

*Leading The Way
to Success*



POH HUAT RESOURCES HOLDINGS BERHAD
443169-X

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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
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Corporate Statement

“ To enhance our position as the leading world class 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 11TH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT NUSANTARA 1, MUAR TRADERS HOTEL, NO. 16, JALAN PETRIE, 84000 MUAR JOHOR DARUL TAKZIM ON 27 APRIL 2009 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 2008 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 2008.
Ordinary Resolution 2
3. To declare a first and final dividend of 2% less tax in respect of the financial year ended 31 October 2008.
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 Huat
Boo Chin Liong
Chua Syer Cin

Ordinary Resolution 4
Ordinary Resolution 5
Ordinary Resolution 6
5. To appoint Messrs Horwath as Auditors of the Company and to authorise the Directors to determine their remuneration.

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 (a copy of which is annexed as "Appendix 1" in the Annual Report 2008) has been received by the Company for the appointment of Messrs Horwath, who have given their consent to act, as Auditors of the Company.
Ordinary Resolution 7

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)



AS SPECIAL BUSINESS

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

6. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

"That subject always to the Companies Act, 1965 ("Act"), the Articles of Association of the Company and the approvals of the Bursa Malaysia Securities Berhad and all other applicable laws, regulations and guidelines, the Directors of the Company be and are hereby given full authority, pursuant to Section 132D of the Act, to issue and allot shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors may, in their discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percentum (10%) of the issued and paid-up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

Ordinary Resolution 8

NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the proposed first and final dividend of 2% less tax in respect of the financial year ended 31 October 2008, if approved, will be paid on 22 May 2009 to depositors registered in the Record of Depositors of the Company at the close of business on 8 May 2009.

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 2009 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
6 April 2009

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)



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 6 (Resolution 8), if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding ten percentum (10%) of the issued and paid-up share capital of the Company for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next annual general meeting of the Company.

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 Huat
- Boo Chin Liong
- Chua Syer Cin

Mr Tay Kim Huat, Mr Boo Chin Liong and Mr Chua Syer Cin are retiring in accordance with Article 81 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 2008. Details of the attendance of Directors at the board meetings are as follows:-

Name	Attendance
Tan Sri Mohd Sedek bin Haji Mohd Ali (<i>Appointed on 1 March 2008</i>)	3/3
Mr Tay Kim Huat	4/4
Mr Tay Kim Hau	4/4
Dato' Ng Ah Poh	4/4
Mr Chai Meng Kui (JP) (<i>Appointed on 1 January 2008</i>)	3/3
Dato' Haji Zaini bin Md. Hasim	4/4
Mr Boo Chin Liong	4/4
Mr Tay Khim Seng	4/4
Mr Chua Syer Cin	3/4

DATE, TIME AND PLACE OF THE ANNUAL GENERAL MEETING

Date : 27 April 2009

Time : 11.00 a.m.

Place : Nusantara 1
Muar Traders Hotel
No. 16, Jalan Petrie
84000 Muar
Johor Darul Takzim

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

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

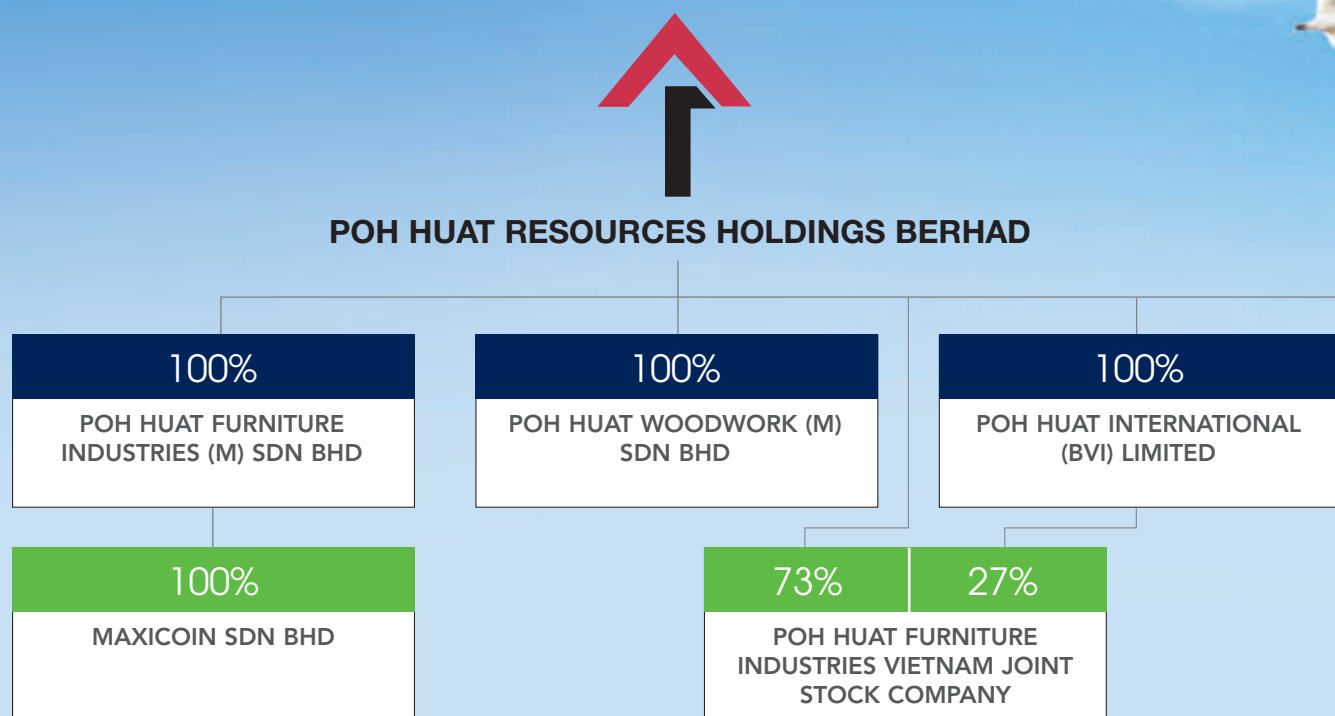
MR TAY KIM HUAT	
Age	53
Nationality	Malaysian
Designation/Position in the Company	Managing Director (<i>Non-Independent Executive Director</i>)
Qualification	Nil
Work Experience	Furniture manufacturer and entrepreneur (1980 to present)
Directorship in other Public Companies	Nil
Securities holding in the Company its subsidiaries	Ordinary Shares of RM1.00 each Direct - 13,528,394 shares Deemed - 1,788,665 shares
Family relationship with any directors and/or major shareholders of the Company	Mr Tay Kim Huat is the brother of Mr Tay Kim Hau, an Executive Director and shareholder of the Company and Mr Tay Khim Seng, a Non-Executive Director and shareholder of the Company
Conflict of interest with the Company	Nil
List of conviction for offences within the past 10 years	Nil
MR BOO CHIN LIONG	
Age	48
Nationality	Malaysian
Designation/Position in the Company	Director (<i>Independent Non-Executive Director</i>)
Qualification	Bachelor of Law (Honours), Malaya
Work Experience	Advocate and solicitor (1986 to present)
Directorship in other Public Companies	Changhuat Corporation Berhad BP Plastics Holding Bhd
Securities holding in the Company and its subsidiaries	Ordinary Shares of RM1.00 each Direct - 15,000 shares Deemed - Nil
Family relationship with any directors and/or major shareholders of the Company	Nil
Conflict of interest with the Company	Nil
List of conviction for offences within the past 10 years	Nil

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

MR CHUA SYER CIN

Age	36
Nationality	Malaysian
Designation/Position in the Company	Director (<i>Independent Non-Executive Director</i>)
Qualification	Member, Malaysian Institute of Accountants Member, CPA Australia
Work Experience	Proprietor, S.C. Chua & Associates (2000 to present) Audit/Tax Manager, Teo & Associates (1998 to 2000) Audit Senior, Ernst & Young (1994 to 1998)
Directorship in other Public Companies	Kia Lim Berhad Equator Life Science Berhad
Securities holding in the Company and its subsidiaries	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 STRUCTURE



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 (JP)

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 *

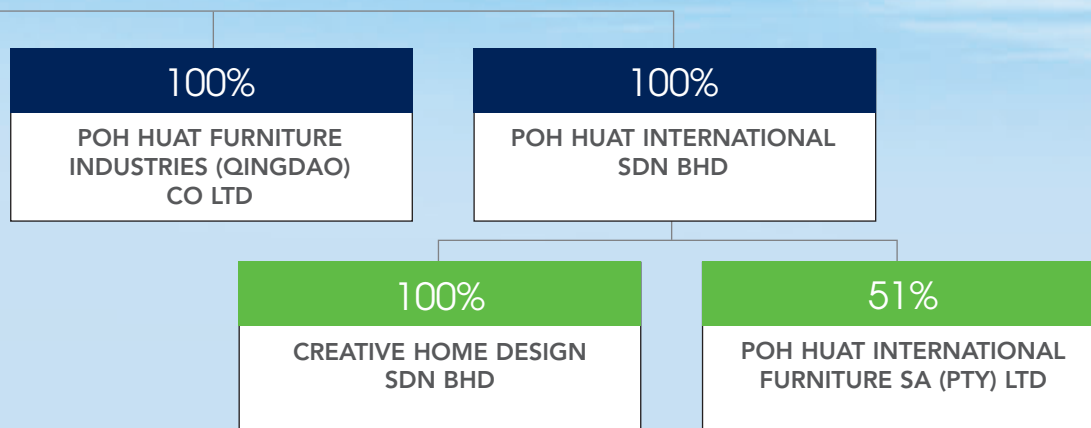
NOMINATION COMMITTEE

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 *

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

PRINCIPAL BANKERS

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

SOLICITORS

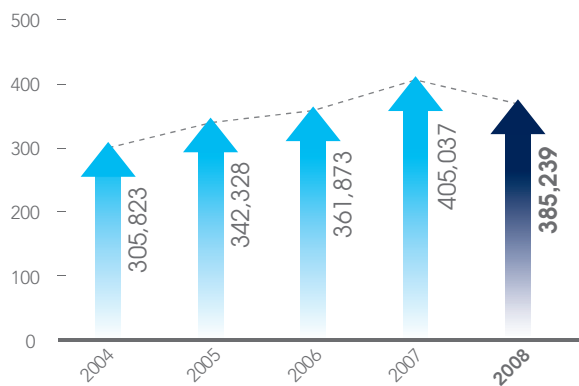
J.A. Nathan & Co.
Jeff Leong, Poon & Wong

