,111,215	1,021,838
Later than five years	10,192,075	9,494,580
	11,581,094	10,771,878

Operating lease payments represent rentals payable by the Group in respect of the long term leasehold land at Vietnam.

28. SEGMENTAL 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 corporate administrative expenses and finance costs.

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



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(a) Geographical Segments

[illegible]

(a) Geographical Segments (Cont'd)

	Malaysia	Singapore	South Africa	Vietnam	Eliminations	Consolidated
	RM	RM	RM	RM	RM	RM
2004						
Other information						
Capital expenditure	9,990,656	-	169,827	22,833,381	-	32,993,864
Amortisation of goodwill on consolidation	-	-	-	-	62,791	62,791
Depreciation	5,747,146	-	42,227	1,841,212	-	7,630,585
Non-cash expenses (other than amortisation and depreciation)	46,190	28,635	-	300,629	(6,626)	368,828
2003						
Revenue						
- external sales	187,514,411	434,310	3,216,240	698,713	-	191,863,674
- inter-segment sales	4,116,196	-	-	13,556,746	(17,672,942)	-
Total revenue	191,630,607	434,310	3,216,240	14,255,459	(17,672,942)	191,863,674
Segment results	17,738,906	(218,121)	603,572	(4,024,592)	1,067,846	15,167,611
Unallocated corporate expenses						(676,898)
Profit from operations						14,490,713
Finance costs						(3,321,827)
Profit before tax						11,168,886
Tax expense						(6,850,609)
Profit after tax						4,318,277
Minority interests						(178,420)
Net profit for the financial year						4,139,857



28. SEGMENTAL INFORMATION (CONT'D)

(a) Geographical Segments (Cont'd)

	Malaysia RM	Singapore RM	South Africa RM	Vietnam RM	Eliminations RM	Consolidated RM
2003						
Segment assets	143,900,459	98,946	2,525,210	45,906,599	(6,574,030)	185,857,184
Unallocated corporate assets						133,477
Consolidated total assets						185,990,661
Segment liabilities	114,513,897	294,359	1,149,602	41,472,821	(69,030,247)	88,400,432
Unallocated corporate liabilities						238,655
Consolidated total liabilities						88,639,087
Other information						
Capital expenditure	6,105,177	-	3,399	10,706,533	-	16,815,109
Amortisation of goodwill on consolidation	-	-	-	-	62,787	62,787
Depreciation	5,808,178	906	27,721	1,376,022	-	7,212,827
Non-cash expenses (other than amortisation and depreciation)	2,464	12,941	2,026	737,755	-	755,186

(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 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 Bursa Malaysia Securities Berhad.
- (b) During the financial year, the Company issued 6,800 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share pursuant to the exercise of Warrants.
- (c) Pursuant to the Employee 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.

During the financial year, the Company issued 963,300 new ordinary shares of RM1.00 each at an issue price of RM1.15 per share pursuant to the exercise of options under the ESOS.

- (d) On 10 February 2004, the Company contributed a total of USD2,250,000 or RM8,550,000 to the legal capital of a subsidiary company, namely Poh Huat Furniture Industries Vietnam Limited.
- (e) In line with the restructuring exercise of the Group which involving a review of the existing operations and corporate structure with the objective to achieve operational, corporate and reporting efficiency, the following restructuring exercise was undertaken:
 - (i) The entire issued and paid-up share capital of Poh Huat Woodwork (M) Sdn. Bhd. ("PHW") was disposed by Poh Huat Furniture Industries (M) Sdn. Bhd. ("PHFI") to the Company for a total cash consideration of RM4,079,071 determined based on the net tangible asset of PHW at 31 March 2004. The restructuring exercise was completed on 6 July 2004.
 - (ii) The home furniture systems manufacturing business of PHFI was disposed to PHW at 31 July 2004 comprising of assets for a total cash consideration of RM13,721,241 determined based on the net book value at 31 July 2004.
 - (iii) The woodworking business of Maxico Sdn. Bhd. ("Maxico") was disposed to PHW at 31 July 2004 comprising of assets for a total cash consideration of RM18,998,908 based on the net book value at 31 July 2004.
 - (iv) The office furniture systems manufacturing business of Maxico was disposed to PHFI at 31 July 2004 comprising assets for a total cash consideration of RM2,439,025 based on the net book value at 31 July 2004.

