

**Poh Huat Resources Holdings Berhad**

(Company No. 443169-X)

Incorporated in Malaysia under the Companies Act, 1965)

PLO 1, Jorak Industrial Area,  
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annual report  
**2014**

Passion,  
People,  
Performance.



AT OFFICE SYSTEM®

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

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## CORPORATE STATEMENT

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

## COVER RATIONALE

As the saying goes, many hands make light work. At Poh Huat, we are united in our commitment to ensure the continued success of the company. This cover concept highlights the passion of the people at Poh Huat, who are driven to achieve more victories together, delivering a stellar performance year after year.



## GROUP FINANCIAL HIGHLIGHTS

Financial year ended 31 October	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Turnover	355,661	359,290	392,019	357,971	377,174
Profit before tax	12,598	3,765	16,924	19,513	28,253
Profit after tax attributable to owners of the Company	10,725	5,585	15,168	16,775	23,803
Equity attributable to owners of the Company	132,251	130,643	142,506	156,523	171,631
	sen	sen	sen	sen	sen
Net earnings per share*	9.46	4.94	14.04	15.67	22.30
Net assets per share	116.64	118.89	133.03	146.66	160.82

### Notes:-

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

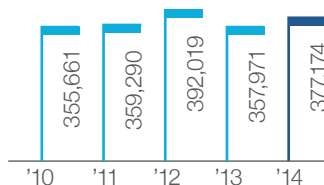
The net earnings per share for year 2011 are calculated based on the weighted average of 113,065,872 shares in issue (excluding treasury shares) during the year.

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

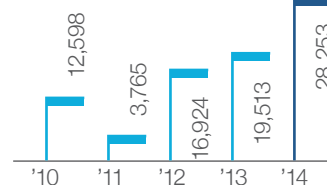
The net earnings per share for year 2013 are calculated based on the weighted average of 107,030,510 shares in issue (excluding treasury shares) during the year.

The net earnings per share for year 2014 are calculated based on the weighted average of 106,723,305 shares in issue (excluding treasury shares) during the year.

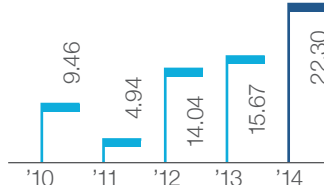
TURNOVER RM'000



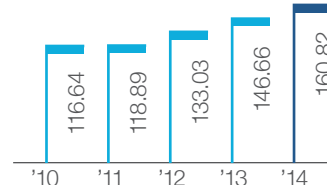
PROFIT BEFORE TAX RM'000



NET EARNINGS PER SHARE\* SEN



NET ASSETS PER SHARE SEN



## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 17th Annual General Meeting of the Company will be held at Hotel D'99 No. 173, Jalan Abdullah, 84000 Muar, Johor Darul Takzim on 23 April 2015 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 2014 together with the Reports of the Directors and the Auditors thereon.  
*(Please refer to Note 9)*
2. To approve the payment of Directors' fees for the financial year ended 31 October 2014.  
*(Ordinary Resolution 1)*
3. To declare a final single tier dividend of three percentum (3%) or 3 sen per share in respect of the financial year ended 31 October 2014.  
*(Ordinary Resolution 2)*
4. To re-elect the following Directors who retire in accordance with Article 95 of the Company's Articles of Association:-
  - Mr. Toh Kim Chong *(Ordinary Resolution 3)*
  - Mr. Chua Syer Cin *(Ordinary Resolution 4)*
5. To re-elect the following Director who retires in accordance with Article 103 of the Company's Articles of Association:-
  - Mr. Lim Pei Tiam @ Liam Ahat Kiat *(Ordinary Resolution 5)*
6. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to determine their remuneration.  
*(Ordinary Resolution 6)*

### **AS SPECIAL BUSINESSES**

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

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## AS ORDINARY RESOLUTIONS

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

- (i) THAT subject to the passing of Ordinary Resolution 4, authority be and is hereby given to Mr. Chua Syer Cin, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.

(Ordinary Resolution 7)

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

(Ordinary Resolution 8)

### 8. Share Buy-Back Mandate

“THAT, subject always to the Companies Act, 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;



# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## 8. **Share Buy-Back Mandate (cont'd)**

AND THAT such approval and authorisation shall be effective immediately upon the passing of this resolution and continues 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 9)



## NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN THAT** the proposed final single tier dividend of three percentum (3%) or three (3) sen per share in respect of the financial year ended 31 October 2014, if approved, will be paid on 18 May 2015 to depositors registered in the Record of Depositors of the Company at the close of business on 8 May 2015.

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

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 8 May 2015 in respect of ordinary transfers; or
- b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

### BY ORDER OF THE BOARD

Pang Kah Man  
(MIA 18831)  
Secretary

Muar, Johor Darul Takzim  
1 April 2015

### Notes:-

1. *A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *To be valid, the form of proxy, duly completed must be deposited at the Registered Office of the Company at No. 7, (1st Floor), Jalan Pesta 1/1, Taman Dr Ismail 1, Jalan Bakri, 84000 Muar, Johor Darul Takzim not less than forty-eight (48) hours before the time of the 17th 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.*

## NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT (CONT'D)



6. *If the appointer is a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.*
7. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempted Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
8. *Only depositors whose names appear in the Register of Depositors as at 17 April 2015 shall be entitled to attend in person or appoint proxies to attend and/or vote on their behalf at the 17th Annual General Meeting.*
9. **Explanatory Notes for Item No. 1  
Audited Financial Statements**  
  
*Item No. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require the Company to obtain shareholders' approval for its Audited Financial Statements. Henceforth, this item is not put forward for voting.*
10. **Explanatory Notes for Item No. 7  
Continuing in Office as Independent Non-Executive Directors**  
  
*The Ordinary Resolutions proposed under Item No. 7 (**Resolutions 7 & 8**) of the Notice of 17th Annual General Meeting relate to the approval by shareholders for the named directors to continue in office as Independent Non-Executive Directors. The Board has assessed the independence of each of the directors who has served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years. The Board is satisfied that each of these directors has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The length of their service does not interfere with their ability and exercise of independent judgment as Independent Directors. Therefore, the Board has recommended that the approval of the shareholders be sought for Mr. Boo Chin Liong and Mr. Chua Syer Cin to continue to act as Independent Non-Executive Directors of the Company.*
11. **Explanatory Notes for Item No. 8  
Share Buy-Back Mandate**  
  
*The Ordinary Resolution proposed under Item No. 8 (**Resolution 9**), if passed, will empower the Directors to purchase shares in the Company up to an amount not exceeding ten percentum (10%) of the issued and paid-up share capital of the Company as they consider would be in the interest of the Company. Further details on the Share Buy-back Mandate are provided in the Circular to Shareholders dated 1 April 2015.*



# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

## DETAILS OF INDIVIDUALS STANDING FOR ELECTION AS DIRECTORS

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

No individual is seeking election as a Director at the 17th Annual General Meeting of the Company.

## NAME OF DIRECTORS STANDING FOR RE-ELECTION/RETENTION

The Directors standing for re-election/retention at the 17th Annual General Meeting are as follows:-

- Mr. Toh Kim Chong
- Mr. Chua Syer Cin
- Mr. Lim Pei Tiam @ Liam Ahat Kiat
- Mr. Boo Chin Liong

Mr. Toh Kim Chong and Mr. Chua Syer Cin are retiring in accordance with Article 95 of the Company's Articles of Association whereas Mr. Lim Pei Tiam @ Liam Ahat Kiat is retiring in accordance with Article 103 of the Company's Articles of Association.

Mr. Boo Chin Liong and Mr. Chua Syer Cin are seeking shareholders' approval to continue as Independent Non-Executive Directors of the Company in accordance with the procedures adopted by the Board for the continuing in office of Independent Directors whose tenure exceed a cumulative term of more than nine (9) years.

## DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Four (4) board meetings were held during the financial year ended 31 October 2014. Details of the attendance of Directors at the board meetings are as follows:-

Name	Attendance
Datuk Seri Zulkipli bin Mat Noor	4/4
Mr. Tay Kim Huat	4/4
Mr. Tay Kim Hau	4/4
Mr. Boo Chin Liong	4/4
Mr. Tay Khim Seng	4/4
Mr. Chua Syer Cin	3/4
Mr. Toh Kim Chong	3/4
Mr. Lim Pei Tiam @ Liam Ahat Kiat (Appointed on 24 April 2014)	2/2
Dato' Ng Ah Poh (Resigned wef. 24 April 2014)	0/2
Dato' Haji Zaini bin Md. Hasim (Deceased on 28 March 2014)	2/2

## DATE, TIME AND PLACE OF THE 17TH ANNUAL GENERAL MEETING

Date : 23 April 2015  
Time : 11.00 a.m.  
Place : Hotel D'99, No. 173, Jalan Abdullah, 84000 Muar, Johor Darul Takzim.

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The details of Directors standing for re-election at the 17th Annual General Meeting are as follows:-

<b>Mr. Toh Kim Chong</b>	: Refer to Profile of Directors
Securities holding in the Company	: Ordinary Shares of RM1.00 each
	Direct – 3,300,644 shares
	Deemed – Nil

<b>Mr. Chua Syer Cin</b>	: Refer to Profile of Directors
Securities holding in the Company	: Ordinary Shares of RM1.00 each
	Direct – Nil
	Deemed – Nil

**Mr. Lim Pei Tiam @ Liam Ahat Kiat** : Refer to Profile of Directors  
 Securities holding in the Company : Ordinary Shares of RM1.00 each  
 Direct – 13,999,800 shares  
 Deemed – 1,481,000 shares



### Board of Directors

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

Mr. Tay Kim Huat  
*(Managing Director)*

Mr. Tay Kim Hau  
*(Executive Director)*

Mr. Toh Kim Chong  
*(Executive Director)*

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

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

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

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

### Audit Committee

Mr. Chua Syer Cin  
*(Chairman)*

Mr. Tay Khim Seng

Mr. Boo Chin Liong

### Nominating Committee

Mr. Boo Chin Liong  
*(Chairman)*

Mr. Tay Khim Seng

Mr. Chua Syer Cin

### Remuneration Committee

Mr. Boo Chin Liong  
*(Chairman)*

Mr. Tay Khim Seng

Mr. Chua Syer Cin

### Senior Independent Director

Mr. Boo Chin Liong

### Secretary

Ms. Pang Kah Man (MIA 18831)

### Registered Office

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

### Principal Place of Business

PLO 1, Bukit Pasir Industrial Area,  
Mukim Sungai Raya,  
84300 Bukit Pasir, Muar,  
Johor Darul Takzim.

### Registrars

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

### Auditors

Crowe Horwath (AF 1018)  
Chartered Accountants

### Principal Bankers

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

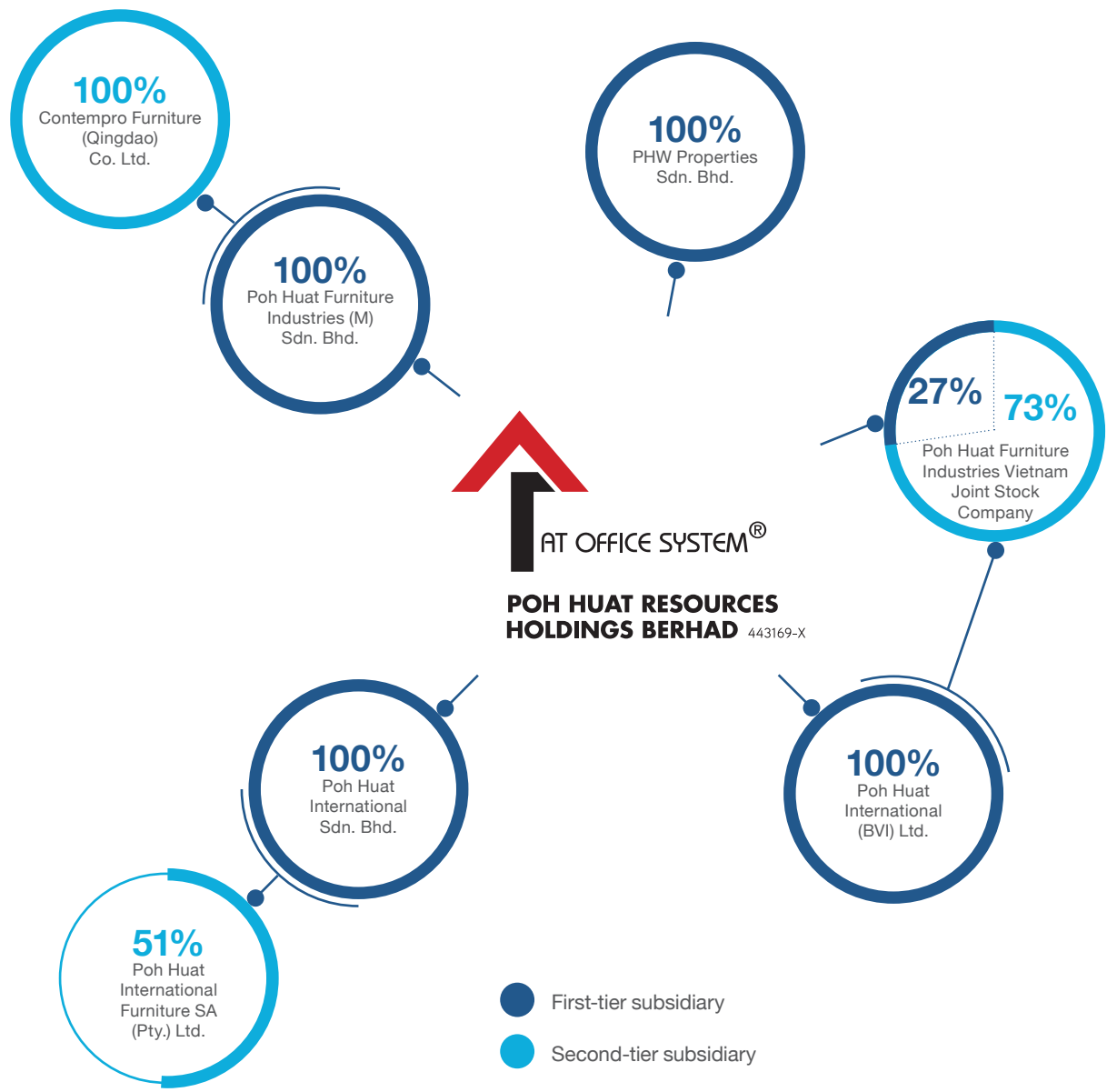
### Solicitors

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

### Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

CORPORATE  
STRUCTURE





## **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, Malaysian, aged 65, was appointed as the Chairman of the Company on 1 January 2010.

