



annual report 2007

creating innovative products, meeting global standards



POH HUAT RESOURCES HOLDINGS BERHAD
443169-X



Contents

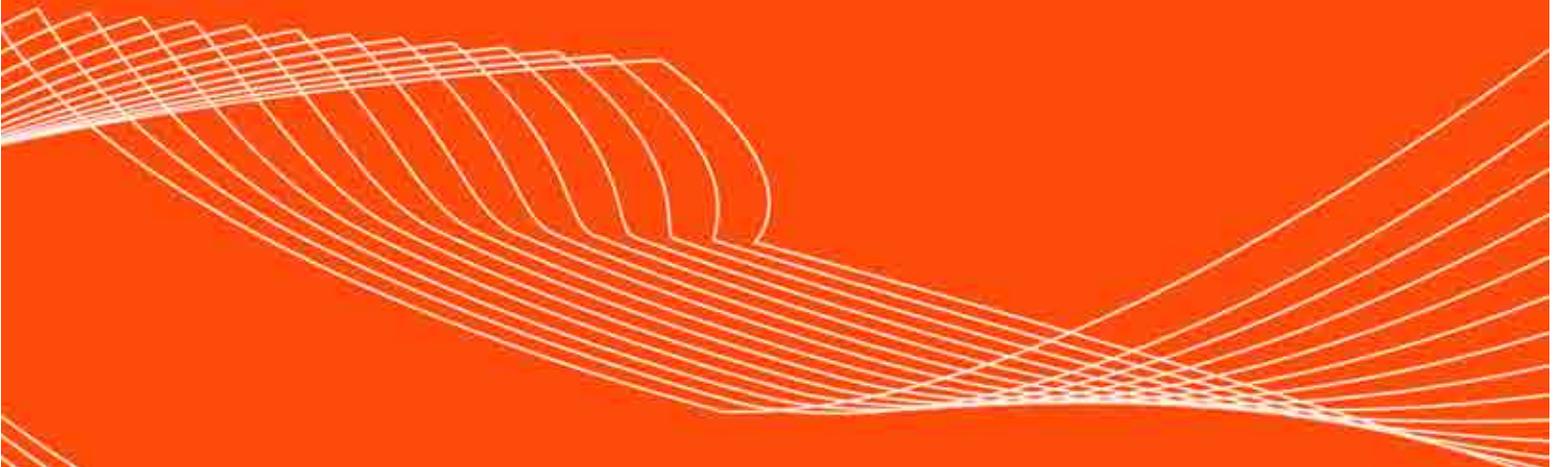
01	Corporate Statement	17	Corporate Governance
02	Notice of Annual General Meeting and Dividend Entitlement	24	Audit Committee
05	Statement Accompanying Notice of Annual General Meeting	27	Statement on Internal Control
08	Corporate Information	28	Directors' Responsibilities Statement
09	Corporate Structure	29	Financial Statements
10	Group Financial Highlights	84	List of Landed Properties
11	Information on Directors	86	Analysis of Shareholdings
14	Statement by the Managing Director	88	Analysis of Warrantholdings for Warrants 2003/2008
			Form of Proxy





corporate statement

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



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 10th Annual General Meeting of the Company will be held at Pendeta 2, Sofitel Palm Resort, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor Darul Takzim on 28 April 2008 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 2007 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 2007. **(Ordinary Resolution 2)**
3. To declare a first and final dividend of 4% comprising a tax-exempt dividend of 2% and a taxable dividend of 2% in respect of the financial year ended 31 October 2007. **(Ordinary Resolution 3)**
4. To re-elect the following Directors who retire in accordance with Article 81 of the Company's Articles of Association:-
 - Tay Kim Hau **(Ordinary Resolution 4)**
 - Tay Khim Seng **(Ordinary Resolution 5)**
5. To re-elect the following Directors who retire in accordance with Article 88 of the Company's Articles of Association:-
 - Tan Sri Mohd Sedek bin Haji Mohd Ali **(Ordinary Resolution 6)**
 - Chai Meng Kui (JP) **(Ordinary Resolution 7)**
6. To re-appoint Messrs SC Lim, Ng & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**

AS SPECIAL BUSINESS

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

7. **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 per centum (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 9)

NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the proposed first and final dividend of 4% comprising a tax-exempt dividend of 2% and a taxable dividend of 2% in respect of the financial year ended 31 October 2007, if approved, will be paid on 22 May 2008 to depositors registered in the Record of Depositors of the Company at the close of business on 8 May 2008.

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 2008 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
7 April 2008



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 Note on Special Business:-

7. *The Ordinary Resolution proposed under Item 7 (Resolution 9), 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.*

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:-

- Tay Kim Hau
- Tay Khim Seng
- Tan Sri Mohd Sedek bin Haji Mohd Ali
- Chai Meng Kui (JP)

Mr Tay Kim Hau and Mr Tay Khim Seng are retiring in accordance with Article 81 of the Company's Articles of Association while Tan Sri Mohd Sedek bin Haji Mohd Ali and Mr Chai Meng Kui (JP) are retiring in accordance with Article 88 of the Company's Articles of Association.

Details of Attendance of Directors at Board Meetings

Four (4) board meetings were held during the financial year ended 31 October 2007. Details of the attendance of Directors at the board meetings are as follows:-

Name

Attendance

Dato' Haji Zakariya bin Mohamed (Resigned on 1 January 2008)	4/4
Mr Tay Kim Huat	4/4
Mr Tay Kim Hau	4/4
Dato' Ng Ah Poh	3/4
Dato' Haji Zaini bin Md. Hasim	4/4
Mr Boo Chin Liong	4/4
Mr Tay Khim Seng	4/4
Mr Chua Syer Cin	4/4

Date, Time and Place of the Annual General Meeting

Date : 28 April 2008

Time : 11.00 a.m.

Place : Pendeta 2
Sofitel Palm Resort
Jalan Persiaran Golf
Off Jalan Jumbo
81250 Senai
Johor Darul Takzim

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 Hau

Age	:	60
Nationality	:	Malaysian
Designation/Position in the Company	:	Executive Director (Non-Independent Executive Director)
Qualification	:	Malaysian Certificate of Education
Work Experience	:	Executive Director 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 shares Deemed – Nil Warrants 2003/2008 Direct – 341,424 warrants 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 Tay Khim Seng

Age	:	47
Nationality	:	Malaysian
Designation/Position in the Company	:	Director (Non-Independent Non-Executive Director)
Qualification	:	Bachelor of Law (Honours), Malaya
Work Experience	:	Advocate and solicitor (1986 to present)
Directorship in other Public Companies	:	Nil
Securities holding in the Company and its subsidiaries	:	Ordinary Shares of RM1.00 each Direct – 1,798,500 shares Deemed – Nil Warrants 2003/2008 Direct – 7,500 warrants Deemed – Nil
Family relationship with any directors and/or major shareholders of the Company	:	Mr Tay Khim Seng is the brother of Mr Tay Kim Huat, the Managing Director and major shareholder of the Company and Mr Tay Kim Hau, an Executive Director and shareholder of the Company
Conflict of interest with the Company	:	Nil
List of conviction for offences within the past 10 years	:	Nil

Tan Sri Mohd Sedek bin Haji Mohd Ali

Age	:	59
Nationality	:	Malaysian
Designation/Position in the Company	:	Chairman (Independent Non-Executive Director)
Qualification	:	Bachelor of Arts (Economics), University of Malaya Master of Arts (Management), University of Leeds, United Kingdom
Work Experience	:	Royal Police Force, Malaysia (1973 to 2005) Held various commanding position including: - Deputy Inspector-General of Police - Director of Internal Security and Public Order - Commissioner of Police - Chief Police Officer of Kelantan and Perak - Operational Chairman for Security and Traffic (13th NAM)
Directorship in other Public Companies	:	Dijaya Corporation Berhad
Securities holding in the Company and its subsidiaries	:	Ordinary Shares of RM1.00 each Direct – Nil Deemed – Nil Warrants 2003/2008 Direct – Nil Deemed – Nil
Family relationship with any directors and/or major shareholders of the Company	:	Nil
Conflict of interest with the Company	:	Nil
List of conviction for offences within the past 10 years	:	Nil
List of conviction for offences within the past 10 years	:	Nil

Mr Chai Meng Kui (JP)

Age	:	42
Nationality	:	Malaysian
Designation/Position in the Company	:	Director (Non-Independent Non-Executive Director)
Qualification	:	-
Work Experience	:	Businessman involved in property development and related businesses including manufacture of timber products, quarrying and trading of building materials.
Directorship in other Public Companies	:	-
Securities holding in the Company and its subsidiaries	:	Ordinary Shares of RM1.00 each Direct – 6,183,900 shares Deemed – Nil Warrants 2003/2008 Direct – Nil Deemed – Nil
Family relationship with any directors and/or major shareholders of the Company	:	Nil
Conflict of interest with the Company	:	Nil
List of conviction for offences within the past 10 years	:	Nil

Corporate Information

BOARD OF DIRECTORS

Tan Sri Mohd Sedek bin Haji Mohd Ali *Chairman*

Tay Kim Huat *Managing Director*

Tay Kim Hau *Executive Director*

Dato' Ng Ah Poh *Executive Director*

Dato' Haji Zaini bin Md. Hasim

Chai Meng Kui

Boo Chin Liong

Tay Khim Seng

Chua Syer Cin

AUDIT COMMITTEE

Boo Chin Liong* (Chairman)

Dato' Haji Zaini bin Md. Hasim*

Tay Khim Seng

Chua Syer Cin*

NOMINATION COMMITTEE

Dato' Haji Zaini bin Md. Hasim*
(Chairman)

Boo Chin Liong*

Tay Khim Seng

Chua Syer Cin*

REMUNERATION COMMITTEE

Dato' Haji 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)

