



POH HUAT RESOURCES HOLDINGS BERHAD

443169-X



Continuing the journey of
innovative excellence

ANNUAL REPORT 2005



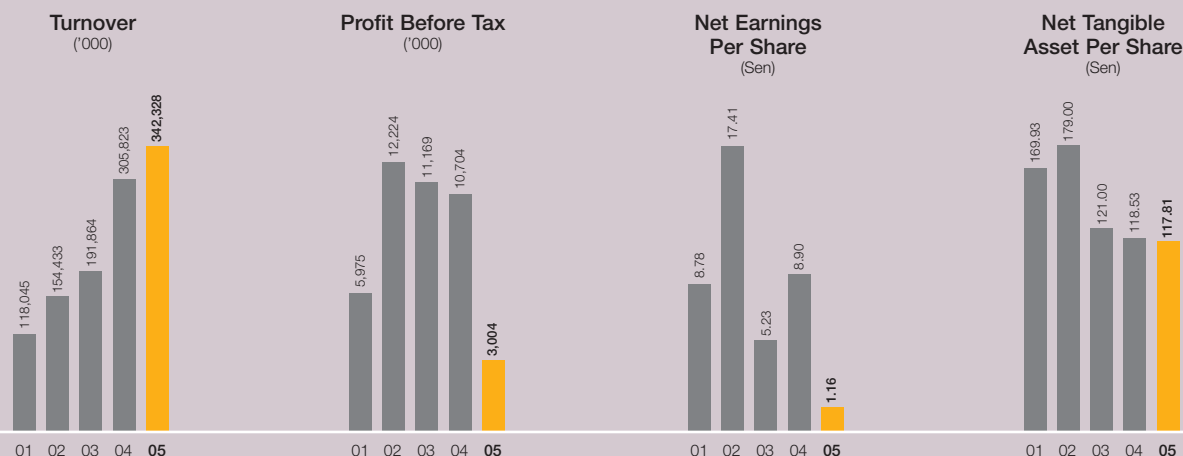
Group Financial Highlights

Financial Year ended 31 October	2001	2002 [®]	2003	2004	2005
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	118,045	154,433	191,864	305,823	342,328
Profit before taxation	5,975	12,224	11,169	10,704	3,004
Profit after taxation and attributable to shareholders	4,039	8,007	4,140	7,737	1,405
Total shareholders' fund	78,773	83,298	96,756	104,216	103,471
	sen	sen	sen	sen	sen
Net earnings per share*	8.78	17.41	5.23	8.90	1.16
Net tangible asset per share	169.93	179.00	121.00	118.53	117.81

[®] 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 years 2003 and 2004 are calculated based on the weighted average number of shares in issue of 79,226,180 shares and 86,955,530 shares respectively. The net earnings per share for year 2005 is calculated based on the weighted average number of shares in issue during the year of 87,220,100 shares.

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



Continuing the Journey of Innovative Excellence

The importance of merging ideas, people and their expertise creates a world of possibilities.
A world where fresh innovative thinking sets new standards of excellence.
Poh Huat is forward-thinking, committed to lead and stay ahead to remain competitive.
Leveraging on its resources whilst consistently ensuring global standards for global reach,
the Group continues its journey of innovative excellence.

Contents

Poh Huat at a Glance	2	Notice of Annual General Meeting and Dividend Entitlement	3
Statement Accompanying Notice of Annual General Meeting	7	Corporate Information	9
Corporate Structure	10	Information on Directors	11
Chairman's Statement	14		
Corporate Governance	17	Audit Committee	24
Statement on Internal Control	27		
Directors' Responsibilities Statement	28	Financial Statements	29
List of Landed Properties	87		
Analysis of Shareholdings	89	Analysis of Warrantholdings for Warrants 2003/2008	91
Form of Proxy			

Poh Huat **at a Glance**



Founded in 1987, we have established ourselves as a leading manufacturer of contemporary panel based office furniture, home-office suites and home furniture for the international market. Our products, marketed under AT Office System and AT Home System or custom-made to our customers' requirements, have found their way to offices and homes in more than 60 countries.

Equipped with modern furniture production machinery and facilities, we are committed towards mass-production of consistently high quality furniture for the global market. Our strong design and production capabilities, coupled with our commitment to customer services, ensure long-term customers' satisfaction.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 8th 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 24 April 2006 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 2005 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 2005. (Ordinary Resolution 2)
3. To declare a first and final tax-exempt dividend of 2% in respect of the financial year ended 31 October 2005. (Ordinary Resolution 3)
4. To re-elect the following Directors who retire in accordance with Article 81 of the Company's Articles of Association:-

Mr Tay Kim Huat (Ordinary Resolution 4)
Mr Tay Kim Hau (Ordinary Resolution 5)
Mr Boo Chin Liong (Ordinary Resolution 6)
5. To re-appoint Messrs S.C. Lim & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 7)

As Special Business

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

6. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**
"That subject always to the Companies Act, 1965 ("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 2006 on the same with the following related parties:-

- | | |
|---|--------------------------|
| 1. Ornapaper Berhad Group of Companies | (Ordinary Resolution 9) |
| 2. Tay Kim Huat | (Ordinary Resolution 10) |

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 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 11)

NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the proposed first and final tax-exempt dividend of 2% in respect of the financial year ended 31 October 2005, if approved, will be paid on 22 May 2006 to depositors registered in the Record of Depositors of the Company at the close of business on 8 May 2006.

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 8 May 2006 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 2006

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 No. 8, (1st Floor), Jalan Pesta 1/1, Taman Dr Ismail 1, Jalan Bakri, 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 per centum (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**), 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 2006 on the same.
9. The Ordinary Resolution proposed under Item 8 (**Resolution 11**), if pass, will empower the Directors to purchase shares in the Company up to an amount not exceeding ten per centum (10%) of the issued and paid-up share capital of the Company as they consider would be in the interest of the Company. Further details on the Proposed Share Buy-Back are provided in the Circular to Shareholders dated 31 March 2006 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:-

- Mr Tay Kim Huat
- Mr Tay Kim Hau
- Mr Boo Chin Liong

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

Date, Time and Place of the Annual General Meeting

Date : 24 April 2006

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

Four (4) board meetings were held during the financial year ended 31 October 2005. Details of the attendance of Directors at the board meetings are as follows:-

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

Details of Directors Standing for Re-election

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

Mr Tay Kim Huat

Age	:	50
Nationality	:	Malaysian
Designation/Position in the Company	:	Managing Director (Non-Independent Executive Director)
Qualification	:	Nil
Work Experience	:	Furniture manufacturer and entrepreneur (1980 to present)
Directorship in other Public Companies	:	Nil
Securities holding in the Company and its subsidiaries	:	Ordinary Shares of RM1.00 each Direct - 17,992,394 Deemed - 2,334,929 Warrants 2003/2008 Direct - 3,288,658 Deemed - 236,967
Family relationship with any directors and/or major shareholders of the Company	:	Mr Tay Kim Huat is the brother of Mr Tay Kim Hau, an Executive Director and shareholder of the Company and Mr Tay Khim Seng, a Non-Executive Director and shareholder of the Company
Conflict of interest with the Company	:	Nil
List of conviction for offences within the past 10 years	:	Nil

Mr Tay Kim Hau

Age	:	58
Nationality	:	Malaysian
Designation/Position in the Company	:	Executive Director (Non-Independent Non-Executive Director)
Qualification	:	Malaysian Certificate of Education
Work Experience	:	Executive Director & General Manager, Poh Huat Furniture Industries Sdn Bhd (1996 to present) Nippon Paint (M) Sdn Bhd (1968 to 1996)
Directorship in other Public Companies	:	Nil
Securities holding in the Company and its subsidiaries	:	Ordinary Shares of RM1.00 each Direct - 3,074,600 Deemed - Nil Warrants 2003/2008 Direct - 531,424 Deemed - Nil
Family relationship with any directors and/or major shareholders of the Company	:	Mr Tay Kim Hau is the brother of Mr Tay Kim Huat, the Managing Director and major shareholder of the Company and Mr Tay Khim Seng, a Non-Executive Director and shareholder of the Company
Conflict of interest with the Company	:	Nil
List of conviction for offences within the past 10 years	:	Nil

Mr Boo Chin Liong

Age	:	45
Nationality	:	Malaysian
Designation/Position in the Company	:	Director (Independent Non-Executive Director)
Qualification	:	Bachelor of Law (Honours), Malaya
Work Experience	:	Advocate and solicitor (1986 to present)
Directorship in other Public Companies	:	Ramatex Berhad Changhuat Corporation Berhad
Securities holding in the Company and its subsidiaries	:	Ordinary Shares of RM1.00 each Direct - 15,000 Deemed - Nil Warrants 2003/2008 Direct - 2,550 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*

Secretary

Pang Kah Man (MIA 18831)

Registered Office

No. 8 (1st Floor), Jalan Pesta 1/1,
Taman Tun Dr Ismail 1, Jalan Bakri
84000 Muar, Johor Darul Takzim
Tel No. : 606-954 1705
Fax No. : 606-952 7328

Principal Place of Business

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

Registrars

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

Auditors

SC Lim, Ng & Co.
Chartered Accountants
(Member of The International Accounting Group)
No. 8 (2nd Floor), Jalan Pesta 1/1,
Taman Tun Dr Ismail 1, Jalan Bakri
84000 Muar, Johor Darul Takzim
Tel No. : 606-954 1705
Fax No. : 606-952 7328

Principal Bankers

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

Solicitors

J. A. Nathan & Co.
Jeff Leong, Poon & Wong

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 59, 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 50, 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 58, 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 55, 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 60, 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 45, 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, Changhuat Corporation Berhad and BP Plastics Holding Bhd. 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 45, 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 33, 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 Equator Life Science 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



Our emphasis would be the strengthening of our manufacturing capabilities and upgrading of our products.

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 2005.