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

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

of Administration (Management), Bukit Aman, Deputy Director of Services and Personnel (Management), Bukit Aman, Chief Police Officer, Johor and Commissioner of Police, Sarawak with the rank of Deputy Commissioner of Police.

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

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

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

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

## INFORMATION ON DIRECTORS

(CONT'D)

### Mr. Tay Kim Huat

*Managing Director (Non-Independent Executive Director)*

Mr. Tay Kim Huat, Malaysian, aged 59, 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 40 years of experience in the furniture manufacturing industry, Mr. Tay now leads the Group in areas of strategic planning, business development, new ventures and investment. He is also actively involved in key operational aspects of the business of the Group, particularly in areas of purchasing

and market development. He has been the main driving force behind the continuous introduction of new products and was instrumental in the rapid expansion of the operations of the Group, particularly in the overseas ventures and investments undertaken by the Group.

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

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

### Mr. Tay Kim Hau

*Executive Director (Non-Independent Executive Director)*

Mr. Tay Kim Hau, Malaysian, aged 67, was appointed to the Board of the Company on 9 December 1999 and is presently an Executive Director of the Company.

Upon completion of his secondary education in 1968, Mr. Tay joined Nippon Paint (M) Sdn. Bhd. as a Production Supervisor and has held various positions in the company before resigning from the position of Factory Manager of Nippon Paint (M) Sdn. Bhd. in 1996. Thereafter, he joined Poh Huat Furniture Industries (M) Sdn. Bhd. as its General Manager and was subsequently appointed to

the Board of the company in February 1998. Mr. Tay retired from his position of General Manager in 2007 but as an Executive Director, remained involved in the areas of marketing and business development of the Group.

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

## INFORMATION ON DIRECTORS

(CONT'D)

### Mr. Toh Kim Chong

*Executive Director (Non-Independent Executive Director)*

Mr. Toh Kim Chong, Malaysian, aged 40, was appointed as an Executive Director of the Company on 29 April 2011.

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

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

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

### Mr. Boo Chin Liong

*Director (Independent Non-Executive Director)*

Mr. Boo Chin Liong, Malaysian, aged 54, was appointed as an Independent Non-Executive Director of the Company on 9 December 1999 and is presently the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee.

Mr. Boo graduated with a Bachelor of Law (Honours) from the University of Malaya in 1985. Mr. Boo is an advocate and solicitor and has

been in active legal practice since 1986. He is the founding partner of Messrs C.L. Boo & Associates.

He is currently an Independent Non-Executive Director of Prolexus Bhd. and is a director of several private limited companies.

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

## INFORMATION ON DIRECTORS

(CONT'D)

### Mr. Tay Khim Seng

*Director (Non-Independent Non-Executive Director)*

Mr. Tay Khim Seng, Malaysian, aged 54, was appointed as a Non-Independent Non-Executive Director of the Company on 2 May 2001 and is presently a member of the Audit Committee, Remuneration Committee and the Nominating Committee.

Mr. Tay completed his education with a Bachelor of Law (Honours) from the University of Malaya in 1985. Mr. Tay has been practising in Muar since 1988 and is presently the senior partner of J.A. Nathan & Co. He is the Honorary Legal Advisor of the Muar Furniture Association, the Muar Chinese Chambers of Commerce and several other non-

government organisations. He was also the elected State Assemblyman for the constituency of Maharani, Muar, Johor Darul Takzim for the period from 1995 to 1999.

He is presently a director of several private limited companies.

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

### Mr. Chua Syer Cin

*Director (Independent Non-Executive Director)*

Mr. Chua Syer Cin, Malaysian, aged 42, was appointed as an Independent Non-Executive Director of the Company on 17 May 2001 and is presently the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nominating Committee.

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

firm, Messrs SC Chua & Associates, and has since been the sole proprietor of the firm.

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

He is currently an Independent Non-Executive Director of Kia Lim Berhad and is a director of several private limited companies.

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



## INFORMATION ON DIRECTORS

(CONT'D)

### Mr. Lim Pei Tiam @ Liam Ahat Kiat

*Director (Non-Independent Non-Executive Director)*

Mr. Lim Pei Tiam @ Liam Ahat Kiat, Malaysian, aged 68, was appointed as a Non-Independent Non-Executive Director of the Company on 24 April 2014.

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

Chartered Bankers. He held the position of a Branch Manager of UMBC before setting up his own trading business under Thong Thye Siang Sdn. Bhd. and Great Plus Enterprise Sdn. Bhd.

He is currently an Executive Director of Komarkcorp Berhad and is a director of several private limited companies.

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

#### **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 2014.

### Operational Review

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

Throughout 2014, the U.S. economy, our main market, continued with its gradual expansion. Across a broad range of data, the economy continues gradually to gain strength. Better earnings and higher payroll helped to shore up household finances, resulting in a gradual but sustained recovery in the housing starts and home sales. Reflecting the better sentiments in the housing sector and stronger consumer confidence, the Group's turnover expanded by 5.36% to RM377.17 million. Shipment to North America was strong with sustained orders for home furniture for our Vietnam factories and more importantly increase in orders for office furniture for our Malaysian factories. Shipment of office furniture was particularly strong to Canada, resulting in an overall improvement in turnover and profitability for the Malaysian operations.



In line with the higher turnover, I am happy to report that the Group's gross profits rose 3.03% to RM66.24 million. The performance of the Group during the year was commendable given the challenging market conditions and the pressure of escalating costs on the operations of the Group. During the year, the Group continued with its efforts to introduce new product ranges and streamline operations. In particular, the Group focused on its Malaysian operations, resulting in lower manufacturing and administrative costs and a resounding turnaround profit before tax of RM7.09 million compared to a loss of RM1.38 million in the previous year. The profitability of the Vietnamese operations was marginally lower at RM22.30 million due to the moderation of the margins from some of the products and the higher labour cost incurred during the financial year. In the absence of the one-time allowance for impairment losses of RM6.75 million we made last year, profit before tax rose significantly at RM28.25 million for the financial year ended 31 October 2014 compared to RM19.51 million in the previous financial year.

### Dividend

Reflective of the performance of the Company, the Board has recommended a final single tier tax-exempt dividend of 3% for the financial year ended 31 October 2014 for approval at the forthcoming Annual General Meeting of the Company. The Board is of the view that the proposed final dividend of 3%, together with the two interim dividends of 3% and 2% paid earlier in November 2014 and February 2015 respectively, provide a level of return commensurate with the present market price of the shares of Poh Huat.

## CHAIRMAN'S STATEMENT

(CONT'D)



### Prospects

Six years after its financial system nearly sank and nearly that long since the recession ended, the United States is expected to grow in 2015 at its fastest pace in a decade. The 3.1% GDP growth in 2015 would be the first year of above 3% growth since 2005. The convincing job gains are boosting consumer confidence and—more importantly—helping to shore up household finances. Americans continue to pay down debt, which together with low interest rates has helped reduce the cost of paying off mortgages, car loans and other forms of borrowing. Lower borrowing costs have helped boost savings and recent surprise crash in oil prices helps put extra cash in the pockets of American consumers. More than 70% of the respondents to a factory survey done by Furniture Today, US reported that orders for the year to date were up from a year earlier. There is a consensus amongst industry participants that demand for furniture for the US market will be sustained.

The Group is however mindful that the global environment remains challenging and competitive due to the volatile global commodity prices and weak economic conditions in Europe and the rest of the world. Even if the U.S. economy does strengthen further, the rest of the world could struggle. The hot economies of the last decade—the emerging markets of Brazil, Russia, India and China, collectively known as the “BRICs”—will likely grow in 2015 at their slowest pace in six years. Falling oil and commodity prices and in the case of Russia, sanctions, have smacked these economies particularly hard and will blow more headwinds in their recovery.

### Acknowledgement

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

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

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

Yours sincerely,

Datuk Seri Zulkipli bin Mat Noor  
Muar, Johor Darul Takzim  
18 March 2015

## CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance in ensuring that the interest of the Company, shareholders and other stakeholders are protected. The Board is committed to an established framework for governance and controls that are consistent with the principles and best practices recommended in the Malaysian Code on Corporate Governance 2012 (the “Code”) and other applicable laws, regulations and guidelines.

The Company is pleased to report to the shareholders on the manner in which the Group has applied the principles and the extent to which it has complied with the best practices outlined in the Code.

### (A) ESTABLISH ROLES AND RESPONSIBILITIES

#### The Board’s Roles & Responsibilities

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

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

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

#### Clear Functions of the Board and Management

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

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



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

**Clear Functions of the Board and Management (cont'd)**

The Board meets on a quarterly basis to review the quarter results of the Group prior to announcement to Bursa Malaysia Securities Berhad ("Bursa Securities"). During these meetings, the operational and financial performance of the Group together with any material development and issues relating to the business of the Group are discussed and where applicable responded to accordingly. During these meeting, the Board also review the internal audit reports on compliance and endorses corrective and improvement recommendations proposed by the internal audit function.

**Board Balance**

The Board of Directors of the Company currently comprises eight (8) members of whom three (3) are Executive Directors and five (5) are Non-Executive Directors. Out of the five (5) Non-Executive Directors, three (3) are independent. This composition exceeds the requirement under the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities which stipulate that at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, must be independent.

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

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.

**Promoting Sustainability**

The Group is committed to operating in a sustainable manner and seek to contribute positively to the well-being of stakeholders. Details of the Group's key corporate responsibility and approach toward sustainability are set out in the Corporate Responsibility statement on page 39 of this Annual Report.

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

**Supply of Information**

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

- Minutes of previous meeting;
- Quarterly and annual financial statements and reports;
- Internal audit plan and quarterly internal audit reports;
- Proposal for major investments and financial undertakings;
- Documentation on policies, procedures and control systems; and
- Documents relating to material ad-hoc developments or issues impacting the Group.

Board and committee members have access to the advice and services of the Company Secretary, management representatives and, if deemed necessary, other independent professionals at the expense of the Company in the discharge of their duties. The Company Secretary, who is qualified, advises the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors. The Company Secretary organises and attends all Board and Board Committee meetings. All proceedings from the meetings are minuted by the Company Secretary and signed by the Chairman of the meeting.

**Board Charter and Code of Conduct**

The Board has adopted a Board Charter and Code of Conduct to guide the Directors, Management and employees in the conduct of the businesses and governance of the affairs of the Group. The Board Charter sets out the respective roles and responsibilities of the Board and the Management to ensure accountability. The Board Charter would act as a source reference to Board members and Management with regard to its role and responsibility. In addition, it will assist the Board in the assessment of its own performance as a whole and the Directors individually. The Code of Conduct together with the Employees Handbook guide the Directors, Management and employees in with regard to policies and ethic standards to be adhere to in the conduct of the daily affairs and business of the Group. Details of the Board Charter and Code of Conduct can be found on the Company's website at [www.pohhuat.com](http://www.pohhuat.com). The Board Charter and Code of Conduct will be periodically reviewed and updated to take into consideration the needs of the Company and to reflect the changes in the management best practices and regulatory requirements.

**(B) STRENGTHEN COMPOSITION**

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

**Nominating Committee**

The Nominating Committee is primarily responsible for the identification of the desired mix of expertise, competencies and experiences for an effective Board and the assessment of the performance of the members of the Board.

As and when the need arises, this committee shall also identify and recommend the appointment of candidates with the necessary qualities to strengthen the Board.

The current members of the Nominating Committee are:-

1. Mr. Boo Chin Liong (Chairman)  
*Independent Non-Executive Director*
2. Mr. Tay Khim Seng  
*Non-Independent Non-Executive Director*
3. Mr. Chua Syer Cin  
*Independent Non-Executive Director*

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

- (a) To recommend to the Board, candidates for appointment to Board Committees and rotation of board chairmanship;
- (b) To review and recommend to the Board, the training programmes for the Board members; and
- (c) To review and recommend to the Board, the Board's and senior management's succession plans.

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

**(B) STRENGTHEN COMPOSITION (CONT'D)**

**Re-election of Directors**

In accordance with Article 103 of the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by the shareholders of the Company at the first annual general meeting immediate after their appointment. In accordance with Article 95 of the Company's Articles of Association, one-third (1/3) of the remaining Directors, including the Managing Director, are required to submit themselves for re-election by rotation at each annual general meeting of the Company. In addition, all Directors must submit themselves for re-election at least once every three (3) years.

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

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

**Remuneration Committee**

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

1. Mr. Boo Chin Liong (Chairman)  
*Non-Independent Non-Executive Director*
2. Mr. Tay Khim Seng  
*Independent Non-Executive Director*
3. Mr. Chua Syer Cin  
*Independent Non-Executive Director*



**(B) STRENGTHEN COMPOSITION (CONT'D)**

**Remuneration Committee (cont'd)**

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

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

The details of Directors' remuneration payable to the Directors of the Company for the financial year ended 31 October 2014 are disclosed in the Note 22 to the Financial Statement herein.

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

**(C) REINFORCE INDEPENDENCE**

**Tenure of Independent Directors**

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

**(C) REINFORCE INDEPENDENCE (CONT'D)**

**Tenure of Independent Directors (cont'd)**

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

**Annual Assessment and Shareholders' Approval for Independent Directors**

The Board has assessed and concluded that the two (2) Independent Non-Executive Directors of the Company, namely Mr. Boo Chin Liong and Mr. Chua Syer Cin continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them is independent of the Company's management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. Hence, the Board recommends that shareholders' approval be sought for the continuation in office of these Directors as Independent Non-Executive Directors.

