AT OFFICE SYSTEM®

POH HUAT RESOURCES HOLDINGS BERHAD 443169-X

Reaching Out into the Future

ANNUAL REPORT 2017

Contents

Corporate Statement

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

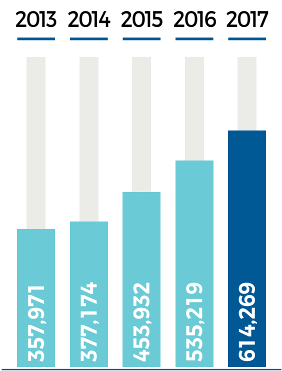
Reaching out into the Future

As Poh Huat journeys into this new market, this stepping stone cover design presents it as a step in the right direction to continue exploring opportunities beyond the horizon.

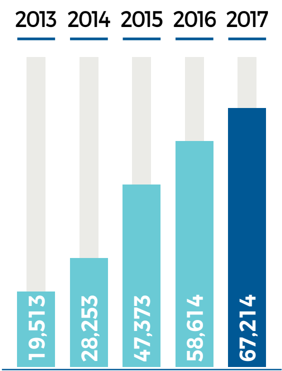
Group Financial Highlights

Financial year ended 31 October	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Turnover	357,971	377,174	453,932	535,219	614,269
Profit before tax	19,513	28,253	47,373	58,614	67,214
Profit after tax attributable to Owners of the Company	16,775	23,803	39,185	47,064	55,772
Equity attributable to Owners of the Company	156,523	171,631	213,719	243,298	284,912
	sen	sen	sen	sen	sen
Net earnings per share *	7.83	11.15	18.36	22.05	26.11
Dividend per share *	2.50	4.00	5.00	8.00	8.00
Net assets per share *	73.33	80.41	100.13	113.97	133.38

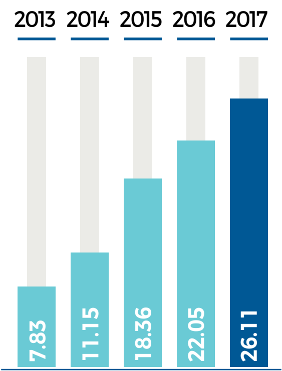
Notes:-
The preceding years of earnings, dividend and net assets per share were restated to reflect the retrospective adjustment arising from the share split involving the subdivision of every one existing ordinary share of RM 1.00 each to two ordinary shares of RM 0.50 each for the financial year ended 31 October 2015.



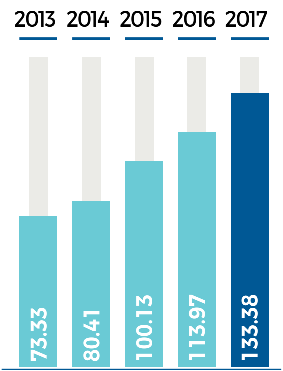
Turnover
(RM'000)



Profit before tax
(RM'000)



Net earnings per share
(sen)



Net assets per share
(sen)

Corporate Information

Board of Directors

Boo Chin Liong
(Chairman,
Independent Non-Executive
Director)

Tay Kim Huat
(Group Chief Executive Officer)

Tay Kim Hau
(Executive Director)

Toh Kim Chong
(Executive Director)

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

Chua Syer Cin
(Independent
Non-Executive Director)

Lim Pei Tiam @ Liam Ahat Kiat
(Non-Independent
Non-Executive Director)

Senior Independent Director

Boo Chin Liong
(Independent Non-Executive Director)

Secretary

Pang Kah Man
(MIA 18831)

Audit Committee

Chua Syer Cin
(Chairman, Independent
Non-Executive Director)

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

Boo Chin Liong
(Independent Non-Executive
Director)

Nominating Committee

Boo Chin Liong
(Chairman, Independent
Non-Executive Director)

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

Chua Syer Cin
(Independent
Non-Executive Director)

Remuneration Committee

Boo Chin Liong
(Chairman, Independent
Non-Executive Director)

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

Chua Syer Cin
(Independent
Non-Executive Director)

Risk Management Committee

Toh Kim Chong
(Executive director)

Boo Chin Liong
(Independent Non-Executive
Director)

Chua Syer Cin
(Independent Non-Executive
Director)

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, Bukit Pasir Industrial Area,
Mukim Sungai Raya,
84300 Bukit Pasir, Muar,
Johor Darul Takzim.

Registrars

Symphony Share Registrars Sdn. Bhd.,
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan.
Tel No. : 603 - 7849 0777
Fax No. : 603 - 7841 8151

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.
Public Bank (Vietnam) Ltd.
Bank SinoPac (Vietnam) Ltd.
Hong Leong Bank
(Vietnam) Ltd.

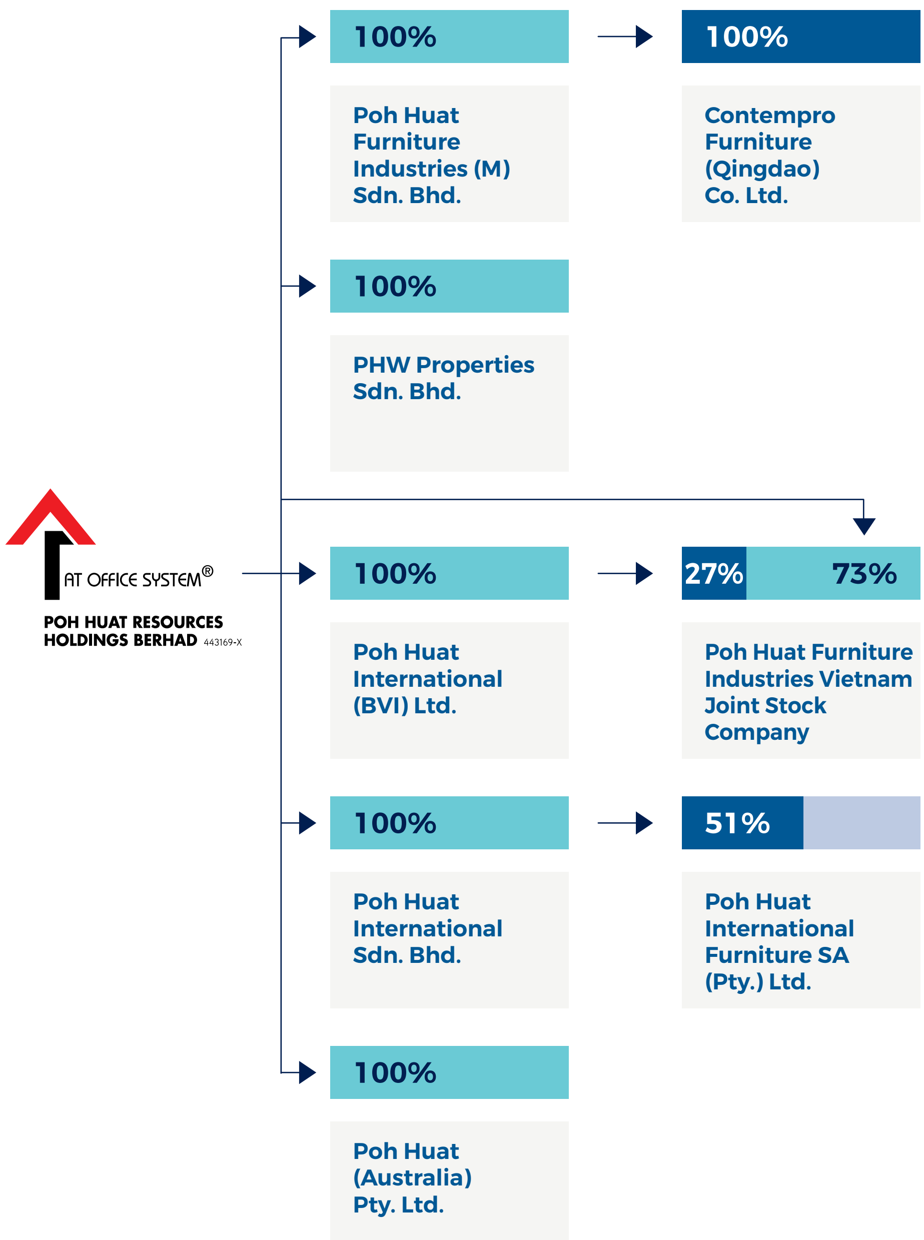
Solicitors

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

Stock Exhange Listing

Main Market of Bursa Malaysia
Securities Berhad

Corporate **Structure**



Information on Directors

Mr Boo Chin Liong
Chairman
(Independent Non-Executive Director)

Mr Boo Chin Liong, Malaysian, male, aged 57, was appointed as an Independent Non-Executive Director of the Company on 9 December 1999 and was appointed as Chairman of the Board on 20 December 2017. He is also the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit 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 is a director of several private limited companies.

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

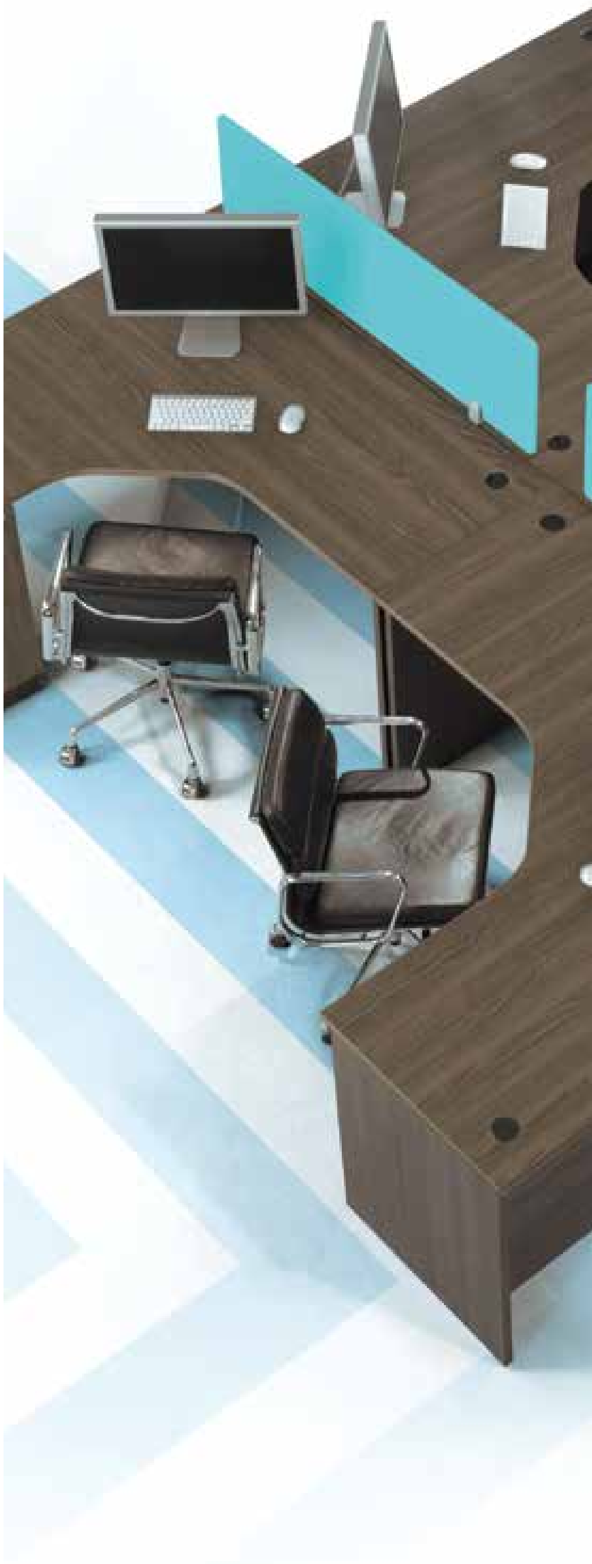
Mr Tay Kim Huat
Group Chief Executive Officer
(Non-Independent Executive Director)

Mr Tay Kim Huat, Malaysian, male, aged 62, was appointed to the Board and Managing Director of the Company on 9 December 1999 and was redesignated to Group Chief Executive Officer on 14 June 2017.

Mr Tay is the co-founder of Poh Huat Furniture Industries (M) Sdn Bhd, the main operating subsidiary of the Group. With more than 40 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, male, aged 70, 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 Group Chief Executive Officer and major shareholder of the Company and Mr Tay Khim Seng, a Non-Executive Director and shareholder of the Company.

Mr Toh Kim Chong

Executive Director
(Non-independent Executive Director)

Mr Toh Kim Chong, Malaysian, male, aged 43, 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.

Information on Directors (cont'd)

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

Mr Tay Khim Seng, Malaysian, male, aged 57, 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 Group Chief Executive Officer 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, male, aged 45, 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 is a director of several private limited companies.

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

Mr Lim Pei Tiam @ Liam Ahat Kiat

Director
(Non-Independent Non-Executive Director)

Mr Lim Pei Tiam @ Liam Ahat Kiat, Malaysian, male, aged 71, was appointed as a Non-Independent Non-Executive Director of the Company on 24 April 2014.

Mr Lim holds a Diploma from the Institute of Bankers, London and has 20 years of experience in a large commercial bank in Malaysia. Mr Lim held various positions throughout his career with the bank and is a member of the Chartered Institute of Bankers, London and the Asian Institute of Chartered Bankers, Malaysia.

He is not a director of any other public company but is 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 has any conflict of interest with the Company.

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

Profile of Key Senior Management

Mr Lee Ing Tiong

Mr Lee Ing Tiong, Malaysian, male, aged 47, is a fellow member of the Institute of Public Accountants, Australia. He started his career in February 1994 as officer / executive in the margin and credit control departments in stockbroking firms and was later transferred to research and dealing operations of these firms prior to his departure in March 2002. He joined Poh Huat Furniture Industries (M) Sdn Bhd as finance executive in April 2002 and was promoted to finance manager in January 2004. He left the company in March 2006, and joined UDS Capital Berhad (now known as SWS Capital Berhad) as financial controller from April 2006 to January 2011. He re-joined the Poh Huat group of companies as Group Financial Controller from February 2011, the position he presently holds. He is not a director of any public company. He has no family relationship with any Director and /or major shareholder of the Company.

Management Discussion & Analysis

1. Business Overview

We are an established Malaysian furniture manufacturer with more than 25 years of experience in the international furniture business. We have our beginning in Muar, the heartland of Malaysian furniture industries in the south of Peninsular Malaysia and has over the years grown to be one of the key furniture players in South East Asia with manufacturing bases in Malaysia and Vietnam.

Products and Markets

With an annual turnover of more than RM 600 million, we are proud to be one of the leading furniture exporters in South East Asia. Our products have gained acceptance by customers in more than 30 countries. Of these, U.S. and Canada are our main markets, making up about 69% and 22% of the group's total sales, while the remaining of the sales comes from UK, Malaysia, Singapore and the Middle East region. Broadly, we manufacture 2 types of furniture, namely office furniture and home furniture.

Management Discussion & Analysis (Cont'd)

Office Furniture

We offer a wide range of office suites for various segments of the office furniture market. The office furniture comprises mainly panel based office suites of various ranges which are primarily manufactured from laminated particle boards and metal parts. The office suites comprise tables, work-tops, side extensions, counters, pedestals, cabinets and workstations. Our products are either original designs which carry our own branding or customers' specified designs which are sold under the customers' branding. Our main export markets are North America, Middle East, United Kingdom, Southern Africa and South East Asia.

Home Furniture

For the home and home-office furniture segment, we are primarily an original equipment manufacturer for major furniture importers/distributors in North America. We manufacture a wide range of bedroom suites and home-office suites for the medium and upper medium segment of the North American market. The bedroom suites comprise beds, nightstands, chests of drawers, dressers, mirrors and other bedroom fittings. Home-office suites are integrated home-workstation incorporating drawers, filing cabinets, pedestals and entertainment sets. Our customers include top US furniture retailers like Home Meridian, Big Lots Stores, Aspen Furniture and Liberty Furniture Inc.

Manufacturing Bases

Our manufacturing facilities and activities are organised according to the types of material and processes involved, namely panel based furniture which does not require spray finishing and wooden based furniture involving spray finishing processes. The panel based products, which processes are more machine driven and hence more automated, are manufactured in our facilities in Malaysia whereas the wood based furniture which entails more elaborate manual driven fabrication and finishing processes are manufactured in Vietnam where we enjoy labour availability and cost advantages.

Our Malaysian manufacturing base comprises 5 factories which are situated on 9.40 hectares of land in Muar, Johor. These factories have a total workforce of more than 1,000 people and are equipped with modern automated panel based wood-working machinery and finishing systems. The Muar factories specialise in the manufacture of panel based office, home and home-office furniture, primarily for the export market.

Our manufacturing bases in Vietnam are situated in 2 locations, namely the districts of Binh Duong and Dong Nai, near Ho Chih Minh City, Vietnam. The Binh Duong manufacturing base comprises 3 factories, 1 administrative block and 1 hostel which are situated on 6.76 hectares of industrial land. The Dong Nai manufacturing base is sited on 12.39 hectares of industrial land and has 6 factories, 1 administrative building and 1 hostel. The 2 manufacturing bases in Vietnam have a combined workforce of more than 4,700 people and are equipped with modern woodworking machinery and finishing lines for large-scaled production of wooden household and home-office furniture. The furniture produced by these factories comprise mainly medium to upper-medium home and home-office furniture for the American market.

2. Business Strategies

Two decades ago, we started as a Malaysian furniture manufacturer

Annual Turnover
RM 614 Million

We are proud to be one of the leading furniture exporter in South East Asia.

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

looking to expand our market reach overseas. One of the key objectives was to have our products exported to as many countries as possible to enhance our brand and market presence. In the late 1990s, we made a major breakthrough into the competitive US market with our home-office suites which led to the rapid expansion of our production facilities and export revenue. We expanded our operations to South Africa, Vietnam and recently Australia. Today, we have established ourselves as one of the leading furniture manufacturers in South East Asia with an established clientele in more than 30 countries.

Corporate Objectives

As a business entity, our main objective is to enhance shareholders' value by, first and foremost, maximising opportunities vis-à-vis enterprise risk appetite and providing a sustainable return on investment for our shareholders.

In the pursuit of our corporate objectives, we focus on 3 interrelated key success factors which form the pillars of our value proposition.

High Quality Innovative Products

Our products are designed and manufactured using quality raw materials and manufacturing processes that meet and/or exceed those specified by our customers.