Operations

In a year that has seen a mix of challenging operating environment and unforeseen circumstances, I am happy to report that the Group managed a commendable set of results, underscored by a double-digit turnover growth of 11.76%. With higher contribution from the Group's manufacturing facilities in Vietnam and sustained shipment of furniture from its Malaysian operations, sales increased from RM306 million in the previous year to RM342 million in the current year under review. During the year, the Group's first plant in Binh Duong, Vietnam continued to improve whereas the second plant in Dong Nai, Vietnam commenced operations. The shipment of furniture from the Vietnamese operations increased from RM80 million in the previous year to RM114 million in the current year. The Malaysian operations continued to perform well with a commendable turnover of RM219 million despite a fire incident in one of its factories in February 2005. During the year, the Group also added new capacity to its Malaysian operations with the commissioning of another furniture manufacturing line at its 2.2 hectares factory cum warehousing facilities in Bukit Pasir, Muar.

The interruption brought about by the fire incident has however resulted in a lower profit before taxation of RM3.05 million for the year compared with RM10.70 million achieved in the previous year. Notwithstanding this, I am happy to report that the profitability of the Group improved, particularly during the last quarter of the financial year, following the restoration of the facilities that were damaged by the fire incident and the strong surge in profit contribution from the Vietnamese operations.





Dividend

Reflective of the performance of the Company, the Board has recommended a first and final tax-exempt dividend of 2% for the financial year ended 31 October 2005 for approval at the forthcoming Annual General Meeting of the Company.



Prospects

While there are concerns over the health of the world economy, we remain confident on the global furniture trade. Consumer spending and business confidence remained strong as the world learns to deal with high fuel and energy prices. Housing starts in the US, a key indicator for demand of household finishing, continued to be strong, suggesting sustained demand for household furniture in the US. The rapid economic growth and real estate development in the Middle East, a market in which the Group has a strong foothold, is also expected to present the Group with more business opportunities.

To capitalise on these, our emphasis would be on the strengthening of our manufacturing capabilities and upgrading of our products. The continuous operational improvement in Vietnam and the newly added capacity in Malaysia will place us on a stronger footing as one of the leading one-stop furniture sourcing centres in the South East Asia. The continuous upgrading of our products will, on the other hand, allow us to differentiate ourselves from and compete better with low cost producers in China and the East Asia region. We are confident that these measures, in time, will translate to better bottom line performance and strengthen the long-term prospects of the Group.

Acknowledgement

On behalf of the Board, I would like to express our sincere appreciation to the management and employees of the Group for their perseverance and contributions to the performance of the Group.

To our valued customers, 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 for your faith in us and for your continuous support to the Group.

Zakariya bin Mohamed
Chairman
Muar, Johor Darul Takzim
18 March 2006



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 an established framework for governance and controls that are consistent with the principles and best practices recommended in the Malaysian Code on Corporate Governance ("Code") and other applicable laws, regulations and guidelines.

The Board is pleased to report to the shareholders on the manner in which the Group has applied the principles and the extent to which it has complied with the best practices as set out in Part 1 and Part 2 of the Code.

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 businesses 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 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 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. During the year, some of the Directors have also attended the Continuing Education Programme for directors of public companies. The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge, where relevant.

Board Meetings

During the financial year ended 31 October 2005, four (4) board meetings were held. Details of the attendance of Directors at these board meetings are as follows:-

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

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:-

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

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

3. Remuneration Committee

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

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

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

The details of Directors' remuneration payable to the Directors of the Company for the financial year ended 31 October 2005 are disclosed in Note 19 of the Notes to the Financial Statement herein.

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:-

1. Mr Boo Chin Liong
Chairman of the Option Committee
Independent Non-Executive Director
2. Dato' Zaini bin Md Hasim
Independent Non-Executive Director
3. 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 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.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

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

Share Buyback

At the previous Annual General Meeting of the Company held on 26 April 2005, the shareholders of the Company approved the purchase by the Company of its own shares.

The Company did not purchase any of its own shares during the financial year.

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 29 November 2003.

As at 31 October 2005, 8,114,000 options have been granted and accepted by the eligible employees. Of these, 963,300 options have been exercised whilst 7,150,700 options 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 2005, 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 RM122,595 has been paid to 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 2005 RM
Poh Huat Group	Wilsin Office Furniture (S) Pte Ltd ("Wilsin"), the 40% minority shareholder of Poh Huat International Singapore Pte Ltd ("PHI Singapore"), a former 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	4,197,734
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	Nil
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	4,170,321
Poh Huat Furniture Industries Sdn Bhd	Tay Kim Huat, the Managing 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 Kim Huat
Managing Director
3. Dato' Zaini bin Md. Hasim
Independent Non-Executive Director
4. Mr Chua Syer Cin
Independent Non-Executive Director

hereinafter referred to as the "Committee".

TERMS OF REFERENCE

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

Objectives

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

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

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

Composition

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

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

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

Meetings

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

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

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

Authority

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

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

Duties and Responsibilities

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

1. to consider and recommend the appointment and remuneration of the external auditors;
2. to oversee matters pertaining to the external audit including the review of the audit scope and plans, the external auditors evaluation of the internal control system and their audit report;
3. to review, where applicable, the scope and results of internal audit procedures, the findings and recommendations of the internal audit report and the remedial or corrective action taken;
4. to review the requisite interim and annual financial statements and reports of the Group, to discuss matters and findings arising from the review with the Board and where necessary, the auditors and to recommend to the Board the announcement/publication of the financial statements on a timely manner;
5. to identify and direct any special project or investigate and report on any matters, issues or concerns that may be agreed to by the Committee and the Board; and
6. to review any related party transaction that may 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

Four (4) Audit Committee meetings were held during the financial year ended 31 October 2005. Details of the attendance of members at Audit Committee Meetings are as follows:-

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

The activities of the Audit Committee during the financial year from 1 November 2004 to 31 October 2005 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 2004 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 with 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 the compliance with and reviewed the 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 controls 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, Audit Committee and Board of Directors.
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 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 in making certain estimates to be incorporated in the financial statements. The Directors are to ensure that the estimates made are reasonable and relevant to the financial statements.

Financial Statements

Directors' Report 30 Statement by Directors 37 Statutory Declaration 38
Report of the Auditors 39 Balance Sheets 41 Income Statements 43
Statements of Changes in Equity 44 Cash Flow Statements 46
Notes to the Financial Statements 48

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 2005.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM	Company RM
Profit after tax	1,404,829	911,345
Minority interests	(394,315)	-
Net profit for the financial year	1,010,514	911,345

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 save as disclosed in Note 29(b) to the financial statements.

DIVIDENDS

A first and final dividend of 2% less tax at 28% amounting to RM 1,255,970, which was proposed in respect of the financial year ended 31 October 2004 and dealt with in the previous directors' report, was declared by the Company on 26 April 2005 and subsequently paid on 23 May 2005. The payment was made to the shareholders whose name appeared in the Company's Record of Depositors on 9 May 2005.

Pending the declaration of dividend by a subsidiary company totaling RM 922,500, the Board of Directors proposed a first and final tax exempt dividend of 2% amounting to RM 1,744,402 in respect of the financial year ended 31 October 2005. 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 was no material transfers to or from reserves and provisions during the financial year save as disclosed in the financial statements.

Directors' Report (Cont'd)

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares and 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 RM 1.00 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 Warrants 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 Warrants 2003/2008 shall be RM 1.00 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 RM 1.00 per ordinary share is equivalent to the par value of ordinary shares.

The movements in the Warrants 2003/2008 during the financial year to take up unissued new ordinary shares of RM 1.00 each in the Company were as follows:

	Number of Warrants 2003/2008
At 1 November 2004	17,243,200
Exercised	-
At 31 October 2005	17,243,200

Directors' Report (Cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES (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 had become effective since 28 November 2003. Pursuant to the ESOS, options to subscribe for ordinary shares of RM 1.00 each are granted to the eligible employees and executive directors of the Group. The salient features and other terms of the ESOS are disclosed in Note 13(b) to the financial statements.

The share options offered and accepted under the ESOS to take up unissued ordinary shares during the financial year and the option price were as follows:

Offer Date	Expiry Date	Option Price RM	Number Of Share Options Over Ordinary Shares Of RM 1.00 Each				Balance 31.10.05
			Balance 01.11.04	Offered And Accepted	Exercised	Lapsed	
28 Nov 2003	27 Nov 2008	1.15	6,340,700	-	-	-	6,340,700
31 Dec 2004	27 Nov 2008	1.00	-	810,000	-	-	810,000
			6,340,700	810,000	-	-	7,150,700

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

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

Directors' Report (Cont'd)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of the Directors in office at the end of the financial year in the shares and Warrants 2003/2008 of the Company and its related corporations during the financial year were as follows:

		Number Of Ordinary Shares of RM 1.00 each			
		Balance 01.11.04	Bought	Sold	Balance 31.10.05
Dato' Haji Zakariya Bin Mohamed	- Direct interest	250,000	-	-	250,000
Tay Kim Huat	- Direct interest	16,990,894	981,100	-	17,971,994
	- Indirect interest	2,334,929	-	-	2,334,929
Tay Kim Hau	- Direct interest	2,955,500	119,100	-	3,074,600
Dato' Ng Ah Poh	- Direct interest	7,323,350	-	-	7,323,350
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	1,798,500	-	-	1,798,500

		Number Of Warrants 2003/2008			
		Balance 01.11.04	Bought	Sold	Balance 31.10.05
Tay Kim Huat	- Direct interest	3,288,658	-	-	3,288,658
	- Indirect interest	236,967	-	-	236,967
Tay Kim Hau	- Direct interest	531,424	-	-	531,424
Dato' Ng Ah Poh	- Direct interest	74	-	-	74
Boo Chin Liong	- Direct interest	2,250	-	-	2,250
Tay Khim Seng	- Direct interest	98,500	-	-	98,500

In addition to the above, the following Directors are deemed to have interests in the shares of the Company by virtue of options granted to them pursuant to the ESOS of the Company. The details were as follows:

		Number Of Options Over Ordinary Shares Of RM 1.00 Each			
		Balance 01.11.04	Offered And Accepted	Exercised	Balance 31.10.05
Dato' Haji Zakariya Bin Mohamed	- Direct interest	150,000	-	-	150,000
Tay Kim Huat	- Direct interest	500,000	-	-	500,000
Tay Kim Hau	- Direct interest	350,000	-	-	350,000
Dato' Ng Ah Poh	- Direct interest	200,000	-	-	200,000

Directors' Report (Cont'd)

DIRECTORS' INTERESTS (CONT'D)

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

Other than as disclosed above, none of the Directors in office at the end of the financial year had any other interest in the shares, Warrants 2003/2008 and options under the ESOS of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the 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(b) to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company was a party, whereby the Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as may arise from the share options granted pursuant to the Warrants 2003/2008 and ESOS of the Company as disclosed above and in Note 13 to the financial statements.