**Separation of position of the Chairman and Executive Directors**

The positions of the Chairman and the Executive Directors are clearly separated to ensure that there is a balance of power and authority. The Chairman is primarily responsible for ensuring the effective conduct of the Board whilst the Executive Directors have the overall responsibility for the implementation of Board decisions and operational effectiveness. The Independent Directors provide the necessary independent perspective and rigour in the formulation of strategies, deliberation of issues and implementation of major undertakings to ensure that the interest of not only the Group, but also stakeholders and the public in general, are represented.

**(D) FOSTER COMMITMENT**

**Directors' Commitments**

In line with Recommendation 4.1 of the Code whereby the Board should set out expectations on time commitment for its members and protocols for accepting new directorships, each Director is required to notify the Chairman of the Board prior to accepting directorships in other public and public listed companies incorporated in Malaysia as well as directorships in corporations with similar businesses operating in the same jurisdiction.

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

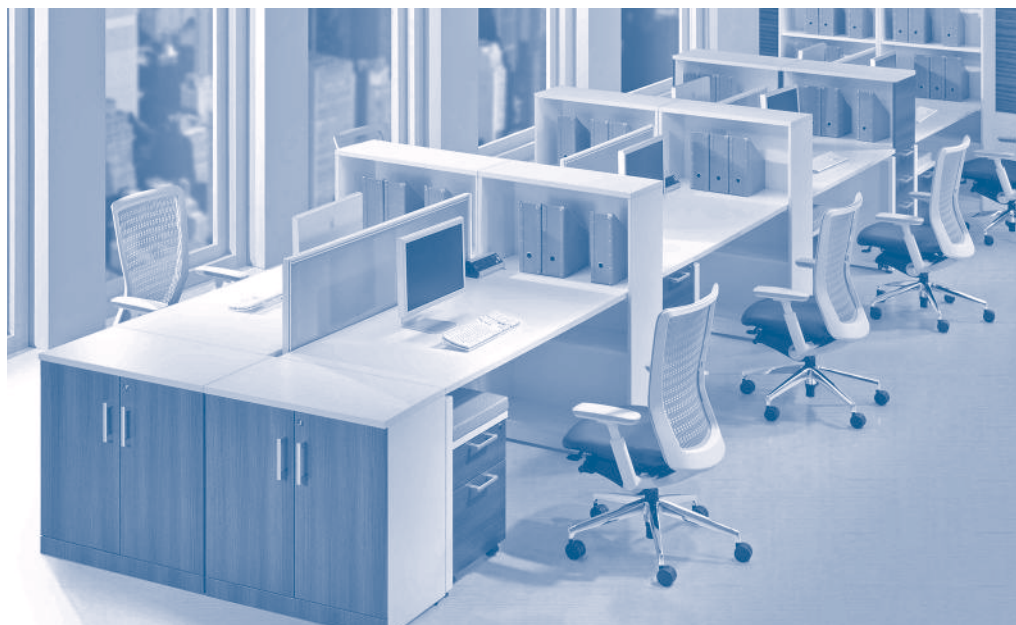
**(D) FOSTER COMMITMENT (CONT'D)**

**Board Meetings**

During the financial year ended 31 October 2014, four (4) board meetings were held. Details of the attendance of Directors at these board meetings are as follows:-

<b>Name</b>	<b>Attendance</b>
Datuk Seri Zulkipli bin Mat Noor	4/4
Mr. Tay Kim Huat	4/4
Mr. Tay Kim Hau	4/4
Mr. Boo Chin Liong	4/4
Mr. Tay Khim Seng	4/4
Mr. Chua Syer Cin	3/4
Mr. Toh Kim Chong	3/4
Mr. Lim Pei Tiam @ Liam Ahat Kiat (Appointed on 24 April 2014)	2/2
Dato' Ng Ah Poh (Resigned wef 24 April 2014)	0/2
Dato' Haji Zaini bin Md. Hasim (Deceased on 28 March 2014)	2/2

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



**(D) FOSTER COMMITMENT (CONT'D)**

**Directors' Training**

The Board, through the Nominating Committee, ensures that it recruits to the Board individuals of sufficient calibre, knowledge and experience to fulfil the duties of a director appropriately. All Directors have attended and successfully completed the Mandatory Accreditation Programme.

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

<b>Director</b>	<b>Courses/Training Attended</b>
Datuk Seri Zulkpli bin Mat Noor	The Role of Chairman
Mr. Boo Chin Liong	Corporate Governance Statement Reporting Workshop
Mr. Tay Kim Huat	An Overview of Malaysian GST
Mr. Tay Kim Hau	Corporate Governance Statement Reporting Workshop
Mr. Tay Khim Seng	Are you Ready for GST?
Mr. Chua Syer Cin	GST for Property Development & Construction Recent tax cases
Mr. Toh Kim Chong	An Overview of Malaysian GST
Mr. Lim Pei Tiam @ Liam Ahat Kiat	GST Implementation and Strategies

**(E) UPHOLD INTEGRITY IN FINANCIAL REPORTING**

**Compliance with Statutory and Financial Reporting Standards**

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

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

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

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

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 41 of this Annual Report.

The Board is assisted by the Audit Committee in the discharge of its duties on financial reporting and ensuring that the Group maintains a proper financial reporting process and a high quality financial reporting. A full Audit Committee Report detailing its composition, terms of reference and a summary of activities during the financial year is set out on pages 30 to 33 of the Annual Report.

**Suitability and Independence of External Auditors**

The Company, through the Audit Committee, has an appropriate and transparent relationship with the external auditors. The Audit Committee had reviewed the suitability and independence of external auditors and recommended their re-appointment for the financial year ending 31 October 2015. The external auditors had provided a confirmation of their independence to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's Report as detailed on page 30 to 33 of this Annual Report.

**(F) RECOGNISE AND MANAGE RISKS**

**Risk Management**

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

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

**(F) RECOGNISE AND MANAGE RISKS (CONT'D)**

**Internal Audit Function**

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

A Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group is set out on page 34 to 36 of this Annual Report.

**(G) ENSURE TIMELY AND HIGH QUALITY DISCLOSURE**

**Policy on Corporate Disclosures**

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

In ensuring the accuracy and quality of the information disseminated, the Company designates key management persons with appropriate level of competency and authority to prepare and release of material disclosures. The persons responsible for the preparation of the disclosure will conduct due diligence and verification to ensure accuracy and appropriateness of information contained in the disclosure. The Board is ultimately responsible for all public disclosures.

The Group has adopted a "Whistle Blowing Policy" on 10 September 2014.

**Effective and Timely Dissemination of Information**

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

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



**(H) STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS**

**Shareholders Participation at General Meetings**

General meetings of the Company represent the main venue for communication between the shareholders and the Company. Shareholders are encouraged to attend and participate at these meetings.

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

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

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

To in line with Paragraph 7.21A(2) of Listing Requirements for further promoting participation of members through proxies, the Chairman of the Annual General Meeting will brief the members, corporate representatives and proxies present of their right to speak and vote on the resolutions set out in the Notice of the 17th Annual General Meeting dated 01 April 2015. The Articles of Association further entitles a member to vote in person, by corporate representative, by proxy or by attorney. Essentially, a corporate representative, proxy or attorney shall be entitled to vote both on a show of hands and on a poll as if they were a member of the Company.

**Voting by Poll**

At present, all resolutions to be passed by the shareholders at the forthcoming 17th Annual General Meeting shall be voted by a show of hands. Going forward, the Board will give due consideration on the mode of voting on any resolutions at the Annual General Meetings and/or Extraordinary General Meetings, including voting by way of a poll, if the proposals are of a substantive nature or require voting by poll. At the commencement of all general meetings, the Chairman of the meeting will inform the shareholders of their rights to a poll voting.

# AUDIT COMMITTEE

AUDIT COMMITTEE  
REPORT FOR THE  
FINANCIAL YEAR ENDED  
31 OCTOBER 2014

## CONSTITUTION

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

The present members of the Audit Committee are:-

1. Mr. Chua Syer Cin (Chairman)  
*Independent Non-Executive Director*
2. Mr. Boo Chin Liong  
*Independent Non-Executive Director*
3. Mr. Tay Khim Seng  
*Non-Independent Non-Executive Director*

hereinafter referred to as the "Committee".

## TERMS OF REFERENCE

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

### Objectives

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

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

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

# AUDIT COMMITTEE

AUDIT COMMITTEE  
REPORT FOR THE  
FINANCIAL YEAR ENDED  
31 OCTOBER 2014  
(CONT'D)

## Composition

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

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

The members of the Committee shall elect a Chairman from among their number who is an independent director. The Chairman elected shall be subjected to endorsement by the Board.

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

## Meetings

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

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

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

## Authority

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

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

# AUDIT COMMITTEE

AUDIT COMMITTEE  
REPORT FOR THE  
FINANCIAL YEAR ENDED  
31 OCTOBER 2014  
(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 and internal auditors;
2. to oversee matters pertaining to the external audit including the review of the audit scope and plans, the external auditors evaluation of the internal control system and their audit report;
3. to review the scope and results of internal audit procedures, the findings and recommendations of the internal audit report and approve and/or monitor the remedial or corrective actions 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 external auditors and to recommend to the Board the announcement/ publication of the financial statements on a timely manner;
5. to identify and direct any special project or investigate and report on any matters, issues or concerns that may be agreed to by the Committee and the Board; and
6. to review any related party transactions that may arise within the Company or the Group.

## Modifications

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

## Meetings and Attendance

Four (4) Audit Committee meetings were held during the financial year ended 31 October 2014. Details of the attendance of members at Audit Committee Meetings are as follows:-

Name	Attendance
Mr. Chua Syer Cin	3/4
Mr. Boo Chin Liong	4/4
Mr. Tay Khim Seng	4/4

# AUDIT COMMITTEE

AUDIT COMMITTEE  
REPORT FOR THE  
FINANCIAL YEAR ENDED  
31 OCTOBER 2014  
(CONT'D)

## Activities of the Audit Committee

The activities of the Audit Committee during the financial year ended 31 October 2014 included the following:-

1. Reviewed and recommended to the Board the re-appointment of external and internal auditors and the payment of fees to these auditors;
2. Reviewed with the external auditors their scope of work and audit plans prior to the commencement of the audit activities;
3. Reviewed and discussed the Group audited financial statements for the year ended 31 October 2014 with the external auditors' including the audit notes and findings, and updates on new developments pertaining to accounting standards issued by the Malaysian Accounting Standards Board;
4. Reviewed and discussed with the internal auditors on the Group's 3 years internal audit plans and the overall assessment of the system of internal controls of the Group;
5. Reviewed the quarterly findings of and discussed with the internal auditors their recommendations to strengthen the internal controls and monitored the implementation of such approved recommendations;
6. Reviewed the unaudited quarterly financial results of the Group and made recommendation to the Board;
7. Reviewed major investment and corporate proposals undertaken by the Group during the financial year; and
8. Reviewed related party transactions entered into by the Group in its ordinary course of business.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

### **Board’s Responsibility**

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

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

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

### **Risk Management**

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

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



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## Internal Control System

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

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

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

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

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

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



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## Internal Control System (cont'd)

The external auditors have reviewed the Statement On Risk Management And Internal Control pursuant to Paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad and have reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process of adopted by the Board in reviewing the adequacy and integrity of the system of internal control and risk management. This statement was approved at the meeting of the Board on 19 March 2015.

## Internal Control and Internal Audit Function

The Internal Audit function is considered an integral part of the assurance framework and its primary mission is to provide assurance on the adequacy and effectiveness of the risk, control and governance framework of the Group.

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

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

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

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

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

All the internal audit activities were outsourced to a firm of independent professional firm and the total costs incurred in managing the internal audit functions for the financial year ended 31 October 2014 was RM37,000.

## ADDITIONAL COMPLIANCE INFORMATION



### Utilisation of Proceeds

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

### Share Buyback

The Company has been authorised by shareholders to purchase its own shares. During the financial year, the Company did not purchase any of its own shares.

As at the date of this report, the Company has repurchased a total of 6,663,800 of its own shares. The Company has not resold any of the shares purchased and all the shares purchased are being retained as treasury shares.

### Options, Warrants or Convertible Securities

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

### Depository Receipt Programme

The Company has not sponsored any Depository Receipt programme during the financial year.

### 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.

## ADDITIONAL COMPLIANCE INFORMATION

(CONT'D)

### Variation in Results

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

### Profit Guarantee

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

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

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

### Recurrent Related Party Transactions

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



## CORPORATE RESPONSIBILITY



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

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

### **Sustainable use of environmentally friendly raw materials**

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

We are also working to further reduce the impact of our operations on the environment and to contribute to the realisation of a recycling-based society by achieving the targets set by world environment panels and organisations such as the FSC, Programme for the Endorsement of Forest Certification and the California Air Resources Board.

### **Ethical deployment, treatment and development of workforce**

We believe that employees are the key to the success of the Group. The Group has over 5,000 employees both Malaysian and foreigners, either deploy in Malaysia or their home country where the Group has operational bases. The Group policies on recruitment, working hours, remuneration and welfare exceed requirements set forth by the relevant authorities in the countries that we operate in. Most of the production workers in Malaysia and 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 implement enhanced quality assurance management in relation to materials, parts and products made by external suppliers and to products manufactured and distributed throughout our supply chain globally.



## DIRECTORS' RESPONSIBILITIES STATEMENT

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

The financial statements are prepared on a going concern basis, in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965. It is the duty of the Directors to review the appropriateness of the basis before adopting the financial statements and lay them before the Annual General Meeting together with their Report and the Auditors' Report thereon.

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

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



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## 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 2014.

### PRINCIPAL ACTIVITIES

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

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

### RESULTS

	Group RM	Company RM
Profit after tax for the financial year	23,471,998	18,648,417
Attributable to :		
Owners of the Company	23,802,544	18,648,417
Non-controlling interests	(330,546)	-
	23,471,998	18,648,417

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

A final tax-exempt dividend of 3% equivalent to 3 sen per ordinary share amounting to RM 3,201,699 in respect of the financial year ended 31 October 2013 was approved by the shareholders at the Annual General Meeting held on 1 April 2014 and paid on 19 May 2014.

A first interim single tier dividend of 3% equivalent to 3 sen per ordinary share amounting to RM 3,201,699 in respect of the financial year ended 31 October 2014 was declared on 10 September 2014 and paid on 7 November 2014.