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

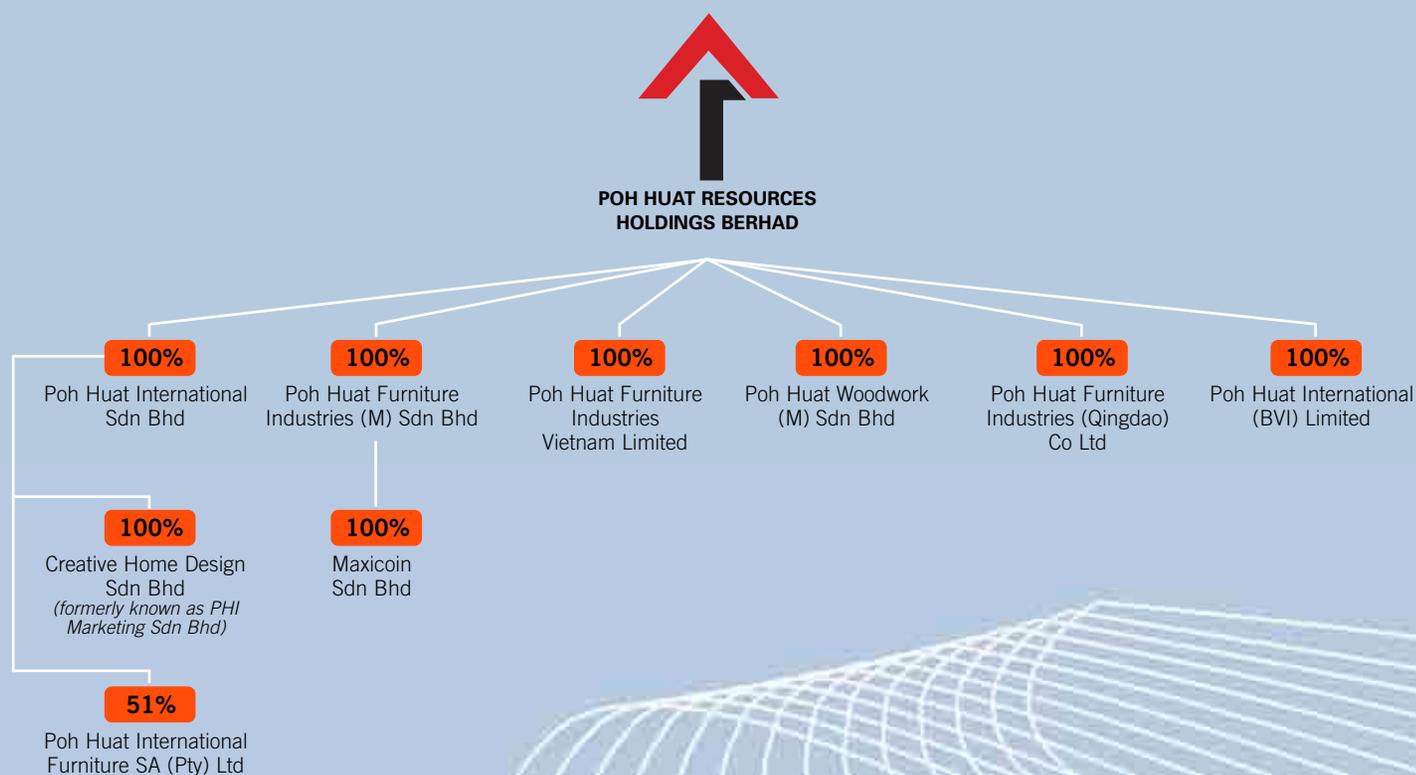
STOCK EXCHANGE LISTING

Main Board of

Bursa Malaysia Securities

Berhad

Corporate Structure

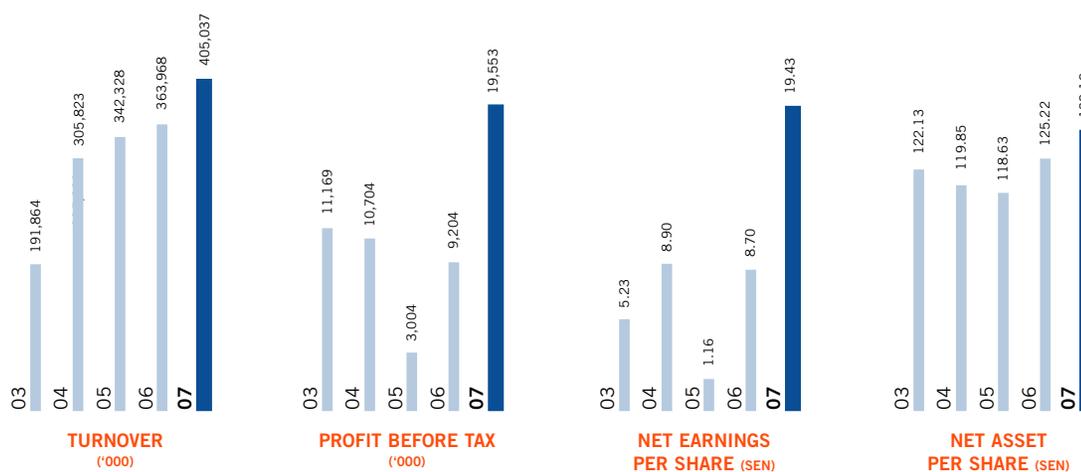


Group Financial Highlights

Financial year ended 31 October	2003 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000
Turnover	191,864	305,823	342,328	361,873	405,037
Profit before taxation	11,169	10,704	3,004	9,204	19,553
Profit after taxation and attributable to shareholders	4,140	7,737	1,405	7,586	16,946
Total shareholders' fund	96,756	104,216	103,471	109,213	121,399
Net earnings per share*	5.23	8.90	1.16	8.70	19.43
Net assets per share	122.13	119.85	118.63	125.22	139.19

Notes:-

*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 years 2005 to 2007 are calculated based on 87,220,100 shares in issue during those years.



Information on Directors



Tan Sri Mohd Sedek bin Haji Mohd Ali

Chairman
(Independent Non-Executive Director)

Tan Sri Mohd Sedek bin Haji Mohd Ali, aged 59, was appointed as the Chairman of the Company on 1 March 2008.

Tan Sri Mohd Sedek graduated with a Bachelor of Arts in Economics from the University of Malaya in 1971 and later obtained a Master of Arts in Management from the University of Leeds, United Kingdom. He joined the Royal Malaysian Police Force as an Assistant Superintendent in 1973 and had held various commanding position in the Force including Chief Police Officer of Kelantan and Perak. In 2002, with the rank of Commissioner of Police, he was made the Director of Internal Security and Public Order. He was the Operational Chairman of Security and Traffic during the 13th Non-Aligned Movement (NAM) Summit in Kuala Lumpur. He was the Deputy Inspector-General of Police prior to his retirement in January 2005.

Tan Sri Mohd Sedek is an Independent Director of Dijaya Corporation Berhad since June 2005 and is presently a director of several private limited companies.

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 52, was appointed to the Board of the Company on 9 December 1999 and is presently the Managing Director of the Company.

Mr Tay is the co-founder of Poh Huat Furniture Industries (M) Sdn Bhd, the main operating subsidiary of the Group. With more than 25 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 is instrumental in the rapid expansion of the Group's operations, particularly in the overseas ventures and investment.

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 60, 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. Mr Tay retired from his position of General Manager in 2007 but remained involved in the areas of marketing and business development 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 57, was appointed to the Board of the Company on 9 December 1999 and is presently an Executive Director of the Company.

Upon completion of his 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' Haji Zaini bin Md. Hasim

DIMP, AMP, AMN, PIS, PPA, PPS
Director

(Independent Non-Executive Director)

Dato' Haji Zaini bin Md. Hasim, Malaysian, aged 62, 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' Haji 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' Haji 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' Haji Zaini has held various commanding position 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 Chai Meng Kui (JP)

Director

(Non-Independent Non-Executive Director)

Mr Chai Meng Kui, Malaysian, aged 42, was appointed to the Board of the Company on 1 January 2008 and is presently a Non-Independent Non-Executive Director of the Company.

Mr Chai completed his early education in Muar and was involved in dealing with used motor vehicles during the early stage of his working career. Mr Chai presently has business interests in and is a director of several private limited companies involved in property development and related businesses including manufacture of timber products, quarrying and trading of building materials.

He also has business interests in and is a director of a company involved in dealing with used motor vehicles.

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 47, 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 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 47, was appointed as a Non-Independent Non-Executive Director of the Company on 2 May 2001 and is presently a member of the Audit Committee, Remuneration Committee and the Nomination Committee.

Mr Tay completed his education with a Bachelor of Law (Honours) from the University of Malaya in 1985. Mr Tay has been practicing in Muar 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 35, 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.



Statement by the Managing Director

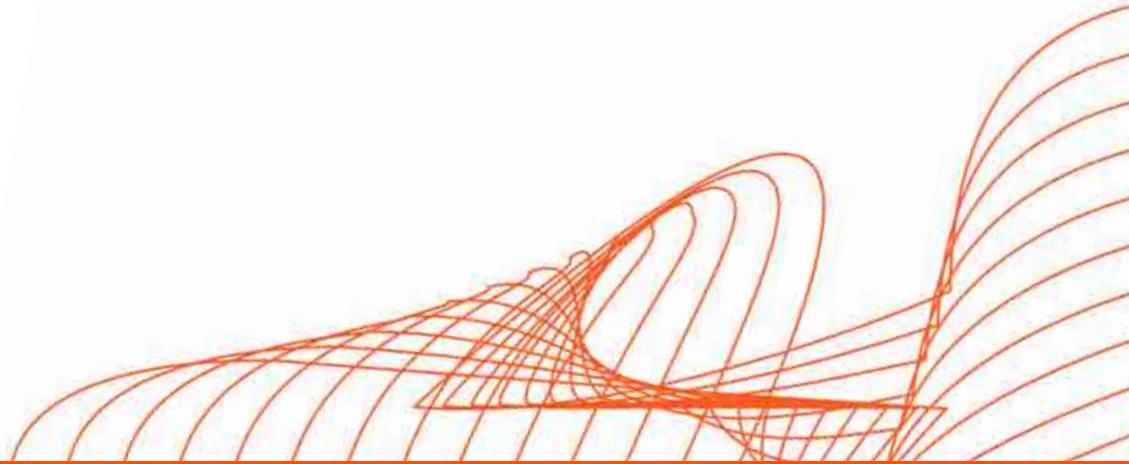
Dear Shareholders,

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 2007.

OPERATIONS

It is my pleasure to report to you that we continued to achieve good performance despite the many external and operational challenges that confronted us during the year. The Group forged ahead with higher shipment of furniture both to the North American market and to non-traditional markets such as the Middle East and Europe. The consolidated turnover for the year was RM405 million, an increase of 11.26% over the previous year's turnover of RM364 million. This improvement is especially commendable given the protracted weaknesses in the US housing sector that led to credit tightening, poor consumer confidence and lower home furnishing spending. During the year, our Vietnamese operations shifted to a high level of operation with the maturing of our 2nd plant in the Dong Nai province. Our Malaysian operations continued to perform well with a turnover of RM221 million.

With the improvement in Vietnam, I am happy to report that the Group's net profit rose more than 2.3 times to RM17.45 million. Last year, we attained higher productivity, improved on sourcing and material usage



and benefited from better economy of scale. On the product and market development, we worked hard with our customers to develop better products and distribution arrangements whilst striving to maintain profit margins amidst difficult market conditions. I must emphasise that the substantial improvement in the profitability was the result of the many efforts we initiated 2 to 3 years ago.

This year, we look forward to the commencement of our operations in China. We expect considerable challenges from this new venture but we are confident that this will bring about benefits similar, if not better that what we are enjoying from our Vietnamese operations.

DIVIDEND

In line with the better performance of the Company, the Board has recommended a first and final

dividend of 4%, comprising a tax-exempt dividend of 2% and a taxable dividend of 2%, for the financial year ended 31 October 2007 for approval at the forthcoming Annual General Meeting of the Company.

PROSPECTS

The global economic outlook for the coming year is not encouraging given the fallout of the US sub-prime crisis. Economic growth and consumer demand in most economies are likely to be subdued as capital and financial markets absorb losses for exposure to sub-prime related investments. Consumer will continue to experience broad-based credit squeeze. The rapid interest rate cuts and rescue packages put forth by the US Federal Reserves and central banks elsewhere are hoped to restore weakened consumer sentiments and moderate slowdown in the effected economies.





Despite the prospects of slower global growth and continued weaknesses in the US housing sector, we are optimistic on maintaining our performance for the current year. We are confident that we will remain competitive, particularly in Vietnam due to our strong manufacturing capabilities and workforce. We will continue to strive for better products and foster closer relationship with our customers to ensure sustained orders for our goods. We will also look forward to new opportunities as we expand our manufacturing footprint to Qingdao, China.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our gratitude to Dato' Haji Zakariya bin Mohamed for his long service as our Chairman. We wish him well for his future endeavours.

We would also like to express our sincere appreciation to the management and employees of

the Group. The achievement of the Group could not have been possible if not for the hard work put in by our rapidly growing workforce.

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

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

Tay Kim Huat

Muar, Johor Darul Takzim

18 March 2008

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 nine (9) members of whom three (3) are Executive Directors and six (6) are Non-Executive Directors. Out of the six (6) Non-Executive Directors, four (4) are independent.

The Executive Directors bring together expertise and experience in manufacturing and investment. 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 financial year, the Directors and management staff attended the following in-house courses:-

- (i) Organising and Influencing at Board Level
- (ii) Challenges in Building World-Class Board

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 2007, four (4) board meetings were held. Details of the attendance of Directors at these board meetings are as follows:-

Name	Attendance
Dato' Haji Zakariya bin Mohamed (Resigned on 31 December 2007)	4/4
Mr Tay Kim Huat	4/4
Mr Tay Kim Hau	4/4
Dato' Ng Ah Poh	3/4
Dato' Haji 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' Haji 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' Haji 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 2007 are disclosed in Note 21 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' Haji 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 23 April 2007, 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 2007, 8,349,000 options have been granted and accepted by the eligible employees. Of these, 963,300 options have been exercised whilst 7,385,700 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 RM1.00 per ordinary share is equivalent to the par value of ordinary shares.

As at 31 October 2007, 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 Depository Receipt or Global Depository Receipt programme during the financial year.

Sanctions and Penalties

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

Non-Audit Fees Payable to External Auditors

No non-audit fees were 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 2007 RM
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	3,984,234
Poh Huat Furniture Industries (M) 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. Dato' Haji Zaini bin Md. Hasim
Independent Non-Executive Director
3. Mr Chua Syer Cin
Independent Non-Executive Director
4. Mr Tay Khim Seng
(Appointed on 1 March 2008)
Non-Independent Non-Executive Director
5. Mr Tay Kim Huat
(Resigned on 1 March 2008)
Non-Independent 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 three (3) members. All the audit committee members must be non-executive directors of which a majority shall be independent directors.

