



AT OFFICE SYSTEM®

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



Teamwork &
Tenacity

annual report 2013



annual report

2013

COVER RATIONALE

A sky diving formation requires courage, passion, cooperation and commitment from every member of the team. Similarly, Poh Huat is passionate about delivering excellence in everything we do. With the commitment of our employees and vendors coupled with the support of our clients and business partners, we are not afraid to take bold initiatives in pursuit of greater excellence. This annual report cover reflects the spirit of teamwork and tenacity that fuels the growth of Poh Huat towards becoming a market leader in world class furniture manufacturing.

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.”

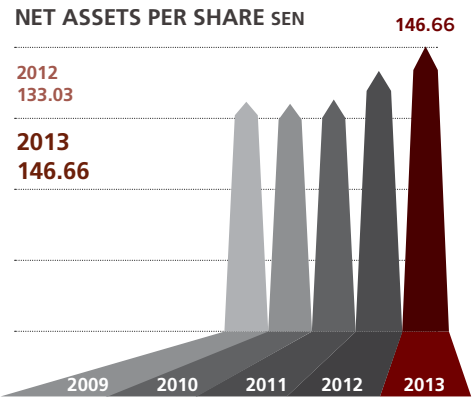
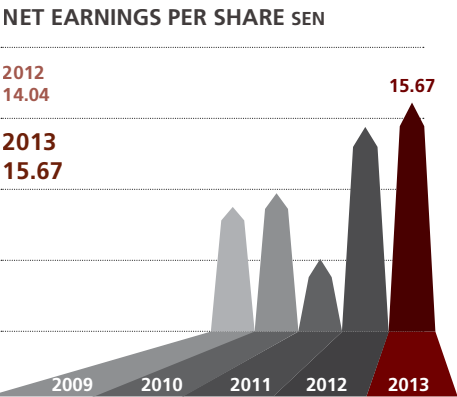
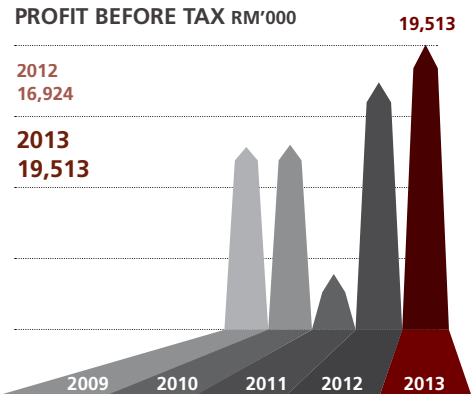
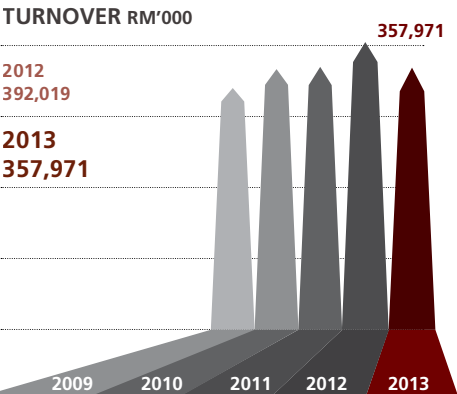
contents



02	Group Financial Highlights	36	Statement on Risk Management and Internal Control
04	Notice of Annual General Meeting and Dividend Entitlement	38	Additional Compliance Information
08	Statement Accompanying Notice of Annual General Meeting	40	Corporate Responsibility
11	Corporate Information	42	Directors’ Responsibilities Statement
12	Corporate Structure	43	Financial Statements
14	Information on Directors	119	Supplementary Information
20	Chairman’s Statement	120	List of Material Landed Properties
24	Corporate Governance	122	Analysis of Shareholdings
32	Audit Committee		Form of Proxy

GROUP FINANCIAL HIGHLIGHTS

annual report
2013



GROUP FINANCIAL HIGHLIGHTS (cont'd)

Financial year ended 31 October	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Turnover	329,648	355,661	359,290	392,019	357,971
Profit before tax	12,473	12,598	3,765	16,924	19,513
Profit after tax attributable to owners of the Company	9,937	10,725	5,585	15,168	16,775
Equity attributable to owners of the Company	133,427	132,251	130,643	142,506	156,523
	sen	sen	sen	sen	sen
Net earnings per share*	8.76	9.46	4.94	14.04	15.67
Net assets per share	117.67	116.64	118.89	133.03	146.66

Notes:-

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.

The net earnings per share for year 2012 are calculated based on the weighted average of 108,024,617 shares in issue (excluding treasury shares) during the year.

The net earnings per share for year 2013 are calculated based on the weighted average of 107,030,510 shares in issue (excluding treasury shares) during the year.



NOTICE OF ANNUAL GENERAL MEETING



annual report

2013

NOTICE IS HEREBY GIVEN that the 16th Annual General Meeting of the Company will be held at Hotel D'99 No. 173, Jalan Abdullah, 84000 Muar Johor Darul Takzim on 24 April 2014 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 2013 together with the Reports of the Directors and the Auditors thereon.

(Please refer to Note 9)

2. To approve the payment of Directors' fees for the financial year ended 31 October 2013.

(Ordinary Resolution 1)

3. To declare a final tax-exempt dividend of 3% in respect of the financial year ended 31 October 2013.

(Ordinary Resolution 2)

4. To re-elect the following Directors who retire in accordance with Article 95 of the Company's Articles of Association:-

- Mr Tay Kim Huat **(Ordinary Resolution 3)**
- Mr Tay Khim Seng **(Ordinary Resolution 4)**
- Mr Boo Chin Liong **(Ordinary Resolution 5)**

5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to determine their remuneration.

(Ordinary Resolution 6)

AS SPECIAL BUSINESSES

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

AS ORDINARY RESOLUTIONS

6. **Continuing in Office as Independent Non-Executive Directors**

- (i) THAT subject to the passing of Ordinary Resolution 5, authority be and is hereby given to Mr Boo Chin Liong, who has served as Independent Non-Executive of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.

(Ordinary Resolution 7)

- (ii) That authority be and is hereby given to the following directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Directors of the Company until the conclusion of the next Annual General Meeting of the Company:-

- Dato' Haji Zaini bin Md. Hasim
(Ordinary Resolution 8)
- Mr Chua Syer Cin
(Ordinary Resolution 9)

NOTICE OF ANNUAL GENERAL MEETING (cont'd)



7. 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:-

- a. 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;
- b. 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
- c. 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 10)

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

annual report

2013

NOTICE IS ALSO HEREBY GIVEN THAT the proposed final tax-exempt dividend of 3% in respect of the financial year ended 31 October 2013, if approved, will be paid on 19 May 2014 to depositors registered in the Record of Depositors of the Company at the close of business on 9 May 2014.

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 2014 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
2 April 2014

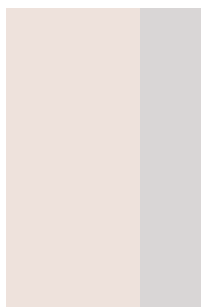
Notes:-

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 Tun 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.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT (cont'd)



Notes:- (cont'd)

7. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempted Authorised Nominee may appoint in respect of each Omnibus Account it holds.
8. Only depositors whose names appear in the Register of Depositors as at 18 April 2014 shall be entitled to attend in person or appoint proxies to attend and/or vote on their behalf at the Annual General Meeting.

9. **Explanatory Notes for Item No. 1 Audited Financial Statements**

Item No. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require the Company to obtain shareholders' approval for its Audited Financial Statements. Henceforth, this item is not put forward for voting.

10. **Explanatory Notes for Item No. 6 Continuing in Office as Independent Non-Executive Directors**

The Ordinary Resolutions proposed under Item 6 (**Resolutions 7, 8 & 9**) of the Notice of Annual General Meeting relate to the approval by shareholders for the named directors to continue in

office as Independent Non-Executive Directors. The Board has assessed the independence of each of the directors who has served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years. The Board is satisfied that each of these directors has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The length of their service does not interfere with their ability and exercise of independent judgment as Independent Directors. Therefore, the Board has recommended that the approval of the shareholders be sought for Mr Boo Chin Liong, Dato' Haji Zaini bin Md. Hasim and Mr Chua Syer Cin to continue to act as Independent Non-Executive Directors of the Company.

11. **Explanatory Notes for Item No. 7 Share Buy-Back Mandate**

The Ordinary Resolution proposed under Item 7 (**Resolution 10**), 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 Share Buy-Back Mandate are provided in the Circular to Shareholders dated 2 April 2014.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

DETAILS OF INDIVIDUALS STANDING FOR ELECTION AS DIRECTORS

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

NAME OF DIRECTORS STANDING FOR RE-ELECTION/RETENTION

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

- Mr Tay Kim Huat
- Mr Tay Khim Seng
- Mr Boo Chin Liong
- Dato' Haji Zaini bin Md. Hasim
- Mr Chua Syer Cin

Mr Tay Kim Huat, Mr Tay Khim Seng and Mr Boo Chin Liong are retiring in accordance with Article 95 of the Company's Articles of Association.

Mr Boo Chin Liong, Dato' Haji Zaini bin Md. Hasim and Mr Chua Syer Cin are seeking re-election as Independent Non-Executive Directors of the Company in accordance with the procedures adopted by the Board for the continuing in office of Independent Directors whose tenure exceed a cumulative term of more than nine (9) years.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Four (4) board meetings were held during the financial year ended 31 October 2013. 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	4/4
Dato' Ng Ah Poh	2/4
Dato' Haji Zaini bin Md. Hasim	4/4
Mr Boo Chin Liong	3/4
Mr Tay Khim Seng	3/4
Mr Chua Syer Cin	3/4
Mr Toh Kim Chong	4/4
Mr Chai Meng Kui (JP)	-/1
(Resigned wef 13.3.2013)	

DATE, TIME AND PLACE OF THE ANNUAL GENERAL MEETING

Date	:	24 April 2014
Time	:	11.00 a.m.
Place	:	Hotel D'99 No. 173, Jalan Abdullah, 84000 Muar, Johor Darul Takzim.



DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

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

Mr Tay Kim Huat

Age	: 58
Nationality	: Malaysian
Designation/Position in the Company	: Managing Director (Non-Independent Executive Director)
Qualification/Education	: Secondary Education
Work Experience	: Furniture manufacturer and entrepreneur (1980 to present)
Directorship in other Public Companies	: Nil
Securities holding in the Company and its subsidiaries	: Ordinary Shares of RM1.00 each Direct – 25,643,138 shares Deemed – 5,447,036 shares
Family relationship with any directors and/or major shareholders of the Company	: Mr Tay Kim Huat is the brother of Mr Tay Kim Hau, an Executive Director and shareholder of the Company and Mr Tay Khim Seng, a Non-Executive Director and shareholder of the Company
Conflict of interest with the Company	: Nil
List of conviction for offences within the past 10 years	: Nil

Mr Tay Khim Seng

Age	: 53
Nationality	: Malaysian
Designation/Position in the Company	: Director (Non-Independent Non-Executive Director)
Qualification	: Bachelor of Law (Honours), Malaya
Work Experience	: Advocate and solicitor (1986 to present)
Directorship in other Public Companies	: Nil
Securities holding in the Company and its subsidiaries	: Ordinary Shares of RM1.00 each Direct – 3,174,330 shares Deemed – Nil
Family relationship with any directors and/or major shareholders of the Company	: Mr Tay Khim Seng is the brother of Mr Tay Kim Huat the Managing Director and major shareholder of the Company and Mr Tay Kim Hau, a Executive Director and shareholder of the Company

Mr Boo Chin Liong

Age	: 53
Nationality	: Malaysian
Designation/Position in the Company	: Director (Independent Non-Executive Director)
Qualification	: Bachelor of Law (Honours), Malaya
Work Experience	: Advocate and solicitor (1986 to present)
Directorship in other Public Companies	: Prolexus Bhd.
Securities holding in the Company and its subsidiaries	: Ordinary Shares of RM1.00 each Direct – 19,500 shares Deemed – Nil
Family relationship with any directors and/or major shareholders of the Company	: Nil
Conflict of interest with the Company	: Nil
List of conviction for offences within the past 10 years	: Nil

DETAILS OF DIRECTORS STANDING FOR RE-ELECTION (cont'd)

Dato' Haji Zaini bin Md. Hasim *DIMP, AMP, AMN, PIS, PPA, PPS*

Age	: 68
Nationality	: Malaysian
Designation/Position in the Company	: Director (Independent Non-Executive Director)
Qualification	: Bachelor of Social Science (Honours)
Work Experience	: Royal Malaysian Police Force (1965 to 2001) held various commanding positions including:- • Commander of General Operations, Sabah • Deputy Director of Security/Intelligence, Malaysian Aviation Department • Assistant Director, Bukit Aman • Officer-In-Charge of District Police
Directorship in other Public Companies	: Nil
Securities holding in the Company and its subsidiaries	: Ordinary Shares of RM1.00 each Direct – 15,600 shares
Family relationship with any directors and/or major shareholders of the Company	: Nil
Conflict of interest with the Company	: Nil
List of conviction for offences within the past 10 years	: Nil

Mr Chua Syer Cin

Age	: 41
Nationality	: Malaysian
Designation/Position in the Company	: Director (Independent Non-Executive Director)
Qualification	: Member, Malaysian Institute of Accountants Member, CPA Australia
Work Experience	: Proprietor, S.C. Chua & Associates (2000 to present) Audit/Tax Manager, Teo & Associates (1998 to 2000) Audit Senior, Ernst & Young (1994 to 1998)
Directorship in other Public Companies	: Kia Lim Berhad
Securities holding in the Company and its subsidiaries	: Nil
Family relationship with any directors and/or major shareholders of the Company	: Nil
Conflict of interest with the Company	: Nil
List of conviction for offences within the past 10 years	: Nil

annual report

2013



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)

Boo Chin Liong
(Independent Non-Executive Director)

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

Chua Syer Cin
(Independent Non-Executive Director)

AUDIT COMMITTEE

Chua Syer Cin
(Chairman)

Dato' Haji Zaini bin Md. Hasim

Tay Khim Seng

Boo Chin Liong

NOMINATING COMMITTEE

Boo Chin Liong
(Chairman)

Dato' Haji Zaini bin Md. Hasim

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

HSBC Bank (Malaysia) Bhd.
HSBC Bank (Vietnam) Ltd.
Malayan Banking Bhd.
United Overseas Bank (Malaysia) Bhd.
United Overseas Bank (Vietnam) Ltd.
VID Public Bank (Vietnam) Ltd.