After the restructuring exercise (ii), (iii) and (iv), PHFI shall focus on the office furniture systems manufacturing business and PHW shall focus on the home furniture systems manufacturing business whilst Maxico became dormant.





30. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

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

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

(i) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts obtained from the financial institutions. It has no substantial long term interest-bearing assets at 31 October 2004. The investment in financial assets i.e. fixed deposits with licensed banks are short term in nature and are not held for speculative purposes. The Group does not hedge interest rate risk but ensures that it obtains borrowings at competitive interest rates under the most favourable terms and conditions.

(ii) Foreign currency risk

Foreign currency risk arises due to the fluctuations in foreign exchange rates. The Group enters into foreign currency forward contracts in the normal course of business to manage its exposure against currency fluctuations on trade sales and purchase transactions denominated in foreign currencies. It is the Group's policy not to utilise these foreign currency forward contracts for speculatives trading purposes.

(iii) 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.

(iv) Liquidity risk

The Group actively manages its operating cash flows and the availability of fundings so as to ensure that all repayment and funding needs are met. As part of its liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. Any temporary excess funds from operating cash cycles are invested in deposits as and when available with licensed financial institutions.



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(b) Fair Values

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

- (i) The fair values of cash and cash equivalents, receivables, 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 hire purchase obligations approximates its carrying amount as the Group does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the value that would eventually be required for settlement.
- (iii) The fair value of term loans approximates its carrying amount as the interest rates are on floating rate basis.

The fair values of financial assets and liabilities approximate their carrying amounts at 31 October 2004.

(c) Unrecognised Financial Instruments

The contracted amount and fair value of financial instruments not recognised in the balance sheet at 31 October 2004 are:

	Contracted amount RM	Fair value RM
Foreign currency forward contracts	111,308,341	111,118,939

Contracted Amount

	Total RM	Not later than one year RM	Later than one year and not later than five years RM	Later than five years RM
Foreign currency forward contracts	111,308,341	111,308,341	-	-

The fair value of the above foreign currency forward contracts is the amount that would be receivable on termination of the outstanding position arising therefrom and is determined based on foreign exchange rate at the balance sheet date applied to contracts of similar quantum and maturity profile.



List of Landed Properties as at 31 October 2004

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

Address/ Location	Description	Land Area (hectare)	Use	Tenure/ Age of Building	Net Book Value as at 31.10.2004 RM'000	Date of Revaluation or Acquisition
Poh Huat Furniture Industries (M) Sdn Bhd						
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 2056/8 years	5,214	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 2056/8 years	4,928	17.6.99 (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 with an office building, a warehouse factory building and ancillary structures	2.21	Under construction	60 years leasehold expiring in 2060/na	12,064	21.10.03 (Date of Acquisition)
Poh Huat Woodwork (M) Sdn Bhd						
PTD No. 1546 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of industrial land with an office building, 1 block of factory building and ancillary structures	1.62	Office with furniture manufacturing facilities	60 years leasehold expiring in 2056/8 years	8,077	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 2056/6 years	7,062	27.7.99 (Date of Revaluation)





Address/ Location	Description	Land Area (hectare)	Use	Tenure/ Age of Building	Net Book Value as at 31.10.2004 RM'000	Date of Revaluation or Acquisition
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/ 4 years	12,073	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 accommodation facilities	50 years lease expiring in 2045/ 3 years	16,923	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 industrial land with an office building, 1 hostel, 3 factory buildings ancillary structures	11.40	Office with furniture manufacturing facilities	50 years lease expiring in 2052/ new	8,762	29.8.02 (Date of Acquisition)



Analysis of Shareholdings as at 3 March 2005

Principal Statistics

Authorised Share Capital	-	RM500,000,000
Issued and Paid-up Share Capital	-	RM87,220,100
Class of Shares	-	Ordinary shares of RM1.00 each
Voting Rights	-	One vote per ordinary share at any shareholders' meeting
Number of Shareholders	-	4,920

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	148	3.01	7,119	0.01
100 - 1,000	426	8.66	365,165	0.42
1,001 - 10,000	3,684	74.88	13,035,955	14.95
10,001 - 100,000	593	12.05	15,668,538	17.96
100,001 to less than 5% of issued shares	66	1.34	28,758,679	32.97
5% and above of issued shares	3	0.06	29,384,644	33.69
Total	4,920	100.00	87,220,100	100.00