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

If a member of the Committee for any reason ceases to be a member with the result that the number of members is reduce to below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (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 2007. Details of the attendance of members at Audit Committee Meetings are as follows:-

Name	Attendance
Mr Boo Chin Liong	4/4
Dato' Haji Zaini bin Md. Hasim	4/4
Mr Chua Syer Cin	4/4
Mr Tay Kim Huat (Resigned on 1 March 2008)	4/4

The activities of the Audit Committee during the financial year ended 31 October 2007 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 2007 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 in-house 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.

An abstract graphic consisting of numerous thin, white, overlapping lines that form a horizontal, wavy shape across the middle of the page. The lines are more densely packed in some areas, creating a sense of depth and movement.

Financial Statements

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

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 2007.

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 6 to the financial statements.

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

RESULTS

	<u>Group</u> RM	<u>Company</u> RM
Net profit for the financial year	17,451,829	34,075,497
Attributable to:		
Equity holders of the Company	16,945,694	34,075,497
Minority interest	506,135	-
	<u>17,451,829</u>	<u>34,075,497</u>

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 other than the effects arising from the changes in accounting policies due to the adoption of the new/revised Financial Reporting Standards as disclosed in Note 2.3 to the financial statements.

DIVIDENDS

A first and final tax exempt dividend of 2% amounting to RM1,744,402, which was proposed in respect of the financial year ended 31 October 2006 and dealt with in the previous directors' report, was declared on 23 April 2007 and subsequently paid on 22 May 2007. The payment was made to the shareholders whose name appeared in the Company's Record of Depositors on 8 May 2007.

The Board of Directors proposed the payment of the following first and final dividend in respect of the financial year ended 31 October 2007:

	RM
- 2% tax exempt	1,744,402
- 2% less tax at 27%	1,273,413
	<u>3,017,815</u>

The 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 equity as an appropriation of retained profits for the financial year ending 31 October 2008.

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.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue 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 RM1.00 each on the basis of one (1) ordinary share for every four (4) existing ordinary shares held, the Company had on 18 September 2003 issued 11,500,000 detachable warrants 2003/2008 ("Warrants 2003/2008") at no cost to its shareholders.

Each 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 RM1.00 for every one (1) new ordinary share subject to the adjustments under certain circumstances in accordance with the provisions of the Deed Poll.

The exercise period shall commence from 18 September 2003 (being the issue date of the Warrants 2003/2008) and expire on 17 September 2008 (being the maturity date of the Warrants 2003/2008). Warrants 2003/2008 not exercised during the exercise period will thereafter lapse and cease to be valid.

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

The movements in the Warrants 2003/2008 during the financial year to take up unissued new ordinary shares of RM1.00 each in the Company were as follows:

	Number of Warrants 2003/2008
At 1 November 2006	17,243,200
Exercised	-
At 31 October 2007	17,243,200

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)**(b) Employees' 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 RM1.00 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 11(b) to the financial statements.

The options offered and accepted under 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 Options Over Ordinary Shares of RM1.00 Each				Balance 31.10.07
			Balance 01.11.06	Offered And Accepted	Exercised	Lapsed	
28 Nov 2003	27 Nov 2008	1.15	6,811,700	-	-	-	6,811,700
24 Jan 2005	27 Nov 2008	1.00	339,000	-	-	-	339,000
01 Jan 2006	27 Nov 2008	1.00	235,000	-	-	-	235,000
			7,385,700	-	-	-	7,385,700

DIRECTORS OF THE COMPANY

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

- 1) Dato' Haji Zakariya Bin Mohamed (Resigned on 01.01.2008)
- 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
- 9) Chai Meng Kui (Appointed on 01.01.2008)

In accordance with the Company's Articles of Association, Mr. Tay Kim Hau, Mr. Tay Khim Seng and Mr. Chai Meng Kui retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of the Directors in office at the end of 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 RM1.00 each			
		Balance 01.11.06	Bought	Sold	Balance 31.10.07
Dato' Haji Zakariya Bin Mohamed (Resigned on 01.01.2008)	- Direct interest	250,000	-	-	250,000
Tay Kim Huat	- Direct interest	19,492,394	1,861,800	(4,337,000)	17,017,194
	- Indirect interest *	2,334,929	-	-	2,334,929
Tay Kim Hau	- Direct interest	3,074,600	-	-	3,074,600
Dato' Ng Ah Poh	- Direct interest	7,323,350	-	(785,000)	6,538,350
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 01.11.06	Bought	Sold	Balance 31.10.07
Tay Kim Huat	- Direct interest	3,288,658	97,900	-	3,386,558
	- Indirect interest *	236,967	-	-	236,967
Tay Kim Hau	- Direct interest	531,424	-	(190,000)	341,424
Dato' Ng Ah Poh	- Direct interest	74	-	-	74
Boo Chin Liong	- Direct interest	2,550	-	-	2,550
Tay Khim Seng	- Direct interest	98,500	-	(91,000)	7,500

* Indirect interest by virtue of the shareholdings of his spouse and children.

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 RM1.00 Each			
		Balance 01.11.06	Offered And Accepted	Exercised	Balance 31.10.07
Dato' Haji Zakariya Bin Mohamed (Resigned on 01.01.2008)	- 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

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.

DIRECTORS' INTERESTS (CONT'D)

Other than as disclosed above, none of the Directors in office at the end of the financial year had any other interest in 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 21 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 27 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 11 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 provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision 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 provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) that would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which 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.

OTHER STATUTORY INFORMATION (CONT'D)

- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; 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 30 to the financial statements.

SUBSEQUENT EVENT

The subsequent event are disclosed in Note 31 to the financial statements.

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 : 21 January 2008

Statement by Directors

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

We, the undersigned, being two of the Directors of Poh Huat Resources Holdings Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 39 to 83 are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 October 2007 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 : 21 January 2008

Statutory Declaration

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

I, TAY KIM HUAT, the Director primarily responsible for the financial management of Poh Huat Resources Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 83 are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared }
by the abovenamed TAY KIM HUAT }
at Muar in the state of Johor }
Darul Takzim on 21 January 2008 }

.....
TAY KIM HUAT

Before me:
Commissioner for Oaths

Report of the Auditors

to the members of Poh Huat Resources Holdings Berhad

We have audited the financial statements set out on pages 39 to 83. 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 for entities other than private entities issued by the Malaysian Accounting Standards Board 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 2007 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 6 to the financial statements, being financial statements that are included in the consolidated financial statements.

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

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

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

.....
LIM SWEE CHONG
No. 1177/12/08 (J)
Partner

Muar, Johor Darul Takzim
Date : 21 January 2008

Balance Sheets

at 31 October 2007

	Notes	2007 RM	Group 2006 RM Restated	2007 RM	Company 2006 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	114,380,129	111,617,824	-	-
Prepaid lease payments	5	17,421,302	17,465,501	-	-
Investment in subsidiary companies	6	-	-	91,910,229	79,940,790
Intangible asset	7	296,148	296,148	-	-
		132,097,579	129,379,473	91,910,229	79,940,790
CURRENT ASSETS					
Inventories	8	68,511,235	64,424,230	-	-
Trade and other receivables	9	32,130,667	43,529,463	36,847,296	11,552,813
Deposits, bank and cash balances	10	37,649,605	20,235,370	133,879	92,410
		138,291,507	128,189,063	36,981,175	11,645,223
TOTAL ASSETS		270,389,086	257,568,536	128,891,404	91,586,013
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	11	87,220,100	87,220,100	87,220,100	87,220,100
Reserves	12	34,178,716	21,993,123	32,658,745	306,864
		121,398,816	109,213,223	119,878,845	87,526,964
MINORITY INTEREST		1,874,311	1,306,787	-	-
TOTAL EQUITY		123,273,127	110,520,010	119,878,845	87,526,964
NON-CURRENT LIABILITIES					
Bank borrowings	13	8,227,438	17,433,080	-	-
Hire purchase payables	14	243,586	396,981	-	-
Long term payable	15	-	-	8,966,275	4,013,668
Deferred tax liabilities	16	6,398,000	6,292,000	-	-
		14,869,024	24,122,061	8,966,275	4,013,668
CURRENT LIABILITIES					
Trade and other payables	17	85,899,845	83,535,185	46,284	45,381
Bank borrowings	13	45,372,886	38,807,735	-	-
Hire purchase payables	14	333,798	314,748	-	-
Tax payable		640,406	268,797	-	-
		132,246,935	122,926,465	46,284	45,381
TOTAL LIABILITIES		147,115,959	147,048,526	9,012,559	4,059,049
TOTAL EQUITY AND LIABILITIES		270,389,086	257,568,536	128,891,404	91,586,013

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

Income Statements

for the financial year ended 31 October 2007

	Notes	2007 RM	Group 2006 RM Restated	2007 RM	Company 2006 RM
REVENUE	18	405,037,163	361,873,165	44,895,000	1,896,250
COST OF SALES		(344,132,445)	(314,974,474)	-	-
GROSS PROFIT		60,904,718	46,898,691	44,895,000	1,896,250
OTHER INCOME		681,570	291,607	-	41
SELLING AND DISTRIBUTION EXPENSES		(18,977,634)	(16,449,939)	-	-
ADMINISTRATIVE EXPENSES		(13,265,172)	(15,118,974)	(530,487)	(477,912)
OTHER EXPENSES		(5,378,600)	(1,814,041)	-	-
FINANCE COSTS	19	(4,411,711)	(4,603,444)	(152)	(743)
PROFIT BEFORE TAX	20	19,553,171	9,203,900	44,364,361	1,417,636
TAX EXPENSE	23	(2,101,342)	(1,613,103)	(10,288,864)	(440,000)
NET PROFIT FOR THE FINANCIAL YEAR		17,451,829	7,590,797	34,075,497	977,636
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY		16,945,694	7,585,982	34,075,497	977,636
MINORITY INTEREST		506,135	4,815	-	-
		17,451,829	7,590,797	34,075,497	977,636
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	24				
- Basic (Sen)		19.43	8.70		
- Diluted (Sen)		N/A	N/A		

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

Statements of Changes in Equity

for the financial year ended 31 October 2007

Note	Attributable To Equity Holders Of The Company									
	Non-Distributable					Distributable				
	Share Capital RM	Share Premium RM	Capital Reserves RM	Share Options Reserve RM	Merger Deficit RM	Foreign Exchange Fluctuation Reserve RM	Retained Profits RM	Total RM	Minority Interest RM	Total Equity RM
At 31 October 2005	87,220,100	144,495	6,633,467	-	(28,849,998)	(1,092,113)	39,415,166	103,471,117	1,453,469	104,924,586
Net profit for the financial year	-	-	-	-	-	-	7,585,982	7,585,982	4,815	7,590,797
Dividends	-	-	-	-	-	-	(1,744,402)	(1,744,402)	(110,308)	(1,854,710)
Foreign exchange differences	-	-	-	-	-	(99,474)	-	(99,474)	(41,189)	(140,663)
Net loss not recognised in the consolidated income statement	-	-	-	-	-	(99,474)	-	(99,474)	(41,189)	(140,663)
At 31 October 2006 (as previously stated)	87,220,100	144,495	6,633,467	-	(28,849,998)	(1,191,587)	45,256,746	109,213,223	1,306,787	110,520,010
Effect of adoption - FRS 3	-	-	(80,873)	-	-	-	80,873	-	-	-
At 31 October 2006 (restated)	87,220,100	144,495	6,552,594	-	(28,849,998)	(1,191,587)	45,337,619	109,213,223	1,306,787	110,520,010
Net profit for the financial year	-	-	-	-	-	-	16,945,694	16,945,694	506,135	17,451,829
Dividends	-	-	-	-	-	-	(1,744,402)	(1,744,402)	-	(1,744,402)
Foreign exchange differences	-	-	-	-	-	(3,107,485)	-	(3,107,485)	61,389	(3,046,096)
Net loss not recognised in the consolidated income statement	-	-	-	-	-	(3,107,485)	-	(3,107,485)	61,389	(3,046,096)
Effect of changes in tax rates	-	-	71,000	-	-	-	-	71,000	-	71,000
Share options granted under ESOS	-	-	-	20,786	-	-	-	20,786	-	20,786
At 31 October 2007	87,220,100	144,495	6,623,594	20,786	(28,849,998)	(4,299,072)	60,538,911	121,398,816	1,874,311	123,273,127

Statements of Changes in Equity (Cont'd)