In the design of our in-house office products, our key philosophy is to create pleasant, productive office environment with well-designed office suites that integrate new office automation technology into the classic office environment. Our designs are regularly updated with new features and functionalities to accommodate new requirements of the varied demographics and preferences of our customers. We specify materials which are often higher than comparable or similar range products, incorporating latest functional, aesthetic and ergonomic trends to meet our design goals and pricing targets without diminishing quality. We have established ISO 9001-2008 manufacturing processes that ensure that product quality standards, in-process quality control measures and final quality inspections are comply with.

On our original equipment market (OEM), we work with our customers at every stage of the product development and production programme. In dealing with OEM customers, we employ a service differentiation strategy that focuses on the issues that are most important to the buyers such as product features and designs; materials and construction specifications; costing and pricing targets; and production scheduling and quality control requirements.

Excellent Customers Services

Customers' service is an integral part of our product offering. Our service to customers begins on first contact with potential customers and continues thereon with products review, selection and development; order negotiation and production programme co-ordination; customers' quality control, warehousing, shipment co-ordination and delivery; up to trade credits and post delivery services, including warranties and replacements. Our emphasis is on long-term partnership with customers who are committed to sustainable business relationships.

Competitive Pricing

The third key factor in our product offerings is competitive pricing. We aim to deliver value vis-à-vis selling prices. Our value proposition combines innovative core product with value added customers' services. To mitigate the inevitable escalating costs of doing business, we work with customers to explore cost-saving designs and construction methodology during the product development stage so that target prices are met. In the manufacturing process, we continuously identify and implement measures to maximise production efficiency and lower production costs while maintaining the highest quality values. We work with our suppliers and business partners to ensure long-term access to important raw materials, supplies and support services at reasonable, predictable prices.

Our emphasis on the 3 key success factors have resulted in us building long-term, mutually beneficial relationship with our customers. We have received accolades from and is well recognised by trade associations and top furniture companies in the US as one of the best furniture manufacturers in the South East Asia.

Management Discussion & Analysis (Cont'd)

3. Risk Factors Associated with Our Business

We highlight below some key risk factors associated with our furniture manufacturing and exporting business. If any of these risks actually materialise, our business, results of operations, financial condition or future prospects could be negatively impacted. These risks are not the only ones we face. There may be additional risks that are presently unknown to us or that we currently believe to be immaterial that could affect our business.

Adverse economic and industry conditions could have a negative impact on our business.

The furniture industry is particularly sensitive to cyclical variations in the general economy and to uncertainty regarding future economic prospects of the countries in which we export or sell to. Economic downturns in these countries could affect consumer spending habits by decreasing the overall demand for home furnishings. Changes in interest rates, consumer confidence, new housing starts, existing home sales, the availability of consumer credit and broader national or geopolitical factors have particularly significant effects on our business.

Financial difficulties experienced by our customers, including distributors, could result in lower orders, shipment delays and inventory issues and thereafter risks to accounts receivable including delays in collection and greater bad debt expense. A downturn in these countries could also materially and adversely affect our ability to take advantage of market opportunities.

The markets in which we operate are highly competitive and we may not be successful in winning new business.

The furniture industry is competitive and fragmented with many players competing for new business in the global furniture trade. Many of our competitors offer similar categories of products, namely office furniture including integrated office systems and freestanding office furniture and residential furniture including bedroom suites and home-office furniture solutions.

We believe that our innovative product design, excellent customer services and strong manufacturing capabilities differentiate us in the marketplace. Through this strategy we work closely with our customers to take advantage of developing trends within existing markets and explore growth opportunities in new markets with supportive demographics.

The above notwithstanding, increased market competition and pricing pressure could make it difficult for us to win new businesses with certain customers or within certain market segments at acceptable profit margins. The loss of business from one or more of our key customers in the US may have an immediate and adverse impact on our operational and financial performance.

Increases in the market prices of raw materials may negatively affect our profitability.

As manufacturer, the costs of key direct materials used in our manufacturing and assembly operations are sensitive to shifts in commodity prices. In particular, the costs of solid wood, MDF, particleboards, veneers, metal components, finishing materials and carton boxes are sensitive to the market prices of commodities such as lumber, metals, crude oil, paper and resins.

Increases in the market prices of these key direct materials will have an adverse impact on our profitability if we are unable to offset or mitigate such cost increases by passing the increase in raw materials through to our customers and/or increased prices to our customers.

Disruptions in the supply of raw materials and component could adversely affect our manufacturing operations.

We rely on outside suppliers to provide on-time shipments of the various raw materials and component parts used in our manufacturing and assembly processes. The availability and timeliness of deliveries of these materials and components are critical to our ability to meet customer demand. We have put in place, as part of our production and risk management policy, raw materials buffers or reserves to accommodate temporary shortage or delivery disruption. These notwithstanding, any material disruptions in this flow of delivery could result in us not being able to meet customers' demands which will have a negative impact on our sales, earnings, financial condition and liquidity.

Increasing competition for production and skilled workers could adversely affect our business.

The success of our manufacturing operations and implementation of our business strategy depends, in part, on our ability to attract and retain both production and skilled/talented workers. The increasing competition for production workers and skilled/talented employees could result in shortage of labour, higher compensation costs, difficulties in maintaining a capable workforce and management/leadership succession planning challenges.

We are subject to changes in foreign government regulations and in the political, social and economic climates of the countries from which we source our products.

Changes in political, economic, and social conditions, as well as in the laws and regulations in the foreign countries from which we sell our products could adversely affect our revenue, earnings, financial condition and liquidity. These changes could make it more difficult for us to provide products and service to our customers or could increase the cost of those products. International trade regulations and policies of the countries which we sell our products to could adversely affect our sales. Imposition of trade sanctions relating to imports, taxes, import duties and other charges on imports affecting our products could increase the prices to our customers and could decrease our sales and financial performance.

Changes in the value of the US Dollar compared to the currencies for the countries from which we operate could adversely affect our sales, earnings and liquidity.

For our export products, we generally negotiate firm pricing with our foreign buyers in US Dollar. Since we transact our exports in US Dollars, a relative decline in the value of the US Dollar could result in lower sales proceeds in our local currencies and vice versa. These exchange rate changes could decrease or increase in our sales, earnings and liquidity during affected periods.

We do not enter into any forward currency contracts to hedge our US Dollar sales and we accept the exposure to exchange rate movements during the negotiated periods. We convert every 75% of the US Dollar sales proceeds into Ringgit currency immediately under the recent BN guidelines. The remaining 25% US Dollar will be used for purchase of imported raw materials which form a natural hedge in the Malaysian operations.

As for our Vietnamese operations, the Vietnamese Dong has historically depreciated against US Dollar. Therefore, we will maintain our sales proceeds in US Dollar accounts and convert to Dong for operational requirements. Surplus will be kept in US Dollar accounts in Vietnam.

4. Overview of the Business Environment

Global Furniture Trade

Following the contraction in global furniture during the global financial crisis in the late 2000s, world furniture production has grown steadily at a CAGR of 3.6% from 2009 to 2013, due partly to the quantitative easing in the US Dollar and Europe and commodity and real estate boom in the Middle East and Asia Pacific on the other part.

According to a CSIL report, world trade of furniture amounted to US Dollar 94 billion in 2009 (19% below the previous year) and grew in the following years to US Dollar 135 billion in 2014, then contracted by 4% to US Dollar 129 billion in 2015 (mostly as a consequence of the depreciation of currencies of some major economies in relation to the US Dollar). The bulk of international trade of furniture originates in China, Germany, Italy, Poland and Vietnam and goes to the United States, Germany, the United Kingdom, France, and Canada.

Technavio's market research analyst anticipates the global furniture market to grow moderately at a CAGR of around 4% until the end of 2020. The growing global trend of home improvement will impel the prospects for growth in this market. Furthermore, as a result of the growing number of small-size houses across the globe, the populace's demand for furniture, which have facilities for extra storage, will also increase.

In the last five years, the US increase of furniture imports from US Dollar 19 billion in 2009 to US Dollar 32 billion in 2015 was the main engine of growth in international furniture trade. America and Canada have reached or exceeded the pre-recession level of imports, but Europe, due to the slow economic recovery, has so far failed to achieve this goal.

US Furniture Market - Strong Leading Indicators

With more than 90% of our exports going to US and Canada, the economic wellbeing of these countries are key to the performance of the Group.

With a growing GDP and a healthy employment market, the US economy has continued to improve following the financial crisis. The economic environment has been particularly favourable to consumers, who have benefited from low energy prices and low inflation while realising gains in wages and salaries. Strong new home sales are expected to lead the demand for the furniture products. After the economic recession, there has been an increase in demand for new home units which will lead to rise in the demand for furniture.

Overall, the U.S. furniture market is expected to experience growth. The market registered a 4.5% increase in growth in 2016, placing its overall value at USD 114 billion. Although the first six months of 2017 saw a softened increase of 2.5% in consumer spending year over year, the U.S. furniture market is anticipated to grow moderately at a compound annual growth rate of 2.9% through 2019.

Management Discussion & Analysis (Cont'd)

Furniture manufacturers need to be abreast of emerging trends that are shaping a new furniture industry landscape. The trends focus mainly on the fundamental shifts in U.S. consumers' buying preferences due to changing lifestyles. They can either pose some challenges or open doors to new opportunities.

Trend No. 1: More People Are Renting

According to a new Pew Research Centre report, 36.6% of household heads rented their home in 2016, the highest since 1965. Rising home prices, apprehension from the housing bubble, rising student debts, and the delay of millennials to get married or start their own families are some of the reasons owning a home is not a priority, as yet, for some Americans.

The challenge and opportunity: Renters are likely to look for more affordable furniture options in the same manner as landlords will opt for more cost-effective furnishings for their home rentals, with a growing number renting their furnishings rather than outright buying them. A growing trend also is leading toward consumers shopping for smaller furniture to fit their rental homes or apartments where space may be at a premium. To turn this challenge into an opportunity, furniture manufacturers may want to add more items to their inventory of inexpensive, streamlined or multipurpose furniture to suit these smaller living spaces, as multifunctional furniture is rapidly gaining popularity.

Trend No. 2: Single-Person Households are Increasing

Single-person households are expected to increase over the next 15 years, according to a 2015 article by Deloitte Insights. And smaller households are opting to live in apartments or smaller homes. This calls for the demand of smaller homes, an increase in availability of more modular, space-saving and multifunctional furniture, and furniture for storage.

The challenge and opportunity: Furniture manufacturers should take this as both a challenge and opportunity to create new designs as an addition to their portfolio of offerings, further promoting their brand.

Trend No. 3: Different Generations Have Different Lifestyles

The bulk of the furniture market is composed of millennials, generation X, baby boomers, and seniors. With lower disposable income and higher levels of debt, millennials tend to delay the decision to start a household — which poses a potential problem because they represented 37% of the furniture and bedding market in 2014. They also have different shopping habits (more online-centric) than other generations and tend to prioritize more sustainable product purchases.

The challenge and opportunity: The generational demographic of consumers calls for furniture manufacturers to diversify their products to cater to the specific needs of each group. While this may mean additional investment on new design and innovation, it also creates new possibilities for additional revenue sources and a motivation to embrace more sustainable processes and resources.

Trend No. 4: Online Retailing

Online retailing has been around for some time but it will continue to be a preferred buying channel for millennials in particular. With instant access to catalogues and price lists, customers have a clearer idea of what they want.

The challenge and opportunity: Online retailers have taken away a good portion of the market share of brick-and mortar retailers. Not all is lost for store owners if they start embracing online and mobile technology and deploy them in their physical stores. For manufacturers, the increase in online shopping means an opportunity to sell to online retailers that are not limited to a physical geographic area.

Innovation is critical to the future of furniture manufacturing. The steady growth prospects of U.S. furniture market have attracted a host of companies to introduce innovative furniture creations. A quick search on YouTube can result in videos that show furniture that can be assembled in minutes without tools or multifunctional furniture that converts or includes hidden storage. A furniture manufacturer has even designed smart furniture that is able to monitor and record health-related data, such blood pressure, breathing, heart rate and body temperature.

5. Business Operations Review

The Group continued to register higher production and shipping volume for both our Vietnam and Malaysian operations.

Vietnam Operations

We continued to receive sustained orders from our US customers particularly for our new ranges of bed room set. While orders from our North American importers remained strong, we noted a shift in the product mix to the middle and affordable segments of the market. We work with our customers on newer and trendier designs to replace some of our older products which have experienced price adjustments or are on promotion by our retailers. During the year, we also commenced shipment of several new models as replacements for some of the older models. Our close collaboration with and our commitment to manufacturing quality and timely delivery have further strengthen our relationship with key customers in the US. This year, we are proud to be the recipient of the 2017 Factory of the Year award by Havertys Furniture Company, Inc, the 16th ranked furniture store on Furniture Today's Top 100 ranking of U.S. furniture stores and one of the top furniture retailers in the south and central United States.

As before, our main priority remains in optimising our product mix vis-a-vis production capacity. Shipping volume grew 4.4% compared to previous year as we pushed for higher capacity utilisation rate for our factories in Vietnam, particularly on the new spraying line which was commissioned last year following the fire incident in 2015. This notwithstanding, manufacturing runs for the newer items were less efficient during the adjustment period. This has resulted in slightly higher material consumption and additional production works.

Consistent with raising material prices, we also experienced higher material costs,

“We are proud to be the recipient of the 2017 Factory of the Year award by Havertys Furniture Company, Inc, the 16th ranked furniture store on Furniture Today's Top 100 ranking of U.S. furniture stores and one of the top furniture retailers in the south and central United States.”

especially in the 2nd half of the year. The tighter supply of lumber and timber based products have resulted in escalation in prices of particle boards, veneer and other wood based products. We worked with suppliers and sub-contractors on long-term supply arrangements to ensure continuous availability and stable pricing for major raw materials. In some cases, we also worked with our customers on cost savings measures to accommodate price revisions and/or material costs escalation. All in all, we managed to limit material costs to 55% of total sales in Vietnam. The continuous minimum wage adjustments in Vietnam also means higher labour costs for our operations in Vietnam.

Malaysia Operations

Our Malaysian operations registered significantly higher shipment of office furniture, particularly to Canada and US

Management Discussion & Analysis (Cont'd)

as we continue to expand our product offerings following the successful launch of the panel based bedroom sets in the previous financial year. The sales contribution from these panel-based bedroom sets increased from about 3% of our Malaysia's sales in the previous year to 25% in the current year.

As with Vietnam, we experienced higher raw material costs, especially particle boards and hardware. Unlike Vietnam, we were able to mitigate the increase in raw material costs for some of our more recent products, particularly the new panel based home furniture for the North American market, as these products have been costed to reflect potential raw material costs escalation. The better selling prices for these products have allowed us to maintain the raw material costs to 56% of total sales in Malaysia.

Australia Investment

As part of our plan to diversify our market base, we established a new subsidiary, Poh Huat (Australia) Pty Ltd for the purpose of establishing a furniture sale and distribution business in Australia. The demographics and traditions of the Australians are similar to the Western counterparts in North America and the United Kingdom where the Group products are well accepted. While the population of Australia is relatively smaller compared to the Group's traditional markets, the affluence of the residents of major cities in Australia provide good opportunities for the Group to expand its presence in this relatively untapped market.

6. Financial Review

Revenue

We recorded total revenue of RM 614.27 million for financial year ended 31 October 2017, an increase of 14.77% over the Group's revenue of RM 535.22 million in the previous financial year.

Our Vietnamese subsidiary recorded higher turnover of approximately RM 381.23 million, representing about 62% to the Group revenue while our Malaysian subsidiary recorded a significantly higher turnover of RM 231.82 million, increasing its contribution to 38% of the Group's revenue for the year.

For the year under review, our Malaysian operations registered a whopping 38% growth in revenue or approximately RM 63.76 million in absolute value, due mainly to the higher shipment of panel based office and bedroom furniture for the North American which have gained traction during the year.

Reflective of the changing trend in the US, growth in revenue for our Vietnamese subsidiary moderated by 4.4% to RM 381.23 million due to changes in the product mix to the middle and affordable segments of the market.

Manufacturing Costs

Total cost of sales for the Group for the year was RM 492.33 million against RM 428.26 million in the previous year. While the increase in total cost of sales was in broadly in line with the higher turnover for the financial year, gross profit margin fell slightly, from 19.99% in the previous year to 19.85% in the current financial year under review due to higher material and labour costs.

Total material costs increased slightly to 55.90% of sale compared to 55.50% in the previous year. Overall, the higher material costs were mainly due to the increase in key raw materials such as wood products, hardware and packing materials. In Vietnam, the higher manufacturing costs were attributable to increase in raw material prices and higher material consumption due to lower efficiency for the initial run of several new bedroom sets.

Total direct labour costs increased from RM 73.82 million in the previous year to RM 85.36 million in the current financial year as a result of 14.77% growth in sales mentioned above. As a percentage of sales, labour costs increased marginally from 13.79% of sales in the previous year to 13.90% of sales in the current financial year.

Factory overheads decreased from 10.83% in the previous year to 10.50% in the current year due to economy of scale from higher production volume and sales.

Expenses & Other Income

In line with the higher shipment of furniture, selling and distribution costs increased from RM 24.67 million to RM 27.13 million. Total selling and distribution costs as a percentage of sales however improved from 4.61% in the previous year to 4.42% in the current year due to the higher turnover.

Total administration expenses as a percentage of revenue improved slightly from 4.48% in the previous year to 4.42% in the current year due to higher revenue and better economy of scale.

The Group recorded a lower net surplus of RM 1.05 million under other income/ expenses in the current financial year against RM 2.11 million in the previous financial year. The higher surplus in the previous year was mainly due to the insurance compensation of RM 4.26 million received in the previous financial year.

Finance costs

Despite the higher turnover, the Group recorded a lower financial charges of RM 1.51 million against RM 1.81 million in the previous year. This was reflective of the Group efforts in reducing bank borrowings from RM 28.92 million as at the end of the previous year to RM 22.51 million as at the end of the current year.

Taxation

Despite the higher profit before tax, the Group's provision for tax expenses is slightly lower at RM 11.44 million for the financial year compared with RM 11.85 million in the previous financial year.

Malaysian income tax was estimated at 19% which is lower than statutory tax rate of 24% as a result of tax exemption and allowance enjoyed by the Malaysian subsidiary company. Taxation for our Vietnamese subsidiary is estimated at 15% which is lower than statutory tax of 20% as a result of export incentives granted by the Vietnamese authorities. No tax was provided/incurred in other foreign subsidiaries during the financial year under review.

Profit attributable to equity holders of the Company

In line with the better operational performance, profit after tax attributable to owners of the Company increased markedly by 18.5% from RM 47.06 million in the previous financial year to RM 55.77 million in the current financial year.