Substantial Shareholders (Based on the Register of Substantial Shareholders)

Name of Shareholders	No. of Shares Held		% of Issued Share Capital	
	Direct	Deemed	Direct	Deemed
Tay Kim Huat	17,029,394	2,334,929 ^(a)	19.52	2.68
Dato' Ng Ah Poh	7,323,350	-	8.41	-
Employees Provident Fund Board	5,031,900	-	5.77	-

Note:-

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

Directors' Shareholdings (Based on the Register of Directors' Shareholdings)

Name of Directors	No. of Shares Held		% of Issued Share Capital	
	Direct	Deemed	Direct	Deemed
Dato' Haji Zakariya bin Mohamed	250,000	-	0.29	-
Tay Kim Huat	17,029,394	2,334,929 ^(a)	19.52	2.68
Dato' Ng Ah Poh	7,323,350	-	8.40	-
Tay Kim Hau	3,074,600	-	3.53	-
Dato' Zaini bin Md. Hasim	12,000	-	0.01	-
Boo Chin Liong	15,000	-	0.02	-
Tay Khim Seng	1,798,500	-	2.06	-
Chua Syer Cin	-	-	-	-

Note:-

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



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Name of Shareholders		No. of Shares Held	% of Issued Share Capital
1	Dato' Ng Ah Poh	7,323,350	8.40
2	Tay Kim Huat	6,692,394	7.67
3	EB Nominees (Tempatan) Sendirian Berhad <Account for Tay Kim Huat>	6,000,000	6.88
4	Employees Providend Fund Board	5,031,900	5.77
5	RHB Nominees (Tempatan) Sdn Bhd <Account for Tay Kim Huat>	4,337,000	4.97
6	Lembaga Tabung Haji	3,453,075	3.96
7	Tahan Insurance Malaysia Berhad	2,271,100	2.60
8	EB Nominees (Tempatan) Sendirian Berhad <Account for Tay Kim Hau>	2,219,100	2.54
9	Tan Chen Neo @ Tang Chen Neo	1,840,000	2.11
10	Ng Sui Kang	1,830,000	2.10
11	Sim Sheau Yun	1,231,575	1.41
12	TA Nominees (Tempatan) Sdn Bhd <Account for Tay Khim Seng>	1,000,000	1.15
13	Yeo Gek Cheng	896,165	1.03
14	Tay Li Ping	892,500	1.02
15	Pui Cheng Wui	860,300	0.99
16	Tay Kim Hau	855,500	0.98
17	Malaysian Assurance Alliance Berhad	690,500	0.79
18	Lu Kim San	598,500	0.69
19	HLB Nominees (Tempatan) Sdn Bhd <Account for Tay Khim Seng>	555,000	0.64
20	Tay Li Chin	546,264	0.63
21	Kenanga Nominees (Tempatan) Sdn Bhd <Account for Sim Sheau Yun>	454,400	0.52
22	Cartaban Nominees (Tempatan) Sdn Bhd <Account for Su Ming Keat>	450,000	0.52
23	Toh Kim Chong	376,250	0.43
24	Green River Wood & Lumber Mfg Sdn Bhd	353,250	0.41
25	Lu Chin Poh	352,500	0.40
26	Yeow Kah Loo	350,000	0.40
27	Tan Wan Cher	310,000	0.36
28	Mayban Nominees (Tempatan) Sdn Bhd <Account for Mayban General Assurance Berhad (Insurance Fund)>	300,000	0.34
29	Yeo Eck Liong	299,900	0.34
30	A.A. Assets Nominees (Tempatan) Sdn Bhd <Account For Tor Lian Seng>	267,300	0.31



Analysis of Warrantholdings for Warrants 2003/2008

as at 3 March 2005

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	- 1,585

Distribution of Warrantholdings

Size of Warrantholdings	No. of Warrantholders	% of Warrantholders	No. of Warrants Issued	% of Warrants
Less than 100	152	9.59	6,737	0.04
100 – 1000	576	36.34	378,226	2.19
1,001 – 10,000	658	41.51	2,700,438	15.66
10,001 - 100,000	170	10.73	4,952,158	28.72
100,001 to less than 5% of issued warrants	28	1.77	5,916,983	34.32
5% and above of issued warrants	1	0.06	3,288,658	19.07
Total	1,585	100.00	17,243,200	100.00

