



POH HUAT RESOURCES HOLDINGS BERHAD

443169-X

towards bright future

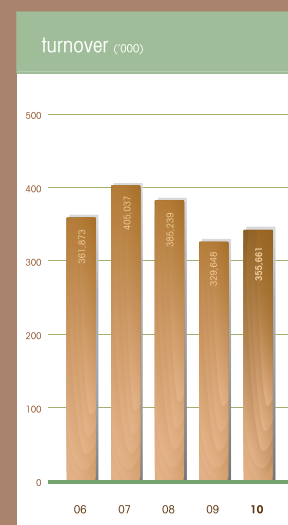
Annual Report 2010





group financial highlights

Financial year ended 31 October	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
Turnover	361,873	405,037	385,239	329,648	355,661
Profit before taxation	9,204	19,553	10,336	12,473	12,598
Profit after taxation and attributable to shareholders	7,586	16,946	7,368	9,937	10,725
Equity attributable to shareholders	109,213	121,399	129,941	133,427	132,251
	sen	sen	sen	sen	sen
Net earnings per share*	8.70	19.43	8.04	8.76	9.46
Net assets per share	125.22	139.19	148.98	117.67	116.64

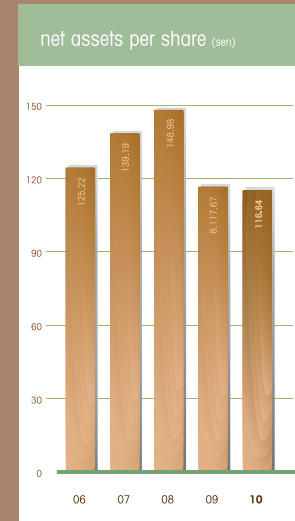
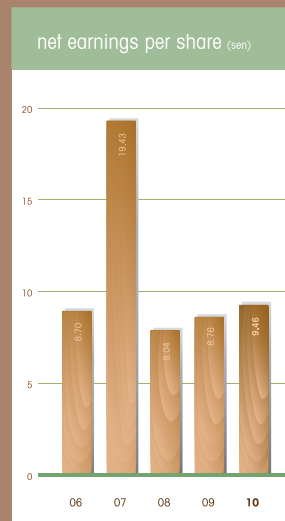
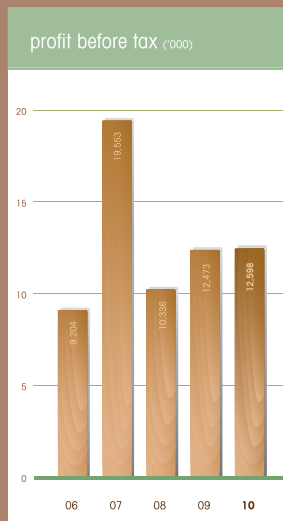


Notes:-

The net earnings per share for years 2006 and 2007 are calculated based on 87,220,100 shares in issue during those years. The net earnings per share for year 2008 are calculated based on 87,220,850 shares in issue during the year. The net earnings per share for years 2009 and 2010 are calculated based on 113,387,105 shares in issue during the year.

corporate statement

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



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notice of annual general meeting

NOTICE IS HEREBY GIVEN that the 13th Annual General Meeting of the Company will be held at Hotel D'99 No. 173, Jalan Abdullah, 84000 Muar, Johor Darul Takzim on 21 April 2011 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 2010 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 2010. (Ordinary Resolution 1)
3. To declare a first and final tax-exempt dividend of 2% in respect of the financial year ended 31 October 2010. (Ordinary Resolution 2)
4. To re-elect the following Directors who retire in accordance with Article 81 of the Company's Articles of Association:-

Tay Khim Seng

(Ordinary Resolution 3)

Boo Chin Liong

(Ordinary Resolution 4)

Tay Kim Hau

(Ordinary Resolution 5)
5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to determine their remuneration. (Ordinary Resolution 6)

As Special Business

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

As Ordinary Resolutions

6. **Renewal of Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**
"That subject always to the Companies Act, 1965 ("Act"), the Articles of Association of the Company and the approvals of the Bursa Malaysia Securities Berhad and all other applicable laws, regulations and guidelines, the Directors of the Company be and are hereby given full authority, pursuant to Section 132D of the Act, to issue and allot shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors may, in their discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percentum (10%) of the issued and paid-up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."
(Ordinary Resolution 7)



notice of annual general meeting (cont'd)



7. Proposed Share Buy-Back

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

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

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

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

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

AND FURTHER THAT the Directors of the Company be authorised to do all such acts and things (including, without limitation executing all such documents as may be required) as they may consider expedient or necessary to give effect to this mandate.”
(Ordinary Resolution 8)

As Special Resolution

8. Amendments to the Company’s Articles of Association

“That the amendments to Article 146 of the Company’s Articles of Association as set out in the Circular to Shareholders dated 31 March 2011 be and are hereby approve.”
(Special Resolution 1)

notice of entitlement date and dividend payment

NOTICE IS ALSO HEREBY GIVEN THAT the proposed first and final tax-exempt dividend of 2% in respect of the financial year ended 31 October 2010, if approved, will be paid on 18 May 2011 to depositors registered in the Record of Depositors of the Company at the close of business on 9 May 2011.

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

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 9 May 2011 in respect of ordinary transfers; or
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order Of The Board

Pang Kah Man
(MIA 18831)
Secretary

Muar, Johor Darul Takzim
31 March 2011



Notes:-

1. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the form of proxy, duly completed must be deposited at the Registered Office of the Company at No. 7, (1st Floor), Jalan Pesta 1/1, Taman Tun Dr Ismail 1, Jalan Bakri, 84000 Muar, Johor Darul Takzim not less than forty-eight (48) hours before the time of the Annual General Meeting.
3. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/her proxy, provided always that the rest of the form of proxy, other than the particulars of the proxy, have been duly completed by the member(s).
4. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same Annual General Meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. If the appointer is a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.
7. **Explanatory Notes for Resolution 7
Renewal of Authority to Issue Shares Pursuant to
Section 132D of the Companies Act, 1965**

The Ordinary Resolution proposed under Item 6 (Resolution 7) of the Notice of General Meeting is for the renewal of the mandate obtained in the Company's previous annual general meeting held on 21 April 2010 for the issue of securities pursuant to Section 132D of the Companies Act, 1965.

The Company has not issued any shares pursuant to the above mandate.

This Ordinary Resolution, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding ten percentum (10%) of the issued and paid-up share capital of the Company. This provides flexibility for the Company for any possible fund raising activities. The directors envisage that the proceeds raised from such issuance of shares will be used for upgrading of the Group's production capacity and/or capability, general working capital purposes or for such other purposes, the details of which the Company will announce in compliance with the relevant regulatory requirements. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next annual general meeting of the Company.

8. Explanatory Notes for Ordinary Resolution 8

The Ordinary Resolution proposed under Item 7 (Resolution 8), if passed, will empower the Directors to purchase shares in the Company up to an amount not exceeding ten percentum (10%) of the issued and paid-up share capital of the Company as they consider would be in the interest of the Company. Further details on the Proposed Share Buy-back are provided in the Circular to Shareholders dated 31 March 2011 on the same.

9. Explanatory Notes for Special Resolution 1 Amendments to the Company's Articles of Association

The Special Resolution proposed under Item 8 (Special Resolution 1) of the Notice of General Meeting relates to the amendments in the Articles of Association to incorporate the provisions for the implementation of electronic dividend payment system ("eDividend").

The main objective of implementing eDividend is to promote greater efficiency of the dividend payment system to reflect the initiative with regard to the capital market, specifically to provide shareholders with an electronic dividend payment system which is an alternative method of receiving cash dividend that is convenient to shareholders. The eDividend will allow the Company to credit dividend entitlements in respect of the shares of the Company directly into the shareholders' bank accounts and improve efficiency of the Company.

statement accompanying notice of annual general meeting

Name of Directors Standing for Re-election

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

- Tay Khim Seng
- Boo Chin Liong
- Tay Kim Hau

Mr Tay Khim Seng, Mr Boo Chin Liong and Mr Tay Kim Hau are retiring in accordance with Article 81 of the Company's Articles of Association.

Details of Attendance of Directors at Board Meetings

Four (4) board meetings were held during the financial year ended 31 October 2010. Details of the attendance of Directors at the board meetings are as follows:-

Name	Attendance
Datuk Seri Zulkipli bin Mat Noor (<i>Appointed on 1 January 2010</i>)	3/3
Mr Tay Kim Huat	4/4
Mr Tay Kim Hau	4/4
Dato' Ng Ah Poh	4/4
Mr Chai Meng Kui (JP)	2/4
Dato' Haji Zaini bin Md. Hasim	4/4
Mr Boo Chin Liong	4/4
Mr Tay Khim Seng	3/4
Mr Chua Syer Cin	4/4

Date, Time and Place of the Annual General Meeting

Date : 21 April 2011

Time : 11.00 a.m.

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



details of directors standing for re-election

Details of Directors Standing for Re-election

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

Mr Tay Khim Seng

Age	:	50
Nationality	:	Malaysian
Designation/Position in the Company	:	Director (Non-Independent Non-Executive Director)
Qualification	:	Bachelor of Law (Honours), Malaya
Work Experience	:	Advocate and solicitor (1986 to present)
Directorship in other Public Companies	:	Nil
Securities holding in the Company and its subsidiaries	:	<i>Ordinary Shares of RM1.00 each</i> Direct - 2,318,050 shares Deemed - Nil
Family relationship with any directors and/or major shareholder of the Company	:	Mr Tay Khim Seng is the brother of Mr Tay Kim Huat, the Managing Director and major shareholder of the Company and Mr. Tay Kim Hau, an Executive Director and shareholder of the Company
Conflict of interest with the Company	:	Nil
List of conviction for offences within the past 10 years	:	Nil

Mr Boo Chin Liong

Age	:	50
Nationality	:	Malaysian
Designation/Position in the Company	:	Director (Independent Non-Executive Director)
Qualification	:	Bachelor of Law (Honours), Malaya
Work Experience	:	Advocate and solicitor (1986 to present)
Directorship in other Public Companies	:	BP Plastics Holding Bhd
Securities holding in the Company and its subsidiaries	:	<i>Ordinary Shares of RM1.00 each</i> Direct - 19,500 shares Deemed - Nil
Family relationship with any directors and/or major shareholders of the Company	:	Nil
Conflict of interest with the Company	:	Nil
List of conviction for offences within the past 10 years	:	Nil

details of directors standing for re-election (cont'd)

Mr Tay Kim Hau

Age	:	63
Nationality	:	Malaysian
Designation/Position in the Company	:	Executive Director (Non-Independent Executive Director)
Qualification	:	Malaysian Certificate of Education
Work Experience	:	<ul style="list-style-type: none"> • Executive Director, (1996 to present) Poh Huat Furniture Industries Sdn Bhd • General manager (1996 to 2007) Nippon Paint (M) Sdn Bhd (1968 to 1996)
Directorship in other Public Companies	:	Nil
Securities holding in the Company and its subsidiaries	:	Ordinary Shares of RM1.00 each Direct - 3,996,980 shares Deemed - Nil
Family relationship with any directors and/or major shareholders of the Company	:	Mr Tay Kim Hau is the brother of Mr Tay Kim Huat, the Managing Director and major shareholder of the Company and Mr Tay Khim Seng, a Non-Executive Director and shareholder of the Company
Conflict of interest with the Company	:	Nil
List of conviction for offences within the past 10 years	:	Nil



corporate information



Board of Directors

Datuk Seri Zulkipli bin Mat Noor
Tay Kim Huat
Tay Kim Hau
Dato' Ng Ah Poh
Dato' Haji Zaini bin Md. Hasim
Chai Meng Kui (JP)
Boo Chin Liong
Tay Khim Seng
Chua Syer Cin

(Chairman)
(Managing Director)
(Executive Director)
(Executive Director)

Audit Committee

Boo Chin Liong *
(Chairman)
Dato' Haji Zaini bin Md. Hasim *
Tay Khim Seng
Chua Syer Cin *

Nomination Committee

Dato' Haji Zaini bin Md. Hasim *
(Chairman)
Boo Chin Liong *
Tay Khim Seng
Chua Syer Cin *

Remuneration Committee

Dato' Haji Zaini bin Md. Hasim *
(Chairman)
Boo Chin Liong *
Tay Khim Seng
Chua Syer Cin *

* *Independent Non-Executive Director*

Secretary

Pang Kah Man (MIA 18831)

Registered Office

No. 7 (1st Floor), Jalan Pesta 1/1
Taman Tun Dr Ismail 1, Jalan Bakri
84000 Muar
Johor Darul Takzim
Tel No. : 606 - 954 1705
Fax No. : 606 - 954 1707

Principal Place of Business

PL0 1, Bukit Pasir Industrial Area
Mukim of Sungai Raya
84300 Bukit Pasir, Muar
Johor Darul Takzim

Registrars

Symphony Share Registrars Sdn Bhd
Level 6 Symphony House Block D13
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 603 - 7841 8000
Fax No. : 603 - 7841 8008

Auditors

Crowe Horwath (AF 1018)
Chartered Accountants

Principal Bankers

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

Solicitors

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

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad

corporate structure



AT OFFICE SYSTEM®

**Poh Huat Resources
Holding Berhad** (Company No: 443169-X)

100%

Poh Huat Furniture
Industries (M) Sdn Bhd

100%

Maxicoins Sdn Bhd

100%

Contempro Furniture
(Qingdao) Co., Ltd

100%

Poh Huat Woodwork
(M) Sdn Bhd

73%
27%

Poh Huat Furniture
Industries Vietnam
Joint Stock Company

100%

Poh Huat
International
(BVI) Limited

100%

Poh Huat Furniture
Industries
(Qingdao) Co Ltd

100%

Poh Huat
International
Sdn Bhd

100%

Creative Home
Design Sdn Bhd

51%

Poh Huat International
Furniture SA (Pty) Ltd

information on directors

Datuk Seri Zulkipli bin Mat Noor *SPDK, SPTJ, DIMP, DSAP,PJN, SIMP, KMN, JMN, PSPP* **Chairman (Independent Non-Executive Director)**

Datuk Seri Zulkipli bin Mat Noor, aged 61, was appointed as the Chairman of the Company on 1 January 2010.