STOCK EXCHANGE LISTING

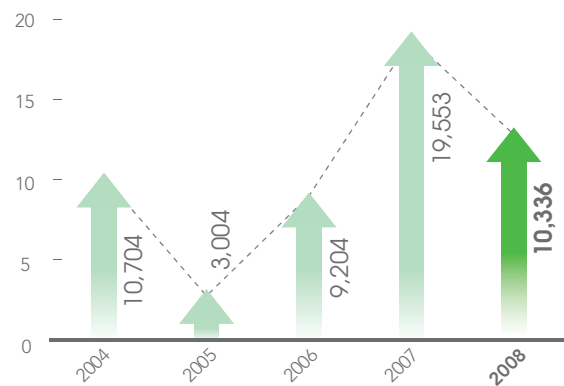
Main Board of Bursa Malaysia
Securities Berhad

* Independent Non-Executive Director

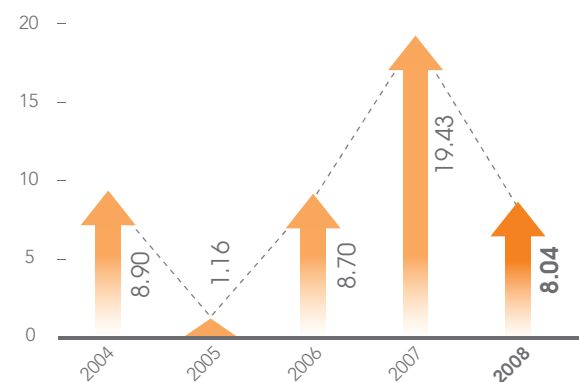
TURNOVER ('000)



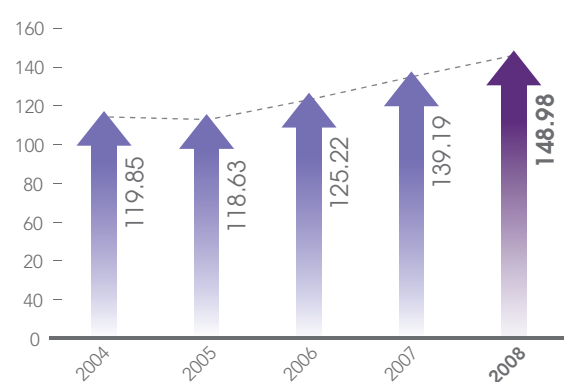
PROFIT BEFORE TAX ('000)



NET EARNINGS PER SHARE (sen)



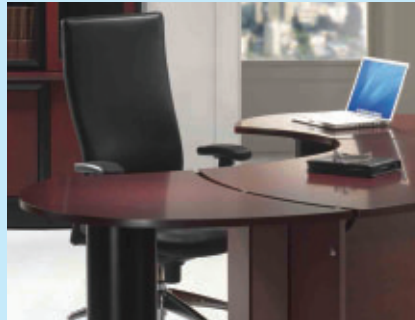
NET ASSETS PER SHARE (sen)



Financial year ended 31 October	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000
Turnover	305,823	342,328	361,873	405,037	385,239
Profit before taxation	10,704	3,004	9,204	19,553	10,336
Profit after taxation and attributable to shareholders	7,737	1,405	7,586	16,946	7,368
Total shareholders' fund	104,216	103,471	109,213	121,399	129,941
	sen	sen	sen	sen	sen
Net earnings per share*	8.90	1.16	8.70	19.43	8.04
Net assets per share	119.85	118.63	125.22	139.19	148.98

Notes:-

- * The net earnings per share for year 2004 are calculated based on the weighted average number of shares in issue of 86,955,530 shares. The net earnings per share for years 2005 to 2007 are calculated based on 87,220,100 shares in issue during those years. The net earnings per share for years 2008 are calculated based on 87,220,850 shares in issue during the year.



Tan Sri Mohd Sedek bin Haji Mohd Ali

Chairman

(Independent Non-Executive Director)

Tan Sri Mohd Sedek bin Haji Mohd Ali, aged 60, 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 Malaysia Police Force as an Assistant Superintendent in 1973 and had held various commanding position in the Force including the 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 53, 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, customer relationship and market development. He has been the main driving force behind the continuous introduction of new products and was instrumental in the rapid expansion of the operations of the Group, particularly in the overseas ventures and investment undertaken by the Group.

He presently has business interest in and is a director of several private limited companies.

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

INFORMATION ON DIRECTORS (CONT'D)

Mr Tay Kim Hau

Executive Director

(Non-Independent Executive Director)

Mr Tay Kim Hau, Malaysian, aged 61, 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 as an Executive Director, 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 58, was appointed to the Board of the Company on 9 December 1999 and is presently an Executive Director of the Company.

Upon completion of his 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 63, 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 43, was appointed to the Board of the Company on 1 January 2008 and is presently a non-executive director the Company.

INFORMATION ON DIRECTORS (CONT'D)

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 48, 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 48, 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 practising in Muar since 1988 and is presently the senior partner of J.A. Nathan & Co. He is the Honorary Legal

Advisor of the Muar Furniture Association, the Muar Chinese Chambers of Commerce and several other non-government organisations. He was also the elected State Assemblyman for the constituency of Maharani, Muar, Johor Darul Takzim for the period from 1995 to 1999.

He is presently a director of several private limited companies.

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

Mr Chua Syer Cin

Director

(Independent Non-Executive Director)

Mr Chua Syer Cin, Malaysian, aged 36, 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.

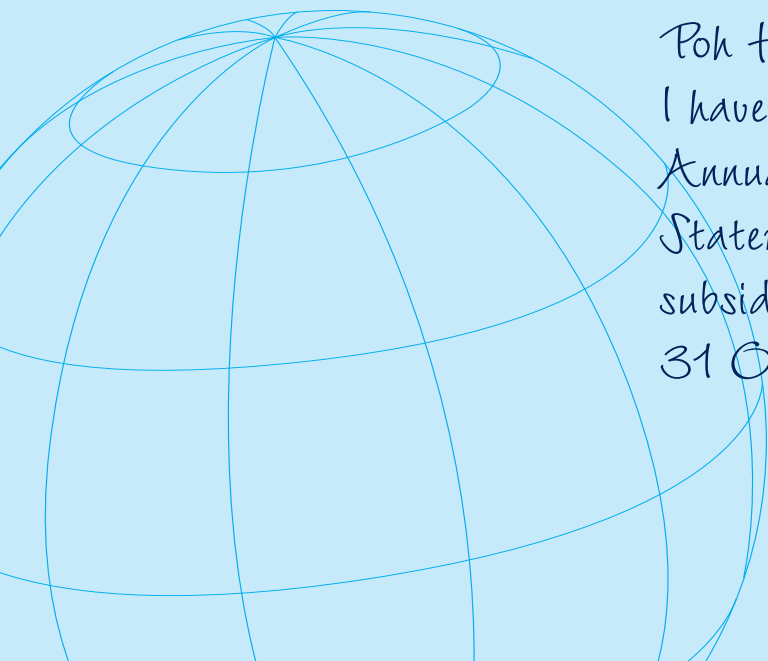
Conviction of Offence

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

STATEMENT BY THE CHAIRMAN

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 2008.



STATEMENT BY THE CHAIRMAN (CONT'D)**OPERATIONS**

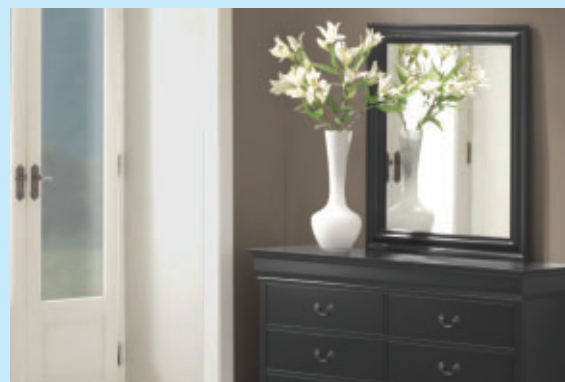
The year 2008 will be remembered as the year global financial markets collapsed, leading to widespread economic adversities. Amidst the threat of a deep global recession, the Group continued to do well with sustained shipment of furniture of RM385 million for the financial year under review. We are proud of this achievement given the protracted slump in the US property sector and extreme weaknesses in global consumer and business sentiment.

During the year, our Malaysian and Vietnamese operations continued to perform well with a turnover of RM201 million and RM175 million respectively. In line with our vision as a one-stop furniture centre, we continued to work hard with our customers to develop products and distribution arrangements that are more suited to the weaker market conditions. Our China operations commenced operations in July 2008, albeit at a small scale due to weaker market demand from the Middle East.

The Group's strategy to focus on products for the broader market and control over production costs have helped the Group against margin erosion due to escalating material costs. These and the stronger USD Dollar vs the Ringgit contributed to the commendable bottom line of RM7.37 million. Expectedly, our new operations in China sustained losses resulting in what would otherwise be a stronger bottom line for the Group.

DIVIDEND

In line with the performance of the Company, the Board has recommended a first and final dividend of 2% less tax for the financial year ended 31 October 2008 for approval at the forthcoming Annual General Meeting of the Company.



STATEMENT BY THE CHAIRMAN (CONT'D)

**PROSPECTS**

For 2009, the International Monetary Fund has forecast a recession for the developed economies and a meagre global growth of 0.5%, driven mainly by the GDP growth of China. As I write, the housing and credit markets, particularly in the US, have yet to turn the corner. With companies and consumer not having access to credit, business activities and consumer spending cannot resume in any significant manner. Given these, we expect another tough year for the international furniture trade.

On a more positive note, we hope that the stimulus packages by the US and other major economies will provide stability to the global economic situation. These and the more stringent policies and supervision over financial markets will pave way for the mending of the financial/credit system, the recovery of the housing sectors and the return of consumer confidence and spending.

As we pray for a quick resolution of this crisis, we prepare ourselves for a more challenging time ahead. While we wait for this to come to pass, we will continue with our efforts to sustain our customer base, maintain high levels of deployment of our productive assets and control operating costs.

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 during these difficult times.

TAN SRI MOHD SEDEK BIN HAJI MOHD ALI

Muar, Johor Darul Takzim
18 March 2009

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 year, some directors have also attended professional and management development courses/seminars. 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 2008, four (4) board meetings were held. Details of the attendance of Directors at these board meetings are as follows:-

Name	Attendance
Tan Sri Mohd Sedek bin Haji Mohd Ali (<i>Appointed on 1 March 2008</i>)	3/3
Mr Tay Kim Huat	4/4
Mr Tay Kim Hau	4/4
Dato' Ng Ah Poh	4/4
Mr Chai Meng Kui (JP) (<i>Appointed on 1 January 2008</i>)	3/3
Dato' Haji Zaini bin Md. Hasim	4/4
Mr Boo Chin Liong	4/4
Mr Tay Khim Seng	4/4
Mr Chua Syer Cin	3/4

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.

CORPORATE GOVERNANCE (CONT'D)**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 2008 are disclosed in Note 20 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.

Consequential to the expiry of the ESOS on 27 November 2008, the Option Committee was dissolved.

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 internal audit 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.

