

# Annual Report 2011

Soaring High  
Reaching Far and Wide



POH HUAT RESOURCES HOLDINGS BERHAD

443169-X



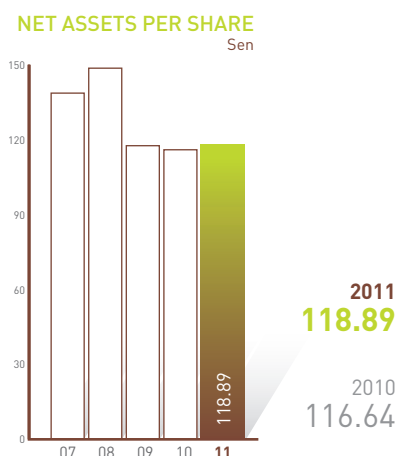
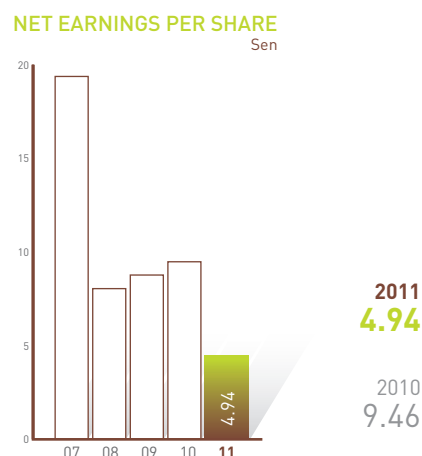
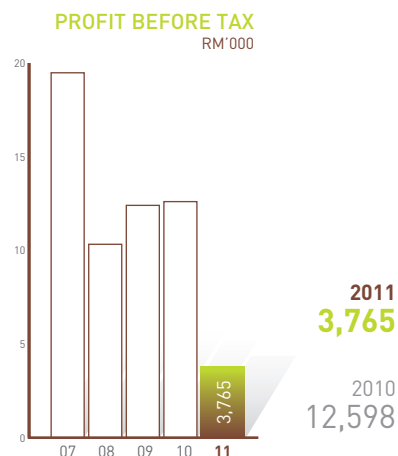
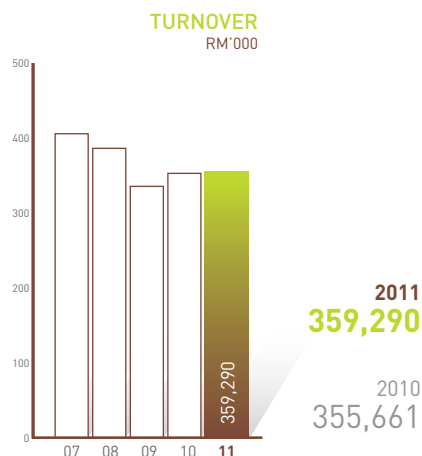
# CORPORATE STATEMENT

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

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# GROUP FINANCIAL HIGHLIGHTS



## Notes:-

The net earnings per share for year 2007 are calculated based on 87,220,100 shares in issue during the year. The net earnings per share for year 2008 are calculated based on 87,220,850 shares in issue during the year.

The net earnings per share for years 2009 and 2010 are calculated based on 113,387,105 shares in issue during those years.

The net earnings per share for year 2011 are calculated based on the weighted average of 113,065,872 shares in issue (excluding treasury shares) during the year.

Financial year ended 31 October	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000
Turnover	405,037	385,239	329,648	355,661	<b>359,290</b>
Profit before taxation	19,553	10,336	12,473	12,598	<b>3,765</b>
Profit after taxation and attributable to shareholders	16,946	7,368	9,937	10,725	<b>5,585</b>
Equity attributable to shareholders	121,399	129,941	133,427	132,251	<b>130,643</b>
	sen	sen	sen	sen	sen
Net earnings per share*	19.43	8.04	8.76	9.46	<b>4.94</b>
Net assets per share	139.19	148.98	117.67	116.64	<b>118.89</b>



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY  
GIVEN that the 14th  
Annual General  
Meeting of the  
Company will be held  
at Hotel D'99 No. 173,  
Jalan Abdullah, 84000  
Muar, Johor Darul  
Takzim on 19 April  
2012 at 11.00 a.m. for  
the transaction of the  
following businesses:-

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 October 2011 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors' fees for the financial year ended 31 October 2011. **(Ordinary Resolution 1)**
3. To declare a first and final tax-exempt dividend of 2% in respect of the financial year ended 31 October 2011. **(Ordinary Resolution 2)**
4. To re-elect the following Directors who retire in accordance with Article 81 of the Company's Articles of Association:-  
  
Mr Tay Kim Huat **(Ordinary Resolution 3)**  
Dato' Haji Zaini bin Md Hasim **(Ordinary Resolution 4)**  
Mr Chua Syer Cin **(Ordinary Resolution 5)**
5. To re-elect the following Director who retire in accordance with Article 88 of the Company's Articles of Association:-  
  
Mr Toh Kim Chong **(Ordinary Resolution 6)**
6. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to determine their remuneration. **(Ordinary Resolution 7)**

## AS SPECIAL BUSINESSES

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

## AS ORDINARY RESOLUTIONS

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

"THAT subject always to the Companies Act, 1965 ("Act"), the Articles of Association of the Company and the approvals of the Bursa Malaysia Securities Berhad and all other applicable laws, regulations and guidelines, the Directors of the Company be and are hereby given full authority, pursuant to Section 132D of the Act, to issue and allot shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors may, in their discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company." **(Ordinary Resolution 8)**



## 8. Share Buy-Back Mandate

"THAT, subject always to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, regulations and guidelines, the Directors of the Company be and are hereby given full authority, to allocate an amount not exceeding the total available retained profits and share premium of the Company based on its latest audited financial statements available up to the date of the transaction for the purpose of and to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through the Bursa Securities as the Directors may deem fit and in the best interest of the Company provided that the aggregate number of shares to be purchased and/or held as treasury shares pursuant to this resolution does not exceed ten percentum (10%) of the issued and paid-up share capital of the Company at any point in time;

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

AND THAT such approval and authorisation shall be effective immediately upon the passing of this resolution and continue to be in force until:-

- the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- the expiration of the period within which the next annual general meeting is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Act); or
- revoked or varied by resolution passed by the shareholders in a general meeting;

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

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

**(Ordinary Resolution 9)**

## AS SPECIAL RESOLUTION

### 9. Amendments to the Company's Articles of Association

"That all the proposed deletions, additions and amendments to the Articles of Association of the Company as set out in Appendix 1 of the Circular to Shareholders dated 28 March 2012 be and are hereby accepted, approved and adopted accordingly"

**(Special Resolution 1)**



# NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the proposed first and final tax-exempt dividend of 2% in respect of the financial year ended 31 October 2011, if approved, will be paid on 18 May 2012 to depositors registered in the Record of Depositors of the Company at the close of business on 9 May 2012.

A depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 9 May 2012 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  
28 March 2012

## 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. 7, (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.
7. **Explanatory Notes for Resolution 8  
Renewal of Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**  
  
The Ordinary Resolution proposed under Item 7 (Resolution 8) of the Notice of General Meeting is for the renewal of the mandate obtained in the Company's previous annual general meeting held on 21 April 2011 for the issue of securities pursuant to Section 132D of the Companies Act, 1965.  
  
The Company has not issued any shares pursuant to the above mandate.  
  
This Ordinary Resolution 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. This provides flexibility for the Company for any possible fund raising activities. The Directors envisage that the proceeds raised from such issuance of shares will be used for upgrading of the Group's production capacity and/or capability, general working capital purposes or for such other purposes, the details of which the Company will announce in compliance with the relevant regulatory requirements. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next annual general meeting of the Company.
8. **Explanatory Notes for Ordinary Resolution 9  
Share Buy-Back Mandate**  
  
The Ordinary Resolution proposed under Item 8 (Resolution 9), if passed, will empower the Directors to purchase shares in the Company up to an amount not exceeding ten percentum (10%) of the issued and paid-up share capital of the Company as they consider would be in the interest of the Company. Further details on the Proposed Share Buy-back are provided in the Circular to Shareholders dated 28 March 2012.
9. **Explanatory Notes for Special Resolution 1  
Amendments to the Company's Articles of Association**  
  
The Special Resolution proposed under Item 9 (Special Resolution 1) of the Notice of General Meeting relates to the amendments in the Articles of Association to ensure compliance with the amended Main Market Listing Requirements of Bursa Securities Malaysia Berhad and other regulatory requirements. At the same time, the amended Articles of Association of the Company are intended to better facilitate the administration of the affairs of the Company. Further details on the Proposed Amendments are provided in the Circular to Shareholders dated 28 March 2012.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

## DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTOR

No individual is seeking election as a Director at the forthcoming Annual General Meeting of the Company.

## NAME OF DIRECTORS STANDING FOR RE-ELECTION

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

- Mr Tay Kim Huat
- Dato' Haji Zaini bin Md. Hasim
- Mr Chua Syer Cin
- Mr Toh Kim Chong

Mr Tay Kim Huat, Dato' Haji Zaini bin Md. Hasim and Mr Chua Syer Cin are retiring in accordance with Article 81 of the Company's Articles of Association while Mr Toh Kim Chong is retiring in accordance to Article 88 of the Company's Articles of Association.

## DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Four (4) board meetings were held during the financial year ended 31 October 2011. Details of the attendance of Directors at the board meetings are as follows:-

Name	Attendance
Datuk Seri Zulkipli bin Mat Noor	4/4
Mr Tay Kim Huat	4/4
Mr Tay Kim Hau	3/4
Dato' Ng Ah Poh	4/4
Mr Chai Meng Kui (JP)	3/4
Dato' Haji Zaini bin Md. Hasim	4/4
Mr Boo Chin Liong	4/4
Mr Tay Khim Seng	3/4
Mr Chua Syer Cin	4/4
Mr Toh Kim Chong (appointed on 29 April 2011)	1/2

## DATE, TIME AND PLACE OF THE ANNUAL GENERAL MEETING

Date : 19 April 2012

Time : 11.00 a.m.

Place : Hotel D'99  
No. 173, Jalan Abdullah,  
84000 Muar,  
Johor Darul Takzim.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Datuk Seri Zulkipli bin Mat Noor  
*(Independent Non-Executive Chairman)*

Tay Kim Huat  
*(Managing Director)*

Tay Kim Hau  
*(Executive Director)*

Dato' Ng Ah Poh  
*(Executive Director)*

Toh Kim Chong  
*(Executive Director)*

Dato' Haji Zaini bin Md. Hasim  
*(Independent Non-Executive Director)*

Chai Meng Kui (JP)  
*(Independent Non-Executive Director)*

Boo Chin Liong  
*(Independent Non-Executive Director)*

Tay Khim Seng  
*(Non-Independent Non-Executive Director)*

Chua Syer Cin  
*(Independent Non-Executive Director)*

## 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. 7 (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 - 954 1707

## PRINCIPAL PLACE OF BUSINESS

PLO 1, Jorak Industrial Area

Mukim Sungai Raya

84300 Bukit Pasir, Muar

Johor Darul Takzim

## REGISTRARS

Symphony Share Registrars Sdn Bhd

Level 6 Symphony House Block D13

Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

Tel No. : 603 - 7841 8000

Fax No. : 603 - 7841 8008

## AUDITORS

Crowe Horwath (AF 1018)

Chartered Accountants

## PRINCIPAL BANKERS

Malayan Banking Berhad

United Overseas Bank (Malaysia) Bhd

HSBC Bank (Malaysia) Berhad

United Overseas Bank (Vietnam) Ltd

HSBC Bank (Vietnam) Ltd

Chinatrust Commercial Bank

(Vietnam) Ltd

VID Public Bank (Vietnam) Ltd

## SOLICITORS

J.A. Nathan & Co.

Jeff Leong, Poon & Wong

## STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia

Securities Berhad

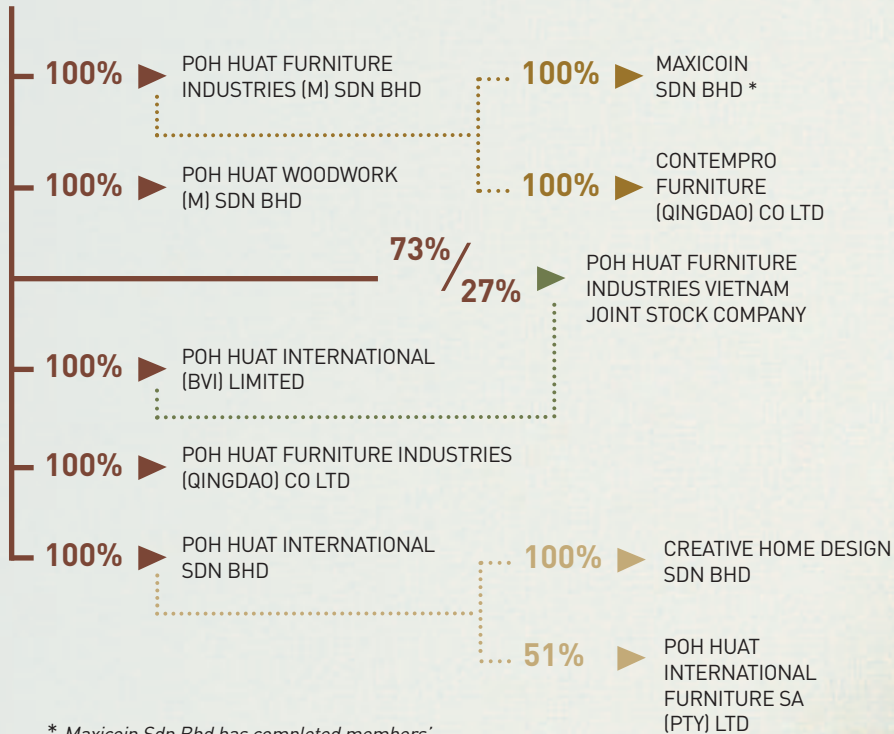


# CORPORATE STRUCTURE



AT OFFICE SYSTEM®

**POH HUAT RESOURCES  
HOLDINGS BERHAD** 443169-X



\* Maxicoin Sdn Bhd has completed members' voluntary winding-up on 30 December 2011

# INFORMATION ON DIRECTORS

## **DATUK SERI ZULKIPLI BIN MAT NOOR** *SPDK, SPTJ, DIMP, DSAP, PJN, SIMP, KMN, JMN, PSPP* *Chairman (Independent Non-Executive Director)*

Datuk Seri Zulkipli bin Mat Noor, aged 62, was appointed as the Chairman of the Company on 1 January 2010.

Datuk Seri Zulkipli obtained a Diploma in Public Administration from Universiti Teknologi Mara and a Bachelor of Arts, Political Science (Honours) from Kansas University, USA in 1980. He furthered his study and obtained a Master of Arts, Strategic Studies & International Relations from Lancaster University, England in 1984.