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

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

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

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

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

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

Mr Tay Kim Huat **Managing Director (Non-Independent Executive Director)**

Mr Tay Kim Huat, Malaysian, aged 55, was appointed to the Board of the Company on 9 December 1999 and is presently the Managing Director of the Company.

Mr Tay is the co-founder of Poh Huat Furniture Industries (M) Sdn Bhd, the main operating subsidiary of the Group. With more than 30 years of experience in the furniture manufacturing industry, Mr Tay now leads the Group in areas of strategic planning, business development, new ventures and investment. He is also actively involved in key operational aspects of the business of the Group, particularly in areas of purchasing and market development. He has been the main driving force behind the continuous introduction of new products and was instrumental in the rapid expansion of the operations of the Group, particularly in the overseas ventures and investments undertaken by the Group.

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

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

Mr Tay Kim Hau
Executive Director (Non-Independent Executive Director)

Mr Tay Kim Hau, Malaysian, aged 63, was appointed to the Board of the Company on 9 December 1999 and is presently an Executive Director of the Company.

Upon completion of his secondary education in 1968, Mr Tay joined Nippon Paint (M) Sdn Bhd as a Production Supervisor and has held various positions in the company before resigning from the position of Factory Manager of Nippon Paint (M) Sdn Bhd in 1996. Thereafter, he joined Poh Huat Furniture Industries (M) Sdn Bhd as its General Manager and was subsequently appointed to the Board of the company in February 1998. Mr Tay retired from his position of General Manager in 2007 but as an Executive Director, remained involved in the areas of marketing and business development of the Group.

He is not a director of any other public or private company. He is the brother of Mr Tay Kim Huat, the Managing Director and major shareholder of the Company and Mr Tay Khim Seng, a Non-Executive Director and shareholder of the Company.

Dato' Ng Ah Poh
Executive Director (Non-Independent Executive Director)

Dato' Ng Ah Poh, Malaysian, aged 60, was appointed to the Board of the Company on 9 December 1999 and is presently an Executive Director of the Company.

Upon completion of his early education in Muar, Dato' Ng participated in the running of his family-owned business which has interests in plantation and manufacture of food products.

In the late 1980s, Dato' Ng, together with Mr Tay Kim Huat, ventured in the manufacture of various types of custom-made household furniture and the provision of interior renovation services. The furniture manufacturing business was formalised in 1992 with the incorporation of Poh Huat Furniture Industries (M) Sdn Bhd. During the early 1990s, Dato' Ng was actively involved in the marketing of the company's products both in the local as well as overseas markets. He is presently not involved in the daily operations of the Group but remained involved in the direction setting and strategic management of the Group.

He presently has business interests in and is a director of several private limited companies involved in the manufacturing of biscuit, confectionery and food products.

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

information on directors (cont'd)

Dato' Haji Zaini bin Md. Hasim *DIMP, AMP, AMN, PIS, PPA, PPS* **Director (Independent Non-Executive Director)**

Dato' Haji Zaini bin Md. Hasim, Malaysian, aged 65, was appointed as an Independent Non-Executive Director of the Company on 2 May 2001 and is presently the Chairman of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee.

Dato' Haji Zaini received his early education in Batu Gajah, Perak Darul Ridzuan and later obtained his Bachelor of Social Science (Honours) from the Science University of Malaysia, Penang. Dato' Haji Zaini commenced his career with the Royal Malaysian Police Force in 1965. During his 36 years of service with the Royal Malaysian Police Force, Dato' Haji Zaini has held various commanding position including the Officer-In-Charge of District Police and Assistant Director of Bukit Aman before retiring from service as the Commander of General Operations of the Royal Malaysian Police Force, Sabah in March 2001. During his tenure with the Royal Malaysian Police Force, he was also seconded to the Malaysian Aviation Department as its Deputy Director (Security/Intelligence) when the airport security service at all Malaysian airports was first being organised and established.

He presently has business interest in and is a director of a private limited company involved in the retailing of golf and sporting equipment.

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

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

Mr Chai Meng Kui, Malaysian, aged 45, was appointed to the Board of the Company on 1 January 2008 and is presently an non-executive director the Company.

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

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

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

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

Mr Boo Chin Liong, Malaysian, aged 50, was appointed as an Independent Non-Executive Director of the Company on 9 December 1999 and is presently the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee.

Mr Boo graduated with a Bachelor of Law (Honours) from the University of Malaya in 1985. Mr Boo is an advocate and solicitor and has been in active legal practice since 1986. He is the founding partner of Messrs C.L. Boo & Associates.

He is presently a director of several private limited companies.

He is currently an Independent Non-Executive Director of BP Plastics Holding Bhd. He has no family relationship with any Director and/or major shareholder of the Company.

Mr Tay Khim Seng

Director (Non-Independent Non-Executive Director)

Mr Tay Khim Seng, Malaysian, aged 50, was appointed as a Non-Independent Non-Executive Director of the Company on 2 May 2001 and is presently a member of the Audit Committee, Remuneration Committee and the Nomination Committee.

Mr Tay completed his education with a Bachelor of Law (Honours) from the University of Malaya in 1985. Mr Tay has been practising in Muar since 1988 and is presently the senior partner of J.A. Nathan & Co. He is the Honorary Legal Advisor of the Muar Furniture Association, the Muar Chinese Chambers of Commerce and several other non-government organisations. He was also the elected State Assemblyman for the constituency of Maharani, Muar, Johor Darul Takzim for the period from 1995 to 1999.

He is presently a director of several private limited companies.

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

Mr Chua Syer Cin

Director (Independent Non-Executive Director)

Mr Chua Syer Cin, Malaysian, aged 38, was appointed as an Independent Non-Executive Director of the Company on 17 May 2001 and is presently a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Upon graduation from the Charles Sturt University, Australia in 1994, Mr Chua joined the accounting practice of Ernst & Young as an Audit Senior. From 1998 to 2000, he was the Audit/Tax Manager of Teo & Associates, an accounting firm in Malacca. In February 2000, he set up his own accounting firm, Messrs SC Chua & Associates and has since been the sole proprietor of the firm.

He is presently a member of both the Malaysian Institute of Accountants and the CPA Australia.

He is presently a director of several private limited companies.

He is currently an Independent Non-Executive Director of Kia Lim Berhad. He has no family relationship with any Director and/or major shareholder of the Company.

Conflict of Interest

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

Conviction of Offence

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

chairman's statement



Dear Shareholders,

On behalf of the Board of Directors of Poh Huat Resources Holdings Berhad, I have the pleasure of presenting to you, the annual report and the financial statements of the company and its subsidiaries for the financial year ended 31 October 2010.

Financial Results

In 2010, the global economic environment was uncertain with a mixture of positive and negative developments. Consumer confidence in the US improved following the government's economic stimulus programmes and efforts at maintaining stability in financial and housing sectors. Though there were concerns over high level of unemployment, US consumers

were generally more optimistic of an economic recovery. In Europe, high levels of unemployment and the debt crisis in several countries continued to weigh down recovery in that region. In the Middle East and Northern Africa recovery remained slow with supply overhang in the real estate sector and general contraction of economic activities.

Financial Results (cont'd)

During the financial year, the Group registered significantly higher turnover of RM355.66 million compared to RM329.65 million in the previous financial year. The higher turnover is commendable given the still challenging conditions in the Group's major export destinations and the strengthening of the Ringgit against the US Dollar which has resulted in lower Ringgit sales proceeds for our export sales. Our subsidiaries in Vietnam and Malaysia continued to lead the way with strong increases in shipment of furniture.

I am happy to report that the Group registered an improvement in profitability with a consolidated net profit of RM10.78 million compared to RM10.15 million achieved in the previous year. The Group's operations in Vietnam provided the bulk of the Group's profits while the profit contribution from the Malaysian operations was significantly lower due to the rising costs of raw materials and the strengthening of Ringgit against the US Dollar. The Group continued to sustain losses for its operations in China where scale of operations remained



Equally important is the improvement in the productivity of our manufacturing plants in Vietnam in spite of a fire in May 2010. Overall, shipment of furniture to the US was significantly higher in the 2nd half of 2010 as US importers increased orders to restock their inventory in anticipation of better year-end festive sale season. In particular, sales to several top US furniture retailers increased substantially as a result of the collaboration and successful launch of several new groups of furniture.

small. The Group's operations in South Africa continued to be profitable despite tough market conditions.

Dividend

In line with the performance of the Company, the Board has recommended a first and final tax-exempt dividend of 2% for the financial year ended 31 October 2010 for approval at the forthcoming annual general meeting of the company.

chairman's statement (cont'd)

Prospects

Recent unrest in several Middle Eastern countries has resulted in concerns over oil production and export from the region. The prospects of supply interruptions and the corresponding increase in petro-chemical and energy prices will have severe repercussions on the global economy. Improvements in business sentiments and consumer confidence will likely be dampened as businesses and homes face higher inflationary pressures.

Furniture manufacturers and exporters continue to face considerable uncertainties in the international market. The present scenario will have a negative impact on the export of furniture not only to the Middle East but elsewhere including the US and Europe. The strengthening of the Ringgit against the US Dollar also makes our exports more expensive, thus eroding our price competitiveness and profit margins. On the manufacturing front, escalating material and labour costs continue to be major challenges.

The above notwithstanding, we remain committed to and are confident of a recovery in the international furniture trade. We are optimistic of the opportunities when the situations in the Middle East and Europe improve. The USA remains the largest furniture consumer and importer world wide, accounting for about one quarter of total world furniture consumption. The US furniture market is strong and it has the resources to overcome the crisis. We are confident of a recovery of the US economy in the medium-term and are preparing ourselves through efforts in enhancing our product design and branding capabilities and deepening of our relationship and customer base in the US. We are also looking at options to improve our situation in China which has adversely affected the Group's performance.

Acknowledgement

On behalf of the Board, I would also like to take this opportunity to express our sincere appreciation and gratitude to the management and employees of the Group for their dedication, team spirit and hard work in making 2010 yet another successful year for the Group. The achievement of the Group could not have been possible if not for the earnest efforts put in by our workforce.

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

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

Thank you.

Yours sincerely,

Datuk Seri Zulkipli bin Mat Noor
Muar, Johor Darul Takzim

18 March 2011

corporate governance

The Board recognises the importance of good corporate governance in ensuring that the interest of the Company, shareholders and other stakeholders are protected. The Board is committed to an established framework for governance and controls that are consistent with the principles and best practices recommended in the Malaysian Code on Corporate Governance ("Code") and other applicable laws, regulations and guidelines.

The Board is pleased to report to the shareholders on the manner in which the Group has applied the principles and the extent to which it has complied with the best practices as set out in Part 1 and Part 2 of the Code.

BOARD OF DIRECTORS

Role and Responsibilities

The Board has the overall responsibility for the strategic direction; formulation of objectives and strategies; establishment of policies and procedures; and the execution and monitoring of the business activities of the Group.

The Board delegates certain responsibilities to the board committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Option Committee in order to enhance operational efficiency and strengthen the overall management and governance of the Group's businesses and affairs. All board committees report to the Board.

The Board retains the overall responsibility for monitoring activities undertaken by Board committees, subsidiaries and operational departments. The Board is responsible for the assessment and management of the commercial and financial risks inherent to the environment in which the Group operates. The Board is also ultimately responsible for the compliance with applicable laws, regulations and guidelines.

Board Balance

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

The Executive Directors bring together expertise and experience in manufacturing and investment. The strength of the Executive Directors is complemented by the experience and independent views of the Non-Executive Directors who are experienced in the fields of accountancy, law and public service.