CORPORATE GOVERNANCE (CONT'D)

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

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

Options, Warrants Or Convertible Securities

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

CORPORATE GOVERNANCE (CONT'D)

ESOS

At an extraordinary general meeting held on 29 April 2003, the shareholders of the Company approved the establishment of the Poh Huat Group Employees Share Option Scheme ("ESOS") which became effective on 28 November 2003.

As at 31 October 2008, 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.

In accordance to the By-Laws of the ESOS, the ESOS shall be in force from 28 November 2003 to 27 November 2008. Accordingly, all options to the extent unexercised on the expiry of the ESOS shall lapse and be null and void and of no further force and effect for any purpose under the ESOS. No options were exercise and hence no shares were issued during the period from 1 November 2008 to the date of expiry of the ESOS.

Warrants 2003/2008

The Company had on 18 September 2003 issued 11,500,000 detachable warrants 2003/2008 ("Warrants 2003/2008") at no cost to its shareholders. 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, an additional 5,750,000 new Warrants 2003/2008 were issued on 28 October 2003.

As at 17 September 2008, being the expiry date of the Warrants 2003/2008, 6,800 Warrants 2003/3008 have been exercised whilst 17,243,200 Warrants 2003/2008 remained unexercised. Pursuant to the Deed Poll governing the issue of Warrants 2003/2008, the subscription rights of the outstanding warrants 2003/2008 expired on 17 September 2008 and accordingly have been removed from the Official List of Bursa Malaysia Securities Berhad on 18 September 2008.

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.

As an entity, the Group is an integral part of the community and environment in which it operates. The Group believes that its success depends on its ability to engage all stakeholders in a responsible manner. With regard to corporate integrity and responsibility, the Group takes a holistic approach toward the marketplace, workforce, community and environment.

The success of the Group in the marketplace hinges on how its activities are carried out at each level of the value-add/supply chain. In the procurement of business, the Group interacts with both prospective and actual customers and end-users, a majority whom require assurance that the Group operates in an ethical and environmentally sustainable manner. These requirements encompass the sustainable use of environmentally friendly raw materials; ethical deployment, treatment and development of workforce; safe and conducive working environment; product safety and quality assurance; and customer services.

Sustainable use of environmentally friendly raw materials

As a major wood-based furniture manufacturer, the Group believes in the sustainable use of environmentally friendly materials. The Group complies with the Forest Stewardship Council A.C.'s Chain of Custody ("FSC COC") requirements and a majority of its products are certified as FSC COC compliant. FSC COC is an information trail about the path taken by products from forest or, in the case of recycled materials, reclamation site to the consumer including each stage of processing, transformation, manufacturing and distribution with a view of providing a credible guarantee to the consumer that the products originated from well managed, sustainable forests or controlled sources of reclaimed wood/fibre based materials.

We are also working to further reduce the impact of our operations and to contribute to the realisation of a recycling-based society by achieving the targets set by world environment panel and organization (FSC, Programme For The Endorsement of Forest Certification, and California Air Resources Board).

Ethical deployment, treatment and development of workforce

We believe that employees are the key to the success of the Group. The Group has over 4,000 employees both Malaysian and foreigners, either deploy in Malaysia or their home country where the Group has operational bases. The Group's policies on recruitment, working hours, remuneration and welfare exceed requirements set forth by the relevant authorities in the countries that we operate in. Most of the production workers in Malaysia and China are given accommodation arrangement and all production workers are given meal and medical benefits. Skilled employees and managerial staff attend technical and managerial upgrading programmes to strengthen their core skills and competencies with a view of enhancing career development, work quality and job performance.

Safe and conducive working environment

The Group has a fundamental responsibility and commitment to ensure that all employees work in a safe and healthy environment. A Safety, Health, and Environment Committee has been set up to lead the activities in accordance with the Group-wide Safety, Health, Accident Prevention, and Environmental Action Policy. In the critical areas, we strive to achieve the lowest rate of lost-work time injuries and have established "Zero Serious Accident" target by pursuing the Step-Up Zero Accident Program (an important part of the ISO 9001/2000 Manufacturing Technology Innovation Policy). The Group emphasise on development of technical competency and enforcement of safe working practices for its workers in the production areas. Production layout and workflow are organised in an orderly manner to ensure optimum workers' movement, safety and sustainable work rate. Production debris and hazardous materials are handled and disposed of in accordance to the safety requirements and regulations to ensure a safe workplace and minimum harm to the environment.

Representative from all levels also attend specific Occupational Safety and Health Administration (OSHA) courses conducted by external trainers to enhance their understanding and responsibility on employees' health and safety. These programmes focus on identifying common hazards and unsafe work practices and implementing corrective actions to improve the work environment. In compliance with the OSHA requirements, First Aid and CPR training sessions are also organised to help staff and workers understand their role as Emergency First Responders.

CORPORATE RESPONSIBILITY (CONT'D)

Product safety, quality assurance and customer services

The Group recognises the importance of product safety and quality assurance as a competitive edge in the marketplace. In this regard, the Group continuously emphasise the "Quality" and "Customer-focus" watchwords that reflect the quality commitment of the Group towards its customers.

To help achieve the highest standards, the Group established a Product Safety and Quality Assurance Planning Committee to further strengthened the Group's quality assurance systems that are centred on the Quality Assurance Department of each business area. The Product Safety and Quality Assurance Planning Committee works with all departments in a systematic manner to improve work practices in each business area that is subject to defined quality assurance regulations. Steps were also taken to implement enhanced quality assurance management in relation to products made by external suppliers and to products manufactured and distributed throughout all customers globally.

The Group is committed to "Quality & Services First" and continuously strive to improve product reliability and customer services in all aspects of its operations. The Group carried out customer surveys designed to assess the challenges involved in improving customer satisfaction levels. The survey results revealed collaboration opportunities in areas of pricing and market response; product development; quality assurance and reliability; warehousing and delivery and after sales services. The points of view and requests resulting from these surveys will be reflected in future development particularly in marketing and sales activities.

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
Non-Independent Non-Executive Director

hereinafter referred to as the "Committee".

Terms of Reference

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

Objectives

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

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

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

AUDIT COMMITTEE (CONT'D)**Composition**

The members of the Committee shall be appointed by the Board from amongst their members and shall comprise no fewer than 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 3, the Board shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

Meetings

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

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

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

Authority

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

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

Duties and Responsibilities

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

1. to consider and recommend the appointment and remuneration of the external auditors;
2. to oversee matters pertaining to the external audit including the review of the audit scope and plans, the external auditors evaluation of the internal control system and their audit report;
3. to review, where applicable, the scope and results of internal audit procedures, the findings and recommendations of the internal audit report and the remedial or corrective action taken;
4. to review the requisite interim and annual financial statements and reports of the Group, to discuss matters and findings arising from the review with the Board and where necessary, the auditors and to recommend to the Board the announcement/publication of the financial statements on a timely manner;

5. to identify and direct any special project or investigate and report on any matters, issues or concerns that may be agreed to by the Committee and the Board; and
6. to review any related party transaction that may arise within the Company or the Group.

Modifications

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

Audit Committee Report

Four (4) Audit Committee meetings were held during the financial year ended 31 October 2008. 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 Tay Khim Seng (<i>Appointed on 1 March 2008</i>)	3/3
Mr Chua Syer Cin	3/4
Mr Tay Kim Huat (<i>Resigned w.e.f 1 March 2008</i>)	1/1

The activities of the Audit Committee during the financial year ended 31 October 2008 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 2008 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. evaluated proposals and recommended the appointment of a firm of independent licensed auditors ("internal auditors");
4. reviewed and discussed with the internal auditors their evaluation of the system of internal controls of the Group;
5. reviewed the unaudited quarterly financial results of the Group and made recommendation to the Board;
6. reviewed major investment and corporate proposals undertaken by the Group during the financial year; and
7. reviewed related party transactions entered into by the Group in its ordinary course of business.

AUDIT COMMITTEE (CONT'D)**Internal Control**

During the year, the Company engaged a firm of independent licensed auditors ("internal auditors") to assist the Company strengthening its internal audit processes. As an integral part of the internal audit and risk assessment processes, the internal auditors, together with the Managing Director and heads of department conducted an internal risks assessment of the key departments of the Group's Malaysian operations with the view of identifying and defining the key risks areas and developing a long-term, priority driven internal audit plan that covers a period of 3 years. The principal role of these internal auditors are 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 adequate and complied with and to provide reasonable assurance that such systems continue to operate satisfactorily. It is the responsibility of these internal auditors to document key findings from the internal audit carried out, to discuss with key personnel on the recommendation for improvement in the internal controls and to provide the Audit Committee with independent and objective reports on the state of internal control and recommendations for improvements of the various operating units within the Group.

The activities undertaken by the internal auditors included the following:-

1. Risk assessment of the key operating departments in terms of vulnerability, control policies and adequacy of the existing standard operating procedures for the Malaysian operations.
2. Drafting, review and approval of the Internal Audit Plan and budgets for the year 2009 to 2011.
3. Reviewed the effectiveness of standard operating procedures and internal controls; and monitoring the compliance of certain operational departments within the Group as outlined in the Internal Audit Plan;
4. Discussed with the Audit Committee and the representatives of the respective operating departments on the internal audit findings; and
5. Developed and adopt appropriate measures to further strengthen the standard operating procedures and internal control system.

The expenditure incurred for the internal audit function for the financial year ended 31 October 2008 is approximately RM15,000.

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' RESPONSIBILITIES STATEMENT

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

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The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are described in Note 5 to the financial statements.

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

RESULTS

	Group	Company
	RM	RM
Net profit for the financial year	7,368,233	92,880
Attributable to :		
Equity holders of the Company	7,008,652	92,880
Minority interest	359,581	-
	7,368,233	92,880

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

DIVIDENDS

A first and final dividend which was proposed in respect of the financial year ended 31 October 2007 and dealt with in the previous directors' report, was declared on 28 April 2008 and subsequently paid on 22 May 2008. The payment was made to the shareholders whose name appeared in the Company's Records of Depositors on 8 May 2008:

	RM
- 2% tax exempt	1,744,417
- 2% less tax at 27%	1,273,424
	3,017,841

The Board of Directors proposed a first and final dividend of 2% less tax at 25% amounting to RM 1,308,313 in respect of the financial year ended 31 October 2008.

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 2009.

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

During the financial year, the following shares were issued by the Company:

Class Of Shares	Number Of Shares	Term Of Issue	Issue Price	Purpose Of Issue
			RM	
Ordinary	750	Cash	1.00	Exercise of Warrants 2003/2008

The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

The Company did not issue any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

(a) Warrants

The subscription rights of Warrants 2003/2008 expired on 17 September 2008 and the said warrants were removed from the official list of Bursa Malaysia Securities Berhad on 18 September 2008.