A second interim single tier dividend of 2% equivalent to 2 sen per ordinary share amounting to RM 2,134,466 in respect of the financial year ended 31 October 2014 was declared on 31 October 2014 and paid on 6 February 2015.

At the forthcoming Annual General Meeting, a final single tier dividend of 3% equivalent to 3 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 October 2015.

# DIRECTORS' REPORT

(CONT'D)

## RESERVES AND PROVISIONS

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

## ISSUES OF SHARES AND DEBENTURES

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

## TREASURY SHARES

At 31 October 2014, the Company held as treasury shares a total of 6,663,800 out of its 113,387,105 issued and fully paid-up ordinary shares. The treasury shares are held at carrying amount of RM 2,836,481. Relevant details on the treasury shares are disclosed in Note 14 to the financial statements.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## DIRECTORS

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

Tay Kim Huat	
Tay Kim Hau	
Dato' Ng Ah Poh	(Resigned on 24 April 2014)
Boo Chin Liong	
Dato' Haji Zaini Bin Md Hasim	(Deceased on 28 March 2014)
Tay Khim Seng	
Chua Syer Cin	
Datuk Seri Zulkipli Bin Mat Noor	
Toh Kim Chong	
Lim Pei Tiam @ Liam Ahat Kiat	(Appointed on 24 April 2014)

# DIRECTORS' REPORT

(CONT'D)

## DIRECTORS' INTERESTS

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

			Number Of Ordinary Shares Of RM 1 Each		
			Balance At 01.11.2013/ Date of Appointment	Bought	Sold
					Balance At 31.10.2014
Tay Kim Huat	- Direct interest	25,643,138	-	-	25,643,138
	- Indirect interest <sup>(1)</sup>	5,219,436	671,100	-	5,890,536
Tay Kim Hau	- Direct interest	500,000	-	-	500,000
Dato' Ng Ah Poh	- Direct interest	4,599,855	-	-	4,599,855
(Resigned on 24.04.2014)					
Boo Chin Liong	- Direct interest	19,500	-	-	19,500
Dato' Haji Zaini Bin Md Hasim	- Direct interest	15,600	-	-	15,600
(Deceased on 28.03.2014)					
Tay Khim Seng	- Direct interest	3,074,330	125,000	40,000	3,159,330
Toh Kim Chong	- Direct interest	3,200,644	100,000	-	3,300,644
Lim Pei Tiam @ Liam Ahat Kiat	- Direct interest	11,638,800	2,361,000	-	13,999,800
(Appointed on 24.04.2014)					
	- Indirect interest <sup>(2)</sup>	1,150,700	195,000	-	1,345,700

Notes :

(1) Indirect interest by virtue of the shareholdings of his spouse and children.

(2) Indirect interest by virtue of the shareholdings of his children.

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

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

## DIRECTORS' BENEFITS

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

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

## OTHER STATUTORY INFORMATION

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



# **DIRECTORS' REPORT**

(CONT'D)

## **SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

The significant event during the financial year is disclosed in Note 31 to the financial statements.

## **AUDITORS**

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

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

**TAY KIM HUAT**

Director

**TAY KIM HAU**

Director

Muar, Johor Darul Takzim

Date : 10 February 2015

## STATEMENT BY DIRECTORS

We, the undersigned, being two of the directors of Poh Huat Resources Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 53 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 October 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 33, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

**TAY KIM HUAT**  
Director

**TAY KIM HAU**  
Director

Muar, Johor Darul Takzim  
Date : 10 February 2015

## STATUTORY DECLARATION

I, TAY KIM HUAT, being the officer primarily responsible for the financial management of Poh Huat Resources Holdings Berhad, do solemnly and sincerely declare that the financial statements and supplementary information set out on pages 53 to 117 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	}
10 February 2015	}

Before me  
Commissioner for Oaths

TAY KIM HUAT

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF  
POH HUAT RESOURCES HOLDINGS BERHAD

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Poh Huat Resources Holdings Berhad, which comprise the statements of financial position at 31 October 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 53 to 116.

### *Directors' Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 October 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

# **INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF  
POH HUAT RESOURCES HOLDINGS BERHAD  
(CONT'D)

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## **OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 33 on page 117 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.



## **INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF  
POH HUAT RESOURCES HOLDINGS BERHAD  
(CONT'D)

### **OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 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.: 2074/10/16 (J)

Chartered Accountant

Muar, Johor Darul Takzim

Date : 10 February 2015



# STATEMENTS OF FINANCIAL POSITION

AT 31 OCTOBER 2014

	Note	2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	5	111,257,739	111,878,031	-	-
Land held for property development	6	20,912,187	8,768,584	-	-
Investment in subsidiaries	7	-	-	102,948,266	102,948,266
Long term receivables	8	-	-	23,384,277	15,328,912
Deferred tax assets	9	55,501	10,243	-	-
		132,225,427	120,656,858	126,332,543	118,277,178
<b>CURRENT ASSETS</b>					
Inventories	10	56,362,543	54,078,648	-	-
Trade and other receivables	8	38,241,319	45,757,006	117,923	1,956
Deposits, bank and cash balances	11	52,881,018	53,420,298	12,495,972	3,991,215
Derivative assets	12	-	377,123	-	-
Dividend receivable		-	-	-	3,425,167
		147,484,880	153,633,075	12,613,895	7,418,338
<b>TOTAL ASSETS</b>		<b>279,710,307</b>	<b>274,289,933</b>	<b>138,946,438</b>	<b>125,695,516</b>

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

# STATEMENTS OF FINANCIAL POSITION

AT 31 OCTOBER 2014  
(CONT'D)

	Note	2014 RM	Group 2013 RM	Company 2014 RM	2013 RM
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	13	113,387,105	113,387,105	113,387,105	113,387,105
Treasury shares	14	(2,836,481)	(2,836,481)	(2,836,481)	(2,836,481)
Reserves	15	61,080,213	45,972,244	22,999,064	15,022,977
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		171,630,837	156,522,868	133,549,688	125,573,601
<b>NON-CONTROLLING INTERESTS</b>		826,840	1,219,183	-	-
<b>TOTAL EQUITY</b>		172,457,677	157,742,051	133,549,688	125,573,601
<b>NON-CURRENT LIABILITIES</b>					
Bank borrowings	16	2,603,351	4,040,582	-	-
Hire purchase payables	17	259,772	418,642	-	-
Deferred tax liabilities	9	3,030,000	2,118,000	-	-
		5,893,123	6,577,224	-	-
<b>CURRENT LIABILITIES</b>					
Trade and other payables	18	60,628,087	56,151,038	60,585	121,915
Bank borrowings	16	31,538,752	49,710,818	-	-
Hire purchase payables	17	377,301	534,437	-	-
Dividend payable		5,336,165	-	5,336,165	-
Tax payable		3,479,202	3,574,365	-	-
		101,359,507	109,970,658	5,396,750	121,915
<b>TOTAL LIABILITIES</b>		107,252,630	116,547,882	5,396,750	121,915
<b>TOTAL EQUITY AND LIABILITIES</b>		279,710,307	274,289,933	138,946,438	125,695,516

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2014

	Note	Group 2014 RM	2013 RM	Company 2014 RM	2013 RM
REVENUE	19	377,173,507	357,970,542	19,366,787	21,841,717
COST OF SALES		(310,929,002)	(293,677,042)	-	-
GROSS PROFIT		66,244,505	64,293,500	19,366,787	21,841,717
OTHER INCOME		2,077,215	3,276,212	84,749	13,151,167
SELLING AND DISTRIBUTION EXPENSES		(18,533,658)	(16,971,075)	-	-
ADMINISTRATIVE EXPENSES		(18,080,238)	(20,107,821)	(552,410)	(942,255)
OTHER EXPENSES		(1,449,228)	(8,976,456)	(249,453)	(20,160,765)
FINANCE COSTS	20	(2,005,812)	(2,001,320)	(1,256)	(1,222)
PROFIT BEFORE TAX	21	28,252,784	19,513,040	18,648,417	13,888,642
TAX EXPENSE	24	(4,780,786)	(2,935,593)	-	-
PROFIT AFTER TAX		23,471,998	16,577,447	18,648,417	13,888,642
<b>OTHER COMPREHENSIVE INCOME</b>					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences					
- changes during the financial year		1,917,064	(1,890,524)	-	-
- transfer to profit or loss on disposal of subsidiary		-	1,398,815	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		25,389,062	16,085,738	18,648,417	13,888,642

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2014  
(CONT'D)

	Note	2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
<b>PROFIT AFTER TAX ATTRIBUTABLE TO :</b>					
Owners of the Company		23,802,544	16,775,392	18,648,417	13,888,642
Non-controlling interests		(330,546)	(197,945)	-	-
		23,471,998	16,577,447	18,648,417	13,888,642
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :</b>					
Owners of the Company		25,780,299	16,421,317	18,648,417	13,888,642
Non-controlling interests		(391,237)	(335,579)	-	-
		25,389,062	16,085,738	18,648,417	13,888,642
<b>EARNINGS PER ORDINARY SHARE (SEN)</b>					
Basic	25	22.30	15.67		
Diluted		Not applicable	Not applicable		

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR  
ENDED 31 OCTOBER 2014

## Group

	Note	Attributable To Owners Of The Company						Non-controlling Interests RM	Total Equity RM
		Non-Distributable			Distributable				
		Share Capital RM	Treasury Shares RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Total RM			
At 1 November 2012		113,387,105	(2,573,777)	(18,754,250)	50,447,383	142,506,461	1,556,270	144,062,731	
Profit after tax for the financial year		-	-	-	16,775,392	16,775,392	(197,945)	16,577,447	
Other comprehensive income/(expense) for the financial year									
Foreign currency translation differences									
- changes during the financial year		-	-	(1,752,890)	-	(1,752,890)	(137,634)	(1,890,524)	
- transfer to profit or loss on disposal of subsidiary		-	-	1,398,815	-	1,398,815	-	1,398,815	
Total comprehensive income/(expense) for the financial year		-	-	(354,075)	16,775,392	16,421,317	(335,579)	16,085,738	
Contributions by and distributions to owners of the Company									
- Purchase of treasury shares		-	(262,704)	-	-	(262,704)	-	(262,704)	
- Dividends									
- by the Company	26	-	-	-	(2,142,206)	(2,142,206)	-	(2,142,206)	
- by subsidiary to non-controlling interests		-	-	-	-	-	(1,508)	(1,508)	
Total transactions with owners		-	(262,704)	-	(2,142,206)	(2,404,910)	(1,508)	(2,406,418)	
At 31 October 2013		113,387,105	(2,836,481)	(19,108,325)	65,080,569	156,522,868	1,219,183	157,742,051	

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR

ENDED 31 OCTOBER 2014

(CONT'D)

## Group

		Attributable To Owners Of The Company						
		Non-Distributable			Distributable			
	Note	Share Capital RM	Treasury Shares RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Total RM	Non-controlling Interests RM	Total Equity RM
At 1 November 2013		113,387,105	(2,836,481)	(19,108,325)	65,080,569	156,522,868	1,219,183	157,742,051
Profit after tax for the financial year		-	-	-	23,802,544	23,802,544	(330,546)	23,471,998
Other comprehensive income/(expense) for the financial year								
Foreign currency translation differences - changes during the financial year		-	-	1,977,755	-	1,977,755	(60,691)	1,917,064
Total comprehensive income/(expense) for the financial year		-	-	1,977,755	23,802,544	25,780,299	(391,237)	25,389,062
Contributions by and distributions to owners of the Company								
- Dividends								
- by the Company	26	-	-	-	(10,672,330)	(10,672,330)	-	(10,672,330)
- by subsidiary to non-controlling interests		-	-	-	-	-	(1,106)	(1,106)
Total transactions with owners		-	-	-	(10,672,330)	(10,672,330)	(1,106)	(10,673,436)
At 31 October 2014		113,387,105	(2,836,481)	(17,130,570)	78,210,783	171,630,837	826,840	172,457,677

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR  
ENDED 31 OCTOBER 2014  
(CONT'D)

## Company

	Note	Attributable To Owners Of The Company			
		Non-Distributable		Distributable	Total Equity RM
		Share Capital RM	Treasury Shares RM	Retained Profits RM	
At 1 November 2012		113,387,105	(2,573,777)	3,276,541	114,089,869
Profit after tax / Total comprehensive income for the financial year		-	-	13,888,642	13,888,642
Contributions by and distributions to owners of the Company					
- Purchase of treasury shares		-	(262,704)	-	(262,704)
- Dividends	26	-	-	(2,142,206)	(2,142,206)
At 31 October 2013 / 1 November 2013		113,387,105	(2,836,481)	15,022,977	125,573,601
Profit after tax / Total comprehensive income for the financial year		-	-	18,648,417	18,648,417
Contributions by and distributions to owners of the Company					
- Dividends	26	-	-	(10,672,330)	(10,672,330)
At 31 October 2014		113,387,105	(2,836,481)	22,999,064	133,549,688

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



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR  
ENDED 31 OCTOBER 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	28,252,784	19,513,040	18,648,417	13,888,642
Adjustments for :				
Allowance for slow-moving inventories	486,000	-	-	-
Allowance for impairment losses on trade and other receivables	-	6,753,600	-	7,637,587
Bad debts written off	-	2,527	-	-
Depreciation	7,374,819	7,394,448	-	-
Dividend income	-	-	-	(3,425,167)
Fair value loss/(gain) on derivatives	377,123	(295,741)	-	-
Inventories written off	-	567,541	-	-
(Gain)/Loss on disposal of property, plant and equipment	(68,441)	840,151	-	-
(Gain)/Loss on disposal of subsidiary	-	(615,090)	-	12,523,178
Property, plant and equipment written off	286,046	173,315	-	-
Reversal of allowance for impairment losses on investment in subsidiary	-	-	-	(12,856,592)
Reversal of allowance for impairment losses on property, plant and equipment	-	(589,496)	-	-
Reversal of allowance for impairment losses on trade and other receivables	(58)	(7,575)	-	-
Unrealised (gain)/loss on foreign exchange	(625,593)	(490,835)	249,453	(75,000)
Interest income	(672,471)	(496,848)	(7,932)	-
Interest expenses	1,458,237	1,399,253	-	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	36,868,446	34,148,290	18,889,938	17,692,648
<b>Changes In Working Capital</b>				
Inventories	(1,804,981)	5,055,055	-	-
Trade and other receivables	8,099,953	(7,416,430)	(27,787,572)	(2,209,371)
Trade and other payables	2,968,692	(15,859,615)	(61,330)	(5,726,879)
<b>CASH GENERATED FROM/(ABSORBED INTO) OPERATIONS</b>	46,132,110	15,927,300	(8,958,964)	9,756,398
Interest received	672,471	496,848	7,932	-
Interest paid	(1,458,237)	(1,399,253)	-	-
Tax (paid)/refund	(3,810,484)	(2,688,546)	-	103,938
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	41,535,860	12,336,349	(8,951,032)	9,860,336