OTHER STATUTORY INFORMATION

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

Directors' Report (Cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

- (b) At the date of this report, the Directors are not aware of any circumstances (cont'd):
- (ii) that would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

SUBSEQUENT EVENT

The subsequent event is disclosed in Note 30 to the financial statements.

Directors' Report (Cont'd)

AUDITORS

The auditors, Messrs. SC Lim, Ng & Co., have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors:



.....
TAY KIM HUAT
Director



.....
TAY KIM HAU
Director

Muar, Johor Darul Takzim
Date : 20 January 2006

Statement by Directors

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

We, the undersigned, being two of the Directors of Poh Huat Resources Holdings Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 41 to 86 are 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 the state of affairs of the Group and of the Company at 31 October 2005 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors:



.....
TAY KIM HUAT
Director



.....
TAY KIM HAU
Director

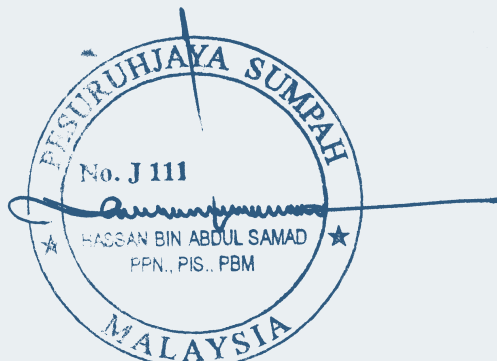
Muar, Johor Darul Takzim
Date : 20 January 2006

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

Subscribed and solemnly declared
by the abovenamed TAY KIM HUAT
at Muar in the state of Johor
Darul Takzim on 20 January 2006

✓

Before me :
Commissioner for Oaths



NO 2A JALAN PETRIE
84000 MUAR,
JOHOR MALAYSIA

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 86. The financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with the 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 the overall presentation of 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 2005 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.

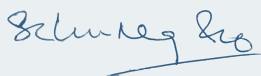
We have considered the financial statements and auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 5 to the financial statements, being financial statements that are included in the consolidated financial statements.

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.

Report of the Auditors (Cont'd)

To the Members of Poh Huat Resources Holdings Berhad

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.



.....
SC LIM, NG & CO.
No. AF 0681
Chartered Accountants



.....
LIM SWEE CHONG
No. 1177/12/06 (J)
Partner

Muar, Johor Darul Takzim
Date : 20 January 2006

Balance Sheets

at 31 October 2005

	Notes	Group		Company	
		2005	2004	2005	2004
		RM	RM	RM	RM
NON-CURRENT ASSETS					
Property, plant and equipment	4	136,529,166	120,081,946	-	-
Investment in subsidiary companies	5	-	-	57,136,805	57,136,805
Goodwill on consolidation	6	713,975	830,220	-	-
		137,243,141	120,912,166	57,136,805	57,136,805
CURRENT ASSETS					
Inventories	7	48,983,293	60,382,107	-	-
Trade and other receivables	8	42,167,281	50,122,907	31,116,030	31,433,195
Deposits, bank and cash balances	9	20,050,951	15,265,530	82,292	158,471
		111,201,525	125,770,544	31,198,322	31,591,666
LESS : CURRENT LIABILITIES					
Trade and other payables	10	71,818,859	66,190,969	41,397	90,116
Bank borrowings	11	32,519,217	38,316,061	-	-
Hire purchase payables	12	247,972	178,119	-	-
Tax payable		381,396	1,243,235	-	-
		104,967,444	105,928,384	41,397	90,116
NET CURRENT ASSETS		6,234,081	19,842,160	31,156,925	31,501,550
		143,477,222	140,754,326	88,293,730	88,638,355

Balance Sheets (Cont'd)

at 31 October 2005

	Notes	Group		Company	
		2005	2004	2005	2004
		RM	RM	RM	RM
FINANCED BY:					
CAPITAL AND RESERVES					
Share capital	13	87,220,100	87,220,100	87,220,100	87,220,100
Reserves	14	16,251,017	16,995,836	1,073,630	1,418,255
SHAREHOLDERS' FUNDS		103,471,117	104,215,936	88,293,730	88,638,355
MINORITY INTERESTS		1,453,469	866,817	-	-
		104,924,586	105,082,753	88,293,730	88,638,355
NON-CURRENT AND DEFERRED LIABILITIES					
Bank borrowings	11	30,225,918	27,896,987	-	-
Hire purchase payables	12	426,718	274,586	-	-
Deferred tax liabilities	15	7,900,000	7,500,000	-	-
		38,552,636	35,671,573	-	-
		143,477,222	140,754,326	88,293,730	88,638,355

The accompanying notes form an integral part of the financial statements

Income Statements

for the financial year ended 31 October 2005

	Notes	Group		Company	
		2005	2004	2005	2004
		RM	RM	RM	RM
REVENUE	16	342,328,185	305,823,285	2,205,000	2,205,000
COST OF SALES		(307,195,694)	(261,913,196)	-	-
GROSS PROFIT		35,132,491	43,910,089	2,205,000	2,205,000
OTHER OPERATING INCOME		2,706,676	461,188	25,656	11,865
SELLING AND DISTRIBUTION EXPENSES		(17,115,909)	(16,644,725)	-	-
ADMINISTRATIVE EXPENSES		(13,342,276)	(12,927,601)	(461,718)	(921,446)
OTHER OPERATING EXPENSES		(753,571)	(494,653)	(300)	(1,550)
PROFIT FROM OPERATIONS	17	6,627,411	14,304,298	1,768,638	1,293,869
FINANCE COSTS	20	(3,622,758)	(3,600,530)	(2,199)	(1,977)
PROFIT BEFORE TAX		3,004,653	10,703,768	1,766,439	1,291,892
TAX EXPENSE	21	(1,599,824)	(2,694,321)	(855,094)	(370,000)
PROFIT AFTER TAX		1,404,829	8,009,447	911,345	921,892
MINORITY INTERESTS		(394,315)	(272,912)	-	-
NET PROFIT FOR THE FINANCIAL YEAR		1,010,514	7,736,535	911,345	921,892
EARNINGS PER ORDINARY SHARE	22				
- Basic (Sen)		1.16	8.90		
- Diluted (Sen)		N/A	8.69		

The accompanying notes form an integral part of the financial statements

Statements of Changes in Equity

for the financial year ended 31 October 2005

Group	Notes	----- Non-Distributable -----					Distributable	
		Share Capital	Share Premium	Capital Reserves	Merger Deficit	Foreign Exchange Fluctuation Reserve	Retained Profits	Total
		RM	RM	RM	RM	RM	RM	RM
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 2003/2008		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
Net profit for the financial year		-	-	-	-	-	1,010,514	1,010,514
Dividends	23	-	-	-	-	-	(1,255,970)	(1,255,970)
Foreign exchange differences		-	-	-	-	(499,363)	-	(499,363)
Net loss not recognised in the consolidated income statement		-	-	-	-	(499,363)	-	(499,363)
At 31 October 2005		87,220,100	144,495	6,633,467	(28,849,998)	(1,092,113)	39,415,166	103,471,117

The accompanying notes form an integral part of the financial statements

Statements of Changes in Equity (Cont'd)

for the financial year ended 31 October 2005

Company	Notes	Distributable		Non-Distributable	Total
		Share Capital RM	Share Premium RM	Retained Profits RM	
At 31 October 2003		86,250,000	-	1,607,838	87,857,838
Issue of new shares pursuant to the exercise of Warrants 2003/2008		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
Net profit for the financial year		-	-	911,345	911,345
Dividends	23	-	-	(1,255,970)	(1,255,970)
At 31 October 2005		87,220,100	144,495	929,135	88,293,730

The accompanying notes form an integral part of the financial statements

Cash Flow Statements

for the financial year ended 31 October 2005

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	3,004,653	10,703,768	1,766,439	1,291,892
Adjustments for:				
Amortisation of goodwill on consolidation	59,551	62,791	-	-
Bad debts written off	17,466	-	-	-
Depreciation	9,438,237	7,630,585	-	-
Gain on disposal of property, plant and equipment	(77,980)	(12,333)	-	-
Goodwill on consolidation written off	56,694	-	-	-
Inventories damaged in fire	2,514,323	-	-	-
Inventories written off	-	21,167	-	-
Investment in subsidiary company written off	106,248	-	-	-
Investment written off	-	25,527	-	-
Loss on property, plant and equipment resulting from theft	88,852	-	-	-
Property, plant and equipment written off	148,466	21,505	-	-
Unrealised loss on foreign exchange	20,458	300,629	-	-
Interest expenses	2,796,167	2,379,958	-	-
Interest income	(89,993)	(58,114)	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	18,083,142	21,075,483	1,766,439	1,291,892
Changes In Working Capital				
Inventories	8,884,491	(9,143,012)	-	-
Trade and other receivables	7,975,020	(23,644,358)	(1,866,329)	10,336,950
Trade and other payables	5,660,979	32,672,187	(48,719)	(148,539)
CASH GENERATED FROM /(ABSORBED INTO) OPERATIONS	40,603,632	20,960,300	(148,609)	11,480,303
Interest paid	(3,233,130)	(2,271,887)	-	-
Interest received	89,993	58,114	-	-
Tax paid	(2,028,376)	(5,209,930)	-	-
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	35,432,119	13,536,597	(148,609)	11,480,303