(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 RM 1.00 each are granted to the eligible employees and executive directors of the Group. The salient features and other terms of the ESOS are disclosed in Note 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	Number Of Options Over Ordinary Shares Of RM 1.00 Each				Balance 31.10.08
			Balance 01.11.07	Offered And Accepted	Exercised	Lapsed	
		RM					
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

The ESOS expired on 27 November 2008.

DIRECTORS' REPORT (CONT'D)

DIRECTORS OF THE COMPANY

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

- 1) Tay Kim Huat
- 2) Tay Kim Hau
- 3) Dato' Ng Ah Poh
- 4) Boo Chin Liong
- 5) Dato' Haji Zaini Bin Md Hasim
- 6) Tay Khim Seng
- 7) Chua Syer Cin
- 8) Chai Meng Kui
- 9) Tan Sri Mohd Sedek Bin Haji Mohd Ali (Appointed on 01.03.2008)

In accordance with the Company's Articles of Association, Mr. Tay Kim Huat, Mr. Boo Chin Liong and Mr. Chua Syer Cin 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 of the Company and its related corporations during the financial year were as follows:

		Number Of Ordinary Shares of RM 1.00 each			
		Balance at 01.11.07/ Appointment date	Bought	Sold	Balance at 31.10.08
Tay Kim Huat	- Direct interest	17,017,194	-	3,488,800	13,528,394
	- Indirect interest *	2,334,929	-	546,264	1,788,665
Tay Kim Hau	- Direct interest	3,074,600	-	-	3,074,600
Dato' Ng Ah Poh	- Direct interest	6,538,350	-	3,000,000	3,538,350
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
Chai Meng Kui	- Direct interest	8,229,700	-	2,045,800	6,183,900

* 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 RM 1.00 Each			
		Balance 01.11.07	Offered And Accepted	Exercised	Balance 31.10.08
Tay Kim Huat	- Direct interest	500,000	-	-	500,000
Tay Kim Hau	- Direct interest	350,000	-	-	350,000
Dato' Ng Ah Poh	- Direct interest	200,000	-	-	200,000

DIRECTORS' REPORT (CONT'D)**DIRECTORS' INTERESTS (CONT'D)**

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

Other than as disclosed above, none of the Directors in office at the end of the financial year had any other interest in the shares 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 20 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest save as disclosed in Note 26 to the financial statements.

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 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 circumstance:
 - (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.

DIRECTORS' REPORT (CONT'D)**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

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

SUBSEQUENT EVENT

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

AUDITORS

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

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



.....
TAY KIM HUAT
Director



.....
TAY KIM HAU
Director

Muar, Johor Darul Takzim
Date : 20 January 2009

STATEMENT BY DIRECTORS**Pursuant to Section 169(15) of the Companies Act, 1965**

We, the undersigned, being two of the Directors of Poh Huat Resources Holdings Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 41 to 82 are drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 October 2008 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 HUI

Director

Muar, Johor Darul Takzim

Date : 20 January 2009

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 41 to 82 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 20th day January 2009 }


TAY KIM HUAT

Before me :
Commissioner for Oaths



NO. 2A, JALAN PETRIE,
84000 MUAR,
JOHOR, MALAYSIA

INDEPENDENT AUDITORS' REPORT
to the members of Poh Huat Resources Holdings Berhad**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of Poh Huat Resources Holdings Berhad, which comprise the balance sheets at 31 October 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 82.

Directors' Responsibility For The Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 October 2008 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

REPORT OF THE AUDITORS (CONT'D)
to the members of Poh Huat Resources Holdings Berhad**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)**

- (c) We are satisfied that the accounts of the subsidiaries 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 of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



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



.....
LIM SWEE CHONG
No. 1177/12/10 (J)
Partner

Muar, Johor Darul Takzim
Date : 20 January 2009

BALANCE SHEETS

At 31 October 2008

	Notes	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	133,324,203	114,380,129	-	-
Prepaid lease payments	4	17,482,653	17,421,302	-	-
Investment in subsidiaries	5	-	-	97,707,337	91,910,229
Intangible asset	6	296,148	296,148	-	-
Deferred tax assets	7	157,417	-	-	-
		151,260,421	132,097,579	97,707,337	91,910,229
CURRENT ASSETS					
Inventories	8	71,064,367	68,511,235	-	-
Trade and other receivables	9	44,932,756	32,130,667	19,212,664	36,847,296
Deposits, bank and cash balances	10	20,424,148	37,649,605	89,860	133,879
		136,421,271	138,291,507	19,302,524	36,981,175
TOTAL ASSETS		287,681,692	270,389,086	117,009,861	128,891,404
EQUITY AND LIABILITIES					
Share capital	11	87,220,850	87,220,100	87,220,850	87,220,100
Reserves	12	42,719,880	34,178,716	29,733,784	32,658,745
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		129,940,730	121,398,816	116,954,634	119,878,845
MINORITY INTEREST		1,629,139	1,874,311	-	-
TOTAL EQUITY		131,569,869	123,273,127	116,954,634	119,878,845
NON-CURRENT LIABILITIES					
Bank borrowings	13	3,136,788	8,227,438	-	-
Hire purchase payables	14	50,864	243,586	-	-
Long term payable	15	-	-	-	8,966,275
Deferred tax liabilities	7	6,731,000	6,398,000	-	-
		9,918,652	14,869,024	-	8,966,275
CURRENT LIABILITIES					
Trade and other payables	16	97,441,435	85,899,845	55,227	46,284
Bank borrowings	13	47,093,988	45,372,886	-	-
Hire purchase payables	14	167,715	333,798	-	-
Tax payable		1,490,033	640,406	-	-
		146,193,171	132,246,935	55,227	46,284
TOTAL LIABILITIES		156,111,823	147,115,959	55,227	9,012,559
TOTAL EQUITY AND LIABILITIES		287,681,692	270,389,086	117,009,861	128,891,404

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

	Notes	2008 Group 2007	2008 Company 2007
		RM	RM
REVENUE	17	385,239,398	405,037,163
COST OF SALES		(339,193,172)	(344,132,445)
GROSS PROFIT		46,046,226	60,904,718
OTHER INCOME		2,315,155	681,570
SELLING AND DISTRIBUTION EXPENSES		(19,254,969)	(18,977,634)
ADMINISTRATIVE EXPENSES		(14,588,104)	(13,265,172)
OTHER EXPENSES		(865,736)	(5,378,600)
FINANCE COSTS	18	(3,316,656)	(4,411,711)
PROFIT BEFORE TAX	19	10,335,916	19,553,171
TAX EXPENSE	22	(2,967,683)	(2,101,342)
NET PROFIT FOR THE FINANCIAL YEAR		7,368,233	17,451,829
ATTRIBUTABLE TO :			
EQUITY HOLDERS OF THE COMPANY		7,008,652	16,945,694
MINORITY INTEREST		359,581	506,135
		7,368,233	17,451,829
EARNINGS PER ORDINARY SHARE	23		
ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
- Basic (Sen)		8.04	19.43
- 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 2008

Group	Note	Attributable To Equity Holders Of The Company									
		Non-Distributable					Distributable				
		Share Capital	Share Premium	Share Revaluation Reserve	Share Options Reserve	Merger Deficit	Foreign Exchange Fluctuation Reserve	Retained Profits	Total	Minority Interest	Total Equity
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 31 October 2006		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	24	-	-	-	-	-	-	(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
Transfer of merger deficit to retained profits		-	-	-	-	28,849,998	-	(28,849,998)	-	-	-
Exercise of warrants		750	-	-	-	-	-	-	750	-	750
Net profit for the financial year		-	-	-	-	-	-	7,008,652	7,008,652	359,581	7,368,233
Dividends	24	-	-	-	-	-	-	(3,017,841)	(3,017,841)	-	(3,017,841)
Foreign exchange differences		-	-	-	-	-	4,386,353	-	4,386,353	(607,988)	3,778,365
Net (gain) not recognised in the consolidated income statement		-	-	-	-	-	4,386,353	-	4,386,353	(607,988)	3,778,365
Dilution of equity interest in a subsidiary		-	-	-	-	-	-	-	-	3,235	3,235
Effect of changes in tax rates		-	-	164,000	-	-	-	-	164,000	-	164,000
At 31 October 2008		87,220,850	144,495	6,787,594	20,786	-	87,281	35,679,724	129,940,730	1,629,139	131,569,869

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For The Financial Year Ended 31 October 2008

Company

	Note	Attributable To Equity Holder Of The Company				Total Equity
		Share Capital	Share Premium	Non-Distributable	Distributable	
				Share Options Reserve	Retained Profits	
		RM	RM	RM	RM	RM
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	24	-	-	-	(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
Exercise of warrants		750	-	-	-	750
Net profit for the financial year		-	-	-	92,880	92,880
Dividends	24	-	-	-	(3,017,841)	(3,017,841)
At 31 October 2008		87,220,850	144,495	20,786	29,568,503	116,954,634

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

CASH FLOW STATEMENTS

For The Financial Year Ended 31 October 2008

	Note	Group 2008 RM	2007 RM	Company 2008 RM	2007 RM
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax		10,335,916	19,553,171	7,443	44,364,361
Adjustments for:					
Amortisation of prepaid lease payments		307,701	394,566	-	-
Bad debts written off		-	7,369	-	-
Depreciation		8,437,356	8,953,209	-	-
Loss on disposal of investment in a subsidiary		945	-	127	-
Property, plant and equipment written off		207,568	-	-	-
Share options granted under ESOS		-	20,786	-	20,786
Unrealised loss on foreign exchange		466,430	211,438	664,135	-
(Gain)/Loss on disposal of property, plant and equipment		(129,751)	73,177	-	-
Interest income		(642,095)	(241,939)	-	-
Interest expenses		2,678,667	3,415,026	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		21,662,737	32,386,803	671,705	44,385,147
Changes In Working Capital					
Inventories		(2,749,911)	(7,718,051)	-	-
Trade and other receivables		(12,644,502)	10,218,165	15,740,497	(35,583,347)
Trade and other payables		5,052,514	6,526,061	8,943	903
CASH GENERATED FROM OPERATIONS		11,320,838	41,412,978	16,421,145	8,802,703
Interest received		642,095	241,939	-	-
Interest paid		(2,678,667)	(3,415,026)	-	-
Tax paid		(1,591,211)	(1,764,567)	85,437	-
NET CASH FROM OPERATING ACTIVITIES		7,693,055	36,475,324	16,506,582	8,802,703
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from disposal of a subsidiary		2,290	-	10,734,765	-
Subscription of shares in subsidiaries		-	-	(16,532,000)	(11,969,439)
Proceeds from disposal of property, plant and equipment		622,290	126,610	-	-
Purchase of property, plant and equipment	3(e)	(18,959,634)	(16,097,403)	-	-
Lease payment for leasehold land		(180,891)	(776,118)	-	-
Dividend received from a subsidiary		-	-	1,230,000	34,403,100
NET CASH (USED IN)/ FROM INVESTING ACTIVITIES		(18,515,945)	(16,746,911)	(4,567,235)	22,433,661
F O R W A R D		(10,822,890)	19,728,413	11,939,347	31,236,364

CASH FLOW STATEMENTS (CONT'D)

For The Financial Year Ended 31 October 2008

	Note	Group		Company	
		2008	2007	2008	2007
		RM	RM	RM	RM
FORWARD		(10,822,890)	19,728,413	11,939,347	31,236,364
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from exercise of warrants		750	-	750	-
Drawdown of term loans		3,116,273	1,617,947	-	-
Repayment of term loans		(8,791,815)	(12,025,245)	-	-
Net movements in trade bills		2,789,553	9,599,398	-	-
Repayment of hire purchase payables		(349,409)	(369,794)	-	-
Repayment of long term payable		-	-	(8,966,275)	(29,450,493)
Dividends paid		(3,017,841)	(1,744,402)	(3,017,841)	(1,744,402)
NET CASH (USED IN) FINANCING ACTIVITIES		(6,252,489)	(2,922,096)	(11,983,366)	(31,194,895)
EFFECT ON EXCHANGE RATE CHANGES		586,893	(285,914)	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(16,488,486)	16,520,403	(44,019)	41,469
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR		36,755,773	20,235,370	133,879	92,410
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR		20,267,287	36,755,773	89,860	133,879

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

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Deposits, bank and cash balances	20,424,148	37,649,605	89,860	133,879
Bank overdraft	(156,861)	(893,832)	-	-
	20,267,287	36,755,773	89,860	133,879

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

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 October 2008

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are described in Note 5. 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 20 January 2009.