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR  
ENDED 31 OCTOBER 2014  
(CONT'D)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from disposal of property, plant and equipment		280,660	924,549	-	-
Purchase of property, plant and equipment	5(c)	(5,393,149)	(11,189,677)	-	-
Proceeds from disposal of subsidiary		-	14,954,400	-	14,954,400
Subscription of additional shares in subsidiary		-	-	-	(38,850,000)
Purchase of land held for property development		(12,143,603)	(8,768,584)	-	-
Dividends received from subsidiaries		-	-	22,791,954	18,416,550
<b>NET CASH (USED IN)/FROM INVESTING ACTIVITIES</b>		(17,256,092)	(4,079,312)	22,791,954	(5,479,050)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Drawdown of term loans		-	2,977,630	-	-
Net movements in trade bills		(18,234,129)	13,063,000	-	-
Repayment of term loans		(2,324,836)	(1,063,107)	-	-
Repayment of hire purchase payables		(566,006)	(399,472)	-	-
Purchase of treasury shares		-	(262,704)	-	(262,704)
Dividends paid		(5,337,271)	(2,143,714)	(5,336,165)	(2,142,206)
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>		(26,462,242)	12,171,633	(5,336,165)	(2,404,910)
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>		1,643,194	755,460	-	-
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(539,280)	21,184,130	8,504,757	1,976,376
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		53,420,298	32,236,168	3,991,215	2,014,839
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	27	52,881,018	53,420,298	12,495,972	3,991,215

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
31 OCTOBER 2014

## 1. GENERAL INFORMATION

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 10 February 2015.

## 2. PRINCIPAL ACTIVITIES

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

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

## 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 OCTOBER 2014

(CONT'D)

## 3. BASIS OF PREPARATION (CONT'D)

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

### **MFRSs and/or IC Interpretations (including the Consequential Amendments)**

MFRS 10	: Consolidated Financial Statements
MFRS 11	: Joint Arrangements
MFRS 12	: Disclosure of Interests in Other Entities
MFRS 13	: Fair Value Measurement
MFRS 119 (2011)	: Employee Benefits
MFRS 127 (2011)	: Separate Financial Statements
MFRS 128 (2011)	: Investments in Associates and Joint Ventures

Amendments to MFRS 7	: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 11 and MFRS 12	: Transition Guidance

IC Interpretation 20	: Stripping Costs in the Production Phase of a Surface Mine
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Annual Improvements to MFRSs 2009 – 2011 Cycle

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

- (a) MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. There is no impact on the financial statements of the Group upon its initial application.
- (b) MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. MFRS 12 is a disclosure standard and requires extensive disclosures of which the additional disclosures are disclosed in Note 7.
- (c) MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. MFRS 13 has been applied prospectively as of the beginning of the current financial year and there is no impact on the financial statements of the Group upon its initial application.
- (d) The amendments to MFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no impact on the financial statements of the Group upon its initial application.
- (e) The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments have no material impact on the financial statements of the Group upon their initial application.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 OCTOBER 2014

(CONT'D)

## 3. BASIS OF PREPARATION (CONT'D)

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

<b>MFRSs and/or IC Interpretations (including the Consequential Amendments)</b>		<b>Effective date</b>
MFRS 9	: Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	: Revenue from Contracts with Customers	1 January 2017
Amendments to MFRS 10, : MFRS 12 and MFRS 127 (2011)	Investment Entities	1 January 2014
Amendments to MFRS 10 : and MFRS 128 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11 :	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, : MFRS 12 and MFRS 128 (2011)	Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101 :	Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 : and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 : and MFRS 141	Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 119 :	Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 127 : (2011)	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 132 :	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136 :	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139 :	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	: Levies	1 January 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle		1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle		1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle		1 January 2016

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

- (a) The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 OCTOBER 2014

(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Critical Accounting Estimates and Judgements

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

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

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

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

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

#### (c) Classification of leasehold land

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

#### (d) Write-down of inventories

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

#### (e) Impairment of trade and other receivables

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 OCTOBER 2014

(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.1 Critical Accounting Estimates and Judgements (cont'd)

#### (f) Income tax

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

### 4.2 Investment in Subsidiaries

Investments in subsidiaries including the fair value adjustments on intergroup loans at inception date (and the share options granted to employees of the subsidiaries) are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

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

### 4.3 Basis of Consolidation

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

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

#### (a) Business combinations

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 OCTOBER 2014

(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.3 Basis of Consolidation (Cont'd)

#### (b) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

#### (d) Loss of control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between :

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

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

# NOTES TO THE FINANCIAL STATEMENTS

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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.4 Property, plant and equipment and depreciation

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

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

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

Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Capital work-in-progress are not depreciated until they are completed and put into use. Other property, plant and equipment are depreciated on a straight-line basis to write off the cost of each asset to its residual value over their estimated useful lives. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates of depreciation used are as follows :

Warehouse and factory buildings	2.00%
Plant and machinery	10.00% - 20.00%
Vehicles, hostel, furniture, fittings and equipment	2.00% - 33.33%

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

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.8(b).

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

### 4.5 Land held for property development

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 OCTOBER 2014

(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.6 Assets under hire purchase

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.4 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

### 4.7 Inventories

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

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

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

### 4.8 Impairment

#### (a) Impairment of financial assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

# NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.8 Impairment (cont'd)

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

The carrying amounts of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

### 4.9 Financial instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 OCTOBER 2014

(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.9 Financial instruments (cont'd)

#### (a) Financial assets

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

##### (i) Financial assets at fair value through profit or loss

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

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

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

##### (ii) Held-to-maturity investments

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

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

##### (iii) Loans and receivables financial assets

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 OCTOBER 2014

(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.9 Financial instruments (Cont'd)

#### (a) Financial assets (cont'd)

##### (iv) Available-for-sale financial assets

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

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

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

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

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

#### (b) Financial liabilities

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 OCTOBER 2014

(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.9 Financial instruments (Cont'd)

#### (c) Equity instruments

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

##### (i) Ordinary shares

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

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

##### (ii) Treasury shares

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

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

#### (d) Derecognition

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

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

#### (e) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

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(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.10 Fair value measurements

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

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

- Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date ;
- Level 2 : Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly ; and
- Level 3 : Inputs are unobservable inputs for the asset or liability.

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

### 4.11 Revenue recognition

#### (i) Sale of goods

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

#### (ii) Dividend income

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

#### (iii) Interest income

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

### 4.12 Employee benefit

#### (a) Short-term benefits

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

#### (b) Defined contribution plans

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

# NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.13 Borrowing costs

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

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

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

### 4.14 Income tax

Income tax for the year comprises current and deferred tax.

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods three months or less.

### 4.16 Related parties

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.17 Functional and foreign currencies

#### (a) Functional and presentation currency

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

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

#### (b) Transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss, except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

#### (c) Foreign operations

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

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period except for those business combinations that occurred before the date of transition, 1 November 2011 which are treated as assets and liabilities of the Company and are not retranslated.

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

### 4.18 Operating segments

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

## NOTES TO THE FINANCIAL STATEMENTS

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### 5. PROPERTY, PLANT AND EQUIPMENT

#### Group - 2014

	Freehold land RM	Leasehold land RM	Warehouse and factory buildings RM	Plant and machinery RM	Vehicles, hostel, furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
<b>At Cost</b>							
At 1 November 2013	7,820,573	17,555,715	80,377,782	77,254,215	10,878,962	700,235	194,587,482
Additions	11,908	-	-	3,387,638	1,283,857	1,339,490	6,022,893
Disposals	-	-	-	-	(624,281)	-	(624,281)
Write off	-	-	-	(10,816,721)	(1,119,234)	-	(11,935,955)
Reclassifications	-	-	37,230	1,092,842	47,969	(1,178,041)	-
Foreign exchange differences	(57,769)	118,651	912,194	1,002,899	103,731	12,137	2,091,843
At 31 October 2014	7,774,712	17,674,366	81,327,206	71,920,873	10,571,004	873,821	190,141,982
<b>Less : Accumulated Depreciation</b>							
At 1 November 2013	-	4,105,585	14,943,260	57,251,658	6,408,948	-	82,709,451
Charge for the financial year	-	339,977	1,621,210	4,001,414	1,412,218	-	7,374,819
Disposals	-	-	-	-	(412,062)	-	(412,062)
Write off	-	-	-	(10,578,111)	(1,071,798)	-	(11,649,909)
Foreign exchange differences	-	29,132	130,515	665,720	36,577	-	861,944
At 31 October 2014	-	4,474,694	16,694,985	51,340,681	6,373,883	-	78,884,243
<b>Carrying Amount</b>							
At 31 October 2014	7,774,712	13,199,672	64,632,221	20,580,192	4,197,121	873,821	111,257,739

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

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(CONT'D)

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

### Group - 2013

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

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

- (a) The following property, plant and equipment of the Group have been pledged to licensed banks as security for banking facilities granted to the Group (Note 16(a)) :

	Group	
	2014 RM	2013 RM
<b>Carrying Amount</b>		
Freehold land	1,025,144	1,082,913
Leasehold land	4,740,501	4,799,304
Factory buildings	14,753,672	15,098,468
Plant and machinery	5,272,756	6,093,077
Vehicles and equipment	105,878	124,018
	<b>25,897,951</b>	<b>27,197,780</b>

- (b) The motor vehicles with carrying amount of RM 1,339,588 (2013 : RM 1,346,057) are acquired under hire purchase instalment plans (Note 17). These leased assets have been pledged as security for the related finance lease liabilities of the Group.
- (c) Purchases of property, plant and equipment are as follows :

	Group	
	2014 RM	2013 RM
Aggregate cost of property, plant and equipment acquired	6,022,893	8,709,895
Finance via hire purchase	(250,000)	(455,000)
Unpaid balances included under sundry payables (Note 18(c))	(468,705)	(88,961)
Cash paid in respect of acquisition in previous financial year	88,961	3,023,743
Cash paid during the financial year	<b>5,393,149</b>	<b>11,189,677</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 6. LAND HELD FOR PROPERTY DEVELOPMENT

- (a) This represents freehold land stated at cost.
- (b) The freehold land of RM 4,506,102 (2013 : RM 4,506,102) are jointly registered under the name of a subsidiary and a third party.
- (c) The freehold land of RM 2,311,105 (2013 : RM 2,311,105) is held in trust and registered under the name of a third party.

## 7. INVESTMENT IN SUBSIDIARIES

	Company	
	2014 RM	2013 RM
Unquoted shares - at cost		
- in Malaysia	80,269,069	80,269,069
- outside Malaysia	28,998,268	28,998,268
	109,267,337	109,267,337
Accumulated impairment losses :		
At 1 November	6,319,071	19,175,663
Reversal during the financial year	-	(12,856,592)
At 31 October	6,319,071	6,319,071
	102,948,266	102,948,266

# NOTES TO THE FINANCIAL STATEMENTS

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## 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The details of subsidiaries are as follows :

Name of Subsidiaries	Principal Activities	Country of Incorporation	Effective Equity Interest	
			2014	2013
Subsidiaries				
Poh Huat Furniture Industries (M) Sdn. Bhd.	Manufacturing and sale of furniture and investment holding.	Malaysia	100%	100%
PHW Properties Sdn. Bhd.	Property developer and building contractor.	Malaysia	100%	100%
Poh Huat International Sdn. Bhd.	Trading of furniture and investment holding.	Malaysia	100%	100%
# Poh Huat Furniture Industries Vietnam Joint Stock Company	Processing and manufacturing of wooden household furniture.	Vietnam	72.983% (Direct) ^27.011% (Indirect)	72.983% (Direct) ^27.011% (Indirect)
* Poh Huat International (BVI) Limited	Investment holding.	British Virgin Islands	100%	100%
Subsidiary Of Poh Huat Furniture Industries (M) Sdn. Bhd.				
# Contempro Furniture (Qingdao) Co. Ltd.	Dormant.	People's Republic of China	100%	100%
Subsidiary Of Poh Huat International Sdn. Bhd.				
# Poh Huat International Furniture S.A. (Proprietary) Limited	Trading of furniture.	South Africa	51%	51%

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

	NCI Percentage Of Ownership Interest And Voting Interest		Group	
	2014	2013	2014	2013
	%	%	RM	RM
Poh Huat International Furniture S.A. (Proprietary) Limited (PHI(SA))	49.00	49.00	820,745	1,212,948
Others individually immaterial subsidiary			6,095	6,235
			826,840	1,219,183

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

	PHI(SA)	
	2014	2013
	RM	RM
<b>At 31 October</b>		
Non-current assets	3,165,518	3,360,122
Current assets	2,413,375	3,214,443
Non-current liabilities	(1,756,489)	(2,192,029)
Current liabilities	(2,147,415)	(1,907,132)
Net assets	1,674,989	2,475,404
<b>Financial year ended 31 October</b>		
Revenue	4,303,524	5,825,796
(Loss) for the financial year	(676,831)	(406,868)
Total comprehensive (expenses)	(676,831)	(406,868)
Total comprehensive (expenses) attributable to non-controlling interests	(331,647)	(199,365)
Net cash flows from/(used in) operating activities	497,701	(399,488)
Net cash flows from/(used in) investing activities	10,150	(728)
Net cash flows (used in)/from financing activities	(297,870)	295,515