Datuk Seri Zulkipli started his career with the Royal Malaysia Police Force as an Inspector in 1969. Upon completion of the basic training, Datuk Seri Zulkipli was absorbed into the Special Branch for 23 years during which he raised through the ranks. His last position with the Special Branch was the Head of Special Branch, Sabah. During his tenure with the Police Force, Datuk Seri Zulkipli held various commanding positions in the Police Force including, Deputy Director of Administration (Management), Bukit Aman, Deputy Director of Services and Personnel (Management), Bukit Aman, Chief

Police Officer, Johor and Commissioner of Police, Sarawak with the rank of Deputy Commissioner of Police.

On 1 April 2001, Datuk Seri Zulkipli was seconded to the Anti-Corruption Agency of Malaysia and served as the Director General of the Agency for 6 years until his retirement on 31 March 2007.

During his tenure with the Police Force, Datuk Seri Zulkipli also served as the 1st President of the Karate Association of the Royal Malaysia Police Force and was later the President of the Malaysian Karate Federation (MAKAF) for 2 years.

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

He is not a director of any other public company. He has no family relationship with any Director and/or major shareholder of the Company.

## **MR TAY KIM HUAT** *Managing Director (Non-Independent Executive Director)*

Mr Tay Kim Huat, Malaysian, aged 56, 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 30 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 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 investments undertaken by the Group.

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

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

**MR TAY KIM HAU**
*Executive Director (Non-Independent Executive Director)*

Mr Tay Kim Hau, Malaysian, aged 64, 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 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 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 66, 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 37 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 (Independent Non-Executive Director)*

Mr Chai Meng Kui, Malaysian, aged 46, was appointed to the Board of the Company on 1 January 2008 and is presently an Independent Non-Executive Director the Company.

Mr Chai completed his early education in Muar and was involved in dealing with used motor vehicles during the early stage of his working career. Mr Chai presently has business interests in and is a director of several private limited companies involved in property development and related

businesses including manufacture of timber products, quarrying and trading of building materials.

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

He is not a director of any other public company. He has no family relationship with any Director and/or major shareholder of the Company.

**MR BOO CHIN LIONG***Director (Independent Non-Executive Director)*

Mr Boo Chin Liong, Malaysian, aged 51, 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 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 51, 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 39, 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. He has no family relationship with any Director and/or major shareholder of the Company.

**MR TOH KIM CHONG**
*Director (Executive Director)*

Mr Toh Kim Chong, Malaysian, aged 37, was appointed as an Executive Director of the Company on 29 April 2011.

Mr Toh started his career in 1989 as a furniture apprentice with the carpentry business of Mr Tay Kim Huat. Upon the incorporation of the carpentry business in 1992, Mr Toh was appointed as a Line Supervisor of into Poh Haut Furniture Industries Sdn Bhd and was later promoted to the position of Factory Manager of the company in 1997. In 2003, Mr Toh was assigned to lead the Group's expansion to Vietnam and was appointed as Deputy General Manager of Poh Huat

Furniture Industries Vietnam Ltd. He was promoted to his present position of General Manager upon the conversion of Poh Huat Furniture Industries Vietnam Ltd into a joint-stock company in 2005. Mr Toh is presently responsible for the day-to-day management of the Group's Vietnam operations and is also a member of the Board of Management of Poh Huat Furniture Industries Vietnam JSC.

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.

**Conflict of Interest**

None of the Directors has any conflict of interest with the Company.

**Conviction of Offence**

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



# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of **POH HUAT RESOURCES HOLDINGS BERHAD**, I have the pleasure of presenting to you, the annual report and the financial statements of the company and its subsidiaries for the financial year ended 31 October 2011.



## OPERATIONAL REVIEW

During the year under review, lingering concerns over the weak global macro-economic environment continued to weigh down on buying sentiment with many buyers hesitant on placing orders. While there were signs of a recovery in the US at the beginning of the year, global sentiments were again adversely affected by US recovery not gaining traction and the escalation of the sovereign debt crisis in several European Union nations. While our shipment of furniture to the US continued at a commendable level, our shipment to other markets, particularly those in the Middle East region, were lower than those in the previous year.

The performance of our Vietnam factories remained strong with total shipment of RM160.30 million for the financial year under review. This is commendable given the weak market sentiment still persistent in the North America market. During the year, we worked with our customers on new products and pricing to reflect the higher manufacturing costs. We also successfully launched several new groups of furniture for customers in the Canadian market. I am happy to report that our Vietnam operations achieved a profit after taxation of RM16.47 million.

The Group however fared less well in Malaysia. While we received strong orders from both the office and home segments, the weak market conditions in Europe and the Middle-East put severe pressure on our selling prices and product margins. Coupled with the unfavourable exchange rate and general escalation in manufacturing costs, our Malaysian operations sustained a loss after taxation of RM4.96 million despite a higher turnover of RM186.49 million.

As for our manufacturing operations in China, we continued to suffer operating losses, albeit at a much smaller scale of RM1.36 million, due to lack of economy of scale. Inevitably, we came to the conclusion that a turnaround under the current circumstances will not be forthcoming. We thus initiated action to reduce our exposure and has in December 2011 came to an agreement with a party in Qingdao to dispose of the land and factory buildings belonging to Poh Huat Furniture Industries (Qingdao) Co Ltd. The disposal has to be done via the transfer of our invested capital in the said company and this resulted in a one-time investment loss of RM5.16 million. We are now taking steps to migrate the machinery and operations under Poh Huat Furniture Industries (Qingdao) Co Ltd to its sister company, Contempro Furniture (Qingdao) Co Ltd and will operate the business in Qingdao at a much more manageable scale.



## Financial Review

Despite the mixture of tough external environment and internal circumstances, I am happy to report that the Group managed to achieve a higher turnover of RM359.29 million compared to the RM355.66 million achieved in the previous financial year. Despite record profits from Vietnam, the Group's profitability was impacted by operational losses in Malaysia and the impairment loss on the disposal of Poh Huat Furniture Industries (Qingdao) Co Ltd. The Group's profit dropped by more than half of last year with a profit before taxation of RM3.76 million. There was however a reversal of deferred taxation of RM2.15 million in Malaysia resulting in a Group tax credit of RM1.88 million for the financial year. The Group ended the year with a net profit attributable to shareholder of RM5.58 million.

The Group also recorded a translation loss of RM3.80 million mainly from the translations of the Group's foreign assets and liabilities in Vietnam. The translation loss was due mainly to the general weakening of the Vietnamese Dong and the US Dollar against the Ringgit during the year.

## Dividend

In line with the performance of the Company, the Board has recommended a first and final tax-exempt dividend of 2% for the financial year ended 31 October 2011 for approval at the forthcoming annual general meeting of the company.

## Prospects

Raised uncertainties in the macro-economic environment, in particular, the Eurozone debt crisis have again eroded customers' buying confidence. The contagion effects of the sovereign debt crisis and the return to recession in several European Union nations point towards an economic double dip that has started in 2009. On the supply side, high commodity prices and inflationary pressure continue as unrests and confrontations in several Middle East nations exacerbated concerns on disruption in oil supply, driving oil and energy prices up.

Aided by the China-led buoyant Asian economies, the silver lining is perhaps the cautious optimism that the worst is over and a slower-paced but sustainable global recovery is

underway. In US, recent economy indicators suggest that a sustainable recovery may well be underway. There seems to be a new optimism that the world's largest economy will weather the financial crisis in Europe and avoid a recession in 2012.

With a difficult year behind us, we look forward to better performance for the coming year. The Group is now putting efforts to strengthen our operations, particular in Malaysia and China. In Malaysia, we have reviewed carefully our costs vis-a-vis selling prices and have commenced negotiations with our key customers to rationalise our selling prices and product offerings to reflect escalated material and manufacturing costs. In China, we are realigning our manufacturing facilities with market demand to lower overheads and improve efficiency. Lastly, we will continue to leverage on the strength and push for better performance in Vietnam.

## Acknowledgement

On behalf of the Board, I would also like to take this opportunity to express our sincere appreciation and gratitude to the management and employees of the Group for their dedication, team spirit and hard work during these challenging times. The commendable performance of the Group is the result of the earnest efforts put in by our workforce.

The achievements of the Group are also made possible through the long-standing support, co-operation and assistance of our valued customers, suppliers and business associates. To our business partners, we express our gratitude for your contribution to the success of the Group.

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

Yours sincerely,

**Datuk Seri Zulkipli bin Mat Noor**  
**Muar, Johor Darul Takzim**  
13 March 2012



# CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance in ensuring that the interest of the Company, shareholders and other stakeholders are protected. The Board is committed to an established framework for governance and controls that are consistent with the principles and best practices recommended in the Malaysian Code on Corporate Governance (Revised 2007) ("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; 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 and the Remuneration 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 ten (10) members of whom four (4) are Executive Directors and six (6) are Non-Executive Directors. Out of the six (6) Non-Executive Directors, five (5) 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.

## CORPORATE GOVERNANCE (cont'd)

**BOARD OF DIRECTORS** (cont'd)***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. All Directors have attended and successfully completed the Mandatory Accreditation Programme.

During the year, the following Directors of the Company attended professional and management development courses as follows:-

<b>Director</b>	<b>Courses/Training Attended</b>
Datuk Seri Zulkipli bin Mat Noor	The Global Economic Slowdown of 2007-2008-Present : Its Impact On Malaysia
Dato'Haji Zaini bin Md. Hasim	The Global Economic Slowdown of 2007-2008-Present : Its Impact On Malaysia
Mr Boo Chin Liong	The Global Economic Slowdown of 2007-2008-Present : Its Impact On Malaysia
Mr Tay Kim Huat	National Tax Seminar by LHDN
Mr Tay Kim Hau	National Tax Seminar by LHDN
Mr Tay Khim Seng	National Tax Seminar by LHDN
Dato' Ng Ah Poh	National Tax Seminar by LHDN

## CORPORATE GOVERNANCE (cont'd)

## BOARD OF DIRECTORS (cont'd)

*Directors' Training* (cont'd)

Director	Courses/Training Attended
Mr Chua Syer Cin	National Tax Seminar by LHDN  Tax Planning for Mergers and Acquisitions and Initial Public Offers by the Malaysia Institute of Certified Public Accountants  Chartered Tax Institute of Malaysia:- <ul style="list-style-type: none"><li>- Workshop on Recent Tax Cases, Successes and Surprises in Court</li><li>- Seminar on 2012 Budget Proposals and Recent Tax Developments</li><li>- Workshop on Maximising Tax Incentives</li><li>- Workshop on New Public Rulings in 2010 &amp; 2011</li></ul> Malaysian Institute of Accountants:- <ul style="list-style-type: none"><li>- Accounting for Deferred Taxation – Fundamentals and Practice</li><li>- Guideline for Disclosure by Directors and Secretarial Practice Issues</li></ul>
Mr Toh Kim Chong	Mandatory Accreditation Programme

The other directors did not attend any formal professional and management development courses during the year but shall attend suitable course(s) when appropriate.

The Directors will continue to undergo relevant training programmes to further enhance their skills and knowledge.

## CORPORATE GOVERNANCE (cont'd)

**Board Meetings**

During the financial year ended 31 October 2011, four (4) board meetings were held. Details of the attendance of Directors at these board meetings are as follows:-

<b>Name</b>	<b>Attendance</b>
Datuk Seri Zulkipli bin Mat Noor	4/4
Mr Tay Kim Huat	4/4
Mr Tay Kim Hau	3/4
Dato' Ng Ah Poh	4/4
Mr Chai Meng Kui (JP)	3/4
Dato' Haji Zaini bin Md. Hasim	4/4
Mr Boo Chin Liong	4/4
Mr Tay Khim Seng	3/4
Mr Chua Syer Cin	4/4
Mr Toh Kim Chong (Appointed on 29 April 2011)	1/2

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 and the Nomination 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)

**Board Committees** (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*

## CORPORATE GOVERNANCE (cont'd)

### **Board Committees** (cont'd)

#### **3. Remuneration Committee** (cont'd)

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 meeting.

The details of Directors' remuneration payable to the Directors of the Company for the financial year ended 31 October 2011 are disclosed in the Note 22 to the Financial Statement herein.

While the Code's Principles B III has prescribed for individual disclosure of directors' remuneration packages, the Board has considered and is of the view that the transparency and accountability aspects of corporate governance applicable for Directors' Remuneration are adequately served by the disclosure of directors' remuneration in successive bands of RM50,000 as prescribed under Bursa Malaysia's Main Market Listing Requirements.

#### **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.

## CORPORATE GOVERNANCE (cont'd)

**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 announcements to the Bursa Malaysia, circulars to shareholders and, where appropriate, ad-hoc press statements 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 : [www.pohhuat.com](http://www.pohhuat.com)

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 of 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 report 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 emphases 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**

The Company maintains a transparent relationship with the auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

The Audit Committee met with the auditors without the presence of the Executive Directors twice during the current financial year.

# AUDIT COMMITTEE

Audit Committee Report for the Financial Year Ended 31 October 2011

## 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.

All members of the Committee shall be financially literate and at least one member of the Committee must fulfil the Paragraph 15.09(1)(c) of the Bursa Malaysia's Main Market Listing Requirements.

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

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

**Meetings**

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

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

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

**Authority**

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

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

**Duties and Responsibilities**

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

1. to consider and recommend the appointment and remuneration of the external auditors;
2. to oversee matters pertaining to the external audit including the review of the audit scope and plans, the external auditors evaluation of the internal control system and their audit report;



## AUDIT COMMITTEE (cont'd)

### ***Duties and Responsibilities*** (cont'd)

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

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 transactions that may arises within the Company or the Group.

### ***Modifications***

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

### ***Meetings and Attendance***

Four (4) Audit Committee meetings were held during the financial year ended 31 October 2011. Details of the attendance of members at Audit Committee Meetings are as follows:-

<b>Name</b>	<b>Attendance</b>
Mr Boo Chin Liong	4/4
Dato' Haji Zaini bin Md. Hasim	4/4
Mr Tay Khim Seng	3/4
Mr Chua Syer Cin	4/4

### ***Activities of the Audit Committee***

The activities of the Audit Committee during the financial year ended 31 October 2011 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 2011 with the external auditors' including the audit notes and findings, and updates on new developments pertaining to accounting standards issued by the Malaysian Accounting Standards Board;
3. Reviewed and discussed with the internal auditors on the Group's 3 years internal audit plans and the overall assessment of the system of internal controls of the Group;
4. Reviewed the quarterly findings of and discussed with the internal auditors their recommendations to strengthen the internal controls and monitored the implementation of such approved recommendations;

## AUDIT COMMITTEE (cont'd)

**Activities of the Audit Committee** (cont'd)

The activities of the Audit Committee during the financial year ended 31 October 2011 included the following:

5. Reviewed the unaudited quarterly financial results of the Group and made recommendation to the Board;
6. Reviewed major investment and corporate proposals undertaken by the Group during the financial year; and
7. Reviewed related party transactions entered into by the Group in its ordinary course of business.