Company	Attributable To Equity Holder Of The Company					Total Equity RM
	Note	Non-Distributable		Share Options Reserve RM	Distributable Retained Profits RM	
		Share Capital RM	Share Premium RM			
At 31 October 2005		87,220,100	144,495	-	929,135	88,293,730
Net profit for the financial year		-	-	-	977,636	977,636
Dividends	25	-	-	-	(1,744,402)	(1,744,402)
At 31 October 2006		87,220,100	144,495	-	162,369	87,526,964
Net profit for the financial year		-	-	-	34,075,497	34,075,497
Dividends	25	-	-	-	(1,744,402)	(1,744,402)
Share options granted under ESOS		-	-	20,786	-	20,786
At 31 October 2007		87,220,100	144,495	20,786	32,493,464	119,878,845

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

Cash Flow Statements

for the financial year ended 31 October 2007

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
		Restated		
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	19,553,171	9,203,900	44,364,361	1,417,636
Adjustments for:				
Amortisation of goodwill on consolidation	-	19,744	-	-
Amortisation of prepaid lease payments	394,566	395,501	-	-
Bad debts written off	7,369	-	-	-
Depreciation	8,953,209	9,152,883	-	-
Share options granted under ESOS	20,786	-	20,786	-
Loss/(Gain) on disposal of property, plant and equipment	73,177	(29,996)	-	-
Goodwill on consolidation written off	-	398,083	-	-
Property, plant and equipment written off	-	6,896	-	-
Unrealised loss on foreign exchange	211,438	292,038	-	-
Interest income	(241,939)	(110,720)	-	-
Interest expenses	3,415,026	3,737,624	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	32,386,803	23,065,953	44,385,147	1,417,636
Changes In Working Capital				
Inventories	(7,718,051)	(15,470,399)	-	-
Trade and other receivables	10,218,165	(2,705,809)	(35,583,347)	17,757,917
Trade and other payables	6,526,061	13,493,154	903	3,984
CASH GENERATED FROM OPERATIONS	41,412,978	18,382,899	8,802,703	19,179,537
Interest received	241,939	110,720	-	-
Interest paid	(3,415,026)	(3,737,624)	-	-
Tax paid	(1,764,567)	(3,308,489)	-	-
NET CASH FROM OPERATING ACTIVITIES	36,475,324	11,447,506	8,802,703	19,179,537
CASH FLOW FROM INVESTING ACTIVITIES				
Subscription of shares in subsidiary companies	-	-	(11,969,439)	(22,803,985)
Proceeds from disposal of property, plant and equipment	126,610	30,000	-	-
Purchase of property, plant and equipment	(16,097,403)	(4,393,077)	-	-
Prepaid lease payments	(776,118)	-	-	-
Dividend received from a subsidiary company	-	-	34,403,100	1,365,300
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(16,746,911)	(4,363,077)	22,433,661	(21,438,685)
F O R W A R D	19,728,413	7,084,429	31,236,364	(2,259,148)

Cash Flow Statements (Cont'd)

	Note	Group		Company	
		2007 RM	2006 RM Restated	2007 RM	2006 RM
F O R W A R D		19,728,413	7,084,429	31,236,364	(2,259,148)
CASH FLOW FROM FINANCING ACTIVITIES					
Net movements in trade bills		9,599,398	7,993,971	-	-
Drawdown of term loans		1,617,947	-	-	-
Repayment of term loans		(12,025,245)	(12,796,943)	-	-
Repayment of hire purchase payables		(369,794)	(250,229)	-	-
(Repayment of)/Advance from long term payable		-	-	(29,450,493)	4,013,668
Dividends paid		(1,744,402)	(1,744,402)	(1,744,402)	(1,744,402)
Dividend paid to minority shareholder		-	(110,309)	-	-
Net decrease in fixed deposits pledged		-	161,289	-	-
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(2,922,096)	(6,746,623)	(31,194,895)	2,269,266
EFFECT ON EXCHANGE RATE CHANGES		(285,914)	7,902	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		16,520,403	345,708	41,469	10,118
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR		20,235,370	19,889,662	92,410	82,292
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	(a)	36,755,773	20,235,370	133,879	92,410

Note To The Cash Flow Statements

(a) Cash And Cash Equivalents

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Deposits, bank and cash balances	37,649,605	20,235,370	133,879	92,410
Less: Bank overdraft	(893,832)	-	-	-
	36,755,773	20,235,370	133,879	92,410

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

Notes to the Financial Statements

financial year ended 31 October 2007

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 6. 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 in accordance with a resolution of Directors on 21 January 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

- (a) The financial statements of the Group and of the Company have been prepared in accordance with the applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (“MASB”), and the provisions of the Companies Act, 1965. Since the beginning of current financial year, the Group and the Company have adopted the new/revised Financial Reporting Standards (“FRSs”) which are applicable for financial period beginning on or after 1 January 2006 and 1 October 2006 as disclosed in Note 2.3.
- (b) The financial statements of the Group and of the Company have been prepared on historical cost basis unless otherwise indicated in the significant accounting policies.
- (c) The financial statements of the Group and of the Company are presented in Ringgit Malaysia (“RM”), which is the Group’s and the Company’s functional currency.

2.2 Summary of Significant Accounting Policies

(a) Subsidiary companies and basis of consolidation

(i) Subsidiary companies

Subsidiary companies are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company’s separate financial statements, investment in subsidiary companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(a) Subsidiary companies and basis of consolidation (Cont'd)

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. All the subsidiary companies were accounted for using the acquisition method except for Poh Huat Furniture Industries (M) Sdn. Bhd., which was accounted for using the merger method of accounting in accordance with Malaysian Accounting Standards No. 2 – “Accounting for Acquisitions and Mergers” which was the accounting standard prevailing at that time.

With the introduction of MASB Standard 21 (Financial Reporting Standards – FRS 122) on Business Combinations, the Group had elected to apply the transitional provisions made under this Standard, wherein the Group will conform with the requirements of the Standard prospectively.

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.

Acquisitions of subsidiary companies are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

Minority interests represents the portion of profit or loss and net assets in subsidiary companies not held by the Group. It is measured at the minorities' share of the fair value of the subsidiary companies identifiable assets and liabilities at the acquisition date and the minorities' share of changes in subsidiary companies equity since then.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statements during the financial period in which they are incurred.

Subsequent to recognition, 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 2.2(g).

The Group revalues its properties comprising factory buildings every five (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.

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%-20%
Vehicles, hostel, furniture, fittings and equipment	2%-33.33%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

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

(c) Prepaid lease payments

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(c) Prepaid lease payments (Cont'd)

Prior to 1 November 2006, leasehold land classified as finance lease and had recognised the amount of prepaid lease payments as property within its property, plant and equipment. With the adoption of FRS 117, leases, the Group treats such a lease as an operating lease, with the unamortised carrying amount classified as prepaid lease payments in accordance with the transitional provisions in FRS 117. Such prepaid lease payments is amortised over the remaining lease term.

The Group has also availed itself to the transitional provisions in FRS 117 whereby the unamortised revalued amount is retained at the surrogate carrying amount of prepaid lease payments. The unamortised revalued amount was stated based on the valuation carried out by an independent firm of professional valuers on the open market value basis.

(d) Intangible Asset

Goodwill

Goodwill is identified as any excess of the consideration paid over the Group's share of fair value of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition. Where the consideration is lower than the Group's share of net fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is recognised as negative goodwill. Negative goodwill is recognised immediately in the income statement.

Positive goodwill is carried at cost less any accumulated impairment loss. Goodwill is subjected to impairment test annually or more frequently if events or changes in circumstances indicate that the carrying amount might be impaired. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(g). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(e) Inventories

Inventories comprising raw materials, packing materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined on the weighted average or first-in-first-out bases, as applicable.

The costs of raw materials and packing materials comprise the original purchase price plus costs 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.

(f) Receivables

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(g) Impairment of assets

The carrying amounts of assets except for inventories and prepaid lease payments 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.

(h) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(i) Interest-bearing bank 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 charged to the income statements in the period they are incurred.

(j) Leases

(i) Finance leases

Property, plant and equipment acquired under hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheets as hire purchase payables. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(j) Leases (Cont'd)

(i) Finance leases (Cont'd)

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and fair value of the assets acquired, are recognised in the income statements over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The property, plant and equipment so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment and depreciation in Note 2.2(b).

(ii) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term (Note 2.2(c)).

(k) Income tax

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for deductible temporary differences, unused capital allowances and tax losses to the extent that it is probable that future taxable profit will be available against which the deferred tax asset 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 of 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(l) Revenue recognition

(i) Dividend income

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

(ii) Sale of goods

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

(iii) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

(m) 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.

(iii) Share-based compensation

The Group's Employees' Share Option Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's eligible executive directors and employees to acquire ordinary shares of the Company. The total fair value of share options granted to eligible executive directors and employees is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of share options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statements, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share options reserve until the option is exercisable, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(n) Cash and cash equivalents

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

(o) Functional and foreign currency

(i) Transactions and balances in foreign currencies

Transactions in foreign currencies during the financial year are converted into RM 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 RM 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 RM at rates of exchange ruling at the balance sheet date. Income statement items are translated at average exchange rates applicable throughout the financial year. 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.

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

	2007 RM	2006 RM
1 Chinese Remimbi (RMB)	0.4474	0.4636
1 Euro (EURO)	4.8240	4.6651
1 Singapore Dollar (SGD)	2.3045	2.3450
1 South African Rand (ZAR)	0.5098	0.4942
1 United States Dollar (USD)	3.3393	3.6527
1,000 Vietnam Dong (VND)	0.2080	0.2272

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(p) 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 assets, liabilities and 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.

(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.

2.3 Changes in Accounting Policies and Effects Arising From Adoption of New/Revised Financial Reporting Standards ("FRSs")

On 1 November 2006, the Group adopted the following FRSs applicable for financial periods beginning on or after 1 January 2006.

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies and Effects Arising From Adoption of New/Revised Financial Reporting Standards ("FRSs") (Cont'd)

In addition to the above, the Group has also adopted the following revised FRSs, which are effective for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of the above mentioned new/revised FRS does not have significant impact on the financial statements. The principal effects of the changes in accounting policies resulting from the adoption of the applicable new/revised FRSs are as per below:

(a) FRS 2 – Share-based Payment

This FRS requires an entity to recognise share-based payment transactions in its financial statements including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company operates an equity-settled, share-based compensation plan for the eligible executive directors and employees of the Group, i.e. the Employees' Share Option Scheme ("ESOS"). Prior to 1 November 2006, no compensation expense was recognised in the income statements for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in the income statements over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. The fair value of the share option is computed using a Binomial Options Pricing.

Under the transitional provisions of FRS 2, this FRS must be applied to share options that were granted after 31 December 2004 and had not yet vested on 1 January 2006 retrospectively.

The Company however has ascertained that the financial impact arising from the retrospective application of FRS 2 to the Group to be immaterial and hence, the financial statements for the financial year ended 31 October 2006 are not restated.

(b) FRS 3 : Business Combinations, FRS 136 : Impairment of Assets and FRS 138 : Intangible Assets

The adoption of FRS 3 has resulted in consequential adoption of, inter alia, two other accounting standards, FRS 136 and FRS 138 that have an impact on the financial statements of the Group.

Under FRS 3, the Group's reserve on consolidation which represents the excess of the fair value of the net assets of the subsidiary companies over the acquisition costs at the date of acquisitions, is now recognised immediately in the consolidated income statement. Prior to 1 November 2006, the reserve on consolidation is credited to capital reserves as permanent item. In accordance with the transitional provisions of FRS 3, the reserve on consolidation at 1 November 2006 of RM80,873 was derecognised with a corresponding increase in retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies and Effects Arising From Adoption of New/Revised Financial Reporting Standards ("FRSs") (Cont'd)

(b) FRS 3 : Business Combinations, FRS 136 : Impairment of Assets and FRS 138 : Intangible Assets (Cont'd)

Prior to 1 November 2006, goodwill was amortised on a straight-line basis over its estimated useful lives or 20 years, whichever is shorter. This change in accounting policy has been accounted for prospectively for business combinations. The adoption of FRS 136 and FRS 138 has resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in consolidated income statement and subsequent reversal is not allowed.

In accordance with the transitional provisions of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from 1 November 2006. The transitional provisions of FRS 3 requires the Group to eliminate at 1 November 2006 the carrying amount of the accumulated amortisation of RM496,793 against the carrying amount of goodwill. The net carrying amount of goodwill as at 1 November 2006 of RM296,148 ceased to be amortised.

(c) FRS 101 – Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. Minority interest is now presented within total equity in the consolidated balance sheet and shown as an allocation from net profit for the financial year in consolidated income statement. The movement of minority interest is also presented in the consolidated statements of changes in equity.

The current financial year's presentation of the Company's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current year's presentation.