# NOTES TO THE FINANCIAL STATEMENTS

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## 8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>NON-CURRENT</b>				
<b>Long Term Receivables</b>				
Amount due from subsidiaries	-	-	24,268,264	16,212,899
Less : Allowance for impairment losses	-	-	(883,987)	(883,987)
	-	-	23,384,277	15,328,912
<b>CURRENT</b>				
<b>Trade Receivables</b>				
Deposits to suppliers	1,098,182	2,052,130	-	-
Other trade receivables	24,336,590	29,378,692	-	-
Less : Allowance for impairment losses	-	(16,077)	-	-
	25,434,772	31,414,745	-	-
<b>Other Receivables</b>				
Deposits	80,194	97,741	1,000	1,000
Prepayments	985,093	663,424	1,147	956
Tax recoverable	33,928	349,155	-	-
Sundry receivables	18,495,932	20,020,541	6,869,376	6,753,600
Less : Allowance for impairment losses	(6,788,600)	(6,788,600)	(6,753,600)	(6,753,600)
	11,707,332	13,231,941	115,776	-
	12,806,547	14,342,261	117,923	1,956
	38,241,319	45,757,006	117,923	1,956
<b>Allowance for impairment losses :</b>				
At 1 November	6,804,677	58,652	7,637,587	-
Additions during the financial year	-	6,753,600	-	7,637,587
Reversal during the financial year	(58)	(7,575)	-	-
Write off during the financial year	(16,019)	-	-	-
At 31 October	6,788,600	6,804,677	7,637,587	7,637,587

# NOTES TO THE FINANCIAL STATEMENTS

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## 8. TRADE AND OTHER RECEIVABLES (CONT'D)

- (a) The Group's normal trade terms range from cash term to 120 days from the date of invoices.
- (b) The non-current amount due from subsidiaries represents unsecured, non-interest bearing advances of which the settlement is neither planned nor likely to occur in the foreseeable future. These advances are, in substance, a part of the Company's net investment in the subsidiaries and are stated at cost less accumulated impairment losses, if any.
- (c) Trade and other receivables that are individually determined to be impaired relate to customers that are in significant financial difficulties and have defaulted on payments.
- (d) The deposits to suppliers are unsecured and interest free. The amount owing will be offset against future purchases from the suppliers.

## 9. DEFERRED TAX ASSETS/(LIABILITIES)

	2014 RM	Group 2013 RM
At 1 November	(2,107,757)	(3,930,000)
Recognised in profit or loss	(867,460)	10,195
Overprovision in prior years	-	1,812,000
Foreign exchange differences	718	48
At 31 October	(2,974,499)	(2,107,757)
Presented after appropriate offsetting as follows :		
Deferred tax assets	55,501	10,243
Deferred tax liabilities	(3,030,000)	(2,118,000)
	(2,974,499)	(2,107,757)

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

### (i) Deferred tax liabilities :

	Revaluation surplus of properties RM	Excess of capital allowances over depreciation RM	Total RM
At 1 November	(2,118,000)	(3,021,000)	(5,139,000)
Recognised in profit or loss	-	(170,000)	(170,000)
At 31 October	(2,118,000)	(3,191,000)	(5,309,000)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

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

(a) (cont'd)

(ii) Deferred tax assets :

	Unused tax losses RM	Unabsorbed capital allowances RM	Other temporary differences RM	Total RM
At 1 November	452,000	2,540,000	39,243	3,031,243
Recognised in profit or loss	1,441,000	(2,154,000)	15,540	(697,460)
Foreign exchange differences	-	-	718	718
At 31 October	1,893,000	386,000	55,501	2,334,501

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

	Group	
	2014 RM	2013 RM
Unused tax losses	13,339,000	12,751,000
Unabsorbed capital allowances	4,535,000	4,542,000
Unutilised reinvestment allowances	7,800,000	7,800,000
Unutilised increased export allowances	12,053,000	12,053,000
	37,727,000	37,146,000

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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 10. INVENTORIES

	2014 RM	Group 2013 RM
<b>At Cost</b>		
Raw materials	21,852,219	23,901,857
Packing materials	70,950	66,367
Work-in-progress	14,851,366	9,740,109
Finished goods	13,734,955	19,042,657
Goods-in-transit	6,339,053	1,327,658
	56,848,543	54,078,648
Less : Allowance for slow-moving inventories	(486,000)	-
	56,362,543	54,078,648
<b>Recognised in profit or loss</b>		
Inventories recognised as cost of sales	310,929,002	293,677,042

None of the inventories is carried at net realisable value.

## 11. DEPOSITS, BANK AND CASH BALANCES

	2014 RM	Group 2013 RM	Company 2014 RM	2013 RM
Cash and bank balances	37,090,616	39,352,249	12,495,972	3,991,215
Short term deposits placed with licensed banks	15,790,402	14,068,049	-	-
	52,881,018	53,420,298	12,495,972	3,991,215

- (a) The interest rates of short term deposits placed with licensed banks of the Group at the end of the reporting period are 4.3% - 5.0% (2013 : 2.0% - 9.0%) per annum.
- (b) The maturity period of short term deposits placed with licensed banks of the Group at the end of the reporting period is 1 month (2013 : 1 day to 1 month).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 OCTOBER 2014

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## 12. DERIVATIVE ASSETS

	Group			
	2014		2013	
	Contract/ Notional Amount RM	Derivative Assets RM	Contract/ Notional Amount RM	Derivative Assets RM
Forward foreign currency contracts	-	-	6,713,500	377,123

The Group does not apply hedge accounting.

- (a) Forward foreign currency contracts are used to hedge the Group's sales denominated in United States Dollar ("USD") for which firm commitments existed at the end of the reporting period.
- (b) The Group has recognised a loss of RM 377,123 (2013 : gain of RM 295,741) arising from fair value changes of derivatives during the financial year as disclosed in Note 21. The fair value changes were attributed to changes in foreign exchange spot and forward rates. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 32.4.

## 13. SHARE CAPITAL

	Group And Company			
	2014		2013	
	Number of shares	RM	Number of shares	RM
<b>Authorised</b>				
Ordinary shares of RM 1.00 each	500,000,000	500,000,000	500,000,000	500,000,000
<b>Issued and fully paid-up</b>				
Ordinary shares of RM 1.00 each	113,387,105	113,387,105	113,387,105	113,387,105

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 OCTOBER 2014

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## 14. TREASURY SHARES

Of the total 113,387,105 issued and fully paid-up ordinary shares at the end of the reporting period, 6,663,800 ordinary shares (2013 : 6,663,800 ordinary shares) are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

## 15. RESERVES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Non-Distributable</b>				
Foreign exchange translation reserve	(17,130,570)	(19,108,325)	-	-
<b>Distributable</b>				
Retained profits	78,210,783	65,080,569	22,999,064	15,022,977
	61,080,213	45,972,244	22,999,064	15,022,977

### (a) Foreign Exchange Translation Reserve

Foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

### (b) Retained Profits

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly any dividends to the shareholders are not subject to tax.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

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## 16. BANK BORROWINGS

	2014 RM	Group 2013 RM
<b>CURRENT</b>		
Secured - Trade bills	18,829,887	22,308,568
- Term loans	1,323,976	2,315,654
Unsecured - Trade bills	11,384,889	25,086,596
	31,538,752	49,710,818
<b>NON-CURRENT</b>		
Secured - Term loans	2,603,351	4,040,582
	34,142,103	53,751,400
<b>TOTAL BANK BORROWINGS</b>		
Secured - Trade bills	18,829,887	22,308,568
- Term loans	3,927,327	6,356,236
Unsecured - Trade bills	11,384,889	25,086,596
	34,142,103	53,751,400

- (a) The bank borrowings are secured by :
- (i) Freehold land, leasehold land, factory buildings, plant and machinery, vehicles and equipment of the Group (Note 5(a)).
  - (ii) Corporate guarantee by the Company.
- (b) The trade bills are interest bearing at 2.5% - 4.5% (2013 : 2.4% - 4.1%) per annum whilst the term loans are interest bearing at 5.7% - 10.3% (2013 : 2.8% - 9.5%) per annum.
- (c) The term loans are repayable by 36 to 76 monthly instalments (2013 : 36 to 76 monthly instalments, or 10 equal quarterly instalments) where applicable. At the end of the reporting period, they are repayable as follows :

	2014 RM	Group 2013 RM
<b>CURRENT</b>		
Not later than one year	1,323,976	2,315,654
<b>NON-CURRENT</b>		
Later than one year and not later than two years	1,202,630	1,347,718
Later than two years and not later than five years	1,315,183	2,100,280
Later than five years	85,538	592,584
	2,603,351	4,040,582
	3,927,327	6,356,236

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

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## 17. HIRE PURCHASE PAYABLES

	2014 RM	Group 2013 RM
<b>Minimum hire purchase payments :</b>		
Not later than one year	397,461	571,344
Later than one year and not later than two years	197,302	306,575
Later than two years and not later than five years	71,648	125,626
	666,411	1,003,545
Less : Future finance charges	(29,338)	(50,466)
<b>Present value of hire purchase payables</b>	<b>637,073</b>	<b>953,079</b>
<b>The net hire purchase payables are repayable as follows :</b>		
<b>Current</b>		
Not later than one year	377,301	534,437
<b>Non-current</b>		
Later than one year and not later than two years	189,912	295,346
Later than two years and not later than five years	69,860	123,296
	259,772	418,642
	637,073	953,079

The effective interest rates of the hire purchase payables are 4.4% - 7.7% (2013 : 4.4% - 7.7%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

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## 18. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Trade Payables</b>				
Advance from customers	1,474,591	3,956,458	-	-
Other trade payables	46,514,604	39,317,645	-	-
	47,989,195	43,274,103	-	-
<b>Other Payables</b>				
Amount due to a director of a subsidiary	203,932	55,269	-	-
Amount due to shareholders of a subsidiary	65,978	50,696	-	-
Accruals	9,044,797	9,326,669	59,000	112,000
Sundry payables	3,324,185	3,444,301	1,585	9,915
	12,638,892	12,876,935	60,585	121,915
	60,628,087	56,151,038	60,585	121,915

- (a) The normal credit terms granted to the Group range from 15 to 120 days from the date of invoices.
- (b) The amounts due to a director of a subsidiary and shareholders of a subsidiary are unsecured, interest free and repayable on demand.
- (c) Included in sundry payables of the Group is an amount of RM 468,705 (2013 : RM 88,961) payable for the purchase of property, plant and equipment (Note 5(c)).

# NOTES TO THE FINANCIAL STATEMENTS

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## 19. REVENUE

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Dividend income	-	-	19,366,787	21,841,717
Sale of furniture and furniture parts net of discounts, returns, sales tax and sales rebate	377,173,507	357,970,542	-	-
	377,173,507	357,970,542	19,366,787	21,841,717

## 20. FINANCE COSTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Interest On :</b>				
Hire purchase	38,108	46,229	-	-
Term loans	349,444	264,927	-	-
Trade bills	1,070,685	1,088,097	-	-
	1,458,237	1,399,253	-	-
Bank commission and charges	547,575	602,067	1,256	1,222
	2,005,812	2,001,320	1,256	1,222

# NOTES TO THE FINANCIAL STATEMENTS

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## 21. PROFIT BEFORE TAX

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>This is arrived at after charging :</b>				
Allowance for impairment losses on trade and other receivables	-	6,753,600	-	7,637,587
Allowance for slow-moving inventories	486,000	-	-	-
Audit fee :				
- current	200,308	200,603	28,000	23,000
- (over)provision in previous financial year	(607)	(664)	-	-
Bad debts written off	-	2,527	-	-
Depreciation	7,374,819	7,394,448	-	-
Fair value loss on derivatives	377,123	-	-	-
Inventories written off	-	567,541	-	-
Lease rental	357,105	367,646	-	-
Loss on disposal of property, plant and equipment	-	840,151	-	-
Loss on disposal of subsidiary	-	-	-	12,523,178
Property, plant and equipment written off	286,046	173,315	-	-
Realised loss on foreign exchange	-	363,142	-	-
Rental of hostel	13,100	9,600	-	-
Rental of office equipment	33,441	29,226	-	-
Rental of premises	59,561	101,847	-	-
Rental of showroom	180,000	180,000	-	-
Unrealised loss on foreign exchange	-	-	249,453	-
<b>And crediting :</b>				
Fair value gain on derivatives	-	(295,741)	-	-
Gain on disposal of property, plant and equipment	(68,441)	-	-	-
Gain on disposal of subsidiary	-	(615,090)	-	-
Interest income	(672,471)	(496,848)	(7,932)	-
Realised gain on foreign exchange	(257,535)	-	(76,817)	(219,575)
Reversal of allowance for impairment losses on investment in subsidiary	-	-	-	(12,856,592)
Reversal of allowance for impairment losses on property, plant and equipment	-	(589,496)	-	-
Reversal of allowance for impairment losses on trade and other receivables	(58)	(7,575)	-	-
Unrealised gain on foreign exchange	(625,593)	(490,835)	-	(75,000)

# NOTES TO THE FINANCIAL STATEMENTS

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## 22. DIRECTORS' REMUNERATION

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Directors of the Company</b>				
<b>Executive Directors :</b>				
Fee	231,500	264,000	183,500	216,000
Salaries and other emoluments	2,606,608	1,934,104	-	-
Pension costs - defined contribution plan	103,494	67,283	-	-
Social security costs	1,299	1,338	-	-
Estimated monetary value of benefits-in-kind	28,000	28,000	-	-
	2,970,901	2,294,725	183,500	216,000
<b>Non-executive Directors :</b>				
Fee	184,000	197,000	184,000	197,000
	3,154,901	2,491,725	367,500	413,000
<b>Directors of the Subsidiaries</b>				
<b>Executive Directors :</b>				
Salaries and other emoluments	275,156	284,696	-	-
<b>Total directors' remuneration</b>	<b>3,430,057</b>	<b>2,776,421</b>	<b>367,500</b>	<b>413,000</b>
<b>Analysis excluding monetary value of benefits-in-kind :</b>				
Total executive directors' remuneration	3,218,057	2,551,421	183,500	216,000
Total non-executive directors' remuneration	184,000	197,000	184,000	197,000
<b>Total directors' remuneration excluding monetary value of benefits-in-kind</b>	<b>3,402,057</b>	<b>2,748,421</b>	<b>367,500</b>	<b>413,000</b>

- (b) Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company whether directly or indirectly.