**INTERNAL CONTROL AND INTERNAL AUDIT FUNCTION**

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 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 rolling 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 financial year 2012 to 2014.
3. On a quarterly basis, reviewed the effectiveness of standard operating procedures and internal controls; and monitoring the compliance of the relevant operational function(s) or department(s) within the Group as outlined in the Internal Audit Plan;
4. Developed and adopted appropriate measures to further strengthen the standard operating procedures and internal control system;
5. Reported to and discussed with members of the Audit Committee and representatives of the respective operating function(s) or department(s) on the internal audit findings and status of implementation of corrective/enhancement actions identified in previous audit cycles; and
6. Monitoring the implementation by the respective departments of improvement measures recommended in quarterly audit findings and reports.

The direct expenditure incurred for the internal audit function for the financial year ended 31 October 2011 was approximately RM36,000.

## 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 monitors 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.

## STATEMENT ON INTERNAL CONTROL (cont'd)

The Board is satisfied that the internal control system was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The external auditors have reviewed the Statement of Internal Control pursuant to Paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad and have reported to the Board that it appropriately reflects the processes that the Board has adopted in reviewing the adequacy and integrity of the system of internal controls.



## 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 been authorised by shareholders to purchase its own shares. During the financial year, the Company has purchased 3,500,000 of its own shares, representing approximately 3.09% of its share capital, details of the repurchases are as follows:-

Month	No. of Shares Purchased	Highest Price per share RM	Lowest Price per share RM	Average Price per share RM	Total consideration paid RM
Aug 2011	476,000	0.430	0.400	0.4119	197,009
Sept 2011	1,096,500	0.400	0.390	0.3994	440,316
Oct 2011	1,927,500	0.425	0.390	0.4078	785,080

The Company has not resold any of the shares purchased and all the shares purchased are being retained as treasury shares.

### Options, Warrants or Convertible Securities

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

### Depository Receipt Programme

The Company has not sponsored any 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.

### Variation in Results

No material variation between the audited results for the financial year and the unaudited results previously announced.



ADDITIONAL COMPLIANCE INFORMATION (cont'd)

**Profit Guarantee**

No person or party has warranted the profit of the Company for the financial year.

**Material Contracts Involving Directors'/Substantial Shareholders' Interests**

The Company has not entered into any material contract with any Directors or substantial shareholders of the Company nor any persons connected to a Directors or major shareholders of the Company.

**Recurrent Related Party Transactions**

Details of the recurrent related party transactions undertaken by the Group during the financial year are disclosed in Note 28 of the Financial Statements herein.



# CORPORATE RESPONSIBILITY

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 Chain of Custody ("COC") requirements and a majority of its products are certified as COC compliant. 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 on the environment and to contribute to the realisation of a recycling-based society by achieving the targets set by world environment panels and organisations such as the 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 5,000 employees both Malaysian and foreigners, either deploy in Malaysia or their home country where the Group has operational bases. The Group 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 organised by the Group to strengthen their core skills and competencies with a view of enhancing career development, work quality and job performance.

## CORPORATE RESPONSIBILITY (cont'd)

**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 work 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.

**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 materials, parts and products made by external suppliers and to products manufactured and distributed throughout our supply chain globally.

# 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 the Financial Reporting Standards and the Companies Act, 1965 . It is the duty of the Directors to review the appropriateness of the basis before adopting the financial statements and lay them before the Annual General Meeting together with their Report and the Auditors' Report thereon.

The Directors are also responsible for ensuring that proper accounting and other records are kept to sufficiently explain the transactions and financial position of the Group and of the Company and to enable true and fair financial statements to be prepared.

In preparing the financial statements, the Directors are required to exercise judgement in making certain estimates to be incorporated in the financial statements. The Directors are to ensure that the estimates made are reasonable and relevant to the financial statements.

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 October 2011.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

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

## RESULTS

	GROUP RM	COMPANY RM
Profit after tax for the financial year	1,847,454	2,142,367
Attributable to :		
Owners of the Company	2,082,448	2,142,367
Non-controlling interests	(234,994)	-
	1,847,454	2,142,367

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of the new and revised Financial Reporting Standards as disclosed in Note 3.3 to the financial statements.

## DIVIDENDS

A first and final tax exempt dividend of 2% equivalent to 2 sen per ordinary share amounting to RM 2,267,742 in respect of the financial year ended 31 October 2010 was approved by the shareholders at the Annual General Meeting held on 21 April 2011 and paid on 18 May 2011.

At the forthcoming Annual General Meeting, a first and final tax exempt dividend of 2% equivalent to 2 sen per ordinary share amounting to RM 2,267,742 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 October 2012.

## RESERVES AND PROVISIONS

There was no material transfers to or from reserves and provisions during the financial year save as disclosed in the financial statements.

DIRECTORS' REPORT (cont'd)

**ISSUES OF SHARES AND DEBENTURES**

During the financial year,

- (a) there was no changes in the authorised and issued and paid-up share capital of the Company ; and
- (b) there were no issues of debentures by the Company.

**TREASURY SHARES**

At Annual General Meeting held on 21 April 2011, the Company's shareholders approved the Company's proposal to repurchase its own shares. During the financial year, the Company purchased 3,500,000 of its issued ordinary shares from the open market at prices ranging from RM 0.40 to RM 0.43 per share. The total consideration paid for the purchase was RM 1,422,406 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965 and are presented as a deduction from total equity.

At 31 October 2011, the Company held as treasury shares a total of 3,500,000 out of its 113,387,105 issued and fully paid-up ordinary shares. The treasury shares are held at carrying amount of RM 1,422,406. Relevant details on the treasury shares are disclosed in Note 13 to the financial statements.

**OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

**DIRECTORS**

The directors who served since the date of the last report are as follows :

Datuk Seri Zulkipli Bin Mat Noor  
Tay Kim Huat  
Tay Kim Hau  
Dato' Ng Ah Poh  
Boo Chin Liong  
Dato' Haji Zaini Bin Md Hasim  
Tay Khim Seng  
Chua Syer Cin  
Chai Meng Kui  
Toh Kim Chong

(Appointed on 29 April 2011)

## DIRECTORS' REPORT (cont'd)

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interest of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows :

		<b>Number Of Ordinary Shares Of RM 1 Each</b>			
		<b>Balance At 01.11.2010/ Date of appointment</b>	<b>Bought</b>	<b>Sold</b>	<b>Balance At 31.10.2011</b>
Tay Kim Huat	- Direct interest	25,505,838	-	-	25,505,838
	- Indirect interest *	2,766,094	320,800	-	3,086,894
Tay Kim Hau	- Direct interest	3,996,980	-	-	3,996,980
Dato' Ng Ah Poh	- Direct interest	4,599,855	-	-	4,599,855
Boo Chin Liong	- Direct interest	19,500	-	-	19,500
Dato' Haji Zaini Bin Md Hasim	- Direct interest	15,600	-	-	15,600
Tay Khim Seng	- Direct interest	2,318,050	-	-	2,318,050
Chai Meng Kui	- Direct interest	3,503,586	-	-	3,503,586
Toh Kim Chong	- Direct interest	685,000	-	-	685,000

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

By virtue of his shareholding in the Company, Mr. Tay Kim Huat is deemed to have interests in shares in all the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

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 of the Company and its related corporations during the financial year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director 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 shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interest save as disclosed in Note 28(a) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

## DIRECTORS' REPORT (cont'd)

**OTHER STATUTORY INFORMATION**

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps :
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables ; and
  - (ii) to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances :
- (i) that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company ; or
  - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading ; or
  - (iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate ; or
  - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist :
- (i) any charge on the assets of the Group and of the Company that 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 of the Group and of the Company 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 substantially affect the ability of the Group and of the Company to meet their obligations when they fall due ; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

DIRECTORS' **REPORT** (cont'd)

**SUBSEQUENT EVENT**

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

**AUDITORS**

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

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

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**TAY KIM HUAT**

Director

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**TAY KIM HAU**

Director

Muar, Johor Darul Takzim

Date : 13 February 2012



# 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**, state that, in the opinion of the directors, the financial statements set out on pages 43 to 112 are drawn up in accordance with 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 2011 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out on page 113, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

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**TAY KIM HUAT**

Director

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**TAY KIM HAU**

Director

Muar, Johor Darul Takzim

Date : 13 February 2012

# STATUTORY DECLARATION

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

I, **TAY KIM HUAT**, being the officer primarily responsible for the financial management of **POH HUAT RESOURCES HOLDINGS BERHAD**, do solemnly and sincerely declare that the financial statements and supplementary information set out on pages 43 to 113 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 13 February 2012 }

Before me :  
Commissioner for Oaths

# TAY KIM HUAT

# 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 statements of financial position at 31 October 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 112.

### Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### 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 about 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 judgement, 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 of the financial statements that give a true and fair view 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 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 as of 31 October 2011 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.

INDEPENDENT AUDITORS' REPORT (cont'd)  
TO THE MEMBERS OF POH HUAT RESOURCES HOLDINGS BERHAD

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS** (cont'd)

- (b) We have considered the financial statements 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.
- (c) We are satisfied that the financial statements 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 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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out on page 113 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**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.

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**Crowe Horwath**  
Firm No.: AF 1018  
Chartered Accountants

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**Ng Kim Kiat**  
Approval No.: 2074/10/12 (J)  
Chartered Accountant

Muar, Johor Darul Takzim  
Date : 13 February 2012

## STATEMENTS OF FINANCIAL POSITION

AT 31 OCTOBER 2011

	Note	2011 RM	Group 2010 RM Restated	2011 RM	Company 2010 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	4	106,962,745	130,881,895	-	-
Investment in subsidiaries	5	-	-	78,531,674	91,388,266
Intangible asset	6	-	296,148	-	-
Long term receivables	7	-	-	33,000,663	-
		106,962,745	131,178,043	111,532,337	91,388,266
<b>CURRENT ASSETS</b>					
Inventories	8	54,375,388	58,622,835	-	-
Trade and other receivables	7	39,061,451	39,015,323	688,471	16,759,979
Deposits, bank and cash balances	9	19,800,817	23,265,280	432,246	68,025
Dividend receivable		-	-	1,845,000	7,826,695
Derivative assets	10	285,218	-	-	-
Assets of disposal subsidiary classified as held for sale	11	15,343,800	-	-	-
		128,866,674	120,903,438	2,965,717	24,654,699
<b>TOTAL ASSETS</b>		<b>235,829,419</b>	<b>252,081,481</b>	<b>114,498,054</b>	<b>116,042,965</b>

The annexed notes form an integral part of these financial statements.



STATEMENTS OF FINANCIAL POSITION (cont'd)  
AT 31 OCTOBER 2011

	Note	2011 RM	Group 2010 RM Restated	2011 RM	Company 2010 RM
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	12	113,387,105	113,387,105	113,387,105	113,387,105
Treasury shares	13	(1,422,406)	-	(1,422,406)	-
Reserves	14	18,678,668	18,863,962	2,464,778	2,590,153
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		130,643,367	132,251,067	114,429,477	115,977,258
<b>NON-CONTROLLING INTERESTS</b>		2,060,314	2,295,785	-	-
<b>TOTAL EQUITY</b>		132,703,681	134,546,852	114,429,477	115,977,258
<b>NON-CURRENT LIABILITIES</b>					
Bank borrowings	15	2,736,161	3,624,339	-	-
Hire purchase payables	16	391,169	595,761	-	-
Deferred tax liabilities	17	4,530,000	6,680,000	-	-
		7,657,330	10,900,100	-	-
<b>CURRENT LIABILITIES</b>					
Trade and other payables	18	56,375,654	71,509,000	68,577	65,707
Bank borrowings	15	38,664,841	34,852,557	-	-
Hire purchase payables	16	204,591	193,275	-	-
Tax payable		223,322	79,235	-	-
Dividend payable		-	462	-	-
		95,468,408	106,634,529	68,577	65,707
<b>TOTAL LIABILITIES</b>		103,125,738	117,534,629	68,577	65,707
<b>TOTAL EQUITY AND LIABILITIES</b>		235,829,419	252,081,481	114,498,054	116,042,965

The annexed notes form an integral part of these financial statements.

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

	Note	2011 RM	Group 2010 RM	2011 RM	Company 2010 RM
REVENUE	19	359,289,922	355,661,237	20,288,235	10,250,205
COST OF SALES		(317,104,984)	(300,484,445)	-	-
GROSS PROFIT		42,184,938	55,176,792	20,288,235	10,250,205
OTHER INCOME		7,799,943	7,873,668	-	-
SELLING AND DISTRIBUTION EXPENSES		(18,901,876)	(18,688,385)	-	-
ADMINISTRATIVE EXPENSES		(16,853,438)	(16,661,827)	(545,794)	(565,297)
OTHER EXPENSES		(8,522,738)	(13,198,191)	(14,475,136)	(7,133,439)
FINANCE COSTS	20	(1,941,627)	(1,903,739)	(2,304)	(1,017)
PROFIT BEFORE TAX	21	3,765,202	12,598,318	5,265,001	2,550,452
TAX EXPENSE	24	1,880,354	(1,819,524)	(3,122,634)	(516,438)
PROFIT AFTER TAX		5,645,556	10,778,794	2,142,367	2,034,014
<b>OTHER COMPREHENSIVE EXPENSE, NET OF TAX</b>					
- Foreign currency translation		(3,798,102)	(10,182,945)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		1,847,454	595,849	2,142,367	2,034,014
<b>PROFIT AFTER TAX ATTRIBUTABLE TO :</b>					
Owners of the Company		5,584,898	10,725,067	2,142,367	2,034,014
Non-controlling interests		60,658	53,727	-	-
		5,645,556	10,778,794	2,142,367	2,034,014
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :</b>					
Owners of the Company		2,082,448	524,481	2,142,367	2,034,014
Non-controlling interests		(234,994)	71,368	-	-
		1,847,454	595,849	2,142,367	2,034,014
EARNINGS PER ORDINARY SHARES (SEN)	25				
Basic		4.94	9.46	-	-