SOLICITORS

J.A. Nathan & Co.
Grandall Law Firm (Beijing)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE



AT OFFICE SYSTEM®

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

annual report

2013

100%

Poh Huat Furniture
Industries (M) Sdn. Bhd.

100%

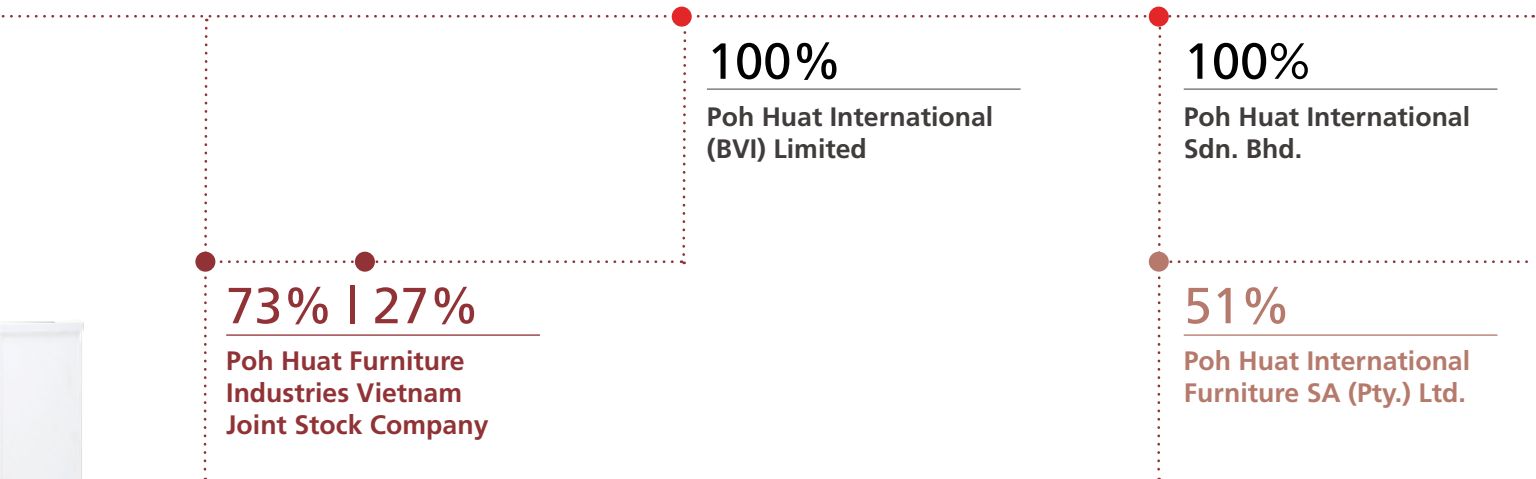
PHW Properties Sdn. Bhd.

100%

Contempro Furniture
(Qingdao) Co. Ltd.



CORPORATE
STRUCTURE (cont'd)



INFORMATION ON DIRECTORS



Datuk Seri Zulkipli bin Mat Noor

SPDK, SPTJ, DIMP, DSAP, PJN, SIMP, KMN, JMN, PSPP

annual report

2013

Chairman
(Independent Non-Executive Director)

Datuk Seri Zulkipli bin Mat Noor, aged 64, 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.

INFORMATION ON DIRECTORS (cont'd)



Mr Tay Kim Huat

Managing Director
(Non-Independent Executive Director)

Mr Tay Kim Huat, Malaysian, aged 58, 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 66, 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.

INFORMATION ON DIRECTORS (cont'd)



Dato' Ng Ah Poh

DIMP

Executive Director
(Non-Independent Executive Director)

Dato' Ng Ah Poh, Malaysian, aged 63, 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.



Mr Toh Kim Chong

Director
(Non-Independent Executive Director)

Mr Toh Kim Chong, Malaysian, aged 39, 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 Poh Huat Furniture Industries (M) 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.

annual report

2013

INFORMATION ON DIRECTORS (cont'd)



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 68, 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 a member of the Audit Committee and Nominating 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 and is a director of a company involved in the provision of security services.

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 53, was appointed as an Independent Non-Executive Director of the Company on 9 December 1999 and is presently the Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration 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 currently an Independent Non-Executive Director of Prolexus Bhd. and a director of several private limited companies.

He has no family relationship with any Director and/or major shareholder of the Company.

INFORMATION ON DIRECTORS (cont'd)



Mr Tay Khim Seng

Director
(Non-Independent Non-Executive Director)

Mr Tay Khim Seng, Malaysian, aged 53, 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 Nominating 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 41, was appointed as an Independent Non-Executive Director of the Company on 17 May 2001 and is presently the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nominating 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 currently an Independent Non-Executive Director of Kia Lim Berhad and a director of several private limited companies.

He has no family relationship with any Director and/or major shareholder of the Company.

Conflict of Interest

None of the Directors have 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.

annual report

2013



CHAIRMAN'S STATEMENT

annual report

2013

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 2013.



Operational Review

It is my pleasure to report to you that the Group continued to achieve good performance despite the many external and operational challenges during the year under review.

While economic indicators in the US showed sign of improvements during first half of 2013, orders from our US customers remained weak as businesses and consumers alike remained cautious. The adverse developments in Europe during the same period also affected our shipment to the Middle East and Europe, particular for the office segment. In the second half of 2013, the Group's performance improved significantly as the recovery of the US economy gained traction. Recovery in the housing sector, higher employment and gains in the capital market in the US bolstered business and consumer confidence. Orders from our US customers were consistently higher than in the same period a year

CHAIRMAN'S STATEMENT (cont'd)



earlier. The improved situation in the US notwithstanding, the overall weaker external environment, together with our efforts to consolidate our product offerings, have resulted in us achieving a lower turnover of RM358 million compared to RM392 million in the previous year.

Notwithstanding the lower turnover, I am happy to report that the Group's gross profits rose more than 22% to RM64 million. This achievement is especially commendable given the challenging market conditions and the pressure of escalating costs on the operations of

the Group. Last year, we worked hard with our customers to develop better products and distribution arrangements whilst striving to maintain profit margins amidst difficult market conditions. We attained higher productivity and benefited from better economy of scale, particularly in our Vietnamese factories. I must emphasise that the substantial improvement in the profitability was also the result of the many ongoing efforts initiated by the Group to rationalise our product offerings and enhance overall operations efficiency.

CHAIRMAN'S STATEMENT (cont'd)

annual report

2013

In line with the better operational results, the Group registered a profit before tax of RM20 million for the current financial year compared to RM17 million in the previous financial year. The improvement in bottom line would have been more significant if not for the one-time allowance for impairment losses of RM7 million we made for the collection uncertainties on the outstanding amounts due for our disposal of Poh Huat Furniture Industries (Qingdao) Co. Ltd. The Group incurred a higher taxation of RM3 million for the financial year under review due to the higher profits achieved by our Vietnamese subsidiary.

Dividend

Reflective of the performance of the Company, the Board has recommended a final tax-exempt dividend of 3% for the financial year ended 31 October 2013 for approval at the forthcoming Annual General Meeting of the Company.

The Board is of the view that the proposed dividend of 3% together with the interim dividend of 2% paid earlier in January 2014 provide a level of return commensurate with the present market price of the shares of Poh Huat.

Prospects

Driven by the momentum in the second half of 2013, we are more upbeat with regard to our export sales for 2014. With pickup in global growth, we expect global furniture trade to rise. Sustained improvements in leading indicators (employment, housing starts and consumer confidence) in the US suggest stronger demand for household furniture and furnishing going forward. Given the order back-logs in the US and the developments affecting China's furniture exporters, we expect higher shipment of furniture, particularly from our Vietnam factories.



CHAIRMAN'S STATEMENT (cont'd)

Profit Before Tax

RM20mill

+15% from 2012

As a global player, our priorities are in improving product offerings and extending market reach. We shall align our strategies with global trends and be responsive to market needs. As before, we will continue to strengthen our operational capabilities and efficiency whilst keeping a careful watch on costs.

Acknowledgement

Dato' Ng Ah Poh has indicated to the Board of his wish to retire as a director of the Company at the forthcoming AGM. On behalf of the Board, I would like to express our heartfelt appreciation for his contribution and long service as one of the founders of the Group. We take this opportunity to wish him the best in health and in his future undertakings.

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

18 March 2014

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 2012 (the "Code") and other applicable laws, regulations and guidelines.

The Company 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 outlined in the Code.

(A) ESTABLISH ROLES AND RESPONSIBILITIES

The Board's Roles & Responsibilities

The Board's role is to control and provide stewardship of the Group's business and affairs on behalf of shareholders.

The Board has the overall responsibility for the proper conduct of the Group business. The Board assumes the following responsibilities in the management of the affairs of Group:-

- Establish and review the strategic direction of the Group
- Set and review corporate objectives and formulate strategies to achieve these objectives;
- Identify principal risks, determine risk appetite/ tolerance levels and set authority limits in the pursuit of corporate objectives
- Establish policies and procedures for the execution of business plans, management of business risks and monitoring of results of the business activities against set targets
- Evaluate and approve key matters such as business expansion, investments or divestments, major capital expenditures and operational plans
- Consider and adopt risks management approach and practices to manage inherent risks and establish and monitor internal control systems to ensure compliance.

Clear Functions of the Board and Management

The Board has empowered the Executive Directors to manage the day-to-day affairs of the Group's business. The Executive Directors lead the management in the implementation of business plans and the regularly monitoring and reporting to the Board on the performance of the Group. They represent the Company at the highest level and are decision makers in matters within their scope and are accountable for the conduct and performance of the Group businesses within the agreed business strategies. The Executive Directors are also responsible for the implementation of policies and compliance with established systems of control.

The Board of Directors meets formally to deliberate on matters relating to the strategic direction and objectives setting, operating plans and budgets, major capital expenditures, material acquisitions and disposals, material capital projects and monitoring of the Group's operating and financial performance. Key members of the management team are invited to attend and participate in these meetings to promote better exchange of information and understanding of the issues in the daily operations of the Group.

The Board meets on a quarterly basis to review the quarter results of the Group prior to announcement to Bursa Malaysia. During these meetings, 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. During these meeting, the Board also review the internal audit reports on compliance and endorses corrective and improvement recommendations proposed by the internal audit function.

Board Balance

The Board of Directors of the Company currently comprises nine (9) members of whom four (4) are Executive Directors and five (5) are Non-Executive Directors. Out of the five (5) Non-Executive Directors, four (4) are independent. This composition exceeds the requirement under the Bursa Malaysia's Listing Requirements which stipulate that at least 2 directors or one-third (1/3) of the Board, whichever is the higher, must be independent.

CORPORATE GOVERNANCE (cont'd)

(A) ESTABLISH ROLES AND RESPONSIBILITIES (CONT'D)

Board Balance (cont'd)

The Executive Directors bring together expertise and experience in manufacturing, plantation and property 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 services.

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 deliberation 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. Mr. Boo Chin Liong, the longest serving Independent Director has been designated the Senior Independent Director.

Promoting Sustainability

The Group is committed to operating in a sustainable manner and seek to contribute positively to the well-being of stakeholders. Details of the Group's key corporate responsibility and approach toward sustainability are set out in the Corporate Responsibility statement on page 40 of this Annual Report.

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:-

- Minutes of previous meeting;
- Quarterly and annual financial statements and reports;
- Internal audit plans and reports;
- Proposal for major investments and financial undertakings;
- Documentation on policies, procedures and control systems; and
- Documents relating to ad-hoc development or issues

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. The Company Secretary, who is qualified, advises the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors. The Company Secretary organises and attends all Board and Board Committee meetings. All proceedings from the meetings are minuted by the Company Secretary and signed by the Chairman of the meeting.

Board Charter and Code of Conduct

The Board has recently adopted a Board Charter and a Code of Conduct to guide the Directors, Management and employees in the governance of the affairs of the Group. The Board Charter sets out the respective roles and responsibilities of the Board and the Management to ensure accountability. The Board Charter would act as a source reference to Board members and senior management. In addition, it will assist the Board in the assessment of its own performance as a whole and the Directors individually. Details of the Board Charter can be found on the Company's website at www.pohhuat.com. The Board Charter and Code of Conduct will be periodically reviewed and updated to take into consideration the needs of the Company and to reflect the changes in the management best practices and regulatory requirements.

CORPORATE GOVERNANCE (cont'd)

(B) STRENGTHEN COMPOSITION

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 Nominating 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.

Nominating Committee

The Nominating Committee is primarily responsible for the identification of the desired mix of expertise, competencies and experiences 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 the appointment of candidates with the necessary qualities to strengthen the Board.

The current members of the Nominating Committee are:-

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

In line with the recommendation of the Code, the Terms of Reference of the Nominating Committee had been expanded to include:-

- (a) To recommend to the Board, candidates for appointment to Board Committees and rotation of board chairmanship;

- (b) To review and recommend to the Board, the training programmes for the Board members; and

- (c) To review and recommend to the Board, the Board's and senior management's succession plans

The Nominating Committee met once during the financial year. All its members except Mr Boo Chin Liong attended the meeting.

Re-election of Directors

In accordance with Article 103 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 95 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.

In accordance to the policy and procedures established for the Continuation in Office of Independent Directors, the independence of all Independent Directors who have served the Company for more than nine (9) years shall be individually assessed. If the Board is satisfied that the directors remain independent, shareholders' approval shall be sought for the continuation in office of the directors concerned as Independent Directors at every annual general meeting of the Company. More information on the assessment and re-election of Independent Directors can be found in Section C of this statement.

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

CORPORATE GOVERNANCE (cont'd)

(B) STRENGTHEN COMPOSITION (CONT'D)

Remuneration Committee

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

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

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

The Remuneration Committee met once during the financial year. All its members except Mr Boo Chin Liong attended the meeting.

The details of Directors' remuneration payable to the Directors of the Company for the financial year ended 31 October 2013 are disclosed in the Note 23 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.

(C) REINFORCE INDEPENDENCE

Tenure of Independent Directors

The Board noted Recommendation 3.2 of the Code that the tenure of an independent director should not exceed a cumulative term of nine (9) years. While the Board appreciates the rationale of the recommendation, it is of the view that the independence of directors cannot be judged solely based on the tenure of service. In line with the Code, Board has adopted the same criteria used in the definition of "independent directors" prescribed by the Bursa Malaysia Listing Requirements but excluding the tenure prescribed by the Code. The Board is of the view that the independence of a director is best judged by the ability of the director to demonstrate and exercise objectivity and independence in the discharge his duties in the best interests of shareholders. The Board recognises the need to balance the integrity, competency and trust gained from the long service against the risk of complacency that comes about from familiarity and the benefits of fresh perspective from newer members.