Liquidity and Capital Resources

In line with the better result, the Group's cash position continued to improve from RM 71.59 million as at 31 October 2016 to RM 92.86 million as at 31 October 2017. Net cash generated from operations was RM 59.32 million of which approximately RM 24.07 million was used for capital expenditure, RM 6.48 million for reduction of bank borrowings and RM 12.81 million for payment of dividends.

Gearing

Total Group loans, including hire purchases, decreased from RM28.92 million as at 31 October 2016 to RM 22.51 million as at 31 October 2017. The decrease was due mainly to Group's reduction in trade financing facilities vis-à-vis the use of surplus cash from operations to fund working capital requirements.

Dividend Payout

The Company has declared and paid two interim single-tier dividend of 2 sen per share each and a special dividend of 1 sen per share in respect of the financial year ended 31 October 2017. These interim/special dividends were paid on 21 July 2017, 30 November 2017 and 15 January 2018 respectively.

The Directors have also recommended a final single-tier dividend of 3 sen per share for shareholders' approval at the Company's Annual General Meeting on 10 April 2018. The total dividend declared/proposed for the year will be 8 sen per share. This works out to a dividend payout ratio of 30.6% in the current financial year.

In view of our stronger net cash position and barring any major changes in the Group's operating environment, capital commitment or financial performance, the Group strives to maintain its dividend payout ratio of around 30% of net earnings attributable to shareholders.

7. Future Prospects

In 2017 The global economy continues along its low-growth path, but there are a number of bright spots. In the US, a strengthening consumer sentiment is driving stronger growth. A large fiscal stimulus under the new administration could well provide another boost to the U.S. economy. The rebound in many emerging markets had begun in 2016 appears to have momentum, supported by higher commodities prices and structural reforms. However, Europe remains challenged by uncertainty about the future of the European Union, low growth and high unemployment.

The economic outlook in the US, our main market, remains healthy with unemployment as historical low of just 4.3%. Tight labour market, higher household income and low mortgage rates have helped sustained the US housing recovery and bolstered spending on household furniture and finishing. While the macroeconomic outlook for the home furnishing industry is good, recent moderation in the housing market could dampen industry prospects. Key factors impinging this continued growth of the US housing sector include new home sales volatility, slowing housing formation and price expansion in the housing market that is outpacing income growth.

Reflective of the performance of the US furniture market, our operations continued to enjoy strong orders from customers from the US for both the office and home segments. As mentioned previously, we noted a shift in the market trend to the more affordable range of furniture, particular among millennials who are feeling the effects of a tighter housing market, student debt, weak credit ratings and the growth of the sharing economy. This trend is evidenced by the ramp up in the shipment of our new, trendier ranges of panel based home products from our Malaysian operations to the US.

While the demand for our product continued to be strong, we face some challenges both in our operations and in the marketplace. To stay ahead of our competitors, we will continue to adjust our products offerings to cater for the changes in demographics and market trends. We will strive for better manufacturing efficiency and work with our customers to mitigate increases in raw material prices and labour costs.

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 2017 (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 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 businesses. The Board has adopted a Board Charter which clearly sets out the respective roles and responsibilities of the Board and the management to ensure accountability.

The Board's Roles & Responsibilities

The Board assumes the following responsibilities in the management of the affairs of the Group:-

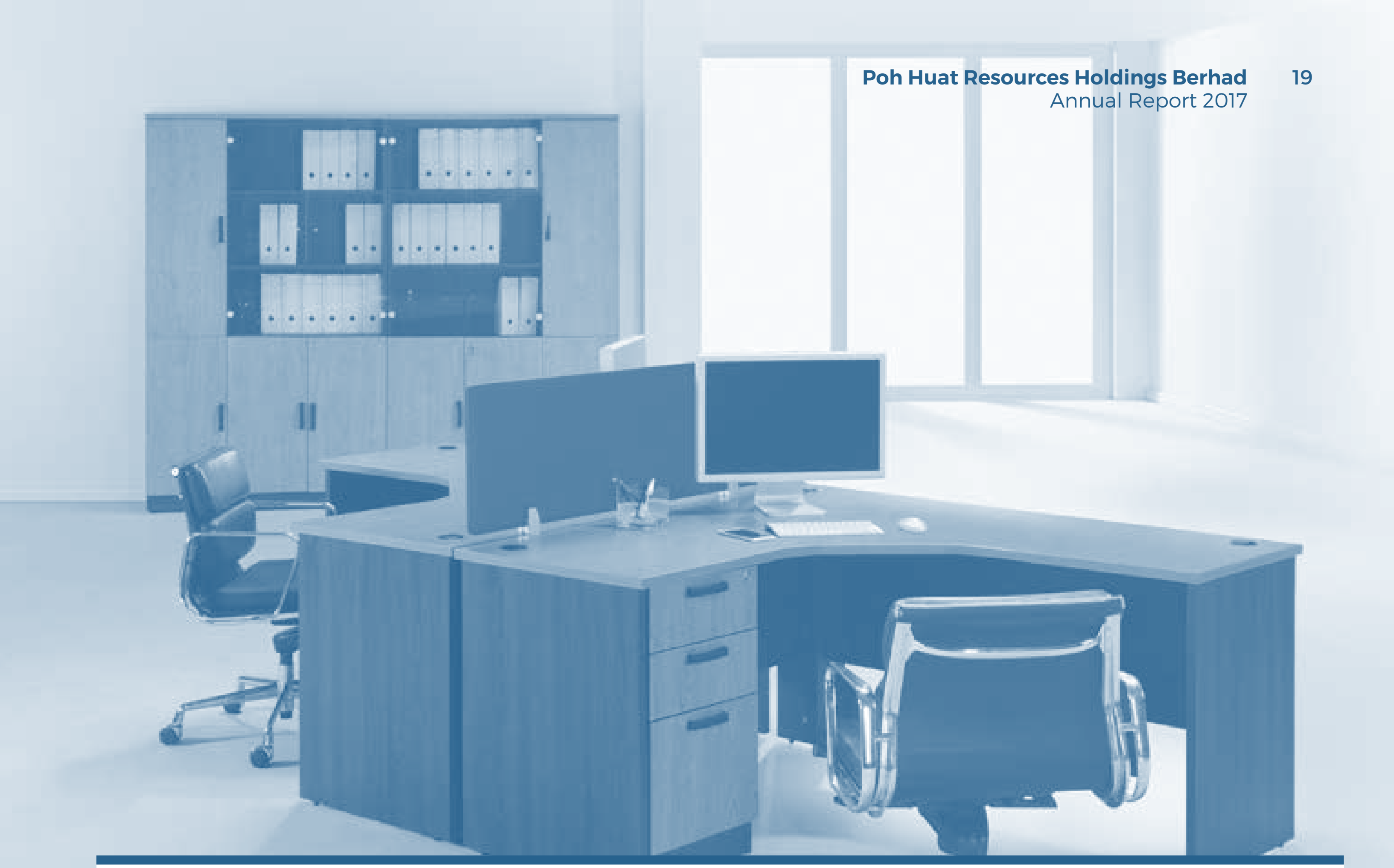
- develop, review and monitor the Company's long term business strategies and provide strategic direction to the Management;
- approve and monitor business plans, budgets, major capital commitments, capital management, acquisitions and divestitures;
- identify and review risks that the Company may face and ensure that it has systems in place for risk management and internal control;
- review and approve the Company's financial statements and other reports;
- monitor compliance with legal, regulatory requirements (including continuous disclosure) and ethical standards;
- lead by example to establish a culture within the Company which strives for and rewards best practice in all areas of the business, particularly with regard to environmental issues;
- monitor whether the Board is appropriately skilled to meet the changing needs of the Company;
- reviewing the adequacy and the integrity of the management information and internal controls systems of the Company and Group;
- provide input into and final approval of management's development of corporate strategy and performance objectives;
- establish and maintain corporate governance standards including the Company's Code of Ethics and Conduct;
- establish a succession plan and ensure that appropriate resources are available to senior executives; and
- develop and implement a shareholder communication policy for the Company.

Clear Functions of the Board and Management

The roles of the Chairman, the Executive Directors and the Non-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 including the efficient organization and conduct of the Board's function and meetings; effective communication with shareholders and relevant stakeholders; and the evaluation of the performance, composition and ongoing development of all members of the Board.

The Executive Directors are responsible for developing corporate strategies and managing a team of executives responsible for all functions undertaken to attain the desired corporate objectives and outcome as set by the Board. In the managing of the day-to-day operations of the Group, the Executive Directors provide the leadership, supervision and monitoring of the efficiency



(a) Establish Roles and Responsibilities (cont'd)

and effectiveness of the conduct of the Groups' business activities. The Executive Directors, being directly involved in the operations of the Group, are also in the best position to assess business opportunities and threats presented in the environment in which the Group operates. The Executive Directors, together with the management team, are to assess and, where appropriate, develop strategies to capitalise on such opportunities and put in place risk management and internal control practices to mitigate risks inherent in or associated with such opportunities. The Executive Directors also have the responsibility to highlight material developments and other relevant matters to the Board for information and/or business decisions thereon.

The Independent Non-Executive Directors provides the independent views and vigour in the Board deliberation and decision making processes in the interests of all stakeholders. The Independent Directors are responsible for the review the results of the Group's operations and status of implementation and compliance of the internal control systems. The Independent Non-Executive Directors are to highlight any concern that they have about the running of the Group businesses or a proposed action to be undertaken by the Company or the Group. All Non-Executive Directors are encouraged to update and refresh their skills, knowledge and familiarity with the businesses and affairs of the Company and of the Group.

Board Balance

The Board of Directors of the Company currently comprises seven (7) members of whom three (3) are Executive Directors and four (4) are Non-Executive Directors. Out of the four (4) Non-Executive Directors, two (2) are independent. This composition complies the requirement under the Listing Requirements which stipulate that at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, must be independent.

The Executive Directors bring together expertise and experience in manufacturing 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.

Corporate Governance (cont'd)

(a) Establish Roles and Responsibilities (cont'd)

Senior Independent Director

The Chairman of the Nominating Committee, Mr Boo Chin Liong (email address: clboo@pohhuat.com) has been designated as the Senior Independent Non-Executive Director.

Board Proceedings

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 Securities. 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 meetings, the Board also review the internal audit reports on compliance and endorses corrective and improvement recommendations proposed by the internal audit function.

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;
- Proposal for major investments and financial undertakings;
- Documentation on policies, procedures and control systems; and
- Documents relating to material ad-hoc developments or issues impacting the Group.

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 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 Management with regard to its role and responsibility. In addition, it will assist the Board in the assessment of its own performance as a whole and the Directors individually. The Code of Conduct together with the Employees Handbook guide the Directors, Management and employees in with regard to policies and ethics standards to be adhered to in the conduct of the daily affairs and business of the Group.

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.

The Board has also adopted a Whistle Blowing Policy for the Group where all queries or concerns regarding the Group may be conveyed to the Senior Independent Director or the Company Secretary at the registered office of the Company.

Details of the Board Charter, Code of Conduct and Whistle Blowing Policy can be found on the Company's website at www.pohhuat.com.

(a) Establish Roles and Responsibilities (cont'd)

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 pages 33 & 34 of this Annual Report.

(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)
2. Mr Tay Khim Seng
3. Mr Chua Syer Cin

The Nominating Committee operates under its own Terms of Reference and the main functions of the Nominating Committee include the following:-

(a) Recommend to the Board, candidates for appointment to the Board and/or board committees and rotation of committee chairmanship;
(b) Review and recommend to the Board, the training programmes for the Board members; and
(c) Review and recommend to the Board, the Board's and senior management's succession plans

The Nominating Committee met once during the financial year and was attended by all its members.

Directors' Assessment

The process of assessing the Directors is an on-going responsibility of the entire Board. The Board has put in place a formal evaluation process to assess the effectiveness of the Board as a whole, the Board Committees and the contribution and performance of each individual Director, including the Independent Non-Executive Directors on an annual basis.

The criteria used, amongst others, for the annual assessment of individual Directors include an assessment on their roles, duties, responsibilities, competency, expertise and contribution whereas for the Board and Board Committees, the criteria used include composition, structure, accountability, responsibilities, adequacy of information and processes.

In respect of the assessment for the financial year ended 31 October 2017, the Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively. The Board was also satisfied that the Board composition in terms of size, the balance between Executive, Non-Executive and Independent Directors and mix of skills were adequate.

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 Group Chief Executive Officer, 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.

Corporate Governance (cont'd)

(b) Strengthen Composition (cont'd)

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 of 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 Listing Requirements.

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. Mr Boo Chin Liong (Chairman)
2. Mr Tay Khim Seng
3. Mr Chua Syer Cin

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 and was attended by all its members.

The details of Directors' remuneration payable to the Directors of the Company for the financial year ended 31 October 2017 are disclosed in the Note 25 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 the Listing Requirements as follows:

	Executive Directors	Non-Executive Directors
RM50,001 – RM100,000	—	4
RM100,000 – RM150,000	1	—
RM1,650,001 – RM1,700,000	1	—
RM3,400,001 – RM3,450,000	1	—

(c) Reinforce Independence

Tenure of Independent Directors

The Board noted the Code that the tenure of an independent director should not exceed a cumulative term of nine (9) years. While the Board appreciate 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, the 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 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 on criteria of assessing independence as prescribed by the Bursa Malaysia Listing Requirements.

If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board will seek annual shareholders' approval through a two-tier voting process.

(c) Reinforce Independence (cont'd)

Under the two-tier voting process, shareholders' votes will be casted in the following manner at the same shareholders' meeting:

Tier 1: Only the large shareholder(s) of the Company votes; and

Tier 2: Shareholders other than large shareholder(s) vote.

Annual Assessment and Shareholders' Approval for Independent Directors

The Board has assessed and concluded that the two (2) Independent Non-Executive Directors of the Company, namely Mr Boo Chin Liong and Mr Chua Syer Cin, who have served the Company for more than twelve (12) years 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 through a two-tier voting process for the continuation in office of these directors as Independent Non-Executive Directors in the forthcoming Annual General Meeting of the Company.

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 the recommendation 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 Listing Requirements.

Board Meetings

During the financial year ended 31 October 2017, 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 (resigned on 31 May 2017)	1/2
Mr Boo Chin Liong (re-designated to Chairman on 20 December 2017)	4/4
Mr Tay Kim Huat	4/4
Mr Tay Kim Hau	4/4
Mr Toh Kim Chong	4/4
Mr Tay Khim Seng	3/4
Mr Chua Syer Cin	4/4
Mr Lim Pei Tiam @ Liam Ahat Kiat	4/4

At these meetings, broad direction, strategies, plans and matters critical to the Group were discussed and appropriate actions undertaken. The implementation of business plans are regularly monitored, reviewed and re-assessed against the changing operating environment to ensure validity and attainment of desired outcomes. The operational and financial performance of the Group together with any material development and issues relating to the business of the Group are discussed and where applicable responded to accordingly.

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	Training Programmes
Mr Boo Chin Liong	MIDS series - Strategies in dealing with research analysts. GST Awareness And How GST Affect The Income Tax on Employer And Employee.
Mr Tay Kim Huat	Update on Companies Act 2017. Enhance Quality for Management Discussion & Analysis.
Mr Tay Kim Hau	Update on Companies Act 2017.
Mr Toh Kim Chong	MIDS series - Strategies in dealing with research analysts. Cyber Resilience & Info Securities Seminar.
Mr Tay Khim Seng	Cyber Resilience & Info Securities Seminar.
Mr Chua Syer Cin	Companies Regulations 2017, Annual Returns, Audit, Accounts and AGM under the Company Act 2016. Corporate Tax Issues for 2017. Employers' statutory requirements in 2017.
Mr Lim Pei Tiam	Bursa Malaysia's Listing Requirements. GST Awareness And How GST Affect The Income Tax on Employer And Employee.

(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 2016 to prepare financial statements for each financial year which have been made out in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to 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 35 of this Annual Report.

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 page 27 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 2017. 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's Report as detailed on page 27 of this Annual Report.

(f) Recognise and Manage Risk

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 Control which provides an overview of the state of internal controls within the Group is set out on pages 28 to 31 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 the 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 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.

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 Securities, 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.

Corporate Governance (cont'd)

(h) Strengthen Relationships 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.

To further promote participation of members, the Chairman of the meeting will brief the members, corporate representatives or proxies present at the meeting of their rights to speak and vote on the resolutions set forth in the General Meeting,

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.

In line with Paragraph 7.21A(2) of Listing Requirements for further promoting participation of members through proxies, the Chairman of the Annual General Meeting will brief the members, corporate representatives and proxies present of their rights to speak and vote on the resolutions set out in the Notice of the 20th Annual General Meeting dated 10 April 2018. The Articles of Association further entitles a member to vote in person, by corporate representative, by proxy or by attorney. Essentially, a corporate representative, proxy or attorney shall be entitled to vote both on a show of hands and on a poll as if they were a member of the Company.

Voting by Poll

The rights of shareholders, including the rights to demand for a poll, are found in the Articles of Association of the Company.

Pursuant to the Bursa Securities Listing Requirements, the Company has conducted and will conduct poll voting for all resolutions set out in the notice of General Meeting or notice of resolutions and its related amendments. The resolutions to be tabled at the Company's forth coming Annual General Meeting to be convened on 10 April 2018 will be by poll voting. The Company will appoint a polling agent to conduct the polling and an independent scrutineer to validate the vote cast at the Annual General Meeting.

Communication with Shareholder and Stakeholders

All communication with the Company may also be channelled to the Company Secretary at the registered address of the Company.

The Group has also adopted a "Whistle Blowing Policy" and designated a Senior Independent Director to facilitate open communication with shareholders and all stakeholders. The details of the policy and contact persons are disclosed herein and made available Company's website at www.pohhuat.com.

Audit Committee

Audit Committee Report for the Financial Year Ended 31 October 2017

Meetings and Attendance

Four (4) Audit Committee meetings were held during the financial year ended 31 October 2017. Details of the attendance of members at Audit Committee Meetings are as follows:-

Name	Attendance
Mr Chua Syer Cin (Chairman)	4/4
Mr Boo Chin Liong	4/4
Mr Tay Khim Seng	3/4

Activities of the Audit Committee

The activities of the Audit Committee during the financial year included the following:-

1. Reviewed and recommended to the Board the re-appointment of external and internal auditors and the payment of fees to these auditors.