2. ACCOUNTING POLICIES AND STANDARDS**2.1 Bases Of Preparation Of Financial Statements**

- (a) The financial statements of the Group and of the Company have been prepared in accordance with applicable Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia. Since the beginning of current financial year, the Group and the Company have adopted the new/revised FRSs which are mandatory for financial periods beginning on or after 1 January 2007 as disclosed in Note 2.3.
- (b) The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.
- (c) The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 2.5.

- (d) The financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the entities operates ("the functional currency"). All the financial statements are presented in Ringgit Malaysia ("RM") and the figures have been rounded to nearest RM, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

2. ACCOUNTING POLICIES AND STANDARDS (CONT'D)**2.2 Summary Of Significant Accounting Policies****(a) Subsidiaries and basis of consolidation****(i) Subsidiaries**

Subsidiaries 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 subsidiaries 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.

(ii) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

Subsidiaries 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.

Acquisitions of subsidiaries 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 subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries identifiable assets and liabilities at the acquisition date and the minorities' share of changes in subsidiaries equity since then.

All the subsidiaries were accounted for using the purchase 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. Under the merger method of accounting, the results of subsidiary 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

2. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

2.2 Summary Of Significant Accounting Policies (Cont'd)

(a) Subsidiaries and basis of consolidation (Cont'd)

(ii) Basis of consolidation (Cont'd)

With the adoption of FRS 3 – 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. The merger deficit that arose from previous consolidation has been transferred to retained profits.

(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.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major component) of property, plant and equipment.

Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any.

The Group revalues its properties comprising factory buildings every 5 years and at shorter intervals whenever the fair value of the revalued property, plant and equipment is expected to differ materially from their carrying amount.

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

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 to write off the cost of each asset to its residual value 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. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(e).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

2. ACCOUNTING POLICIES AND STANDARDS (CONT'D)**2.2 Summary Of Significant Accounting Policies (Cont'd)****(b) Property, plant and equipment and depreciation**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount 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) 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 statements.

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(e). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(d) Inventories

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

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

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

(e) Impairment of assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

2. ACCOUNTING POLICIES AND STANDARDS (CONT'D)**2.2 Summary Of Significant Accounting Policies (Cont'd)****(e) Impairment of assets (Cont'd)**

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.

(f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income statements in the period in which they are incurred.

(g) 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.

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).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

2. ACCOUNTING POLICIES AND STANDARDS (CONT'D)**2.2 Summary Of Significant Accounting Policies (Cont'd)****(g) Leases (Cont'd)****(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.

(h) Income tax

Tax expense 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, and any adjustment to tax payables in respect of previous financial year.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statements for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(i) Revenue recognition**(i) 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.

(ii) Dividend income

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

(iii) Interest income

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

2. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

2.2 Summary Of Significant Accounting Policies (Cont'd)

(i) Revenue recognition (Cont'd)

(iv) Rental income

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

(j) 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 subsidiaries 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

2. ACCOUNTING POLICIES AND STANDARDS (CONT'D)**2.2 Summary Of Significant Accounting Policies (Cont'd)****(k) Functional and foreign currency transactions****(i) Functional currency**

The management has determined the currency of the primary economic environment in which the Group operates i.e. functional currency to be Ringgit Malaysia ("RM").

(ii) 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.

(iii) 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.

(l) 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.

(m) Financial instruments

Financial instruments are recognised in the balance sheets when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

2. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

2.2 Summary Of Significant Accounting Policies (Cont'd)

(m) Financial instruments (Cont'd)

(i) 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.

(ii) Cash and cash equivalents

For the purposes of cash flow statements, 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.

(iii) 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.

(iv) Bank borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(v) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.3 Changes In Accounting Policies And Effects Arising From Adoption Of New/Revised Financial Reporting Standards ("FRSs"), Amendments To FRSs And Issues Committee ("IC") Interpretations

- (a) The following FRSs and amendments to FRSs are mandatory for financial period beginning on or after 1 January 2007.

		Effective for financial periods beginning on or after
FRS 6	Exploration for and Evaluation of Mineral Resources	1 January 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 Disclosures of Government Assistance	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

2. ACCOUNTING POLICIES AND STANDARDS (CONT'D)**2.3 Changes In Accounting Policies And Effects Arising From Adoption Of New/Revised Financial Reporting Standards ("FRSs"), Amendments To FRSs And Issues Committee ("IC") Interpretations (Cont'd)**

- (a) The following FRSs and amendments to FRSs are mandatory for financial period beginning on or after 1 January 2007. (Cont'd)

		Effective for financial periods beginning on or after
Amendment to FRS 119 ²⁰⁰⁴	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 Investment in a Foreign Operation	1 July 2007

The applicable new/revised FRSs, amendments to FRSs do not result in substantial changes to the Group's accounting policies, results and financial position.

- (b) The following IC Interpretations are effective for financial period beginning on or after 1 July 2007.

		Effective for financial periods beginning on or after
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2	Member's 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 FRS 129 ²⁰⁰⁴ – Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8	Scope of FRS 2	1 July 2007

The above IC Interpretations are not relevant to the Group's operations.

2.4 New Standards And IC Interpretations That Are Not Yet Effective

At the date of authorisation of these financial statements, the following FRSs and IC Interpretations have been issued but not yet effective, and therefore have not been applied by the Group:

		Effective for financial periods beginning on or after
FRS 8	Operating Segments	1 July 2009
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

2. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

2.4 New Standards And IC Interpretations That Are Not Yet Effective (Cont'd)

The Group plans to apply the applicable standards and/or IC Interpretations when effective.

The impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective standards.

2.5 Significant Accounting Estimates

Key Sources Of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at 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 3 to 10 years except for factory buildings which is 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 flow 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 6.

(d) Income tax

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many 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 is made.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

3. PROPERTY, PLANT AND EQUIPMENT**Group - At 31 October 2008**

	Factory buildings	Plant and machinery	Vehicles, hostel, furniture, fittings and equipment	Capital work-in-progress	Total
	RM	RM	RM	RM	RM
<u>At Cost/Valuation</u>					
At 1 November 2007	74,144,344	77,984,188	11,348,748	10,168,507	173,645,787
Additions	9,769,086	8,763,696	1,661,781	4,033,838	24,228,401
Disposals	-	(1,236,285)	(189,645)	-	(1,425,930)
Write off	-	(481,323)	(2,794)	-	(484,117)
Reclassifications	11,780,764	23,514	428,441	(12,232,719)	-
Foreign exchange differences	2,442,730	1,015,453	(72,372)	648,917	4,034,728
At 31 October 2008	98,136,924	86,069,243	13,174,159	2,618,543	199,998,869
<u>Representing:</u>					
At valuation	13,272,729	-	-	-	13,272,729
At cost	84,864,195	86,069,243	13,174,159	2,618,543	186,726,140
	98,136,924	86,069,243	13,174,159	2,618,543	199,998,869
<u>Less : Accumulated Depreciation</u>					
At 1 November 2007	7,209,152	44,531,837	7,524,669	-	59,265,658
Charge for the financial year	1,859,158	5,514,556	1,063,642	-	8,437,356
Disposals	-	(743,745)	(189,646)	-	(933,391)
Write off	-	(276,435)	(114)	-	(276,549)
Reclassifications	(887,924)	847,377	40,547	-	-
Foreign exchange differences	44,684	189,266	(52,358)	-	181,592
At 31 October 2008	8,225,070	50,062,856	8,386,740	-	66,674,666
<u>Representing:</u>					
At valuation	2,339,527	-	-	-	2,339,527
At cost	5,885,543	50,062,856	8,386,740	-	64,335,139
	8,225,070	50,062,856	8,386,740	-	66,674,666
<u>Carrying Amount</u>					
At 31 October 2008	89,911,854	36,006,387	4,787,419	2,618,543	133,324,203
<u>Representing:</u>					
At valuation	10,933,202	-	-	-	10,933,202
At cost	78,978,652	36,006,387	4,787,419	2,618,543	122,391,001
	89,911,854	36,006,387	4,787,419	2,618,543	133,324,203

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**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
<u>At Cost/Valuation</u>					
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
<u>Representing:</u>					
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
<u>Less : Accumulated Depreciation</u>					
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
<u>Representing:</u>					
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
<u>Carrying Amount</u>					
At 31 October 2007	66,935,192	33,452,351	3,824,079	10,168,507	114,380,129
<u>Representing:</u>					
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

(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 RM 6,078,301 (2007 - RM 6,239,116).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

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

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

	2008	Group 2007
	RM	RM
Carrying Amount		
Factory buildings	39,393,346	34,439,636
Plant and machinery	1,380,247	3,684,835
	40,773,593	38,124,471

- (d) The motor vehicles with carrying amount of RM 490,803 (2007 - RM 945,592) are acquired under hire purchase instalment plans (Note 14).
- (e) During the financial year, the Group has acquired property, plant and equipment amounting to RM 24,228,401 of which RM 18,959,634 were made by cash payments. The balance of RM 5,268,767 remained outstanding at financial year end and has been included in sundry payables.
- (f) There has been no property, plant and equipment in the Company throughout the current and previous financial years.