Cash Flow Statements (Cont'd)

for the financial year ended 31 October 2005

	Note	Group		Company	
		2005	2004	2005	2004
		RM	RM	RM	RM
FORWARD		35,432,119	13,536,397	(148,609)	11,480,303
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)
Dividend received from a subsidiary company		-	-	1,328,400	1,328,400
Adjustment of property, plant and equipment		2,994,115	-	-	-
Proceeds from disposal of property, plant and equipment		158,570	27,032	-	-
Purchase of property, plant and equipment		(29,169,470)	(32,694,784)	-	-
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(26,016,785)	(32,667,752)	1,328,400	(11,300,671)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issuance of new shares pursuant to the exercise of options under the ESOS		-	1,107,795	-	1,107,795
Proceeds from issuance of new shares pursuant to the exercise of Warrants 2003/2008		-	6,800	-	6,800
Net movements in trade bills		(11,165,729)	21,386,130	-	-
Repayment of hire purchase payables		(213,315)	(211,207)	-	-
Drawdown of term loans		23,697,176	19,176,670	-	-
Repayment of term loans		(16,062,690)	(18,334,804)	-	-
Net decrease/(increase) in fixed deposits pledged		261,207	(15,075)	-	-
Dividends paid		(1,255,970)	(1,255,970)	(1,255,970)	(1,255,970)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(4,739,321)	21,860,339	(1,255,970)	(141,375)
EFFECT ON EXCHANGE RATE CHANGES		370,615	102,535	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,046,628	2,831,719	(76,179)	38,257
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR		14,843,034	12,011,315	158,471	120,214
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	24	19,889,662	14,843,034	82,292	158,471

The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements

for the financial year ended 31 October 2005

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 described in Note 5(a). There have been no significant changes in the nature of these principal activities during the financial year.

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 8 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 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 20 January 2006.

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 modified by the revaluation of long term leasehold land and factory buildings as disclosed in the notes on significant accounting policies.
- (ii) The financial statements of the Group and of the Company have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

(b) Basis of consolidation

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

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

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

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

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

(b) Basis of consolidation (cont'd)

The Group has adopted the transitional provision provided by Malaysian Accounting Standards Board ("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 amount of the investment and 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 costs and the fair values of the subsidiary companies' net assets is reflected as goodwill or reserve on consolidation, as appropriate.

On consolidation, all intercompany transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. 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 to be restated to be in compliance with the Group's policies.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill on consolidation and foreign exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree at the acquisition date and the minorities' share of movements in the acquiree's equity since then.

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(f).

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Property, plant and equipment and depreciation (cont'd)

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 the income statements. 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%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statements and the unutilised portion of the revaluation surplus on that item, if any, is transfer directly to retained profits.

(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, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(f). On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is charged or credited to the income statements.

(c) Goodwill or reserve on consolidation

Goodwill on consolidation represents the excess of the acquisition cost over the fair value of the net assets of the subsidiary companies at the date of acquisition.

Goodwill on consolidation is stated at cost less accumulated amortisation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(f). It is amortised on a straight line basis over its estimated useful lives or 20 years, whichever is shorter.

Reserve on consolidation represents the excess of the fair value of the net assets of the subsidiary companies over the acquisition cost at the date of acquisition. Reserve on consolidation is credited to capital reserves as a permanent item.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) 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 or 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 represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

(e) 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.

(f) 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.

An impairment loss is charged to the income statements 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 statements 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 statements, a reversal of that impairment loss is recognised as income in the income statements.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Payables

Trade and other payables are stated at cost.

(h) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction 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 statements in the period they are incurred.

(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 statements 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 rates in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheets and its tax base including unused capital allowances and tax losses.

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.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Revenue recognition

(i) Dividend income

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

(ii) Management fee income

Management fee income from subsidiary companies is recognised on accrual basis.

(iii) Sales of goods

Revenue from sales of goods is recognised when goods are shipped/delivered and when risks and rewards of ownership have passed to the customers.

(iv) Interest income

Interest income is recognised on accrual basis.

(l) 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 statements in the financial year in which the expenses are incurred.

(m) Research and development expenditure

Research and development expenditure is charged to the income statements in the financial year in which it is incurred.

(n) Employee benefits

(i) Short term benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses, social security costs and non-monetary benefits are recognised as expenses in the income statements in the financial year in which the associated services are rendered by employees of the Group.

(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 statements as incurred.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee benefits (cont'd)

(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 share options are exercised, equity is increased by the amount of the proceeds received.

(o) 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 risks of changes in value, net of outstanding bank overdrafts, if any.

(p) Foreign currency conversion and translation

(i) Transactions and balances in foreign currencies

Transactions in foreign currencies during the financial year are converted into Ringgit Malaysia at rates of exchange ruling at the dates of transactions unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward foreign exchange contracts are used. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward foreign exchange contracts are used.

All gains or losses arising from the settlement of foreign currency transactions and from translating foreign monetary assets and liabilities are taken into the income statements.

(ii) Translation of foreign currency financial statements

For consolidation purposes, the assets and liabilities of foreign entities are translated into Ringgit Malaysia at rates of exchange ruling at the balance sheet date. Income statement items are translated at rates of exchange ruling 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 rate of exchange ruling at the date of transaction.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) 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 amounts are as follows:

	2005 RM	2004 RM
1 Euro (EUR)	4.5286	4.8431
1 Singapore Dollar (SGD)	2.2267	2.2868
1 South African Rand (ZAR)	0.5628	0.6175
1 United States Dollar (USD)	3.7748	3.8000
1,000 Vietnam Dong (VND)	0.2376	0.2413

(q) Financial instruments

Financial instruments are recognised in the balance sheets when the Group has become a party to the contractual provisions of the instruments. Financial instruments carried on the balance sheets include deposits, bank and cash balances, receivables, 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 Group 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.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

4. PROPERTY, PLANT AND EQUIPMENT

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
<u>At Cost / Valuation</u>						
At 1 November 2004	19,894,179	47,589,157	61,639,639	8,898,757	17,803,930	155,825,662
Additions	57,127	3,358,171	13,807,040	1,348,609	11,470,786	30,041,733
Adjustment *	-	(3,014,210)	-	-	-	(3,014,210)
Disposals	-	-	(96,542)	(364,497)	-	(461,039)
Loss resulting from theft	-	-	-	(133,278)	-	(133,278)
Reclassifications	-	28,034,596	1,138,170	-	(29,172,766)	-
Write off	-	-	(191,009)	(131,020)	-	(322,029)
Foreign exchange differences	(90,871)	(388,106)	(341,649)	(32,841)	(76,124)	(929,591)
At 31 October 2005	19,860,435	75,579,608	75,955,649	9,585,730	25,826	181,007,248
Representing:						
At valuation	10,902,104	13,272,729	-	-	-	24,174,833
At cost	8,958,331	62,306,879	75,955,649	9,585,730	25,826	156,832,415
	19,860,435	75,579,608	75,955,649	9,585,730	25,826	181,007,248
<u>Less : Accumulated Depreciation</u>						
At 1 November 2004	1,298,683	3,108,280	25,360,386	5,976,367	-	35,743,716
Charge for the financial year	474,430	1,372,728	6,787,509	803,570	-	9,438,237
Adjustment *	-	(20,095)	-	-	-	(20,095)
Disposals	-	-	(18,537)	(361,912)	-	(380,449)
Loss resulting from theft	-	-	-	(44,426)	-	(44,426)
Write off	-	-	(81,983)	(91,580)	-	(173,563)
Foreign exchange differences	(6,279)	(14,785)	(53,945)	(10,329)	-	(85,338)
At 31 October 2005	1,766,834	4,446,128	31,993,430	6,271,690	-	44,478,082
Representing:						
At valuation	1,147,856	1,553,625	-	-	-	2,701,481
At cost	618,978	2,892,503	31,993,430	6,271,690	-	41,776,601
	1,766,834	4,446,128	31,993,430	6,271,690	-	44,478,082

* Adjustment represent discount given by contractor for the construction of factory building which has been capitalised in the previous financial year.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

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

Group (cont'd)

	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
<u>Net Book Value</u>						
At 31 October 2005	18,093,601	71,133,480	43,962,219	3,314,040	25,826	136,529,166
Representing:						
At valuation	9,754,248	11,719,104	-	-	-	21,473,352
At cost	8,339,353	59,414,376	43,962,219	3,314,040	25,826	115,055,814
	18,093,601	71,133,480	43,962,219	3,314,040	25,826	136,529,166
<u>Net Book Value</u>						
At 31 October 2004	18,595,496	44,480,877	36,279,253	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	32,496,315	36,279,253	2,922,390	17,803,930	98,148,458
	18,595,496	44,480,877	36,279,253	2,922,390	17,803,930	120,081,946
Depreciation charge for the financial year ended 31 October 2004	373,966	947,147	5,388,495	920,977	-	7,630,585

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

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

- (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 change is made to 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	
	2005	2004
	RM	RM
At Net Book Value		
Long term leasehold land	5,430,544	5,538,964
Factory buildings	6,560,754	6,721,573
	11,991,298	12,260,537

- (c) The following property, plant and equipment are secured against bank borrowings granted to the Group (Note 11):

	Group	
	2005	2004
	RM	RM
At Net Book Value		
Long term leasehold land	14,949,138	15,347,218
Factory buildings	47,881,246	33,859,384
Plant and machinery	18,276,068	5,836,644
Vehicles, furniture, fittings and equipment	414,847	138,750
Capital work-in-progress	-	5,732,980
	81,521,299	60,914,976

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

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

- (d) The motor vehicles with net book value of RM807,440 (2004 – RM433,364) are acquired under hire purchase instalment plans (Note 12).
- (e) Included in the cost of factory buildings is interest capitalised during the financial year amounting to RM436,963 (2004 – RM70,962) (Note 20).
- (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	
	2005	2004
	RM	RM
Unquoted shares - at cost	57,136,805	57,136,805

(a) *The details of subsidiary companies and the equity interest held by the Company:*

Name Of Company	Principal Activities	Country Of Incorporation	Equity Interest Held	
Subsidiary Companies			2005	2004
* Poh Huat Furniture Industries (M) Sdn. Bhd.	Manufacturing and trading of furniture and investment holding.	Malaysia	100%	100%
Poh Huat Woodwork (M) Sdn. Bhd.	Manufacturing and trading of furniture and furniture parts.	Malaysia	100%	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%

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) *The details of subsidiary companies and the equity interest held by the Company (cont'd):*

Name Of Company	Principal Activities	Country Of Incorporation	Equity Interest Held	
Subsidiary Company Of Poh Huat Furniture Industries (M) Sdn. Bhd.			2005	2004
Maxico Sdn. Bhd.	Dormant	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 furniture.	South Africa	51%	51%
*# Poh Huat International (S) Pte. Ltd.	Trading of furniture, home furnishings and other household equipment.	Singapore	-	60%

* Subsidiary company consolidated under the merger method of accounting.