The Board is of the view that ultimately the Independent Directors themselves are the best person to determine whether they can continue to bring independent and objective judgment to board deliberations. In this regard, the Board has prescribed that all independent directors provide an annual confirmation of his/her independence to the Board based on its policy and criteria of assessing independence as prescribed by the Bursa Malaysia Listing Requirements.

CORPORATE GOVERNANCE (cont'd)

(C) REINFORCE INDEPENDENCE (CONT'D)

Annual Assessment and Shareholders' Approval for Independent Directors

The Board has assessed and concluded that the three Independent Non-Executive Directors of the Company, namely Mr Boo Chin Liong, Dato' Haji Zaini bin Md. Hasim and Mr Chua Syer Cin continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them is independent of the Company's management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. Hence, the Board recommends that shareholders' approval be sought for the continuation of office of these directors as Independent Non-Executive Directors.

Separation of position of the Chairman and Executive Directors

The positions of the Chairman and the Executive Directors 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 Executive Directors have 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 undertakings to ensure that the interest of not only the Group, but also stakeholders and the public in general, are represented.

(D) FOSTER COMMITMENT

Directors' Commitments

In line with Recommendation 4.1 of the Code whereby the Board should set out expectations on

time commitment for its members and protocols for accepting new directorships, each Director is required to notify the Chairman of the Board prior to accepting directorships in other public and public listed companies incorporated in Malaysia as well as directorships in corporations with similar businesses operating in the same jurisdiction.

The Directors are also required to comply at all times with the restriction of the number of directorships as prescribed in the Bursa Malaysia Listing Requirements.

Board Meetings

During the financial year ended 31 October 2013, four (4) board meetings were held. Details of the attendance of Directors at these 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	2/4
Dato' Haji Zaini bin Md. Hasim	4/4
Mr Boo Chin Liong	3/4
Mr Tay Khim Seng	3/4
Mr Chua Syer Cin	3/4
Mr Toh Kim Chong	4/4
Mr Chai Meng Kui (JP)	-/1
(Resigned wef 13.3.2013)	

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.

CORPORATE GOVERNANCE (cont'd)

(D) FOSTER COMMITMENT (CONT'D)

Directors' Training

The Board, through the Nominating 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, all Directors of the Company attended professional and management development courses as follows:-

Director	Courses/Training Attended
Datuk Seri Zulkipli bin Mat Noor	National Tax Seminar 2013
Dato' Haji Zaini bin Md. Hasim	National Tax Seminar 2013
Mr Boo Chin Liong	Nominating Committee Programme The Key to Enhancing Company Value
Mr Tay Kim Huat	The Key to Enhancing Company Value
Mr Tay Kim Hau	GST Workshop
Mr Tay Khim Seng	The Key to Enhancing Company Value
Dato' Ng Ah Poh	GST Workshop

Director

Courses/Training Attended

Mr Chua Syer Cin	Workshop on Reinvestment Allowance & Industrial Building Allowance Understanding of GST and updates in Malaysia Understanding Public Rulings on tax deductibility of expenses
Mr Toh Kim Chong	The Key to Enhancing Company Value

(E) UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Statutory and Financial Reporting Standards

In presenting the annual reports and audited financial statements and announcing quarterly results, the Board aims to present an accurate, balanced assessment of the Group's financial position and prospects.

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the Financial Reporting Standards, the Malaysian Accounting Standards Board Approved Accounting Standards in Malaysia and which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 42 of this Annual Report.

CORPORATE GOVERNANCE (cont'd)

(E) UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

Compliance with Statutory and Financial Reporting Standards (cont'd)

The Board is assisted by the Audit Committee in the discharge of its duties on financial reporting and ensuring that the Group maintains a proper financial reporting process and a high quality financial reporting. A full Audit Committee Report detailing its composition, terms of reference and a summary of activities during the financial year is set out on pages 32 to 35 of the Annual Report.

Suitability and Independence of External Auditors

The Company, through the Audit Committee, has an appropriate and transparent relationship with the external auditors. The Audit Committee had reviewed the suitability and independence of external auditors and recommended their re-appointment for the financial year ending 31 October 2014. The external auditors had provided a confirmation of their independence to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee Report as detailed on page 32 to 35 of this annual report.

(F) RECOGNISE AND MANAGE RISKS

Risk Management

The Board is responsible for the Group's risk management framework and system of internal control and for reviewing their adequacy and integrity. The Board is committed to an ongoing process of identifying, evaluating and managing significant risks in the pursuit of its corporate objectives.

The Executive Directors and Senior Management assist the Board on the implementation and maintenance of the risk management process and compliance with Board's policies on risk and control.

Internal Audit Function

The Board recognises the importance of an effective internal control system in improving risk management, enhancing controls and ensuring compliance with applicable laws and regulations. The internal control system also designed to safeguard the Group's operations and assets and hence protect shareholders' investment in the Group. In this regard, the internal audit function of the Group is outsourced to an independent professional firm. The internal audit function is placed under the preview of the Audit Committee. The outsourced internal audit function provides the Audit Committee with quarterly independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control and management reporting system.

A Statement on Risk Management and Internal Controls which provides an overview of the state of internal controls within the Group is set out on pages 36 to 37 of this Annual Report.

(G) ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Policy on Corporate Disclosures

The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Board will ensure that it adheres to and comply with the disclosure requirements of Bursa Securities Listing Requirements as well as the Corporate Disclosure Guide issued by Bursa Securities.

In ensuring the accuracy and quality of the information disseminated, the Company designate key management persons with appropriate level of competency and authority to prepare and release of material disclosures. The persons responsible for

CORPORATE GOVERNANCE (cont'd)

(G) ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (CONT'D)

Policy on Corporate Disclosures (cont'd)

the preparation of the disclosure will conduct due diligence and verification to ensure accuracy and appropriateness of information contained in the disclosure. The Board is ultimately responsible for all public disclosures.

The Group has yet to adopt a Whistle Blowing Policy but 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.

Effective and Timely Dissemination of Information

The Company also acknowledges the need for investors to be informed of all material business and corporate developments affecting the Group. The timely release of quarterly financial results of the Group and the issue of the Company's Annual Reports provide regular information on the state of affairs of the Group. These, together with other announcements to the Bursa Malaysia Securities Berhad, circulars to shareholders and, where appropriate, ad-hoc press statements and interviews are the principal channels for dissemination of information to its investors, stakeholders and the public generally.

The Group maintains a website at www.pohhuat.com where shareholders as well as members of the public can access the latest information on the Company and on the business activities of the Group. Alternatively, they may obtain the Company's latest announcements via the website of Bursa Securities at www.bursamalaysia.com.

(H) STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

Shareholders Participation at General Meetings

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.

The Company dispatches its notice of General Meeting to shareholders at least 21 days before the said meeting. The notice of General Meeting provides information to shareholders with regard to details of the agendas to be presented at the General Meeting, shareholders' entitlement to attend the General Meeting and shareholders' rights and procedures relating to the appointment of proxies.

At the Company's Annual General Meetings, members of the Board, the external auditors and where applicable, other advisers of the Company are present to answer queries. The Chairman provides an account of the performance of the Group during the year under review prior to the tabling of the financial statements for approval by the shareholders. The shareholders are invited to raise questions or matters relating to the financial statements or the affairs of the Group before putting the resolution to a vote. Where applicable, the Directors will also present to the shareholders any written question raised by and responses given to the Minority Shareholders Watchdog Group or any shareholder who has written to the Company prior to the general meeting.

Voting by Poll

At present, all resolutions to be passed by the shareholders at the forthcoming Annual General Meeting shall be voted by a show of hands. Going forward, the Board will give due consideration on the mode of voting on any resolutions at the Annual General Meetings and/or Extraordinary General Meetings, including voting by way of a poll, if the proposals are of a substantive nature or require voting by poll.

AUDIT COMMITTEE

Audit Committee Report For The Financial
Year Ended 31 October 2013

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 Chua Syer Cin
Chairman of the Audit Committee
Independent Non-Executive Director
2. Dato' Haji Zaini bin Md. Hasim
Independent Non-Executive Director
3. Mr Boo Chin Liong
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 Committee will:-

1. oversee and appraise the quality of the audits conducted by the Company's external auditors and 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 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)

Audit Committee Report For The Financial
Year Ended 31 October 2013

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 an independent director. 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 the internal auditors as well as the management of the Group. The Audit Committee shall be empowered to retain external experts and/or persons having special competence as necessary to assist the Committee in fulfilling its responsibilities.

AUDIT COMMITTEE (cont'd)

Audit Committee Report For The Financial Year Ended 31 October 2013

Duties and Responsibilities

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

1. to consider and recommend the appointment and remuneration of the external auditors;
2. to oversee matters pertaining to the external audit including the review of the audit scope and plans, the external auditors evaluation of the internal control system and their audit report;
3. to review, the scope and results of internal audit procedures, the findings and recommendations of the internal audit report and direct or monitor 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 2013. Details of the attendance of members at Audit Committee Meetings are as follows:-

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

AUDIT COMMITTEE (cont'd)

Audit Committee Report For The Financial
Year Ended 31 October 2013

Activities of the Audit Committee

The activities of the Audit Committee during the financial year ended 31 October 2013 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 2013 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;
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.
8. Reviewed and recommend to the Board the appointment of the External and Internal Auditors and payment of fees to these auditors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board of Directors is pleased to provide the following Statement on Risk Management and Internal Control of the Group, which had been prepared in accordance with the "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers".

Board's Responsibility

The Board acknowledges that it is ultimately responsible for the Group's system of risk management and internal control, which includes the establishment of an appropriate control environment and framework as well as for reviewing its adequacy and integrity.

The Board wish to state that such a system is designed to manage the Group's risks within an acceptable level, rather than to eliminate the risk of failure to achieve the business objectives of the Group. Therefore, it should be noted that such a system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement, financial losses or fraud.

The Executive Directors and Management assist the Board on the implementation of the Board's policies and procedure on risk assessment and control. The Board, through the Audit Committee is involved in the design, operations and monitoring of suitable internal controls to mitigate and control these risks.

Risk Management

The Board maintains an on-going commitment for identifying, evaluating and managing significant risks faced by the Group during the financial year under review. As an on-going process of enhancing risk management, the Group is in the process of formalising the Group's risk management framework in which the existence of significant risks of the Group can be identified and quantified. The Group shall compile a risk profile to help the Board and Management to focus their attention on areas of high risks.

Whilst the Board maintains ultimate control over risk and control issues, it has delegated the implementation of the system of risk management and internal control within an established framework to the Executive Directors and Management of the Group. The Management has been given a clear line of accountability and delegated authorities have been established as part of the internal control efforts through established standard operating procedures. The Executive Directors and Management manage significant risks faced by the Group through constant communication among themselves and with respective heads of department during daily management of operations and through regular scheduled management meetings. Any changes in the significant risks faced by the Group or emergence of new business risks are highlighted to the Board for deliberation and decision making. The Board has received assurance from the Executive Directors that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

Internal Control System

The Group has an established internal control structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets. The internal control system is designed to give reasonable assurance with respect to the:-

- maintenance of proper accounting records;
- reliability of financial information used within the business or for publication;
- safeguarding of assets against unauthorised use or disposition; and
- efficiency and effectiveness of the running of the businesses and operations; and
- compliance with laws and regulations.

The Group's internal control system and monitoring procedures include:-

- 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 financial and management information and reports;
- monitoring and control of key financial risks through clearly laid down authorisation levels and proper segregation of accounting duties;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

- detailed reporting of trading results, balance sheets and cash flows, with regular review by the management, Audit Committee and Board of Directors;
- regular independent internal audit activities to monitor compliance with procedures and assess the integrity of operational and financial information provided; and
- regular information provided to the management, covering operational performance, key business indicators and financial and cash flow reports.

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 significant risks impacting the Group and the measures proposed or taken by the management to address these risks. All Board members received copies of management and audit reports and are involved in the decision and actions that are required to maintain the level of risk at an acceptable level.

The external auditors have reviewed the Statement On Risk Management And Internal Control pursuant to Paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad and have reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control and risk management. This statement was approved at the meeting of the Board on 20 March 2014.

Internal Control and Internal Audit Function

The Internal Audit function is considered an integral part of the assurance framework and its primary mission is to provide assurance on the adequacy and effectiveness of the risk, control and governance framework of the Group. The purpose, authority and responsibility of the internal audit function as well as the nature of the assurance provided by the function are articulated in the internal audit charter.

The Internal Auditors report directly to the audit committee who reviews and approves the Internal Audit Plan and to ensure that the function is adequately resourced with competent and proficient internal auditors.

The principal role of the Internal Auditors are to undertake independent, regular and systematic reviews of the systems of internal control within the Group's operating units to determine whether the operating procedures and internal controls established by the Group are adequate and complied with, in accordance with the internal audit plan approved by the Audit Committee.

During the year, the Internal Auditors conducted various internal audit engagements in accordance with the risk-based audit plan that covers a rolling period of 3 years. The Internal Auditors evaluated the adequacy and effectiveness of key controls within the Group's operating units in responding to the risk within the Group's governance, operations and information systems regarding the:

- maintenance of proper accounting records;
- reliability of financial information used within the business or for publication;
- safeguarding of assets against unauthorised use or disposition; and
- efficiency and effectiveness of the running of the businesses and operations; and
- compliance with laws and regulations.

The Internal Auditors document their key findings and discuss with head of operating units on the outcome of the internal audit review and recommendation for improvement in the internal controls. The Internal Auditors report to the Audit Committee, the outcome and improvements recommended in each of the internal audit review assignment with independent and objective reports and present them in the Audit Committee Meeting. Follow up reviews were carried out in the subsequent internal audit review assignment to determine the status of implementation of improvements agreed by management.

All the internal audit activities were outsourced to a firm of independent licensed auditors and the total costs incurred in managing the internal audit functions for the financial year ended 31 October 2013 was RM44,000.

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 purchased 398,000 of its own shares, representing approximately 0.35% of its share capital. The 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
Nov 2012	11,000	0.395	0.380	0.387	4,255
Aug 2013	357,000	0.680	0.580	0.667	238,000
Oct 2013	30,000	0.680	0.670	0.682	20,449

As at the date of this report, the company repurchased a total of 6,663,800 shares. 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.

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

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.