4. PREPAID LEASE PAYMENTS

	2008	Group 2007
	RM	RM
Balance at the beginning of financial year	17,421,302	17,465,501
Add : Lease payment for leasehold land	180,891	776,118
	17,602,193	18,241,619
Less : Amortisation of prepaid lease payments	(307,701)	(394,566)
	17,294,492	17,847,053
Foreign exchange differences	188,161	(425,751)
Balance at the end of financial year	17,482,653	17,421,302
Analysed as:		
Leasehold land	17,482,653	17,421,302

- (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 RM 15,802,790 (2007 - RM 10,025,620) are secured against bank borrowings granted to the Group (Note 13).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2008	2007
	RM	RM
Unquoted shares - at cost	97,707,337	91,910,229

(a) The details of subsidiaries and the equity interest held by the Company are shown as below:

Name Of Company	Principal Activities	Country Of Incorporation	Equity Interest Held	
			2008	2007
Subsidiaries				
Poh Huat Furniture Industries (M) Sdn. Bhd.	Manufacturing and sale of furniture and investment holding.	Malaysia	100%	100%
Poh Huat Woodwork (M) Sdn. Bhd.	Manufacturing and sale of furniture and furniture parts. However, the Company has ceased its business operations since July 2008.	Malaysia	100%	100%
Poh Huat International Sdn. Bhd.	Trading of furniture and investment holding.	Malaysia	100%	100%
Poh Huat Furniture Industries Vietnam Joint Stock Company (Formerly known as Poh Huat Furniture Industries Vietnam Limited)#	Processing and manufacturing of wooden furniture.	Vietnam	72.983% (Direct) 27.011% ^ (Indirect)	100%
Poh Huat Furniture Industries (Qingdao) Co. Ltd.#	Manufacturing of furniture and related products.	People's Republic Of China	100%	100%
Poh Huat International (BVI) Limited	Investment holding	British Virgin Islands	100%	100%
Subsidiary Of Poh Huat Furniture Industries (M) Sdn. Bhd.				
Maxicoin Sdn. Bhd.	Dormant.	Malaysia	100%	100%

^ The indirect equity interest of 27.011% is held through a subsidiary of the Company, namely Poh Huat International (BVI) Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The details of subsidiaries and the equity interest held by the Company are shown as below (Cont'd):

Name Of Company	Principal Activities	Country Of Incorporation	Equity Interest Held	
			2008	2007
Subsidiaries Of Poh Huat International Sdn. Bhd.				
Creative Home Design Sdn. Bhd.	Trading of furniture.	Malaysia	100%	100%
Poh Huat International Furniture SA (Pty) Ltd.#	Trading of furniture.	South Africa	51%	51%

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

(b) On 1 August 2008, the Company has, through a conversion scheme, transferred its legal capital in Poh Huat Furniture Industries Vietnam Joint Stock Company (Formerly known as Poh Huat Furniture Industries Vietnam Limited) (collectively known as "PHFIV") to the following companies:

	Number of ordinary shares of VND 10,000 in PHFIV	Equity interest held	RM
A subsidiary namely, Poh Huat International (BVI) Limited	4,441,290	27.011%	10,732,475
A third party namely, Regional Venture Funds Pte. Ltd.	1,000	0.006%	2,417

The disposal to Regional Venture Funds Pte. Ltd. resulted in a loss on disposal for the Group and for the Company of RM 945 and RM 127 respectively.

6. INTANGIBLE ASSET

	2008	Group	2007
	RM		RM
<u>Carrying Amount</u>			
Goodwill	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 5 years period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

6. INTANGIBLE ASSET (CONT'D)

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.

7. DEFERRED TAX (ASSETS)/LIABILITIES

	Group	
	2008	2007
	RM	RM
Balance at the beginning of financial year	6,398,000	6,292,000
Relating to origination of temporary differences	496,360	241,000
Effect of changes in tax rates	(314,000)	(135,000)
Foreign exchange differences	(6,777)	-
Balance at the end of financial year	6,573,583	6,398,000
Presented after appropriate offsetting as follows:		
Deferred tax assets	(157,417)	-
Deferred tax liabilities	6,731,000	6,398,000
	6,573,583	6,398,000

- (a) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

(i) Deferred tax liabilities:

	Revaluation surplus of properties	Excess of capital allowances over depreciation	Other temporary differences	Total
	RM	RM	RM	RM
Balance at the beginning of financial year	2,282,000	4,116,000	-	6,398,000
Recognised in the income statements	-	444,000	203,000	647,000
Effect of changes in tax rates	(164,000)	(150,000)	-	(314,000)
Balance at the end of financial year	2,118,000	4,410,000	203,000	6,731,000

(ii) Deferred tax assets:

	Unused tax losses
	RM
Recognised in the income statements	(150,640)
Foreign exchange differences	(6,777)
Balance at the end of financial year	(157,417)

The above unused tax losses of a foreign subsidiary will expire in year 2009.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

7. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

- (b) Subject to the agreement of the respective tax authorities, the Group has the following items at financial year end to offset against its future taxable profits.

	Group	
	2008	2007
	RM	RM
Unused tax losses	13,536,000	15,912,000
Unabsorbed capital allowances	3,265,000	4,843,000
Unutilised reinvestment allowances	7,800,000	8,000,000
Unutilised increased export allowances	12,053,000	12,053,000
	36,654,000	40,808,000

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

8. INVENTORIES

	Group	
	2008	2007
	RM	RM
<u>At Cost</u>		
Raw materials	26,607,663	27,119,413
Packing materials	227,705	171,719
Work-in-progress	13,792,006	12,714,887
Finished goods	21,713,202	20,261,168
Goods in transit	1,634,109	5,573,556
	63,974,685	65,840,743
<u>At Net Realisable Value</u>		
Finished goods	6,375,356	2,670,492
Goods in transit	714,326	-
	71,064,367	68,511,235

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Trade Receivables	35,314,109	22,586,103	-	-
<u>Other Receivables</u>				
Amount due from subsidiaries	-	-	18,832,241	36,549,863
Deposits	221,088	197,770	1,000	1,000
Prepayments	825,498	901,105	-	2,446
Sundry receivables	8,572,061	8,445,689	379,423	293,987
	9,618,647	9,544,564	19,212,664	36,847,296
	44,932,756	32,130,667	19,212,664	36,847,296

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

9. TRADE AND OTHER RECEIVABLES (CONT'D)

- (a) The Group's normal trade 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 subsidiaries is unsecured, interest free and repayable on demand.

10. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Cash and bank balances	15,832,958	31,821,106	89,860	133,879
Short term deposits placed with licensed banks	4,591,190	5,828,499	-	-
	20,424,148	37,649,605	89,860	133,879

- (a) The interest rate of short term deposits placed with licensed banks of the Group at the end of financial year is ranging from 1.0% to 9.5% (2007 – 3.8% to 9.0%) 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 to 12 days (2007 – 1 and 6 days respectively).

11. SHARE CAPITAL

	Group And Company	
	2008	2007
	RM	RM
Authorised :		
Ordinary shares of RM 1.00 each	500,000,000	500,000,000
Issued and fully paid :		
Ordinary shares of RM 1.00 each		
Balance at the beginning of financial year	87,220,100	87,220,100
Exercise of warrants	750	-
Balance at the end of financial year	87,220,850	87,220,100

(a) Warrants

The subscription rights of Warrants 2003/2008 expired on 17 September 2008 and the said warrants were removed from the official list of Bursa Malaysia Securities Berhad on 18 September 2008.

(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 RM 1.00 each are granted to the eligible employees and executive directors of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

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

The salient features of the ESOS are as follows:

- (i) The eligible employees shall be a Malaysian citizen, has attained the age of eighteen (18) years, employed full time and are on the payroll of the Group.
- (ii) In the case of eligible executive directors, their specific entitlement under the ESOS shall be approved by the shareholders of the Company in a general meeting.
- (iii) The total number of shares which may be available under the ESOS shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any time during the existence of ESOS and out of which not more than fifty percent (50%) of the shares should be allocated in aggregate to the executive directors and senior management of the Group. In addition, not more than ten percent (10%) of the shares available under the ESOS should be allocated to eligible employees who either singly or collectively through his or her associates, holds 20% or more in the issued and paid-up share capital of the Company.
- (iv) The option price for each new share may be at a discount of not more than ten percent (10%) (if deemed appropriate by the Options Committee) from the five (5) days weighted average market price of Company's shares at the offer date subject to such adjustments in accordance with Clause 15 of the By-Laws, provided that the subscription price shall in no event be less than the par value of the Company's shares.
- (v) An option holder may deal with the new shares of the Company which allotted and issued to him or her in any way he or she pleases without retention period or restriction of transfer.
- (vi) The ESOS shall be in force for a period of five (5) years commencing from the date of the confirmation letter submitted by the adviser of the Company to the Securities Commission as per Clause 19.1 of the By-Laws of ESOS.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

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

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	Number Of Options Over Ordinary Shares Of RM 1.00 Each				Balance 31.10.08
			Balance 01.11.07	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

Number of share options vested:

	Group And Company	
	2008	2007
	RM	RM
At 1 November	7,385,700	7,385,700
At 31 October	7,385,700	7,385,700

The ESOS expired on 27 November 2008.

12. RESERVES

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
<u>Non-Distributable</u>				
Share premium	144,495	144,495	144,495	144,495
Revaluation reserve	6,787,594	6,623,594	-	-
Share options reserve	20,786	20,786	20,786	20,786
Merger deficit	-	(28,849,998)	-	-
Foreign exchange fluctuation reserve	87,281	(4,299,072)	-	-
<u>Distributable</u>				
Retained profits	35,679,724	60,538,911	29,568,503	32,493,464
	42,719,880	34,178,716	29,733,784	32,658,745

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

12. RESERVES (CONT'D)**(a) Share Premium**

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

(b) Revaluation Reserve

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

(c) Share Options Reserve

Share options reserve represents the equity settled share options granted to eligible executive directors and employees.

(d) Merger Deficit

Merger deficit represents the excess of investment carrying amount over the nominal value of share of subsidiary acquired under the merger method of accounting. Merger deficit has been transferred to retained profits.

(e) Foreign Exchange Fluctuation Reserve

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

(f) Retained Profits

Retained profits are those available for distribution by way of dividends. Subject to the agreement of the Inland Revenue Board, the Company has sufficient Section 108 balance under Finance Act 2007 (Act 683), 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.

Finance Act 2007 (Act 683) introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 balance at 31 December 2007 will be available to the Company until such time the balance is fully utilised or upon expiry on 31 December 2013, whichever is earlier unless it opts to disregard the Section 108 balance to pay single tier dividends.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

13. BANK BORROWINGS

		2008	Group 2007
		RM	RM
CURRENT			
Secured	- Trade bills	18,458,321	18,235,689
	- Term loans	8,832,815	9,312,212
Unsecured	- Bank overdraft	156,861	893,832
	- Trade bills	19,645,991	16,931,153
		47,093,988	45,372,886
NON CURRENT			
Secured	- Term loans	3,136,788	8,227,438
		50,230,776	53,600,324
TOTAL BANK BORROWINGS			
Secured	- Trade bills	18,458,321	18,235,689
	- Term loans	11,969,603	17,539,650
Unsecured	- Bank overdraft	156,861	893,832
	- Trade bills	19,645,991	16,931,153
		50,230,776	53,600,324

(a) The bank borrowings are secured as follows:

- (i) Factory buildings, plant and machinery with carrying amount of RM 40,773,593 (2007 – RM 38,124,471) of the Group (Note 3(c)).
- (ii) Leasehold land of RM 15,802,790 (2007 – RM 10,025,620) of the Group (Note 4(b)).
- (iii) Corporate guarantee by the Company.