2. Reviewed with the external auditors their scope of work and audit plans prior to the commencement of the audit activities;

3. Reviewed and discussed the Group audited financial statements for the year ended 31 October 2017 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;

4. Reviewed and discussed with the internal auditors on the Group's three (3) years internal audit plans and the overall assessment of the system of internal controls of the Group;

5. 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;

6. Reviewed the unaudited quarterly financial results of the Group and made recommendation to the Board;

7. Reviewed major investment and corporate proposals undertaken by the Group during the financial year; and

8. Reviewed related party transactions entered into by the Group in its ordinary course of business.

The Audit Committee Charter could be found on the Company's website at website at www.pohhuat.com

Statement on Risk Management and Internal Control

Pursuant to Paragraph 15.26 (b) of the 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 controls.

Although the Board retains responsibility for establishing and assessing the effectiveness of the Company's systems for management of material business risks, Board has delegated the responsibility to assess the effectiveness and efficiency of the Group's internal control and risk management framework to the Audit Committee.

The Group has adopted a formal Risk Management Framework which describes the manner in which the Company identify, assesses, monitors and manages risk. The Group believes that the risk management framework will benefit the Group in terms of:-

- Effective strategic planning;
- Better cost control and utilisation of resources;
- Increased knowledge and understanding of exposure to risk;
- Systematic and well-informed methods of decision making; and
- Enhancing shareholder value by minimising losses and maximising opportunities.

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.

1. Risk Management Policy Statement

The Company strives to:

- establish clear objectives, identify and evaluate the significant risks to the achievement of those objectives, set boundaries for risk taking and apply fit-for-purpose risk responses including risk mitigation measures where appropriate;
- incorporate risk responses into a system of internal control which is designed to address opportunities; protect people, assets and the environment; facilitate effective and efficient operations; and help to ensure reliable reporting and compliance with applicable laws and regulations;
- monitor the effectiveness of the system of risk and internal control management;
- follow relevant group guidelines and standards which relate to particular types of risk;
- highlight any changes in significant risk faced by the Group or emergence of new business risk for deliberation and decision making; and
- provide an annual assurance regarding the extent of its compliance with this group policy.

2. Implementation of Policy

This policy is implemented within the Companies in the Group by:

- establishing and implementing across the group a formal risk management and internal control process;
- identifying functions and related risks in key operating units which may impact upon the group;
- regularly monitoring and assessing the performance and effectiveness of the risk management and internal control process;
- constant communication between Executive Directors and Management (Heads of Department) through management of daily operations and regular scheduled management meetings and reports;
- ensuring the risk management and internal control process is overseen by the Audit Committee of the Board; and
- requiring the Executive Director to certify to the Board that the Company's risk management and internal control system is operating efficiently and effectively in all material respects.

3. Risk Management Process

The Company has put in place the Risk Management Process that will enable the identification, assessment, monitoring and management of material risk throughout the group. It consists of eight interrelated components as follow:

- internal environment - which involves setting the foundation for how risk and control are viewed and addressed by the top management and employees of the Group;
- objectives setting - which involves ensuring that management has a process in place to set objectives and that the chosen objectives align with the Company's mission and vision;
- event identification - which includes identifying internal and external factors that influence how potential events may affect strategy implementation and achievement of objectives;
- risk assessment - which requires an analysis of identified risks in order to form a basis for determining how they should be managed;
- risk response - which requires management to select an approach or set of actions to mitigate risks where appropriate taking into account the Company's risk profile;
- control activities - which includes the establishment and execution of policies and procedures to help ensure that the risk responses management selected are effectively carried out;
- information and communication - which requires relevant information to be identified, captured and communicated in a form and timeframe that enables people to carry out their responsibilities; and
- monitoring - which requires that the Risk Management Processes be monitored, and modifications made as necessary, to ensure the system can react dynamically and change as conditions warrant.

4. Implementation of Risk Management Process

On 25 September 2017, the Board of Directors formed a new Risk Management Committee to take over the implementation and management of Risk Management process from the Audit Committee. This allows the Risk Management Committee to spend adequate time and possess the right expertise to carry out their functions more effectively.

The Executive Directors and Senior Management are responsible for implementing the Risk Management Process in a manner which is appropriate for the Company. This process is reviewed and monitored across the group by management in conjunction with the Company's internal auditors.

Responsibilities of the above team include:

- providing a centralised co-ordinating point for the promotion and facilitation of risk management;
- promoting risk management competence and helping Head of Department to align risk definition and responses; and
- reporting to the Risk Management Committed on the progress and effectiveness of risk management.

The Executive Directors and Heads of Department are expected to:

- provide resource, operate and monitor the system of internal control;
- ensure that a risk based approach to internal control is communicated to staff, embedded in business processes and responsive to evolving risks;
- assign accountability for managing risks within agreed boundaries; and
- report the results of balanced assessments regarding the effectiveness of the risk based internal control system, including identified weaknesses or incidents, to top management.

Statement on Risk Management and Internal Control (cont'd)

5. Risk Profile

The implementation of the Risk Management Process has resulted in the identification of a number of industry risks which may impact the Group's business as a furniture manufacturer with overseas operations. These risks include but are not limited to:

- adverse changes in the global economy or in the country in which the Group operates in and sell to;
- intense competition in global furniture trade and increased price pressure on products;
- depleting woods resources and increasing in raw material prices;
- shortage of labour and competition for managerial and technical skills/capabilities in manufacturing processes;
- tightening in regulation and law in countries where the Group operates and sell to;
- health, safety, environment and security risk;
- exposure to foreign exchange fluctuation; and
- exposure to receivable and credit risks

These risks may change over time as the external environment changes and as the Company expands its operations. The Risk Management Process requires regular reviews of the Company's existing risks and the identification of any new and emerging risks facing the Company, including financial and non-financial matters. It also requires the management (including mitigation where appropriate) of these risks.

6. Internal Control and Internal Audit Function

The Internal Audit function is considered an integral part of the risk management 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.

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 operational and accounting records;
- reliability of financial information used within the business or for publication;
- safeguarding of assets against unauthorised use or disposition;
- 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 timely and accurate financial and management information and reports;
- monitoring and control of key financial risks through clearly laid down authorization levels and proper segregation of accounting duties;
- 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 operational 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.

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 2017 was RM 44,000.

6. Internal Control and Internal Audit Function (cont'd)

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. 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 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;
- 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 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.

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 three (3) years. During the year under review, the Internal Audit Department highlighted some areas for improvement in the internal control system and Management has taken appropriate measures to address them accordingly. The internal control enhancements highlighted were mainly operational in nature and have negligible impact on the operational results of the Group.

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 respect.

The external auditors have reviewed the Statement On Risk Management And Internal Control pursuant to Paragraph 15.23 of the Listing Requirements 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 December 2017.

Additional Compliance Information

Utilisation of Proceeds

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

Non-Audit Fees Payable to External Auditors

No non-audit fees were paid to external auditors during the financial year.

Audit Fees Payable to External Auditors

Total audit fees payable to the Company and its subsidiaries' external auditors were RM 37,000 and RM 269,003 respectively during the financial year. Total audit fees payable on a group basis was RM 306,003

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 30 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. 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 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 9001-2008 Manufacturing Technology Innovation Policy).

Corporate Responsibility (cont'd)

Safe and conducive working environment (cont'd)

The Group emphasise on development of technical competency and enforcement of safe work practices for its workers in the production areas. Production layout and workflow are organised in an orderly manner to ensure optimum workers' movement, safety and sustainable work rate. Production debris and hazardous materials are handled and disposed of in accordance to the safety requirements and regulations to ensure a safe workplace and minimum harm to the environment.

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

Product safety, quality assurance and customer services

The Group recognises the importance of product safety and quality assurance as a competitive edge in the marketplace. In this regard, the Group continuously emphasise the "Quality" and "Customer-focus" watchwords that reflect the quality commitment of the Group towards its customers. To help achieve the highest standards, the Group established a Product Safety and Quality Assurance Planning Committee to further strengthened the Group's quality assurance systems that are centred on the Quality Assurance Department of each business area. The Product Safety and Quality Assurance Planning Committee works with all departments in a systematic manner to improve work practices in each business area that is subject to defined quality assurance regulations.

Steps were also taken to implement enhanced quality assurance management in relation to materials, parts and products made by external suppliers and to products manufactured and distributed throughout our supply chain globally.

Directors' Responsibilities Statement

The Directors are responsible for the preparation of financial statements for each financial year. They are responsible for ensuring that these financial statements give a true and fair view of the state of affairs of the Group and of the Company and the results and cash flows for the financial year then ended.

The financial statements are prepared on a going concern basis, in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016. It is the duty of the Directors to review the appropriateness of the basis before adopting the financial statements and lay them before the Annual General Meeting together with their Report and the Auditors' Report thereon.

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

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

Financial Statements

Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 October 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit after tax for the financial year	55,777,437	31,886,480
Attributable to:		
Owners of the Company	55,772,295	31,886,480
Non-controlling interests	5,142	–
	55,777,437	31,886,480

DIVIDENDS

Dividends paid or declared by the Company since 31 October 2016 are as follows:

A final single tier dividend of 2 sen per ordinary share amounting to RM 4,269,564 in respect of the financial year ended 31 October 2016 was approved by the shareholders at the Annual General Meeting held on 22 March 2017 and paid on 21 April 2017.

A first interim single tier dividend of 2 sen per ordinary share amounting to RM 4,272,764 in respect of the financial year ended 31 October 2017 was paid on 21 July 2017.

A second interim single tier dividend of 2 sen per ordinary share amounting to RM 4,354,945 in respect of the financial year ended 31 October 2017 was paid on 30 November 2017.

A special single tier dividend of 1 sen per ordinary share amounting to RM 2,177,472 in respect of the financial year ended 31 October 2017 was paid on 15 January 2018.

At the forthcoming Annual General Meeting, a final single tier dividend of 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 2018.

Directors' Report (cont'd)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:

(a) the Company increased its issued and paid-up share capital through the issuance of 1,419,700 new ordinary shares arising from the exercise of Warrants 2015/2020 at the exercise price of RM 1.00 per warrant as disclosed in Note 15 to the financial statements.

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

(b) there were no issues of debentures by the Company.

TREASURY SHARES

As at 31 October 2017, the Company held as treasury shares a total of 13,327,600 out of its 228,225,510 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM 2,836,481. The details on the treasury shares are disclosed in Note 16 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANTS

The salient features of the Warrants are set out in Note 15 to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, 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.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances 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.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Directors' Report (cont'd)

ITEMS OF AN UNUSUAL NATURE

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

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, in the opinion of the directors, 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

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:

Tay Kim Huat
Tay Kim Hau
Boo Chin Liong
Tay Khim Seng
Chua Syer Cin
Datuk Seri Zulkipli Bin Mat Noor (Resigned on 31.05.2017)
Toh Kim Chong
Lim Pei Tiam @ Liam Ahat Kiat

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:

Christina Thio Swee Geok
Vanessa Lin

DIRECTORS' INTERESTS

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

The Company

		Number of Ordinary Shares			
		At 01.11.2016	Bought	Sold	At 31.10.2017
Tay Kim Huat	– Direct interest	51,469,376	–	–	51,469,376
	– Indirect interest [1]	11,792,072	–	–	11,792,072
Tay Kim Hau	– Direct interest	300,000	–	50,000	250,000
Boo Chin Liong	– Direct interest	39,000	–	–	39,000
Tay Khim Seng	– Direct interest	3,556,660	–	100,000	3,456,660
Toh Kim Chong	– Direct interest	7,058,088	110,000	617,300	6,550,788
Lim Pei Tiam	– Direct interest	28,399,900	140,000	–	28,539,900
@ Liam Ahat Kiat	– Indirect interest [2]	3,374,000	–	–	3,374,000

The Company

		Number of Warrants				
		At 01.11.2016	Entitled	Acquired	Disposed	At 31.10.2017
Tay Kim Huat	– Direct interest	6,455,268	–	–	1,342,000	5,113,268
	– Indirect interest [1]	1,692,768	–	–	250,000	1,442,768
Boo Chin Liong	– Direct interest	9,749	–	–	–	9,749
Tay Khim Seng	– Direct interest	300,000	–	221,600	471,600	50,000
Lim Pei Tiam @ Liam Ahat Kiat	– Direct interest	39,900	–	–	–	39,900

Notes:
[1] *Indirect interest by virtue of the shareholdings of his spouse and children.*
[2] *Indirect interest by virtue of the shareholdings of his children.*

By virtue of his shareholding in the Company, Mr. Tay Kim Huat is deemed to have interests in shares in all the subsidiaries during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares and warrants of the Company or its related corporations during the financial year.

Directors' Report (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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 interests as disclosed in Note 30 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' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 25 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 34 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 35 to the financial statements.

AUDITORS

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

The auditors' remuneration are disclosed in Note 24 to the financial statements.

Signed in accordance with a resolution of the directors dated 29 January 2018

Tay Kim Huat

Tay Kim Hau

Statement by Directors

Pursuant to Section 251(2) of The Companies Act 2016

We, Tay Kim Huat and Tay Kim Hau, 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 51 to 127 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 October 2017 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 29 January 2018

Tay Kim Huat

Tay Kim Hau

Statutory Declaration

Pursuant to Section 251(1)(b) of The Companies Act 2016

I, Tay Kim Huat, being the director primarily responsible for the financial management of Poh Huat Resources Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 127 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
Tay Kim Huat at Muar in
Johor Darul Takzim on
this 29 January 2018

Before me
Commissioner for Oaths

Tay Kim Huat

Independent Auditors' Report

To The Members of Poh Huat Resources Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Poh Huat Resources Holdings Berhad, which comprise the statements of financial position as at 31 October 2017 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 127.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 October 2017, and of their financial performance and their 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (cont'd)

We have determined the matters described below to be the key audit matter to be communicated in our report.

Carrying value of inventories Refer to Note 12 in the financial statements	
Key audit matter	**How our audit addressed the key audit matter**
The Group held inventories of RM 72 million as at 31 October 2017. The carrying value of inventories is stated at the lower of cost and net realisable value. The Group determines the amount of impairment for slow moving or obsolete inventories based upon the ageing of the slow moving inventories.	Our procedures included, among others: • Performing ageing test on the inventories and reviewing the impairment for slow moving inventories, where applicable; and • Comparing the net realisable value to the cost of inventories at the end of the reporting period to assess the reasonableness of inventories write-down.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

To The Members of Poh Huat Resources Holdings Berhad (cont'd)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Independent Auditors' Report
To The Members of Poh Huat Resources Holdings Berhad (cont'd)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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 Kiat
Approval No.: 02074/10/2018 J
Chartered Accountant

Date : 29 January 2018
Muar, Johor Darul Takzim

Statements of Financial Position

At 31 October 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	137,163,111	126,219,342	–	–
Prepaid lease payments	6	2,923,528	3,063,608	–	–
Land held for property development	7	20,912,187	20,912,187	–	–
Investment properties	8	11,651,702	8,431,810	–	–
Investment in subsidiaries	9	–	–	126,961,466	126,961,466
Long-term receivables	10	–	–	19,765,869	3,391,638
Deferred tax assets	11	37,800	–	–	–
		172,688,328	158,626,947	146,727,335	130,353,104
CURRENT ASSETS					
Inventories	12	72,418,949	70,712,036	–	–
Trade and other receivables	10	66,874,379	72,854,209	205,800	152,560
Other investment	13	–	522,321	–	522,321
Dividend receivable		–	–	10,727,928	1,100,832
Deposits, bank and cash balances	14	92,857,041	71,594,878	2,022,191	6,754,143
		232,150,369	215,683,444	12,955,919	8,529,856
TOTAL ASSETS		404,838,697	374,310,391	159,683,254	138,882,960

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

Statements of Financial Position
At 31 October 2017 (cont'd)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	114,838,405	113,402,905	114,838,405	113,402,905
Treasury shares	16	(2,836,481)	(2,836,481)	(2,836,481)	(2,836,481)
Reserves	17	172,910,319	132,731,954	40,756,491	23,960,556
Equity attributable to owners of the Company		284,912,243	243,298,378	152,758,415	134,526,980
Non-controlling interests		(86,341)	(93,827)	–	–
TOTAL EQUITY		284,825,902	243,204,551	152,758,415	134,526,980
NON-CURRENT LIABILITIES					
Bank borrowings	18	–	61,419	–	–
Hire purchase payables	19	160,856	362,277	–	–
Deferred tax liabilities	11	5,962,000	5,962,000	–	–
		6,122,856	6,385,696	–	–
CURRENT LIABILITIES					
Trade and other payables	20	82,251,474	89,474,279	392,423	86,416
Bank borrowings	18	21,991,816	28,203,780	–	–
Hire purchase payables	19	354,033	297,294	–	–
Dividend payable		6,532,416	4,269,564	6,532,416	4,269,564
Current tax liabilities		2,760,200	2,253,042	–	–
Derivative liabilities	21	–	222,185	–	–
		113,889,939	124,720,144	6,924,839	4,355,980
TOTAL LIABILITIES		120,012,795	131,105,840	6,924,839	4,355,980
TOTAL EQUITY AND LIABILITIES		404,838,697	374,310,391	159,683,254	138,882,960

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 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
REVENUE	22	614,268,587	535,218,985	32,029,765	–
COST OF SALES		(492,327,561)	(428,255,032)	–	–
GROSS PROFIT		121,941,026	106,963,953	32,029,765	–
OTHER INCOME		6,788,617	7,113,399	2,181,588	119,895
SELLING AND MARKETING EXPENSES		(27,128,586)	(24,668,848)	–	–
ADMINISTRATIVE EXPENSES		(27,135,822)	(23,977,245)	(1,453,154)	(993,135)
OTHER EXPENSES		(5,742,587)	(5,008,007)	(868,347)	(390,600)
FINANCE COSTS	23	(1,508,252)	(1,809,678)	(3,372)	(3,162)
PROFIT/(LOSS) BEFORE TAX	24	67,214,396	58,613,574	31,886,480	(1,267,002)
INCOME TAX EXPENSE	26	(11,436,959)	(11,850,880)	–	–
PROFIT/(LOSS) AFTER TAX		55,777,437	46,762,694	31,886,480	(1,267,002)
OTHER COMPREHENSIVE (EXPENSE)					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences		(501,041)	(472,490)	–	–
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR		55,276,396	46,290,204	31,886,480	(1,267,002)

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 2017 (cont'd)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO:					
Owners of the Company		55,772,295	47,063,807	31,886,480	(1,267,002)
Non-controlling interests		5,142	(301,113)	–	–
		55,777,437	46,762,694	31,886,480	(1,267,002)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO:					
Owners of the Company		55,268,910	46,625,794	31,886,480	(1,267,002)
Non-controlling interests		7,486	(335,590)	–	–
		55,276,396	46,290,204	31,886,480	(1,267,002)
EARNINGS PER ORDINARY SHARE (SEN)	27				
Basic		26.11	22.05		
Diluted		23.49	20.15		