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

GROUP	Note	Attributable To Owners Of The Company						
		Non-Distributable		Distributable			Non-controlling Interests	Total Equity
		Share Capital	Treasury Shares	Revaluation Reserve	Fluctuation Reserve	Foreign Exchange Reserve	Retained Profits	Total
		RM	RM	RM	RM	RM	RM	RM
At 1 November 2009		113,387,105	-	6,787,594	(5,055,214)	18,307,904	133,427,389	2,224,916
Total comprehensive income for the financial year		-	-	-	(10,200,586)	10,725,067	524,481	71,368
Dividends	26	-	-	-	-	(1,700,803)	(1,700,803)	(499)
At 31 October 2010		113,387,105	-	6,787,594	(15,255,800)	27,332,168	132,251,067	2,295,785
Total comprehensive income for the financial year		-	-	-	(3,502,450)	5,584,898	2,082,448	(234,994)
Purchase of treasury shares	13	-	(1,422,406)	-	-	-	(1,422,406)	-
Dividends	26	-	-	-	-	(2,267,742)	(2,267,742)	(477)
At 31 October 2011		113,387,105	(1,422,406)	6,787,594	(18,758,250)	30,649,324	130,643,367	2,060,314
								132,703,681

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

## COMPANY

	Note	Attributable To Owners Of The Company			Total Equity RM
		Share Capital RM	Non- Distributable Treasury Shares RM	Distributable Retained Profits RM	
At 1 November 2009		113,387,105	-	2,256,942	115,644,047
Total comprehensive income for the financial year		-	-	2,034,014	2,034,014
Dividends	26	-	-	(1,700,803)	(1,700,803)
At 31 October 2010		113,387,105	-	2,590,153	115,977,258
Total comprehensive income for the financial year		-	-	2,142,367	2,142,367
Purchase of treasury shares	13	-	(1,422,406)	-	(1,422,406)
Dividends	26	-	-	(2,267,742)	(2,267,742)
At 31 October 2011		113,387,105	(1,422,406)	2,464,778	114,429,477

The annexed notes form an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

	2011 RM	Group 2010 RM Restated	2011 RM	Company 2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	3,765,202	12,598,318	5,265,001	2,550,452
Adjustments for :				
Allowance for impairment losses on trade and other receivables	829,423	482,090	1,367,234	-
Allowance for obsolete inventory	-	60,370	-	-
Bad debts written off	10,314	280,139	-	-
Deposit forfeited	1,000	-	-	-
Deposit forfeited income	(50)	(200)	-	-
Depreciation	9,181,280	9,111,901	-	-
Dividend income	-	-	(1,845,000)	(7,826,695)
Fair value gain on derivatives	(285,218)	-	-	-
Fire insurance compensation	(4,860,108)	(6,700,200)	-	-
Goodwill written off	296,148	-	-	-
Impairment loss on investment in a subsidiary	-	-	12,856,592	6,319,071
Impairment loss on property, plant and equipment	4,742,540	-	-	-
Inventory written off	-	8,020,569	-	-
Loss/(Gain) on disposal of property, plant and equipment	147,650	(47,795)	-	-
Property, plant and equipment written off	469,242	2,331,631	-	-
Reversal of allowance for impairment losses on trade and other receivables	(171,211)	-	-	-
Unrealised (gain)/loss on foreign exchange	(1,058,958)	1,130,379	205,237	814,368
Interest income	(347,206)	(84,787)	-	-
Interest expenses	1,490,196	1,416,596	-	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	14,210,244	28,599,011	17,849,064	1,857,196
<b>Changes In Working Capital</b>				
Inventories	1,636,005	(18,014,935)	-	-
Trade and other receivables	5,064,242	(6,400,385)	(36,838,744)	(1,388,510)
Trade and other payables	(10,706,876)	13,898,719	2,870	5,094
<b>CASH GENERATED FROM/(ABSORBED INTO) OPERATIONS</b>	10,203,615	18,082,410	(18,986,810)	473,780
<b>BALANCE CARRIED FORWARD</b>	10,203,615	18,082,410	(18,986,810)	473,780

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

	Note	Group 2011 RM	2010 RM Restated	Company 2011 RM	2010 RM
<b>BALANCE BROUGHT FORWARD</b>		10,203,615	18,082,410	(18,986,810)	473,780
Interest received		347,206	84,787	-	-
Interest paid		(1,490,196)	(1,416,596)	-	-
Tax paid		(1,461,412)	(3,307,043)	(3,228,751)	(615,000)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>		7,599,213	13,443,558	(22,215,561)	(141,220)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from disposal of property, plant and equipment		405,505	296,299	-	-
Purchase of property, plant and equipment	4(e)	(11,845,774)	(11,881,542)	-	-
Dividends received from subsidiaries		-	-	26,269,930	1,845,000
<b>NET CASH (USED IN)/FROM INVESTING ACTIVITIES</b>		(11,440,269)	(11,585,243)	26,269,930	1,845,000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of term loans		(943,020)	(2,817,215)	-	-
Net movements in trade bills		5,565,614	10,904,614	-	-
Repayment of hire purchase payables		(193,276)	(121,828)	-	-
Purchase of treasury shares		(1,422,406)	-	(1,422,406)	-
Dividends paid		(2,268,681)	(1,700,803)	(2,267,742)	(1,700,803)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>		738,231	6,264,768	(3,690,148)	(1,700,803)
<b>EFFECT ON EXCHANGE RATE CHANGES</b>		(139,052)	(1,489,824)	-	-
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(3,241,877)	6,633,259	364,221	2,977
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		22,903,872	16,270,613	68,025	65,048
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	27	19,661,995	22,903,872	432,246	68,025

The annexed notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

## 1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows :

Registered office : No. 7 (1st Floor), Jalan Pesta 1/1  
Taman Tun Dr. Ismail 1  
Jalan Bakri  
84000 Muar  
Johor Darul Takzim

Principal place of business : PLO 1, Jorak Industrial Area  
Mukim Sungai Raya  
84300 Bukit Pasir, Muar  
Johor Darul Takzim

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 13 February 2012.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5. There have been no significant changes in the nature of these activities during the financial year.

## 3. ACCOUNTING POLICIES AND STANDARDS

### 3.1 Basis of Preparation of Financial Statements

- (a) The financial statements of the Group and of the Company are prepared in compliance with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia. At the beginning of current financial year, the Group and the Company have adopted new FRSs which is mandatory for the financial period beginning on or after 1 November 2010 as described in Note 3.3.
- (b) The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in summary of significant accounting policies.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)

**3.1 Basis of Preparation of Financial Statements** (cont'd)

- (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 3.6.

- (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.

**3.2 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 amount is included in profit or loss.

**(ii) Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 October 2011.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)**3.2 Summary of Significant Accounting Policies** (cont'd)**(a) Subsidiaries and basis of consolidation** (cont'd)**(ii) Basis of consolidation** (cont'd)

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between :

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 127.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)**3.2 Summary of Significant Accounting Policies** (cont'd)**(a) Subsidiaries and basis of consolidation** (cont'd)**(ii) Basis of consolidation** (cont'd)**Business combinations from 1 November 2010 onwards**

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

The Group has applied the FRS 3 (Revised) in accounting for business combinations from 1 November 2010 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard.

**Business combinations before 1 November 2010**

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)**3.2 Summary of Significant Accounting Policies** (cont'd)**(a) Subsidiaries and basis of consolidation** (cont'd)**(ii) Basis of consolidation** (cont'd)**Business combinations under common control**

Business combinations under common control are accounted using the merger method of accounting. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted based on the carrying amounts from the perspective of common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the par values of the shares received. Any resulting credit difference is classified as equity and be regarded as a non-distributable reserve. Any resulting debit difference is first charged against any suitable capital reserves and then against revenue reserves in case where there are no suitable capital reserves or they are insufficient to cover the merger deficit.

**(b) Intangible asset****Goodwill**

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying amount of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

**Business combinations from 1 November 2010 onwards**

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquire (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the later amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

**Business combinations before 1 November 2010**

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)**3.2 Summary of Significant Accounting Policies** (cont'd)**(c) 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 profit or loss 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 initial 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 leasehold lands and factory buildings every 5 years or at shorter intervals whenever the fair value of the revalued property, plant and equipment is expected to differ materially from their carrying amount.

Surpluses arising on revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficit arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss. In all other cases, a decrease in carrying amount is charged to the profit or loss. Subsequent to revaluation, any addition is stated at cost whilst disposal is stated at cost or valuation as appropriate.

Freehold lands is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Capital work-in-progress are not depreciated until they are completed and put into use. 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 :

Warehouse and factory buildings	2%
Plant and machinery	10%-66.67%
Vehicles, hostel, furniture, fittings and equipment	2%-33.33%

The residual values, useful lives and depreciation method are reviewed, and adjusted, if appropriate, at the end of each reporting period to ensure that the amount, method and periods 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)**3.2 Summary of Significant Accounting Policies** (cont'd)**(c) Property, plant and equipment and depreciation** (cont'd)

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 3.2(f).

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 net carrying amount is recognised in the profit or loss and the unutilised portion of the revaluation surplus on that item, if any, is transferred directly to retained profits.

In the previous financial year, leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring leasehold land that was accounted for as an operating lease represents prepaid lease payments.

During the financial year, the Group adopted the amendments made to FRS 117 – Leases in relation to the classification of leasehold land. The Group's leasehold land which in substance is a finance lease has been reclassified as property, plant and equipment and measured as such retrospectively.

**(d) Assets under hire purchase**

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 3.2(c) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

**(e) Inventories**

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

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

Where necessary, due allowance is made for all damaged, obsolete and slow moving items. The Group writes down its obsolete or slow moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)**3.2 Summary of Significant Accounting Policies** (cont'd)**(f) Impairment****(i) Impairment of financial assets**

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

**(ii) Impairment of non-financial assets**

The carrying amounts of assets, other than those to which FRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period 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 of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)**3.2 Summary of Significant Accounting Policies** (cont'd)**(f) Impairment** (cont'd)**(ii) Impairment of non-financial assets** (cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

**(g) Financial instruments**

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an 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 and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)**3.2 Summary of Significant Accounting Policies** (cont'd)**(g) Financial instruments** (cont'd)**(i) Financial assets**

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets, as appropriate.

- **Financial assets at fair value through profit or loss**

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

- **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- **Loans and receivables financial assets**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)

**3.2 Summary of Significant Accounting Policies** (cont'd)

**(g) Financial instruments** (cont'd)

**(i) Financial assets** (cont'd)

• **Available-for-sale financial assets** (cont'd)

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

**(ii) Financial liabilities**

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

**(iii) Equity instruments**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

**(iv) Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharged of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)**3.2 Summary of Significant Accounting Policies** (cont'd)**(h) Revenue recognition****(i) Sale of goods**

Revenue from sale of goods is recognised when the 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.

**(iv) Rental income**

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

**(i) 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 profit or loss in the period 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 profit or loss as incurred.

**(j) Borrowing costs**

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)**3.2 Summary of Significant Accounting Policies** (cont'd)**(k) Income tax**

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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 future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

**(l) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)**3.2 Summary of Significant Accounting Policies** (cont'd)**(m) Related parties**

A party is related to an entity if :-

- (i) directly, or indirectly through one or more intermediaries, the party :-
  - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries) ;
  - has an interest in the entity that gives it significant influence over the entity ; or
  - has joint control over the entity.
- (ii) the party is an associate of the entity ;
- (iii) the party is a joint venture in which the entity is a venturer ;
- (iv) the party is a member of the key management personnel of the entity or its parent ;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv) ;
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v) ; or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

**(n) Functional and foreign currencies****(i) Functional and presentation currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in RM, which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)**3.2 Summary of Significant Accounting Policies** (cont'd)**(n) Functional and foreign currencies** (cont'd)**(ii) Transactions and balances**

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

**(iii) Foreign operations**

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

**(o) Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**(p) Non-current assets held for sale**

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Upon classification as held for sale, non-current assets or components of a disposal group are not depreciated and are measured at the lower of their carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS (cont'd)**

**3.3** During the current financial year, the Group and the Company have adopted the following new accounting standards and interpretations (including the consequential amendments) :

**FRSs and IC Interpretations (including the Consequential Amendments)**

FRS 1 (Revised)	:	First-time Adoption of Financial Reporting Standards
FRS 3 (Revised)	:	Business Combinations
FRS 4	:	Insurance Contracts
FRS 7	:	Financial Instruments : Disclosures
FRS 101 (Revised)	:	Presentation of Financial Statements
FRS 123 (Revised)	:	Borrowing Costs
FRS 127 (Revised)	:	Consolidated and Separate Financial Statements
FRS 139	:	Financial Instruments : Recognition and Measurement

Amendments to FRS 1 (Revised) and FRS 127 (Revised)	:	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
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Amendments to FRS 2	:	Vesting Conditions and Cancellations
Amendments to FRS 2	:	Scope of FRS 2 and FRS 3 (Revised)
Amendments to FRS 5	:	Plan to Sell the Controlling Interest in a Subsidiary

## Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 (Revised) and FRS 132	:	Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to FRS 132	:	Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments
Amendments to FRS 138	:	Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 9	:	Reassessment of Embedded Derivatives
IC Interpretation 10	:	Interim Financial Reporting and Impairment
IC Interpretation 11	:	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 12	:	Service Concession Arrangements
IC Interpretation 13	:	Customer Loyalty Programmes
IC Interpretation 14	:	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 16	:	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	:	Distributions of Non-cash Assets to Owners

Amendments to IC Interpretation 9	:	Scope of IC Interpretation 9 and FRS 3 (Revised)
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NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)

**3.3 FRSs and IC Interpretations (including the Consequential Amendments)**

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following :

- (a) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.
- (b) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 November 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 – Financial Instruments : Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

- (c) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the statement.

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 32.2.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS (cont'd)**

**3.3** (d) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

- (e) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

The financial impact to the financial statements is summarised as follows :

The Company provides financial guarantees to banks with regards to banking facilities granted to its subsidiaries. Prior to 1 November 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair values less accumulated amortisation at 1 November 2010. At 1 November 2010, the financial guarantees issued by the Company have not been recognised since there was no indication that any subsidiaries would default on payment and the fair value on initial recognition was not material.