(d) FRS 117 – Leases

The adoption of the revised FRS 117 has resulted in retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. Prior to 1 November 2006, leasehold land was classified as property, plant and equipment and was stated at cost or valuation less accumulated depreciation and impairment losses, if any.

Upon the adoption of the revised FRS 117 at 1 November 2006, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies and Effects Arising From Adoption of New/Revised Financial Reporting Standards ("FRSs") (Cont'd)

(e) Effects Arising from Adoption of New/Revised FRSs

The following tables provide estimates of the extent to which the line items in the balance sheets and income statements for the financial year ended 31 October 2007 is higher or lower than it would have been had the previous policies been applied in the current financial year.

(i) Effects on Balance Sheets At 31 October 2007

Description of Change	Increase/(Decrease)			Total RM
	FRS 2 Note 2.3(a) RM	FRS 3 Note 2.3(b) RM	FRS 117 Note 2.3(d) RM	
Group				
Property, plant and equipment	-	-	(17,421,302)	(17,421,302)
Prepaid lease payments	-	-	17,421,302	17,421,302
Reserve on consolidation	-	(80,873)	-	(80,873)
Share options reserve	20,786	-	-	20,786
Retained profits	(20,786)	80,873	-	60,087
Company				
Share options reserve	20,786	-	-	20,786
Retained profits	(20,786)	-	-	(20,786)

(ii) Effects on Income Statements For The Financial Year Ended 31 October 2007

Description of Change	Increase/(Decrease)			Total RM
	FRS 2 Note 2.3(a) RM	FRS 3 Note 2.3(b) RM	FRS 117 Note 2.3(d) RM	
Group and Company				
Administrative expenses	20,786	-	-	20,786
Net profit for the financial year	(20,786)	-	-	(20,786)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards And Interpretations Issued But Not Yet Effective

At the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and Interpretations were in issue but not yet effective and have not been applied by the Group:

FRSs, Amendments to FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 139	Financial Instruments : Recognition and Measurement	Deferred
FRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investments in a Foreign Operation	1 July 2007
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 126	Accounting and Reporting by Retirement Benefit Plans	1 July 2007
FRS 129	Financial Reporting in Hyperinflationary Economies	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7	Applying the Restatement Approach under	1 July 2007
FRS 129 2004	- Financial Reporting in Hyperinflationary Economies	
IC Interpretation 8	Scope of FRS 2	1 July 2007

The above FRSs, amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty the balance sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Impairment of Property, Plant and Equipment

The Group determines whether property, plant and equipment are impaired on an annual basis. This requires an estimation of the value-in-use of the cash-generating-units ("CGU") to which property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flow from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated in a straight line method over their useful lives. Management estimates the useful lives of these property, plant and equipment to be within three (3) to fifty (50) years.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these property, plant and equipment, therefore future depreciation charges could be revised.

(c) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the goodwill at balance sheet date is disclosed in Note 7.

(d) Income Tax

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions where applicable, in the period in which such determination

3. COMPARATIVE FIGURES

The following comparative figures have been restated as a result of adopting the new/revised FRSs and/or reclassified to conform with current year's presentation:

Group

	As previously reported	FRS 117	Reclassification	As restated
	RM	RM	RM	RM
BALANCE SHEET				
At 31 October 2006				
NON-CURRENT ASSETS				
Property, plant and equipment	129,083,325	(17,465,501)	-	111,617,824
Prepaid lease payments	-	17,465,501	-	17,465,501
INCOME STATEMENT				
For The Financial Year Ended 31 October 2006				
Revenue	363,967,502	-	(2,094,337)	361,873,165
Selling and distribution expenses	(18,544,276)	-	2,094,337	(16,449,939)

The reclassifications have no effect on the profit for the previous financial year.

4. PROPERTY, PLANT AND EQUIPMENT

Group - At 31 October 2007

	Factory buildings	Plant and machinery	Vehicles, hostel furniture, fittings and equipment	Capital work-in- progress	Total
	RM	RM	RM	RM	RM
At Cost/Valuation					
At 1 November 2006	75,114,993	77,739,101	10,136,076	15,181	163,005,351
Additions	770,304	2,309,783	1,569,061	11,682,155	16,331,303
Disposals	-	(109,137)	(270,687)	-	(379,824)
Reclassifications	874,145	542,908	-	(1,417,053)	-
Foreign exchange differences	(2,615,098)	(2,498,467)	(85,702)	(111,776)	(5,311,043)
At 31 October 2007	74,144,344	77,984,188	11,348,748	10,168,507	173,645,787
Representing:					
At valuation	13,272,729	-	-	-	13,272,729
At cost	60,871,615	77,984,188	11,348,748	10,168,507	160,373,058
	74,144,344	77,984,188	11,348,748	10,168,507	173,645,787

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**Group - At 31 October 2007**

	Factory buildings RM	Plant and machinery RM	Vehicles, hostel furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
Less : Accumulated Depreciation					
At 1 November 2006	5,890,864	38,613,745	6,882,918	-	51,387,527
Charge for the financial year	1,485,762	6,658,344	809,103	-	8,953,209
Disposals	-	(40,624)	(139,413)	-	(180,037)
Foreign exchange differences	(167,474)	(699,628)	(27,939)	-	(895,041)
At 31 October 2007	7,209,152	44,531,837	7,524,669	-	59,265,658
Representing:					
At valuation	2,084,536	-	-	-	2,084,536
At cost	5,124,616	44,531,837	7,524,669	-	57,181,122
	7,209,152	44,531,837	7,524,669	-	59,265,658
Net Book Value					
At 31 October 2007	66,935,192	33,452,351	3,824,079	10,168,507	114,380,129
Representing:					
At valuation	11,188,193	-	-	-	11,188,193
At cost	55,746,999	33,452,351	3,824,079	10,168,507	103,191,936
	66,935,192	33,452,351	3,824,079	10,168,507	114,380,129

**Group - At 31 October 2006
- Restated**

	Factory buildings RM	Plant and machinery RM	Vehicles, hostel furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
At Cost/Valuation					
At 1 November 2005	75,579,608	75,955,649	9,585,730	25,826	161,146,813
Additions	542,382	1,440,423	766,439	1,943,833	4,693,077
Disposals	-	-	(133,726)	-	(133,726)
Reclassifications	370,173	1,583,342	-	(1,953,515)	-
Write off	-	(9,543)	-	-	(9,543)
Foreign exchange differences	(1,377,170)	(1,230,770)	(82,367)	(963)	(2,691,270)
At 31 October 2006	75,114,993	77,739,101	10,136,076	15,181	163,005,351

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

Group - At 31 October 2006 - Restated (Cont'd)

	Factory buildings RM	Plant and machinery RM	Vehicles, hostel furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
Representing:					
At valuation	13,272,729	-	-	-	13,272,729
At cost	61,842,264	77,739,101	10,136,076	15,181	149,732,622
	75,114,993	77,739,101	10,136,076	15,181	163,005,351
Less : Accumulated Depreciation					
At 1 November 2005	4,446,128	31,993,430	6,271,690	-	42,711,248
Charge for the financial year	1,507,398	6,870,719	774,766	-	9,152,883
Disposals	-	-	(133,722)	-	(133,722)
Write off	-	(2,647)	-	-	(2,647)
Foreign exchange differences	(62,662)	(247,757)	(29,816)	-	(340,235)
At 31 October 2006	5,890,864	38,613,745	6,882,918	-	51,387,527
Representing:					
At valuation	1,819,080	-	-	-	1,819,080
At cost	4,071,784	38,613,745	6,882,918	-	49,568,447
	5,890,864	38,613,745	6,882,918	-	51,387,527
Net Book Value					
At 31 October 2006	69,224,129	39,125,356	3,253,158	15,181	111,617,824
Representing:					
At valuation	11,453,649	-	-	-	11,453,649
At cost	57,770,480	39,125,356	3,253,158	15,181	100,164,175
	69,224,129	39,125,356	3,253,158	15,181	111,617,824

- (a) The factory buildings of the Group were last revalued by the Directors in September 2004 based on professional appraisals by an independent valuer, using the open market value basis.
- (b) Had the Group's revalued factory buildings been carried under the cost model, the carrying amount would have been RM6,239,116 (2006 – RM6,399,935).

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

(c) The following property, plant and equipment are secured against bank borrowings granted to the Group (Note 13):

	2007	Group 2006
	RM	RM
<u>At Net Book Value</u>		
Factory buildings	34,439,636	45,000,190
Plant and machinery	3,684,835	14,003,002
Vehicles, hostel, furniture, fittings and equipment	-	699,548
	38,124,471	59,702,740

(d) The motor vehicles with net book value of RM945,592 (2006 – RM979,032) are acquired under hire purchase instalment plans (Note 14).

(e) There has been no property, plant and equipment in the Company throughout the current and previous financial years.

5. PREPAID LEASE PAYMENTS

	2007	Group 2006
	RM	RM Restated
Balance at the beginning of financial year	17,465,501	18,093,601
Add : Lease payment for leasehold land	776,118	-
	18,241,619	18,093,601
Less : Amortisation of prepaid lease payments	(394,566)	(395,501)
	17,847,053	17,698,100
Foreign exchange differences	(425,751)	(232,599)
Balance at the end of financial year	17,421,302	17,465,501
Analysed as:		
Leasehold land	17,421,302	17,465,501

(a) The leasehold land was last revalued by the Directors in September 2004 based on professional appraisals by an independent valuer, using the open market value basis.

(b) The leasehold land of RM10,025,620 (2006 – RM14,430,900) are secured against bank borrowings granted to the Group (Note 13).

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2007 RM	2006 RM
Unquoted shares - at cost	91,910,229	79,940,790

The details of subsidiary companies and the equity interest held by the Company are shown as below:

Name Of Company	Principal Activities	Country of Incorporation	Equity Interest Held	
			2007	2006
Subsidiary Companies				
* Poh Huat Furniture Industries (M) Sdn. Bhd.	Manufacturing and trading of furniture and investment holding.	Malaysia	100%	100%
Poh Huat Woodwork (M) Sdn. Bhd.	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 wooden furniture.	Vietnam	100%	100%
# Poh Huat Furniture Industries (Qingdao) Co. Ltd.	Manufacturing of furniture and related products.	People's Republic of China	100%	100%
Poh Huat International Limited	Dormant.	British Virgin Islands	100%	NA
Subsidiary Company Of Poh Huat Furniture Industries (M) Sdn. Bhd.				
Maxicojn Sdn. Bhd.	Dormant.	Malaysia	100%	100%
Subsidiary Companies Of Poh Huat International Sdn. Bhd.				
Creative Home Design Sdn. Bhd. (Formerly known as PHI Marketing Sdn. Bhd.)	Trading of furniture.	Malaysia	100%	100%
# Poh Huat International Furniture SA (Pty) Ltd.	Trading of furniture.	South Africa	51%	51%

* Subsidiary companies consolidated under the merger method of accounting.

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

7. INTANGIBLE ASSET

	Group	
	2007 RM	2006 RM
GOODWILL		
<u>At Cost</u>		
Balance at the beginning of financial year	792,941	1,191,024
Written off to income statement	-	(398,083)
Effect of adoption - FRS 3 (Note 2.3(b))	(496,793)	-
Balance at the end of financial year	296,148	792,941
<u>Less : Accumulated Amortisation</u>		
Balance at the beginning of financial year	496,793	477,049
Amortisation for the financial year	-	19,744
Effect of adoption - FRS 3 (Note 2.3(b))	(496,793)	-
Balance at the end of financial year	-	496,793
Net carrying amount	296,148	296,148

Goodwill is allocated for impairment testing purposes to the individual entity which is also the cash generating unit ("CGU"). The computed value-in-use applies a discounted cash flow model using cash flow projections based on financial budgets approved by management covering five (5) years period.

The discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium at the date of assessment of the respective CGU.

No impairment loss was required for the goodwill assessed as their recoverable values were in excess of their carrying amounts.

8. INVENTORIES

	Group	
	2007 RM	2006 RM
<u>At Cost</u>		
Raw materials	27,119,413	27,913,816
Packing materials	171,719	461,297
Work-in-progress	12,714,887	13,696,047
Finished goods	20,261,168	17,801,974
Goods in transit	5,573,556	1,673,381
	65,840,743	61,546,515
<u>At Net Realisable Value</u>		
Finished goods	2,670,492	2,877,715
	68,511,235	64,424,230

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade Receivables	22,586,103	26,295,598	-	-
Other Receivables				
Amount due from subsidiary companies	-	-	36,549,863	11,457,996
Deposits	197,770	431,478	1,000	1,000
Prepayments	901,105	1,149,801	2,446	2,867
Sundry receivables	8,445,689	15,652,586	293,987	90,950
	9,544,564	17,233,865	36,847,296	11,552,813
	32,130,667	43,529,463	36,847,296	11,552,813

(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, interest free and repayable on demand.

10. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash and bank balances	31,821,106	19,607,166	133,879	92,410
Short term deposits placed with licensed banks	5,828,499	628,204	-	-
	37,649,605	20,235,370	133,879	92,410

(a) The interest rate of short term deposits placed with licensed banks of the Group at the end of financial year is range from 3.8% to 9.0% (2006 – 6.5%) per annum.

(b) The maturity period of short term deposits placed with licensed banks of the Group at the end of financial year is 1 and 6 days respectively (2006 – 1 day).

11. SHARE CAPITAL

	Group and Company	
	2007 RM	2006 RM
Authorised:		
Ordinary shares of RM1.00 each	500,000,000	500,000,000
Issued and fully paid:		
Ordinary shares of RM1.00 each	87,220,100	87,220,100

11. SHARE CAPITAL (CONT'D)

(a) Warrants

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

Each 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 RM1.00 for every one (1) new ordinary share subject to the adjustments under certain circumstances in accordance with the provisions of the Deed Poll.

The exercise period shall commence from 18 September 2003 (being the issue date of the Warrants 2003/2008) and expire on 17 September 2008 (being the maturity date of the Warrants 2003/2008). Warrants 2003/2008 not exercised during the exercise period will thereafter lapse and cease to be valid.

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

The movements in the Warrants 2003/2008 during the financial year to take up unissued new ordinary shares of RM1.00 each in the Company were as follows:

	Number of Warrants 2003/2008
At 1 November 2006	17,243,200
Exercised	-
At 31 October 2007	17,243,200

(b) Employees' 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 RM1.00 each are granted to the eligible employees and executive directors of the Group.

The salient features of the ESOS are as follows:

- (i) The eligible employees shall be a Malaysian citizen, has attained the age of eighteen (18) years, employed full time and are on the payroll of the Group.
- (ii) In the case of eligible executive directors, their specific entitlement under the ESOS shall be approved by the shareholders of the Company in a general meeting.

11. SHARE CAPITAL (CONT'D)**(b) Employees' Share Option Scheme ("ESOS") (Cont'd)**

The salient features of the ESOS are as follows: (Cont'd)

- (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 precedes the date of allotment of the new ordinary shares.

The options offered and accepted under 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 Options Over Ordinary Shares of RM1.00 Each				
			Balance 01.11.06	Offered And Accepted	Exercised	Lapsed	Balance 31.10.07
28 Nov 2003	27 Nov 2008	1.15	6,811,700	-	-	-	6,811,700
24 Jan 2005	27 Nov 2008	1.00	339,000	-	-	-	339,000
01 Jan 2006	27 Nov 2008	1.00	235,000	-	-	-	235,000
			7,385,700	-	-	-	7,385,700

11. SHARE CAPITAL (CONT'D)**(b) Employees' Share Option Scheme ("ESOS") (Cont'd)**

The salient features of the ESOS are as follows: (Cont'd)

Number of share options vested:

	Group and Company	
	2007	2006
	RM	RM
At 1 November	7,385,700	7,150,700
At 31 October	7,385,700	7,385,700

12. RESERVES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
<u>Non-Distributable</u>				
Share premium	144,495	144,495	144,495	144,495
Capital reserves:				
- Revaluation reserves	6,623,594	6,552,594	-	-
- Reserve on consolidation	-	80,873	-	-
Share options reserve	20,786	-	20,786	-
Merger deficit	(28,849,998)	(28,849,998)	-	-
Foreign exchange fluctuation reserve	(4,299,072)	(1,191,587)	-	-
<u>Distributable</u>				
Retained profits	60,538,911	45,256,746	32,493,464	162,369
	34,178,716	21,993,123	32,658,745	306,864

(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 Reserves

Revaluation reserves represent the surpluses arising from the revaluation of factory buildings and leasehold land, net of deferred tax effect.

(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.

Upon the adoption of FRS 3, the reserve on consolidation at 1 November 2006 of RM80,873 was derecognised with a corresponding increase in retained profits (Note 2.3(b)).

12. RESERVES (CONT'D)**(d) Share Options Reserve**

Share options reserve represents the equity settled share options granted to eligible executive directors and employees. This reserve is made up of cumulative value of services received from eligible executive directors and employees recorded on grant of share options.

(e) 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.

(f) 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.

(g) 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.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

13. BANK BORROWINGS

		Group	
		2007	2006
		RM	RM
<u>CURRENT</u>			
Secured	- Trade bills	18,235,689	21,286,470
	- Term loans	9,312,212	11,762,265
Unsecured	- Bank overdraft	893,832	-
	- Trade bills	16,931,153	5,759,000
		45,372,886	38,807,735
<u>NON CURRENT</u>			
Secured	- Term loans	8,227,438	17,433,080
		53,600,324	56,240,815

13. BANK BORROWINGS (CONT'D)

		Group	
		2007	2006
		RM	RM
TOTAL BANK BORROWINGS			
Secured	- Trade bills	18,235,689	21,286,470
	- Term loans	17,539,650	29,195,345
Unsecured	- Bank overdraft	893,832	-
	- Trade bills	16,931,153	5,759,000
		53,600,324	56,240,815

(a) The bank borrowings are secured as follows :

- (i) Factory buildings, plant and machinery, vehicles, hostel, furniture, fittings and equipment with net book value of RM38,124,471 (2006 – RM59,702,740) of the Group (Note 4(c)).
- (ii) Leasehold land of RM10,025,620 (2006 – RM14,430,900) of the Group (Note 5(b)).
- (iii) Corporate guarantee by the Company.

(b) Trade bills are interest bearing from 3.3% to 10.6% (2006 – 3.3% to 10.6%) per annum.

(c) The term loans of local subsidiary companies are interest bearing at a fixed rate of 6.3%, Cost Of Funds (“COF”) plus 1.5% and Kuala Lumpur Interbank Offer Rate (“KLIBOR”) plus 2.0% (2006 – fixed rate of 6.3%, Base Lending Rate/COF plus 1.5% and KLIBOR plus 2%) per annum.

(d) The term loans of a foreign subsidiary company are interest bearing at 10.8%, Singapore Interbank Offer Rate (“SIBOR”) plus 0.5%, Bank’s cost of fund plus 1.3% (2006 – SIBOR plus 0.5% to 2.0%) per annum.

(e) The term loans are repayable by 46 to 60 monthly instalments, and 10 equal quarterly instalments respectively (2006 – 46 to 60 monthly instalments and 16 equal quarterly instalments). At the end of financial year, they are repayable as follows:

		Group	
		2007	2006
		RM	RM
CURRENT			
Not later than one year		9,312,212	11,762,265
NON-CURRENT			
Later than one year and not later than two years		7,412,902	9,090,915
Later than two years and not later than five years		814,536	8,342,165
		8,227,438	17,433,080
		17,539,650	29,195,345

14. HIRE PURCHASE PAYABLES

	Group	
	2007	2006
	RM	RM
Minimum hire purchase payments:		
Not later than one year	359,953	353,525
Later than one year and not later than two years	200,809	271,857
Later than two years and not later than five years	51,818	144,602
	612,580	769,984
Less : Unexpired term charges	(35,196)	(58,255)
	577,384	711,729
Principal amount outstanding:		
Current portion	333,798	314,748
Non-current portion	243,586	396,981
	577,384	711,729

The effective interest rates of the hire purchase payables are range from 4.2% to 12.2% (2006 – 4.7% to 10.7%) per annum.

15. LONG TERM PAYABLE

This represents amount due to subsidiary companies which is unsecured, interest free and not expected to be repaid within the next 12 months.

16. DEFERRED TAX LIABILITIES

	Group	
	2007	2006
	RM	RM
(a) Movements of deferred tax liabilities		
Balance at the beginning of financial year	6,292,000	7,900,000
Deferred tax expense/(income) relating to the origination/(reversal) of temporary differences	241,000	(1,608,000)
Effect of changes in tax rates	(135,000)	-
Balance at the end of financial year	6,398,000	6,292,000
(b) Components of deferred tax liabilities		
Revaluation surplus of properties	2,282,000	2,353,000
Excess of capital allowances over corresponding book depreciation	4,116,000	3,939,000
	6,398,000	6,292,000

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade Payables	69,152,663	59,215,551	-	-
Other Payables				
Accruals	4,151,536	2,243,307	40,000	33,000
Sundry payables	12,595,646	22,076,327	6,284	12,381
	16,747,182	24,319,634	46,284	45,381
	85,899,845	83,535,185	46,284	45,381

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

18. REVENUE

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Dividend income	-	-	44,895,000	1,896,250
Sale of furniture and furniture parts net of discounts, returns, sales tax and sales rebate	405,037,163	361,873,165	-	-
	405,037,163	361,873,165	44,895,000	1,896,250

19. FINANCE COSTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest On:				
Bank overdraft	1,408	-	-	-
Hire purchase	37,769	31,992	-	-
Term loans	1,468,352	1,681,494	-	-
Trade bills	1,907,497	2,024,138	-	-
	3,415,026	3,737,624	-	-
Bank commission and charges	996,685	865,820	152	743
	4,411,711	4,603,444	152	743

20. PROFIT BEFORE TAX

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
		Restated		
This is arrived at after charging:				
Amortisation of goodwill on consolidation	-	19,744	-	-
Amortisation of prepaid lease payments	394,566	395,501	-	-
Auditors' remuneration	160,119	153,361	13,500	10,000
Bad debts written off	7,369	-	-	-
Depreciation	8,953,209	9,152,883	-	-
Goodwill on consolidation written off	-	398,083	-	-
Lease rental	550,316	484,705	-	-
Loss on disposal of property, plant and equipment	73,177	-	-	-
Property, plant and equipment written off	-	6,896	-	-
Realised loss on foreign exchange	4,999,253	818,849	-	-
Rental - factory	88,000	96,000	-	-
- premises	504,868	394,302	-	-
Share options granted under ESOS	20,786	-	20,786	-
Unrealised loss on foreign exchange	211,438	292,038	-	-
And crediting:				
Gain on disposal of property, plant and equipment	-	(29,996)	-	-
Interest income	(241,939)	(110,720)	-	-
Net insurance claim	(170,595)	(53,745)	-	-

21. DIRECTORS' REMUNERATION

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Directors of the Company				
Executive Directors:				
Fee	234,000	228,000	186,000	180,000
Salaries and other emoluments	589,205	579,403	-	-
Pension costs - defined contribution plan	56,880	54,792	-	-
Social security costs	1,205	1,205	-	-
Estimated monetary value of benefits-in-kind	30,189	29,000	-	-
	911,479	892,400	186,000	180,000
Non-executive Directors:				
Fee	104,000	96,000	104,000	96,000
	1,015,479	988,400	290,000	276,000
Directors of the Subsidiary Companies				
Executive Directors:				
Salaries and other emoluments	584,765	536,845	-	-
Estimated monetary value of benefits-in-kind	1,189	-	-	-
Total directors' remuneration	1,601,433	1,525,245	290,000	276,000

21. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	1,466,055	1,400,245	186,000	180,000
Total non-executive directors' remuneration	104,000	96,000	104,000	96,000
Total directors' remuneration excluding benefits-in-kind	1,570,055	1,496,245	290,000	276,000

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	
	2007	2006
Executive Directors:		
RM 1 - RM 50,000	1	1
RM 50,001 - RM100,000	1	1
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	1	1
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	-	-
RM350,001 - RM400,000	-	-
RM400,001 - RM450,000	-	-
RM450,001 - RM500,000	-	-
RM500,001 - RM550,000	-	-
RM550,001 - RM600,000	1	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	
	2007	2006
At 1 November	1,200,000	1,200,000
Offered and accepted	-	-
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.