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

Statements of Changes in Equity
For The Financial Year Ended 31 October 2017

	Note	Share capital RM	Treasury shares RM	Share premium RM	Non-distributable Foreign exchange translation reserve RM	Distributable Retained profits RM	Attributable to owners of the Company RM	Non-controlling interests RM	Total equity RM
The Group									
Balance at 1 November 2015		113,387,105	(2,836,481)	–	(4,623,128)	107,791,125	213,718,621	241,763	213,960,384
Profit after tax for the financial year		–	–	–	–	47,063,807	47,063,807	(301,113)	46,762,694
Other comprehensive (expense) for the financial year:									
– Foreign currency translation differences		–	–	–	(438,013)	–	(438,013)	(34,477)	(472,490)
Total comprehensive (expense)/income for the financial year		–	–	–	(438,013)	47,063,807	46,625,794	(335,590)	46,290,204
Contributions by and distributions to owners of the Company:									
– Exercise of warrants		15,800	–	15,800	–	–	31,600	–	31,600
– Dividends									
– by the Company	28	–	–	–	–	(17,077,637)	(17,077,637)	–	(17,077,637)
Total transactions with owners		15,800	–	15,800	–	(17,077,637)	(17,046,037)	–	(17,046,037)
Balance at 31 October 2016		113,402,905	(2,836,481)	15,800	(5,061,141)	137,777,295	243,298,378	(93,827)	243,204,551

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

Statements of Changes in Equity

For The Financial Year Ended 31 October 2017 (cont'd)

	Note	Share capital RM	Treasury shares RM	Non-distributable Share premium RM	Non-distributable Foreign exchange translation reserve RM	Distributable Retained profits RM	Attributable to owners of the Company RM	Non-controlling interests RM	Total equity RM
The Group									
Balance at 1 November 2016		113,402,905	(2,836,481)	15,800	(5,061,141)	137,777,295	243,298,378	(93,827)	243,204,551
Profit after tax for the financial year		–	–	–	–	55,772,295	55,772,295	5,142	55,777,437
Other comprehensive (expense)/income for the financial year:									
– Foreign currency translation differences		–	–	–	(503,385)	–	(503,385)	2,344	(501,041)
Total comprehensive (expense)/income for the financial year		–	–	–	(503,385)	55,772,295	55,268,910	7,486	55,276,396
Contributions by and distributions to owners of the Company:									
– Exercise of warrants		1,419,700	–	–	–	–	1,419,700	–	1,419,700
– Dividends									
– by the Company	28	–	–	–	–	(15,074,745)	(15,074,745)	–	(15,074,745)
– Transfer to share capital upon implementation of the Companies Act 2016	15	15,800	–	(15,800)	–	–	–	–	–
Total transactions with owners		1,435,500	–	(15,800)	–	(15,074,745)	(13,655,045)	–	(13,655,045)
Balance at 31 October 2017		114,838,405	(2,836,481)	–	(5,564,526)	178,474,845	284,912,243	(86,341)	284,825,902

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

	Note	Share capital RM	Treasury shares RM	Non-distributable Share premium RM	Distributable Retained profits RM	Total equity RM
The Company						
Balance at 1 November 2015		113,387,105	(2,836,481)	–	42,289,395	152,840,019
Loss after tax / Total comprehensive expense for the financial year		–	–	–	(1,267,002)	(1,267,002)
Contributions by and distributions to owners of the Company:						
– Exercise of warrants		15,800	–	15,800	–	31,600
– Dividends	28	–	–	–	(17,077,637)	(17,077,637)
		15,800	–	15,800	(17,077,637)	(17,046,037)
Balance at 31 October 2016 / 1 November 2016		113,402,905	(2,836,481)	15,800	23,944,756	134,526,980
Profit after tax / Total comprehensive income for the financial year		–	–	–	31,886,480	31,886,480
Contributions by and distributions to owners of the Company:						
– Exercise of warrants		1,419,700	–	–	–	1,419,700
– Dividends	28	–	–	–	(15,074,745)	(15,074,745)
– Transfer to share capital upon implementation of the Companies Act 2016	15	15,800	–	(15,800)	–	–
		1,435,500	–	(15,800)	(15,074,745)	(13,655,045)
Balance at 31 October 2017		114,838,405	(2,836,481)	–	40,756,491	152,758,415

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

Statements of Cash Flows

For The Financial Year Ended 31 October 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before tax	67,214,396	58,613,574	31,886,480	(1,267,002)
Adjustments for:				
Amortisation of prepaid lease payments	110,553	106,450	–	–
Bad debts written off	20,548	–	–	–
Depreciation of property, plant and equipment	8,698,840	7,353,670	–	–
Depreciation of investment properties	93,775	80,869	–	–
Dividend income	–	–	(32,029,765)	–
Fair value loss on derivatives	–	222,185	–	–
Inventories value written down	223,675	275,415	–	–
Gain on disposal of property, plant and equipment	(322,539)	(274,150)	–	–
Gain on disposal of other investment	(49,305)	(119,895)	(49,305)	(119,895)
Property, plant and equipment written off	91,546	274,384	–	–
Reversal of allowance for impairment losses on receivables	(1,061,280)	(500)	(1,061,280)	–
Reversal of fair value loss on derivatives	(222,185)	–	–	–
Unrealised (gain)/loss on foreign exchange	(2,349,142)	(229,300)	(1,071,003)	26,210
Interest income	(1,092,513)	(1,113,176)	–	–
Interest expenses	973,022	1,293,594	–	–
Operating profit/(loss) before working capital changes	72,329,391	66,483,120	(2,324,873)	(1,360,687)
Inventories	(2,480,673)	(4,983,648)	–	–
Trade and other receivables	6,643,098	(18,516,372)	(14,320,549)	(2,835,152)
Trade and other payables	(6,321,239)	4,127,283	306,007	(26,764)
CASH FROM/(FOR) OPERATIONS	70,170,577	47,110,383	(16,339,415)	(4,222,603)
Interest received	1,092,513	1,113,176	–	–
Interest paid	(973,022)	(1,293,594)	–	–
Tax paid	(10,966,312)	(14,583,746)	–	–
NET CASH FROM/(FOR) OPERATING ACTIVITIES	59,323,756	32,346,219	(16,339,415)	(4,222,603)

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

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Subscription of additional shares in subsidiaries		–	–	–	(1,194,000)
Dividends received from subsidiaries		–	–	22,428,030	14,578,354
Purchase of property, plant and equipment	5(c)	(22,891,459)	(18,441,568)	–	–
Purchase of investment properties		(3,313,667)	(259,139)	–	–
Proceeds from disposal of other investment		571,626	746,680	571,626	746,680
Proceeds from disposal of property, plant and equipment		2,132,221	724,615	–	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(23,501,279)	(17,229,412)	22,999,656	14,131,034
CASH FLOWS FOR FINANCING ACTIVITIES					
Issue of shares from exercise of warrants		1,419,700	31,600	1,419,700	31,600
Net increase in fixed deposits pledged		(4,392,157)	–	–	–
Net movements in trade bills		(5,412,746)	(460,898)	–	–
Repayment of term loans		(718,199)	(3,162,975)	–	–
Repayment of hire purchase payables		(344,682)	(425,714)	–	–
Dividends paid		(12,811,893)	(12,808,073)	(12,811,893)	(12,808,073)
NET CASH FOR FINANCING ACTIVITIES		(22,259,977)	(16,826,060)	(11,392,193)	(12,776,473)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		13,562,500	(1,709,253)	(4,731,952)	(2,868,042)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		3,307,506	2,434,746	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		71,594,878	70,869,385	6,754,143	9,622,185
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	29	88,464,884	71,594,878	2,022,191	6,754,143

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

Notes to The Financial Statements

For The Financial Year Ended 31 October 2017

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in 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, Bukit Pasir Industrial Area, Mukim Sungai Raya, 84300 Bukit Pasir, Muar, Johor Darul Takzim.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 January 2018.

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

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128	:	Investment Entities – Applying the Consolidation Exception
Amendments to MFRS 11	:	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	:	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	:	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	:	Agriculture - Bearer Plants
Amendments to MFRS 127	:	Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 - 2014 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or 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/or IC Interpretations (Including the Consequential Amendments)			Effective Date
MFRS 9		Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15		Revenue from Contracts with Customers	1 January 2018
MFRS 16		Leases	1 January 2019
MFRS 17		Insurance Contracts	1 January 2021
IC Interpretation 22		Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23		Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2	:	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	:	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9	:	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15	:	Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15	:	Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107	:	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	:	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 128	:	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140	:	Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: • Amendments to MFRS 12: Clarification of the Scope of the Standard			1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: • Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters • Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value			1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles			1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical accounting estimates and judgements

Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed 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) Income tax

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

(c) Impairment of property, plant and equipment

The Group determines whether its property, plant and equipment are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

(d) Write-down of inventories

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

(e) Impairment of receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its receivables and analyses their ageing profile, 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 value of receivables.

Critical judgements made in applying accounting policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:

(a) Classification between investment properties and owner-occupied properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(b) Classification of leasehold land

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

(c) Fair value estimates for certain financial assets and financial liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation

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

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers its has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. 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 a transaction-by-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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 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 in an associate or a joint venture.

4.3 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
For The Financial Year Ended 31 October 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Leasehold land	Over the lease period of 52 - 57 years
Warehouse and factory buildings	2.00%
Plant and machinery	10.00% - 20.00%
Vehicles, hostel, furniture, fittings and equipment	10.00% - 33.33%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, 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. Any changes are accounted for as a change in estimate.

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

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

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 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years.

Freehold land and investment properties under construction are not depreciated.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 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 that 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 values 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 values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Leased assets

(a) Finance assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(b) Operating lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

The lump sum upfront lease payments made in respect of land lease which in substance is an operating lease is classified as prepaid lease payments. The prepaid lease payments are stated at cost less accumulated amortisation. The amortisation is charged to profit or loss in equal instalments over the lease period.

4.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out or weighted average cost basis, where applicable, and comprises the purchase price, production costs and incidentals incurred in bringing the inventories to their present location and condition.

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
For The Financial Year Ended 31 October 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Financial instruments

Financial assets and financial liabilities 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 financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. 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. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 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.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

(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.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(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.

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.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(b) Financial liabilities

(i) Financial liabilities at 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.

(ii) Other financial liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Financial instruments (cont'd)

(c) Equity instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is categorised as at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the host contract.

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Financial instruments (cont'd)

(e) 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 expired. 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.

(f) 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 discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2 : Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 : Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.12 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Income taxes

(a) Current tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred tax

Deferred tax are recognised using the liability method for all taxable temporary differences other than those that arise from goodwill 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 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 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 the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or 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 taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Income taxes (cont'd)

(c) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

4.14 Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, 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 maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer.

(b) Dividend income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(c) Interest income

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

(d) 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.

4.17 Employee benefits

(a) Short-term benefits

Wages, salaries, paid annual leave and bonuses 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

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 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.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange 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.

(c) Foreign operations

Assets and liabilities of foreign operations are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

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.

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 Functional and foreign currencies (cont'd)

(c) Foreign operations (cont'd)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.19 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.

5. PROPERTY, PLANT AND EQUIPMENT

Group

	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 2016	4,277,660	13,996,198	98,963,872	75,089,708	12,013,571	2,082,611	206,423,620
Additions	3,596,766	–	11,374,971	5,267,898	1,294,580	984,995	22,519,210
Disposals	(539,110)	–	(1,348,329)	(855,298)	(745,580)	–	(3,488,317)
Write off	–	–	(11,492)	(167,325)	(30,030)	–	(208,847)
Reclassifications	–	–	197,894	–	–	(197,894)	–
Foreign exchange differences	(63,897)	–	(760,467)	(547,305)	(72,539)	(43,962)	(1,488,170)
At 31 October 2017	7,271,419	13,996,198	108,416,449	78,787,678	12,460,002	2,825,750	223,757,496
Less : Accumulated depreciation							
At 1 November 2016	–	4,001,659	22,568,697	46,733,962	6,899,960	–	80,204,278
Charge for the financial year	–	248,962	2,192,752	4,532,978	1,724,148	–	8,698,840
Disposals	–	–	(222,216)	(717,093)	(739,326)	–	(1,678,635)
Write off	–	–	(96)	(87,175)	(30,030)	–	(117,301)
Foreign exchange differences	–	–	(123,468)	(341,396)	(47,933)	–	(512,797)
At 31 October 2017	–	4,250,621	24,415,669	50,121,276	7,806,819	–	86,594,385
Carrying amount							
At 31 October 2017	7,271,419	9,745,577	84,000,780	28,666,402	4,653,183	2,825,750	137,163,111

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

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

Group

	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 2015	4,915,663	13,996,198	86,134,760	73,302,425	11,559,554	3,631,942	193,540,542
Additions	1,000	–	553,409	2,856,822	1,038,698	15,233,514	19,683,443
Disposals	(145,749)	–	(340,079)	(33,128)	(1,018,634)	–	(1,537,590)
Write off	–	–	–	(1,597,694)	(395,893)	–	(1,993,587)
Reclassifications	–	–	14,083,118	1,633,739	942,481	(16,659,338)	–
Transfer to investment properties (Note 8)	(424,210)	–	(638,408)	–	–	–	(1,062,618)
Foreign exchange differences	(69,044)	–	(828,928)	(1,072,456)	(112,635)	(123,507)	(2,206,570)
At 31 October 2016	4,277,660	13,996,198	98,963,872	75,089,708	12,013,571	2,082,611	206,423,620
Less : Accumulated depreciation							
At 1 November 2015	–	3,752,696	18,913,964	46,988,298	7,003,570	–	76,658,528
Charge for the financial year	–	248,963	1,768,115	4,008,065	1,328,527	–	7,353,670
Disposals	–	–	(54,413)	(14,079)	(1,018,634)	–	(1,087,126)
Write off	–	–	–	(1,331,056)	(388,147)	–	(1,719,203)
Reclassifications	–	–	2,149,785	(2,181,339)	31,554	–	–
Transfer to investment properties (Note 8)	–	–	(88,046)	–	–	–	(88,046)
Foreign exchange differences	–	–	(120,708)	(735,927)	(56,910)	–	(913,545)
At 31 October 2016	–	4,001,659	22,568,697	46,733,962	6,899,960	–	80,204,278
Carrying amount							
At 31 October 2016	4,277,660	9,994,539	76,395,175	28,355,746	5,113,611	2,082,611	126,219,342

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 18(a)):

	Group	
	2017 RM	2016 RM
Carrying amount		
Leasehold land	2,316,046	2,370,329
Factory buildings	11,787,002	12,001,646
Plant and machinery	4,932,314	6,420,307
Vehicles and equipment	60,525	99,194
	19,095,887	20,891,476

(b) The motor vehicles with carrying amount of RM 1,247,034 (2016 : RM 1,198,863) were acquired under hire purchase terms (Note 19(a)). These leased assets have been pledged as security for the related finance lease liabilities of the Group.

(c) Purchase of property, plant and equipment are as follows:

	Group	
	2017 RM	2016 RM
Cost of property, plant and equipment purchased	22,519,210	19,683,443
Amount financed through hire purchase	(200,000)	(500,000)
Unpaid balances included under sundry payables (Note 20(c))	(393,574)	(965,823)
Cash disbursed in respect of purchase in previous financial year	965,823	223,948
Cash disbursed for purchase of property, plant and equipment	22,891,459	18,441,568

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

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

6. PREPAID LEASE PAYMENTS

	Group	
	2017 **RM**	**2016** **RM**
At 1 November	3,063,608	3,256,624
Less : Amortisation charges	(110,553)	(106,450)
Foreign exchange differences	(29,527)	(86,566)
At 31 October	2,923,528	3,063,608
Analysed as:		
Land lease	2,923,528	3,063,608

Land lease with carrying amount of RM 2,425,725 (2016 : RM 2,548,909) has been pledged to a licensed bank as security for banking facilities granted to the Group (Note 18(a)).

7. LAND HELD FOR PROPERTY DEVELOPMENT

This represents freehold land and share in freehold land of the Group stated at cost.

8. INVESTMENT PROPERTIES

	Group	
	2017 **RM**	**2016** **RM**
At cost		
At 1 November	8,600,725	7,278,968
Additions	3,313,667	259,139
Transfer from property, plant and equipment (Note 5)	–	1,062,618
At 31 October	11,914,392	8,600,725
Less : Accumulated depreciation		
At 1 November	168,915	–
Charge for the financial year	93,775	80,869
Transfer from property, plant and equipment (Note 5)	–	88,046
At 31 October	262,690	168,915
	11,651,702	8,431,810
Represented by:		
Freehold land	3,420,900	3,420,900
Warehouse and factory building	4,426,028	4,519,803
Capital work-in-progress	3,804,774	491,107
	11,651,702	8,431,810

9. INVESTMENT IN SUBSIDIARIES

	Company 2017 RM	2016 RM
Unquoted shares, at cost	133,280,537	133,280,537
Accumulated impairment losses	(6,319,071)	(6,319,071)
	126,961,466	126,961,466

(a) The details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business / Country of incorporation	Percentage of issued share capital held by parent 2017	2016	Principal activities
Subsidiaries of the Company				
Poh Huat Furniture Industries (M) Sdn. Bhd.	Malaysia	100.00%	100.00%	Manufacturing and sale of furniture and investment holding.
PHW Properties Sdn. Bhd.	Malaysia	100.00%	100.00%	Property developer.
Poh Huat International Sdn. Bhd.	Malaysia	100.00%	100.00%	Trading of furniture and investment holding. However, the Company has ceased its business operations of trading of furniture since January 2015.
# Poh Huat Furniture Industries Vietnam Joint Stock Company	Vietnam	72.98% (Direct) ^ 27.01% (Indirect)	72.98% (Direct) ^ 27.01% (Indirect)	Manufacturing and processing wooden household furniture.
* Poh Huat International (BVI) Limited	British Virgin Islands	100.00%	100.00%	Investment holding.
#,~ Poh Huat (Australia) Pty Ltd	Australia	100.00%	100.00%	Retailing and wholesaling of household and office furniture.

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of subsidiaries	Principal place of business / Country of incorporation	Percentage of issued share capital held by parent 2017	2016	Principal activities
Subsidiary of Poh Huat Furniture Industries (M) Sdn. Bhd.				
#,~ Contempro Furniture (Qingdao) Co. Ltd.	People's Republic of China	100.00%	100.00%	Dormant.
Subsidiary of Poh Huat International Sdn. Bhd.				
#,~ Poh Huat International Furniture S.A. (Proprietary) Limited (PHI(SA)) by parent	South Africa	51.00%	51.00%	Trading of furniture.