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

We are also working to further reduce the impact of our operations 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 FSC, Programme for the Endorsement of Forest Certification and 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 Vietnam 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.

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

CORPORATE RESPONSIBILITY (cont'd)

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. 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

- | | | | |
|----|----------------------------------|----|---|
| 44 | Directors' Report | 56 | Statements of Profit or Loss and Other Comprehensive Income |
| 49 | Statement by Directors | 58 | Statements of Changes in Equity |
| 50 | Statutory Declaration | 61 | Statements of Cash Flows |
| 51 | Independent Auditors' Report | 63 | Notes to the Financial Statements |
| 54 | Statements of Financial Position | | |

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit after tax for the financial year	16,577,447	13,888,642
Attributable to :		
Owners of the Company	16,775,392	13,888,642
Non-controlling interests	(197,945)	-
	16,577,447	13,888,642

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

DIVIDENDS

Dividends paid or declared by the Company since the end of the previous financial year were as follows :

A first and final tax-exempt dividend of 2% equivalent to 2 sen per ordinary share amounting to RM 2,142,206 in respect of the financial year ended 31 October 2012 was approved by the shareholders at the Annual General Meeting held on 25 April 2013 and paid on 20 May 2013.

A special tax-exempt dividend of 2% equivalent to 2 sen per ordinary share amounting to RM 2,134,466 in respect of the financial year ended 31 October 2013 was declared on 28 November 2013 and paid on 8 January 2014.

At the forthcoming Annual General Meeting, a final tax-exempt dividend of 3% equivalent to 3 sen per ordinary share 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 2014.

DIRECTORS' REPORT (cont'd)

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.

ISSUES OF SHARES AND DEBENTURES

There was no issue of shares and debentures during the financial year.

TREASURY SHARES

During the financial year, the Company purchased 398,000 of its issued ordinary shares from the open market at prices ranging from RM 0.38 to RM 0.68 per share. The total consideration paid for the purchase was RM 262,704 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 equity.

At 31 October 2013, the Company held as treasury shares a total of 6,663,800 out of its 113,387,105 issued and fully paid-up ordinary shares. The treasury shares are held at carrying amount of RM 2,836,481. Relevant details on the treasury shares are disclosed in Note 15 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 of the Company.

DIRECTORS

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

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 (JP)
Datuk Seri Zulkipli bin Mat Noor
Toh Kim Chong

(Resigned on 13 March 2013)

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 of the Company and its related corporations during the financial year are as follows :

		Number Of Ordinary Shares Of RM 1 Each			
		Balance At 01.11.2012	Bought	Sold	Balance At 31.10.2013
Tay Kim Huat	- Direct interest	25,505,838	137,300	-	25,643,138
	- Indirect interest *	3,274,894	1,944,542	-	5,219,436
Tay Kim Hau	- Direct interest	2,281,980	-	1,781,980	500,000
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	830,980	74,700	3,074,330
Toh Kim Chong	- Direct interest	1,212,700	1,987,944	-	3,200,644

* 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 interests, 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 29 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 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 persons ; 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 have 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)

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year are disclosed in Note 32 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 :

TAY KIM HUAT

Director

TAY KIM HAU

Director

Muar, Johor Darul Takzim
Date : 14 February 2014

STATEMENT BY DIRECTORS

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 54 to 118 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 October 2013 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 35, 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 :

TAY KIM HUAT
Director

TAY KIM HAU
Director

Muar, Johor Darul Takzim
Date : 14 February 2014

STATUTORY DECLARATION

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 54 to 119 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 14 February 2014

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 2013 of the Group and of the Company, and the statements of profit or loss and other 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 54 to 118.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible 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 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 entity's preparation of 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 entity'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 give a true and fair view of the financial position of the Group and of the Company as of 31 October 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT (cont'd) to the Members of Poh Huat Resources Holdings Berhad

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 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.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 35 on page 119 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.

INDEPENDENT AUDITORS' REPORT (cont'd)

to the Members of Poh Huat Resources Holdings Berhad

OTHER MATTERS

1. As stated in Note 34 to the financial statements, Poh Huat Resources Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 November 2012 with a transition date of 1 November 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position at 31 October 2012 and 1 November 2011, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 October 2012 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 October 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances at 1 November 2012 do not contain misstatements that materially affect the financial position at 31 October 2013 and financial performance and cash flows for the financial year then ended.
2. 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.

Crowe Horwath

Firm No.: AF 1018

Chartered Accountants

Ng Kim Hian

Approval No.: 2506/04/15 (J)

Chartered Accountant

Muar, Johor Darul Takzim

Date : 14 February 2014

STATEMENTS OF FINANCIAL POSITION

at 31 October 2013

	Note	31 October 2013 RM	Group 31 October 2012 RM	1 November 2011 RM	31 October 2013 RM	Company 31 October 2012 RM	1 November 2011 RM
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment	5	111,878,031	111,088,997	106,962,745	-	-	-
Land held for property development	6	8,768,584	-	-	-	-	-
Investment in subsidiaries	7	-	-	-	102,948,266	78,531,674	78,531,674
Long term receivables	8	-	-	-	15,328,912	39,098,765	33,000,663
Deferred tax assets	9	10,243	-	-	-	-	-
		120,656,858	111,088,997	106,962,745	118,277,178	117,630,439	111,532,337
CURRENT ASSETS							
Inventories	10	54,078,648	59,150,568	54,375,388	-	-	-
Trade and other receivables	8	45,757,006	46,018,964	39,823,951	1,956	293,385	688,471
Deposits, bank and cash balances	11	53,420,298	32,236,168	19,800,817	3,991,215	2,014,839	432,246
Derivative assets	12	377,123	81,382	285,218	-	-	-
Dividend receivable		-	-	-	3,425,167	-	1,845,000
		153,633,075	137,487,082	114,285,374	7,418,338	2,308,224	2,965,717
Assets of disposal subsidiary classified as held for sale	13	-	15,550,547	15,343,800	-	-	-
		153,633,075	153,037,629	129,629,174	7,418,338	2,308,224	2,965,717
TOTAL ASSETS		274,289,933	264,126,626	236,591,919	125,695,516	119,938,663	114,498,054

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

**STATEMENTS OF
FINANCIAL POSITION (cont'd)**
at 31 October 2013

	Note	31 October 2013 RM	Group 31 October 2012 RM	1 November 2011 RM	31 October 2013 RM	Company 31 October 2012 RM	1 November 2011 RM
EQUITY AND LIABILITIES							
EQUITY							
Share capital	14	113,387,105	113,387,105	113,387,105	113,387,105	113,387,105	113,387,105
Treasury shares	15	(2,836,481)	(2,573,777)	(1,422,406)	(2,836,481)	(2,573,777)	(1,422,406)
Reserves	16	45,972,244	31,693,133	18,678,668	15,022,977	3,276,541	2,464,778
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY							
		156,522,868	142,506,461	130,643,367	125,573,601	114,089,869	114,429,477
NON-CONTROLLING INTERESTS							
		1,219,183	1,556,270	2,060,314	-	-	-
TOTAL EQUITY							
		157,742,051	144,062,731	132,703,681	125,573,601	114,089,869	114,429,477
NON-CURRENT LIABILITIES							
Bank borrowings	17	4,040,582	2,990,707	2,736,161	-	-	-
Hire purchase payables	18	418,642	531,107	391,169	-	-	-
Deferred tax liabilities	9	2,118,000	3,930,000	4,530,000	-	-	-
		6,577,224	7,451,814	7,657,330	-	-	-
CURRENT LIABILITIES							
Trade and other payables	19	56,151,038	74,140,946	57,138,154	121,915	5,848,794	68,577
Bank borrowings	17	49,710,818	35,370,570	38,664,841	-	-	-
Hire purchase payables	18	534,437	366,444	204,591	-	-	-
Tax payable		3,574,365	2,734,121	223,322	-	-	-
		109,970,658	112,612,081	96,230,908	121,915	5,848,794	68,577
TOTAL LIABILITIES							
		116,547,882	120,063,895	103,888,238	121,915	5,848,794	68,577
TOTAL EQUITY AND LIABILITIES							
		274,289,933	264,126,626	236,591,919	125,695,516	119,938,663	114,498,054

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Financial Year Ended 31 October 2013

	Note	Group 2013 RM	2012 RM	Company 2013 RM	2012 RM
REVENUE	20	357,970,542	392,019,223	21,841,717	7,973,266
COST OF SALES		(293,677,042)	(339,544,022)	-	-
GROSS PROFIT		64,293,500	52,475,201	21,841,717	7,973,266
OTHER INCOME		3,276,212	8,332,047	13,151,167	1,386,378
SELLING AND DISTRIBUTION EXPENSES		(16,971,075)	(18,714,303)	-	-
ADMINISTRATIVE EXPENSES		(20,107,821)	(16,624,991)	(942,255)	(542,986)
OTHER EXPENSES		(8,976,456)	(6,191,595)	(20,160,765)	(5,800,603)
FINANCE COSTS	21	(2,001,320)	(2,352,360)	(1,222)	(815)
PROFIT BEFORE TAX	22	19,513,040	16,923,999	13,888,642	3,015,240
TAX EXPENSE	25	(2,935,593)	(2,081,413)	-	(45,935)
PROFIT AFTER TAX		16,577,447	14,842,586	13,888,642	2,969,305
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences					
- changes during the financial year		(1,890,524)	(173,959)	-	-
- transfer to profit or loss on disposal of subsidiary		1,398,815	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		16,085,738	14,668,627	13,888,642	2,969,305

STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (cont'd)
for the Financial Year Ended 31 October 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
PROFIT AFTER TAX ATTRIBUTABLE TO :					
Owners of the Company		16,775,392	15,168,007	13,888,642	2,969,305
Non-controlling interests		(197,945)	(325,421)	-	-
		16,577,447	14,842,586	13,888,642	2,969,305
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :					
Owners of the Company		16,421,317	15,172,007	13,888,642	2,969,305
Non-controlling interests		(335,579)	(503,380)	-	-
		16,085,738	14,668,627	13,888,642	2,969,305
EARNINGS PER ORDINARY SHARE (SEN)					
Basic	26	15.67	14.04		
Diluted		Not applicable	Not applicable		

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 October 2013

Group

Attributable To Owners Of The Company

	Note	Non-Distributable		Distributable		Total RM	Non- controlling Interests RM	Total Equity RM
		Share Capital RM	Treasury Shares RM	Foreign Exchange Translation Reserve RM	Retained Profits RM			
At 1 November 2011		113,387,105	(1,422,406)	(18,758,250)	37,436,918	130,643,367	2,060,314	132,703,681
Profit after tax for the financial year		-	-	-	15,168,007	15,168,007	(325,421)	14,842,586
Other comprehensive income/(expense) for the financial year								
- Foreign currency translation differences		-	-	4,000	-	4,000	(177,959)	(173,959)
Total comprehensive income/(expense) for the financial year		-	-	4,000	15,168,007	15,172,007	(503,380)	14,668,627
Contributions by and distributions to owners of the Company								
- Purchase of treasury shares	15	-	(1,151,371)	-	-	(1,151,371)	-	(1,151,371)
- Dividends								
- by the Company	27	-	-	-	(2,157,542)	(2,157,542)	-	(2,157,542)
- by subsidiary to non-controlling interests		-	-	-	-	-	(664)	(664)
Total transactions with owners		-	(1,151,371)	-	(2,157,542)	(3,308,913)	(664)	(3,309,577)
At 31 October 2012		113,387,105	(2,573,777)	(18,754,250)	50,447,383	142,506,461	1,556,270	144,062,731

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 2013

Group

	Note	Attributable To Owners Of The Company					
		Non-Distributable			Distributable		
		Share Capital RM	Treasury Shares RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Total RM	Total Equity RM
At 1 November 2012		113,387,105	(2,573,777)	(18,754,250)	50,447,383	142,506,461	144,062,731
Profit after tax for the financial year		-	-	-	16,775,392	16,775,392	16,577,447
Other comprehensive income/(expense) for the financial year							
Foreign currency translation differences							
- changes during the financial year		-	-	(1,752,890)	-	(1,752,890)	(1,890,524)
- transfer to profit or loss on disposal of subsidiary		-	-	1,398,815	-	1,398,815	1,398,815
Total comprehensive income/(expense) for the financial year		-	-	(354,075)	16,775,392	16,421,317	16,085,738
Contributions by and distributions to owners of the Company							
- Purchase of treasury shares	15	-	(262,704)	-	-	(262,704)	(262,704)
- Dividends							
- by the Company	27	-	-	-	(2,142,206)	(2,142,206)	(2,142,206)
- by subsidiary to non-controlling interests		-	-	-	-	-	(1,508)
Total transactions with owners		-	(262,704)	-	(2,142,206)	(2,404,910)	(2,406,418)
At 31 October 2013		113,387,105	(2,836,481)	(19,108,325)	65,080,569	156,522,868	157,742,051

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 2013

Company

	Note	Attributable To Owners Of The Company			
		Non-Distributable		Distributable	
		Share Capital RM	Treasury Shares RM	Retained Profits RM	Total Equity RM
At 1 November 2011		113,387,105	(1,422,406)	2,464,778	114,429,477
Profit after tax / Total comprehensive income for the financial year		-	-	2,969,305	2,969,305
Contributions by and distributions to owners of the Company					
- Purchase of treasury shares	15	-	(1,151,371)	-	(1,151,371)
- Dividends	27	-	-	(2,157,542)	(2,157,542)
At 31 October 2012 / 1 November 2012		113,387,105	(2,573,777)	3,276,541	114,089,869
Profit after tax / Total comprehensive income for the financial year		-	-	13,888,642	13,888,642
Contributions by and distributions to owners of the Company					
- Purchase of treasury shares	15	-	(262,704)	-	(262,704)
- Dividends	27	-	-	(2,142,206)	(2,142,206)
At 31 October 2013		113,387,105	(2,836,481)	15,022,977	125,573,601