- (f) Amendments to FRS 1 (Revised) and FRS 127 (Revised) remove the definition of 'cost method' currently set out in FRS 127, and instead require an investor to recognise all dividends from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will be no financial impact on the financial statements of the Company for the current financial year but may impact the accounting for future transactions or arrangements.
- (g) Amendments to FRS 5 requires assets and liabilities of a subsidiary to be classified as held for sale if the parent is committed to a plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale. The impacts on the financial statements of the Group upon their initial application are disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)

- 3.3** (h) The Group has adopted the amendments made to FRS 117 – Leases pursuant to the Annual Improvements to FRSs (2009). The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has been reclassified as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments. Impact of the above amendments to the closing balances in the consolidated statement of financial position at 31 October 2010 is summarised as follows :

	As previously stated RM	Effect of adopting Amendments to FRS 117 RM	As restated RM
<b>31 October 2010</b>			
Property, plant and equipment	114,695,546	16,186,349	130,881,895
Prepaid lease payments	16,186,349	(16,186,349)	-
<b>1 November 2009</b>			
Property, plant and equipment	125,105,994	16,903,535	142,009,529
Prepaid lease payments	16,903,535	(16,903,535)	-

- 3.4** The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year :-

FRSs and IC Interpretations (including the Consequential Amendments)		Effective date
FRS 9	: Financial Instruments	1 January 2013
FRS 10	: Consolidated Financial Statements	1 January 2013
FRS 11	: Joint Arrangements	1 January 2013
FRS 12	: Disclosure of Interests in Other Entities	1 January 2013
FRS 13	: Fair Value Measurement	1 January 2013
FRS 119 (Revised)	: Employee Benefits	1 January 2013
FRS 124 (Revised)	: Related Party Disclosures	1 January 2012
FRS 127 (2011)	: Separate Financial Statements	1 January 2013
FRS 128 (2011)	: Investments in Associates and Joint Ventures	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS (cont'd)**

<b>3.4 FRSs and IC Interpretations (including the Consequential Amendments)</b>		<b>Effective date</b>
Amendments to FRS 1 (Revised)	: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1 (Revised)	: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1 (Revised)	: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 2	: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7	: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 7	: Disclosures – Transfers of Financial Assets	1 January 2012
Amendments to FRS 101 (Revised)	: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112	: Recovery of Underlying Assets	1 January 2012
IC Interpretation 4	: Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 15	: Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 18	: Transfers of Assets from Customers	1 January 2011
IC Interpretation 19	: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20	: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14	: Prepayments of a Minimum Funding Requirement	1 July 2011
Annual Improvements to FRSs (2010)		1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows :

- (a) FRS 9 replaces the parts of FRS 139 that relate to the classification and measurement of financial instruments. FRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the FRS 139 requirements. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)

- 3.4** (b) FRS 10 replaces the consolidation guidance in FRS 127 and IC Interpretation 121. Under FRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control.
- (c) FRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. FRS 12 is a disclosure standard and the disclosure requirements in this standard are more extensive than those in the current standards. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.
- (d) FRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of FRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in FRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.
- (e) The amendments to FRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.
- (f) The amendments to FRS 101 (Revised) retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.
- (g) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.
- 3.5** Following the issuance of Malaysian Financial Reporting Standards (equivalents to International Financial Reporting Standards) ("MFRSs") by the Malaysian Accounting Standards Board on 19 November 2011, the Group will be adopting these new accounting standards during the financial year ending 31 October 2013. The possible change of the accounting policies is expected to have no material impact on the financial statements of the Group upon their initial application.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS (cont'd)****3.6 Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below :

**(a) Depreciation of property, plant and equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

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

**(b) Impairment of non-financial assets**

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

**(c) Revaluation of properties**

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**3. ACCOUNTING POLICIES AND STANDARDS** (cont'd)**3.6 Critical Accounting Estimates and Judgements** (cont'd)**(d) Classification of leasehold land**

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

**(e) Allowance for inventories**

Reviews are made periodically by management on damaged, obsolete and slow moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

**(f) Impairment of trade and other receivables**

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying amount of receivables.

**(g) Income tax**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**4. PROPERTY, PLANT AND EQUIPMENT  
GROUP - AT 31 OCTOBER 2011**

	Freehold lands RM	Leasehold lands RM	Warehouse and factory buildings RM	Plant and machinery RM	Vehicles, hostel, furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
<b>At Cost / Valuation</b>							
At 1 November 2010 (as previously stated)	1,580,622	-	96,389,397	78,532,807	13,800,247	1,423,658	191,726,731
Effect of adopting of Amendments to FRS 117	-	18,779,728	-	-	557,286	-	19,337,014
At 1 November 2010 (as restated)	1,580,622	18,779,728	96,389,397	78,532,807	14,357,533	1,423,658	211,063,745
Additions	1,462,834	-	1,284,590	2,953,824	1,518,234	3,011,881	10,231,363
Disposals	-	-	-	(1,797,099)	(566,324)	-	(2,363,423)
Write off	-	-	-	(1,104,696)	(190,811)	-	(1,295,507)
Reclassifications	-	(308,706)	4,240,648	243,064	-	(4,175,006)	-
Reclassified as held for sale	-	(585,730)	(20,971,935)	-	-	-	(21,557,665)
Foreign exchange differences	-	(320,486)	(2,422,838)	(2,348,706)	(326,039)	(96,894)	(5,514,963)
At 31 October 2011	3,043,456	17,564,806	78,519,862	76,479,194	14,792,593	163,639	190,563,550
<b>Representing :</b>							
At valuation	-	10,902,105	13,272,729	-	-	-	24,174,834
At cost	3,043,456	6,662,701	65,247,133	76,479,194	14,792,593	163,639	166,388,716
	3,043,456	17,564,806	78,519,862	76,479,194	14,792,593	163,639	190,563,550

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

4. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)  
GROUP - AT 31 OCTOBER 2011 (cont'd)

	Freehold lands RM	Leasehold lands RM	Warehouse and factory buildings RM	Plant and machinery RM	Vehicles, hostel, furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
<b>Less : Accumulated Depreciation and Impairment</b>							
At 1 November 2010	-	-	10,793,594	56,269,335	9,968,256	-	77,031,185
(as previously stated)							
Effect of adopting of	-	-	-	-	-	-	-
Amendments to FRS 117	-	3,050,623	-	-	100,042	-	3,150,665
At 1 November 2010 (as restated)	-	3,050,623	10,793,594	56,269,335	10,068,298	-	80,181,850
Charge for the financial year	-	620,323	2,236,946	4,926,633	1,397,378	-	9,181,280
Impairment loss recognised for the financial year	-	-	4,742,540	-	-	-	4,742,540
Disposals	-	-	-	(1,463,583)	(346,685)	-	(1,810,268)
Write off	-	-	-	(721,170)	(105,095)	-	(826,265)
Reclassified as held for sale	-	(91,359)	(6,122,506)	-	-	-	(6,213,865)
Foreign exchange differences	-	(63,512)	(162,793)	(1,234,894)	(193,268)	-	(1,654,467)
At 31 October 2011	-	3,516,075	11,487,781	57,776,321	10,820,628	-	83,600,805
<b>Representing :</b>							
At valuation	-	2,304,491	3,135,887	-	-	-	5,440,378
At cost	-	1,211,584	8,351,894	57,776,321	10,820,628	-	78,160,427
	-	3,516,075	11,487,781	57,776,321	10,820,628	-	83,600,805

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**4. PROPERTY, PLANT AND EQUIPMENT** (cont'd)  
**GROUP - AT 31 OCTOBER 2011** (cont'd)

	Freehold lands RM	Leasehold lands RM	Warehouse and factory buildings RM	Plant and machinery RM	Vehicles, hostel, furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
<b>Carrying Amount</b>							
At 31 October 2011	3,043,456	14,048,731	67,032,081	18,702,873	3,971,965	163,639	106,962,745
<b>Representing :</b>							
At valuation	-	8,597,614	10,136,842	-	-	-	18,734,456
At cost	3,043,456	5,451,117	56,895,239	18,702,873	3,971,965	163,639	88,228,289
	3,043,456	14,048,731	67,032,081	18,702,873	3,971,965	163,639	106,962,745

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 20114. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)  
**GROUP – AT 31 OCTOBER 2011** (cont'd)

	Freehold lands RM	Leasehold lands RM	Warehouse and factory buildings RM	Plant and machinery RM	Vehicles, hostel, furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
<b>At Cost / Valuation</b>							
At 1 November 2009 (as previously stated)	-	-	103,709,290	80,209,977	13,048,873	268,893	197,237,033
Effect of adopting of Amendments to FRS 117	-	19,600,345	-	-	213,372	-	19,813,717
At 1 November 2009 (as restated)	-	19,600,345	103,709,290	80,209,977	13,262,245	268,893	217,050,750
Additions (as restated)	1,580,622	-	1,360,660	3,773,433	2,265,841	1,821,864	10,802,420
Disposals	-	-	-	(91,856)	(556,583)	-	(648,439)
Write off (as restated)	-	-	(2,157,383)	(356,333)	(273,783)	-	(2,787,499)
Reclassifications	-	-	24,692	392,365	118,017	(535,074)	-
Foreign exchange differences (as restated)	-	(820,617)	(6,547,862)	(5,394,779)	(458,204)	(132,025)	(13,353,487)
At 31 October 2010 (as restated)	1,580,622	18,779,728	96,389,397	78,532,807	14,357,533	1,423,658	211,063,745
<b>Representing :</b>							
At valuation	-	10,902,105	13,272,729	-	-	-	24,174,834
At cost	1,580,622	7,877,623	83,116,668	78,532,807	14,357,533	1,423,658	186,888,911
	1,580,622	18,779,728	96,389,397	78,532,807	14,357,533	1,423,658	211,063,745

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**4. PROPERTY, PLANT AND EQUIPMENT** (cont'd)  
**GROUP - AT 31 OCTOBER 2010** (cont'd)

	Freehold lands RM	Leasehold lands RM	Warehouse and factory buildings RM	Plant and machinery RM	Vehicles, hostel, furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
<b>Less : Accumulated Depreciation</b>							
At 1 November 2009 (as previously stated)	-	-	9,495,638	53,222,965	9,412,436	-	72,131,039
Effect of adopting of Amendments to FRS 117	-	2,909,360	-	-	822	-	2,910,182
At 1 November 2009 (as restated)	-	2,909,360	9,495,638	53,222,965	9,413,258	-	75,041,221
Charge for the financial year (as restated)	-	277,218	1,901,192	5,509,332	1,424,159	-	9,111,901
Disposals	-	-	-	(83,357)	(316,578)	-	(399,935)
Write off (as restated)	-	-	(184,742)	(11,682)	(259,444)	-	(455,868)
Foreign exchange differences (as restated)	-	(135,955)	(418,494)	(2,367,923)	(193,097)	-	(3,115,469)
At 31 October 2010 (as restated)	-	3,050,623	10,793,594	56,269,335	10,068,298	-	80,181,850
<b>Representing :</b>							
At valuation	-	1,842,675	2,619,289	-	-	-	4,461,964
At cost	-	1,207,948	8,174,305	56,269,335	10,068,298	-	75,719,886
	-	3,050,623	10,793,594	56,269,335	10,068,298	-	80,181,850

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

4. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)  
**GROUP - AT 31 OCTOBER 2010** (cont'd)

	Freehold lands RM	Leasehold lands RM	Warehouse and factory buildings RM	Plant and machinery RM	Vehicles, hostel, furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
<b>Carrying Amount</b>							
At 31 October 2010 (as restated)	1,580,622	15,729,105	85,595,803	22,263,472	4,289,235	1,423,658	130,881,895
<b>Representing :</b>							
At valuation	-	9,059,430	10,653,440	-	-	-	19,712,870
At cost	1,580,622	6,669,675	74,942,363	22,263,472	4,289,235	1,423,658	111,169,025
	1,580,622	15,729,105	85,595,803	22,263,472	4,289,235	1,423,658	130,881,895

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**4. PROPERTY, PLANT AND EQUIPMENT** (cont'd)

- (a) The leasehold lands and factory buildings of the Group were last revalued by the directors in July 2009 based on professional appraisals by an independent valuer using the open market value basis.
- (b) The carrying amounts of the Group's revalued property, plant and equipment that would have been included in the financial statements stated at cost less accumulated depreciation are as follows :

	2011 RM	Group 2010 RM Restated
<b>At Carrying Amount</b>		
Leasehold lands	4,780,024	4,888,444
Factory buildings	5,595,845	5,756,664
	10,375,869	10,645,108

- (c) The leasehold lands and factory buildings with carrying amount of RM 9,773,861 (2010 : RM 10,356,614) and RM 28,004,779 (2010 : RM 29,204,090) respectively are secured against bank borrowings granted to the Group (Note 15(a)).
- (d) The motor vehicles with carrying amount of RM 778,666 (2010 : RM 1,100,743) are acquired under hire purchase instalment plans (Note 16).
- (e) Purchase of property, plant and equipment are as follows :

	2011 RM	Group 2010 RM Restated
Aggregate cost of property, plant and equipment acquired	10,231,363	10,802,420
Finance via hire purchase	-	(860,000)
Unpaid balances included under sundry payables (Note 18(c))	(436,398)	(2,050,809)
Cash paid in respect of acquisition in previous financial year	2,050,809	3,989,931
Cash paid during the financial year	11,845,774	11,881,542

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



NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

## 5. INVESTMENT IN SUBSIDIARIES

	Company	
	2011 RM	2010 RM
Unquoted shares - at cost		
At 1 November	97,707,337	97,707,337
Accumulated impairment losses	(19,175,663)	(6,319,071)
At 31 October	78,531,674	91,388,266
Accumulated impairment losses :		
At 1 November	6,319,071	-
Impairment loss during the financial year	12,856,592	6,319,071
At 31 October	19,175,663	6,319,071

(a) The details of subsidiaries are as follows :

Name of Company	Principal Activities	Country of Incorporation	Equity Interest Held	
			2011	2010
<b>Subsidiaries</b>				
Poh Huat Furniture Industries (M) Sdn. Bhd.	Manufacturing and sale of furniture and investment holding.	Malaysia	100%	100%
Poh Huat Woodwork (M) Sdn. Bhd.	Dormant.	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	Processing and manufacturing of wooden furniture.	Vietnam	72.983% [Direct] ^27.011% [Indirect]	72.983% [Direct] ^27.011% [Indirect]
# Poh Huat Furniture Industries (Qingdao) Co. Ltd.	Dormant.	People's Republic Of China	100%	100%
** Poh Huat International (BVI) Limited	Investment holding.	British Virgin Islands	100%	100%

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**5. INVESTMENT IN SUBSIDIARIES** (cont'd)

(a) The details of subsidiaries are as follows : (cont'd)

Name of Company	Principal Activities	Country of Incorporation	Equity Interest Held	
			2011	2010
Subsidiaries Of				
Poh Huat Furniture Industries (M) Sdn. Bhd.				
Maxicoin Sdn. Bhd.	Members' voluntary winding-up.	Malaysia	100%	100%
# Contempro Furniture (Qingdao) Co. Ltd.	Manufacturing of furniture and related products.	People's Republic of China	100%	100%
Subsidiaries Of				
Poh Huat International Sdn. Bhd.				
Creative Home Design Sdn. Bhd.	Dormant.	Malaysia	100%	100%
# Poh Huat International Furniture S.A. (Proprietary) Limited	Trading of furniture.	South Africa	51%	51%

\* The financial statements of this subsidiary was audited by a member firm of Crowe Horwath International of which Crowe Horwath is a member.

\*\* Not a legal requirement to be audited and therefore consolidated based on unaudited management accounts.