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

(b) *Voluntary winding up of a subsidiary company*

During the current financial year, the investment in Poh Huat International (S) Pte. Ltd. ("PHIS"), a subsidiary company incorporated in Singapore had been written off as PHIS had commenced its application for striking off the register under the provision of Section 344(2) of the Singapore Companies Act.

(c) *Merger of subsidiary companies*

On 1 February 2005, the Board of Directors of the Company approved the merger of two wholly owned subsidiary companies in Vietnam, namely Poh Huat Furniture Industries Vietnam Limited ("PHFIVL") and Poh Huat Woodwork Industries Vietnam Limited ("PHWIVL"). This application has been approved by the Vietnam authorities on 27 April 2005 and 2 June 2005 respectively. Under this merger exercise which took effect from 1 July 2005, PHFIVL had taken over all assets and liabilities, rights and obligations, including responsibilities for unpaid debts, for labour contract and for other asset obligations as well as for the tax obligations from PHWIVL. Subsequent to the merger, the merged entity would continue under the revised investment license of PHFIVL and PHWIVL ceased to exist.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

6. GOODWILL ON CONSOLIDATION

	Group	
	2005	2004
	RM	RM
Goodwill arising on acquisition of subsidiary companies	1,191,024	1,191,024
Less: Accumulated amortisation	(420,355)	(360,804)
Written off during the financial year	(56,694)	-
Balance at the end of financial year	713,975	830,220

7. INVENTORIES

	Group	
	2005	2004
	RM	RM
<u>At Cost</u>		
Raw materials	20,448,818	23,368,706
Packing materials	307,885	238,309
Work-in-progress	13,965,571	27,394,329
Finished goods	13,465,059	9,380,763
	48,187,333	60,382,107
<u>At Net Realisable Value</u>		
Finished goods	795,960	-
	48,983,293	60,382,107

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Trade receivables	27,275,475	36,489,009	-	-
<u>Other Receivables</u>				
Amount due from subsidiary companies	-	-	31,112,954	31,079,591
Deposits	354,196	264,172	1,000	1,000
Prepayments	887,049	1,663,983	2,076	1,310
Others	13,650,561	11,705,743	-	351,294
	14,891,806	13,633,898	31,116,030	31,433,195
	42,167,281	50,122,907	31,116,030	31,433,195

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

8. TRADE AND OTHER RECEIVABLES (CONT'D)

- (a) The Group's normal trade credit terms range from cash term to 120 days from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.
- (b) The amount due from subsidiary companies is unsecured and interest free with no fixed terms of repayment.

9. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Bank and cash balances	18,713,308	14,502,737	82,292	158,471
Fixed deposits placed with a licensed bank	161,289	422,496	-	-
Short term deposits placed with a licensed bank	1,176,354	340,297	-	-
	20,050,951	15,265,530	82,292	158,471

- (a) The fixed deposits placed with a licensed bank of a subsidiary are pledged against bank guarantee facility.
- (b) The weighted average effective interest rates of deposits placed with licensed banks at the end of financial year were as follows:

	Group	
	2005	2004
Fixed deposits placed with a licensed bank	3.7%	3.7%
Short term deposits placed with a licensed bank	5.5%	5.5%

- (c) The maturity periods of deposits placed with licensed banks at the end of financial year were as follows:

	Group	
	2005	2004
	Days	Days
Fixed deposits placed with a licensed bank	365	365
Short term deposits placed with a licensed bank	1	1

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

10. TRADE AND OTHER PAYABLES

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Trade payables	54,835,741	46,300,225	-	-
<u>Other Payables</u>				
Amount due to a director	-	22,435	-	-
Accruals	916,802	3,514,997	23,000	23,000
Others	16,066,316	16,353,312	18,397	67,116
	16,983,118	19,890,744	41,397	90,116
	71,818,859	66,190,969	41,397	90,116

(a) The normal trade credit terms granted to the Group range from 30 days to 120 days from the date of invoices.

(b) The amount due to a director is unsecured and interest free with no fixed terms of repayment.

11. BANK BORROWINGS

	Group	
	2005	2004
	RM	RM
<u>CURRENT</u>		
Secured - Term loans	12,717,816	7,348,931
- Trade bills	19,801,401	30,967,130
	32,519,217	38,316,061
<u>NON CURRENT</u>		
Secured - Term loans	30,225,918	27,896,987
TOTAL BANK BORROWINGS		
Secured - Term loans	42,943,734	35,245,918
- Trade bills	19,801,401	30,967,130
	62,745,135	66,213,048

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

11. BANK BORROWINGS (CONT'D)

- (a) The bank borrowings are secured by the followings:
- (i) Long term leasehold land, factory buildings, plant and machinery, vehicles, furniture, fittings and equipment and capital work-in-progress with net book value of RM 81,521,299 (2004 – RM 60,914,976) of subsidiary companies (Note 4(c)).
 - (ii) Corporate guarantee by the Company.
- (b) Trade bills are interest bearing at 2.9% to 9.9% (2004 – 2.9% to 3.0%) per annum.
- (c) (i) The term loans of local subsidiary companies are interest bearing at a fixed rate of 6.3%, Base Lending Rate (“BLR”)/Cost Of Funds (“COF”) plus 1.5% and Kuala Lumpur Interbank Offer Rate (“KLIBOR”) plus 2.0% (2004 – BLR/COF plus 1.5% and KLIBOR plus 2.0%) per annum.
- (ii) The term loans of foreign subsidiary companies are interest bearing at Singapore Interbank Offer Rate (“SIBOR”) plus 0.5% to 2.0% (2004 – SIBOR plus 0.5% to 2.0%) per annum.
- (d) The term loans are repayable by 46 to 60 monthly instalments and 16 equal quarterly instalments respectively (2004 – 51 to 66 monthly instalments and 16 equal quarterly instalments). At the end of financial year, they are repayable as follows:

	Group	
	2005	2004
	RM	RM
<u>CURRENT</u>		
Not later than one year	12,717,816	7,348,931
<u>NON-CURRENT</u>		
Later than one year and not later than two years	12,043,362	7,882,961
Later than two years and not later than five years	18,182,556	19,740,688
Later than five years	-	273,338
	30,225,918	27,896,987
	42,943,734	35,245,918

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

12. HIRE PURCHASE PAYABLES

	Group	
	2005	2004
	RM	RM
Minimum hire purchase payments:		
Not later than one year	283,584	209,137
Later than one year and not later than two years	255,216	130,632
Later than two years and not later than five years	201,291	179,122
	740,091	518,891
Less : Unexpired term charges	(65,401)	(66,186)
	674,690	452,705
Principal amount outstanding:		
<u>Current Portion</u>		
Not later than one year	247,972	178,119
<u>Non-Current Portion</u>		
Later than one year and not later than two years	235,726	111,308
Later than two years and not later than five years	190,992	163,278
	426,718	274,586
	674,690	452,705

The effective interest rates of the hire purchase payables are ranging from 4.9% to 10.0% (2004 – 6.5% to 10.5%) per annum.

13. SHARE CAPITAL

	Group	
	2005	2004
	RM	RM
Authorised:		
Ordinary shares of RM 1.00 each	500,000,000	500,000,000
Issued and fully paid:		
Ordinary shares of RM 1.00 each		
Balance at the beginning of financial year	87,220,100	86,250,000
Share issue pursuant to the exercise of Warrants 2003/2008	-	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	87,220,100

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

13. SHARE CAPITAL (CONT'D)

(a) Warrants

In conjunction with a renounceable rights issue of 11,500,000 ordinary shares of RM 1.00 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 Warrants 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 Warrants 2003/2008 shall be RM 1.00 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 RM 1.00 per ordinary share is equivalent to the par value of ordinary shares.

The movements in the Warrants 2003/2008 during the financial year to take up unissued new ordinary shares of RM 1.00 each in the Company were as follows :

	Number of Warrants 2003/2008
At 1 November 2004	17,243,200
Exercised	-
At 31 October 2005	17,243,200

(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 had become effective since 28 November 2003. Pursuant to the ESOS, options to subscribe for ordinary shares of RM 1.00 each are granted to the eligible employees and executive directors of the Group.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

13. SHARE CAPITAL (CONT'D)

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

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 issued and paid-up share capital of the Company.
- (iv) The option price for each new share may be at a discount of not more than ten percent (10%) (if deemed appropriate by the Options 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 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 Options Committee be extended or renewed (as the case may be) provided always that the initial scheme period stipulated above and such extension of the Scheme made pursuant to the By-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.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

13. SHARE CAPITAL (CONT'D)

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

The share options offered and accepted under the ESOS to take up unissued ordinary shares during the financial year and the option price were as follows:

			Number Of Share Options Over Ordinary Shares Of RM 1.00 Each				
Offer Date	Expiry Date	Option Price RM	Balance 01.11.04	Offered And Accepted	Exercised	Lapsed	Balance 31.10.05
28 Nov 2003	27 Nov 2008	1.15	6,340,700	-	-	-	6,340,700
31 Dec 2003	27 Nov 2008	1.00	-	810,000	-	-	810,000
			6,340,700	810,000	-	-	7,150,700

Number of share options vested:

	Group and Company	
	2005	2004
	RM	RM
At 1 November	6,340,700	-
At 31 October	7,150,700	6,340,700

14. RESERVES

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Non-Distributable				
Share premium	144,495	144,495	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	(1,092,113)	(592,750)	-	-
Distributable				
Retained profits	39,415,166	39,660,622	929,135	1,273,760
	16,251,017	16,995,836	1,073,630	1,418,255

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

14. RESERVES (CONT'D)

(a) *Share Premium*

Share premium represents the resultant premium arising from the issue of new shares pursuant to the exercise of options under the ESOS.