* Not required to be audited under the laws of the country of incorporation.

\# These subsidiaries were audited by other firms of chartered accountants.

^ The indirect equity interest of 27.01% is held through a subsidiary of the Company, namely Poh Huat International (BVI) Limited.

~ The auditors' report on the financial statements of the subsidiary includes a "Material Uncertainty Related to Going Concern" regarding the ability of these subsidiaries to continue as a going concern in view of its capital deficiency position as at the end of the current reporting period. The financial statements were prepared on a going concern basis as the Company has undertaken to provide continued financial support to these subsidiaries.

(b) The non-controlling interests at the end of the reporting period comprise the following:

	Effective equity interest 2017 %	2016 %	Group 2017 RM	2016 RM
PHI(SA)	49.00	49.00	(93,785)	(100,881)
Others individually immaterial subsidiary			7,444	7,054
			(86,341)	(93,827)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) The summarised financial information (before intra-group elimination) for PHI(SA) that has non-controlling interests that are material to the Group is as follows:

	PHI(SA) 2017 RM	PHI(SA) 2016 RM
At 31 October		
Non-current assets	–	1,096,726
Current assets	1,374,841	1,822,833
Current liabilities	(1,566,241)	(3,125,442)
Net liabilities	(191,400)	(205,883)
Financial year ended 31 October		
Revenue	1,213,390	2,075,450
Profit/(loss) for the financial year	6,800	(618,716)
Total comprehensive income/(expense)	6,800	(618,716)
Total comprehensive income/(expense) attributable to non-controlling interests	3,332	(303,171)
Net cash flows for operating activities	(2,071,357)	(287,813)
Net cash flows from investing activities	1,316,975	2,176,200
Net cash flows for financing activities	–	(1,634,263)

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
NON-CURRENT				
Long-term receivables				
Amount due from subsidiaries	–	–	20,649,856	4,275,625
Allowance for impairment losses	–	–	(883,987)	(883,987)
	–	–	19,765,869	3,391,638
CURRENT				
Trade receivables				
Advances to suppliers	1,034,162	2,996,610	–	–
Other trade receivables	49,355,724	47,531,676	–	–
Allowance for impairment losses	(1,574)	(1,574)	–	–
	50,388,312	50,526,712	–	–
Other receivables				
Amount due from a subsidiary	–	–	55,000	–
Deposits	740,255	1,505,737	1,000	1,000
Prepayments	620,656	603,958	1,800	3,560
Goods and services tax recoverable	3,429,847	1,152,434	–	–
Tax recoverable	7,949	3,833	–	–
Sundry receivables	17,438,395	25,873,850	5,840,320	6,901,600
Allowance for impairment losses	(5,751,035)	(6,812,315)	(5,692,320)	(6,753,600)
	11,687,360	19,061,535	148,000	148,000
	16,486,067	22,327,497	205,800	152,560
	66,874,379	72,854,209	205,800	152,560
Allowance for impairment losses				
At 1 November	6,813,889	6,814,389	7,637,587	7,637,587
Reversal during the financial year	(1,061,280)	(500)	(1,061,280)	–
At 31 October	5,752,609	6,813,889	6,576,307	7,637,587

(a) The Group's normal trade terms range from cash term to 120 days (2016 : cash term to 120 days).

(b) The amounts due from subsidiaries are unsecured, interest free, repayable on demand and to be settled in cash.

11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2017 **RM**	**2016** **RM**
At 1 November	(5,962,000)	(4,168,933)
Recognised in profit or loss (Note 26)	38,877	(1,753,806)
Foreign exchange differences	(1,077)	(39,261)
At 31 October	(5,924,200)	(5,962,000)
Presented after appropriate offsetting as follows:		
Deferred tax assets	37,800	–
Deferred tax liabilities	(5,962,000)	(5,962,000)
	(5,924,200)	(5,962,000)

(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:

	Property, plant and equipment RM	**Others RM**	**Total RM**
Group			
At 1 November 2015	(4,982,000)	(48,000)	(5,030,000)
Recognised in profit or loss	(952,000)	20,000	(932,000)
At 31 October 2016 / 1 November 2016	(5,934,000)	(28,000)	(5,962,000)
Recognised in profit or loss	–	–	–
At 31 October 2017	(5,934,000)	(28,000)	(5,962,000)

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

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

(a) (cont'd)

(ii) Deferred tax assets:

	Others RM	Total RM
Group		
At 1 November 2015	861,067	861,067
Recognised in profit or loss	(821,806)	(821,806)
Foreign exchange differences	(39,261)	(39,261)
At 31 October 2016 / 1 November 2016	–	–
Recognised in profit or loss	38,877	38,877
Foreign exchange differences	(1,077)	(1,077)
At 31 October 2017	37,800	37,800

(b) At the end of the reporting period, the Group has the following items that are available for offset against future taxable profits of the subsidiaries in which the losses arose:

	Group	
	2017 RM	2016 RM
Unused tax losses	15,522,000	15,723,000
Unabsorbed capital allowances	4,535,000	4,535,000
Unutilised reinvestment allowances	7,800,000	7,800,000
Unutilised increased export allowances	12,053,000	12,053,000
	39,910,000	40,111,000

No deferred tax assets are recognised in respect of the above items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised. The unused tax losses, unabsorbed capital allowances, unutilised reinvestment allowances and unutilised increased export allowances do not expire under current tax legislation. However, the availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

12. INVENTORIES

	Group	
	2017	**2016**
	RM	**RM**
At cost		
Raw materials	30,389,544	31,099,845
Packing materials	137,604	79,830
Work-in-progress	24,300,415	21,124,039
Goods-in-transit	4,040,791	2,749,535
Finished goods	12,531,312	15,151,781
	71,399,666	70,205,030
At net realisable value		
Finished goods	1,019,283	507,006
	72,418,949	70,712,036
Recognised in profit or loss		
Inventories recognised as cost of sales	492,327,561	428,255,032
Amount written down to net realisable value	223,675	275,415

The entire inventories of a foreign subsidiary amounting to VND'000 260,828,677 (equivalent to RM 48,514,134) were pledged as security for its bank borrowings (Note 18(a)) from a licensed bank (2016 : maintained at minimum value of USD 1 million (equivalent to RM 4.19 million)).

13. OTHER INVESTMENT

	Group and Company	
	2017	**2016**
	RM	**RM**
Quoted share, at cost	–	522,321
Market value	–	520,000

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

14. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	88,464,884	64,379,653	2,022,191	6,754,143
Fixed deposits with a licensed bank	4,392,157	–	–	–
Short-term deposits with licensed banks	–	7,215,225	–	–
	92,857,041	71,594,878	2,022,191	6,754,143

(a) The fixed deposits with a licensed bank of the Group at the end of the reporting period bear effective interest rate at 5.6% (2016 : Nil) per annum. The fixed deposits have maturity period of 12 months.

(b) The fixed deposits with a licensed bank of the Group of RM 4,392,157 (2016 : RM Nil) have been pledged to a licensed bank as security for banking facilities granted to the Group (Note 18(a)).

(c) At 31 October 2016, the short-term deposits with licensed banks of the Group at the end of the reporting period bear effective interest rates ranging from 2.0% to 4.1% per annum. The short-term deposits have maturity period ranging from 1 day to 1 month.

15. SHARE CAPITAL

Authorised

	Group and Company			
	2017	2016	2017	2016
	Number of shares		RM	RM
Ordinary shares of RM 0.50 each	N/A	1,000,000,000	N/A	500,000,000

N/A - Not applicable pursuant to Companies Act 2016 which came into operation on 31 January 2017 as disclosed in item (b) below.

Issued and fully paid-up

	Group and Company			
	2017	2016	2017	2016
	Number of shares		RM	RM
Ordinary shares with no par value (2016 : Par value of RM 0.50 each)				
At 1 November	226,805,810	226,774,210	113,402,905	113,387,105
Transfer from share premium account	–	–	15,800	–
Exercise of warrants	1,419,700	31,600	1,419,700	15,800
At 31 October	228,225,510	226,805,810	114,838,405	113,402,905

15. SHARE CAPITAL (CONT'D)

(a) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company.

(b) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue as a result of this transition.

Warrants 2015/2020

A total of 53,361,427 free warrants were issued by the Company on 22 October 2015 on the basis of one (1) free warrant for every four (4) existing ordinary shares held. Each warrant entitles the holder the right to subscribe for one (1) new ordinary share of RM 0.50 each in the Company at an exercise price of RM 1.00 per new ordinary share. At the end of the reporting period, the number of outstanding warrants was 51,910,127. The warrants will expire on 21 October 2020.

The salient terms of the Warrants 2015/2020 are as follows:

(a) The Warrants are constituted by a Deed Poll executed on 15 October 2015.

(b) The Warrants are traded separately.

(c) The Warrants can be exercised at any time within a period of five (5) years commencing from and including the date of issue, 22 October 2015 to 21 October 2020 ("Exercise Period"). Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.

(d) Each Warrant entitles the holder of the Warrants to subscribe for one (1) new ordinary share ("Shares") in the Company.

(e) The exercise price and the number of unexercised Warrants shall be adjusted in the event of alteration to the share capital of the Company, capital distribution or issue of shares in accordance with the provisions of the Deed Poll.

(f) The holders of the Warrants are not entitled to vote in any general meetings and/or entitled in any dividends, rights, allotment and/or other forms of distribution other than on winding-up, compromise or arrangement of the Company unless and until the holders of the Warrants becomes a shareholder of the Company by exercising his/her Warrants into new ordinary shares or unless otherwise resolved by the Company in general meeting.

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

16. TREASURY SHARES

Of the total 228,225,510 (2016 : 226,805,810) issued and fully paid-up ordinary shares at the end of the reporting period, 13,327,600 (2016 : 13,327,600) ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

17. RESERVES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable				
Share premium	–	15,800	–	15,800
Foreign exchange translation reserve	(5,564,526)	(5,061,141)	–	–
	(5,564,526)	(5,045,341)	–	15,800
Distributable				
Retained profits	178,474,845	137,777,295	40,756,491	23,944,756
	172,910,319	132,731,954	40,756,491	23,960,556

Foreign exchange translation reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

18. BANK BORROWINGS

		Group	
		2017 RM	2016 RM
CURRENT			
Secured	– Trade bills	12,362,536	20,467,594
	– Term loan	61,503	718,283
Unsecured	– Trade bills	9,567,777	7,017,903
		21,991,816	28,203,780
NON-CURRENT			
Secured	– Term loan	–	61,419
		21,991,816	28,265,199
TOTAL BANK BORROWINGS			
Secured	– Trade bills	12,362,536	20,467,594
	– Term loan	61,503	779,702
Unsecured	– Trade bills	9,567,777	7,017,903
		21,991,816	28,265,199

(a) The secured bank borrowings of the Group are secured by the followings:

(i) Certain property, plant and equipment of the Group (Note 5(a)).

(ii) Certain prepaid lease payment of the Group (Note 6).

(iii) Certain inventories of the Group (Note 12).

(iv) Fixed deposits with a licensed bank of the Group (Note 14(b)).

(v) Corporate guarantee by the Company.

(b) The unsecured bank borrowings of the Group are guaranteed by the Company.

(c) The effective interest rates (% per annum) at the end of the reporting period for bank borrowings are as follows:

	Group	
	2017 %	2016 %
Trade bills	2.0 - 2.6	1.8 - 2.1
Term loan	5.2	5.2

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

19. HIRE PURCHASE PAYABLES

	Group	
	2017 RM	**2016 RM**
Minimum hire purchase payments		
Not later than one year	370,776	323,016
Later than one year and not later than five years	164,506	374,174
	535,282	697,190
Less : Future finance charges	(20,393)	(37,619)
Present value of hire purchase payables	514,889	659,571
Analysed by:		
Current liabilities	354,033	297,294
Non-current liabilities	160,856	362,277
	514,889	659,571

(a) The hire purchase payables of the Group are secured against certain motor vehicles under finance leases (Note 5(b)). The hire purchase arrangements are expiring within 1 to 3 (2016 : 1 to 3) years.

(b) The hire purchase payables of the Group of RM 514,889 (2016 : RM 659,571) are guaranteed by the Company.

(c) The hire purchase payables of the Group at the end of the reporting period bear effective interest rates at 4.6% - 5.1% (2016 : 4.6% - 5.1%) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables				
Advance from customers	2,276,959	1,713,446	–	–
Other trade payables	58,951,254	66,517,247	–	–
	61,228,213	68,230,693	–	–
Other payables				
Amount due to a director of a subsidiary	208,440	236,774	–	–
Amount due to shareholders of a subsidiary	44,895	68,574	–	–
Accruals	15,211,372	16,033,368	73,750	81,500
Deposit payable	124,232	86,232	–	–
Goods and services tax payable	1,240	1,230	–	–
Sundry payables	5,433,082	4,817,408	318,673	4,916
	21,023,261	21,243,586	392,423	86,416
	82,251,474	89,474,279	392,423	86,416

(a) The normal credit terms granted to the Group range from 15 to 120 days (2016 : 15 to 120 days).

(b) The amounts due to a director of a subsidiary and shareholders of a subsidiary are unsecured, interest free and repayable on demand. Such amount is to be settled in cash.

(c) Included in sundry payables of the Group is an amount of RM 393,574 (2016 : RM 965,823) payable for the purchase of property, plant and equipment (Note 5(c)).

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

21. DERIVATIVE LIABILITIES

	Contract/Notional amount		Group	
	2017 RM	2016 RM	2017 RM	2016 RM
Forward foreign exchange contracts	–	24,960,750	–	222,185

The Group uses forward foreign exchange contracts to manage some of its transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency translation exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting. At 31 October 2016, the settlement dates on forward foreign exchange contracts are within 1 to 3 months.

22. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Dividend income	–	–	32,029,765	–
Net invoiced value of goods sold	614,268,587	535,218,985	–	–
	614,268,587	535,218,985	32,029,765	–

23. FINANCE COSTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest expenses on financial liabilities that are not at fair value through profit or loss				
Hire purchase	32,046	32,287	–	–
Term loans	22,382	280,532	–	–
Trade bills	918,594	980,775	–	–
	973,022	1,293,594	–	–
Bank commission and charges	535,230	516,084	3,372	3,162
	1,508,252	1,809,678	3,372	3,162

24. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
This is arrived at after charging:				
Amortisation of prepaid lease payments	110,553	106,450	–	–
Auditors' remuneration:				
– current financial year	306,003	216,382	37,000	35,000
– over provision in previous financial year	(9,443)	(837)	–	–
Bad debts written off	20,548	–	–	–
Depreciation of property, plant and equipment	8,698,840	7,353,670	–	–
Depreciation of investment properties	93,775	80,869	–	–
Fair value loss on derivatives	–	222,185	–	–
Inventories value written down	223,675	275,415	–	–
Property, plant and equipment written off	91,546	274,384	–	–
Realised loss on foreign exchange	4,893,884	3,631,285	868,347	364,390
Staff costs (including key management personnel as disclosed in Note 30(c)):				
– short-term employee benefits	120,947,204	105,532,629	509,250	620,000
– defined contribution plans	1,335,658	1,268,891	–	–
– others	9,734,720	9,000,630	–	–
Unrealised loss on foreign exchange	–	–	–	26,210
And crediting:				
Fire insurance compensation	–	(4,260,229)	–	–
Gain on disposal of property, plant and equipment	(322,539)	(274,150)	–	–
Gain on disposal of other investment	(49,305)	(119,895)	(49,305)	(119,895)
Reversal of allowance for impairment losses on receivables	(1,061,280)	(500)	(1,061,280)	–
Reversal of fair value loss on derivatives	(222,185)	–	–	–
Total interest income on financial assets that are not at fair value through profit or loss	(1,092,513)	(1,113,176)	–	–
Unrealised gain on foreign exchange	(2,349,142)	(229,300)	(1,071,003)	–

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

25. DIRECTORS' REMUNERATION

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive directors of the Company				
Fee	279,000	263,500	279,000	263,500
Salaries, bonuses and other benefits	4,771,882	3,482,620	–	46,500
Defined contribution plans	105,264	102,878	–	–
	5,156,146	3,848,998	279,000	310,000
Estimated monetary value of benefits-in-kind	36,800	28,000	8,800	–
	5,192,946	3,876,998	287,800	310,000
Non-executive directors of the Company				
Fee	230,250	263,500	230,250	263,500
Salaries, bonuses and other benefits	–	46,500	–	46,500
	230,250	310,000	230,250	310,000
Executive directors of the subsidiaries				
Fee	39,806	–	–	–
Salaries, bonuses and other benefits	252,737	273,972	–	–
	292,543	273,972	–	–
Total directors' remuneration	5,715,739	4,460,970	518,050	620,000
Analysis excluding monetary value of benefits-in-kind:				
Total executive directors' remuneration	5,448,689	4,122,970	279,000	310,000
Total non-executive directors' remuneration	230,250	310,000	230,250	310,000
	5,678,939	4,432,970	509,250	620,000

26. INCOME TAX EXPENSE

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
(a) **Components of tax expense**				
Current tax expense				
– Malaysian tax	6,314,000	4,191,409	–	–
– Foreign tax	5,613,273	5,667,152	–	–
– (Over)/under provision in previous financial year	(451,437)	238,513	–	–
	11,475,836	10,097,074	–	–
Deferred tax expense (Note 11)				
– (Reversal)/origination of temporary differences	(38,877)	1,165,806	–	–
– Effect of change in corporate income tax rate	–	(191,000)	–	–
– Under provision in previous financial year	–	779,000	–	–
	(38,877)	1,753,806	–	–
	11,436,959	11,850,880	–	–

(b) A reconciliation of income tax expense applicable to the profit/(loss) before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Profit/(Loss) before tax	67,214,396	58,613,574	31,886,480	(1,267,002)
Tax at Malaysian statutory tax rate	16,131,000	14,067,000	7,653,000	(304,000)
Effect of change in corporate income tax rate	–	(191,000)	–	–
Effects of differential in tax rates of subsidiaries	(3,182,000)	(3,717,000)	–	–
Tax effect of non-taxable income	–	(101,000)	(7,699,000)	(29,000)
Tax effect of non-deductible expenses	666,396	1,131,367	46,000	333,000
Tax effect of double deduction expenses	(215,000)	(182,000)	–	–
Tax saving from tax incentive	(1,512,000)	(467,000)	–	–
Deferred tax assets not recognised during the financial year	–	293,000	–	–
(Over)/Under provision in previous financial year:				
– current tax expense	(451,437)	238,513	–	–
– deferred tax expense	–	779,000	–	–
	11,436,959	11,850,880	–	–

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

26. INCOME TAX EXPENSE (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016 : 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

On 21 October 2016, the Government of Malaysia announced the reduction of income tax rate from 24% to a range of 20% to 24% based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment for years of assessment 2017 and 2018.

27. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

	Group	
	2017 RM	**2016 RM**
Profit after tax attributable to owners of the Company	55,772,295	47,063,807

	2017 Units	**2016 Units**
Weighted average number of ordinary shares in issue:		
Ordinary shares at 1 November	213,472,065	213,446,610
Effect of exercise of warrants	136,831	25,455
Weighted average number of ordinary shares at 31 October	213,608,896	213,472,065
Basic earnings per ordinary share (Sen)	26.11	22.05

27. EARNINGS PER ORDINARY SHARE (CONT'D)

(b) Diluted earnings per ordinary share

	Group	
	2017 RM	2016 RM
Profit after tax attributable to owners of the Company	55,772,295	47,063,807

	2017 Units	2016 Units
Weighted average number of ordinary shares for computation of basic earnings per share	213,608,896	213,472,065
Shares deemed to be issued for no consideration:		
– Warrants	23,774,557	20,050,684
Weighted average number of ordinary shares for computation of diluted earnings per share	237,383,453	233,522,749
Diluted earnings per ordinary share (Sen)	23.49	20.15

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

28. DIVIDENDS

	Group and Company	
	2017 RM	2016 RM
In respect of the financial year ended 31 October 2015		
Final single tier dividend of 2 sen per ordinary share on 213,478,210 ordinary shares	–	4,269,564
In respect of the financial year ended 31 October 2016		
First interim single tier dividend of 2 sen per ordinary share on 213,447,210 ordinary shares	–	4,268,945
Second interim single tier dividend of 2 sen per ordinary share on 213,478,210 ordinary shares	–	4,269,564
Third interim single tier dividend of 2 sen per ordinary share on 213,478,210 ordinary shares	–	4,269,564
Final single tier dividend of 2 sen per ordinary share on 213,478,210 ordinary shares	4,269,564	–
In respect of the financial year ended 31 October 2017		
First interim single tier dividend of 2 sen per ordinary share on 213,638,210 ordinary shares	4,272,764	–
Second interim single tier dividend of 2 sen per ordinary share on 217,747,210 ordinary shares	4,354,945	–
Special single tier dividend of 1 sen per ordinary share on 217,747,210 ordinary shares	2,177,472	–
	15,074,745	17,077,637

At the forthcoming Annual General Meeting, a final single tier dividend of 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 2018.

29. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Deposits, bank and cash balances	92,857,041	71,594,878	2,022,191	6,754,143
Less : Fixed deposits pledged to a licensed bank	(4,392,157)	–	–	–
	88,464,884	71,594,878	2,022,191	6,754,143

30. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

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) Significant related party transactions and balances

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 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Subsidiaries				
– Dividend income	–	–	(32,029,765)	–
– Advances to	–	–	15,801,405	–
Director				
– Rental	150,025	180,000	–	–
– Proceeds from disposal of property, plant and equipment	–	(70,784)	–	–

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

30. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions and balances (cont'd)

No expense was recognised during the financial year for bad or doubtful debts in respect of the amounts owed by the related parties other than those disclosed in Note 24 to the financial statements.

(c) Compensation of key management personnel

The members of key management personnel of the Group and of the Company include executive directors and non-executive directors. Details of the compensation for these key management personnel are disclosed in Note 25.

31. COMMITMENTS

(a) Capital commitment

	Group	
	2017 RM	2016 RM
Purchase of property, plant and equipment	1,973,000	13,454,000

(b) Lease commitment

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

	Group	
	2017 RM	2016 RM
Not later than one year	673,117	639,304
Later than one year and not later than five years	2,692,467	2,557,216
Later than five years	15,657,210	15,510,003
	19,022,794	18,706,523

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

32. 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 predominantly confined to a single operating segment, namely furniture industry. The property development division has not commenced development activity and its assets are less than 10% of the total assets of all operating segments.

(b) Geographical information

	Revenue		Non-current assets	
	2017 RM	2016 RM	2017 RM	2016 RM
Australia	–	–	14,765,133	–
South Africa	1,213,390	2,075,450	–	1,096,726
Vietnam	381,232,207	365,077,971	66,045,076	66,114,138
Malaysia	231,822,990	168,065,564	91,878,119	91,416,083
	614,268,587	535,218,985	172,688,328	158,626,947

(c) Major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Revenue	
	2017 RM	2016 RM
Customer A	137,908,588	111,265,029
Customer B	66,616,658	81,526,456
Customer C	92,040,242	71,137,602
	296,565,488	263,929,087

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

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 the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily Australian Dollar ("AUD"), Euro ("EURO"), Chinese Renminbi ("RMB"), 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 currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:

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

	AUD RM	EURO RM	RMB RM	SGD RM	USD RM	VND RM	RAND RM	RM RM	Others RM	Total RM
The Group 2017										
Financial assets										
Trade and other receivables (N1)	2,525	–	3,651,652	1,073,393	46,044,397	7,699,095	101,124	3,503,486	–	62,075,672
Deposits, bank and cash balances	9 44,700	485	1,158,019	5,840	29,827,168	13,874,246	1,822,082	45,217,000	7,501	92,857,041
	947,225	485	4,809,671	1,079,233	75,871,565	21,573,341	1,923,206	48,720,486	7,501	154,932,713
Financial liabilities										
Trade and other payables (N2)	(15,579)	(83,943)	(385,419)	–	(12,393,932)	(39,450,565)	(476,415)	(29,305,690)	(14,459)	(82,126,002)
Bank borrowings	–	–	–	–	(21,930,313)	–	–	(61,503)	–	(21,991,816)
Hire purchase payables	–	–	–	–	–	–	–	(514,889)	–	(514,889)
Dividend payable	–	–	–	–	–	–	–	(6,532,416)	–	(6,532,416)
	(15,579)	(83,943)	(385,419)	–	(34,324,245)	(39,450,565)	(476,415)	(36,414,498)	(14,459)	(111,165,123)
Net financial assets/ (liabilities)	931,646	(83,458)	4,424,252	1,079,233	41,547,320	(17,877,224)	1,446,791	12,305,988	(6,958)	43,767,590
Less : Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(931,646)	–	(4,062,585)	–	–	17,877,224	(898,425)	(12,305,988)	–	(321,420)
Currency exposure	–	(83,458)	361,667	1,079,233	41,547,320	–	548,366	–	(6,958)	43,446,170

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

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)

	EURO RM	RMB RM	SGD RM	USD RM	VND RM	RAND RM	RM RM	Others RM	Total RM
The Group									
2016									
Financial assets									
Other investment	–	–	–	–	–	–	522,321	–	522,321
Trade and other receivables (N1)	–	148,000	756,315	45,903,530	19,522,253	247,570	3,010,579	–	69,588,247
Deposits, bank and cash balances	–	3,137,698	10,331	29,302,617	5,044,702	735,638	33,332,319	31,573	71,594,878
	–	3,285,698	766,646	75,206,147	24,566,955	983,208	36,865,219	31,573	141,705,446
Financial liabilities									
Trade and other payables (N2)	(63,574)	–	–	(11,998,559)	(51,583,746)	(719,821)	(24,956,017)	(65,100)	(89,386,817)
Bank borrowings	–	–	–	(27,485,497)	–	–	(779,702)	–	(28,265,199)
Hire purchase payables	–	–	–	–	–	–	(659,571)	–	(659,571)
Dividend payable	–	–	–	–	–	–	(4,269,564)	–	(4,269,564)
Derivative liabilities	–	–	–	–	–	–	(222,185)	–	(222,185)
	(63,574)	–	–	(39,484,056)	(51,583,746)	(719,821)	(30,887,039)	(65,100)	(122,803,336)
Net financial (liabilities)/assets	(63,574)	3,285,698	766,646	35,722,091	(27,016,791)	263,387	5,978,180	(33,527)	18,902,110
Less : Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	–	(3,137,698)	–	–	27,016,791	(263,387)	(5,978,180)	(639)	17,636,887
Less : Forward foreign currency contracts (contracted notional principal)	–	–	–	(24,960,750)	–	–	–	–	(24,960,750)
Currency exposure	(63,574)	148,000	766,646	10,761,341	–	–	–	(34,166)	11,578,247

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	RMB RM	RM RM	Total RM
The Company				
2017				
Financial assets				
Other receivables (N1)	–	148,000	55,000	203,000
Dividend receivable	10,727,928	–	–	10,727,928
Cash and bank balances	–	–	2,022,191	2,022,191
	10,727,928	148,000	2,077,191	12,953,119
Financial liabilities				
Other payables (N2)	–	(318,555)	(73,868)	(392,423)
Dividend payable	–	–	(6,532,416)	(6,532,416)
	–	(318,555)	(6,606,284)	(6,924,839)
Net financial assets/(liabilities)	10,727,928	(170,555)	(4,529,093)	6,028,280
Less : Net financial liabilities denominated in the company's functional currency	–	–	4,529,093	4,529,093
Currency exposure	10,727,928	(170,555)	–	10,557,373

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

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	RMB RM	RM RM	Total RM
The Company **2016**				
Financial assets				
Other investment	–	–	522,321	522,321
Other receivables (N1)	–	148,000	–	148,000
Dividend receivable	1,100,832	–	–	1,100,832
Cash and bank balances	–	–	6,754,143	6,754,143
	1,100,832	148,000	7,276,464	8,525,296
Financial liabilities				
Other payables (N2)	–	–	(86,416)	(86,416)
Dividend payable	–	–	(4,269,564)	(4,269,564)
	–	–	(4,355,980)	(4,355,980)
Net financial assets	1,100,832	148,000	2,920,484	4,169,316
Less : Net financial (assets) denominated in the Company's functional currency	–	–	(2,920,484)	(2,920,484)
Currency exposure	1,100,832	148,000	–	1,248,832

N1 - Excluding deposits, prepayments and certain receivables
N2 - Excluding deposit and certain payables

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		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Effects on profit after tax				
EURO / RM				
– strengthened by 5%	(3,171)	(2,416)	–	–
– weakened by 5%	3,171	2,416	–	–
RMB / RM				
– strengthened by 5%	13,743	5,624	(6,481)	5,624
– weakened by 5%	(13,743)	(5,624)	6,481	(5,624)
SGD / RM				
– strengthened by 5%	41,011	29,133	–	–
– weakened by 5%	(41,011)	(29,133)	–	–
USD / RM				
– strengthened by 5%	1,578,798	408,931	407,661	41,832
– weakened by 5%	(1,578,798)	(408,931)	(407,661)	(41,832)
RAND / RM				
– strengthened by 5%	20,838	–	–	–
– weakened by 5%	(20,838)	–	–	–

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

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 long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed and short-term deposits with licensed banks and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 18.

Interest rate risk sensitivity analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after tax of the Group and of the Company and hence, no sensitivity analysis is presented.

(iii) Equity price risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Equity price risk sensitivity analysis

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have material impact on the profit after tax of the Group and hence, no sensitivity analysis is presented.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 Financial risk management policies (cont'd)

(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 other investment, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Groups 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.

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 (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides corporate guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by four (2016 : three) customers which constituted approximately 61% (2016 : 64%) of its trade receivables at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:

	Group	
	2017 RM	2016 RM
Africa	81,547	470,887
Asia (excluding Malaysia)	1,433,937	1,059,553
North America	43,547,835	42,610,174
Europe	1,565,954	823,604
Malaysia	2,724,877	2,565,884
	49,354,150	47,530,102

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(ii) Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

(iii) Ageing analysis

The ageing analysis of trade receivables is as follows:

	Gross amount RM	Individual impairment RM	Carrying amount RM
The Group			
2017			
Not past due	46,241,038	–	46,241,038
Past due			
– less than 3 months	2,981,434	–	2,981,434
– 3 to 6 months	9,274	–	9,274
– over 6 months	123,978	(1,574)	122,404
	49,355,724	(1,574)	49,354,150

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(iii) Ageing analysis (cont'd)

The ageing analysis of trade receivables is as follows (cont'd):

	Gross amount RM	Individual impairment RM	Carrying amount RM
The Group			
2016			
Not past due	42,822,703	–	42,822,703
Past due			
– less than 3 months	4,706,121	–	4,706,121
– over 6 months	2,852	(1,574)	1,278
	47,531,676	(1,574)	47,530,102

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.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 Financial risk management policies (cont'd)

(c) Liquidity risk

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

Maturity analysis

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

	Effective interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM
The Group					
2017					
Non-derivative financial liabilities					
Trade and other payables (N1)	–	82,126,002	82,126,002	82,126,002	–
Bank borrowings					
– Trade bills	2.0 - 2.6	21,930,313	21,930,313	21,930,313	–
– Term loan	5.2	61,503	61,664	61,664	–
Hire purchase payables	4.6 - 5.1	514,889	535,282	370,776	164,506
Dividend payable	–	6,532,416	6,532,416	6,532,416	–
		111,165,123	111,185,677	111,021,171	164,506

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Effective interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM
The Group					
2016					
Non-derivative financial liabilities					
Trade and other payables (N1)	–	89,386,817	89,386,817	89,386,817	–
Bank borrowings					
– Trade bills	1.8 - 2.1	27,485,497	27,485,497	27,485,497	–
– Term loan	5.2	779,702	801,635	739,971	61,664
Hire purchase payables	4.6 - 5.1	659,571	697,190	323,016	374,174
Dividend payable	–	4,269,564	4,269,564	4,269,564	–
Derivative financial liabilities					
Forward currency contracts (gross settled):	–	222,185			
– gross payments	–		24,960,750	24,960,750	–
		122,803,336	147,601,453	147,165,615	435,838

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM
The Group			
2017			
Non-derivative financial liabilities			
Other payables (N1)	392,423	392,423	392,423
Dividend payable	6,532,416	6,532,416	6,532,416
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries *	–	22,506,705	22,506,705
	6,924,839	29,431,544	29,431,544
The Company			
2016			
Non-derivative financial liabilities			
Other payables (N1)	86,416	86,416	86,416
Dividend payable	4,269,564	4,269,564	4,269,564
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries *	–	28,924,770	28,924,770
	4,355,980	33,280,750	33,280,750

N1 - Excluding deposit and certain payables

* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised since their fair value on initial recognition were not material.

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 its 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 net debts divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interests. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

	Group	
	2017 RM	2016 RM
Bank borrowings	21,991,816	28,265,199
Hire purchase payables	514,889	659,571
	22,506,705	28,924,770
Less : Short-term deposits with licensed banks	–	(7,215,225)
Less : Fixed deposits with a licensed bank	(4,392,157)	–
Less : Cash and bank balances	(88,464,884)	(64,379,653)
Excess funds	(70,350,336)	(42,670,108)
Total equity	284,825,902	243,204,551
Debt-to-equity ratio	Not applicable *	Not applicable *

* The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total debts.

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

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.3 Classification of financial instruments

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial assets				
Loans and receivables financial assets				
Trade and other receivables (N1)	62,075,672	69,588,247	203,000	148,000
Deposits, bank and cash balances	92,857,041	71,594,878	2,022,191	6,754,143
Dividend receivable	–	–	10,727,928	1,100,832
	154,932,713	141,183,125	12,953,119	8,002,975
Fair value through profit or loss: Held-for-trading				
Other investment	–	522,321	–	522,321
Financial liabilities				
Other financial liabilities				
Trade and other payables (N2)	82,126,002	89,386,817	392,423	86,416
Bank borrowings	21,991,816	28,265,199	–	–
Hire purchase payables	514,889	659,571	–	–
Dividend payable	6,532,416	4,269,564	6,532,416	4,269,564
	111,165,123	122,581,151	6,924,839	4,355,980
Fair value through profit or loss: Held-for-trading				
Derivative liabilities	–	222,185	–	–

N1 - Excluding deposits, prepayments and certain receivables
N2 - Excluding deposit and certain payables

33. FINANCIAL INSTRUMENTS (CONT'D)

33.4 Fair value information

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms. The fair values of term loan approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value				
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
Group								
2017								
Financial liabilities								
Hire purchase payables	–	–	–	–	514,562	–	514,562	514,889

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.4 Fair value information (cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (cont'd):

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value				
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
Group								
2016								
Financial assets								
Other investment								
– quoted shares	–	–	–	520,000	–	–	520,000	522,321
Financial liabilities								
Hire purchase payables	–	–	–	–	659,456	–	659,456	659,571
Derivative liabilities								
– forward currency contracts	–	222,185	–	–	–	–	222,185	222,185

33. FINANCIAL INSTRUMENTS (CONT'D)

33.4 Fair value information (cont'd)

(a) Fair value of financial instruments carried at fair value

(i) The fair values of forward currency contracts are determined using forward exchange rates at the end of the reporting period with the resulting value discounted back to present value.

(ii) There were no transfer between level 1 and level 2 during the financial year.

(b) Fair value of financial instruments not carried at fair value

(i) The fair value of quoted investments is determined at their quoted closing bid prices at the end of the reporting period.

(ii) The fair values of hire purchase payables are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates (per annum) used to discount the estimated cash flows are as follows:

	Group	
	2017 %	2016 %
Hire purchase payables	2.6	2.6

Notes to The Financial Statements
For The Financial Year Ended 31 October 2017 (cont'd)

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The Companies Act 2016 came into operation on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaced Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that have affected the financial statements of the Group and of the Company upon its initial implementation are:

(i) Removal of the authorised share capital;

(ii) Ordinary shares ceased to have par value; and

(iii) Share premium account transferred to share capital account.

The Companies Act 2016 was applied prospectively and the impacts on implementation are disclosed in the respective notes to financial statements.

(b) On 30 June 2013, the Company completed the disposal of its entire equity interest in a wholly-owned subsidiary, Poh Huat Furniture Industries (Qingdao) Co., Ltd for a total cash consideration of RMB 31.00 million (equivalent to RM 14.95 million) to Qingdao Dengta Brewage Co., Ltd. (also known as Qingdao Beacon Brewing Co., Ltd.) ("QDB"). However, the Company had only received a total of RMB 17.00 million (equivalent to RM 8.20 million) from QDB.

On 26 September 2013, the Company filed a statement of claims, along with the cause papers and payment of the required statutory litigation fee, into the Qingdao City Intermediate People's Court ("QCI People's Court" or "the 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).

During the financial year 2013, the Company had made an impairment loss of RMB 14.00 million (equivalent to RM 6.75 million) for this non-trade receivable (Note 10).