# The financial statements of these subsidiaries were audited by other firms of chartered accountants.

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

(b) On 30 December 2011, Maxico Sdn. Bhd., an indirect wholly owned subsidiary of the Company had completed members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**6. INTANGIBLE ASSET**

	<b>Group</b>	
	<b>2011 RM</b>	<b>2010 RM</b>
At 1 November	296,148	296,148
Write-off	(296,148)	-
At 31 October	-	296,148

The intangible asset represents goodwill arising from consideration of a subsidiary acquired during the financial year 2002.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

## 7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>NON-CURRENT</b>				
<b>Long Term Receivables</b>				
Amount due from subsidiaries	-	-	34,367,897	-
Less : Allowance for impairment losses	-	-	(1,367,234)	-
	-	-	33,000,663	-
<b>CURRENT</b>				
<b>Trade Receivables</b>	29,646,565	28,940,901	-	-
Less : Allowance for impairment losses	(1,105,302)	(482,090)	-	-
	28,541,263	28,458,811	-	-
<b>Other Receivables</b>				
Amount due from subsidiaries	-	-	-	16,178,494
Deposits	105,575	116,714	1,000	1,000
Prepayments	773,822	1,066,749	869	-
Tax recoverable	1,844,509	549,773	686,602	580,485
Sundry receivables	7,831,282	8,823,276	-	-
Less : Allowance for impairment losses	(35,000)	-	-	-
	7,796,282	8,823,276	-	-
	10,520,188	10,556,512	688,471	16,759,979
	39,061,451	39,015,323	688,471	16,759,979
<b>Allowance for impairment losses :</b>				
At 1 November	482,090	-	-	-
Additions during the financial year	829,423	482,090	1,367,234	-
Reversal of allowance no longer required	(171,211)	-	-	-
At 31 October	1,140,302	482,090	1,367,234	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**7. 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 non-current amount due from subsidiaries represent unsecured, non-interest bearing advances of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries and are stated at cost less accumulated impairment losses, if any.

**8. INVENTORIES**

	<b>Group</b>	
	<b>2011 RM</b>	<b>2010 RM</b>
<b>At Cost</b>		
Raw materials	21,477,258	20,380,664
Packing materials	81,199	90,124
Work-in-progress	14,708,388	17,925,893
Finished goods	18,108,543	20,286,524
	54,375,388	58,683,205
Less : Allowance for obsolete inventory	-	(60,370)
	54,375,388	58,622,835

**9. DEPOSITS, BANK AND CASH BALANCES**

	<b>Group</b>		<b>Company</b>	
	<b>2011 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>	<b>2010 RM</b>
Bank and cash balances	16,812,286	20,236,160	432,246	68,025
Short term deposits placed with licensed banks	2,988,531	3,029,120	-	-
	19,800,817	23,265,280	432,246	68,025

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**9. DEPOSITS, BANK AND CASH BALANCES** (cont'd)

- (a) The interest rate of short term deposits placed with licensed banks of the Group at the end of the reporting period is 14.0% (2010 : 1.0%) per annum.
- (b) The maturity period of short term deposits placed with licensed banks of the Group at the end of the reporting period is within 1 month (2010 : 1 month).

**10. DERIVATIVE ASSETS**

	<b>Contract/ Notional Amount 2011 RM</b>	<b>Group Assets 2011 RM</b>
Forward foreign exchange contracts	34,445,510	285,218

- (a) Forward foreign exchange contracts are used to hedge the Group's sales denominated in United States Dollar ("USD") for which firm commitments existed at the end of the reporting period. Such derivatives do not qualify for hedge accounting.
- (b) During the financial year, the Group recognised a profit of RM 285,218 arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair value of derivative are disclosed in Note 32.4(iv).

**11. ASSETS OF DISPOSAL SUBSIDIARY CLASSIFIED AS HELD FOR SALE**

On 21 December 2011, the Group announced the disposal of its entire equity interest in Poh Huat Furniture Industries (Qingdao) Co. Ltd. ("PHFIQ"), a wholly-owned subsidiary of the Company for a total consideration of RMB 31.00 million (equivalent to RM 14.95 million).

At the end of the reporting period, the assets and liabilities of the PHFIQ has been presented in the consolidated statement of financial position as "Assets of disposal subsidiary classified as held for sale". The disposal is expected to be completed by June 2012.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**11. ASSETS OF DISPOSAL SUBSIDIARY CLASSIFIED AS HELD FOR SALE** (cont'd)

The assets and liabilities of the disposal subsidiary, measured at the lower of their carrying amount and fair value less cost to sell, are as follows :

	<b>Group 2011 RM</b>
<b>Assets</b>	
Property, plant and equipment	15,343,800
Assets of disposal subsidiary classified as held for sale	15,343,800

**12. SHARE CAPITAL**

	<b>Group And Company</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Number of shares</b>	<b>RM</b>	<b>Number of shares</b>	<b>RM</b>
<b>Authorised :</b>				
Ordinary shares of RM 1.00 each	500,000,000	500,000,000	500,000,000	500,000,000
<b>Issued and fully paid :</b>				
Ordinary shares of RM 1.00 each	113,387,105	113,387,105	113,387,105	113,387,105

The holders of ordinary shares are entitled to receive dividends as declared by the Company and are entitled to one (1) vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares, all rights are suspended until those shares are reissued.

**13. TREASURY SHARES**

During the financial year, the Company purchased 3,500,000 of its issued ordinary shares from the open market at prices ranging from RM 0.40 to RM 0.43 per share. The total consideration paid for the purchase was RM 1,422,406 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Out of the total 113,387,105 issued and fully paid-up ordinary shares at the end of the reporting period, 3,500,000 ordinary shares (2010 : NIL) are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**14. RESERVES**

	<b>Group</b>		<b>Company</b>	
	<b>2011 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>	<b>2010 RM</b>
<b>Non-Distributable</b>				
Revaluation reserve	6,787,594	6,787,594	-	-
Foreign exchange fluctuation reserve	(18,758,250)	(15,255,800)	-	-
<b>Distributable</b>				
Retained profits	30,649,324	27,332,168	2,464,778	2,590,153
	18,678,668	18,863,962	2,464,778	2,590,153

**(a) Revaluation Reserve**

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

**(b) Foreign Exchange Fluctuation Reserve**

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

**(c) Retained Profits**

Retained profits are those available for distribution by way of dividends. At 31 October, 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)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

## 15. BANK BORROWINGS

		Group
	2011 RM	2010 RM
<b>CURRENT</b>		
Secured - Bank overdrafts	-	361,408
- Trade bills	28,246,728	19,748,680
- Term loans	444,758	1,005,058
Unsecured - Bank overdrafts	138,822	-
- Trade bills	9,834,533	13,737,411
	38,664,841	34,852,557
<b>NON-CURRENT</b>		
Secured - Term loans	2,736,161	3,624,339
	41,401,002	38,476,896
<b>TOTAL BANK BORROWINGS</b>		
Secured - Bank overdrafts	-	361,408
- Trade bills	28,246,728	19,748,680
- Term loans	3,180,919	4,629,397
Unsecured - Bank overdrafts	138,822	-
- Trade bills	9,834,533	13,737,411
	41,401,002	38,476,896

(a) The bank borrowings are secured against :

(i) Leasehold lands and factory buildings with carrying amount of RM 9,773,861 (2010 : RM 10,356,614) and RM 28,004,779 (2010 : RM 29,204,090) of the Group (Note 4(c)).

(ii) Corporate guarantee by the Company.

(b) The bank overdrafts are interest bearing at 8.1% (2010 : 7.8%) per annum whilst trade bills are interest bearing at 2.4% - 4.0% (2010 : 2.4% - 4.5%) per annum.

(c) The term loans are interest bearing at 2.6% - 7.5% (2010 : 2.8% - 10.5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**15. BANK BORROWINGS** (cont'd)

- (d) The term loans are repayable by 120 monthly instalments, or 10 equal quarterly instalments (2010 : 120 monthly instalments, or 10 equal quarterly instalments) where applicable. At the end of the reporting period, they are repayable as follows :

	2011 RM	Group 2010 RM
<b>CURRENT</b>		
Not later than one year	444,758	1,005,058
<b>NON-CURRENT</b>		
Later than one year and not later than two years	323,632	486,244
Later than two years and not later than five years	1,129,262	366,014
Later than five years	1,283,267	2,772,081
	2,736,161	3,624,339
	3,180,919	4,629,397

**16. HIRE PURCHASE PAYABLES**

	2011 RM	Group 2010 RM
<b>Minimum hire purchase payments :</b>		
Not later than one year	230,376	230,376
Later than one year and not later than two years	230,348	230,376
Later than two years and not later than five years	181,200	411,548
	641,924	872,300
Less : Future finance charges	(46,164)	(83,264)
<b>Present value of hire purchase payables</b>	595,760	789,036
<b>The net hire purchase payables are repayable as follows :</b>		
Current portion	204,591	193,275
Non-current portion	391,169	595,761
	595,760	789,036

The effective interest rates of the hire purchase payables are ranging from 5.0% - 5.7% (2010 : 5.0% - 5.7%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

**17. DEFERRED TAX LIABILITIES**

	Group	
	2011 RM	2010 RM
At 1 November	6,680,000	6,457,251
Recognised in profit or loss	(2,150,000)	220,362
Foreign exchange differences	-	2,387
At 31 October	4,530,000	6,680,000
Presented after appropriate offsetting as follows :		
Deferred tax liabilities	4,530,000	6,680,000

- (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 RM	Excess of capital allowances over depreciation RM	Total RM
At 1 November	2,118,000	4,637,000	6,755,000
Recognised in profit or loss	-	(1,996,000)	(1,996,000)
At 31 October	2,118,000	2,641,000	4,759,000

**(ii) Deferred tax assets :**

	Other temporary differences RM	Total RM
At 1 November	(75,000)	(75,000)
Recognised in profit or loss	(154,000)	(154,000)
At 31 October	(229,000)	(229,000)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**17. DEFERRED TAX LIABILITIES** (cont'd)

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

	<b>Group</b>	
	<b>2011 RM</b>	<b>2010 RM</b>
Unused tax losses	25,171,000	16,411,000
Unabsorbed capital allowances	9,235,000	4,560,000
Unutilised reinvestment allowances	7,800,000	7,800,000
Unutilised increased export allowances	12,053,000	12,053,000
	<b>54,259,000</b>	<b>40,824,000</b>

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.

The above unused tax losses of the Group up to RM 19,383,000 (2010 : RM 13,541,000) do not expire under current tax legislation whilst RM 2,817,000 (2010 : RM NIL), RM 1,999,000 (2010 : RM 1,931,000) and RM 972,000 (2010 : RM 939,000) will expire in December 2015, December 2014 and December 2013 respectively.

**18. TRADE AND OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2011 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>	<b>2010 RM</b>
<b>Trade Payables</b>	41,958,590	55,927,106	-	-
<b>Other Payables</b>				
Amount due to a subsidiary	-	-	12,151	-
Amount due to a director of a subsidiary	68,382	-	-	-
Amount due to a shareholder of a subsidiary	62,240	218,197	-	-
Accruals	6,633,973	6,774,594	51,500	52,650
Sundry payables	7,652,469	8,589,103	4,926	13,057
	<b>14,417,064</b>	<b>15,581,894</b>	<b>68,577</b>	<b>65,707</b>
	<b>56,375,654</b>	<b>71,509,000</b>	<b>68,577</b>	<b>65,707</b>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**18. TRADE AND OTHER PAYABLES** (cont'd)

- (a) The normal trade terms granted to the Group range from cash to 120 days from the date of invoices.
- (b) The amounts due to a subsidiary, a director of a subsidiary and a shareholder of a subsidiary are unsecured, interest free and repayable on demand.
- (c) Included in sundry payables of the Group is an amount of RM 436,398 (2010 : RM 2,050,809) payable for the purchase of property, plant and equipment (Note 4(e)).

**19. REVENUE**

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

	<b>Group</b>		<b>Company</b>	
	<b>2011 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>	<b>2010 RM</b>
Dividend income	-	-	20,288,235	10,250,205
Sale of furniture and furniture parts net of discounts, returns, sales tax and sales rebate	359,289,922	355,661,237	-	-
	359,289,922	355,661,237	20,288,235	10,250,205

**20. FINANCE COSTS**

	<b>Group</b>		<b>Company</b>	
	<b>2011 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>	<b>2010 RM</b>
<b>Interest on :</b>				
Hire purchase	37,100	20,590	-	-
Term loans	282,598	416,519	-	-
Trade bills	1,170,498	979,487	-	-
	1,490,196	1,416,596	-	-
Bank commission and charges	451,431	487,143	2,304	1,017
	1,941,627	1,903,739	2,304	1,017

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**21. PROFIT BEFORE TAX**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
		<b>Restated</b>		
<b>This is arrived at after charging :</b>				
Allowance for impairment losses on trade and other receivables	829,423	482,090	1,367,234	-
Allowance for obsolete inventory	-	60,370	-	-
Auditors' remuneration :				
- current	188,415	143,273	20,000	18,000
- under/(over)provision in previous financial year	4,000	(7,992)	2,000	(2,000)
Bad debts written off	10,314	280,139	-	-
Deposit forfeited	1,000	-	-	-
Depreciation	9,181,280	9,111,901	-	-
Goodwill written off	296,148	-	-	-
Impairment loss on investment in a subsidiary	-	-	12,856,592	6,319,071
Impairment loss on property, plant and equipment	4,742,540	-	-	-
Inventory written off	-	8,020,569	-	-
Lease rental	334,945	500,286	-	-
Loss on disposal of property, plant and equipment	147,650	-	-	-
Property, plant and equipment written off	469,242	2,331,631	-	-
Realised loss on foreign exchange	1,367,578	575,094	46,073	-
Rental of factory	-	52,000	-	-
Rental of hostel	9,600	-	-	-
Rental of office equipment	28,792	-	-	-
Rental of premises	156,912	161,050	-	-
Rental of showroom	108,000	108,000	-	-
Rental of warehouse	145,568	-	-	-
Unrealised loss on foreign exchange	-	1,130,379	205,237	814,368

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

21. PROFIT BEFORE TAX (cont'd)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>This is arrived at after crediting :</b>				
Deposit forfeited income	(50)	(200)	-	-
Fair value gain on derivatives	(285,218)	-	-	-
Fire insurance compensation	(4,860,108)	(6,700,200)	-	-
Gain on disposal of property, plant and equipment	-	(47,795)	-	-
Interest income	(347,206)	(84,787)	-	-
Rental income	(660,000)	(660,000)	-	-
Reversal of allowance for impairment losses on trade and other receivables	(171,211)	-	-	-
Unrealised gain on foreign exchange	(1,058,958)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**22. DIRECTORS' REMUNERATION**

- (a) The aggregate amounts of emoluments received and receivable by directors of the Group and the Company during the financial year are as follows :