(b) *Revaluation Reserve*

Revaluation reserve represents the surpluses arising from the revaluation of the long term leasehold land and factory buildings, net of deferred tax effects.

(c) *Reserve On Consolidation*

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*

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*

Foreign exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiary companies.

(f) *Retained Profits*

Retained profits are those available for distribution by way of dividends. 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.

15. DEFERRED TAX LIABILITIES

	Group	
	2005	2004
	RM	RM
(a) Movements of deferred tax liabilities		
Balance at the beginning of financial year	7,500,000	7,404,151
Deferred tax expense relating to the origination of temporary differences	626,000	395,849
Overprovision of deferred tax expense in previous financial year	(226,000)	(300,000)
Balance at the end of financial year	7,900,000	7,500,000

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

15. DEFERRED TAX LIABILITIES (CONT'D)

	Group	
	2005	2004
	RM	RM
(b) Components of deferred tax liabilities		
Revaluation surplus of properties	2,370,000	2,370,000
Excess of capital allowances over corresponding book depreciation	5,530,000	5,130,000
	7,900,000	7,500,000

16. REVENUE

Revenue of the Group and of the Company comprise the followings:

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Dividend income	-	-	1,845,000	1,845,000
Management fee income	-	-	360,000	360,000
Sale of furniture and furniture parts net of discounts, returns and sales tax	342,328,185	305,823,285	-	-
	342,328,185	305,823,285	2,205,000	2,205,000

17. PROFIT FROM OPERATIONS

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Profit from operations is arrived at after charging:				
Staff costs (Note 18)	46,604,762	35,667,880	185,275	182,051
Non-executive directors' remuneration (Note 19)	96,000	96,000	96,000	96,000
Amortisation of goodwill on consolidation	59,551	62,791	-	-
Auditors' remuneration:				
- statutory audits	155,368	138,458	10,000	8,000
- other services	122,595	41,198	-	1,483
Bad debts written off	17,466	-	-	-
Depreciation	9,438,237	7,630,585	-	-
Goodwill on consolidation written off	56,694	-	-	-

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

17. PROFIT FROM OPERATIONS (CONT'D)

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Inventories written off	-	21,167	-	-
Investment in subsidiary company written off	106,248	-	-	-
Investment written off	-	25,527	-	-
Lease rental	371,415	254,370	-	-
Loss on property, plant and equipment resulting from theft	88,852	-	-	-
Property, plant and equipment written off	148,466	21,505	-	-
Realised loss on foreign exchange	20,869	-	-	-
Rental - canteen	12,000	-	-	-
- exhibition	-	35,361	-	-
- factory	182,400	225,000	-	-
- premises	414,840	308,013	-	-
Research and development expenses	-	540,160	-	-
Unrealised loss on foreign exchange	20,458	300,629	-	-
And crediting:				
Gain on disposal of property, plant and equipment	(77,980)	(12,333)	-	-
Net insurance claim	(2,013,233)	(54,000)	-	-
Interest income	(89,993)	(58,114)	-	-
Realised gain on foreign exchange	-	(219,357)	-	-
Rental income	(725)	-	-	-

18. STAFF COSTS

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Salaries and other emoluments	42,658,441	32,619,798	180,000	180,000
Pension costs - defined contribution plan	1,140,980	1,123,553	-	-
Social security costs	164,595	159,207	-	-
Other staff related expenses	2,640,746	1,765,322	5,725	2,051
	46,604,762	35,667,880	185,725	182,051
Number of employees (including executive directors) at the end of financial year	5,202	4,270	4	4

Included in the staff costs of the Group and of the Company are the executive directors' remuneration amounting to RM 968,067 (2004 – RM 732,862) and RM 180,000 (2004 – RM 180,000) respectively as further disclosed in Note 19.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

19. DIRECTORS' REMUNERATION

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Directors of the Company				
Executive Directors:				
Bonuses	121,207	94,200	-	-
Fee	180,000	180,000	180,000	180,000
Salaries and other emoluments	468,624	329,200	-	-
Pension costs - defined contribution plan	55,452	50,808	-	-
Social security costs	1,052	906	-	-
Benefits-in-kind	25,500	45,000	-	-
	851,835	700,114	180,000	180,000
Non-executive Directors:				
Fee	96,000	96,000	96,000	96,000
	947,835	796,114	276,000	276,000
Directors of the Subsidiary Companies				
Executive Directors:				
Bonuses	17,716	-	-	-
Salaries and other emoluments	124,016	77,748	-	-
Total directors' remuneration	1,089,567	873,862	276,000	276,000
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind	968,067	732,862	180,000	180,000
Total non-executive directors' remuneration excluding benefits-in-kind	96,000	96,000	96,000	96,000
Total directors' remuneration excluding benefits-in-kind	1,064,067	828,862	276,000	276,000

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

19. DIRECTORS' REMUNERATION (CONT'D)

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	
	2005	2004
Executive Directors:		
RM 1 - RM 50,000	1	1
RM 50,001 - RM 100,000	1	1
RM 100,001 - RM 150,000	-	-
RM 150,001 - RM 200,000	-	1
RM 200,001 - RM 250,000	1	-
RM 250,001 - RM 300,000	-	-
RM 300,001 - RM 350,000	-	-
RM 350,001 - RM 400,000	-	1
RM 400,001 - RM 450,000	-	-
RM 450,001 - RM 500,000	-	-
RM 500,001 - RM 550,000	1	-
Non-executive Directors		
RM 1 - RM 50,000	4	4

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

	Company	
	2005	2004
At 1 November	1,200,000	-
Offered and accepted	-	1,200,000
Exercised	-	-
Lapsed	-	-
At 31 October	1,200,000	1,200,000

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

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

20. FINANCE COSTS

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Interest On:				
Hire purchase	35,199	29,281	-	-
Term loans	1,917,691	1,904,121	-	-
Trade bills	1,280,235	517,290	-	-
Others	5	228	-	-
	3,233,130	2,450,920	-	-
Less : Term loans interest capitalised in qualifying property, plant and equipment (Note 4(e))	(436,963)	(70,962)	-	-
	2,796,167	2,379,958	-	-
Bank commission and charges	826,591	1,220,572	2,199	1,977
	3,622,758	3,600,530	2,199	1,977

21. TAX EXPENSE

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
(a) Components of tax expense				
Current income tax expense:				
- Malaysian tax	928,000	2,451,000	516,600	370,000
- Foreign tax	418,329	181,837	-	-
	1,346,329	2,632,837	516,600	370,000
(Over)/Underprovision in prior years:				
- Malaysian tax	(146,505)	(34,365)	338,494	-
	1,199,824	2,598,472	855,094	370,000
Deferred tax expense:				
- Relating to the origination of temporary differences	626,000	395,849	-	-
- Overprovision in previous financial year	(226,000)	(300,000)	-	-
	400,000	95,849	-	-
	1,599,824	2,694,321	855,094	370,000

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

21. TAX EXPENSE (CONT'D)

(a) Components of tax expense (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rates of 20% to 28% (2004 – 20% to 28%) over the estimated assessable profit for the financial year. Tax expense for other jurisdictions is calculated at the tax rates prevailing in the respective jurisdictions.

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
(b) Reconciliation of effective tax rate				
Profit before tax	3,004,653	10,703,768	1,766,439	1,291,892
Tax at Malaysian statutory tax rate of 28%	841,000	2,997,000	494,600	360,000
Tax effect of different tax rates in subsidiary companies				
- Domestic subsidiary companies with issued and paid-up share capital of RM 2.5 million and below	48,000	(87,000)	-	-
- Foreign subsidiary companies	(90,000)	(33,000)	-	-
Tax effect of non-taxable income	(41,000)	(15,000)	-	-
Tax effect of non-deductible expenses	344,238	722,086	27,400	10,000
Tax effect of double deduction expenses	(228,000)	(157,000)	-	-
Utilisation of previously unrecognised deferred tax assets	(5,400)	(296,400)	(5,400)	-
Utilisation of reinvestment allowances	(2,060,000)	(1,326,000)	-	-
Effect of tax incentives of a foreign subsidiary company	(219,000)	-	-	-
Deferred tax assets not recognised during the financial year	3,361,000	1,224,000	-	-
Tax loss not allowed to carry forward for offsetting against future taxable profits	6,700	-	-	-
(Over)/Underprovision in prior years:				
- Current income tax expense	(146,505)	(34,365)	338,494	-
- Deferred tax expense	(226,000)	(300,000)	-	-
Others	14,791	-	-	-
	1,599,824	2,694,321	855,094	370,000

- (c) Subject to the agreement of the respective tax authorities, the Group has unutilised reinvestment allowances of approximately RM 13,200,000 (2004 – RM 8,900,000) to offset against its future taxable profits.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

21. TAX EXPENSE (CONT'D)

- (d) Subject to the agreement of the respective tax authorities, 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:

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Unused capital allowances	2,720,000	-	-	-
Unused tax losses	15,580,000	797,000	566,000	600,000
	18,300,000	797,000	566,000	600,000

No deferred tax assets have been recognised in the financial statements for the above items as there is no assurance beyond any reasonable doubt that future taxable profits will be sufficient to allow deferred tax assets to be realised.