The positions of the Chairman and the Managing Director are clearly separated to ensure that there is a balance of power and authority. The Chairman is primarily responsible for ensuring the effective conduct of the Board whilst the Managing Director has the overall responsibility for the implementation of Board decisions and operational effectiveness. The independent Directors provide the necessary independent perspective and rigour in the formulation of strategies, deliberation of issues and implementation of major transactions to ensure that the interest of not only the Group, but also stakeholders and the public in general are represented. This mixture of experience and expertise is deemed necessary in light of the increasing challenging economic and operating environment in which the Group operates.

BOARD OF DIRECTORS (Cont'd)

Appointment and Re-election of Directors

The appointment of new directors and nomination of directors for re-election are the remit of the Nomination Committee.

In accordance with Article 88 of the Company's Articles of Association, all directors who are appointed by the Board are subject to re-election by the shareholders of the Company at the first annual general meeting immediate after their appointment. In accordance with Article 81 of the Company's Articles of Association, one-third (1/3) of the remaining Directors, including the Managing Director, are required to submit themselves for re-election by rotation at each annual general meeting of the Company. In addition, all Directors must submit themselves for re-election at least once every three (3) years.

Directors' Training

The Board, through the Nomination Committee, ensures that it recruits to the Board individuals of sufficient calibre, knowledge and experience to fulfil the duties of a director appropriately. All Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysts Malaysia.

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

Director	Courses/Training Attended
Datuk Seri Zulkipli bin Mat Noor	Mandatory Accreditation Programme
Mr Chua Syer Cin	Seminar organized by the Malaysian Institute of Accountants and the Chartered Tax Institute of Malaysia including :- <ul style="list-style-type: none">• Accounting for Construction Contracts, Property Development Activities and Borrowing Costs• Essential Tax Planning for Companies in 2010• 2010 Budget Seminar – Highlights and Implications• Analysis of Recent Tax Cases 2010• Analysis of Recent Tax Cases, Construing Court Decisions and Managing Tax Appeals Efficiently• CTIM Workshop on Real Property Gains Tax

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

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

Board Meetings

During the financial year ended 31 October 2010, 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 (Appointed on 1 January 2010)	3/3
Mr Tay Kim Huat	4/4
Mr Tay Kim Hau	4/4
Dato' Ng Ah Poh	4/4
Mr Chai Meng Kui (JP)	2/4
Dato' Haji Zaini bin Md. Hasim	4/4
Mr Boo Chin Liong	4/4
Mr Tay Khim Seng	3/4
Mr Chua Syer Cin	4/4

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

Board Committees

In the discharge of its fiduciary duties, a number of standing and ad-hoc committees have been established to assist the Board. The committees established, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Option Committee comprises members of the Board, the composition of which are determined after careful consideration of the mix of expertise, experience and independence of the members.

1. Audit Committee

The Audit Committee is primarily responsible for matters relating to financial accounting and controls to ensure that good practices are adopted in the review and disclosure of the financial affairs of the Group. This Committee also provides an independent and neutral avenue for reporting and feedback both between the internal audit personnel and the external auditors; and the Directors and management representatives of the Group.

The composition and terms of reference of the Audit Committee together with its report are presented in the Audit Committee section herein.

2. *Nomination Committee*

The Nomination Committee is primarily responsible for the identification of the desired mix of expertise, competencies and experience for an effective Board and the assessment of the performance of the members of the Board. As and when the need arises, this committee shall also identify and recommend candidates with the necessary qualities to strengthen the Board. The current members of the Nomination Committee are:-

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

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

3. *Remuneration Committee*

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

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

3. *Remuneration Committee (Cont'd)*

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

The details of Directors' remuneration payable to the Directors of the Company for the financial year ended 31 October 2010 are disclosed in the Notes to the Financial Statement herein.

SUPPLY OF INFORMATION

All Board and committee members are provided with the requisite notice, agenda and board papers prior to the convening of each meeting. All information and documents are provided on a timely manner so that members are given sufficient time to prepare and, where necessary, obtain additional information or clarification prior to the meeting to ensure effectiveness of the proceeding of the meeting. The board papers include, amongst others, the following:-

1. Minutes of previous meeting;
2. Quarterly and annual financial statements and internal audit reports;
3. Proposal for major investments and financial undertakings;
4. Proposal for acquisition of properties and major operating assets;
5. Proposal and documents related to major corporate exercises; and
6. Documentation on policies, procedures and control systems.

Board and committee members have access to the advice and services of the Company Secretary, management representatives and, if deemed necessary, other independent professionals at the expense of the Company in the discharge of their duties.

SHAREHOLDERS

Relation with Shareholders and Investors

The Board acknowledges the need for shareholders to be informed of all material business and corporate developments affecting the Group.

The timely release of quarterly and annual financial results of the Group and the issue of the Company's Annual Reports provide regular information on the state of affair of the Group. These, together with announcement to the Exchange, circulars to shareholders and, where appropriate, ad-hoc press statements and interviews are the principal channels for dissemination of information to shareholders, investors and the public in general. Information on the Group is also available on the Company's website.

corporate governance (cont'd)

SHAREHOLDERS (Cont'd)

Relation with Shareholders and Investors

General meetings of the Company represent the main venue for communication between the shareholders and the Company. Shareholders are encouraged to attend and participate at these meetings. Shareholders who are unable to attend are allowed to appoint proxies. Members of the Board and the external auditors of the Company are present to answer queries raised at these meetings as well as to exchange information with shareholders, invited attendees and members the press.

Any queries or concerns regarding the Group may be conveyed to the Chairman of the Audit Committee or the Company Secretary at the registered office of the Company.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting annual reports and audited financial statements and announcing quarterly results, the Board aims to present an accurate, balanced assessment of the Group's position and prospects. In the preparation of financial statements, the Audit Committee and the Board review the financial statements for consistency and appropriateness of use and application of accounting standards and policies; and for reasonableness and prudence in making estimates, statements and explanation.

Internal Control

The Board recognises the importance of an effective internal control system in improving risk management; enhancing operational and financial controls and ensuring compliance with applicable laws and regulations. The control system is designed to safeguard the Group's operations and assets and hence, protect shareholders' investment in the Group. Whilst emphasis are being placed on ensuring the effective of the control system, there can only be reasonable assurance against misstatement, irregularities or losses.

The Statement on Internal Control section herein provides an overview of the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of references as presented in the Audit Committee section herein.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

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

Share Buyback

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

Options, Warrants or Convertible Securities

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

ADR/GDR Programme

The Company has not sponsored any American Depositary Receipt or Global Depositary Receipt programme during the financial year.

Sanctions and Penalties

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

Non-Audit Fees Payable to External Auditors

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

Financial Forecast

No profit forecast was issued by the Company during the financial year.

Profit Guarantee

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

Material Contracts Involving Directors'/Substantial Shareholders' Interests

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

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

Safe and conducive working environment

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

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

Product safety, quality assurance and customer services.

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

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

audit committee

Constitution

The Audit Committee was established by the Board as the prime body to ensure a high standard of corporate responsibility, integrity and accountability to shareholders in line with the corporate governance and disclosure standard expected from that of a public company.

The present members of the Audit Committee are:-

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

hereinafter referred to as the "Committee".

Terms of Reference

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

Objectives

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

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

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

Terms of Reference (Cont'd)

Composition

The members of the Committee shall be appointed by the Board from amongst their members and shall comprise no fewer than 3 members. All the audit committee members must be non-executive directors of which a majority shall be independent directors.

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

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

Meetings

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

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

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

Authority

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

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

audit committee (cont'd)

Terms of Reference (cont'd)

Duties and Responsibilities

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

1. to consider and recommend the appointment and remuneration of the external auditors;
2. to oversee matters pertaining to the external audit including the review of the audit scope and plans, the external auditors evaluation of the internal control system and their audit report;
3. to review, where applicable, the scope and results of internal audit procedures, the findings and recommendations of the internal audit report and the remedial or corrective action taken;
4. to review the requisite interim and annual financial statements and reports of the Group, to discuss matters and findings arising from the review with the Board and where necessary, the auditors and to recommend to the Board the announcement/publication of the financial statements on a timely manner;
5. to identify and direct any special project or investigate and report on any matters, issues or concerns that may be agreed to by the Committee and the Board; and
6. to review any related party transaction that may arises within the Company or the Group.

Modifications

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

Audit Committee Report

Four (4) Audit Committee meetings were held during the financial year ended 31 October 2010. Details of the attendance of members at Audit Committee Meetings are as follows:-

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

Audit Committee Report (cont'd)

The activities of the Audit Committee during the financial year ended 31 October 2010 included the following:-

1. Reviewed with the external auditors their scope of work and audit plans prior to the commencement of the audit activities;
2. Reviewed and discussed the Group audited financial statements for the year ended 31 October 2010 with the external auditors' including the audit notes and findings, and updates on new developments pertaining to accounting standards issued by the Malaysian Accounting Standards Board;
3. Evaluated proposals and recommended the appointment of a firm of independent licensed auditors ("internal auditors") to strengthen the internal audit services;
4. Reviewed and discussed with the internal auditors the Group's 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 discuss 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.

Internal Control

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

audit committee (cont'd)

Internal Control (Cont'd)

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

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

The direct expenditure incurred for the internal audit function for the financial year ended 31 October 2010 is approximately RM40,950.

statement on internal control

The Directors acknowledge their ultimate responsibility for the Group's system of internal controls, which is designed to identify and manage the risks facing the businesses in pursuit of its business objectives. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Key Elements of the Group's Internal Control System

The internal control system is designed to give reasonable assurance with respect to the:-

1. reliability of financial information used within the business or for publication;
2. maintenance of proper accounting records;
3. safeguarding of assets against unauthorized use or disposition; and
4. efficiency and effectiveness of the running of the businesses and operations.

The Board is of the view that the current system of internal controls is sufficient to safeguard the Group's interest.

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

1. clearly defined systems and procedures for key operational and financial departments, including maintenance of good operational and financial records and controls and the production of accurate and timely management information;
2. monitoring and control of key financial risks through clearly laid down authorization levels and proper segregation of accounting duties;
3. detailed reporting of trading results, balance sheets and cash flows, with regular review by the management, Audit Committee and Board of Directors;
4. regular independent internal audit activities to monitor compliance with procedures and assess the integrity of operational and financial information provided; and
5. regular information provided to the management, covering financial performance, key business indicators and cash flow performance.

The Group continuously monitors the effectiveness of the internal control system to ensure a continuous process of improving the internal control system and enhancing the quality and effectiveness of operational audits.

The Executive Directors have day-to-day contact with the business and are actively involved in risks monitoring and control activities. The Executive Directors report to the Board on the significant risks impacting the Group and the measures proposed or taken by the management to address these risks. All Board members received copies of management and audit reports and are involved in the decision and actions that are required to maintain the level of risk at an acceptable level.

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

The external auditors have reviewed the Statement of Internal Control pursuant to Paragraph 15.24 of the Listing Requirements of Bursa Malaysia Securities Berhad and have reported to the Board that it appropriately reflects the processes that the Board has adopted in reviewing the adequacy and integrity of the system of internal controls.

directors' responsibilities statement

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

The financial statements are prepared on a going concern basis, in accordance with applicable approved accounting standards and comply with the provisions of the Companies Act, 1965. It is the duty of the Directors to review the appropriateness of the basis before adopting the financial statements and lay them before the Annual General Meeting together with their Report and the Auditors' Report thereon.

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

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



financial statements

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directors' report

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are described in Note 6 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Profit for the financial year	10,778,794	2,034,014
Attributable to :		
Equity holders of the Company	10,725,067	2,034,014
Minority interest	53,727	-
	10,778,794	2,034,014

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

DIVIDENDS

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

A first and final dividend of 2% less tax at 25% amounting to RM 1,700,803 was proposed in respect of the financial year ended 31 October 2009 and dealt with in the previous directors' report, was declared on 8 February 2010 and subsequently paid on 21 May 2010. The payment was made to the shareholders whose name appeared in the Company's Records of Depositors on 10 May 2010.

The Board of Directors proposed a first and final tax exempt dividend of 2% amounting to RM 2,267,742 in respect of the financial year ended 31 October 2010.

The dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits for the financial year ending 31 October 2011.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options have been granted by the Company to any person to take up any unissued shares of the Company during the financial year.