On 3 June 2014, the Company and QDB signed a consent judgment (mediated by the Court) duly recorded at the QCI People's Court and received the "Civil Conciliation Statement" for the case, inter alia, states:

(i) QDB shall pay RMB 9.00 million (equivalent to RM 4.84 million) for the share transfer to the Company. This payment will be made equally in 30 monthly instalment beginning from June 2014, and the amount of the monthly payment is RMB 300,000 (equivalent to RM 161,400);

(ii) Failure in making prompt monthly payment, QDB shall pay delay payment interest at the rate which is 4 times of the RMB loan benchmark interest rate for the financial institutions published by the People's Bank of China till the date of actual payment of the delayed amount;

(iii) The Court Fee amounts to RMB 117,920 (equivalent to RM 63,441), half of which RMB 58,960 (equivalent to RM 31,720) will be exempted and the balance shall be paid by the Company; and

(iv) There is no other dispute between the parties and the parties shall not make any further claim against each other.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(b) CONT'D

Since July 2015, the Company had made various applications to the QCI People's Court to enforce the above consent judgement as QDB had yet to fulfill their obligation in the recorded consent judgement.

On 20 December 2016, the Company lodged an enforcement proceedings application relating to "Blacklist of Judgment Debtor", and "Restraint on the High Consumption (luxury lifestyle)" with the QCI People's Court, inter alia, to continue pursuing the execution of the outstanding sum of the principal together with interest accrued as at the date of application.

The Court had recovered a sum of RMB 2.20 million (equivalent to RM 1.06 million), and the same had been released to the Company in July 2017, during which it was credited in profit or loss as reversal of allowance for impairment loss on receivables.

On 18 December 2017, a Settlement of Enforcement Proceeding Agreement was reached and agreed by both parties, inter alia, as follows :

(i) QDB has deposited a sum of RMB 7.30 million with the Court, pending releasing the same to the Company. Once the said sum is released, the matter would come to a closure;

(ii) The fee for the enforcement proceeding would be borne by QDB; and

(iii) All restraining measures against QDB shall be relieved.

As of the date of this report, the sum of RMB 7.30 million has yet to be released to the Company.

35. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 21 January 2018, there was a fire destroying one of the five factory buildings of a subsidiary, Poh Huat Furniture Industries (M) Sdn. Bhd.. The affected manufacturing facility, comprising the loading and assembly sections, is located at PTD No. 1547 & 1548, Bukit Pasir Industrial Area, Mukim of Sungai Terap, District of Muar, Johor Darul Takzim. The damages arising from the fire incident are yet to be ascertained.

List of Material Landed Properties
as at 31 October 2017

Address/ Location	Description	Land Area (hectare)	Use	Tenure/Age of Building	Net Book Value as at 31.10.2017 (RM '000)	Date of Revaluation or Acquisition
Lot 25, Tam Phuoc Commune Long Thanh District Dong Nai Province Vietnam	1 plot of industrial land with an office building, 1 hostel, 3 factory buildings ancillary structures	12.39	Office with furniture manufacturing facilities	50 years lease expiring in 2052/ 13 years	23,700	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 structure	6.76	Office with furniture manufacturing and accommodation	50 years lease expiring in 2045/ 16 years	19,854	1.3.02 (Date of Acquisition)
No. 61, Assembly Drive Dandenong South Victoria 3175 Australia	1 plot of commercial land with a warehouse cum office-showroom	0.53	Warehouse cum office-showroom	Freehold/ 1 year	14,443	10.11.16 (Date of Acquisition)
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/ 12 year	13,236	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/ 17 years	9,018	12.9.00 (Date of Acquisition)

Address/ Location	Description	Land Area (hectare)	Use	Tenure/Age of Building	Net Book Value as at 31.10.2017 (RM '000)	Date of Revaluation or Acquisition
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	1 plot of agriculture land	2.35	Vacant land	Freehold/ 4 years	8,769	22.07.13 (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/ 21 years	6,388	17.6.99 (Date of Revaluation)
GM No. 1712, Lot 831 GM No. 1968, Lot 832 GM No. 1850, Lot 827 Mukim Sungai Terap District of Muar Johor Darul Takzim	1 plot of agriculture land	1.95	Vacant land	Freehold/ 3 years	6,169	26.12.13 (Date of Acquisition)
GRN No. 100856, Lot 3209 Bandar Maharani District of Muar Johor Darul Takzim	1 plot of agriculture land	0.93	Vacant land	Freehold/ 3 years	5,975	28.04.14 (Date of Acquisition)
GM No. 446, Lot 418 Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of industrial land with 4 block of factory building	1.26	Factory	Freehold/ 6 years	5,478	30.06.11 (Date of Acquisition)

Analysis of Shareholdings
as at 30 January 2018

Principal Statistics

Issued and Paid-up Share Capital	–	RM119,629,705
Class of Shares	–	Ordinary shares
No. of shares in Issue	–	219,689,210 shares
Voting Right	–	One vote per ordinary share at any shareholders' meeting
Number of Shareholders	–	4,499 shareholders

Note : All information on shareholdings disclosed hereunder excludes 13,327,600 treasury shares held by the Company

Distribution of Shareholdings

Category	No of shareholders	%	Shareholdings	%
Less than 100	120	2.67	6,373	0.00
100 to 1,000	691	15.36	383,969	0.17
1,001 to 10,000	2,726	60.58	13,149,416	5.99
10,001 to 100,000	844	18.76	23,645,226	10.76
100,001 to less than 5% of issued shares	115	2.56	102,194,950	46.52
5% and above of issued shares	3	0.07	80,309,276	36.56
TOTAL	**4,499**	**100.00**	**219,689,210**	**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	51,769,376	12,062,072[(a)]	23.56	5.49
Lim Pei Tiam @ Liam Ahat Kiat	28,539,900	3,374,000[(b)]	12.99	1.54

Notes:-
[(a)] *Deemed interested by virtue of the shareholding of his spouse and children.*
[(b)] *Deemed interested by virtue of the shareholding of his children.*

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

Name of Directors	No. of Shares Held		% of Issued Share Capital	
	Direct	Deemed	Direct	Deemed
Tay Kim Huat	51,769,376	12,062,072[a]	23.56	5.49
Lim Pei Tiam @ Liam Ahat Kiat	28,539,900	3,374,000[b]	12.99	1.54
Toh Kim Chong	6,550,788	–	2.98	–
Tay Khim Seng	3,456,660	–	1.57	–
Tay Kim Hau	250,000	–	0.11	–
Boo Chin Liong	39,000	–	0.02	–
Chua Syer Cin	–	–	–	–

Notes:-

[a] *Deemed interested by virtue of the shareholding of his spouse and children.*
[b] *Deemed interested by virtue of the shareholding of his children.*

List Of Top Thirty (30) Largest Shareholders

	Names	Shareholding	%
1	Tay Kim Huat	29,038,338	13.22
2	Lim Pei Tiam @ Liam Ahat Kiat	28,539,900	12.99
3	Tay Kim Huat	22,731,038	10.35
4	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank Ag Singapore For Pangolin Asia Fund	8,952,700	4.08
5	Goi Mui Khim	7,831,000	3.56
6	Toh Kim Chong	6,550,788	2.98
7	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	5,898,700	2.69
8	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 15)	5,748,200	2.62
9	Lim Pay Kaon	5,590,900	2.54
10	Sim Sheau Yun	5,061,630	2.30
11	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	3,859,700	1.76
12	Tay Yuan Sen	2,876,108	1.31
13	Tay Khim Seng	2,456,660	1.12
14	Yeo Gek Cheng	2,330,028	1.06
15	Tay Li Ping	2,320,500	1.06
16	Tay Li Chin	2,270,448	1.03
17	Tay Lee Thing	2,263,988	1.03

Analysis of Shareholdings
as at 30 January 2018 (cont'd)

List Of Top Thirty (30) Largest Shareholders (Cont'd)

	Names	Shareholding	%
18	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Fong Siling (Ceb)	2,120,000	0.96
19	Amanahraya Trustees Berhad PB Islamic Smallcap Fund	2,022,100	0.92
20	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Am Inv)	1,999,100	0.91
21	Lu Chin Poh	1,982,400	0.90
22	Su Ming Keat	1,490,000	0.68
23	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Chiew Chieng Siew (Mk0111)	1,376,000	0.63
24	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chiew Chieng Siew	1,358,000	0.62
25	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An For Kumpulan Sentiasa Cemerlang Sdn Bhd (Tstac/Clnt)	1,251,600	0.57
26	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tay Khim Seng	1,000,000	0.46
27	Lim Shu Chiah	927,000	0.42
28	Lim Sian Min	780,000	0.36
29	Lim Shu Chuen	770,000	0.35
30	Ng Chai Go	750,000	0.34
	Total	**162,146,826**	**73.81**

Analysis of Warrantholdings
as at 30 January 2018

Principal Statistics

Name of Warrants	–	Poh Huat Warrants 2015/2020
No. of Warrants in issue	–	47,118,827 warrants
Exercise Price	–	RM1.00 per ordinary share
Expiry Date	–	21 October 2020
Voting Rights	–	One vote per warrant at any warrantholders' meeting
Number of warrantholders	–	2,561 warrantholders

Distribution of Warrantholdings

Category	Warrantholders	%	Warrantholdings	%
Less than 100	421	16.44	13,473	0.03
100 to 1,000	661	25.81	543,320	1.15
1,001 to 10,000	1,019	39.79	4,452,598	9.45
10,001 to 100,000	407	15.89	12,867,950	27.31
100,001 to less than 5% of warrants in issue	50	1.95	17,239,518	36.59
5% and above of warrants in issue	3	0.12	12,001,968	25.47
TOTAL	**2,561**	**100.00**	**47,118,827**	**100.00**

List Of Top Thirty (30) Largest Warrantholders

	Names	Warrantholding	%
1	Tay Kim Huat	4,813,268	10.22
2	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank Ag Singapore For Pangolin Asia Fund	4,188,700	8.89
3	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	3,000,000	6.37
4	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiew Chieng Siew	1,562,000	3.32
5	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kong Kok Choy (8092812)	1,208,000	2.56
6	Koh Hui Gwek	1,041,900	2.21
7	Goi Mui Khim	1,000,000	2.12
8	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiew Chieng Siew (MK0111)	890,700	1.89
9	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Yong Hong Yeh (MY2094)	810,000	1.72
10	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Boon Huat	706,700	1.50
11	Ng Bing Chung	616,900	1.31

Analysis of Warrantholdings
as at 30 January 2018 (cont'd)

List Of Top Thirty (30) Largest Warrantholders

	Names	Warrantholding	%
12	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Toh Yew Peng	600,000	1.27
13	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chiew Chieng Siew (E-PDG)	551,100	1.17
14	Yeo Khee Choon	500,500	1.06
15	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	396,450	0.84
16	Chiew Chieng Siew	395,800	0.84
17	Chaw Teck Long	336,000	0.71
18	Tay Yuan Sen	326,027	0.69
19	Tay Li Ping	320,125	0.68
20	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account For Rustom Framroze Chothia	310,000	0.66
21	Ang Kai Chan	300,000	0.64
22	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Toh Yew Peng	300,000	0.64
23	Chaw Teck Long	297,000	0.63
24	Yeo Gek Cheng	262,507	0.56
25	Maybank Nominees (Tempatan) Sdn Bhd Teo Sang Zen	250,000	0.53
26	Tan Kuan Kae	250,000	0.53
27	Maybank Nominees (Tempatan) Sdn Bhd Soong Chin Fei	245,500	0.52
28	Maybank Nominees (Tempatan) Sdn Bhd Tan Chin Thong	216,600	0.46
29	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hoo Yeek Foo	215,800	0.46
30	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Kee Ann	200,000	0.42
	Total	**26,111,577**	**55.42**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twentieth (20th) Annual General Meeting of the Company will be held at Straits Ballroom East, Holiday Inn Melaka in Jalan Syed Abdul Aziz, 75000 Melaka on Tuesday, 10 April 2018 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 2017 together with the Reports of the Directors and the Auditors thereon.

2. To approve the payment of Directors' fees for the financial year ended 31 October 2017. **(Ordinary Resolution 1)**

3. To approve the payment of Directors' fees up to RM 600,000 for the financial year ending 31 October 2018 payable monthly in arrears after each month of completed service of the Directors during the subject financial year. **(Ordinary Resolution 2)**

4. To declare a final single tier dividend of 3 sen per share in respect of the financial year ended 31 October 2017. **(Ordinary Resolution 3)**

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

   - Mr Toh Kim Chong **(Ordinary Resolution 4)**
   - Mr Lim Pei Tiam @ Liam Ahat Kiat **(Ordinary Resolution 5)**

6. 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 any modification :-

As Ordinary Resolutions

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

   (i) THAT authority be hereby given to Mr Boo Chin Liong, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company. **(Ordinary Resolution 7)**

Notice of Annual General Meeting (cont'd)

(ii) THAT authority be hereby given to Mr Chua Syer Cin, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company. **(Ordinary Resolution 8)**

8. Share Buy-Back Mandate

"THAT subject always to the Companies Act 2016 ("the Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad's ("Bursa Securities") and all other applicable laws, regulations and guidelines, the Directors of the Company be 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 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 authorization 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 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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 9)**

9. To transact any other ordinary business of which due notice shall have been given.

Notice of Entitlement Date and Dividend Payment

NOTICE IS ALSO HEREBY GIVEN THAT the proposed final single tier dividend of 3 sen per share in respect of the financial year ended 31 October 2017, if approved, will be paid on 15 May 2018 to depositors registered in the Record of Depositors of the Company at the close of business on 30 April 2018.

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 30 April 2018 in respect of ordinary transfers; or

b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities .

BY ORDER OF THE BOARD

Pang Kah Man
(MIA 18831)
Company Secretary

Muar, Johor Darul Takzim
27 February 2018

Notes:-

1. *A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Act. There shall be no restriction as to the qualification of the proxy.*

2. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at No. 7, (1st Floor), Jalan Pesta 1/1, Taman Dr Ismail 1, Jalan Bakri, 84000 Muar, Johor Darul Takzim not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of 20th Annual General Meeting to vote by way of poll.*

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. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*

5. *If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.*

Notice of Entitlement Date and Dividend Payment (cont'd)

6. *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.*

7. *Only depositors whose names appear in the Register of Depositors as at 4 April 2018 shall be entitled to attend in person or appoint proxies to attend and/or vote on their behalf at the 20th Annual General Meeting.*

Explanatory Notes to the Agenda

8. ***Item No. 1 of the Agenda***
Audited Financial Statements

This Agenda item is meant for discussion only as provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

9. ***Item No. 3 of the Agenda***
Approval of Directors' fees for the financial year ending 31 October 2018

Directors' fees approved for the financial year ended 31 October 2017 was RM 509,250. The Directors' fees proposed for the financial year ending 31 October 2018 are calculated based on the number of scheduled Board and Committee Meetings for 2018 and assuming that all Non-Executive Directors will hold office until the conclusion of the next Annual General Meeting.

This resolution is to facilitate payment of Directors' fees on current financial year basis. In the event the Directors' fees proposed are insufficient (e.g. due to more meetings), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

10. ***Item No. 7 of the Agenda***
Continuing in Office as Independent Non-Executive Directors

The Ordinary Resolutions proposed under Item No. 7 (Resolutions 7 & 8) 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 twelve (12) years. The Board is satisfied that each of these directors has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements. The length of their service does not interfere with their ability and exercise of independent judgement as Independent Directors. Therefore, the Board has recommended that the approval of the shareholders be sought through a two-tier voting process for the continuing of office of Mr Boo Chin Liong and Mr Chua Syer Cin as Independent Non-Executive Directors of the Company.

11. ***Item No. 8 of the Agenda***
Share Buy-Back Mandate

The Ordinary Resolution proposed under Item No. 8 (Resolution 9), if passed, will empower the Directors to purchase shares in the Company up to an amount not exceeding ten percentum (10%) of the issued and paid-up share capital of the Company as they consider would be in the interest of the Company. Further details on the Share Buy-back Mandate are provided in the Circular to Shareholders dated 27 February 2018.

12. Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Company's Annual General Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 20th Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 20th Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"),

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Statement Accompanying Notice of Annual General Meeting

Details of Individuals Standing for Election as Directors

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

No individual is seeking election as a Director at the 20th Annual General Meeting of the Company.

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Form of Proxy

POH HUAT RESOURCES HOLDINGS BERHAD 443169-X

I/We ____________________

of ____________________

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

appoint ____________________

of ____________________

or failing him, ____________________

of ____________________

as my/our proxy to vote on my/our behalf at the 20th Annual General Meeting of the Company to be held at Straits Ballroom East, Holiday Inn Melaka in Jalan Syed Abdul Aziz, 75000 Melaka on Tuesday, 10 April 2018 at 11.00 a.m. and at every adjournment thereof, and to vote as indicated below:-

No.	Ordinary Resolutions	For	Against
1	Payment of Directors' Fees for the financial year ended 31 October 2017		
2	Payment of Directors' Fees for the financial year ending 31 October 2018		
3	Declaration of a final single tier dividend of 3 sen per share		
4	Re-election of Mr Toh Kim Chong		
5	Re-election of Mr Lim Pei Tiam @ Liam Ahat Kiat		
6	Re-appointment of Auditors		
7	Retention of as Mr Boo Chin Liong as Independent Director		
8	Retention of Mr Chua Syer Cin as Independent Director		
9	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.

For appointment of two proxies, percentage of shareholdings to be represented by each proxy is as follow:

	NRIC No./ Passport No.	No. of Shares	Percentage
Proxy 1			
Proxy 2			
Total			100%

CDS Account No.	
Number of Shares held	

Dated this ____________ day of ____________ 2018

____
Signature of Shareholder(s) or Common Seal

Notes:

1. *A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Act. There shall be no restriction as to the qualification of the proxy.*
2. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at No. 7, (1st Floor), Jalan Pesta 1/1, Taman Dr Ismail 1, Jalan Bakri, 84000 Muar, Johor Darul Takzim not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of 20th Annual General Meeting to vote by way of poll.*
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. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*
5. *If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.*
6. *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.*
7. *Only depositors whose names appear in the Register of Depositors as at 4 April 2018 shall be entitled to attend in person or appoint proxies to attend and/or vote on their behalf at the 20th Annual General Meeting.*
8. *By submitting the duly executed proxy form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the 20th Annual General Meeting and any adjournment thereof.*

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STAMP/SETEM

Registered Office / Pejabat Berdaftar
POH HUAT RESOURCES HOLDINGS BERHAD
(Company No. : 443169-X)

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

Please fold here

Poh Huat Resources Holdings Berhad (443169-X)

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