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.

	Group	
	2005	2004
	RM	RM
Net profit for the financial year	1,010,514	7,736,535

	2005	2004
	Units	Units
Number of ordinary shares in issue at the beginning of financial year	87,220,100	86,250,000
Effect of ordinary shares issued during the financial year	-	705,530
Weighted average number of ordinary shares in issue	87,220,100	86,955,530
Basic earnings per ordinary share (sen)	1.16	8.90

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

22. EARNINGS PER ORDINARY SHARE (CONT'D)

(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 options under the ESOS.

	Group 2004 RM
Net profit for the financial year	7,736,535
	2004 Units
Weighted average number of ordinary shares in issue	86,955,530
Effect of Warrants 2003/2008	2,114,220
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary shares	89,069,750
Diluted earnings per ordinary share (sen)	8.69

During the financial year, the diluted earnings per ordinary share of the Group has not been presented as the conversion of each class of potential ordinary shares have anti-dilutive effect as the exercise price of the potential ordinary shares are above the average market value of the Company's shares during financial year ended 31 October 2005.

In financial year 2004, no effect of ESOS as effect of potential ordinary shares arising from ESOS is anti-dilutive.

23. DIVIDENDS

	Group and Company	
	2005 RM	2004 RM
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 RM 1.00 each	-	1,255,970
In respect of the financial year ended 31 October 2004		
First and final dividend of 2% less tax at 28% on 87,220,100 ordinary shares of RM 1.00 each	1,255,970	-
	1,255,970	1,255,970

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

23. DIVIDENDS (CONT'D)

Pending the declaration of dividend by a subsidiary company totalling RM 922,500, the Board of Directors proposed a first and final tax exempt dividend of 2% amounting to RM 1,744,402 in respect of the financial year ended 31 October 2005. 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. 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 2006.

24. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Deposits, bank and cash balances	20,050,951	15,265,530	82,292	158,471
Less : Non-cash and cash equivalents				
Fixed deposits pledged to bank as collateral	(161,289)	(422,496)	-	-
	19,889,662	14,843,034	82,292	158,471

25. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	2005	2004
	RM	RM
Corporate guarantee to financial institutions for banking facilities granted to subsidiary companies	137,717,000	145,891,000

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related Party Relationship

- (i) The subsidiary companies are disclosed in Note 5(a).
- (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.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

26. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(a) Related Party Relationship (Cont'd)

- (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..

(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 were as follows:

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Poh Huat Furniture Industries (M) Sdn. Bhd.				
- Dividend income	-	-	(1,845,000)	(1,845,000)
- Management fee income	-	-	(360,000)	(360,000)
- Acquisition of subsidiary company	-	-	-	4,079,071
Tay Kim Huat				
- Rental of premises	108,000	108,000	-	-
J.A. Nathan & Co.				
- Legal fee	-	131,090	-	-
- Professional fee	-	5,910	-	2,180
Ornapaper Berhad Group of Companies				
- Purchase of goods	4,170,321	2,534,099	-	-
Wilsin Office Furniture (S) Pte. Ltd.				
- Sales of goods	(4,191,400)	(3,199,888)	-	-
- Purchase of goods	6,335	-	-	-

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.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

27. COMMITMENTS

(a) Capital Commitments

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

	Group	
	2005	2004
	RM	RM
Property, plant and equipment		
Approved and contracted for	-	3,930,449
Approved but not contractor for	51,480	-
	51,480	3,930,449
Analysed as follow:		
Buildings	51,480	3,930,449

(b) Lease Commitments

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

	Group	
	2005	2004
	RM	RM
Not later than one year	254,567	277,804
Later than one year and not later than five years	1,018,269	1,111,215
Later than five years	8,959,369	10,192,075
	10,232,205	11,581,094

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

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.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

28. SEGMENTAL INFORMATION (CONT'D)

(a) Geographical Segments

	Malaysia RM	South Africa RM	Vietnam RM	Eliminations RM	Consolidated RM
2005					
Revenue					
- external sales	219,318,113	9,294,896	113,715,176	-	342,328,185
- inter-segment sales	3,302,660	-	-	(3,302,660)	-
Total revenue	222,620,773	9,294,896	113,715,176	(3,302,660)	342,328,185
Segment results	2,970,896	1,249,036	2,611,451	232,390	7,063,773
Unallocated corporate expenses					(436,362)
Profit from operations					6,627,411
Finance costs					(3,622,758)
Profit before tax					3,004,653
Tax expense					(1,599,824)
Profit after tax					1,404,829
Minority interests					(394,315)
Net profit for the financial year					1,010,514
Segment assets	141,479,651	4,978,948	110,391,430	(8,490,731)	248,359,298
Unallocated corporate assets					85,368
Consolidated total assets					248,444,666
Segment liabilities	79,245,364	2,395,783	100,724,824	(38,887,288)	143,478,683
Unallocated corporate liabilities					41,397
Consolidated total liabilities					143,520,080
Other information					
Capital expenditure	12,525,008	67,073	17,449,652	-	30,041,733
Amortisation of goodwill on consolidation	-	-	-	59,551	59,551
Depreciation	5,906,757	54,215	3,477,265	-	9,438,237
Non-cash expenses (other than amortisation and depreciation)	272,186	(22,193)	208,584	(20,393)	438,184

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

28. SEGMENTAL INFORMATION (CONT'D)

(a) Geographical Segments (Cont'd)

2004	Malaysia RM	Singapore RM	South Africa RM	Vietnam RM	Eliminations RM	Consolidated RM
Revenue						
- external sales	245,930,001	308	5,977,701	53,915,275	-	305,823,285
- inter-segment sales	2,544,834	-	-	23,019,945	(25,564,779)	-
Total revenue	248,474,835	308	5,977,701	76,935,220	(25,564,779)	305,823,285
Segment results	15,403,973	(42,780)	786,856	(3,022,886)	2,090,266	15,215,429
Unallocated corporate expenses						(911,131)
Profit from operations						14,304,298
Finance costs						(3,600,530)
Profit before tax						10,703,768
Tax expense						(2,694,321)
Profit after tax						8,009,447
Minority interests						(272,912)
Net profit for the financial year						7,736,535
Segment assets	163,566,964	5,889	3,800,560	87,643,246	(8,507,530)	246,509,129
Unallocated corporate assets						173,581
Consolidated total assets						246,682,710
Segment liabilities	97,646,018	255,184	1,828,036	79,037,502	(37,256,899)	141,509,841
Unallocated corporate liabilities						90,116
Consolidated total liabilities						141,599,957
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

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

28. SEGMENTAL INFORMATION (CONT'D)

(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) During the current financial year, the investment in Poh Huat International (S) Pte. Ltd. ("PHIS"), a subsidiary company incorporated in Singapore had been written off as PHIS had commenced its application for striking off the register under the provision of Section 344(2) of the Singapore Companies Act.
- (b) On 23 February 2005, a fire occurred at one of the subsidiary company's manufacturing plant. Part of a factory building together with certain inventories, plant and machinery were destroyed by the fire. An insurance claim on the fire and consequential losses of RM 8.2 million was recovered from the insurer. After charging the costs of the inventories damaged and the costs of replacements and repairs of the factory plant and machinery against the insurance claim, the net sum amounted to approximately RM 2.0 million as shown in the financial statements.
- (c) On 1 February 2005, the Board of Directors of the Company approved the merger of two wholly owned subsidiary companies in Vietnam, namely Poh Huat Furniture Industries Vietnam Limited ("PHFIVL") and Poh Huat Woodwork Industries Vietnam Limited ("PHWIVL"). This application has been approved by the Vietnam authorities on 27 April 2005 and 2 June 2005 respectively. Under this merger exercise which took effect from 1 July 2005, PHFIVL had taken over all assets and liabilities, rights and obligations, including responsibilities for unpaid debts, for labour contract and for other asset obligations as well as for the tax obligations from PHWIVL. Subsequent to the merger, the merged entity would continue under the revised investment license of PHFIVL and PHWIVL ceased to exist.

30. SUBSEQUENT EVENT

On 19 December 2005, the Company contributed a total of USD 5,411,575 or RM 20,563,985 to the legal capital of a subsidiary company, namely Poh Huat Furniture Industries Vietnam Limited.

31. 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.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

31. FINANCIAL INSTRUMENTS (CONT'D)

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

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 debt; the Group had no substantial long term interest-bearing assets at 31 October 2005. The investments in financial assets are mainly short term in nature and have been mostly placed in short term and fixed deposits.

The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The Group does not hedge against interest rate risk. The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(ii) Credit risk

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

At the end of financial year, the Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to group of receivables.

(iii) Foreign currency risk

The Group's operations are exposed to fluctuation in foreign currencies, especially United States Dollar ("USD"). Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currency other than functional currency of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

31. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Foreign currency risk (cont'd)

At the balance sheet date, the Group had entered into forward foreign exchange contracts with the following notional amounts and maturity profiles:

			Maturity Profile			
	Currency	Amount in foreign currency	Not later than one year	Later than one year and not later than five years	Later than five years	Total notional amount
			RM	RM	RM	RM
At 31 October 2005:						
Forwards used to hedge anticipated sales	USD	10,795,673	40,578,579	-	-	40,578,579
At 31 October 2004:						
Forwards used to hedge anticipated sales	USD	29,241,826	111,308,341	-	-	111,308,341

The net unrecognised loss at 31 October 2005 on forward foreign exchange contracts used to hedge anticipated sales which are expected to occur within the twelve months amounted to RM 172,927 and are deferred until the related sales occur, at which time they will be included in the measurement of the sales.

(iv) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investment to meet its working capital requirements. As far as possible, the Group raises committed funding from licensed financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Notes to the Financial Statements (Cont'd)

for the financial year ended 31 October 2005

31. FINANCIAL INSTRUMENTS (CONT'D)

(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 payables 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 2005.