	<b>Group</b>		<b>Company</b>	
	<b>2011 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>	<b>2010 RM</b>
<b>Directors of the Company</b>				
<b>Executive Directors :</b>				
Fee	204,000	204,000	156,000	156,000
Salaries and other emoluments	1,387,091	701,594	-	-
Pension costs - defined contribution plan	67,950	57,750	-	-
Social security costs	586	689	-	-
Estimated monetary value of benefits-in-kind	28,300	28,600	-	-
	1,687,927	992,633	156,000	156,000
<b>Non-executive Directors :</b>				
Fee	222,000	210,000	222,000	210,000
	1,909,927	1,202,633	378,000	366,000
<b>Directors of the Subsidiaries</b>				
<b>Executive Directors :</b>				
Salaries and other emoluments	475,334	691,989	-	-
<b>Total directors' remuneration</b>	<b>2,385,261</b>	<b>1,894,622</b>	<b>378,000</b>	<b>366,000</b>
<b>Analysis excluding monetary value of benefits-in-kind :</b>				
Total executive directors' remuneration	2,134,961	1,656,022	156,000	156,000
Total non-executive directors' remuneration	222,000	210,000	222,000	210,000
<b>Total directors' remuneration excluding monetary value of benefits-in-kind</b>	<b>2,356,961</b>	<b>1,866,022</b>	<b>378,000</b>	<b>366,000</b>



NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

**22. DIRECTORS' REMUNERATION** (cont'd)

- (b) Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company whether directly or indirectly.
- (c) Details of directors' emoluments of the Group received/receivable for the financial year in bands of RM 50,000 are as follows :

	<b>Number of Directors</b>	
	<b>2011</b>	<b>2010</b>
<b>Executive Directors :</b>		
RM 1 - RM 50,000	1	1
RM 50,001 - RM 100,000	1	1
RM 450,001 - RM 500,000	1	-
RM 850,001 - RM 900,000	-	1
RM 1,050,001 - RM 1,100,000	1	-
<b>Non-executive Directors :</b>		
RM 1 - RM 50,000	5	5
RM 50,001 - RM 100,000	1	1

**23. EMPLOYEE INFORMATION**

	<b>Group</b>		<b>Company</b>	
	<b>2011 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>	<b>2010 RM</b>
<b>Executive Directors' Remuneration (excluding benefits-in-kind)</b> (Note 22(a))	2,134,961	1,656,022	156,000	156,000
<b>Other Staff Costs :</b>				
Salaries and other emoluments	57,195,650	42,875,047	-	-
Pension costs - defined contribution plan	1,015,031	1,010,128	-	-
Social security costs	199,961	249,248	-	-
Other staff related expenses	3,397,967	19,256,294	-	-
	61,808,609	63,390,717	-	-
<b>Total Staff Costs</b>	63,943,570	65,046,739	156,000	156,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**24. TAX EXPENSE**

	<b>Group</b>		<b>Company</b>	
	<b>2011 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>	<b>2010 RM</b>
<b>(a) Components of tax expense</b>				
Current tax expense :				
- Malaysian tax	-	773,000	3,121,000	516,000
- Foreign tax	1,077,500	1,110,364	-	-
	1,077,500	1,883,364	3,121,000	516,000
(Over)/Underprovision in prior years :				
- Malaysian tax	(807,854)	(284,202)	1,634	438
	269,646	1,599,162	3,122,634	516,438
Deferred tax (income)/expense :				
- Relating to the (reversal)/origination of temporary differences	(2,150,000)	220,362	-	-
	(2,150,000)	220,362	-	-
	(1,880,354)	1,819,524	3,122,634	516,438
Domestic current tax expense is calculated at the Malaysian statutory tax rates of 25% (2010 : 25%) 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.				
<b>(b) Reconciliation of effective tax rate</b>				
Profit before tax	3,765,202	12,598,318	5,265,001	2,550,452
Tax at Malaysian statutory tax rate	941,000	3,149,000	1,316,000	638,000
Tax effect of different tax rates in foreign subsidiaries	(2,827,000)	(3,320,000)	-	-
Tax effect of non-deductible expenses	1,454,000	1,846,000	3,648,000	1,826,000
Tax effect of non-taxable income	(811,000)	(359,000)	(1,843,000)	(1,948,000)
Tax effect of double deduction expenses	(1,451,000)	(102,000)	-	-
Utilisation of deferred tax assets	(46,000)	21,000	-	-
Deferred tax assets not recognised during the financial year	1,667,000	868,000	-	-
(Over)/Underprovision of current tax expense in prior years	(807,854)	(284,202)	1,634	438
Others	500	726	-	-
	(1,880,354)	1,819,524	3,122,634	516,438

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**25. EARNINGS PER ORDINARY SHARE**

Basic earnings per ordinary share is calculated by dividing the profit for the financial year attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	<b>Group</b>	
	<b>2011 RM</b>	<b>2010 RM</b>
Profit attributable to owners of the Company	5,584,898	10,725,067
	<hr/>	
	<b>Group</b>	
	<b>2011 Units</b>	<b>2010 Units</b>
Number of ordinary shares in issue at 1 November	113,387,105	113,387,105
Effect of treasury shares held	(321,233)	-
	<hr/>	
Weighted average number of ordinary shares at 31 October	113,065,872	113,387,105
	<hr/>	
Basic earnings per ordinary share (sen)	4.94	9.46
	<hr/>	

The diluted earnings per ordinary share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

**26. DIVIDENDS**

	<b>Group And Company</b>	
	<b>2011 RM</b>	<b>2010 RM</b>
<b>In respect of the financial year ended 31 October 2009</b>		
First and final dividend of 2% less tax at 25% equivalent to 1.50 sen net per ordinary share on 113,387,105 ordinary shares of RM 1.00 each	-	1,700,803
<b>In respect of the financial year ended 31 October 2010</b>		
First and final tax exempt dividend of 2% equivalent to 2 sen per ordinary share on 113,387,105 ordinary shares of RM 1.00 each	2,267,742	-
	<hr/>	
	2,267,742	1,700,803
	<hr/>	

At the forthcoming Annual General Meeting, a first and final tax exempt dividend of 2% equivalent to 2 sen per ordinary share amounting to RM 2,267,742 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 October 2012.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**27. CASH AND CASH EQUIVALENTS**

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

	<b>Group</b>		<b>Company</b>	
	<b>2011 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>	<b>2010 RM</b>
Deposits, bank and cash balances	19,800,817	23,265,280	432,246	68,025
Bank overdrafts :				
- secured	-	(361,408)	-	-
- unsecured	(138,822)	-	-	-
	19,661,995	22,903,872	432,246	68,025

**28. RELATED PARTY DISCLOSURES**

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

	<b>Group</b>		<b>Company</b>	
	<b>2011 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>	<b>2010 RM</b>
<b>Subsidiaries</b>				
- Dividend received/receivable	-	-	(20,288,235)	(10,250,205)
<b>Director</b>				
- Rental of showroom	108,000	108,000	-	-
<b>A firm in which a director of the Company is senior partner</b>				
- Legal fee	8,850	2,300	-	-

- (b) Information regarding outstanding balances arising from related party transactions at 31 October 2011 are disclosed in Note 7 and Note 18.

**(c) Compensation of key management personnel**

The compensation of key management personnel who are the directors of the Group and of the Company are detailed in Note 22(a).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**29. COMMITMENTS****Lease Commitments**

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

	<b>Group</b>	
	<b>2011 RM</b>	<b>2010 RM</b>
Not later than one year	422,712	443,024
Later than one year and not later than five years	1,884,826	1,879,788
Later than five years	13,787,860	14,220,954
	<b>16,095,398</b>	<b>16,543,766</b>

Operating lease payments represent the rentals payable by the Group in respect of land lease in Vietnam.

**30. OPERATING SEGMENTS****(a) Business Segments**

Information about operating segments has not been reported separately as the Group's profit or loss, assets and liabilities are mainly confined to a single operating segment, namely furniture industry.

**(b) Geographical Information**

	<b>Revenue</b>		<b>Non-Current Assets</b>	
	<b>2011 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>	<b>2010 RM</b>
South Africa	7,613,518	8,091,350	4,502,868	5,256,072
Vietnam	160,295,011	176,839,825	40,817,361	43,636,008
People's Republic of China	4,886,624	2,746,633	2,412,466	22,860,833
Malaysia	186,494,769	167,983,429	59,230,050	59,425,130
	<b>359,289,922</b>	<b>355,661,237</b>	<b>106,962,745</b>	<b>131,178,043</b>

**(c) Major Customers**

Revenue from two major customers with revenue equal to or more than 10% of the Group's revenue, amounts to RM 99,306,312 (2010 : RM 85,632,603).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**31. SUBSEQUENT EVENT**

On 17 December 2011, there was a fire destroying one of the factory buildings of Poh Huat Furniture Industries Vietnam Joint Stock Company ("PHFIV"). The affected manufacturing facilities, comprises one 9,600 square meters factory building, is located in the Province of Dong Nai, Vietnam and houses one of three-finishing lines in the same location. The estimated loss arising from the fire incident is VND 25 billion (equivalent to USD 1.1 million or RM 3.7 million).

**32. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**32.1 Financial Risk Management Policies**

The Group's policies in respect of the major areas of treasury activity are as follows :

**(a) Market risk****(i) Foreign currency risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Chinese Remimbi ("RMB"), Euro ("EURO"), Singapore Dollar ("SGD"), South African Rand ("RAND"), United States Dollar ("USD") and Vietnam Dong ("VND"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign exchange contracts to hedge against its foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

## 32. FINANCIAL INSTRUMENTS (cont'd)

## 32.1 Financial Risk Management Policies (cont'd)

## (a) Market risk (cont'd)

## (i) Foreign currency risk (cont'd)

The Group's exposure to foreign currency is as follows :

	RM RM	RMB RM	SGD RM	USD RM	VND RM	RAND RM	Others RM	Total RM
<b>Group - 2011</b>								
<b>Financial assets</b>								
Trade and other receivables	6,262,839	189,362	1,000,676	22,260,660	8,270,329	1,077,585	-	39,061,451
Deposits, bank and cash balances	4,546,351	207,317	745	6,751,178	7,654,472	633,228	7,526	19,800,817
Derivative assets	285,218	-	-	-	-	-	-	285,218
	11,094,408	396,679	1,001,421	29,011,838	15,924,801	1,710,813	7,526	59,147,486
<b>Financial liabilities</b>								
Trade and other payables	(25,142,285)	(1,444,457)	-	(13,840,993)	(15,224,862)	(447,607)	(275,450)	(56,375,654)
Bank borrowings	(20,078,355)	-	-	(18,291,394)	-	(3,031,253)	-	(41,401,002)
Hire purchase payables	(595,760)	-	-	-	-	-	-	(595,760)
	(45,816,400)	(1,444,457)	-	(32,132,387)	(15,224,862)	(3,478,860)	(275,450)	(98,372,416)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

## 32. FINANCIAL INSTRUMENTS (cont'd)

## 32.1 Financial Risk Management Policies (cont'd)

## (a) Market risk (cont'd)

## (i) Foreign currency risk (cont'd)

## Group - 2011

Net financial (liabilities)/assets	RM	RMB	SGD	USD	VND	RAND	Others	Total
Less : Net financial liabilities/ (assets)	RM	RM	RM	RM	RM	RM	RM	RM
denominated in the respective entities'								
functional								
currencies	34,721,992	901,041	-	-	(699,744)	1,774,015	-	36,697,304
Forward foreign exchange contracts								
(contracted notional principal)	-	-	-	(7,326,438)	-	-	-	(7,326,438)
<b>Currency exposure</b>	-	(146,737)	1,001,421	(10,446,987)	195	5,968	(267,924)	(9,854,064)



NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

## 32. FINANCIAL INSTRUMENTS (cont'd)

## 32.1 Financial Risk Management Policies (cont'd)

## (a) Market risk (cont'd)

## (i) Foreign currency risk (cont'd)

## Group - 2010

## Financial Assets

Trade and other receivables	7,055,366	553,067	673,302	20,618,636	8,698,998	1,006,994	408,960	39,015,323
Deposits, bank and cash balances	2,297,514	407,386	465	16,766,318	2,674,724	1,111,347	7,526	23,265,280
	9,352,880	960,453	673,767	37,384,954	11,373,722	2,118,341	416,486	62,280,603

## Financial liabilities

Trade and other payables	(32,776,307)	(1,267,993)	(140,598)	(8,484,484)	(27,802,118)	(884,133)	(153,367)	(71,509,000)
Bank borrowings	(25,467,819)	-	-	(8,528,675)	(692,941)	(3,787,461)	-	(38,476,896)
Hire purchase payables	(789,036)	-	-	-	-	-	-	(789,036)
Dividend payable	-	-	-	-	(462)	-	-	(462)

(59,033,162) (1,267,993) (140,598) (17,013,159) (28,495,521) (4,671,594) (153,367)(110,775,394)

## Net financial (liabilities)/assets

(49,680,282) (307,540) 533,169 20,371,795 (17,121,799) (2,553,253) 263,119 (48,494,791)

Less : Net financial liabilities/ (assets) denominated in the respective entities' functional currencies

49,680,282 308,332 - - 17,121,304 2,553,253 - 69,663,171

## Currency exposure

- 792 533,169 20,371,795 (495) - 263,119 21,168,380

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**32. FINANCIAL INSTRUMENTS** (cont'd)**32.1 Financial Risk Management Policies** (cont'd)**(a) Market risk** (cont'd)**(i) Foreign currency risk** (cont'd)**Foreign currency risk sensitivity analysis**

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant :

	<b>Group 2011 Increase/ (Decrease) RM</b>
<b>Effects on profit after tax</b>	
RMB	
- strengthened by 5%	(7,337)
- weakened by 5%	7,337
SGD	
- strengthened by 5%	50,071
- weakened by 5%	(50,071)
USD	
- strengthened by 5%	(522,349)
- weakened by 5%	522,349
VND	
- strengthened by 5%	10
- weakened by 5%	(10)
RAND	
- strengthened by 5%	298
- weakened by 5%	(298)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

**32. FINANCIAL INSTRUMENTS** (cont'd)

**32.1 Financial Risk Management Policies** (cont'd)

**(a) Market risk** (cont'd)

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 32.1(c).

**Interest rate risk sensitivity analysis**

A 50 basis points increase/decrease in the interest rate at the end of the reporting period would have immaterial impact on the profit or loss. This assumes that all other variables remain constant.

**(iii) Equity price risk**

The Group does not have any quoted investments and hence is not exposed to equity price risk.

**(b) Credit risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**32. FINANCIAL INSTRUMENTS** (cont'd)**32.1 Financial Risk Management Policies** (cont'd)**(b) Credit risk** (cont'd)**Credit risk concentration profile**

The Group's major concentration of credit risk relates to the amounts owing by 3 (three) customers which constituted approximately 40% of its trade receivables at the end of the reporting period.