DIRECTORS

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

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

directors' report (cont'd)

DIRECTORS' INTERESTS

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

		NUMBER OF ORDINARY SHARES OF RM 1.00 EACH			
		BALANCE AT 01.11.2009	BOUGHT	SOLD	BALANCE AT 31.10.2010
Tay Kim Huat	- Direct interest	17,586,994	7,918,844	-	25,505,838
	- Indirect interest *	2,766,095	-	-	2,766,095
Tay Kim Hau	- Direct interest	3,996,980	-	-	3,996,980
Dato' Ng Ah Poh	- Direct interest	4,599,855	-	-	4,599,855
Boo Chin Liong	- Direct interest	19,500	-	-	19,500
Dato' Haji Zaini Bin Md Hasim	- Direct interest	15,600	-	-	15,600
Tay Khim Seng	- Direct interest	2,338,050	-	(20,000)	2,318,050
Chai Meng Kui	- Direct interest	8,039,070	-	(4,535,484)	3,503,586

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

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

Other than as disclosed above, none of the directors in office at the end of the financial year had any other interest in the shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 20 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest save as disclosed in Note 26 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company was a party, whereby the directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps :
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts ; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances :
- (i) that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent ; or
 - (ii) that would render the values attributed to current assets in the financial statements of the Group and of the Company misleading ; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate ; or
 - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist :
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and which secures the liabilities of any other person ; or
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the directors :
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due ; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

directors' report (cont'd)

SIGNIFICANT EVENT

The significant event during the financial year is disclosed in Note 30 to the financial statements.

AUDITORS

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

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

TAY KIM HUAT

Director

TAY KIM HAU

Director

Muar, Johor Darul Takzim

Date: 17 February 2011

statement by directors

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

We, the undersigned, being two of the directors of Poh Huat Resources Holdings Berhad, do hereby state that, in the opinion of the directors, the financial statements set out on pages 43 to 102 are drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 October 2010 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

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

TAY KIM HUAT

Director

TAY KIM HAU

Director

Muar, Johor Darul Takzim

Date : 17 February 2011

statutory declaration

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

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 43 to 102 are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared	}
by the abovenamed TAY KIM HUAT	}
at Muar in the state of Johor Darul Takzim	}
on 17th day February 2011	}

TAY KIM HUAT

Before me :
Commissioner for Oaths

independent auditors' report

to the members of Poh Huat Resources Holdings Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Poh Huat Resources Holdings Berhad, which comprise the balance sheets at 31 October 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 102.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 October 2010 and of their financial performance and cash flows for the financial year then ended.

independent auditors' report (cont'd)

to the members of Poh Huat Resources Holdings Berhad

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act ;
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes ; and
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

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

Crowe Horwath

Firm No.: AF 1018

Chartered Accountants

Ng Kim Kiat

Approval No: 2074/10/12 (J)

Chartered Accountant

Muar, Johor Darul Takzim

Date : 17 February 2011

balance sheets

at 31 October 2010

		GROUP		COMPANY	
	NOTE	2010 RM	2009 RM	2010 RM	2009 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	114,695,546	125,105,994	-	-
Prepaid lease payments	5	16,186,349	16,903,535	-	-
Investment in subsidiaries	6	-	-	91,388,266	97,707,337
Intangible asset	7	296,148	296,148	-	-
Deferred tax assets	8	-	23,749	-	-
		131,178,043	142,329,426	91,388,266	97,707,337
CURRENT ASSETS					
Inventories	9	58,622,835	53,547,030	-	-
Trade and other receivables	10	39,015,323	28,815,335	16,759,979	17,932,275
Deposits, bank and cash balances	11	23,265,280	16,759,093	68,025	65,048
Dividend receivable		-	-	7,826,695	-
		120,903,438	99,121,458	24,654,699	17,997,323
TOTAL ASSETS		252,081,481	241,450,884	116,042,965	115,704,660

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

balance sheets (cont'd)

at 31 October 2010

		GROUP		COMPANY	
	NOTE	2010 RM	2009 RM	2010 RM	2009 RM
EQUITY AND LIABILITIES					
Share capital	12	113,387,105	113,387,105	113,387,105	113,387,105
Reserves	13	18,863,962	20,040,284	2,590,153	2,256,942
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
		132,251,067	133,427,389	115,977,258	115,644,047
MINORITY INTEREST					
		2,295,785	2,224,916	-	-
TOTAL EQUITY					
		134,546,852	135,652,305	115,977,258	115,644,047
NON-CURRENT LIABILITIES					
Bank borrowings	14	3,624,339	4,673,998	-	-
Hire purchase payables	15	595,761	-	-	-
Deferred tax liabilities	8	6,680,000	6,481,000	-	-
		10,900,100	11,154,998	-	-
CURRENT LIABILITIES					
Trade and other payables	16	71,509,000	65,604,429	65,707	60,613
Bank borrowings	14	34,852,557	27,459,443	-	-
Hire purchase payables	15	193,275	50,864	-	-
Tax payable		79,235	1,528,845	-	-
Dividend payable		462	-	-	-
		106,634,529	94,643,581	65,707	60,613
TOTAL LIABILITIES					
		117,534,629	105,798,579	65,707	60,613
TOTAL EQUITY AND LIABILITIES					
		252,081,481	241,450,884	116,042,965	115,704,660

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

income statements

for the financial year ended 31 October 2010

		GROUP		COMPANY	
	NOTE	2010 RM	2009 RM	2010 RM	2009 RM
REVENUE	17	355,661,237	329,648,227	10,250,205	1,230,000
COST OF SALES		(300,484,445)	(288,208,689)	-	-
GROSS PROFIT		55,176,792	41,439,538	10,250,205	1,230,000
OTHER INCOME		7,873,668	6,010,441	-	-
SELLING AND DISTRIBUTION EXPENSES		(18,688,385)	(16,305,942)	-	-
ADMINISTRATIVE EXPENSES		(16,661,827)	(15,128,595)	(565,297)	(627,815)
OTHER EXPENSES		(13,198,191)	(1,343,788)	(7,133,439)	(397,067)
FINANCE COSTS	18	(1,903,739)	(2,198,706)	(1,017)	(2,393)
PROFIT BEFORE TAX	19	12,598,318	12,472,948	2,550,452	202,725
TAX EXPENSE	22	(1,819,524)	(2,325,039)	(516,438)	(205,000)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		10,778,794	10,147,909	2,034,014	(2,275)
ATTRIBUTABLE TO :					
EQUITY HOLDERS OF THE COMPANY		10,725,067	9,937,466	2,034,014	(2,275)
MINORITY INTEREST		53,727	210,443	-	-
		10,778,794	10,147,909	2,034,014	(2,275)
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	23				
- Basic (Sen)		9.46	8.76	-	-

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

statements of changes in equity

for the financial year ended 31 October 2010

Group	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY									
	NOTE	NON-DISTRIBUTABLE					DISTRIBUTABLE			
		SHARE CAPITAL RM	SHARE PREMIUM RM	REVALUATION RESERVE RM	SHARE OPTIONS RESERVE RM	FOREIGN EXCHANGE FLUCTUATION RESERVE RM	RETAINED PROFITS RM	TOTAL RM	MINORITY INTEREST RM	TOTAL EQUITY RM
At 31 October 2008	87,220,850	144,495	6,787,594	20,786	87,281	35,679,724	129,940,730	1,629,139	131,569,869	
Transfer of share options reserve to retained profits for share options lapsed		-	-	-	(20,786)	-	20,786	-	-	
Bonus issue	26,166,255	(144,495)	-	-	-	(26,021,760)	-	-	-	
Profit for the financial year	-	-	-	-	-	9,937,466	9,937,466	210,443	10,147,909	
Dividends	24	-	-	-	-	(1,308,312)	(1,308,312)	-	(1,308,312)	
Foreign exchange differences	-	-	-	-	(5,142,495)	-	(5,142,495)	385,334	(4,757,161)	
Net (loss) not recognised in the consolidated income statement										
	-	-	-	-	(5,142,495)	-	(5,142,495)	385,334	(4,757,161)	
At 31 October 2009	113,387,105	-	6,787,594	-	(5,055,214)	18,307,904	133,427,389	2,224,916	135,652,305	
Profit for the financial year	-	-	-	-	-	10,725,067	10,725,067	53,727	10,778,794	
Dividends	24	-	-	-	-	(1,700,803)	(1,700,803)	(499)	(1,701,302)	
Foreign exchange differences	-	-	-	-	(10,200,586)	-	(10,200,586)	17,641	(10,182,945)	
Net (loss) not recognised in the consolidated income statement ¹										
	-	-	-	-	(10,200,586)	-	(10,200,586)	17,641	(10,182,945)	
At 31 October 2010	113,387,105	-	6,787,594	-	(15,255,800)	27,332,168	132,251,067	2,295,785	134,546,852	

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

statements of changes in equity (cont'd)

for the financial year ended 31 October 2010

COMPANY

	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
		NON-DISTRIBUTABLE		DISTRIBUTABLE		
		SHARE CAPITAL RM	SHARE PREMIUM RM	SHARE OPTIONS RESERVE RM	RETAINED PROFITS RM	TOTAL EQUITY RM
At 31 October 2008		87,220,850	144,495	20,786	29,568,503	116,954,634
Bonus issue		26,166,255	(144,495)	-	(26,021,760)	-
Transfer of share options reserve to retained profits for share options lapsed		-	-	(20,786)	20,786	-
(Loss) for the financial year		-	-	-	(2,275)	(2,275)
Dividends	24	-	-	-	(1,308,312)	(1,308,312)
At 31 October 2009		113,387,105	-	-	2,256,942	115,644,047
Profit for the financial year		-	-	-	2,034,014	2,034,014
Dividends	24	-	-	-	(1,700,803)	(1,700,803)
At 31 October 2010		113,387,105	-	-	2,590,153	115,977,258

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

cash flow statements

for the financial year ended 31 October 2010

		GROUP		COMPANY	
	NOTE	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		12,598,318	12,472,948	2,550,452	202,725
Adjustments for :					
Allowance for doubtful debts		482,090	-	-	-
Allowance for obsolete inventory		60,370	-	-	-
Amortisation of prepaid lease payments		640,032	451,833	-	-
Bad debts written off		280,139	3,217	-	-
Deposit forfeited		(200)	(360)	-	-
Depreciation		8,471,869	9,265,001	-	-
Dividend income		-	-	(7,826,695)	-
Fire insurance compensation		(6,700,200)	(940,932)	-	-
Gain on disposal of property, plant and equipment		(47,795)	-	-	-
Impairment loss on investment in a subsidiary		-	-	6,319,071	-
Inventory written off		8,020,569	-	-	-
Property, plant and equipment written off		2,331,631	1,055,859	-	-
Unrealised loss on foreign exchange		1,130,379	55,956	814,368	397,067
Interest income		(84,787)	(209,499)	-	-
Interest expenses		1,416,596	1,668,866	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES					
		28,599,011	23,822,889	1,857,196	599,792
Changes In Working Capital					
Inventories		(18,014,935)	14,499,129	-	-
Trade and other receivables		(6,400,385)	15,387,484	(1,388,510)	(39,178)
Trade and other payables		13,898,719	(26,496,951)	5,094	5,386

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

cash flow statements (cont'd)

for the financial year ended 31 October 2010

		GROUP		COMPANY	
	NOTE	2010 RM	2009 RM	2010 RM	2009 RM
CASH GENERATED FROM OPERATIONS		18,082,410	27,212,551	473,780	566,000
Interest received		84,787	209,499	-	-
Interest paid		(1,416,596)	(1,668,866)	-	-
Tax paid		(3,307,043)	(2,525,811)	(615,000)	(205,000)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		13,443,558	23,227,373	(141,220)	361,000
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from insurance claim		-	4,178,210	-	-
Proceeds from disposal of property, plant and equipment		296,299	-	-	-
Purchase of property, plant and equipment	4(e)	(11,218,945)	(13,358,588)	-	-
Lease payment for leasehold land		(662,597)	(334,038)	-	-
Dividends received from subsidiaries		-	-	1,845,000	922,500
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(11,585,243)	(9,514,416)	1,845,000	922,500
		1,858,315	13,712,957	1,703,780	1,283,500
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of term loans		-	3,838,575	-	-
Repayment of term loans		(2,817,215)	(7,561,880)	-	-
Net movements in trade bills		10,904,614	(13,312,868)	-	-
Repayment of hire purchase payables		(121,828)	(167,715)	-	-
Dividends paid		(1,700,803)	(1,308,312)	(1,700,803)	(1,308,312)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		6,264,768	(18,512,200)	(1,700,803)	(1,308,312)
EFFECT ON EXCHANGE RATE CHANGES		(1,489,824)	802,569	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,633,259	(3,996,674)	2,977	(24,812)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		16,270,613	20,267,287	65,048	89,860
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		22,903,872	16,270,613	68,025	65,048

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

cash flow statements (cont'd)

for the financial year ended 31 October 2010

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

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Deposits, bank and cash balances	23,265,280	16,759,093	68,025	65,048
Bank overdrafts	(361,408)	(488,480)	-	-
	22,903,872	16,270,613	68,025	65,048

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

notes to the financial statements

for the financial year ended 31 October 2010

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965. The Company is domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business are as follows :

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 17 February 2011.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are described in Note 6. There have been no significant changes in the nature of these principal activities during the financial year.