# NOTES TO THE FINANCIAL STATEMENTS

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## 22. DIRECTORS' REMUNERATION (CONT'D)

(c) The number of the Company's directors with total remuneration falling in bands of RM 50,000 are as follows :

	Group Number of Directors	
	2014	2013
<b>Executive Directors :</b>		
RM 1 - RM 50,000	1	1
RM 50,001 - RM 100,000	1	1
RM 100,001 - RM 200,000	1	-
RM 200,001 - RM 300,000	-	1
RM 300,001 - RM 400,000	-	1
RM 400,001 - RM 500,000	1	-
<b>Non-executive Directors :</b>		
RM 1 - RM 50,000	4	5
RM 50,001 - RM 100,000	1	1

## 23. STAFF COSTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Executive Directors' Remuneration (excluding benefits-in-kind) (Note 22(a))</b>	3,218,057	2,551,421	183,500	216,000
<b>Other Staff Costs :</b>				
Salaries and other emoluments	61,944,877	57,906,791	-	-
Pension costs - defined contribution plan	970,683	1,028,785	-	-
Social security costs	122,398	168,348	-	-
Other staff related expenses	9,587,036	8,771,723	-	-
	72,624,994	67,875,647	-	-
<b>Total Staff Costs</b>	75,843,051	70,427,068	183,500	216,000

# NOTES TO THE FINANCIAL STATEMENTS

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## 24. TAX EXPENSE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>(a) Components of tax expense</b>				
Current tax :				
- Malaysian tax	9,000	-	-	-
- Foreign tax	3,957,599	4,640,438	-	-
(Over)/Underprovision in prior years :				
- Malaysian tax	(93,370)	(12,193)	-	-
- Foreign tax	40,097	129,543	-	-
	3,913,326	4,757,788	-	-
Deferred tax :				
- Origination/(Reversal) of temporary differences	867,460	(10,195)	-	-
- (Over)provision in prior years	-	(1,812,000)	-	-
	867,460	(1,822,195)	-	-
	4,780,786	2,935,593	-	-

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>(b) Reconciliation of effective tax rate</b>				
Profit before tax	28,252,784	19,513,040	18,648,417	13,888,642
Tax at Malaysian statutory tax rate	7,063,000	4,878,000	4,662,000	3,472,000
Tax effect of different tax rates in foreign subsidiaries	(1,925,000)	(2,756,000)	-	-
Tax effect of non-deductible expenses	471,000	2,280,000	179,000	1,988,000
Tax effect of non-taxable income	(15,000)	(16,000)	(4,841,000)	(5,460,000)
Tax effect of double deduction expenses	(116,000)	(840,000)	-	-
Deferred tax assets not recognised during the financial year	191,000	1,085,000	-	-
Utilisation of deferred tax assets previously not recognised	(1,040,000)	-	-	-
(Over)/Underprovision in prior years :				
- current tax	(53,273)	117,350	-	-
- deferred tax	-	(1,812,000)	-	-
Others	205,059	(757)	-	-
	4,780,786	2,935,593	-	-

# NOTES TO THE FINANCIAL STATEMENTS

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## 25. EARNINGS PER ORDINARY SHARE

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

	<b>Group</b>	
	<b>2014 RM</b>	<b>2013 RM</b>
Profit attributable to owners of the Company	23,802,544	16,775,392
	<b>2014 Number of ordinary shares</b>	<b>2013 Number of ordinary shares</b>
Issued ordinary shares at 1 November	113,387,105	113,387,105
Effect of treasury shares held	(6,663,800)	(6,356,595)
Weighted average number of ordinary shares at 31 October	106,723,305	107,030,510
Basic earnings per ordinary share (sen)	22.30	15.67

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 26. DIVIDENDS

	Group And Company	
	2014	2013
	RM	RM
<b>In respect of the financial year ended 31 October 2012</b>		
First and final tax-exempt dividend of 2% equivalent to 2 sen per ordinary share on 107,110,305 ordinary shares of RM 1.00 each	-	2,142,206
<b>In respect of the financial year ended 31 October 2013</b>		
Special tax-exempt dividend of 2% equivalent to 2 sen per ordinary share on 106,723,305 ordinary shares of RM 1.00 each	2,134,466	-
Final tax-exempt dividend of 3% equivalent to 3 sen per ordinary share on 106,723,305 ordinary shares of RM 1.00 each	3,201,699	-
<b>In respect of the financial year ended 31 October 2014</b>		
First interim single tier dividend of 3% equivalent to 3 sen per ordinary share on 106,723,305 ordinary shares of RM 1.00 each	3,201,699	-
Second interim single tier dividend of 2% equivalent to 2 sen per ordinary share on 106,723,305 ordinary shares of RM 1.00 each	2,134,466	-
	10,672,330	2,142,206

At the forthcoming Annual General Meeting, a final single tier dividend of 3% equivalent to 3 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 October 2015.

## 27. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Deposits, bank and cash balances	52,881,018	53,420,298	12,495,972	3,991,215

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## 28. RELATED PARTY DISCLOSURES

### (a) Identities of related parties

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

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Subsidiaries</b>				
- Dividend received / receivable	-	-	(19,366,787)	(21,841,717)
<b>Director</b>				
- Rental of showroom	180,000	180,000	-	-
<b>A firm in which a director of the Company is senior partner</b>				
- Legal fee	14,522	8,798	-	-

- (c) Information regarding outstanding balances arising from related party transactions at 31 October 2014 are disclosed in Note 8 and Note 18.

### (d) Compensation of key management personnel

The members of key management personnel of the Group and of the Company comprise the executive and non-executive directors. Details of the compensation for these key management personnel are disclosed in Note 22(a).

# NOTES TO THE FINANCIAL STATEMENTS

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## 29. COMMITMENTS

### (a) Capital Commitment

	2014 RM	Group 2013 RM
<b>Authorised but not contracted for :</b>		
Purchase of property, plant and equipment	151,000	-
<b>Contracted but not provided for :</b>		
Purchase of land held for property development	-	5,325,000
Purchase of property, plant and equipment	887,000	1,237,000

### (b) Lease Commitment

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

	2014 RM	Group 2013 RM
Not later than one year	506,836	488,088
Later than one year and not later than five years	2,027,343	1,952,351
Later than five years	13,298,984	13,030,074
	15,833,163	15,470,513

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

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## 30. OPERATING SEGMENTS

### (a) Business Segments

Information about operating segments has not been reported separately as the Group's profit or loss, assets and liabilities are predominantly confined to a single operating segment, namely furniture industry. The property development division has not commenced development activity and its assets are less than 10% of the total assets of all operating segments.

### (b) Geographical Information

	Revenue		Non-Current Assets	
	2014	2013	2014	2013
	RM	RM	RM	RM
South Africa	4,303,524	5,825,796	3,165,518	3,360,123
Vietnam	234,637,547	224,239,251	43,255,255	42,441,392
People's Republic of China	-	340,839	-	-
Malaysia	138,232,436	127,564,656	85,804,654	74,855,343
	377,173,507	357,970,542	132,225,427	120,656,858

### (c) Major Customers

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

	Revenue	
	2014	2013
	RM	RM
Customer A	91,482,403	69,146,948
Customer B	49,426,131	52,670,794
Customer C	47,598,468	61,235,909
	188,507,002	183,053,651

## NOTES TO THE FINANCIAL STATEMENTS

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### 31. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The Company had on 26 September 2013, filed a statement of claims, along with the cause papers and payment of the required statutory litigation fee, into the Qingdao City Intermediate People's Court for the recovery of the outstanding amount of RMB 14.00 million (equivalent to RM 6.75 million) ("Outstanding Amount"), interests for the delay in payment of the Outstanding Amount and associated legal and litigation fees for an estimated amount of RMB 16.02 million (equivalent to RM 8.30 million). The Defendant, Qingdao Dengta Brewage Co., Ltd. (also known as Qingdao Beacon Brewing Co., Ltd.) ("QDB") has filed a counter claim of RMB 22.00 million (equivalent to RM 11.39 million) for delay in the handover of the land and building, land use rights fees and legal fees.

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

- (i) QDB shall pay RMB 9.00 million (equivalent to RM 4.84 million) for the share transfer to the Company. This payment will be made equally in 30 monthly instalment beginning from June 2014, and the amount of the monthly payment is RMB 300,000 (equivalent to RM 161,400) ;
- (ii) Failure in making prompt monthly payment, QDB shall pay delay payment interest at the rate which is 4 times of the RMB loan benchmark interest rate for the financial institutions published by the People's Bank of China till the date of actual payment of the delayed amount ;
- (iii) The Court Fee amounts to RMB 117,920 (equivalent to RM 63,441), half of which RMB 58,960 (equivalent to RM 31,720) will be exempted and the balance shall be paid by the Company ; and
- (iv) There is no other dispute between the parties and the parties shall not make any further claim against each other.

Meanwhile, on 3 June 2014, QDB has applied to the Court and the Court approved the withdrawal of its claims.

As of the report date, QDB had yet to fulfill their obligation in the recorded consent judgment. The Company applied to Qingdao Intermediate People's Court for enforcement of the Civil Conciliation Statement in January 2015.

The Company has made an impairment loss of RMB 14.00 million (equivalent to RM 6.75 million) since financial year 2013 for this non-trade receivable (Note 8).



# NOTES TO THE FINANCIAL STATEMENTS

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## 32. FINANCIAL INSTRUMENTS

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

### 32.1 Financial Risk Management Policies

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

#### (a) Market risk

##### (i) Foreign currency risk

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 32. FINANCIAL INSTRUMENTS (CONT'D)

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

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

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

#### Foreign currency exposure

#### Group - 2014

#### Financial assets

Trade and other receivables	1,578,254	115,668	936,406	21,002,162	9,226,241	170,343	3,560,814	552,216	37,142,104
Deposits, bank and cash balances	-	2,714,956	666	14,433,968	17,347,263	552,129	17,821,950	10,086	52,881,018
	1,578,254	2,830,624	937,072	35,436,130	26,573,504	722,472	21,382,764	562,302	90,023,122

#### Financial liabilities

Trade and other payables	(64,878)	(612)	(617)	(11,325,777)	(31,745,437)	(369,220)	(17,079,447)	(42,099)	(60,628,087)
Bank borrowings	-	-	-	(27,136,776)	-	(2,078,179)	(4,927,148)	-	(34,142,103)
Hire purchase payables	-	-	-	-	-	-	(637,073)	-	(637,073)
Dividend payable	-	-	-	-	-	-	(5,336,165)	-	(5,336,165)
	(64,878)	(612)	(617)	(38,462,553)	(31,745,437)	(2,447,399)	(27,979,833)	(42,099)	(100,743,428)

#### Net financial

assets/(liabilities)	1,513,376	2,830,012	936,455	(3,026,423)	(5,171,933)	(1,724,927)	(6,597,069)	520,203	(10,720,306)
Less : Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	(2,714,236)	-	-	5,172,313	1,731,269	6,597,069	-	10,786,415
<b>Currency exposure</b>	<b>1,513,376</b>	<b>115,776</b>	<b>936,455</b>	<b>(3,026,423)</b>	<b>380</b>	<b>6,342</b>	<b>-</b>	<b>520,203</b>	<b>66,109</b>

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**32. FINANCIAL INSTRUMENTS (CONT'D)**

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

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

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

**Foreign currency exposure (cont'd)**

**Group - 2013**

**Financial assets**

Trade and other receivables	16,027	1,580,802	25,537,423	8,706,303	559,319	7,955,923	290,889	44,646,686
Deposits, bank and cash balances	2,677,928	1,076	14,565,280	24,180,860	288,203	11,677,134	29,817	53,420,298
Derivative assets	-	-	377,123	-	-	-	-	377,123

	2,693,955	1,581,878	40,479,826	32,887,163	847,522	19,633,057	320,706	98,444,107
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**Financial liabilities**

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

	129	(21,836)	(45,995,546)	(25,777,175)	(2,890,897)	(36,013,221)	(156,971)	(110,855,517)
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**Net financial assets/  
(liabilities)**

Less : Net financial (assets)/  
liabilities denominated  
in the respective entities'  
functional currencies  
Forward foreign currency  
contracts (contracted  
notional principal)

	2,694,084	1,560,042	(5,515,720)	7,109,988	(2,043,375)	(16,380,164)	163,735	(12,411,410)
	(2,694,084)	-	-	(7,109,988)	2,043,375	16,380,164	-	8,619,467
	-	-	(6,713,500)	-	-	-	-	(6,713,500)

<b>Currency exposure</b>	-	1,560,042	(12,229,220)	-	-	-	163,735	(10,505,443)
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## 32. FINANCIAL INSTRUMENTS (CONT'D)

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

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

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

##### Foreign currency exposure (cont'd)

	RMB RM	RM RM	Total RM
<b>Company - 2014</b>			
<b>Financial assets</b>			
Other receivables	115,776	-	115,776
Cash and bank balances	-	12,495,972	12,495,972
	115,776	12,495,972	12,611,748
<b>Financial liabilities</b>			
Other payables	-	(60,585)	(60,585)
Dividend payable	-	(5,336,165)	(5,336,165)
	-	(5,396,750)	(5,396,750)
<b>Net financial assets</b>	115,776	7,099,222	7,214,998
Less : Net financial (assets) denominated in the entity's functional currency	-	(7,099,222)	(7,099,222)
<b>Currency exposure</b>	115,776	-	115,776
	USD RM	RM RM	Total RM
<b>Company - 2013</b>			
<b>Financial assets</b>			
Cash and bank balances	-	3,991,215	3,991,215
Dividend receivable	3,425,167	-	3,425,167
	3,425,167	3,991,215	7,416,382
<b>Financial liabilities</b>			
Other payables	-	(121,915)	(121,915)
<b>Net financial assets</b>	3,425,167	3,869,300	7,294,467
Less : Net financial (assets) denominated in the entity's functional currency	-	(3,869,300)	(3,869,300)
<b>Currency exposure</b>	3,425,167	-	3,425,167

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## 32. FINANCIAL INSTRUMENTS (CONT'D)

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

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

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

#### Foreign currency risk sensitivity analysis

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

	Group Increase/(Decrease)		Company Increase/(Decrease)	
	2014	2013	2014	2013
	RM	RM	RM	RM
<b>Effects on profit after tax</b>				
EURO				
- strengthened by 5%	56,752	-	-	-
RMB				
- strengthened by 5%	4,342	-	4,342	-
SGD				
- strengthened by 5%	35,117	58,502	-	-
USD				
- strengthened by 5%	(113,491)	(458,596)	-	128,444
VND				
- strengthened by 5%	14	-	-	-
RAND				
- strengthened by 5%	238	-	-	-

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

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## 32. FINANCIAL INSTRUMENTS (CONT'D)

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

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

##### (ii) Interest rate risk

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

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

#### Interest rate risk sensitivity analysis

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

##### (iii) Equity price risk

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

#### (b) Credit risk

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

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

The Company's exposure to credit risk arises principally from financial guarantees given to banks for credit facilities granted to subsidiaries. The Company monitors the results of the subsidiaries and repayments made by the subsidiaries on an ongoing basis.