22. EMPLOYEE INFORMATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive Directors' Remuneration (excluding benefits-in-kind) (Note 21)	1,466,055	1,400,245	186,000	180,000
Other Staff Costs				
Salaries and other emoluments	49,292,342	45,920,975	-	-
Pension costs - defined contribution plan	992,558	1,019,434	-	-
Social security costs	154,262	163,307	-	-
Other staff related expenses	3,713,551	3,418,023	-	1,286
	54,152,713	50,521,739	-	1,286
Total staff costs	55,618,768	51,921,984	186,000	181,286
Number of employees at the end of financial year	5,134	5,576	4	4

23. TAX EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
(a) Components of tax expense				
Current tax expense:				
- Malaysian tax	2,038,000	2,932,000	10,445,000	440,000
- Foreign tax	429,885	328,426	-	-
	2,467,885	3,260,426	10,445,000	440,000
(Over)provision in prior years:				
- Malaysian tax	(543,543)	(39,323)	(156,136)	-
	1,924,342	3,221,103	10,288,864	440,000
Deferred tax expense/(income):				
- Relating to the origination/(reversal) of temporary differences	241,000	(1,608,000)	-	-
- Effect of changes in tax rates	(64,000)	-	-	-
	177,000	(1,608,000)	-	-
	2,101,342	1,613,103	10,288,864	440,000

Domestic current income tax is calculated at the Malaysian statutory tax rates of 20% and 27% (2006 – 20% and 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.

23. TAX EXPENSE (CONT'D)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
(b) Reconciliation of effective tax rate				
Profit before tax	19,553,171	9,203,900	44,364,361	1,417,636
Tax at Malaysian statutory tax rate	5,279,000	2,576,000	11,978,000	396,000
Tax effect of different tax rates in subsidiary companies				
- Domestic subsidiary companies with issued and paid-up share capital of RM2.5 million and below	(33,000)	(38,900)	-	-
- Foreign subsidiary companies	(1,834,000)	(154,000)	-	-
Tax effect of non-deductible expenses	581,000	644,000	127,000	44,000
Tax effect of non-taxable income	(8,000)	(6,000)	(1,660,000)	-
Tax effect of double deduction expenses	(231,000)	(185,000)	-	-
Utilisation of increased export allowances	(164,000)	-	-	-
Utilisation of reinvestment allowances	-	(1,342,000)	-	-
Utilisation of unabsorbed capital allowances	(50,000)	-	-	-
Effect of tax incentives of a foreign subsidiary company	(1,112,000)	(128,000)	-	-
Deferred tax assets not recognised during the financial year	1,000	17,000	-	-
(Over) provision of current tax expense in prior years	(543,543)	(39,323)	(156,136)	-
Effects of changes in tax rates	(64,000)	-	-	-
Others	279,885	269,326	-	-
	2,101,342	1,613,103	10,288,864	440,000

- (c) Subject to the agreement of the respective tax authorities, the Group has unutilised reinvestment allowances and increased export allowances of approximately RM8,000,000 and RM12,053,000 (2006 – RM8,000,000 and RM12,053,000) respectively to offset against its future taxable profits.
- (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	
	2007 RM	2006 RM	2007 RM	2006 RM
Unused tax losses	15,912,000	16,688,000	-	568,000
Unabsorbed capital allowances	4,843,000	5,009,000	-	-
	20,755,000	21,697,000	-	568,000

The above unused tax losses of the Group and of the Company up to RM12,207,000 and RM Nil (2006 – RM12,073,000 and RM568,000) do not expire under current tax legislation whilst RM3,705,000 (2006 – RM4,615,000) will expire in 2009.

23. TAX EXPENSE (CONT'D)

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective local subsidiary companies are subject to no substantial changes in shareholdings of those subsidiary companies under Section 44 (5A) and (5B) of Income Tax Act, 1967.

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.

24. 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 attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2007 RM	2006 RM
Profit attributable to ordinary equity holders of the Company	16,945,694	7,585,982
	2007 Units	2006 Units
Number of ordinary shares in issue at the beginning of financial year	87,220,100	87,220,100
Effect of ordinary shares issued during the financial year	-	-
Weighted average number of ordinary shares in issue	87,220,100	87,220,100
Basic earnings per ordinary share (sen)	19.43	8.70

(b) DILUTED EARNINGS PER ORDINARY SHARE

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 the current and previous financial years.

25 DIVIDENDS

	Group and Company	
	2007	2006
	RM	RM
In respect of the financial year ended 31 October 2005		
First and final tax exempt dividend of 2% on 87,220,100 ordinary shares of RM 1.00 each	-	1,744,402
In respect of the financial year ended 31 October 2006		
First and final tax exempt dividend of 2% on 87,220,100 ordinary shares of RM 1.00 each	1,744,402	-
	1,744,402	1,744,402

The Board of Directors proposed the payment of the following first and final dividend in respect of the financial year ended 31 October 2007:

	RM
- 2% tax exempt	1,744,402
- 2% less tax at 27%	1,273,413
	3,017,815

The 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 equity as an appropriation of retained profits for the financial year ending 31 October 2008.

26. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	2007	2006
	RM	RM
Corporate guarantee to financial institutions for banking facilities granted to subsidiary companies	139,238,000	143,065,000

27. RELATED PARTY DISCLOSURES

In addition to the transactions details elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Subsidiary Company				
- Dividend income	-	-	(44,895,000)	(1,896,250)
Directors				
- Rental of premises	108,000	108,000	-	-
Other Director's interest #				
- Purchase of goods	3,984,234	6,720,933	-	-

Other director's interest represent a group of companies in which a director of the Company has financial interest.

27. RELATED PARTY DISCLOSURES (CONT'D)

The Directors are of opinion that all the above transactions except for the dividend received from subsidiary company 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.

28. COMMITMENTS**Lease Commitments**

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

	2007	Group
	RM	2006
		RM
Not later than one year	227,062	927,725
Later than one year and not later than five years	908,247	984,932
Later than five years	7,657,658	8,666,054
	8,792,967	10,578,711

Operating lease payments represent the rentals payable by the Group in respect of leasehold land in Vietnam (2006 - Vietnam and People's Republic of China).

29. 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 assets, liabilities and 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.

The Directors are of the opinion that all inter-segment transactions 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.

29. SEGMENTAL INFORMATION (CONT'D)**(a) Geographical Segments**

	Malaysia RM	South Africa RM	Vietnam RM	People's Republic Of China RM	British Virgin Islands RM	Eliminations RM	Consolidated RM
2007							
Revenue							
- external sales	211,047,422	12,892,694	181,097,047	-	-	-	405,037,163
- inter-segment sales	5,488,972	-	34,834	-	-	(5,523,806)	-
Total revenue	216,536,394	12,892,694	181,131,881	-	-	(5,523,806)	405,037,163
Segment results	8,445,467	1,386,653	13,252,899	(446,169)	(6,064)	624,111	23,256,897
Unallocated corporate expenses							(530,639)
Interest income							241,939
Interest expenses							(3,415,026)
Profit before tax							19,553,171
Tax expense							(2,101,342)
Net profit for the financial year							17,451,829
Attributable to:							
Equity Holders of the Company							16,945,694
Minority interest							506,135
							17,451,829
Segment assets	135,272,931	7,024,864	116,329,355	11,702,920	3	(234,449)	270,095,624
Unallocated corporate assets							293,462
Consolidated total assets							270,389,086
Segment liabilities	72,735,916	3,199,739	76,270,050	1,785,393	5,844	(6,927,267)	147,069,675
Unallocated corporate liabilities							46,284
Consolidated total liabilities							147,115,959
Other information							
Capital expenditure	1,421,958	410,274	4,108,829	10,606,842	-	(216,600)	16,331,303
Amortisation of prepaid lease payments	248,963	-	126,200	19,403	-	-	394,566
Depreciation	5,199,657	109,550	-	3,640,031	-	3,971	8,953,209
Non-cash expenses (other than amortisation and depreciation)	585,530	5,900	39,253	-	-	(317,913)	312,770

29. SEGMENTAL INFORMATION (CONT'D)**(a) Geographical Segments (Cont'd)**

	Malaysia RM	South Africa RM	Vietnam RM	People's Republic Of China RM	Eliminations RM	Consolidated RM
2006 - Restated						
Revenue						
- external sales	220,168,147	10,089,463	131,615,555	-	-	361,873,165
- inter-segment sales	4,767,003	-	-	-	(4,767,003)	-
Total revenue	224,935,150	10,089,463	131,615,555	-	(4,767,003)	361,873,165
Segment results	10,513,532	655,019	3,143,404	(28,680)	(973,857)	13,309,418
Unallocated corporate expenses						(478,614)
Interest income						110,720
Interest expenses						(3,737,624)
Profit before tax						9,203,900
Tax expense						(1,613,103)
Net profit for the financial year						7,590,797
Attributable to:						
Equity holders of the Company						7,585,982
Minority interest						4,815
Net profit for the financial year						7,590,797
Segment assets	137,234,529	4,973,671	121,387,756	3,651,769	(9,866,416)	257,381,309
Unallocated corporate assets						187,227
Consolidated total assets						257,568,536
Segment liabilities	62,490,675	2,306,757	90,605,285	3,680,605	(12,080,177)	147,003,145
Unallocated corporate liabilities						45,381
Consolidated total liabilities						147,048,526
Other information						
Capital expenditure	1,327,281	5,193	3,360,603	-	-	4,693,077
Amortisation of goodwill on consolidation	-	-	-	-	19,744	19,744
Amortisation of prepaid lease payments	248,962	-	146,539	-	-	395,501
Depreciation	5,543,884	58,886	3,550,113	-	-	9,152,883
Non-cash expenses (other than amortisation and depreciation)	238,398	53,640	6,896	-	398,083	697,017

29. SEGMENTAL INFORMATION (CONT'D)

(b) Business Segments

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

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 21 June 2007, the Company obtained the approval from the British Virgin Islands authorities for the incorporation of Poh Huat International Limited, a private limited company incorporated and registered under the laws of British Virgin Islands.
- (b) During the financial year, the Company contributed to the legal capital to the following subsidiary companies:

	USD	RM
Poh Huat Furniture Industries Vietnam Limited	362,705	1,211,435
Poh Huat Furniture Industries (Qingdao) Co. Ltd.	3,000,000	10,758,000
Poh Huat International Limited	1	4
	3,362,706	11,969,439

31. SUBSEQUENT EVENT

With effect from 1 January 2008, PHI Marketing Sdn. Bhd., a subsidiary company of the Company has changed its name to Creative Home Design Sdn. Bhd..

32. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

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

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

(i) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts obtained from both financial institutions in Malaysia and oversea. It has no substantial long term interest-bearing assets at 31 October 2007. The investment in financial assets i.e. deposits placed with licensed banks are short term in nature and are not held for speculative purposes. The Group does not hedge interest rate risk but ensures that it obtains borrowings at competitive interest rates under the most favourable terms and conditions.

32. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit risks

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 a group of receivables.

(iii) Foreign currency risk

The Group's operations are exposed to fluctuation in foreign currencies, especially Chinese Remimbi ("RMB"), Euro ("EURO"), Singapore Dollar ("SGD"), South Africa Rand ("ZAR"), United States Dollar ("USD") and Vietnam Dong ("VND"). Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

The Group do not has a fixed policy to hedge their purchases and sales in forward contracts. However, the exposure to foreign currency risk is monitored from time to time by management.

(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.

(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 short term bank borrowings 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 2007 except that:

- (i) It is not practicable to estimate the fair value of contingent liability reliably due to the uncertainties of timing, costs and eventual outcome.
- (ii) It is not practicable to estimate the fair value of amount due to long term payable due principally to lack of fixed repayment terms agreed by the parties involved. However, the Company does not anticipated the carrying amount recorded at the balance sheet date to be significantly different from the value that would eventually be settled.