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

3. ACCOUNTING POLICIES AND STANDARDS

3.1 Basis of Preparation of Financial Statements

- (a) The financial statements of the Group and of the Company have been prepared in accordance with applicable Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia. At the beginning of current financial year, the Group and the Company adopted new FRSs which is mandatory for the financial period beginning on or after 1 November 2009 as described in Note 3.3.
- (b) The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.
- (c) The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 3.5.

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

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.2 Summary of Significant Accounting Policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

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

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

(ii) Basis of consolidation

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

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

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

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

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.2 Summary of Significant Accounting Policies (CONT'D)

(a) Subsidiaries and basis of consolidation (CONT'D)

(ii) Basis of consolidation (CONT'D)

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

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

All the subsidiaries were accounted for using the purchase method except for Poh Huat Furniture Industries (M) Sdn. Bhd., which was accounted for using the merger method of accounting in accordance with Malaysian Accounting Standards No. 2 – Accounting for Acquisitions and Mergers which was the accounting standard prevailing at that time. Under the merger method of accounting, the results of subsidiary are presented as if the merger had been effected throughout the current and previous financial years. On consolidation, the difference between the carrying amount of the investment and the nominal value of the shares acquired is taken to merger reserve, or deficit, as appropriate.

With the adoption of FRS 3 – Business Combinations, the Group had elected to apply the transitional provisions made under this Standard, wherein the Group will conform with the requirements of the Standard prospectively. The merger deficit that arose from previous consolidation has been transferred to retained profits.

(b) Property, plant and equipment and depreciation

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

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.2 Summary of Significant Accounting Policies (CONT'D)

(b) Property, plant and equipment and depreciation (CONT'D)

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

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

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

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

Freehold land is not depreciated. Capital work-in-progress are not depreciated until they are completed and put into use whilst other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over their estimated useful lives. The principal annual rates of depreciation used are as follows :

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

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

The carrying amount of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.2(e).

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.2 Summary of Significant Accounting Policies (CONT'D)

(b) Property, plant and equipment and depreciation (CONT'D)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statements and the unutilised portion of the revaluation surplus on that item, if any, is transferred directly to retained profits.

(c) Intangible asset

Goodwill

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

Positive goodwill is carried at cost less any accumulated impairment loss. Goodwill is subjected to impairment test annually or more frequently if events or changes in circumstances indicate that the carrying amount might be impaired. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.2(e). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(d) Inventories

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

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

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

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.2 Summary of Significant Accounting Policies (CONT'D)

(e) Impairment of assets

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

An impairment loss is charged to the income statements immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statements immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statements, a reversal of that impairment loss is recognised as income in the income statements.

(f) Borrowing costs

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

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

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.2 Summary of Significant Accounting Policies (CONT'D)

(g) Leases

(i) Finance leases

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

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

The property, plant and equipment so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment and depreciation in Note 3.2(b).

(ii) Operating leases

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

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

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.2 Summary of Significant Accounting Policies (CONT'D)

(h) Income tax

Tax expense comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date, and any adjustment to tax payables in respect of previous financial year.

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

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

(i) Revenue recognition

(i) Sale of goods

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

(ii) Dividend income

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

(iii) Interest income

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

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.2 Summary of Significant Accounting Policies (CONT'D)

(i) Revenue recognition (CONT'D)

(iv) Rental income

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

(j) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Group considers these to be insurance arrangements, and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

(k) Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses, social security costs and non-monetary benefits are recognised as expenses in the income statements in the financial year in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statements as incurred.

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.2 Summary of Significant Accounting Policies (CONT'D)

(I) Functional and foreign currency

(i) Functional currency

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

(ii) Transactions and balances in foreign currencies

Transactions in foreign currencies during the financial year are converted into RM at rates of exchange ruling at the dates of transactions unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward foreign exchange contracts are used. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into RM at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward foreign exchange contracts are used.

All gains or losses arising from the settlement of foreign currency transactions and from translating foreign monetary assets and liabilities are taken into the income statements.

(iii) Translation of foreign currency financial statements

For consolidation purposes, the assets and liabilities of foreign entities are translated into RM at rates of exchange ruling at the balance sheet date. Income statement items are translated at average exchange rates applicable throughout the financial year. The transaction differences arising therefrom are taken up and reflected in the foreign exchange fluctuation reserve.

Goodwill arising from the acquisition of a foreign entity and fair value adjustments to the carrying amount of assets and liabilities acquired, where applicable are translated at rate of exchange ruling at the date of transaction.

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.2 Summary of Significant Accounting Policies (CONT'D)

(m) Segmental information

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

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

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that is expected to be used for more than one financial period.

(n) Financial instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(i) Receivables

Receivables are carried at anticipated realisable value. All known bad debts are written off in the period in which they are identified. An allowance is made for doubtful debts based on estimates of possible losses which may arise from non-collection of certain receivable amounts.

(ii) Cash and cash equivalents

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

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.2 Summary of Significant Accounting Policies (CONT'D)

(n) Financial instruments (CONT'D)

(iii) Payables

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

(iv) Bank borrowings

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

(v) Equity instruments

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

3.3 Effects Arising from Adoption of New Financial Reporting Standards ("FRSs")

During the current financial year, the Group has adopted the following new accounting standard :

FRS 8 – Operating Segments

This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.4 New/Revised Financial Reporting Standards ("FRSs"), Amendments and Issues Committee ("IC") Interpretations That Are Not Yet Effective

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

		Effective for financial periods beginning on or after
FRS 1 (Revised)	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised)	Business Combinations	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 101 (Revised)	Presentation of Financial Statements	1 January 2010
FRS 123 (Revised)	Borrowing Costs	1 January 2010
FRS 124 (Revised)	Related Party Disclosures	1 January 2012
FRS 127 (Revised)	Consolidated and Separate Financial Statements	1 July 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2	Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2	Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5	Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9		1 January 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 101 and FRS 132	Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2010

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.4 New/Revised Financial Reporting Standards ("FRSs"), Amendments and Issues Committee ("IC") Interpretations That Are Not Yet Effective (CONT'D)

		Effective for financial periods beginning on or after
Amendments to FRS 132	Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments	1 January 2010/ 1 March 2010
Amendments to FRS 138	Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 9	Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14	Prepayments of Minimum Funding Requirement	1 July 2011
Annual Improvements to FRSs (2009)		1 January 2010
Annual Improvements to FRSs (2010)		1 January 2011

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.4 New/Revised Financial Reporting Standards ("FRSs"), Amendments and Issues Committee ("IC") Interpretations That Are Not Yet Effective (CONT'D)

The directors anticipate that the abovementioned FRSs, Amendments and IC Interpretations will be adopted when they become effective and that the adoption of these FRSs, Amendments and IC Interpretations will have no material impact on the financial statements of the Group in the period of initial application except for the followings :

FRS 7, FRS 139 and subsequent Amendments

The possible impacts of FRS 7 (including the subsequent amendments) and FRS 139 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

FRS 101 (Revised)

FRS 101 (Revised) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the financial year ending 31 October 2011.

Annual Improvements to FRSs (2009)

Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application except for leasehold land where in substance a finance lease will be reclassified from "prepaid lease payments" to "property, plant and equipment" and measured as such retrospectively.

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.5 Critical Accounting Estimates and Judgments

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

(a) Impairment of property, plant and equipment

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

(b) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line method over their useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 10 years except for warehouse and buildings which is 50 years.

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

(c) Impairment of goodwill

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

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

3. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

3.5 Critical Accounting Estimates and Judgments (CONT'D)

(d) Income tax

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

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

4. PROPERTY, PLANT AND EQUIPMENT

Group - At 31 October 2010

	FREEHOLD 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 / Valuation						
At 1 November 2009	-	103,709,290	80,209,977	13,048,873	268,893	197,237,033
Additions	1,580,622	1,360,660	3,773,433	1,603,244	1,821,864	10,139,823
Disposals	-	-	(91,856)	(556,583)	-	(648,439)
Write off	-	(2,157,383)	(356,333)	(17,650)	-	(2,531,366)
Reclassifications	-	24,692	392,365	118,017	(535,074)	-
Foreign exchange differences	-	(6,547,862)	(5,394,779)	(395,654)	(132,025)	(12,470,320)
At 31 October 2010	1,580,622	96,389,397	78,532,807	13,800,247	1,423,658	191,726,731
Representing :						
At valuation	-	13,272,729	-	-	-	13,272,729
At cost	1,580,622	83,116,668	78,532,807	13,800,247	1,423,658	178,454,002
	1,580,622	96,389,397	78,532,807	13,800,247	1,423,658	191,726,731
Less : Accumulated Depreciation						
At 1 November 2009	-	9,495,638	53,222,965	9,412,436	-	72,131,039
Charge for the financial year	-	1,901,192	5,509,332	1,061,345	-	8,471,869
Disposals	-	-	(83,357)	(316,578)	-	(399,935)
Write off	-	(184,742)	(11,682)	(3,311)	-	(199,735)
Foreign exchange differences	-	(418,494)	(2,367,923)	(185,636)	-	(2,972,053)
At 31 October 2010	-	10,793,594	56,269,335	9,968,256	-	77,031,185

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

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

Group - At 31 October 2010 (CONT'D)

	FREEHOLD 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
Representing :						
At valuation	-	2,619,289	-	-	-	2,619,289
At cost	-	8,174,305	56,269,335	9,968,256	-	74,411,896
	-	10,793,594	56,269,335	9,968,256	-	77,031,185
Carrying Amount						
At 31 October 2010	1,580,622	85,595,803	22,263,472	3,831,991	1,423,658	114,695,546
Representing :						
At valuation	-	10,653,440	-	-	-	10,653,440
At cost	1,580,622	74,942,363	22,263,472	3,831,991	1,423,658	104,042,106
	1,580,622	85,595,803	22,263,472	3,831,991	1,423,658	114,695,546

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

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

Group - At 31 October 2009

	FACTORY BUILDINGS RM	PLANT AND MACHINERY RM	VEHICLES, HOSTEL, FURNITURE, FITTINGS AND EQUIPMENT RM	CAPITAL WORK-IN- PROGRESS RM	TOTAL RM
At Cost / Valuation					
At 1 November 2008	98,136,924	86,069,243	13,174,159	2,618,543	199,998,869
Additions	6,072,115	674,788	110,181	5,784,830	12,641,914
Write off	(2,929,717)	(4,390,257)	(137,850)	-	(7,457,824)
Reclassifications	6,124,539	1,870,845	-	(7,995,384)	-
* Adjustment	-	(561,831)	-	-	(561,831)
Foreign exchange differences	(3,694,571)	(3,452,811)	(97,617)	(139,096)	(7,384,095)
At 31 October 2009	103,709,290	80,209,977	13,048,873	268,893	197,237,033
Representing :					
At valuation	13,272,729	-	-	-	13,272,729
At cost	90,436,561	80,209,977	13,048,873	268,893	183,964,304
	103,709,290	80,209,977	13,048,873	268,893	197,237,033
Less : Accumulated Depreciation					
At 1 November 2008	8,225,070	50,062,856	8,386,740	-	66,674,666
Charge for the financial year	1,887,124	6,217,227	1,186,208	-	9,290,559
Write off	(382,978)	(1,712,818)	(127,959)	-	(2,223,755)
* Adjustment	-	(25,558)	-	-	(25,558)
Foreign exchange differences	(233,578)	(1,318,742)	(32,553)	-	(1,584,873)
At 31 October 2009	9,495,638	53,222,965	9,412,436	-	72,131,039
Representing :					
At valuation	2,479,408	-	-	-	2,479,408
At cost	7,016,230	53,222,965	9,412,436	-	69,651,631
	9,495,638	53,222,965	9,412,436	-	72,131,039

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

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

Group - At 31 October 2009 (CONT'D)

	FACTORY BUILDINGS RM	PLANT AND MACHINERY RM	VEHICLES, HOSTEL, FURNITURE, FITTINGS AND EQUIPMENT RM	CAPITAL WORK-IN- PROGRESS RM	TOTAL RM
Carrying Amount					
At 31 October 2009	94,213,652	26,987,012	3,636,437	268,893	125,105,994
Representing :					
At valuation	10,793,321	-	-	-	10,793,321
At cost	83,420,331	26,987,012	3,636,437	268,893	114,312,673
	94,213,652	26,987,012	3,636,437	268,893	125,105,994

* This represents the value added tax ("VAT") refunded subsequently on property, plant and equipment acquired in previous financial year.