**Exposure to credit risk**

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The exposure of credit risk for Group's trade receivables by geographical region is as follows :

	<b>2011</b>	<b>Group</b>
	<b>RM</b>	<b>2011</b>
		<b>%</b>
Africa	1,105,671	3.9
Asia (exclude Malaysia)	993,861	3.5
North America	19,749,749	69.2
Europe	2,720,228	9.5
Australia and Oceania	27,855	0.1
Malaysia	3,943,899	13.8
	<b>28,541,263</b>	<b>100.0</b>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**32. FINANCIAL INSTRUMENTS** (cont'd)**32.1 Financial Risk Management Policies** (cont'd)**(b) Credit risk** (cont'd)**Ageing analysis**

The ageing analysis of the Group's trade receivables at 31 October 2011 is as follows :

	<b>Gross Amount RM</b>	<b>Individual Impairment RM</b>	<b>Carrying Amount RM</b>
<b>Group</b>			
Not past due	27,528,982	-	27,528,982
Past due:			
- less than 3 months	1,027,680	(30,452)	997,228
- 3 to 6 months	20,485	(5,432)	15,053
- over 6 months	1,069,418	(1,069,418)	-
	<b>29,646,565</b>	<b>(1,105,302)</b>	<b>28,541,263</b>

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

**Trade receivables that are past due but not impaired**

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

**Trade receivables that are neither past due nor impaired**

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**32. FINANCIAL INSTRUMENTS** (cont'd)**32.1 Financial Risk Management Policies** (cont'd)**(c) Liquidity risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) :

	Effective interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
<b>Group - 2011</b>						
Trade and other payables	-	56,375,654	56,375,654	56,375,654	-	-
Bank borrowings :						
- Bank overdrafts	8.1	138,822	138,822	138,822	-	-
- Trade bills	2.4 - 4.0	38,081,261	38,081,261	38,081,261	-	-
- Term loans	2.6 - 7.5	3,180,919	4,164,584	668,994	2,071,460	1,424,130
Hire purchase payables	5.0 - 5.7	595,760	641,924	230,376	411,548	-
		98,372,416	99,402,245	95,495,107	2,483,008	1,424,130
<b>Group - 2010</b>						
Trade and other payables	-	71,509,000	71,509,000	71,509,000	-	-
Bank borrowings :						
- Bank overdrafts	7.8	361,408	361,408	361,408	-	-
- Trade bills	2.4 - 4.5	33,486,091	33,486,091	33,486,091	-	-
- Term loans	2.8 - 10.5	4,629,397	6,050,199	1,302,480	2,524,660	2,223,059
Hire purchase payables	5.0 - 5.7	789,036	872,300	230,376	641,924	-
Dividend payables	-	462	462	462	-	-
		110,775,394	112,279,460	106,889,817	3,166,584	2,223,059

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**32. FINANCIAL INSTRUMENTS** (cont'd)**32.1 Financial Risk Management Policies** (cont'd)**(c) Liquidity risk** (cont'd)

	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
<b>Company - 2011</b>					
Trade and other payables	68,577	68,577	68,577	-	-
<b>Company - 2010</b>					
Trade and other payables	65,707	65,707	65,707	-	-

**32.2 Capital Risk Management**

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows :

	<b>Group</b>	
	<b>2011 RM</b>	<b>2010 RM</b>
Trade and other payables	56,375,654	71,509,000
Bank borrowings	41,401,002	38,476,896
Hire purchase payables	595,760	789,036
Dividend payable	-	462
	98,372,416	110,775,394
Less : Fixed deposits with licensed banks	(2,988,531)	(3,029,120)
Less : Cash and bank balances	(16,812,286)	(20,236,160)
Net debt	78,571,599	87,510,114
Total equity	132,703,681	134,546,852
Debt-to-equity ratio	0.59	0.65

NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011**32. FINANCIAL INSTRUMENTS** (cont'd)**32.2 Capital Risk Management** (cont'd)

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM 40 million. The Company has complied with this requirement.

**32.3 Classification of Financial Instruments**

	<b>Group 2011 RM</b>	<b>Company 2011 RM</b>
<b>Financial assets</b>		
<u>Loans and receivables financial assets</u>		
Trade and other receivables	39,061,451	688,471
Deposits, bank and cash balances	19,800,817	432,246
Dividend receivable	-	1,845,000
	58,862,268	2,965,717
<u>Fair value through profit and loss</u>		
Derivative assets	285,218	-
<b>Financial liabilities</b>		
<u>Other financial liabilities</u>		
Trade and other payables	56,375,654	68,577
Bank borrowings	41,401,002	-
Hire purchase payables	595,760	-
	98,372,416	68,577



NOTES TO THE FINANCIAL STATEMENTS (cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

**32. FINANCIAL INSTRUMENTS** (cont'd)

**32.4 Fair Values of Financial Instruments**

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values based on methods summarised as follows :

- (i) The carrying amounts of cash and cash equivalents, receivables, payables and short-term bank borrowings approximately their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The carrying amounts of hire purchase payables are reasonably approximate their fair values due to insignificant impact of discounting.
- (iii) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.
- (iv) The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

# SUPPLEMENTARY INFORMATION

## DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and of the Company at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows :

	<b>Group 2011 RM</b>	<b>Company 2011 RM</b>
Total retained profits:		
- realised profits	57,024,654	2,670,015
- unrealised losses	(3,185,824)	(205,237)
	53,838,830	2,464,778
Less : Consolidation adjustments	(23,189,506)	-
At 31 October	30,649,324	2,464,778

# LIST OF LANDED PROPERTIES

AS AT 31 OCTOBER 2011

The Group's policy on revaluation of landed properties is as stated in the Note 3.2 (c) to the Financial Statements.

Address/ Location	Description	Land Area (hectare)	Use	Tenure/ Age of Building	Net Book Value as at 31.10.2011 RM'000	Date of Revaluation or Acquisition
<b><i>Poh Huat Furniture Industries ( M) Sdn Bhd</i></b>						
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/ 14 years	4,819	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/ 14 years	4,190	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 facilitie	60 years leasehold expiring in 2060/ 6 years	15,315	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/ 15 years	7,509	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/ 13 years	6,035	27.7.99 (Date of Revaluation)

LIST OF LANDED PROPERTIES (cont'd)  
AS AT 31 OCTOBER 2011

Address/ Location	Description	Land Area (hectare)	Use	Tenure/ Age of Building	Net Book Value as at 31.10.2011 RM'000	Date of Revaluation or Acquisition
<b><i>Poh Huat Furniture Industries ( M) Sdn Bhd</i></b>						
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/ 11 years	10,325	12.9.00 (Date of Acquisition)
GM No. 445, Lot 424 Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of agriculture land	1.21	vacant land	freehold/ 1 year	1,251	6.10.10 (Date of Acquisition)
GM No. 446, Lot 418 Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of agriculture land	1.21	vacant land	freehold/ na	1,368	30.6.11 (Date of Acquisition)
<b><i>Poh Huat International Sdn Bhd</i></b>						
GM No. 1483, Lot 110 Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of agriculture land with an office building, a warehouse and ancillary structures	0.38	Office and warehousing facilities	freehold/ 2 years	1.016	7.12.09 (Date of Acquisition)
<b><i>Poh Huat Furniture Industries Vietnam Joint Stock Company</i></b>						
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/ 10 years	9,497	1.3.02 (Date of Acquisition)

LIST OF LANDED PROPERTIES (cont'd)  
AS AT 31 OCTOBER 2011

Address/ Location	Description	Land Area (hectare)	Use	Tenure/ Age of Building	Net Book Value as at 31.10.2011 RM'000	Date of Revaluation or Acquisition
<b><i>Poh Huat Furniture Industries Vietnam Joint Stock Company</i></b> (cont'd)						
Lot 25 Tam Phuoc Commune Long Thanh District Dong Nai Province Vietnam	1 plot of industrial land with an office building, 1 hostel, 3 factory buildings ancillary structures	12.39	Office with furniture manufacturing facilities	50 years lease expiring in 2052/ 7 years	18,367	29.8.02 (Date of Acquisition)
<b><i>Poh Huat Furniture Industries (Qingdao) Co Ltd</i></b>						
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/ 5 years	15,344	31.10.11 (Date of Revaluation)
<b><i>Poh Huat International Furniture SA (Proprietary) Ltd</i></b>						
Unit 3, Hambleton Business Park, 959 Richards Drive Halfway House, Midrand Gauteng 1685, Republic of South Africa	6 commercial buildings with office, warehouse and ancillary structures	0.27	Office and warehousing facilities	Freehold/ 3 years	4,432	10.7.09 (Date of Acquisition)

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 FEBRUARY 2012

## Principal Statistics

Authorised Share Capital	-	RM500,000,000
Issued and Paid-up Share Capital	-	RM113,387,105
Class of Shares	-	Ordinary shares of RM1.00 each
Voting Rights	-	One vote per ordinary share at any shareholders' meeting
Number of Shareholders	-	3,744

## Distribution of Shareholdings

Category	Shareholders	%	No. of Shares	%
Less than 100	306	8.17	17,751	0.02
100 to 1,000	123	3.29	69,213	0.06
1,001 to 10,000	2,365	63.17	9,085,531	8.42
10,001 to 100,000	821	21.93	22,650,655	21.00
100,001 to less than 5% of issued shares	127	3.39	58,136,501	53.89
5% and above of issued shares	2	0.05	17,917,454	16.61
<b>TOTAL</b>	<b>3,744</b>	<b>100.00</b>	<b>107,877,105*</b>	<b>100.00</b>

Note: \* Excluding 5,510,000 shares bought back and retained by the Company as treasury shares.

## 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	25,505,838	3,086,894 <sup>(a)</sup>	23.64	2.86

### Note:-

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

ANAYSIS OF SHAREHOLDINGS (cont'd)  
AS AT 29 FEBUARY 2012**Directors' Shareholdings****(Based on the Register of Directors' Shareholdings)**

Name of Directors	No. of Shares Held		% of Issued Share Capital	
	Direct	Deemed	Direct	Deemed
Datuk Seri Zulkipli bin Mat Noor	-	-	-	-
Tay Kim Huat	25,505,838	3,086,894 <sup>(a)</sup>	23.64	2.86
Dato' Ng Ah Poh	4,599,855	-	4.26	-
Tay Kim Hau	2,891,980	-	2.68	-
Dato' Haji Zaini bin Md. Hasim	15,600	-	0.01	-
Chai Meng Kui (JP)	3,503,586	-	3.25	-
Boo Chin Liong	19,500	-	0.02	-
Tay Khim Seng	2,318,050	-	2.15	-
Chua Syer Cin	-	-	-	-
Toh Kim Chong	685,000	-	0.63	-

**Note:-***(a) Deemed interested by virtue of the shareholding of his spouse and children.***The 30 Largest Shareholders**

No	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1	Tay Kim Huat	11,365,519	10.54
2	Tay Kim Huat	6,551,935	6.07
3	Ng Ah Poh	4,599,855	4.26
4	Tay Kim Huat	4,535,484	4.20
5	Chai Meng Kui	3,503,586	3.25
6	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Tay Kim Hau (SFC)</i>	2,884,830	2.67
7	Tan Chen Neo @ Tang Chen Neo	2,377,200	2.20
8	Lu Chin Poh	2,237,300	2.07
9	Sim Sheau Yun	1,935,365	1.79
10	Tay Kim Huat	1,752,900	1.62
11	Lim Seok Kim	1,400,000	1.30
12	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ah Kau @ Gan Ah Kau</i>	1,312,300	1.22

ANAYSIS OF SHAREHOLDINGS (cont'd)  
AS AT 29 FEBUARY 2012**The 30 Largest Shareholders** (cont'd)

No	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
13	Tay Kim Huat	1,300,000	1.21
14	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tay Khim Seng</i>	1,280,000	1.19
15	Yeo Gek Cheng	1,165,014	1.08
16	Tay Li Ping	1,160,250	1.08
17	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tay Khim Seng (E-BPT)</i>	910,000	0.84
18	Lu Kim San	875,000	0.81
19	Cha Au Peng	800,000	0.74
20	Wong Shak On	701,000	0.65
21	Toh Kim Chong	685,000	0.63
22	Tan Ah Lian	666,790	0.62
23	Gan Poh Mun	627,900	0.58
24	Cartaban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Su Ming Keat</i>	585,000	0.54
25	Tor Lian Seng	579,040	0.54
26	Mayban Nominees (Tempatan) Sdn Bhd <i>Cheah Kam Choy</i>	540,820	0.50
27	Db (Malaysia) Nominee (Asing) Sdn Bhd <i>Exempt An for Deutsche Bank Ag Singapore (PWM Asing)</i>	520,000	0.48
28	Yeo Eck Liong	515,120	0.48
29	Koo Tai Ping @ Koh Kian Tee	463,800	0.43
30	Kang Kit Kian	456,300	0.42



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# FORM OF PROXY



I/We \_\_\_\_\_

of \_\_\_\_\_

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

\_\_\_\_\_

of \_\_\_\_\_

or failing him, \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to vote on my/our behalf at the 14th Annual General Meeting of the Company to be held at Hotel D'99 No. 173, Jalan Abdullah, 84000 Muar, Johor Darul Takzim on 19 April 2012 at 11.00 a.m. and at every adjournment thereof, and to vote as indicated below:-

Ordinary Resolution		For	Against
Ordinary Resolution 1	Payment of Directors' Fees		
Ordinary Resolution 2	Declaration of a first and final tax-exempt dividend of 2%		
Ordinary Resolution 3	Re-election of Mr Tay Kim Huat as Director		
Ordinary Resolution 4	Re-election of Dato' Haji Zaini bin Md Hasim as Director		
Ordinary Resolution 5	Re-election of Mr Chua Syer Cin as Director		
Ordinary Resolution 6	Re-election of Mr Toh Kim Chong as Director		
Ordinary Resolution 7	Re-appointment of Auditors		
Ordinary Resolution 8	Renewal of Authority for Directors to Issue Shares		
Ordinary Resolution 9	Share Buy-Back Mandate		
Special Resolution 1	Amendments to the Company's Articles of Association		

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 2012.

\_\_\_\_\_  
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. 7, (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  
**POH HUAT RESOURCES HOLDINGS BERHAD**  
(Company No. : 443169-X)

No. 7 (1st Floor), Jalan Pesta 1/1,  
Taman Tun Dr Ismail 1,  
Jalan Bakri, 84000 Muar  
Johor Darul Takzim

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## **Poh Huat Resources Holdings Berhad**

(Company No: 443169-X)

Incorporated in Malaysia under the Companies Act, 1965

PLO 1, Jorak Industrial Area  
Mukim Sungai Raya  
84300 Bukit Pasir, Muar  
Johor Darul Takzim, West Malaysia

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