(b) Trade bills are interest bearing from 3.4% to 8.2% (2007 – 3.3% to 10.6%) per annum.

(c) The term loans of local subsidiaries are interest bearing at Cost Of Funds ("COF") plus 1.5% and Kuala Lumpur Interbank Offer Rate ("KLIBOR") plus 2.0% (2007 – fixed rate of 6.3%, COF plus 1.5% and KLIBOR plus 2%) per annum.

(d) The term loans of a foreign subsidiary are interest bearing at COF plus 1.5%, Vietnam Interbank Offered Rate plus 1.5%, Base Lending Rate ("BLR") plus 1.8%, BLR plus 2.0%, Singapore Interbank Offer Rate ("SIBOR") plus 0.5%, (2007 – 10.8%, SIBOR plus 0.5%, Bank's COF plus 1.3%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

13. BANK BORROWINGS

- (e) The term loans are repayable by 57 to 60 monthly instalments, and 10 to 11 equal quarterly instalments respectively (2007 - 46 to 60 monthly instalments and 10 equal quarterly instalments). At the end of financial year, they are repayable as follows:

	Group	
	2008	2007
	RM	RM
CURRENT		
Not later than one year	8,832,815	9,312,212
NON-CURRENT		
Later than one year and not later than two years	2,671,610	7,412,902
Later than two years and not later than five years	465,178	814,536
	3,136,788	8,227,438
	11,969,603	17,539,650

14. HIRE PURCHASE PAYABLES

	Group	
	2008	2007
	RM	RM
Minimum hire purchase payments:		
Not later than one year	174,654	359,953
Later than one year and not later than two years	51,818	200,809
Later than two years and not later than five years	-	51,818
	226,472	612,580
Less : Unexpired term charges	(7,893)	(35,196)
	218,579	577,384
Principal amount outstanding:		
Current portion	167,715	333,798
Non-current portion	50,864	243,586
	218,579	577,384

The effective interest rates of the hire purchase payables are ranging from 4.2% to 12.2% (2007 - 4.2% to 12.2%) per annum.

15. LONG TERM PAYABLE

The amount due to subsidiaries which is unsecured, interest free and not expected to be repaid within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Trade Payables	79,778,416	69,152,663	-	-
Other Payables				
Accruals	4,699,911	4,151,536	44,338	40,000
Sundry payables (Note 3(e))	12,963,108	12,595,646	10,889	6,284
	17,663,019	16,747,182	55,227	46,284
	97,441,435	85,899,845	55,227	46,284

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

17. REVENUE

Revenue of the Group and of the Company comprise the following amounts:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Dividend income	-	-	1,230,000	44,895,000
Sale of furniture and furniture parts net of discounts, returns, sales tax and sales rebate	385,239,398	405,037,163	-	-
	385,239,398	405,037,163	1,230,000	44,895,000

18. FINANCE COSTS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Interest On :				
Bank overdraft	-	1,408	-	-
Hire purchase	22,202	37,769	-	-
Term loans	966,642	1,468,352	-	-
Trade bills	1,689,823	1,907,497	-	-
	2,678,667	3,415,026	-	-
Bank commission and charges	637,989	996,685	236	152
	3,316,656	4,411,711	236	152

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

19. PROFIT BEFORE TAX

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
This is arrived at after charging:				
Amortisation of prepaid lease payments	307,701	394,566	-	-
Auditors' remuneration:				
- current	164,940	160,119	15,000	13,500
- overprovision in previous financial year	(1,000)	-	-	-
Bad debts written off	-	7,369	-	-
Depreciation	8,437,356	8,953,209	-	-
Lease rental	491,728	550,316	-	-
Loss on disposal of investment in a subsidiary	945	-	127	-
Loss on disposal of property, plant and equipment	-	73,177	-	-
Property, plant and equipment written off	207,568	-	-	-
Realised loss on foreign exchange	-	4,999,253	-	-
Rental :				
- factory	-	88,000	-	-
- premises	348,600	504,868	-	-
Share options granted under ESOS	-	20,786	-	20,786
Unrealised loss on foreign exchange	466,430	211,438	664,135	-
And crediting:				
Gain on disposal of property, plant and equipment	(129,751)	-	-	-
Interest income	(642,095)	(241,939)	-	-
Net insurance claim	-	(170,595)	-	-
Realised gain on foreign exchange	(558,889)	-	-	-
Rental income	(565,000)	-	-	-

20. DIRECTORS' REMUNERATION

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Directors of the Company				
Executive Directors:				
Fee	186,000	234,000	138,000	186,000
Salaries and other emoluments	548,500	589,205	-	-
Pension costs - defined contribution plan	59,292	56,880	-	-
Social security costs	1,205	1,205	-	-
Estimated monetary value of benefits-in-kind	25,500	30,189	-	-
	820,497	911,479	138,000	186,000
Non-executive Directors:				
Fee	195,704	104,000	195,704	104,000
	1,016,201	1,015,479	333,704	290,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

20. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Directors of the Subsidiaries				
Executive Directors:				
Salaries and other emoluments	647,132	584,765	-	-
Estimated monetary value of benefits-in-kind	2,229	1,189	-	-
Total directors' remuneration	1,665,562	1,601,433	333,704	290,000
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	1,442,129	1,466,055	138,000	186,000
Total non-executive directors' remuneration	195,704	104,000	195,704	104,000
Total directors' remuneration excluding benefits-in-kind	1,637,833	1,570,055	333,704	290,000

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	
	2008	2007
Executive Directors:		
RM 1 - RM 50,000	1	1
RM 50,001 - RM 100,000	-	1
RM 100,001 - RM 150,000	-	-
RM 150,001 - RM 200,000	1	-
RM 200,001 - RM 250,000	-	1
RM 250,001 - RM 550,000	-	-
RM 550,001 - RM 600,000	-	1
RM 600,001 - RM 650,000	-	-
RM 650,001 - RM 700,000	1	-
Non-executive Directors:		
RM 1 - RM 50,000	5	4
RM 50,001 - RM 100,000	1	-

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

	Company	
	2008	2007
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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

21. EMPLOYEE INFORMATION

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Executive Directors' Remuneration (excluding benefits-in-kind) (Note 20)	1,442,129	1,466,055	138,000	186,000
Other Staff Costs				
Salaries and other emoluments	49,775,105	49,292,342	-	-
Pension costs - defined contribution plan	930,638	992,558	-	-
Social security costs	158,698	154,262	-	-
Other staff related expenses	3,264,527	3,713,551	-	-
	54,128,968	54,152,713	-	-
Total Staff Costs	55,571,097	55,618,768	138,000	186,000

22. TAX EXPENSE

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
(a) Components of tax expense				
Current tax expense:				
- Malaysian tax	1,495,000	2,038,000	-	10,445,000
- Foreign tax	193,587	429,885	-	-
	1,688,587	2,467,885	-	10,445,000
Under/(Over) provision in prior years:				
- Malaysian tax	932,736	(543,543)	(85,437)	(156,136)
	2,621,323	1,924,342	(85,437)	10,288,864
Deferred tax expense:				
- Relating to the origination of temporary differences	496,360	241,000	-	-
- Effect of changes in tax rates	(150,000)	(64,000)	-	-
	346,360	177,000	-	-
	2,967,683	2,101,342	(85,437)	10,288,864

Domestic current income tax is calculated at the Malaysian statutory tax rates of 20% and 26% (2007 - 20% and 27%) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

22. TAX EXPENSE (CONT'D)

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
(b) Reconciliation of effective tax rate				
Profit before tax	10,335,916	19,553,171	7,443	44,364,361
Tax at Malaysian statutory tax rate	2,687,000	5,279,000	2,000	11,978,000
Tax effect of different tax rates in subsidiaries				
- Domestic subsidiaries with issued and paid-up share capital of RM 2.5 million and below	1,000	(33,000)	-	-
- Foreign subsidiaries	(1,064,000)	(1,834,000)	-	-
Effects of changes in tax rates	(150,000)	(64,000)	-	-
Tax effect of non-deductible expenses	1,004,000	581,000	318,000	127,000
Tax effect of non-taxable income	(308,000)	(8,000)	(320,000)	(1,660,000)
Tax effect of double deduction expenses	(242,000)	(231,000)	-	-
Utilisation of increased export allowances	(628,000)	(164,000)	-	-
Utilisation of deferred tax assets previously not recognised	-	(50,000)	-	-
Effect of tax incentives of a foreign subsidiary	(305,000)	(1,112,000)	-	-
Deferred tax assets recognised during the financial year	(150,000)	-	-	-
Deferred tax assets not recognised during the financial year	978,000	1,000	-	-
Under/(Over) provision of current tax expense in prior years	932,736	(543,543)	(85,437)	(156,136)
Others	211,947	279,885	-	-
	2,967,683	2,101,342	(85,437)	10,288,864

23. 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	
	2008	2007
	RM	RM
Profit attributable to ordinary equity holders of the Company	7,008,652	16,945,694
	2008	2007
	Unit	Unit
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	578	-
Weighted average number of ordinary shares in issue	87,220,678	87,220,100
Basic earnings per ordinary share (sen)	8.04	19.43

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

23. EARNINGS PER ORDINARY SHARE**(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.

24. DIVIDENDS

	Group And Company 2008	2007
	RM	RM
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
In respect of the financial year ended 31 October 2007		
First and final dividend on 87,220,100 ordinary shares of RM 1.00 each consist of:		
- 2% tax exempt	1,744,417	-
- 2% less tax at 27%	1,273,424	-
	3,017,841	1,744,402

The Board of Directors proposed a first and final dividend of 2% less tax at 25% amounting to RM 1,308,313 in respect of the financial year ended 31 October 2008.

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 2009.

25. CONTINGENT LIABILITIES (UNSECURED)

	Company 2008	2007
	RM	RM
Corporate guarantee to financial institutions for banking facilities granted to subsidiaries	132,236,000	139,238,000

26. RELATED PARTY DISCLOSURES

- (a) 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 2008	2007	Company 2008	2007
	RM	RM	RM	RM
Subsidiary				
- Dividend income	-	-	(1,230,000)	(44,895,000)
Director				
- Rental of premises	108,000	108,000	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

26. RELATED PARTY DISCLOSURES (CONT'D)

- (b) Information regarding outstanding balance arising from related party transactions at 31 October 2008 are disclosed in Note 9.