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

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

- (a) The factory buildings of the Group were last revalued by the directors in July 2009 based on professional appraisals by an independent valuer using the open market value basis.
- (b) Had the Group's revalued factory buildings been carried under the cost model, the carrying amount would have been RM 5,756,664 (2009 : RM 5,917,482).
- (c) The factory building with carrying amount of RM 24,130,215 (2009 : RM 34,584,320) are secured against bank borrowings granted to the Group (Note 14).
- (d) The motor vehicles with carrying amount of RM 1,100,743 (2009 : RM 154,349) are acquired under hire purchase instalment plans (Note 15).
- (e) Purchase of property, plant and equipment are as follows :

	GROUP	
	2010	2009
	RM	RM
Aggregate cost of property, plant and equipment acquired	10,139,823	12,641,914
Finance via hire purchase	(860,000)	-
Unpaid balances included under sundry payables (Note 16(c))	(2,050,809)	(3,990,262)
Cash paid in respect of acquisition in previous financial year	3,989,931	5,268,767
Adjustment	-	(561,831)
	<hr/>	<hr/>
Cash paid during the financial year	11,218,945	13,358,588

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

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

5. PREPAID LEASE PAYMENTS

	GROUP	
	2010	2009
	RM	RM
Balance at the beginning of financial year	16,903,535	17,482,653
Add : Lease payment for leasehold land	662,597	334,038
	17,566,132	17,816,691
Less : Amortisation of prepaid lease payments	(640,032)	(451,833)
	16,926,100	17,364,858
Foreign exchange differences	(739,751)	(461,323)
Balance at the end of financial year	16,186,349	16,903,535
Analysed as :		
Leasehold land	16,186,349	16,903,535

The leasehold land of RM 10,356,614 (2009 : RM 13,308,836) are secured against bank borrowings granted to the Group (Note 14).

6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2010	2009
	RM	RM
Unquoted shares - at cost	97,707,337	97,707,337
Less : Impairment losses	(6,319,071)	-
	91,388,266	97,707,337

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	EQUITY INTEREST HELD	
			2010	2009
Subsidiaries				
Poh Huat Furniture Industries (M) . Sdn. Bhd	Manufacturing and sale of furniture and investment holding.	Malaysia	100%	100%
Poh Huat Woodwork (M) Sdn. Bhd.	Dormant.	Malaysia	100%	100%
Poh Huat International Sdn. Bhd.	Trading of furniture and investment holding.	Malaysia	100%	100%
* Poh Huat Furniture Industries Vietnam Joint Stock Company	Processing and manufacturing of wooden furniture.	Vietnam	72.983% (Direct) ^27.011% (Indirect)	72.983% (Direct) ^ 27.011% (Indirect)
# Poh Huat Furniture Industries (Qingdao) Co. Ltd.	Manufacturing of furniture and related products.	People's Republic Of China	100%	100%
Poh Huat International (BVI) Limited	Investment holding.	British Virgin Islands	100%	100%

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	EQUITY INTEREST HELD 2010	2009
Subsidiaries Of Poh Huat Furniture Industries (M) Sdn. Bhd.				
Maxicojn Sdn. Bhd.	Dormant.	Malaysia	100%	100%
# Contempro Furniture Industries (Qingdao) Co. Ltd.	Manufacturing of furniture and related products.	People's Republic Of China	100%	100%
Subsidiaries Of Poh Huat International Sdn. Bhd.				
Creative Home Design Sdn. Bhd.	Trading of furniture.	Malaysia	100%	100%
# Poh Huat International Furniture S.A. (Proprietary) Limited	Trading of furniture.	South Africa	51%	51%

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

- * The financial statements of this subsidiary was audited by member of Crowe Horwath International.
- # The financial statements of these subsidiaries were audited by other firms of auditors.
- ^ The indirect equity interest of 27.011% is held through a subsidiary of the Company, namely Poh Huat International (BVI) Limited.

(b) During the financial year, impairment loss on investment of RM 6,319,071 relating to a subsidiary had been recognised due to the cessation of its business operations.

7. INTANGIBLE ASSET

	GROUP	
	2010	2009
	RM	RM
Carrying Amount		
Goodwill	296,148	296,148

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

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

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

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

8. DEFERRED TAX (ASSETS)/LIABILITIES

	GROUP	
	2010	2009
	RM	RM
Balance at the beginning of financial year	6,457,251	6,573,583
Relating to origination/(reversal) of temporary differences	220,362	(125,089)
Foreign exchange differences	2,387	8,757
Balance at the end of financial year	6,680,000	6,457,251
Presented after appropriate offsetting as follows :		
Deferred tax assets	-	(23,749)
Deferred tax liabilities	6,680,000	6,481,000
	6,680,000	6,457,251

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

(i) Deferred tax liabilities :

	REVALUATION SURPLUS OF PROPERTIES RM	EXCESS OF CAPITAL ALLOWANCES OVER DEPRECIATION RM	TOTAL RM
Balance at the beginning of financial year	2,118,000	4,459,000	6,577,000
Recognised in the income statements	-	178,000	178,000
Balance at the end of financial year	2,118,000	4,637,000	6,755,000

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

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

(ii) Deferred tax assets :

	UNUSED TAX LOSSES	OTHER TEMPORARY DIFFERENCES	TOTAL
	RM	RM	RM
Balance at the beginning of financial year	(23,749)	(96,000)	(119,749)
Recognised in the income statements	21,362	21,000	42,362
Foreign exchange differences	2,387	-	2,387
Balance at the end of financial year	-	(75,000)	(75,000)

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

	GROUP	
	2010	2009
	RM	RM
Unused tax losses	16,411,000	16,305,000
Unabsorbed capital allowances	4,560,000	4,555,000
Unutilised reinvestment allowances	7,800,000	7,800,000
Unutilised increased export allowances	12,053,000	12,053,000
	40,824,000	40,713,000

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

The above unused tax losses of the Group up to RM 13,541,000 (2009 : RM 13,001,000) do not expire under current tax legislation whilst RM 1,931,000 (2009 : RM 2,259,000) and RM 939,000 (2009 : RM 1,045,000) will expire in December 2014 and December 2013 respectively.

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

9. INVENTORIES

	GROUP	
	2010	2009
	RM	RM
At Cost		
Raw materials	20,380,664	21,166,319
Packing materials	90,124	172,663
Work-in-progress	17,925,893	13,279,923
Finished goods	20,286,524	18,928,125
	58,683,205	53,547,030
Less : Allowance for obsolete inventory	(60,370)	-
	58,622,835	53,547,030

10. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Trade Receivables	28,940,901	19,024,768	-	-
Less : Allowance for doubtful debts	(482,090)	-	-	-
	28,458,811	19,024,768	-	-
Other Receivables				
Amount due from subsidiaries	-	-	16,178,494	17,449,352
Deposits	116,714	131,400	1,000	1,000
Prepayments	1,066,749	919,401	-	-
Sundry receivables	9,373,049	8,739,766	580,485	481,923
	10,556,512	9,790,567	16,759,979	17,932,275
	39,015,323	28,815,335	16,759,979	17,932,275

(a) The Group's normal trade terms range from cash term to 120 days from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

(b) The amount due from subsidiaries is unsecured, interest free and repayable on demand.

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

11. DEPOSITS, BANK AND CASH BALANCES

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Bank and cash balances	20,236,160	15,759,093	68,025	65,048
Short term deposits placed with licensed banks	3,029,120	1,000,000	-	-
	23,265,280	16,759,093	68,025	65,048

- (a) The interest rate of short term deposits placed with licensed banks of the Group at the end of financial year is 1.0% (2009 : 1.2%) per annum.
- (b) The maturity period of short term deposits placed with licensed banks of the Group at the end of financial year is within 1 month (2009 : 3 days).

12. SHARE CAPITAL

	GROUP AND COMPANY	
	2010	2009
	RM	RM
Authorised :		
Ordinary shares of RM 1.00 each	500,000,000	500,000,000
Issued and fully paid :		
Ordinary shares of RM 1.00 each		
Balance at the beginning of financial year	113,387,105	87,220,850
Bonus issue	-	26,166,255
Balance at the end of financial year	113,387,105	113,387,105

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

13. RESERVES

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-Distributable				
Revaluation reserve	6,787,594	6,787,594	-	-
Foreign exchange fluctuation reserve	(15,255,800)	(5,055,214)	-	-
Distributable				
Retained profits	27,332,168	18,307,904	2,590,153	2,256,942
	18,863,962	20,040,284	2,590,153	2,256,942

(a) Revaluation Reserve

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

(b) Foreign Exchange Fluctuation Reserve

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

(c) Retained Profits

Retained profits are those available for distribution by way of dividends. Subject to the agreement of the Inland Revenue Board, the Company has sufficient Section 108 balance under Finance Act 2007 (Act 683), and the balance in tax exempt income account to frank the payment of dividends out of its entire retained profits without incurring additional tax liability.

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

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

14. BANK BORROWINGS

		GROUP	
		2010	2009
		RM	RM
CURRENT			
Secured	- Bank overdrafts	361,408	488,480
	- Trade bills	19,748,680	9,756,828
	- Term loans	1,005,058	3,179,318
Unsecured	- Trade bills	13,737,411	14,034,817
		34,852,557	27,459,443
NON-CURRENT			
Secured	- Term loans	3,624,339	4,673,998
		38,476,896	32,133,441
TOTAL BORROWINGS			
Secured	- Bank overdrafts	361,408	488,480
	- Trade bills	19,748,680	9,756,828
	- Term loans	4,629,397	7,853,316
Unsecured	- Trade bills	13,737,411	14,034,817
		38,476,896	32,133,441

(a) The bank borrowings are secured against :

- (i) Factory buildings with carrying amount of RM 24,130,215 (2009 : RM 34,584,320) of the Group (Note 4(c)).
- (ii) Leasehold land of the Group of RM 10,356,614 (2009 : RM 13,308,836) (Note 5).
- (iii) Corporate guarantee by the Company.

(b) The bank overdrafts are interest bearing at 7.8% (2009 : 6.6% to 7.3%) per annum whilst trade bills are interest bearing from 2.4% to 4.5% (2009 : 2.1% to 10.5%) per annum.

(c) The term loans of foreign subsidiaries are interest bearing at 3 months Cost of Funds ("COF") plus 1.5%, 3 months Singapore Interbank Offered Rate ("SIBOR") plus 1.5%, South Africa Interbank Offered Rate ("SABOR") plus 0.5% (2009 : COF plus 1.5%, Vietnam Interbank Offered Rate plus 1.5%, Base Lending Rate ("BLR") plus 1.8%, BLR plus 2.0%, SIBOR plus 0.5%, SABOR plus 0.5%) per annum.

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

14. BANK BORROWINGS (CONT'D)

- (d) The term loans are repayable by 120 monthly instalments, or 10 equal quarterly instalments (2009 : 58 to 120 monthly instalments, or 10 to 11 equal quarterly instalments) respectively. At the end of financial year, they are repayable as follows :

	GROUP	
	2010	2009
	RM	RM
CURRENT		
Not later than one year	1,005,058	3,179,318
NON-CURRENT		
Later than one year and not later than two years	486,244	1,048,504
Later than two years and not later than five years	366,014	1,226,948
Later than five years	2,772,081	2,398,546
	3,624,339	4,673,998
	4,629,397	7,853,316

15. HIRE PURCHASE PAYABLES

	GROUP	
	2010	2009
	RM	RM
Minimum hire purchase payments :		
Not later than one year	230,376	51,818
Later than one year and not later than two years	230,376	-
Later than two years and not later than five years	411,548	-
	872,300	51,818
Less : Unexpired term charges	(83,264)	(954)
	789,036	50,864

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

15. HIRE PURCHASE PAYABLES (CONT'D)

	GROUP	
	2010	2009
	RM	RM
Principal amount outstanding :		
Current portion	193,275	50,864
Non-current portion	595,761	-
	789,036	50,864

The effective interest rate of the hire purchase payables is ranging from 5.0% to 5.7% (2009 : 4.2%) per annum.

16. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Trade Payables	55,927,106	52,353,536	-	-
Other Payables				
Amount due to a director of a subsidiary	-	152,490	-	-
Amount due to a shareholder of a subsidiary	218,197	64,090	-	-
Accruals	6,774,594	5,802,115	52,650	51,915
Sundry payables	8,589,103	7,232,198	13,057	8,698
	15,581,894	13,250,893	65,707	60,613
	71,509,000	65,604,429	65,707	60,613

- (a) The normal credit terms granted to the Group range from 30 to 120 days from the date of invoices.
- (b) The amounts due to a director of a subsidiary and a shareholder of a subsidiary are unsecured, interest free and repayable on demand.
- (c) Included in sundry payables of the Group is an amount of RM 2,050,809 (2009 : RM 3,990,262) payable for the purchase of property, plant and equipment (Note 4(e)).