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 October 2013

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	19,513,040	16,923,999	13,888,642	3,015,240
Adjustments for :				
Allowance for impairment losses on property, plant and equipment	-	568,402	-	-
Allowance for impairment losses on trade and other receivables	6,753,600	1,318	7,637,587	-
Bad debts written off	2,527	1,078,236	-	4,361,098
Depreciation	7,394,448	7,910,240	-	-
Dividend income	-	-	(3,425,167)	-
Fair value (gain)/loss on derivatives	(295,741)	203,836	-	-
Fire insurance compensation	-	(3,830,858)	-	-
Inventories written off	567,541	-	-	-
Loss on disposal of property, plant and equipment	840,151	20,930	-	-
(Gain)/Loss on disposal of subsidiary	(615,090)	-	12,523,178	-
Property, plant and equipment written off	173,315	3,351,611	-	-
Reversal of allowance for impairment losses on investment in subsidiary	-	-	(12,856,592)	-
Reversal of allowance for impairment losses on property, plant and equipment	(589,496)	-	-	-
Reversal of allowance for impairment losses on trade and other receivables	(7,575)	(1,082,968)	-	(1,367,234)
Unrealised (gain)/loss on foreign exchange	(490,835)	(2,846)	(75,000)	72,271
Waiver of debts	-	-	-	1,367,234
Write down of inventories	-	268,918	-	-
Interest income	(496,848)	(618,734)	-	-
Interest expenses	1,399,253	1,664,723	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	34,148,290	26,456,807	17,692,648	7,448,609
Changes In Working Capital				
Inventories	5,055,055	(5,349,948)	-	-
Trade and other receivables	(7,416,430)	(2,855,045)	(2,209,371)	(18,692,315)
Trade and other payables	(15,859,615)	14,607,430	(5,726,879)	5,780,217
CASH GENERATED FROM/(ABSORBED INTO) OPERATIONS	15,927,300	32,859,244	9,756,398	(5,463,489)
Interest received	496,848	618,734	-	-
Interest paid	(1,399,253)	(1,664,723)	-	-
Tax (paid)/refund	(2,688,546)	103,091	103,938	536,729
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	12,336,349	31,916,346	9,860,336	(4,926,760)
BALANCE CARRIED FORWARD	12,336,349	31,916,346	9,860,336	(4,926,760)

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

STATEMENTS OF CASH FLOWS (cont'd) for the Financial Year Ended 31 October 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
BALANCE BROUGHT FORWARD		12,336,349	31,916,346	9,860,336	(4,926,760)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		924,549	816,016	-	-
Purchase of property, plant and equipment	5(d)	(11,189,677)	(13,863,165)	-	-
Proceeds from disposal of subsidiary	7(d)	14,954,400	-	14,954,400	-
Subscription of additional shares in subsidiary		-	-	(38,850,000)	-
Purchase of land held for property development		(8,768,584)	-	-	-
Dividends received from subsidiaries		-	-	18,416,550	9,818,266
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(4,079,312)	(13,047,149)	(5,479,050)	9,818,266
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of term loans		2,977,630	2,770,422	-	-
Net movements in trade bills		13,063,000	(4,326,947)	-	-
Repayment of term loans		(1,063,107)	(1,007,181)	-	-
Repayment of hire purchase payables		(399,472)	(443,709)	-	-
Purchase of treasury shares		(262,704)	(1,151,371)	(262,704)	(1,151,371)
Dividends paid		(2,143,714)	(2,158,206)	(2,142,206)	(2,157,542)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		12,171,633	(6,316,992)	(2,404,910)	(3,308,913)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		755,460	21,968	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		21,184,130	12,574,173	1,976,376	1,582,593
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		32,236,168	19,661,995	2,014,839	432,246
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	28	53,420,298	32,236,168	3,991,215	2,014,839

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 October 2013

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 on 14 February 2014.

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 7.

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

3. BASIS OF PREPARATION

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 other sections under significant accounting policies and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

3.1 These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs"). The financial impacts on the transition from FRSs to MFRSs are disclosed in Note 34.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and IC Interpretations (including the Consequential Amendments)		Effective date
MFRS 9 (2009)	: Financial Instruments	1 January 2015
MFRS 9 (2010)	: Financial Instruments	1 January 2015
MFRS 10	: Consolidated Financial Statements	1 January 2013
MFRS 11	: Joint Arrangements	1 January 2013
MFRS 12	: Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	: Fair Value Measurement	1 January 2013
MFRS 119	: Employee Benefits	1 January 2013
MFRS 127	: Separate Financial Statements	1 January 2013
MFRS 128	: Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9 and MFRS 7	: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 11 and MFRS 12	: Transition Guidance	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011)	: Investment Entities	1 January 2014
Amendments to MFRS 132	: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139	: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 20	: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IC Interpretation 21	: Levies	1 January 2014
Annual Improvements to MFRSs 2009 – 2011 Cycle		1 January 2013

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

3. BASIS OF PREPARATION (CONT'D)

3.2 (cont'd)

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

**(a) MFRS 9 (2009), MFRS 9 (2010) : Financial Instruments and
Amendments to MFRS 9 and MFRS 7 : Mandatory Effective Date of MFRS 9 and Transition
Disclosures**

MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 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 MFRS 139 requirement. 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. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

**(b) MFRS 10 : Consolidated Financial Statements and
Amendments to MFRS 10 : Transition Guidance**

MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 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. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

**(c) MFRS 12 : Disclosure of Interests in Other Entities and
Amendments to MFRS 12 : Transition Guidance**

MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. MFRS 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) MFRS 13 : Fair Value Measurement

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

3. BASIS OF PREPARATION (CONT'D)

3.2 (cont'd)

(e) Amendments to MFRS 7 : Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to MFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(f) Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. 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 MFRSs 2009 – 2011 Cycle

The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (cont'd)

(c) 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 financial lease.

(d) Write-down of inventories

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

(e) 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.

(f) 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 tax 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.

4.2 Investment in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) for the Financial Year Ended 31 October 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 October 2013.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

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.

(a) Business combinations

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 considerations 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 transaction-on-transaction basis.

(b) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Basis of Consolidation (cont'd)

(c) Changes in ownership interests in subsidiaries without change of control

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 of the Group.

(d) Loss of control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which 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 in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). 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 MFRS 139 or, when applicable, the cost on initial recognition of an investment, an associate or a joint venture.

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition, 1 November 2011. Such business combinations and the related goodwill and fair value adjustments have been carried forward from the previous FRSs framework as at the date of transition.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 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 less accumulated depreciation and impairment losses, if any.

Freehold land 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. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates of depreciation used are as follows:

Warehouse and factory buildings	2.00%
Plant and machinery	10.00% - 66.67%
Vehicles, hostel, furniture, fittings and equipment	2.00% - 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.

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 4.8(b).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Land held for property development

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current assets when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commission, conversion fees and other relevant levies.

Land held for property development is reclassified property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

4.6 Assets under hire purchase

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.4 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.

4.7 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 less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment

(a) 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.

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.

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 the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of non-financial assets

The carrying amounts of assets, other than those to which MFRS 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 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.

(a) 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 financial assets or available-for-sale financial assets, as appropriate.

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(ii) 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 interest income recognised in profit or loss on an effective yield basis.

(iii) 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.

(iv) 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. Interest income calculated for a debt instrument using the effective interest method is recognised in profit or loss.

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.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments (cont'd)

(c) Equity instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary shares

Incremental costs directly attributable to the issue of new ordinary 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.

(ii) Treasury shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) 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 in accordance with the original or modified terms of a debt instrument.

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 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Revenue recognition

(i) Sale of goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(ii) Dividend income

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

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(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.

4.11 Employee benefit

(a) Short-term benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses, social security costs and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) 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.

4.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset 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.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 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 reporting period 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.

4.14 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 with original maturities period three months or less.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) for the Financial Year Ended 31 October 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Related parties

A party is related to an entity (referred to as the "reporting entity") if :

- (a) A person or a close member of that person's family is related to a reporting entity if that person :
 - (i) has control or joint control over the reporting entity ;
 - (ii) has significant influence over the reporting entity ; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies :
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

4.16 Functional and foreign currencies

(a) 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 Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Functional and foreign currencies (cont'd)

(b) 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, except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

(c) 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 except for those business combinations that occurred before the date of transition, 1 November 2011 which are treated as assets and liabilities of the Company and are not retranslated.

4.17 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.

4.18 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. Immediately before classification as held for sale, the non-current assets are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets are not depreciated and are measured at the lower of their previous 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 2013

5. PROPERTY, PLANT AND EQUIPMENT

Group - 2013

	Freehold land RM	Leasehold land RM	Warehouse and factory buildings RM	Plant and machinery RM	Vehicles, hostel, furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
At Cost							
At 1 November 2012	7,516,674	17,460,795	78,805,714	78,384,105	12,040,663	461,188	194,669,139
Additions	417,044	-	47,726	5,250,263	877,451	2,117,411	8,709,895
Disposals	-	-	-	(3,815,840)	(1,806,370)	-	(5,622,210)
Write off	-	-	-	(3,702,841)	(876,039)	-	(4,578,880)
Reclassifications	-	-	973,585	314,328	596,749	(1,884,662)	-
Foreign exchange differences	(113,145)	94,920	550,757	824,200	46,508	6,298	1,409,538
At 31 October 2013	7,820,573	17,555,715	80,377,782	77,254,215	10,878,962	700,235	194,587,482
Less : Accumulated Depreciation							
At 1 November 2012	-	3,747,480	13,276,102	58,505,737	7,484,159	-	83,013,478
Charge for the financial year	-	337,371	1,592,865	4,025,125	1,439,087	-	7,394,448
Disposals	-	-	-	(2,122,962)	(1,734,548)	-	(3,857,510)
Write off	-	-	-	(3,634,707)	(770,858)	-	(4,405,565)
Foreign exchange differences	-	20,734	74,293	478,465	(8,892)	-	564,600
At 31 October 2013	-	4,105,585	14,943,260	57,251,658	6,408,948	-	82,709,451
Less : Impairment Loss							
At 1 November 2012	-	-	-	565,935	729	-	566,664
Reversal	-	-	-	(588,739)	(757)	-	(589,496)
Foreign exchange differences	-	-	-	22,804	28	-	22,832
At 31 October 2013	-	-	-	-	-	-	-
Carrying Amount							
At 31 October 2013	7,820,573	13,450,130	65,434,522	20,002,557	4,470,014	700,235	111,878,031

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)
for the Financial Year Ended 31 October 2013

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

Group - 2012

	Freehold land RM	Leasehold land RM	Warehouse and factory buildings RM	Plant and machinery RM	Vehicles, hostel, furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
At Cost							
At 1 November 2011	3,043,456	17,564,806	78,519,862	76,479,194	14,792,593	163,639	190,563,550
Additions	3,287,533	-	244,500	5,215,306	2,264,103	6,194,941	17,206,383
Disposals	-	-	-	(1,321,124)	(913,467)	-	(2,234,591)
Write off	-	-	(1,903,532)	(4,192,362)	(4,163,567)	-	(10,259,461)
Reclassifications	1,310,571	(105,650)	2,302,400	2,144,938	137,665	(5,895,574)	(105,650)
* Adjustment	(10,373)	-	-	-	-	-	(10,373)
Foreign exchange differences	(114,513)	1,639	(357,516)	58,153	(76,664)	(1,818)	(490,719)
At 31 October 2012	7,516,674	17,460,795	78,805,714	78,384,105	12,040,663	461,188	194,669,139
Less : Accumulated Depreciation							
At 1 November 2011	-	3,516,075	11,487,781	57,776,321	10,820,628	-	83,600,805
Charge for the financial year	-	336,778	1,719,664	4,456,439	1,397,359	-	7,910,240
Disposals	-	-	-	(715,659)	(681,986)	-	(1,397,645)
Write off	-	-	(87,950)	(2,821,888)	(3,998,012)	-	(6,907,850)
Reclassifications	-	(105,650)	188,046	(200,839)	12,793	-	(105,650)
Foreign exchange differences	-	277	(31,439)	11,363	(66,623)	-	(86,422)
At 31 October 2012	-	3,747,480	13,276,102	58,505,737	7,484,159	-	83,013,478
Less : Impairment Loss							
Impairment for the financial year	-	-	-	567,671	731	-	568,402
Foreign exchange differences	-	-	-	(1,736)	(2)	-	(1,738)
At 31 October 2012	-	-	-	565,935	729	-	566,664
Carrying Amount							
At 31 October 2012	7,516,674	13,713,315	65,529,612	19,312,433	4,555,775	461,188	111,088,997

* This represents discount received subsequently on property, plant and equipment acquired in previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

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

- (a) The following property, plant and equipment of the Group have been pledged to licensed banks as security for banking facilities granted to the Group (Note 17(a)) :

	2013 RM	Group 2012 RM
Carrying Amount		
Freehold land	1,082,913	1,196,058
Leasehold land	4,799,304	4,868,564
Factory buildings	15,098,468	15,679,866
Plant and machinery	6,093,077	4,098,532
Vehicles and equipment	124,018	333,341
	<hr/> 27,197,780	<hr/> 26,176,361

- (b) The motor vehicles with carrying amount of RM 1,346,057 (2012 : RM 1,148,779) are acquired under hire purchase instalment plans (Note 18). These leased assets have been pledged as security for the related finance lease liabilities of the Group.
- (c) The Group had recognised the impairment losses on property, plant and equipment to reduce the carrying amount of the property, plant and equipment to their recoverable amount are as follows :

	2013 RM	Group 2012 RM
Plant and machinery	-	567,671
Furniture, fittings and equipment	-	731
	<hr/> -	<hr/> 568,402

**NOTES TO THE
FINANCIAL STATEMENTS (cont'd)**
for the Financial Year Ended 31 October 2013

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

(d) Purchases of property, plant and equipment are as follows :

	2013	Group
	RM	2012
		RM
Aggregate cost of property, plant and equipment acquired	8,709,895	17,206,383
Finance via hire purchase	(455,000)	(745,500)
Unpaid balances included under sundry payables (Note 19(c))	(88,961)	(3,023,743)
Cash paid in respect of acquisition in previous financial year	3,023,743	436,398
Adjustment	-	(10,373)
Cash paid during the financial year	11,189,677	13,863,165

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

6. LAND HELD FOR PROPERTY DEVELOPMENT

- (a) This represents freehold land stated at cost.
- (b) The freehold land of RM 4,506,102 (2012 : RM NIL) are jointly registered under the name of a subsidiary and a third party.
- (c) The freehold land of RM 2,311,105 (2012 : RM NIL) is held in trust and registered under the name of a third party.