List of Landed Properties

as at 31 October 2007

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 31.10.2007 RM'000	Date of Revaluation or Acquisition
<i>Poh Huat Furniture Industries (M) Sdn Bhd</i>						
PTD No. 1502 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of industrial land with an office building, a warehouse and ancillary structures	1.08	Office with warehousing facilities	60 years leasehold expiring in 2056/11 years	5,277	17.6.99 (Date of Revaluation)
PTD No. 1531 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of industrial land with 2 blocks of factory buildings and ancillary structures	0.96	Furniture manufacturing facilities	60 years leasehold expiring in 2056/11 years	4,612	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 2060/3 years	16,664	21.10.03 (Date of Acquisition)
<i>Poh Huat Woodwork (M) Sdn Bhd</i>						
PTD No. 1546 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of industrial land with an office building, 1 block of factory building and ancillary structures	1.62	Office with furniture manufacturing facilities	60 years leasehold expiring in 2056/11 years	7,557	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 2056/9 years	6,643	27.7.99 (Date of Revaluation)
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 2056/7 years	11,359	12.9.00 (Date of Acquisition)

List of Landed Properties (Cont'd)

Address/ Location	Description	Land Area (hectare)	Use	Tenure/ Age of Building	Net Book Value as at 31.10.2007 RM'000	Date of Revaluation or Acquisition
<i>Poh Huat Furniture Industries Vietnam Limited</i>						
No. 17, Road 26 Song Than Industrial Zone II Di An District Binh Duong Province Vietnam	1 plot of industrial land with an office building, 1 hostel, 3 factory buildings and ancillary structures	6.76	Office with furniture manufacturing and accom- modation facilities	50 years lease expiring in 2045/ 6 years	12,257	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/ 3 years	17,281	29.8.02 (Date of Acquisition)
<i>Poh Huat Furniture Industries (Qingdao) Co Ltd</i>						
Ducun Industrial Zone Ducun Town, Jiaozhou City, Qingdao Shangdong Province Peoples' Republic of China	1 plot of industrial land with an office building, 1 hostel, 2 factory buildings and ancillary structures	28.01	Office with furniture manufacturing and accom- modation facilities	50 years lease expiring in 2056/ 1 year	10,673	4.8.06 (Date of Acquisition)

Analysis of Shareholdings

as at 3 March 2008

Principal Statistics

Authorised Share Capital	-	RM500,000,000
Issued and Paid-up Share Capital	-	RM87,220,850
Class of Shares	-	Ordinary shares of RM1.00 each
Voting Rights	-	One vote per ordinary share at any shareholders' meeting
Number of Shareholders	-	3,858

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	219	5.68	10,884	0.01
100 - 1000	310	8.04	251,488	0.29
1,001 - 10,000	2,748	71.23	9,802,155	11.24
10,001 - 100,000	503	13.04	15,433,100	17.69
100,001 to less than 5% of issued shares	76	1.97	46,796,679	53.66
5% and above of issued shares	2	0.04	14,926,544	17.11
Total	3,858	100.00	87,220,850	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	13,528,394	1,788,665 ^(a)	15.51	2.05
Chai Meng Kui	6,183,900	-	7.09	-

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
Tan Sri Mohd Sedek bin Haji Mohd Ali	-	-	-	-
Tay Kim Huat	13,528,394	1,788,665 ^(a)	15.15	2.05
Ng Ah Poh	3,538,350	-	4.06	-
Tay Kim Hau	3,074,600	-	3.53	-
Dato' Haji Zaini bin Md. Hasim	12,000	-	0.01	-
Chai Meng Kui	6,183,900	-	7.09	-
Boo Chin Liong	15,000	-	0.02	-
Tay Khim Seng	1,798,500	-	2.06	-
Chua Syer Cin	-	-	-	-

Note:-

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

The 30 Largest Shareholders

No.	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1	TAY KIM HUAT	8,742,644	10.02
2	CHAI MENG KUI	6,183,900	7.09
3	KONG SUM MOOI	4,002,000	4.59
4	GOH PHAIK LYNN	4,000,000	4.59
5	LEONG LAI SHEN	4,000,000	4.59
6	NG AH POH	3,538,350	4.06
7	TAY KIM HUAT	3,285,750	3.77
8	EB NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR TAY KIM HAU>	2,219,100	2.54
9	LU CHIN POH	1,721,000	1.97
10	TAN CHEN NEO @ TANG CHEN NEO	1,499,000	1.72
11	SIM SHEAU YUN	1,422,189	1.63
12	LEE LEONG YEU	1,254,200	1.44
13	TAY KIM HUAT	1,000,000	1.15
14	KENANGA NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES 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	TENG LI LING	780,500	0.89
19	HLB NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES TAY KHIM SENG>	700,000	0.80
20	LU KIM SAN	650,000	0.75
21	GOH THONG BENG	648,000	0.74
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR ONG AUN KUNG (100187)>	600,000	0.69
23	PUI CHENG WUI	590,000	0.68
24	EB NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR TAY KIM HUAT>	500,000	0.57
25	UOBM NOMINEES (TEMPATAN) SDN BHD <EXEMPT ACCOUNT FOR ARECA CAPITAL SDN BHD (CLIENT A/C 1)>	500,000	0.57
26	CARTABAN NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT>	450,000	0.52
27	CITIGROUP NOMINEES (ASING) SDN BHD <UBS AG HONG KONG FOR LEOW HOCK BENG>	425,000	0.49
28	KENANGA NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR TAY HUI KENG>	400,000	0.46
29	DB (MALAYSIA) NOMINEES (ASING) SDN BHD <EXEMPT ACCOUNT FOR DEUTSCHE BANK AG SINGAPORE (PWM ASING)>	400,000	0.46
30	HDM NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR NG WYMIN (M09)>	310,000	0.36

Analysis of Warrantholdings for Warrants 2003/2008

as at 3 March 2008

Principal Statistics

No of Warrants in Issue	- 17,242,450 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	- 1,267

Distribution of Warrantholdings

Size of Warrantholdings	No. of Warrantholder	% of Warrantholder	No. of Warrants	% of Issued Warrants
Less than 100	281	22.18	13,500	0.08
100 - 1000	426	33.62	272,126	1.58
1,001 - 10,000	386	30.47	1,480,750	8.59
10,001 - 100,000	140	11.05	4,816,683	27.94
100,001 to less than 5% of issued warrants	33	2.60	7,411,983	42.98
5% and above of issued warrants	1	0.08	3,247,408	18.83
Total	1,267	100.00	17,242,450	100.00

The 30 Largest Warrantholders

No.	Name	No. of Warrants Held	% of Issued Warrants
1	TAY KIM HUAT	3,247,408	18.83
2	TA NOMINEES (TEMPATAN) SDN BHD <PLEGGED SECURITIES ACCOUNT FOR LIEW TIAN KOOI>	725,000	4.20
3	CHIM KIAN CHAI	430,000	2.49
4	UOB NOMINEES (ASING) SDN BHD <UOB KAY HIAN PTE LTD FOR TAN KIM FON>	400,000	2.32
5	ONG KOK SENG	363,900	2.11
6	GAN SURT NEO	355,000	2.06
7	GO SET YUN	339,800	1.97
8	CHUNG HING WHO	329,400	1.91
9	EB NOMINEES (TEMPATAN) SDN BHD <PLEGGED SECURITIES ACCOUNT FOR TAY KIM HAU>	300,000	1.74
10	ONG CHAI HOCK	261,000	1.51

The 30 Largest Warranholders (Cont'd)

No.	Name	No. of Warrants Held	% of Issued Warrants
11	LIM SZE SZE	257,800	1.50
12	LAU HOW GUAN @ LOW HOW GUAN	245,200	1.42
13	CHUA CHIN CHYANG	229,000	1.33
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR CHUA CHOK ANN (E-KLC)>	225,000	1.30
15	LIM CHING CHOON	205,000	1.19
16	CHONG TECK SENG	197,100	1.14
17	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <DEUTSCHE BANK AG LONDON FOR RAB-NORTHWEST FUND LTD>	192,600	1.12
18	DANG CHIN ANG	180,100	1.04
19	TAY LI CHIN	179,233	1.04
20	INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD <KIM ENG SECURITIES PTE LTD FOR SIM JOO KEOW>	170,000	0.99
21	CHONG HON CHOI	160,000	0.93
22	CHIAM LEE WAH	158,000	0.92
23	CHUA CHIN CHYANG	155,000	0.90
24	AFFIN NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR FOO SEX TAI (FO00439C)>	150,000	0.87
25	WONG TU KEEM	150,000	0.87
26	TAY KIM HUAT	139,150	0.81
27	YONG THOO MENG	129,400	0.75
28	YAP AH CHENG	126,100	0.73
29	WEE KOK CHUAN	118,000	0.68
30	LIM SZE POEH	115,000	0.67

This page has been left blank intentionally.



Form of Proxy

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 10th Annual General Meeting of the Company to be held at Pendeta 2, Sofitel Palm Resort, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor Darul Takzim on 28 April 2008 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 4% comprising a tax-exempt dividend of 2% and a taxable dividend of 2%		
Ordinary Resolution 4	Re-election of Mr Tay Kim Hau as Director		
Ordinary Resolution 5	Re-election of Mr Tay Khim Seng as Director		
Ordinary Resolution 6	Re-election of Tan Sri Mohd Sedek bin Haji Mohd Ali as Director		
Ordinary Resolution 7	Re-election of Mr Chai Meng Kui (JP) as Director		
Ordinary Resolution 8	Re-appointment of Auditors		
Ordinary Resolution 9	Authority for Directors to Issue Shares		

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 2008.

Signature of Member(s)

Signature of Witness

Number of shares held / to be represented

Name of Witness

Notes:

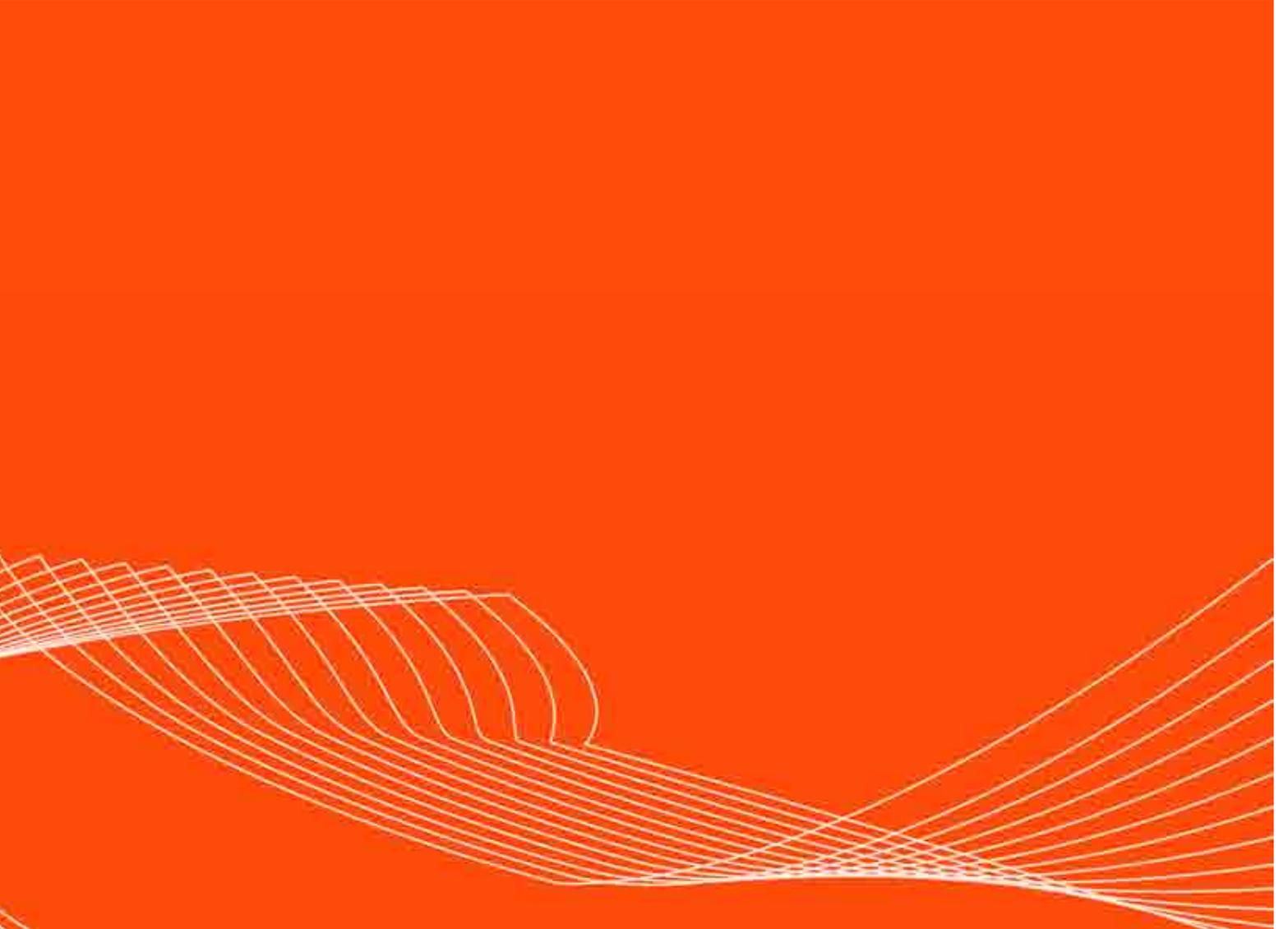
1. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the form of proxy, duly completed must be deposited at the Registered Office of the Company at No. 8, (1st Floor), Jalan Pesta 1/1, Taman 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.

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