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

17. REVENUE

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

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Dividend income	-	-	10,250,205	1,230,000
Sale of furniture and furniture parts net of discounts, returns, sales tax and sales rebate	355,661,237	329,648,227	-	-
	355,661,237	329,648,227	10,250,205	1,230,000

18. FINANCE COSTS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest On :				
Hire purchase	20,590	7,167	-	-
Term loans	416,519	759,580	-	-
Trade bills	979,487	902,119	-	-
	1,416,596	1,668,866	-	-
Bank commission and charges	487,143	529,840	1,017	2,393
	1,903,739	2,198,706	1,017	2,393

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

19. PROFIT BEFORE TAX

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
This is arrived at after charging :				
Allowance for doubtful debts	482,090	-	-	-
Allowance for obsolete inventory	60,370	-	-	-
Amortisation of prepaid lease payments	640,032	451,833	-	-
Auditors' remuneration :				
- current	143,273	151,724	18,000	20,000
- overprovision in previous financial year	(7,992)	(2,000)	(2,000)	-
Bad debts written off	280,139	3,217	-	-
Depreciation	8,471,869	9,265,001	-	-
Impairment loss on investment in a subsidiary	-	-	6,319,071	-
Inventory written off	8,020,569	-	-	-
Lease rental	500,286	561,159	-	-
Property, plant and equipment written off	2,331,631	1,055,859	-	-
Realised loss on foreign exchange	575,094	-	-	-
Rental of factory	52,000	-	-	-
Rental of premises	161,050	332,800	-	-
Rental of showroom	108,000	-	-	-
Unrealised loss on foreign exchange	1,130,379	55,956	814,368	397,067
And crediting :				
Deposit forfeited	(200)	(360)	-	-
Gain on disposal of property, plant and equipment	(47,795)	-	-	-
Insurance compensation :				
- fire	(6,700,200)	(940,932)	-	-
- others	-	(10,528)	-	-
Interest income	(84,787)	(209,499)	-	-
Realised gain on foreign exchange	-	(2,403,081)	-	-
Rental income	(660,000)	(660,000)	-	-

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

20. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors of the Company				
Executive Directors :				
Fee	204,000	196,500	156,000	148,500
Salaries and other emoluments	701,594	437,750	-	-
Pension costs - defined contribution plan	57,750	50,034	-	-
Social security costs	689	873	-	-
Estimated monetary value of benefits-in-kind	28,600	25,500	-	-
	992,633	710,657	156,000	148,500
Non-executive Directors :				
Fee	210,000	226,595	210,000	226,595
	1,202,633	937,252	366,000	375,095
Directors of the Subsidiaries				
Executive Directors :				
Salaries and other emoluments	691,989	806,746	-	-
Total directors' remuneration	1,894,622	1,743,998	366,000	375,095
Analysis excluding monetary value of benefits-in-kind :				
Total executive directors' remuneration	1,656,022	1,491,903	156,000	148,500
Total non-executive directors' remuneration	210,000	226,595	210,000	226,595
Total directors' remuneration excluding monetary value of benefits-in-kind	1,866,022	1,718,498	366,000	375,095

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

20. DIRECTORS' REMUNERATION (CONT'D)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed as below :

	Number Of Directors	
	2010	2009
Executive Directors :		
RM 1 - RM 50,000	1	1
RM 50,001 - RM 100,000	1	1
RM 100,001- RM 150,000	-	-
RM 150,001- RM 650,000	-	-
RM 650,001- RM 700,000	-	-
RM 700,001- RM 750,000	-	1
RM 750,001- RM 800,000	-	-
RM 800,001- RM 850,000	-	-
RM 850,001- RM 900,000	1	-
Non-executive Directors		
RM 1 - RM 50,000	5	5
RM 50,001 - RM 100,000	1	1

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

21. EMPLOYEE INFORMATION

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive Directors' Remuneration (excluding benefits-in-kind) (Note 20)	1,656,022	1,491,903	156,000	148,500
Other Staff Costs				
Salaries and other emoluments	42,875,047	36,232,402	-	-
Pension costs - defined contribution plan	1,010,128	912,571	-	-
Social security costs	249,248	232,286	-	-
Other staff related expenses	19,256,294	24,811,635	-	-
	63,390,717	62,188,894	-	-
Total Staff Costs	65,046,739	63,680,797	156,000	148,500

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

22. TAX EXPENSE

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
(a) Components of tax expense				
Current tax expense :				
- Malaysian tax	773,000	1,831,000	516,000	205,000
- Foreign tax	1,110,364	1,003,917	-	-
	1,883,364	2,834,917	516,000	205,000
(Over)/Underprovision in prior years :				
- Malaysian tax	(284,202)	(384,789)	438	-
	1,599,162	2,450,128	516,438	205,000
Deferred tax expense/(income) :				
- Relating to the origination/(reversal) of temporary differences	220,362	(125,089)	-	-
	220,362	(125,089)	-	-
	1,819,524	2,325,039	516,438	205,000

Domestic current tax expense is calculated at the Malaysian statutory tax rates of 25% (2009 : 25%) over the estimated assessable profit for the financial year. Tax expense for other jurisdictions is calculated at the tax rates prevailing in the respective jurisdictions.

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

22. TAX EXPENSE (CONT'D)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
(b) Reconciliation of effective tax rate				
Profit before tax	12,598,318	12,472,948	2,550,452	202,725
Tax at Malaysian statutory tax rate	3,149,000	3,118,000	638,000	51,000
Tax effect of different tax rates in foreign subsidiaries	(3,320,000)	(2,055,000)	-	-
Tax effect of non-deductible expenses	1,846,000	888,000	1,826,000	154,000
Tax effect of non-taxable income	(359,000)	(61,000)	(1,948,000)	-
Tax effect of double deduction expenses	(102,000)	(181,000)	-	-
Utilisation of deferred tax assets	21,000	125,000	-	-
Effect of tax incentives of a foreign subsidiary	-	(25,000)	-	-
Deferred tax assets not recognised during the financial year	868,000	912,000	-	-
(Over)/Underprovision of current tax expense in prior years	(284,202)	(384,789)	438	-
Others	726	(11,172)	-	-
	1,819,524	2,325,039	516,438	205,000

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

23. EARNINGS PER ORDINARY SHARE

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

	GROUP	
	2010	2009
	RM	RM
Profit attributable to ordinary equity holders of the Company	10,725,067	9,937,466
<hr/>		
	GROUP	
	2010	2009
	UNITS	UNITS
Number of ordinary shares in issue at the beginning of financial year	113,387,105	87,220,678
Effect of bonus issue	-	26,166,255
<hr/>		
Weighted average number of ordinary shares in issue	113,387,105	113,386,933
<hr/>		
Basic earnings per ordinary share (sen)	9.46	8.76
<hr/>		

The diluted earning per ordinary share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the financial year.

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

24. DIVIDENDS

	GROUP AND COMPANY	
	2010	2009
	RM	RM
In respect of the financial year ended 31 October 2008		
First and final tax dividend of 2% less tax at 25% on 87,220,850 ordinary shares of RM 1.00 each	-	1,308,312
In respect of the financial year ended 31 October 2009		
First and final dividend of 2% less tax at 25% on 113,387,105 ordinary shares of RM 1.00 each	1,700,803	-
	1,700,803	1,308,312

The Board of Directors proposed a first and final tax exempt dividend of 2% amounting to RM 2,267,742 in respect of the financial year ended 31 October 2010.

The dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits for the financial year ending 31 October 2011.

25. CONTINGENT LIABILITIES (UNSECURED)

	COMPANY	
	2010	2009
	RM	RM
Corporate guarantee to financial institutions for banking facilities granted to subsidiaries	92,534,462	116,992,080

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

26. RELATED PARTY DISCLOSURES

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

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Subsidiaries				
- Dividend income	-	-	(10,250,205)	(1,230,000)
Director				
- Rental of premises	108,000	108,000	-	-
A firm in which a director of the Company is senior partner				
- Legal fee	2,300	157,751	-	-

- (b) Information regarding outstanding balances arising from related party transactions at 31 October 2010 are disclosed in Note 10 and Note 16.

27. COMMITMENTS

(a) Capital Commitments

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

	GROUP	
	2010 RM	2009 RM
Approved but not contracted for :		
Property, plant and equipment	1,520,514	944,872
Analysed as follows :		
Factory buildings	556,552	944,872
Plant and machinery	963,962	-
	1,520,514	944,872

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

27. COMMITMENTS (CONT'D)

(b) Lease Commitments

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

	GROUP	
	2010 RM	2009 RM
Not later than one year	443,024	501,258
Later than one year and not later than five years	1,879,788	2,005,031
Later than five years	14,220,954	15,669,494
	16,543,766	18,175,783

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

28. SEGMENTAL INFORMATION

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

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

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that is expected to be used for more than one financial period.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

28. SEGMENTAL INFORMATION (CONT'D)

(a) Geographical Segments

	MALAYSIA RM	SOUTH AFRICA RM	VIETNAM RM	PEOPLE'S REPUBLIC OF CHINA RM	BRITISH VIRGIN ISLANDS RM	ELIMINATIONS RM	CONSOLIDATED RM
2010							
Revenue							
- external sales	167,983,429	8,091,350	176,839,825	2,802,152	-	(55,519)	355,661,237
- inter-segment sales	2,490,464	-	-	198,193	2,083,484	(4,772,141)	-
Total revenue	170,473,893	8,091,350	176,839,825	3,000,345	2,083,484	(4,827,660)	355,661,237
Segment results	1,982,487	302,062	16,247,077	(3,120,071)	2,079,053	(2,179,799)	15,310,809
Unallocated corporate expenses							(1,380,682)
Interest income							84,787
Interest expenses							(1,416,596)
Profit before tax							12,598,318
Tax expense							(1,819,524)
Profit for the financial year							10,778,794
Attributable to :							
Equity Holders of the Company							10,725,067
Minority interest							53,727
							10,778,794
Segment assets	143,088,468	10,370,187	102,063,198	25,457,204	12,833,515	(42,041,252)	251,771,320
Unallocated corporate assets							310,161
Consolidated total assets							252,081,481
Segment liabilities	64,583,064	5,695,905	51,286,575	5,845,183	8,842,958	(18,784,763)	117,468,922
Unallocated corporate liabilities							65,707
Consolidated total liabilities							117,534,629
Other information							
Capital expenditure	5,116,679	-	4,360,358	662,786	-	-	10,139,823
Amortisation of prepaid lease payments	157,373	-	464,664	17,995	-	-	640,032
Depreciation	3,568,892	149,990	3,694,819	932,475	-	125,693	8,471,869
Non-cash items (other than amortisation and depreciation)	1,963,473	5,596	10,270,562	(77,816)	-	143,163	12,304,978

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

28. SEGMENTAL INFORMATION (CONT'D)

(a) Geographical Segments (CONT'D)

	MALAYSIA RM	SOUTH AFRICA RM	VIETNAM RM	PEOPLE'S REPUBLIC OF CHINA RM	BRITISH VIRGIN ISLANDS RM	ELIMINATIONS RM	CONSOLIDATED RM
2009							
Revenue							
- external sales	149,755,549	9,524,590	168,445,644	2,120,081	-	(197,637)	329,648,227
- inter-segment sales	3,433,268	-	-	-	-	(3,433,268)	-
Total revenue	153,188,817	9,524,590	168,445,644	2,120,081	-	(3,630,905)	329,648,227
Segment results	4,516,683	692,133	13,239,129	(3,386,417)	(4,821)	(97,117)	14,959,590
Unallocated corporate expenses							(1,027,275)
Interest income							209,499
Interest expenses							(1,668,866)
Profit before tax							12,472,948
Tax expense							(2,325,039)
Profit for the financial year							10,147,909
Attributable to :							
Equity Holders of the Company							9,937,466
Minority interest							210,443
							10,147,909
Segment assets	129,606,386	10,872,030	101,287,049	28,426,431	10,732,475	(39,781,108)	241,143,263
Unallocated corporate assets							307,621
Consolidated total assets							241,450,884
Segment liabilities	53,459,553	6,340,428	47,945,662	4,319,129	9,693,766	(16,020,572)	105,737,966
Unallocated corporate liabilities							60,613
Consolidated total liabilities							105,798,579
Other information							
Capital expenditure	107,434	4,705,001	7,029,712	799,767	-	-	12,641,914
Amortisation of prepaid lease payments	157,373	-	274,987	19,473	-	-	451,833
Depreciation	4,076,294	126,015	3,877,824	903,913	-	280,955	9,265,001
Non-cash items (other than amortisation and depreciation)	820,605	(769,012)	890,539	-	-	172,540	1,114,672

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

28. SEGMENTAL INFORMATION (CONT'D)

(b) Business Segments

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

29. COMPARATIVE FIGURES

The following comparative figures on the face of consolidated income statement has been reclassified to conform with current year's presentation.

	GROUP	
	AMOUNT AS	AMOUNT AS
	RESTATED	PREVIOUSLY
	RM	REPORTED
	RM	RM
Other income	6,010,441	6,994,589
Other expenses	(1,343,788)	(2,327,936)

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

30. SIGNIFICANT EVENT

In May 2010, there was a fire destroying 2 adjoining blocks of warehouse at Dong Nai factory of Poh Huat Furniture Industries Vietnam Joint Stock Company ("PHFIV"). The book value of buildings, machinery and equipment, raw materials and finished goods damaged on fire amounting to VND 60,777 million (equivalent to USD 3.1 million or RM 10.4 million) had been charged to the income statement during the financial year. PHFIV had made a claim to the insurer for a compensation sum of USD 5.3 million (equivalent to RM 17.3 million). At financial year end, PHFIV had received first batch of advance payment of VND 19,500 million (equivalent to USD 1 million or RM 3.4 million) from the insurer. On 10 January 2011, PHFIV received second batch of advance payment from insurer with amount of VND 19,500 million (equivalent to approximately USD 1 million or RM 3.1 million).