7. INVESTMENT IN SUBSIDIARIES

	2013	Company
	RM	2012
		RM
Unquoted shares - at cost		
- in Malaysia	80,269,069	41,419,069
- outside Malaysia	28,998,268	56,288,268
	109,267,337	97,707,337
Accumulated impairment losses :		
At 1 November	19,175,663	19,175,663
Reversal during the financial year	(12,856,592)	-
At 31 October	6,319,071	19,175,663
	102,948,266	78,531,674

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The details of subsidiaries are as follows :

Name of Company	Principal Activities	Country of Incorporation	Equity Interest Held	
			2013	2012
Subsidiaries				
Poh Huat Furniture Industries (M) Sdn. Bhd.	Manufacturing and sale of furniture and investment holding.	Malaysia	100%	100%
PHW Properties Sdn. Bhd. (formerly known as Poh Huat Woodwork (M) Sdn. Bhd.)	Property developer and building contractor. However, the company has not commenced its business activity during the financial year.	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 household 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%
* Poh Huat International (BVI) Limited	Investment holding.	British Virgin Islands	100%	100%
Subsidiary Of Poh Huat Furniture Industries (M) Sdn. Bhd.				
# Contempro Furniture (Qingdao) Co. Ltd.	Manufacturing of furniture and related products. However, the Company has ceased its business during the financial year.	People's Republic of China	100%	100%

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)
for the Financial Year Ended 31 October 2013

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) (cont'd)

Name of Company	Principal Activities	Country of Incorporation	Equity Interest Held	
			2013	2012
Subsidiaries Of Poh Huat International Sdn. Bhd.				
Creative Home Design Sdn. Bhd.	Striking off under Section 308 of the Companies Act, 1965.	Malaysia	-	100%
# Poh Huat International Furniture S.A. (Proprietary) Limited	Trading of furniture.	South Africa	51%	51%
*	Not a legal requirement to be audited and therefore consolidated based on unaudited management accounts.			
#	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 26 July 2013, the Company subscribed 38,850,000 new ordinary shares of RM 1.00 each in a wholly-owned subsidiary of the Company, Poh Huat Furniture Industries (M) Sdn. Bhd. by way of debt capitalisation.
- (c) On 27 August 2013, an indirect subsidiary of the Company, Creative Home Design Sdn. Bhd. had completed and gazetted striking off pursuant to Section 308 of the Companies Act, 1965.
- (d) The Company had disposed of its entire equity interest in a wholly-owned subsidiary of the Company, Poh Huat Furniture Industries (Qingdao) Co. Ltd., for a total consideration of RMB 31 million (equivalent to RM 14.95 million). The disposal was completed on 30 June 2013.

The detailed transactions of the disposal are as follows :

	Group 2013 RM	Company 2013 RM
Property, plant and equipment	15,550,547	-
Investment in subsidiary	-	27,290,000
Transaction costs incurred	187,578	187,578
Gain/(Loss) on disposal of subsidiary	615,090	(12,523,178)
Recycling of foreign exchange translation reserve	(1,398,815)	-
Proceeds from disposal of subsidiary	14,954,400	14,954,400

NOTES TO THE FINANCIAL STATEMENTS (cont'd) for the Financial Year Ended 31 October 2013

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
NON-CURRENT				
Long Term Receivables				
Amount due from subsidiaries	-	-	16,212,899	39,098,765
Less : Allowance for impairment losses	-	-	(883,987)	-
	-	-	15,328,912	39,098,765
CURRENT				
Trade Receivables				
Deposits to suppliers	2,052,130	726,401	-	-
Other trade receivables	29,378,692	33,046,406	-	-
Less : Allowance for impairment losses	(16,077)	(23,652)	-	-
	31,414,745	33,749,155	-	-
Other Receivables				
Deposits	97,741	101,299	1,000	1,000
Prepayments	663,424	994,242	956	188,447
Tax recoverable	349,155	1,612,048	-	103,938
Fire insurance compensation receivable	-	2,238,444	-	-
Sundry receivables	20,020,541	7,358,776	6,753,600	-
Less : Allowance for impairment losses	(6,788,600)	(35,000)	(6,753,600)	-
	13,231,941	7,323,776	-	-
	14,342,261	12,269,809	1,956	293,385
	45,757,006	46,018,964	1,956	293,385
Allowance for impairment losses :				
At 1 November	58,652	1,140,302	-	1,367,234
Additions during the financial year	6,753,600	1,318	7,637,587	-
Reversal during the financial year	(7,575)	(1,082,968)	-	(1,367,234)
At 31 October	6,804,677	58,652	7,637,587	-

**NOTES TO THE
FINANCIAL STATEMENTS (cont'd)**
for the Financial Year Ended 31 October 2013

8. 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.
- (b) The non-current amount due from subsidiaries represents unsecured, non-interest bearing advances of which the settlement is neither planned nor likely to occur in the foreseeable future. These advances 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.
- (c) The allowance for impairment losses is made mainly on those trade and other receivables in significant financial difficulties and have defaulted on payments.

9. DEFERRED TAX ASSETS/(LIABILITIES)

	2013 RM	Group 2012 RM
At 1 November	(3,930,000)	(4,530,000)
Recognised in profit or loss	10,195	710,000
Over/(Under)provision in prior years	1,812,000	(110,000)
Foreign exchange differences	48	-
At 31 October	(2,107,757)	(3,930,000)
Presented after appropriate offsetting as follows :		
Deferred tax assets	10,243	-
Deferred tax liabilities	(2,118,000)	(3,930,000)
	(2,107,757)	(3,930,000)

- (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)	(1,822,000)	(3,940,000)
Recognised in profit or loss	-	(1,199,000)	(1,199,000)
At 31 October	(2,118,000)	(3,021,000)	(5,139,000)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

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

(a) (cont'd)

(ii) Deferred tax assets :

	Unused tax losses RM	Unabsorbed capital allowances RM	Other temporary differences RM	Total RM
At 1 November	-	-	10,000	10,000
Recognised in profit or loss	452,000	2,540,000	29,243	3,021,243
At 31 October	452,000	2,540,000	39,243	3,031,243

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unused tax losses	12,751,000	18,288,000	-	103,000
Unabsorbed capital allowances	4,542,000	3,170,000	-	-
Unutilised reinvestment allowances	7,800,000	7,800,000	-	-
Unutilised increased export allowances	12,053,000	12,053,000	-	-
	37,146,000	41,311,000	-	103,000

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

The above unused tax losses of the Group up to RM 12,751,000 (2012 : RM 12,423,000) do not expire under current tax legislation whilst RM NIL (2012 : RM 2,855,000), RM NIL (2012 : RM 2,025,000) and RM NIL (2012 : RM 985,000) will expire in December 2015, December 2014 and December 2013 respectively.

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)
for the Financial Year Ended 31 October 2013

10. INVENTORIES

	2013 RM	Group 2012 RM
At Cost		
Raw materials	23,901,857	27,863,456
Packing materials	66,367	79,170
Work-in-progress	9,740,109	14,362,695
Finished goods	19,042,657	16,775,285
Goods-in-transit	1,327,658	-
	54,078,648	59,080,606
At Net Realisable Value		
Work-in-progress	-	33,206
Finished goods	-	36,756
	-	69,962
	54,078,648	59,150,568
Recognised in profit or loss		
Inventories recognised as cost of sales	293,677,042	339,812,940
Amount written down to net realisable value	-	268,918

11. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash and bank balances	39,352,249	29,271,468	3,991,215	2,014,839
Short term deposits placed with licensed banks	14,068,049	2,964,700	-	-
	53,420,298	32,236,168	3,991,215	2,014,839

- (a) The interest rate of short term deposits placed with licensed banks of the Group at the end of the reporting period is 2.0% to 9.0% (2012 : 9.0%) 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 1 day to 1 month (2012 : 1 month).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

12. DERIVATIVE ASSETS

	2013		Group	
	Contract/ Notional Amount RM	Derivative Assets RM	Contract/ Notional Amount RM	Derivative Assets RM
Forward foreign exchange contracts	6,713,500	377,123	1,608,500	81,382

- (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) The Group has recognised a gain of RM 295,741 (2012 : loss of RM 203,836) arising from fair value changes of derivatives during the financial year as disclosed in Note 22. The fair value changes were attributed to changes in foreign exchange spot and forward rates. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 33.4.

13. 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 31 October 2012, the assets of the PHFIQ has been presented in the consolidated statement of financial position as "Assets of disposal subsidiary classified as held for sale".

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

	Group 2012 RM
Assets	
Property, plant and equipment	15,550,547

**NOTES TO THE
FINANCIAL STATEMENTS (cont'd)**
for the Financial Year Ended 31 October 2013

14. SHARE CAPITAL

	Number of shares	Group And Company		2012
		2013	2013	
		RM	Number of shares	RM
Authorised :				
Ordinary shares of RM 1.00 each	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid-up :				
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.

15. TREASURY SHARES

During the financial year, the Company purchased 398,000 (2012 : 2,765,800) of its issued ordinary shares from the open market at prices ranging from RM 0.38 to RM 0.68 (2012 : RM 0.38 to RM 0.42) per share. The total consideration paid for the purchase was RM 262,704 (2012 : RM 1,151,371) including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 113,387,105 issued and fully paid-up ordinary shares at the end of the reporting period, 6,663,800 ordinary shares (2012 : 6,265,800 ordinary shares) are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

16. RESERVES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-Distributable				
Foreign exchange translation reserve	(19,108,325)	(18,754,250)	-	-
Distributable				
Retained profits	65,080,569	50,447,383	15,022,977	3,276,541
	45,972,244	31,693,133	15,022,977	3,276,541

(a) Foreign Exchange Translation Reserve

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

16. RESERVES (CONT'D)

(b) 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.

17. BANK BORROWINGS

	2013 RM	Group 2012 RM
CURRENT		
Secured - Trade bills	22,308,568	16,372,277
- Term loans	2,315,654	1,642,705
Unsecured - Trade bills	25,086,596	17,355,588
	49,710,818	35,370,570
NON-CURRENT		
Secured - Term loans	4,040,582	2,990,707
	53,751,400	38,361,277
TOTAL BANK BORROWINGS		
Secured - Trade bills	22,308,568	16,372,277
- Term loans	6,356,236	4,633,412
Unsecured - Trade bills	25,086,596	17,355,588
	53,751,400	38,361,277

(a) The bank borrowings are secured by :

- (i) Freehold land, leasehold land, factory buildings, plant and machinery, vehicles and equipment of the Group (Note 5(a)).
- (ii) Corporate guarantee by the Company.

(b) The trade bills are interest bearing at 2.4% - 4.1% (2012 : 2.2% - 4.1%) per annum whilst the term loans are interest bearing at 2.8% - 9.5% (2012 : 2.8% - 7.0%) per annum.

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)
for the Financial Year Ended 31 October 2013

17. BANK BORROWINGS (CONT'D)

- (c) The term loans are repayable by 36 to 76 monthly instalments, or 10 equal quarterly instalments (2012 : 60 to 120 monthly instalments, or 10 equal quarterly instalments) where applicable. At the end of the reporting period, they are repayable as follows :

	2013 RM	Group 2012 RM
CURRENT		
Not later than one year	2,315,654	1,642,705
NON-CURRENT		
Later than one year and not later than two years	1,347,718	1,139,213
Later than two years and not later than five years	2,100,280	1,094,610
Later than five years	592,584	756,884
	4,040,582	2,990,707
	6,356,236	4,633,412

18. HIRE PURCHASE PAYABLES

	2013 RM	Group 2012 RM
Minimum hire purchase payments :		
Not later than one year	571,344	409,176
Later than one year and not later than two years	306,575	409,176
Later than two years and not later than five years	125,626	144,407
	1,003,545	962,759
Less : Future finance charges	(50,466)	(65,208)
Present value of hire purchase payables	953,079	897,551

The net hire purchase payables are repayable as follows :

Current		
Not later than one year	534,437	366,444
Non-current		
Later than one year and not later than two years	295,346	387,939
Later than two years and not later than five years	123,296	143,168
	418,642	531,107
	953,079	897,551

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

18. HIRE PURCHASE PAYABLES (CONT'D)

The effective interest rates of the hire purchase payables are ranging from 4.4% - 7.7% (2012 : 4.7% - 7.7%) per annum.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade Payables				
Advance from customers	3,956,458	2,389,292	-	-
Other trade payables	39,317,645	50,411,910	-	-
	43,274,103	52,801,202	-	-
Other Payables				
Amount due to a director of a subsidiary	55,269	61,043	-	-
Amount due to shareholders of a subsidiary	50,696	56,449	-	-
Accruals	9,326,669	7,506,936	112,000	53,500
Deposit received	-	5,788,800	-	5,788,800
Sundry payables	3,444,301	7,926,516	9,915	6,494
	12,876,935	21,339,744	121,915	5,848,794
	56,151,038	74,140,946	121,915	5,848,794

- (a) The normal trade terms granted to the Group range from cash term to 120 days from the date of invoices.
- (b) The amounts due to a director of a subsidiary and shareholders of a subsidiary are unsecured, interest free and repayable on demand.
- (c) Included in sundry payables of the Group is an amount of RM 88,961 (2012 : RM 3,023,743) payable for the purchase of property, plant and equipment (Note 5(d)).