The 30 Largest Warrantholders

Name of Warrantholders	No. of Warrants Held	% of Issued Warrants
1 EB Nominees (Tempatan) Sendirian Berhad <Account For Tay Kim Huat>	2,550,000	14.79
2 Tay Kim Huat	738,658	4.28
3 A.A.Assets Nominees (Tempatan) Sdn Bhd <Account for Chua Kim Keng>	635,400	3.68
4 EB Nominees (Tempatan) Sendirian Berhad <Account for Tay Kim Hau>	490,000	2.84
5 TA Nominees (Tempatan) Sdn Bhd <Account for Ku Mun Foo>	410,000	2.38
6 Tan Hooi Leng	385,500	2.24
7 Gan Surt Neo	360,500	2.09
8 RHB Nominees (Tempatan) Sdn Bhd <Account for Chua Kim Keng>	278,400	1.61
9 RHB Nominees (Tempatan) Sdn Bhd <Account for Ng Leng Huat>	271,200	1.57
10 Ang Khai Sheh	250,000	1.45



The 30 Largest Warrantholders (Cont'd)

Name of Warrantholders	No. of Warrants Held	% of Issued Warrants
11 Public Nominees (Tempatan) Sdn Bhd <Account for Chua Chok Ann>	225,000	1.30
12 Tan Swee Huan	218,500	1.27
13 Chin Shih Shyong	200,000	1.16
14 DB (Malaysia) Nominees (Asing) Sdn Bhd <Deutsche Bank Ag London for North Northwest Fund>	192,600	1.12
15 Tay Li Chin	179,233	1.04
16 Chua Chin Chyang	178,000	1.03
17 Eng Nominees (Asing) Sdn Bhd <Kim Eng Sec. Pte Ltd for Sim Joo Keow>	170,000	0.99
18 Ch'ng Gim Chew	150,000	0.87
19 Su Ming Keat	150,000	0.87
20 HDM Nominees (Asing) Sdn Bhd <UOB Kay Hian Pte Ltd for Rajiv Suri>	147,700	0.86
21 Ter Poh Hwa	142,500	0.83
22 Tey Chit @ Tey Siew Choo	142,400	0.83
23 HLB Nominees (Tempatan) Sdn Bhd <Account for Tay Kim Soon>	130,000	0.75
24 Yap Kok Kee	129,000	0.75
25 Lim Poh Hock	124,000	0.72
26 Sim Ming Jiek	118,000	0.68
27 Mayban Nominees (Tempatan) Sdn Bhd <Account for Too Hooi Seong>	110,100	0.64
28 Seow Seng Leong @ Siow Seng Leong	110,000	0.64
29 DB (Malaysia) Nominee (Asing) Sdn Bhd <Deutsche Bank Ag London for Northwest Asia X Ltd>	100,200	0.58
30 A.A.Assets Nominees (Tempatan) Sdn Bhd <Account for Tor Lian Seng>	97,900	0.57



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 7th Annual General Meeting of the Company to be held at the Maharani Suite, Pulau Spring Resort, 20 Km, Jalan Pontian Lama, 81110 Pulai, Johor Darul Takzim on 26 April 2005 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 Dato' Haji Zakariya bin Mohamed		
Ordinary Resolution 5	Re-election of Mr Tay Khim Seng		
Ordinary Resolution 6	Re-election of Mr Chua Syer Cin		
Ordinary Resolution 7	Re-appointment of Auditors		
Ordinary Resolution 8	Authority for Directors to Issue Shares		
Ordinary Resolution 9	Proposed Shareholders' Mandate for Recurrent Related Party Transactions Involving Wilsin Office Furniture (S) Pte Ltd		
Ordinary Resolution 10	Proposed Shareholders' Mandate for Recurrent Related Party Transactions Involving J.A. Nathan & Co.		
Ordinary Resolution 11	Proposed Shareholders' Mandate for Recurrent Related Party Transactions Involving Ornapaper Berhad and its subsidiaries		
Ordinary Resolution 12	Proposed Shareholders' Mandate for Recurrent Related Party Transactions Involving Tay Kim Huat		
Ordinary Resolution 13	Proposed Share Buy-Back		

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 April 2005.

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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POH HUAT RESOURCES HOLDINGS BERHAD 443169-X

Incorporated in Malaysia under the Companies Act, 1965

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