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

31. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

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

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

(i) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts obtained from both financial institutions in Malaysia and oversea. It has no substantial long term interest-bearing assets at 31 October 2010. The investment in financial assets i.e. deposits placed with licensed banks are short term in nature and are not held for speculative purposes. The Group does not hedge interest rate risk but ensures that it obtains borrowings at competitive interest rate under the most favourable terms and conditions.

(ii) Credit risk

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

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

(iii) Foreign currency risk

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

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (CONT'D)

(iii) Foreign currency risk (CONT'D)

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

	EURO RM	SINGAPORE DOLLAR RM	UNITED STATES DOLLAR RM	SOUTH AFRICA RAND RM	OTHERS RM	TOTAL RM
Group						
At 31 October 2010						
Deposits, bank and cash balances	7,526	-	16,766,318	-	1,220	16,775,064
Trade and other receivables	408,960	673,302	20,618,636	-	-	21,700,898
Trade and other payables	(153,367)	(140,598)	(8,484,484)	-	-	(8,778,449)
Bank borrowings	-	-	(8,528,675)	-	-	(8,528,675)
At 31 October 2009						
Deposits, bank and cash balances	10,706	-	12,283,033	19,344	-	12,313,083
Trade and other receivables	-	636,136	11,609,859	-	-	12,245,995
Trade and other payables	(273,004)	(17,093)	(12,958,924)	-	-	(13,249,021)
Bank borrowings	-	-	(5,409,551)	-	-	(5,409,551)
Company						
At 31 October 2010						
Other receivables	-	-	8,840,428	-	-	8,840,428
Dividend receivable	-	-	5,674,195	-	-	5,674,195
At 31 October 2009						
Other receivables	-	-	9,691,286	-	-	9,691,286

notes to the financial statements (cont'd)

for the financial year ended 31 October 2010

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (CONT'D)

(iv) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investment to meet its working capital requirements. As far as possible, the Group raises committed funding from licensed financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(b) Fair Values

Recognised Financial Instruments

The methodologies used in arriving at the fair values of the principal financial assets and liabilities of the Group are as follows :

- (i) The fair values of cash and cash equivalents, receivables, payables and short term bank borrowings are considered to approximate their carrying amount as they are either payable on demand or within the normal credit terms or they have short maturity.
- (ii) The fair value of hire purchase payables approximates their carrying amount as the Group does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the value that would eventually be required for settlement.
- (iii) The fair value of term loans approximates their carrying amount as the interest rates are on floating rate basis.

The fair values of financial assets and liabilities approximate their carrying amount at 31 October 2010 except that it is not practicable to estimate the fair value of contingent liability reliably due to the uncertainties of timing, costs and eventual outcome.

list of landed properties

as at 31 October 2010

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

ADDRESS/ LOCATION	DESCRIPTION	LAND AREA (HECTARE)	USE	TENURE/ AGE OF BUILDING	NET BOOK VALUE AS AT 31.10.2010 RM'000	DATE OF REVALUATION OR ACQUISITION
<i>Poh Huat Furniture Industries (M) Sdn Bhd</i>						
PTD No. 1502 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of industrial land with an office building, a warehouse and ancillary structures	1.08	Office with warehousing facilities	60 years leasehold expiring in 2056/13 years	4,939	17.6.99 (Date of Revaluation)
PTD No. 1531 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of industrial land with 2 blocks of factory buildings and ancillary structures	0.96	Furniture manufacturing facilities	60 years leasehold expiring in 2056/13 years	4,296	17.6.99 (Date of Revaluation)
PTD Nos. 1470 & 1535 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	2 plots of industrial land with an office building, a warehouse cum factory building and ancillary structures	2.21	Office with furniture manufacturing and warehousing facilities	60 years leasehold expiring in 2060/5 years	15,661	21.10.03 (Date of Acquisition)
PTD No. 1546 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of industrial land with an office building, 1 block of factory building and ancillary structures	1.62	Office with furniture manufacturing facilities	60 years leasehold expiring in 2056/14 years	6,171	17.6.99 (Date of Revaluation)
PTD Nos. 1547 & 1548 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	2 plots of industrial land with 1 block of factory building and ancillary structures	1.92	Furniture manufacturing facilities	60 years leasehold expiring in 2056/12 years	7,963	27.7.99 (Date of Revaluation)

list of landed properties (cont'd)

as at 31 October 2010

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

ADDRESS/ LOCATION	DESCRIPTION	LAND AREA (HECTARE)	USE	TENURE/ AGE OF BUILDING	NET BOOK VALUE AS AT 31.10.2010 RM'000	DATE OF REVALUATION OR 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/ 10 years	10,576	12.9.00 (Date of Acquisition)
GM No. 445, Lot 424 Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of agriculture land	1.21	Vacant land	Freehold/ -	1,201	6.10.10 (Date of Acquisition)
<i>Poh Huat International Sdn Bhd</i>						
GM No. 1483, Lot 110 Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of agriculture land with an office building, a warehouse and ancillary structures	0.38	Office and warehousing facilities	Freehold/ 1 year	976	7.12.09 (Date of Acquisition)
<i>Poh Huat Furniture Industries Vietnam Joint Stock Company</i>						
No. 17, Road 26 Song Than Industrial Zone II Di An District Binh Duong Province Vietnam	1 plot of industrial land with an office building, 1 hostel, 3 factory buildings and ancillary structures	6.76	Office with furniture manufacturing and accom- modation facilities	50 years lease expiring in 2045/ 9 years	10,293	1.3.02 (Date of Acquisition)

list of landed properties (cont'd)

as at 31 October 2010

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

ADDRESS/ LOCATION	DESCRIPTION	LAND AREA (HECTARE)	USE	TENURE/ AGE OF BUILDING	NET BOOK VALUE AS AT 31.10.2010 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/ 6 years	16,939	29.8.02 (Date of Acquisition)
<i>Poh Huat Furniture Industries (Qingdao) Co Ltd</i>						
Ducun Industrial Zone Ducun Town, Jiaozhou City Qingdao, Shangdong Province Peoples' Republic of China	1 plot of industrial land with an office building, 1 hostel, 2 factory buildings and ancillary structures	28.01	Office with furniture manufacturing and accom- modation facilities	50 years lease expiring in 2056/ 4 years	19,276	4.8.06 (Date of Acquisition)
<i>Poh Huat International Furniture SA (Pty) Ltd</i>						
Unit 3, Hambleton Business Park 959 Richards Drive, Halfway House, Midrand, Gauteng 1685, Republic of South Africa	6 commercial buildings with office, warehouse and ancillary structures	0.27	Office and warehousing facilities	Freehold/ 2 years	5,074	10.7.09 (Date of Acquisition)

analysis of shareholdings

as at 1 March 2011

Principal Statistics

Authorised Share Capital	-	RM500,000,000
Issued and Paid-up Share Capital	-	RM113,387,105
Class of Shares	-	Ordinary shares of RM1.00 each
Voting Rights	-	One vote per ordinary share at any shareholders' meeting
Number of Shareholders	-	3,783

Distribution of Shareholdings

CATEGORY	SHAREHOLDERS	% SHAREHOLDINGS		%
Less than 100	279	7.38	16,590	0.01
100 to 1,000	119	3.15	66,678	0.06
1,001 to 10,000	2,444	64.60	9,264,092	8.17
10,001 to 100,000	816	21.57	22,420,270	19.78
100,001 to less than 5% of issued shares	123	3.25	63,702,021	56.18
5% and above of issued shares	2	0.05	17,917,454	15.80
TOTAL	3,783	100.00	113,387,105	100.00

Substantial Shareholders

(Based on the Register of Substantial Shareholders)

NAME OF SHAREHOLDERS	NO. OF SHARES HELD		% OF ISSUED SHARE CAPITAL	
	DIRECT	DEEMED	DIRECT	DEEMED
Tay Kim Huat	25,505,838	2,766,095 ^(a)	22.49	2.44

Note:-

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

analysis of shareholdings (cont'd)

as at 1 March 2011

Directors' Shareholdings

(Based on the Register of Directors' Shareholdings)

NAME OF DIRECTORS	NO. OF SHARES HELD		% OF ISSUED SHARE CAPITAL	
	DIRECT	DEEMED	DIRECT	DEEMED
Datuk Seri Zulkipli bin Mat Noor	-	-	-	-
Tay Kim Huat	25,505,838	2,766,095 ^(a)	22.49	2.44
Dato' Ng Ah Poh	4,599,855	-	4.06	-
Tay Kim Hau	3,996,980	-	3.53	-
Dato' Haji Zaini bin Md. Hasim	15,600	-	0.01	-
Chai Meng Kui (JP)	3,503,586	-	3.09	-
Boo Chin Liong	19,500	-	0.02	-
Tay Khim Seng	2,318,050	-	2.04	-
Chua Syer Cin	-	-	-	-

Note:-

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

The 30 Largest Shareholders

NO	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1	TAY KIM HUAT	11,365,519	10.02
2	TAY KIM HUAT	6,551,935	5.78
3	NG AH POH	4,599,855	4.06
4	TAY KIM HUAT	4,535,484	4.00
5	CHAI MENG KUI	3,503,586	3.09
6	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR TAY KIM HAU (SFC)	2,884,830	2.54
7	TAN CHEN NEO @ TANG CHEN NEO	2,377,200	2.10
8	LU CHIN POH	2,237,300	1.97
9	TAY KIM HUAT	1,752,900	1.55
10	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHUN HENG ENGINEERING WORKS SDN BHD	1,601,300	1.41

analysis of shareholdings (cont'd)

as at 1 March 2011

The 30 Largest Shareholders (CONT'D)

NO	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
11	SIM SHEAU YUN	1,432,065	1.26
12	HLB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR AH KAU @ GAN AH KAU</i>	1,312,300	1.16
13	TAY KIM HUAT	1,300,000	1.15
14	KHUN HENG ENGINEERING WORKS SDN BHD	1,295,000	1.14
15	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAY KHIM SENG</i>	1,280,000	1.13
16	LIM SEOK KIM	1,168,200	1.03
17	YEO GEK CHENG	1,165,014	1.03
18	TAY LI PING	1,160,250	1.02
19	TAY KIM HAU	1,112,150	0.98
20	YEO KOON LIAN	1,087,000	0.96
21	CHA AU PENG	1,070,000	0.94
22	GOH THONG BENG	1,004,500	0.89
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAY KHIM SENG (E-BPT)</i>	910,000	0.80
24	LU KIM SAN	875,000	0.77
25	YEO KOON LIAN	809,400	0.71
26	HLB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YEO KOON LIAN</i>	705,000	0.62
27	TOH KIM CHONG	685,000	0.60
28	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAY HUI KENG</i>	681,500	0.60
29	TAN AH LIAN	666,790	0.59
30	GAN POH MUN	627,900	0.55

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 13th Annual General Meeting of the Company to be held at Hotel D'99 No. 173, Jalan Abdullah, 84000 Muar Johor Darul Takzim on 21 April 2011 at 11.00 a.m. and at every adjournment thereof, and to vote as indicated below:-

Ordinary Resolution		For	Against
Ordinary Resolution 1	Payment of Directors' Fee		
Ordinary Resolution 2	Declaration of a first and final tax-exempt dividend of 2%		
Ordinary Resolution 3	Re-election of Tay Khim Seng as Director		
Ordinary Resolution 4	Re-election of Boo Chin Liong as Director		
Ordinary Resolution 5	Re-election of Tay Kim Hau as Director		
Ordinary Resolution 6	Re-appointment of Auditors		
Ordinary Resolution 7	Renewal of Authority for Directors to Issue Shares		
Ordinary Resolution 8	Proposed Share Buy-Back		
Special Resolution 1	Amendments to the Company's Articles of Association		

Please indicate with [✓] how you wish your vote to be cast. (Unless otherwise instructed, the proxy may vote as he/she thinks fit). If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

As witness my hand this _____ day of April 2011.

Signature of Member(s)

Signature of Witness

Number of shares held / to be represented

Name of Witness

Notes:

1. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the form of proxy, duly completed must be deposited at the Registered Office of the Company at No. 7, (1st Floor), Jalan Pesta 1/1, Taman Tun Dr Ismail 1, Jalan Bakri, 84000 Muar, Johor Darul Takzim not less than forty-eight (48) hours before the time of the Annual General Meeting.
3. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/their proxy, provided always that the rest of the form of proxy, other than the particulars of the proxy, have been duly completed by the member(s).
4. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same Annual General Meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. If the appointer is a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.

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

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

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Poh Huat Resources Holdings Berhad

(Company No: 443169-X)

Incorporated in Malaysia under the Companies Act, 1965

PLO 1, Jorak Industrial Area
Mukim Sungai Raya
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