**NOTES TO THE
FINANCIAL STATEMENTS (cont'd)**
for the Financial Year Ended 31 October 2013

20. REVENUE

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Dividend income	-	-	21,841,717	7,973,266
Sale of furniture and furniture parts net of discounts, returns, sales tax and sales rebate	357,970,542	392,019,223	-	-
	357,970,542	392,019,223	21,841,717	7,973,266

21. FINANCE COSTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest On :				
Hire purchase	46,229	47,250	-	-
Term loans	264,927	295,010	-	-
Trade bills	1,088,097	1,322,463	-	-
	1,399,253	1,664,723	-	-
Bank commission and charges	602,067	687,637	1,222	815
	2,001,320	2,352,360	1,222	815

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

22. PROFIT BEFORE TAX

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
This is arrived at after charging :				
Allowance for impairment losses on property, plant and equipment	-	568,402	-	-
Allowance for impairment losses on trade and other receivables	6,753,600	1,318	7,637,587	-
Auditors' remuneration :				
- current	200,603	179,417	23,000	22,000
- (over) provision in previous financial year	(664)	(4,000)	-	-
Bad debts written off	2,527	1,078,236	-	4,361,098
Depreciation	7,394,448	7,910,240	-	-
Fair value loss on derivatives	-	203,836	-	-
Inventories written off	567,541	-	-	-
Lease rental	367,646	377,623	-	-
Loss on disposal of property, plant and equipment	840,151	20,930	-	-
Loss on disposal of subsidiary	-	-	12,523,178	-
Property, plant and equipment written off	173,315	3,351,611	-	-
Realised loss on foreign exchange	363,142	-	-	-
Rental of hostel	9,600	9,600	-	-
Rental of office equipment	29,226	30,558	-	-
Rental of premises	101,847	109,492	-	-
Rental of showroom	180,000	162,000	-	-
Unrealised loss on foreign exchange	-	-	-	72,271
Waiver of debt	-	-	-	1,367,234
Write down of inventories	-	268,918	-	-
This is arrived at after crediting :				
Fair value gain on derivatives	(295,741)	-	-	-
Fire insurance compensation	-	(3,830,858)	-	-
Gain on disposal of subsidiary	(615,090)	-	-	-
Interest income	(496,848)	(618,734)	-	-
Realised gain on foreign exchange	-	(1,527,870)	(219,575)	(19,144)
Rental income	-	(275,000)	-	-
Reversal of allowance for impairment losses on investment in subsidiary	-	-	(12,856,592)	-
Reversal of allowance for impairment losses on property, plant and equipment	(589,496)	-	-	-
Reversal of allowance for impairment losses on trade and other receivables	(7,575)	(1,082,968)	-	(1,367,234)
Unrealised gain on foreign exchange	(490,835)	(2,846)	(75,000)	-

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)
for the Financial Year Ended 31 October 2013

23. 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 :

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors of the Company				
Executive Directors :				
Fee	264,000	204,000	216,000	156,000
Salaries and other emoluments	1,934,104	1,541,279	-	-
Pension costs - defined contribution plan	67,283	51,700	-	-
Social security costs	1,338	586	-	-
Estimated monetary value of benefits-in-kind	28,000	28,000	-	-
	2,294,725	1,825,565	216,000	156,000
Non-executive Directors :				
Fee	197,000	222,000	197,000	222,000
	2,491,725	2,047,565	413,000	378,000
Directors of the Subsidiaries				
Executive Directors :				
Salaries and other emoluments	284,696	389,042	-	-
Total directors' remuneration	2,776,421	2,436,607	413,000	378,000
Analysis excluding monetary value of benefits-in-kind :				
Total executive directors' remuneration	2,551,421	2,186,607	216,000	156,000
Total non-executive directors' remuneration	197,000	222,000	197,000	222,000
Total directors' remuneration excluding monetary value of benefits-in-kind	2,748,421	2,408,607	413,000	378,000

- (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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

23. DIRECTORS' REMUNERATION (CONT'D)

- (c) Details of directors' emoluments of the Company received/receivable for the financial year in bands of RM 50,000 are as follows :

	Number of Directors	
	2013	2012
Executive Directors :		
RM 1 - RM 50,000	1	1
RM 50,001 - RM 100,000	1	1
RM 350,001 - RM 400,000	-	1
RM 900,001 - RM 950,000	1	-
RM 1,250,001 - RM 1,300,000	1	-
RM 1,300,001 - RM 1,350,000	-	1
Non-executive Directors :		
RM 1 - RM 50,000	5	5
RM 50,001 - RM 100,000	1	1

24. EMPLOYEE INFORMATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive Directors' Remuneration (excluding benefits-in-kind) (Note 23(a))	2,551,421	2,186,607	216,000	156,000
Other Staff Costs :				
Salaries and other emoluments	57,906,791	67,567,667	-	-
Pension costs - defined contribution plan	1,028,785	1,081,158	-	-
Social security costs	168,348	232,224	-	-
Other staff related expenses	8,771,723	3,292,109	-	-
	67,875,647	72,173,158	-	-
Total Staff Costs	70,427,068	74,359,765	216,000	156,000

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)
for the Financial Year Ended 31 October 2013

25. TAX EXPENSE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
(a) Components of tax expense				
Current tax :				
- Malaysian tax	-	80,000	-	-
- Foreign tax	4,640,438	2,898,640	-	-
(Over)/Underprovision in prior years :				
- Malaysian tax	(12,193)	(297,227)	-	45,935
- Foreign tax	129,543	-	-	-
	4,757,788	2,681,413	-	45,935
Deferred tax :				
- Reversal of temporary differences	(10,195)	(710,000)	-	-
- (Over)/Underprovision in prior years	(1,812,000)	110,000	-	-
	(1,822,195)	(600,000)	-	-
	2,935,593	2,081,413	-	45,935

Domestic current tax expense is calculated at the Malaysian statutory tax rates of 25% (2012 : 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

25. TAX EXPENSE (CONT'D)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
(b) Reconciliation of effective tax rate				
Profit before tax	19,513,040	16,923,999	13,888,642	3,015,240
Tax at Malaysian statutory tax rate	4,878,000	4,231,000	3,472,000	754,000
Tax effect of different tax rates in foreign subsidiaries	(2,756,000)	(962,000)	-	-
Tax effect of non-deductible expenses	2,155,000	1,440,000	1,863,000	1,136,000
Tax effect of non-taxable income	(16,000)	(817,000)	(5,460,000)	(1,993,000)
Tax effect of double deduction expenses	(840,000)	(192,000)	-	-
Deferred tax assets not recognised during the financial year	1,210,000	211,000	125,000	103,000
Utilisation of deferred tax assets previously not recognised	-	(1,642,000)	-	-
Under/(Over)provision in prior years :				
- current tax	117,350	(297,227)	-	45,935
- deferred tax	(1,812,000)	110,000	-	-
Others	(757)	(360)	-	-
	2,935,593	2,081,413	-	45,935

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)
for the Financial Year Ended 31 October 2013

26. 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.

	2013 RM	Group 2012 RM
Profit attributable to owners of the Company	16,775,392	15,168,007
<hr/>		
	2013 Units	Group 2012 Units
Number of ordinary shares in issue at 1 November	113,387,105	113,387,105
Effect of treasury shares held	(6,356,595)	(5,362,488)
Weighted average number of ordinary shares at 31 October	107,030,510	108,024,617
Basic earnings per ordinary share (sen)	15.67	14.04

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

27. DIVIDENDS

	Group And Company	
	2013	2012
	RM	RM
In respect of the financial year ended 31 October 2011		
First and final tax-exempt dividend of 2% equivalent to 2 sen per ordinary share on 107,877,105 ordinary shares of RM 1.00 each	-	2,157,542
In respect of the financial year ended 31 October 2012		
First and final tax-exempt dividend of 2% equivalent to 2 sen per ordinary share on 107,110,305 ordinary shares of RM 1.00 each	2,142,206	-
	<hr/> 2,142,206	<hr/> 2,157,542

A special tax-exempt dividend of 2% equivalent to 2 sen per ordinary share amounting to RM 2,134,466 in respect of the financial year ended 31 October 2013 was declared on 28 November 2013 and paid on 8 January 2014.

At the forthcoming Annual General Meeting, a final tax-exempt dividend of 3% equivalent to 3 sen per ordinary share 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 2014.

28. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Deposits, bank and cash balances	53,420,298	32,236,168	3,991,215	2,014,839

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)
for the Financial Year Ended 31 October 2013

29. RELATED PARTY DISCLOSURES

(a) **Identities of related parties**

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

- (b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year :

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Subsidiaries				
- Dividend received / receivable	-	-	(21,841,717)	(7,973,266)
Director				
- Rental of showroom	180,000	162,000	-	-
A firm in which a director of the Company is senior partner				
- Legal fee	8,798	12,400	-	-

- (c) Information regarding outstanding balances arising from related party transactions at 31 October 2013 are disclosed in Note 8 and Note 19.

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

The members of key management personnel of the Group and of the Company comprise the executive and non-executive directors. Details of the compensation for these key management personnel are disclosed in Note 23(a).

30. COMMITMENTS

(a) **Capital Commitment**

	Group	
	2013 RM	2012 RM
Contracted but not provided for :		
Purchase of land held for property development	5,325,000	-
Purchase of property, plant and equipment	1,237,000	329,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

30. COMMITMENTS (CONT'D)

(b) Lease Commitment

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

	2013 RM	Group 2012 RM
Not later than one year	488,088	422,959
Later than one year and not later than five years	1,952,351	1,887,091
Later than five years	13,030,074	13,332,657
	<hr/> 15,470,513	<hr/> 15,642,707

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

31. 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

	Revenue 2013 RM	2012 RM	Non-Current Assets 2013 RM	2012 RM
South Africa	5,825,796	5,513,682	3,360,123	3,784,137
Vietnam	224,239,251	205,164,348	42,441,392	41,612,168
People's Republic of China	340,839	1,884,260	-	952,233
Malaysia	127,564,656	179,456,933	74,855,343	64,740,459
	<hr/> 357,970,542	<hr/> 392,019,223	<hr/> 120,656,858	<hr/> 111,088,997

(c) Major Customers

Revenue from three (2012 : three) major customers, with revenue equal to or more than 10% of the Group's revenue, amounts to RM 183,053,651 (2012 : RM 189,573,153).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

32. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The Company had on 26 September 2013, filed a statement of claims, along with the cause papers and payment of the required statutory litigation fee, in/to the Qingdao City Intermediate People's Court for the recovery of the outstanding amount of RMB 14.00 million (equivalent to RM 6.75 million) ("Outstanding Amount"), interests for the delay in payment of the Outstanding Amount and associated legal and litigation fees for an estimated amount of RMB 16.02 million (equivalent to RM 8.30 million). The Defendant, Qingdao Dengta Brewage Co., Ltd. (also known as Qingdao Beacon Brewing Co., Ltd.) has filed a counter claim of RMB 22.00 million (equivalent to RM 11.39 million) for delay in the handover of the land and building, land use rights fees and legal fees. Three (3) hearings were conducted on 18 November 2013, 16 December 2013 and 6 January 2014. However, no judgement was obtained.

33. 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.

33.1 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 Renminbi ("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 2013

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 Financial Risk Management Policies (Cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency exposure

Group - 2013

Financial assets

Trade and other receivables	16,027	1,580,802	25,537,423	8,706,303	559,319	7,955,923	290,889	44,646,686
Deposits, bank and cash balances	2,677,928	1,076	14,565,280	24,180,860	288,203	11,677,134	29,817	53,420,298
Derivative assets	-	-	377,123	-	-	-	-	377,123
	2,693,955	1,581,878	40,479,826	32,887,163	847,522	19,633,057	320,706	98,444,107

Financial liabilities

Trade and other payables	129	(21,836)	(11,453,847)	(25,777,175)	(384,890)	(18,356,448)	(156,971)	(56,151,038)
Bank borrowings	-	-	(34,541,699)	-	(2,506,007)	(16,703,694)	-	(53,751,400)
Hire purchase payables	-	-	-	-	-	(953,079)	-	(953,079)

	129	(21,836)	(45,995,546)	(25,777,175)	(2,890,897)	(36,013,221)	(156,971)	(110,855,517)
--	-----	----------	--------------	--------------	-------------	--------------	-----------	---------------

Net financial assets/ (liabilities)

Less : Net financial (assets)/liabilities denominated in the respective entities' functional currencies	2,694,084	1,560,042	(5,515,720)	7,109,988	(2,043,375)	(16,380,164)	163,735	(12,411,410)
Forward foreign exchange contracts (contracted notional principal)	(2,694,084)	-	-	(7,109,988)	2,043,375	16,380,164	-	8,619,467
	-	-	(6,713,500)	-	-	-	-	(6,713,500)

Currency exposure	-	1,560,042	(12,229,220)	-	-	-	163,735	(10,505,443)
--------------------------	---	-----------	--------------	---	---	---	---------	--------------

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)
for the Financial Year Ended 31 October 2013

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 Financial Risk Management Policies (Cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency exposure (cont'd)

Group - 2012

Financial assets

Trade and other receivables	183,467	1,891,096	27,027,948	9,656,190	365,414	4,187,260	-	43,311,375
Deposits, bank and cash balances	488	798	20,393,145	3,546,167	335,677	7,948,404	11,489	32,236,168
Derivative assets	-	-	-	-	-	81,382	-	81,382
	183,955	1,891,894	47,421,093	13,202,357	701,091	12,217,046	11,489	75,628,925

Financial liabilities

Trade and other payables	(360,927)	51,525	(19,590,080)	(19,270,498)	(146,746)	(29,046,713)	11,293	(68,352,146)
Bank borrowings	-	-	(21,997,810)	-	(2,456,299)	(13,907,168)	-	(38,361,277)
Hire purchase payables	-	-	-	-	-	(897,551)	-	(897,551)
	(360,927)	51,525	(41,587,890)	(19,270,498)	(2,603,045)	(43,851,432)	11,293	(107,610,974)

Net financial assets/ (liabilities)

Less : Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(176,972)	1,943,419	5,833,203	(6,068,141)	(1,901,954)	(31,634,386)	22,782	(31,982,049)
Forward foreign exchange contracts (contracted notional principal)	30,235	-	-	6,068,304	1,916,500	31,634,386	-	39,649,425
	-	-	(1,608,500)	-	-	-	-	(1,608,500)

Currency exposure

	(146,737)	1,943,419	4,224,703	163	14,546	-	22,782	6,058,876
--	-----------	-----------	-----------	-----	--------	---	--------	-----------

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 Financial Risk Management Policies (Cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency exposure (cont'd)

	USD RM	RM RM	Total RM
Company - 2013			
Financial assets			
Cash and bank balances	-	3,991,215	3,991,215
Dividend receivable	3,425,167	-	3,425,167
	3,425,167	3,991,215	7,416,382
Financial liabilities			
Other payables	-	(121,915)	(121,915)
Net financial assets	3,425,167	3,869,300	7,294,467
Less : Net financial (assets) denominated in the entity's functional currency	-	(3,869,300)	(3,869,300)
Currency exposure	3,425,167	-	3,425,167

At 31 October 2012, the Company does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)
for the Financial Year Ended 31 October 2013

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 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 :

	Group Increase/(Decrease)	
	2013	2012
	RM	RM
Effects on profit after tax		
RMB		
- strengthened by 5%	-	(5,503)
SGD		
- strengthened by 5%	58,502	72,878
USD		
- strengthened by 5%	(458,596)	158,426
VND		
- strengthened by 5%	-	6
RAND		
- strengthened by 5%	-	545

	Company Increase/(Decrease)	
	2013	2012
	RM	RM
Effects on profit after tax		
USD		
- strengthened by 5%	128,444	-

Conversely, a weakening of the Ringgit Malaysia against the above currencies at the end of the reporting period would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 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 33.1(c).

Interest rate risk sensitivity analysis

The analysis is not presented as the sensitivity impact is immaterial.

(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 2013

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 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 three (2012 : two) customers which constituted approximately 52 % (2012 : 40%) of its trade receivables at the end of the reporting period.

Exposure to credit risk

- (i) As the Group does not hold any collateral, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised at the end of reporting period.