27. COMMITMENTS

(a) Capital Commitments

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

	2008	Group 2007
	RM	RM
Approved but not contracted for:		
Property, plant and equipment	1,611,703	-
Analysed as follows:		
Factory buildings	1,611,703	-

(b) Lease Commitments

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

	2008	Group 2007
	RM	RM
Not later than one year	537,469	518,590
Later than one year and not later than five years	2,149,877	2,074,358
Later than five years	17,476,958	17,381,857
	20,164,304	19,974,805

Operating lease payments represent the rentals payable by the Group in respect of leasehold land in Vietnam (2007 - Vietnam).

28. SEGMENTAL INFORMATION

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

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

	Malaysia	South Africa	Vietnam	People's Republic Of China	British Virgin Islands	Eliminations	Consolidated
	RM	RM	RM	RM	RM	RM	RM
2008							
Revenue							
- external sales	195,863,122	11,821,846	174,792,813	2,761,617	-	-	385,239,398
- inter-segment sales	5,226,618	-	-	-	-	(5,226,618)	-
Total revenue	201,089,740	11,821,846	174,792,813	2,761,617	-	(5,226,618)	385,239,398
Segment results	7,838,084	786,164	7,484,172	(1,925,882)	(4,487)	(582,188)	13,595,863
Unallocated corporate expenses							(1,223,375)
Interest income							642,095
Interest expenses							(2,678,667)
Profit before tax							10,335,916
Tax expense							(2,967,683)
Net profit for the financial year							7,368,233
Attributable to:							
Equity Holders of the Company							7,008,652
Minority interest							359,581
							7,368,233
Segment assets	151,293,034	6,884,643	128,730,237	30,818,786	10,732,475	(41,109,916)	287,349,259
Unallocated corporate assets							332,433
Consolidated total assets							287,681,692
Segment liabilities	76,182,863	3,566,193	81,793,490	2,765,340	10,075,270	(18,326,560)	156,056,596
Unallocated corporate liabilities							55,227
Consolidated total liabilities							156,111,823
Other information							
Capital expenditure	1,535,151	240,986	12,630,619	12,468,857	-	(2,647,212)	24,228,401
Amortisation of prepaid lease payments	153,555	-	136,474	17,672	-	-	307,701
Depreciation	4,322,917	113,636	3,735,002	357,907	-	(92,106)	8,437,356
Non-cash expenses (other than amortisation and depreciation)	871,830	278,907	279,806	-	-	357,199	1,787,742

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

28. SEGMENTAL INFORMATION (CONT'D)

(a) Geographical Segments (Cont'd)

	Malaysia	South Africa	Vietnam	People's Republic Of China	British Virgin Islands	Eliminations	Consolidated
	RM	RM	RM	RM	RM	RM	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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

28. SEGMENTAL INFORMATION (CONT'D)**(b) Business Segments**

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

29. SIGNIFICANT EVENTS

- (a) During the financial year, the Company contributed a total of USD 5,000,000 equivalent to RM 16,532,000 to the legal capital of a subsidiary, namely Poh Huat Furniture Industries (Qingdao) Co. Ltd.
- (b) During the financial year, the woodworking business of Poh Huat Woodwork (M) Sdn. Bhd. has been disposed to Poh Huat Furniture Industries (M) Sdn. Bhd., comprising of property, plant and equipment, leasehold land and inventories for a total cash consideration of RM 34,356,567.

30. SUBSEQUENT EVENT

On 21 November 2008, a fire destroyed a factory building at Poh Huat Furniture Industries Vietnam Joint Stock Company's (formerly known as Poh Huat Furniture Industries Vietnam Limited) Dong Nai plant. The affected production assets and inventories (i.e. factory building, machineries, semi-finished goods and finished goods), which total value is estimated to USD 2.5 million (equivalent to RM 8.3 million), are insured. As the event does not affect the condition of the assets at the balance sheet date, no adjustments have been made to the financial statements.

31. FINANCIAL INSTRUMENTS**(a) Financial Risk Management Policies**

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

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 2008. 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.

(ii) Credit risk

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

31. FINANCIAL INSTRUMENTS (CONT'D)**(a) Financial Risk Management Policies (Cont'd)****(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 African 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.

The unhedge financial assets and liabilities of the Group and of the Company that are not denominated in their functional currencies are as follows:

	Net Financial Assets/(Liabilities) Held In Non-Functional Currencies				
	Euro	Singapore Dollar	South African Rand	United States Dollar	Total
	RM	RM	RM	RM	RM
<u>Group</u>					
At 31 October 2008					
Deposits, bank					
and cash balances	10,706	-	-	12,037,579	12,048,285
Trade and other receivables	-	1,301,371	-	22,095,427	23,396,798
Trade and other payables	(744,748)	(82,480)	-	(30,963,118)	(31,790,346)
Bank borrowings	-	-	-	(22,032,361)	(22,032,361)
At 31 October 2007					
Deposits, bank					
and cash balances	13,333	-	33,255	31,115,996	31,162,584
Trade and other receivables	-	1,295,111	-	9,340,854	10,635,965
Trade and other payables	-	(244,977)	(17,098)	(20,337,094)	(20,599,169)
Bank borrowings	-	-	-	(23,415,594)	(23,415,594)
<u>Company</u>					
At 31 October 2008					
Trade and other receivables	-	-	-	10,088,353	10,088,353
At 31 October 2007					
Trade and other receivables	-	-	-	1,789,863	1,789,863

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Financial Year Ended 31 October 2008

31. FINANCIAL INSTRUMENTS (CONT'D)**(a) Financial Risk Management Policies (Cont'd)****(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 2008 except that it is not practicable to estimate the fair value of contingent liability reliably due to the uncertainties of timing, costs and eventual outcome.

LIST OF LANDED PROPERTIES

as at 31 October 2008

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 31.10.2008 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	5,168	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	4,507	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	16,318	21.10.03 (Date of Acquisition)
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 2056/12 years	7,844	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 2056/10 years	6,514	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 2056/8 years	11,140	12.9.00 (Date of Acquisition)

LIST OF LANDED PROPERTIES

as at 31 October 2008

Address/ Location	Description	Land Area (hectare)	Use	Tenure/ Age of Building	Net Book Value as at 31.10.2008 RM'000	Date of Revaluation or Acquisition
<i>Poh Huat Furniture Industries Vietnam Joint Stock Company</i>						
No. 17, Road 26 Song Than Industrial Zone II Di An District Binh Duong Province Vietnam	1 plot of industrial land with an office building, 1 hostel, 3 factory buildings and ancillary structures	6.76	Office with furniture manufacturing and accommodation facilities	50 years lease expiring in 2045/7 years	13,654	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 and ancillary structures	12.39	Office with furniture manufacturing facilities	50 years lease expiring in 2052/4 years	18,184	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 accommodation facilities	50 years lease expiring in 2056/2 years	21,396	4.8.06 (Date of Acquisition)

ANALYSIS OF SHAREHOLDINGS

as at 3 March 2009

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	-	3,749

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	219	5.84	10,934	0.01
100 - 1,000	304	8.11	243,513	0.28
1,001 - 10,000	2,661	70.98	9,372,080	10.75
10,001 - 100,000	485	12.94	14,810,920	16.98
100,001 to less than 5% of issued shares	78	2.08	47,856,859	54.87
5% and above of issued shares	2	0.05	14,926,544	17.11
Total	3,749	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 (JP)	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)	15.51	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 (JP)	6,183,900	-	7.09	-
Boo Chin Liong	15,000	-	0.02	-
Tay Khim Seng	1,798,500	-	2.06	-
Chua Syer Cin	-	-	-	-

Notes:-

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

ANALYSIS OF SHAREHOLDINGS (CONT'D)

as at 3 March 2009

The 30 Largest Shareholders

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) SENDIRAN BERHAD <PLEDGED SECURITIES ACCOUNT FOR TAY KIM HAU>	2,219,100	2.54
9.	LU CHIN POH	1,721,000	1.97
10.	SIM SHEAU YUN	1,511,589	1.73
11.	TAN CHEN NEO @ TANG CHEN NEO	1,465,000	1.68
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.	TENG LI LING	866,300	0.99
18.	TAY KIM HAU	855,500	0.98
19.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR TAY KHIM SENG (E-BPT)>	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.	TAN AH LIAN	528,300	0.61
24.	EB NOMINEES (TEMPATAN) SENDIRAN BERHAD <PLEDGED SECURITIES ACCOUNT FOR TAY KIM HUAT>	500,000	0.57
25.	UOBM NOMINEES (TEMPATAN) SDN BHD <EXEMPT AC FOR ARECA CAPITAL SDN BHD (CLIENT A/C 1)>	500,000	0.57
26.	GAN POH MUN	483,000	0.55
27.	CARTABAN NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT>	450,000	0.52
28.	KENANGA NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR TAY HUI KENG>	422,000	0.48
29.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <EXEMPT AC FOR DEUTSCHE BANK AG SINGAPORE (PWM ASING)>	400,000	0.46
30.	KE-ZAN NOMINEES (ASING) SDN BHD <KIM ENG SECURITIES PTE. LTD. FOR HORIZON GROWTH FUND N. V.>	394,000	0.45

Notice of Nomination Pursuant to Section 172(11) of the Companies Act, 1965

TAY KIM HUAT

18-2 Jalan Bentayan
84000 Muar Johor

Date: 18 March 2009

The Board of Directors
POH HUAT RESOURCES HOLDINGS BERHAD
PLO 1 Jorak Industrial Area Mukim Sungai Raya
84300 Bukit Pasir Muar Johor

Dear Sirs,

RE: NOTICE OF NOMINATION OF MESSRS HORWATH

I, Tay Kim Huat, a member of the Company, hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965 of my nomination of Messrs Horwath as Auditors of the Company in place of the retiring Auditors, Messrs SC Lim, Ng & Co.

Yours truly,



TAY KIM HUAT
Shareholder



FORM OF PROXY



POH HUAT RESOURCES HOLDINGS BERHAD
443169-X

I/We _____

of _____

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

of _____

or failing him, _____

of _____

as my/our proxy to vote on my/our behalf at the 11th Annual General Meeting of the Company to be held at Nusantara 1, Muar Traders Hotel, No. 16, Jalan Petrie, 84000 Muar, Johor Darul Takzim on 27 April 2009 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 a First and Final Dividend of 2% less tax		
Ordinary Resolution 4	Re-election of Mr Tay Kim Huat as Director		
Ordinary Resolution 5	Re-election of Mr Boo Chin Liong as Director		
Ordinary Resolution 6	Re-election of Mr Chua Syer Cin		
Ordinary Resolution 7	Appointment of Auditors		
Ordinary Resolution 8	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 2009.

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.

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STAMP/SETEM

Registered Office / Pejabat Berdaftar

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