(c) Unrecognised Financial Instruments

The nominal/notional amounts and net fair value of financial instruments not recognised in the balance sheets of the Group at the balance sheet date are:

	Group Nominal/ notional amount RM	Net fair value RM
At 31 October 2005		
Forward foreign exchange contracts	40,578,579	(172,927)
At 31 October 2004		
Forward foreign exchange contracts	111,308,341	189,402

The fair value of a forward foreign exchange contract is the amount that would be receivable on termination of the outstanding position arising therefrom and is determined by reference to the difference between the contracted rate and forward exchange rate at the balance sheet date applied to a contract of similar quantum and maturity profile.

List of Landed Properties

as at 31 October 2005

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 31.10.2005 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 2056/9 years	5,203	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 2056/9 years	4,823	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 cum factory building and ancillary structures	2.21	Office with furniture manufacturing and warehousing facilities	60 years leasehold expiring in 2060/1 year	17,189	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 2056/9 years	7,904	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 2056/7 years	6,923	27.7.99 (Date of Revaluation)

List of Landed Properties (Cont'd)

as at 31 October 2005

Address/ Location	Description	Land Area (hectare)	Use	Tenure/ Age of Building	Net Book Value as at 31.10.2005 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/ 5 years	11,835	12.9.00 (Date of Acquisition)
Poh Huat Furniture Industries Vietnam Limited						
No. 17, Road 26 Song Than Industrial Zone II Di An District Binh Duong Province Vietnam	1 plot of industrial land with an office building, 1 hostel, 3 factory buildings and ancillary structures	6.76	Office with furniture manufacturing and accom- modation facilities	50 years lease expiring in 2045/ 4 years	16,365	1.3.02 (Date of Acquisition)
Lot 25 Tam Phuoc Commune Long Thanh District Dong Nai Province Vietnam	1 plot of industrial land with an office building, 1 hostel, 3 factory buildings ancillary structures	12.39	Office with furniture manufacturing facilities	50 years lease expiring in 2052/ 1 year	18,985	29.8.02 (Date of Acquisition)

Analysis of Shareholdings

as at 1 March 2006

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	-	4,648

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	160	3.44	7,819	0.01
100 - 1000	388	8.35	327,165	0.38
1,001 - 10,000	3,450	74.23	12,149,030	13.93
10,001 - 100,000	582	12.52	15,591,936	17.88
100,001 to less than 5% of issued warrants	65	1.40	28,796,506	33.02
5% and above of issued warrants	3	0.06	30,347,644	34.79
TOTAL	4,648	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	17,992,394	2,334,929 ^(a)	20.63	2.68
Ng Ah Poh	7,323,350	-	8.40	-
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 ^(a)	-	0.29
Tay Kim Huat	17,992,394	2,334,929 ^(b)	20.63	2.68
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	-	-	-	-

Notes:-

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

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

Analysis of Shareholdings (Cont'd)

as at 1 March 2006

The 30 Largest Shareholders			
No.	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1	Ng Ah Poh	7,323,350	8.40
2	EB Nominees (Tempatan) Sendirian Berhad <Account For Tay Kim Huat>	6,000,000	6.88
3	Employees Provident Fund Board	5,031,900	5.77
4	Tay Kim Huat	4,987,044	5.72
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	Pui Cheng Wui	2,221,600	2.55
8	EB Nominees (Tempatan) Sendirian Berhad <Account For Tay Kim Hau>	2,219,100	2.54
9	Tan Chen Neo @ Tang Chen Neo	2,050,000	2.35
10	Ng Sui Kang	1,830,000	2.10
11	Tay Kim Huat	1,668,350	1.91
12	Sim Sheau Yun	1,485,475	1.70
13	Tay Kim Huat	1,000,000	1.15
14	HSBC Nominees (Tempatan) Sdn Bhd <Account For Tay Khim Seng>	1,000,000	1.15
15	Yeo Gek Cheng	896,165	1.03
16	Tay Li Ping	892,500	1.02
17	Tay Kim Hau	855,500	0.98
18	HLB Nominees (Tempatan) Sdn Bhd <Tay Khim Seng>	700,000	0.80
19	Tay Li Chin	546,264	0.63
20	HSBC Nominees (Tempatan) Sdn Bhd <HSBC (M) Trustee Bhd For Tahan Insurance Malaysia Berhad>	535,500	0.61
21	Toh Kim Chong	500,000	0.57
22	Cartaban Nominees (Tempatan) Sdn Bhd <Account For Su Ming Keat>	450,000	0.52
23	Lu Kim San	388,500	0.45
24	Yeo Eck Liong	388,300	0.45
25	Green River Wood & Lumber Mfg Sdn Bhd	353,250	0.41
26	HDM Nominees (Tempatan) Sdn Bhd <Seow Kah Heng>	350,000	0.40
27	Yeow Kah Loo	350,000	0.40
28	Tan Wan Cher	310,000	0.36
29	Lu Chin Poh	307,500	0.35
30	Kenanga Nominees (Tempatan) Sdn Bhd <Account For Sim Sheau Yun>	300,000	0.34

Analysis of Warrantholdings for Warrants 2003/2008

as at 1 March 2006

Principal Statistics

No of warrants in issue	-	17,243,200 warrants
Exercise price of warrants	-	RM1.00 per new ordinary share subscribed
Expiry date of warrants	-	17 September 2008
Voting rights	-	One vote per warrant at any warrantholders' meeting
Number of warrantholders	-	1,558

Distribution of Warrantholdings

Size of Warrantholdings	No. of Warrantholders	% of Warrantholders	No. of Warrants	% of Issued Warrants
Less than 100	165	10.59	7,487	0.04
100 – 1000	563	36.14	369,576	2.15
1,001 – 10,000	630	40.44	2,600,163	15.08
10,001 – 100,000	165	10.59	4,747,059	27.53
100,001 to less than 5% of issued warrants	34	2.18	6,230,257	36.13
5% and above of issued warrants	1	0.06	3,288,658	19.07
Total	1,558	100.00	17,243,200	100.00

The 30 Largest Warrantholders

No	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	697,408	4.04
3	EB Nominees (Tempatan) Sendirian Berhad <Account For Tay Kim Hau>	490,000	2.84
4	Tan Hooi Leng	385,500	2.24
5	Gan Surt Neo	360,500	2.09
6	Pui Cheng Wui	259,300	1.50
7	TA Nominees (Tempatan) Sdn Bhd <Account For Ku Mun Foo>	250,000	1.45
8	Ang Khai Sheh	250,000	1.45
9	Chua Chin Chyang	229,000	1.33
10	Public Nominees (Tempatan) Sdn Bhd <Account For Chua Chok Ann>	225,000	1.30
11	Tan Swee Huan	218,500	1.27
12	Chin Shih Shyong	200,000	1.16
13	Chong Teck Seng	197,100	1.14

Analysis of Warrantholdings for Warrants 2003/2008 (Cont'd)

as at 1 March 2006

The 30 Largest Warrantholders (Cont'd)

No	No. of Name of Warrantholders	Warrants Held	%
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	Lim Kian Teck	175,000	1.01
17	Ang Chin Heng	172,000	1.00
18	Eng Nominees (Asing) Sdn Bhd <Kim Eng Sec. Pte Ltd For Sim Joo Keow>	170,000	0.99
19	Chua Chin Chyang	155,000	0.90
20	Ch'ng Gim Chew	150,000	0.87
21	Su Ming Keat	150,000	0.87
22	Mayban Nominees (Tempatan) Sdn Bhd <Account For Too Hooi Seong>	150,000	0.87
23	Lee Irene	150,000	0.87
24	Ter Poh Hwa	142,500	0.83
25	Tey Chit @ Tey Siew Choo	142,400	0.83
26	Yap Kok Kee	129,000	0.75
27	Lim Poh Hock	124,000	0.72
28	Sim Ming Jiek	118,000	0.68
29	Loh Choon Yow	115,700	0.67
30	Seow Seng Leong @ Siow Seng Leong	110,000	0.64

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 8th 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 24 April 2006 at 11.00 a.m. and, at every adjournment thereof, and to vote as indicated below:-

Ordinary Resolution		For	Against
Ordinary Resolution 1	Adoption of Audited Financial Statements and Reports		
Ordinary Resolution 2	Payment of Directors' Fee		
Ordinary Resolution 3	Declaration of First and Final Tax-exempt Dividend of 2%		
Ordinary Resolution 4	Re-election of Mr Tay Kim Huat as Director		
Ordinary Resolution 5	Re-election of Mr Tay Kim Hau as Director		
Ordinary Resolution 6	Re-election of Mr Boo Chin Liong as Director		
Ordinary Resolution 7	Re-appointment of Auditors		
Ordinary Resolution 8	Authority for Directors to Issue Shares		
Ordinary Resolution 9	Proposed Shareholders' Mandate for Recurrent Related Party Transactions Involving Ornapaper Berhad and its subsidiaries		
Ordinary Resolution 10	Proposed Shareholders' Mandate for Recurrent Related Party Transactions Involving Tay Kim Huat		
Ordinary Resolution 11	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 2006.

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 No.8 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr Ismail, Jalan Bakri, 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.

Please fold here

Registered Office / Pejabat Berdaftar
POH HUAT RESOURCES HOLDINGS BERHAD
(Company No.: 443169-X)
No. 8 (1st Floor), Jalan Pesta 1/1,
Taman Tun Dr Ismail 1, Jalan Bakri
84000 Muar, Johor Darul Takzim

Stamp/Setem

Please fold here

POH HUAT RESOURCES HOLDINGS BERHAD 443169-X

Incorporated in Malaysia under the Companies Act, 1965

PLO 1, Jorak Industrial Area, Mukim Sungai Raya

84300 Bukit Pasir, Muar

Johor Darul Takzim, West Malaysia

Tel: 606-985 9688 Fax: 606-985 9588

Homepage: www.pohhuat.com

E-mail: pohhuat@po.jaring.my