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

	Group	
	2013 RM	2012 RM
Africa	34,742	57,480
Asia (exclude Malaysia)	2,972,052	3,912,280
North America	20,487,132	23,308,778
Europe	1,915,073	2,046,808
Malaysia	3,953,616	3,697,408
	<hr/>	<hr/>
	29,362,615	33,022,754

- (ii) A nominal amount of RM 51,695,354 (2012 : RM 35,904,979) relating to financial guarantees provided by the Company to banks for banking facilities granted to its subsidiaries.

The financial guarantees have not been recognised in the financial statements of the Company as the requirement to reimburse are remote. The Company does not expect to incur material losses under these corporate guarantees. At 31 October 2013, there was no indication that any subsidiaries would default on payment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 Financial Risk Management Policies (Cont'd)

(b) Credit risk (cont'd)

Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period are as follows :

	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
2013			
Not past due	28,882,432	-	28,882,432
Past due :			
- less than 3 months	441,174	-	441,174
- 3 to 6 months	33,681	-	33,681
- over 6 months	21,405	(16,077)	5,328
	29,378,692	(16,077)	29,362,615
2012			
Not past due	32,932,030	-	32,932,030
Past due :			
- less than 3 months	83,750	-	83,750
- 3 to 6 months	6,268	(1,248)	5,020
- over 6 months	24,358	(22,404)	1,954
	33,046,406	(23,652)	33,022,754

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)
for the Financial Year Ended 31 October 2013

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 Financial Risk Management Policies (Cont'd)

(b) Credit risk (cont'd)

Ageing analysis (cont'd)

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.

(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) :

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)
for the Financial Year Ended 31 October 2013

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity risk (Cont'd)

	Effective interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
Group - 2013						
Trade and other payables	-	56,151,038	56,151,038	56,151,038	-	-
Bank borrowings :						
- Trade bills	2.4 - 4.1	47,395,164	47,395,164	47,395,164	-	-
- Term loans	2.8 - 9.5	6,356,236	7,385,893	2,661,442	4,096,078	628,373
Hire purchase payables	4.4 - 7.7	953,079	1,003,545	571,344	432,201	-
		110,855,517	111,935,640	106,778,988	4,528,279	628,373
Group - 2012						
Trade and other payables	-	68,352,146	68,352,146	68,352,146	-	-
Bank borrowings :						
- Trade bills	2.2 - 4.1	33,727,865	33,727,865	33,727,865	-	-
- Term loans	2.8 - 7.0	4,633,412	5,321,346	1,817,415	2,688,760	815,171
Hire purchase payables	4.7 - 7.7	897,551	962,759	409,176	553,583	-
		107,610,974	108,364,116	104,306,602	3,242,343	815,171
Company - 2013						
Trade and other payables		121,915	121,915	121,915	-	-
Company - 2012						
Trade and other payables		59,994	59,994	59,994	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 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 that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

There was no change in the Group's approach to capital management during the financial year.

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

	2013 RM	Group 2012 RM
Bank borrowings	53,751,400	38,361,277
Hire purchase payables	953,079	897,551
	54,704,479	39,258,828
Less : Fixed deposits placed with licensed banks	(14,068,049)	(2,964,700)
Less : Cash and bank balances	(39,352,249)	(29,271,468)
Net debt	1,284,181	7,022,660
Total equity	157,742,051	144,062,731
Debt-to-equity ratio	0.01	0.05

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 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the Financial Year Ended 31 October 2013

33. FINANCIAL INSTRUMENTS (CONT'D)

33.3 Classification of Financial Instruments

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Financial assets				
<u>Loans and receivables financial assets</u>				
Trade and other receivables	44,646,686	43,311,375	-	-
Deposits, bank and cash balances	53,420,298	32,236,168	3,991,215	2,014,839
Dividend receivable	-	-	3,425,167	-
	98,066,984	75,547,543	7,416,382	2,014,839
<u>Fair value through profit or loss</u>				
Derivative assets	377,123	81,382	-	-
Financial liabilities				
<u>Other financial liabilities</u>				
Trade and other payables	56,151,038	68,352,146	121,915	59,994
Bank borrowings	53,751,400	38,361,277	-	-
Hire purchase payables	953,079	897,551	-	-
	110,855,517	107,610,974	121,915	59,994

33.4 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 approximated 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.

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)
for the Financial Year Ended 31 October 2013

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 Fair Values Hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:

Level 1 : Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Fair value measurements derive from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value hierarchy analysis

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group - 2013				
Financial Asset				
Derivative Assets :				
- forward foreign exchange contracts	-	377,123	-	377,123
Group - 2012				
Financial Asset				
Derivative Assets :				
- forward foreign exchange contracts	-	81,382	-	81,382

NOTES TO THE FINANCIAL STATEMENTS (cont'd) for the Financial Year Ended 31 October 2013

34. TRANSITION TO THE MFRSS FRAMEWORK

As stated in Note 3.1, these are the first financial statements of the Company prepared in accordance with MFRSs. The accounting policies in Note 4 have been applied to all financial information covered under this set of financial statements.

In preparing the opening MFRSs statements of financial position at 1 November 2011 (date of transition), the Group has adjusted amounts reported previously in financial statements prepared in accordance with FRSSs. The financial impacts on the transition are as below :

(a) Reconciliation of Financial Position

Group	1 November 2011			31 October 2012		
	FRSS RM	Transition Effects RM	MFRSS RM	FRSS RM	Transition Effects RM	MFRSS RM
Revaluation reserve	6,787,594	(6,787,594)	-	6,787,594	(6,787,594)	-
Retained profits	30,649,324	6,787,594	37,436,918	43,659,789	6,787,594	50,447,383

(b) Reconciliation of Profit or Loss and Other Comprehensive Income

There are no material differences between the statements of profit or loss and other comprehensive income presented under FRSSs and MFRSs.

(c) Reconciliation of Cash Flows

There are no material differences between the statements of cash flows presented under FRSSs and MFRSs.

(d) Notes to Reconciliation

Property, plant and equipment – Deemed Cost Exemption

Under FRSSs, the Group measured its leasehold land, warehouse and factory buildings at valuation. The last valuation was carried out on July 2009. Upon the transition to MFRSs, the Group elected to use the previous revaluation as deemed cost under MFRSs. There was no impact to the carrying amount of this asset. However, the revaluation reserve at 1 November 2011 and 31 October 2012 were transferred to retained profits.

**NOTES TO THE
FINANCIAL STATEMENTS (cont'd)**
for the Financial Year Ended 31 October 2013

**35. SUPPLEMENTARY INFORMATION
DISCLOSED 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/(losses) 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 :

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained profits :				
- realised	91,782,693	73,170,782	14,947,977	3,348,812
- unrealised	(1,239,799)	(3,845,772)	75,000	(72,271)
	90,542,894	69,325,010	15,022,977	3,276,541
Less : Consolidation adjustments	(25,462,325)	(18,877,627)	-	-
At 31 October	65,080,569	50,447,383	15,022,977	3,276,541

LIST OF MATERIAL LANDED PROPERTIES

as at 31 October 2013

Address/ Location	Description	Land Area (hectare)	Use	Tenure/ Age of Building	Net Book Value as at 31.10.2013 RM'000	Date of Revaluation or Acquisition
Poh Huat Furniture Industries Vietnam Joint Stock Company						
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/ 9 years	20,085	29.8.02 (Date of Acquisition)
No. 17, Road 26 Song Than Industrial Zone II Di An District Binh Duong Province Vietnam	1 plot of industrial land with an office building, 1 hostel, 3 factory buildings and ancillary structures	6.76	Office with furniture manufacturing and accom- modation facilities	50 years lease expiring in 2045/ 12 years	9,850	1.3.02 (Date of Acquisition)
Poh Huat Furniture Industries (M) Sdn. Bhd.						
PTD Nos. 1470 & 1535 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	2 plots of industrial land with an office building, a warehouse cum factory building and ancillary structures	2.21	Office with furniture manufacturing and warehousing facilities	60 years leasehold expiring in 2060/ 8 year	14,622	21.10.03 (Date of Acquisition)
PTD No. 1473 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of industrial land with an office building, 1 block of factory building and ancillary structures	1.62	Office with furniture manufacturing and kiln drying facilities	60 years leasehold expiring in 2056/ 13 years	10,039	12.9.00 (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/ 17 years	7,135	17.6.99 (Date of Revaluation)

**LIST OF MATERIAL
LANDED PROPERTIES (cont'd)**
as at 31 October 2013

Address/ Location	Description	Land Area (hectare)	Use	Tenure/ Age of Building	Net Book Value as at 31.10.2013 RM'000	Date of Revaluation or Acquisition
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/ 15 years	5,731	27.7.99 (Date of Revaluation)
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/ 16 years	4,580	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/ 16 years	3,981	17.6.99 (Date of Revaluation)
Poh Huat International Furniture SA (Pty.) Ltd.						
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 with warehousing facilities	Freehold/ 5 years	3,357	10.7.09 (Date of Acquisition)
PHW Properties Sdn. Bhd.						
GM No. 3000, Lot 3081 GM No. 2548, Lot 1980 HSM No. 7207, Ptd 12933 GM No. 3001, Lot 3082 GM No. 2479, Lot 1981 Mukim Jalan Bakri District of Muar Johor Darul Takzim	5 plots of agriculture land	2.35	Vacant land	Freehold/ na	8,769	22.07.13 (Date of Acquisition)

ANALYSIS OF SHAREHOLDINGS

as at 28 February 2014

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	-	3,104

Note : All information on shareholdings disclosed hereunder excludes 6,663,800 treasury shares held by the Company

Distribution of Shareholdings

CATEGORY	SHAREHOLDERS	%	SHAREHOLDINGS	%
Less than 100	335	10.79	18,418	0.02
100 to 1,000	143	4.61	84,539	0.08
1,001 to 10,000	2,022	65.14	7,843,614	7.35
10,001 to 100,000	515	16.59	15,081,969	14.13
100,001 to less than 5% of issued shares	86	2.77	52,809,211	49.48
5% and above of issued shares	3	0.10	30,885,554	28.94
TOTAL	3,104	100.00	106,723,305	100.00

Substantial Shareholders (Based on the Register of Substantial Shareholders)

Name of Shareholders	No. of Shares Held		% of Issued Share Capital	
	Direct	Deemed	Direct	Deemed
Tay Kim Huat	25,643,138	5,447,036 ^(a)	24.03	5.10
Lim Pei Tiam @ Liam Ahat Kiat	11,530,800	-	10.80	-

Note:-

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

ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 28 February 2014

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

Name of Directors	No. of Shares Held		% of Issued Share Capital	
	Direct	Deemed	Direct	Deemed
Tay Kim Huat	25,643,138	5,447,036 ^(a)	24.03	5.10
Dato' Ng Ah Poh	4,599,855	-	4.31	-
Toh Kim Chong	3,300,644	-	3.09	-
Tay Khim Seng	3,174,330	-	2.97	-
Tay Kim Hau	500,000	-	0.47	-
Boo Chin Liong	19,500	-	0.02	-
Dato' Haji Zaini bin Md. Hasim	15,600	-	0.01	-
Datuk Seri Zulkipli bin Mat Noor	-	-	-	-
Chua Syer Cin	-	-	-	-

Note:-

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

The 30 Largest Shareholders

	Names	Shareholding	%
1	Lim Pei Tiam @ Liam Ahat Kiat	11,530,800	10.80
2	Tay Kim Huat	11,365,519	10.65
3	Tay Kim Huat	7,989,235	7.49
4	Ng Ah Poh	4,599,855	4.31
5	Tay Kim Huat	4,535,484	4.25
6	Toh Kim Chong	3,300,644	3.09
7	DB (Malaysia) Nominee (Asing) Sdn. Bhd. Deutsche Bank AG Singapore For Pangolin Asia Fund	2,680,700	2.51
9	Sim Sheau Yun	2,247,865	2.11
8	Lu Chin Poh	2,237,300	2.10
10	Tay Khim Seng	1,794,330	1.68
11	Tay Kim Huat	1,752,900	1.64

ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 28 February 2014

The 30 Largest Shareholders (cont'd)

	Names	Shareholding	%
12	RHB Capital Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Siling (CEB)	1,543,000	1.45
13	Lim Pay Kaon	1,485,000	1.39
14	Tay Yuan Sen	1,438,054	1.35
15	Lim Seok Kim	1,400,000	1.31
16	AIBB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tay Khim Seng	1,380,000	1.29
17	Yeo Gek Cheng	1,165,014	1.09
18	Tay Li Ping	1,160,250	1.09
19	Lim Seok Kim	1,000,000	0.94
20	Cha Au Peng	989,000	0.93
21	Lu Kim San	875,000	0.82
22	Tay Li Chin	807,944	0.76
23	Tay Lee Thing	790,494	0.74
24	Su Ming Keat	757,900	0.71
25	Alliance Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kong Kok Choy (8092812)	725,900	0.68
26	Tan Aik Choon	725,700	0.68
27	Alliance Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ronie Tan Choo Seng (8058147)	601,000	0.56
28	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Cheah Kam Choy	560,820	0.53
29	Lim Shu Chiah	540,000	0.51
30	Lim Sian Min	530,000	0.50

FORM OF PROXY

Incorporated in Malaysia
under the Companies
Act, 1965

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 16th Annual General Meeting of the Company to be held at Hotel D'99 No. 173, Jalan Abdullah, 84000 Muar Johor Darul Takzim on 24 April 2014 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 final tax-exempt dividend of 3%		
Ordinary Resolution 3	Re-election of Mr Tay Kim Huat		
Ordinary Resolution 4	Re-election of Mr Tay Khim Seng		
Ordinary Resolution 5	Re-election of Mr Boo Chin Liong		
Ordinary Resolution 6	Re-appointment of Auditors		
Ordinary Resolution 7	Retention of Mr Boo Chin Liong as Independent Director		
Ordinary Resolution 8	Retention of Dato' Haji Zaini bin Md. Hasim as Independent Director		
Ordinary Resolution 9	Retention of Mr Chua Syer Cin as Independent Director		
Ordinary Resolution 10	Share Buy-Back Mandate		

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 2014.

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 Tun 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. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempted Authorised Nominee may appoint in respect of each Omnibus Account it holds.
8. Only depositors whose names appear in the Register of Depositors as at 18 April 2014 shall be entitled to attend in person or appoint proxies to attend and/or vote on their behalf at the Annual General Meeting.

Please fold here

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

Please fold here

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,
Malaysia.

Tel : +6-06-985 9688

Fax : +6-06-985 9588

Email : atoffice@pohhuat.com

www.pohhuat.com