# NOTES TO THE FINANCIAL STATEMENTS

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## 32. FINANCIAL INSTRUMENTS (CONT'D)

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

#### (b) Credit risk (cont'd)

##### Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by three (2013 : three) customers which constituted approximately 45% (2013 : 52%) of its trade receivables at the end of the reporting period.

##### Exposure to credit risk

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

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

	Group	
	2014 RM	2013 RM
Africa	103,238	34,742
Asia (excluding Malaysia)	1,551,731	2,972,052
North America	18,081,401	20,487,132
Europe	1,084,976	1,915,073
Malaysia	3,515,244	3,953,616
	24,336,590	29,362,615

- (ii) A nominal amount of RM 32,351,718 (2013 : RM 51,695,354) relating to financial guarantees provided by the Company to banks for banking facilities granted to its subsidiaries.

As at the end of the reporting period, there was no indication that any subsidiaries would default on payment.

The financial guarantee have not been recognised since the fair value on initial recognition is not material.

# NOTES TO THE FINANCIAL STATEMENTS

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## 32. FINANCIAL INSTRUMENTS (CONT'D)

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

#### (b) Credit risk (cont'd)

##### Ageing analysis

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

	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
<b>2014</b>			
Not past due	23,795,026	-	23,795,026
Past due :			
- less than 3 months	539,693	-	539,693
- 3 to 6 months	1,871	-	1,871
	24,336,590	-	24,336,590
	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
<b>2013</b>			
Not past due	28,882,432	-	28,882,432
Past due :			
- less than 3 months	441,174	-	441,174
- 3 to 6 months	33,681	-	33,681
- over 6 months	21,405	(16,077)	5,328
	29,378,692	(16,077)	29,362,615



# NOTES TO THE FINANCIAL STATEMENTS

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## 32. FINANCIAL INSTRUMENTS (CONT'D)

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

#### (b) Credit risk (cont'd)

##### Ageing analysis (cont'd)

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 32. FINANCIAL INSTRUMENTS (CONT'D)

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

#### (c) Liquidity risk

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

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

	Effective interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
<b>Group - 2014</b>						
Trade and other payables	-	60,628,087	60,628,087	60,628,087	-	-
Bank borrowings :						
- Trade bills	2.5 - 4.5	30,214,776	30,214,776	30,214,776	-	-
- Term loans	5.7 - 10.3	3,927,327	4,632,719	1,595,828	2,950,247	86,644
Hire purchase payables	4.4 - 7.7	637,073	666,411	397,461	268,950	-
Dividend payable	-	5,336,165	5,336,165	5,336,165	-	-
		100,743,428	101,478,158	98,172,317	3,219,197	86,644
<b>Group - 2013</b>						
Trade and other payables	-	56,151,038	56,151,038	56,151,038	-	-
Bank borrowings :						
- Trade bills	2.4 - 4.1	47,395,164	47,395,164	47,395,164	-	-
- Term loans	2.8 - 9.5	6,356,236	7,385,893	2,661,442	4,096,078	628,373
Hire purchase payables	4.4 - 7.7	953,079	1,003,545	571,344	432,201	-
		110,855,517	111,935,640	106,778,988	4,528,279	628,373
<b>Company - 2014</b>						
Trade and other payables		60,585	60,585	60,585	-	-
Dividend payable		5,336,165	5,336,165	5,336,165	-	-
		5,396,750	5,396,750	5,396,750	-	-
<b>Company - 2013</b>						
Trade and other payables		121,915	121,915	121,915	-	-

# NOTES TO THE FINANCIAL STATEMENTS

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## 32. FINANCIAL INSTRUMENTS (CONT'D)

### 32.2 Capital Risk Management

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

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total net borrowings from financial institutions divided by total equity.

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

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

	2014 RM	Group 2013 RM
Bank borrowings	34,142,103	53,751,400
Hire purchase payables	637,073	953,079
	34,779,176	54,704,479
Less : Fixed deposits placed with licensed banks	(15,790,402)	(14,068,049)
Less : Cash and bank balances	(37,090,616)	(39,352,249)
Net debt	(18,101,842)	1,284,181
Total equity	172,457,677	157,742,051
Debt-to-equity ratio	Not applicable *	0.01

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 OCTOBER 2014

(CONT'D)

## 32. FINANCIAL INSTRUMENTS (CONT'D)

### 32.3 Classification of Financial Instruments

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Financial assets</b>				
<u>Loans and receivables financial assets</u>				
Trade and other receivables	37,142,104	44,646,686	115,776	-
Deposits, bank and cash balances	52,881,018	53,420,298	12,495,972	3,991,215
Dividend receivable	-	-	-	3,425,167
	90,023,122	98,066,984	12,611,748	7,416,382
<u>Fair value through profit or loss</u>				
Derivative assets	-	377,123	-	-
<b>Financial liabilities</b>				
<u>Other financial liabilities</u>				
Trade and other payables	60,628,087	56,151,038	60,585	121,915
Bank borrowings	34,142,103	53,751,400	-	-
Hire purchase payables	637,073	953,079	-	-
Dividend payable	5,336,165	-	5,336,165	-
	100,743,428	110,855,517	5,396,750	121,915

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 OCTOBER 2014

(CONT'D)

## 32. FINANCIAL INSTRUMENTS (CONT'D)

### 32.4 Fair Value Information

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

#### Group - 2013

	Fair Value Of Financial Instruments Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
<b>Financial Assets</b>					
Derivative assets :					
- forward foreign currency contracts	-	377,123	-	377,123	377,123

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

The fair values of hire purchase payables are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured are considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximate to the effective interest rates of hire purchase payables.

The fair values of long-term loans are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured are considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximate to the effective interest rates of long-term loans.

In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 OCTOBER 2014

(CONT'D)

## 33. SUPPLEMENTARY INFORMATION DISCLOSED OF REALISED AND UNREALISED PROFITS / LOSSES

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained profits :				
- realised	104,469,891	91,782,693	23,248,517	14,947,977
- unrealised	(2,348,906)	(1,239,799)	(249,453)	75,000
	102,120,985	90,542,894	22,999,064	15,022,977
Less : Consolidation adjustments	(23,910,202)	(25,462,325)	-	-
At 31 October	78,210,783	65,080,569	22,999,064	15,022,977

## LIST OF MATERIAL LANDED PROPERTIES

AS AT 31 OCTOBER 2014

Address/Location	Description	Land Area (hectare)	Use	Tenure/ Age of Building	Net Book Value as at 31.10.2014 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 / 10 years	20,329	29.8.02 (Date of Acquisition)
PTD Nos. 1470 & 1535 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	2 plots of industrial land with an office building, a warehouse cum factory building and ancillary structures	2.21	Office with furniture manufacturing and warehousing facilities	60 years leasehold expiring in 2060/ 9 year	14,275	21.10.03 (Date of Acquisition)
No. 17, Road 26 Song Than Industrial Zone II Di An District Binh Duong Province Vietnam	1 plot of industrial land with an office building, 1 hostel, 3 factory buildings and ancillary structures	6.76	Office with furniture manufacturing and accom- modation facilities	50 years lease expiring in 2045/ 13 years	9,900	1.3.02 (Date of Acquisition)
PTD No. 1473 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of industrial land with an office building, 1 block of factory building and ancillary structures	1.62	Office with furniture manufacturing and kiln drying facilities	60 years leasehold expiring in 2056/ 14 years	9,784	12.9.00 (Date of Acquisition)
GM No. 3000, Lot 3081 GM No. 2548, Lot 1980 HSM No. 7207, Ptd 12933 GM No. 3001, Lot 3082 GM No. 2479, Lot 1981 Mukim Jalan Bakri District of Muar Johor Darul Takzim	1 plot of agriculture land	2.35	Vacant land	Freehold/ na	8,769	22.07.13 (Date of Acquisition)

## LIST OF MATERIAL LANDED PROPERTIES

AS AT 31 OCTOBER 2014  
(CONT'D)

Address/Location	Description	Land Area (hectare)	Use	Tenure/ Age of Building	Net Book Value as at 31.10.2014 RM'000	Date of Revaluation or 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/ 18 years	6,949	17.6.99 (Date of Revaluation)
GM No. 1712, Lot 831 GM No. 1968, Lot 832 GM No. 1850, Lot 827 Mukim Sungai Terap District of Muar Johor Darul Takzim	1 plot of agriculture land	1.95	Vacant land	Freehold/ na	6,169	26.12.13 (Date of Acquisition)
GRN No. 100856, Lot 3209 Bandar Maharani District of Muar Johor Darul Takzim	1 plot of agriculture land	0.93	Vacant land	Freehold/ na	5,975	28.04.14 (Date of Acquisition)
PTD Nos. 1547 & 1548 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	2 plots of industrial land with 1 block of factory building and ancillary structures	1.92	Furniture manufacturing facilities	60 years leasehold expiring in 2056/ 16 years	5,579	27.7.99 (Date of Revaluation)
PTD No. 1502 Bukit Pasir Industrial Area Mukim of Sungai Terap District of Muar Johor Darul Takzim	1 plot of industrial land with an office building, a warehouse and ancillary structures	1.08	Office with warehousing facilities	60 years leasehold expiring in 2056/ 17 years	4,459	17.6.99 (Date of Revaluation)



# ANALYSIS OF SHAREHOLDINGS

AS AT 27 FEBRUARY 2015

## 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	—	2,785

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

## Distribution of Shareholdings

CATEGORY	SHAREHOLDERS	%	SHAREHOLDINGS	%
Less than 100	346	12.42	18,609	0.02
100 to 1,000	168	6.03	108,882	0.10
1,001 to 10,000	1,802	64.70	6,874,119	6.44
10,001 to 100,000	397	14.26	11,852,050	11.10
100,001 to less than 5% of issued shares	69	2.48	48,227,707	45.19
5% and above of issued shares	3	0.11	39,642,938	37.15
<b>TOTAL</b>	<b>2,785</b>	<b>100.00</b>	<b>106,723,305</b>	<b>100.00</b>

## Substantial Shareholders

*(Based on the Register of Substantial Shareholders)*

Name of Shareholders	No. of Shares Held		% of Issued Share Capital	
	Direct	Deemed	Direct	Deemed
Tay Kim Huat	25,643,138	5,890,536 <sup>(a)</sup>	24.03	5.52
Lim Pei Tiam @ Liam Ahat Kiat	13,999,800	1,481,000 <sup>(b)</sup>	13.12	1.39

## Notes:-

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

*(b) Deemed interested by virtue of the shareholding of his children.*

## ANALYSIS OF SHAREHOLDINGS

AS AT 27 FEBRUARY 2015  
(CONT'D)

### 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	25,643,138	5,890,536 <sup>(a)</sup>	24.03	5.52
Tay Kim Hau	500,000	-	0.47	-
Boo Chin Liong	19,500	-	0.02	-
Tay Khim Seng	3,079,330	-	2.89	-
Chua Syer Cin	-	-	-	-
Toh Kim Chong	3,300,644	-	3.09	-
Lim Pei Tiam @ Liam Ahat Kiat	13,999,800	1,481,000 <sup>(b)</sup>	13.12	1.39

### Notes:-

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

(b) Deemed interested by virtue of the shareholding of his children.

### List of Top Thirty (30) Largest Shareholders

	Names	Shareholding	%
1	Tay Kim Huat	14,277,619	13.38
2	Lim Pei Tiam @ Liam Ahat Kiat	13,999,800	13.12
3	Tay Kim Huat	11,365,519	10.65
4	DB (Malaysia) Nominee (Asing) Sdn. Bhd. Deutsche Bank AG Singapore For Pangolin Asia Fund	5,232,700	4.90
5	Ng Ah Poh	4,328,655	4.06
6	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Fong Siling (CEB)	3,400,000	3.19
7	Toh Kim Chong	3,300,644	3.09
8	Lim Pay Kaon	2,320,100	2.17
9	Sim Sheau Yun	2,247,865	2.11
10	Tay Khim Seng	1,779,330	1.67

## ANALYSIS OF SHAREHOLDINGS

AS AT 27 FEBRUARY 2015

(CONT'D)

### List Of Top Thirty (30) Largest Shareholders

	Names	Shareholding	%
11	Alliance Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ronie Tan Choo Seng	1,600,000	1.50
12	Tay Yuan Sen	1,438,054	1.35
13	AIBB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tay Khim Seng	1,300,000	1.22
14	Yeo Gek Cheng	1,165,014	1.09
15	Tay Li Ping	1,160,250	1.09
16	Lu Chin Poh	1,130,000	1.06
17	Lim Ah Waa	1,112,100	1.04
18	Tay Lee Thing	1,064,994	1.00
19	Tay Li Chin	976,944	0.92
20	Su Ming Keat	757,900	0.71
21	Tan Aik Choon	717,400	0.67
22	Lim Seok Kim	674,400	0.63
23	Maybank Nominees (Tempatan) Sdn. Bhd. Cheah Kam Choy	575,820	0.54
24	Koay Wan Fing @ Koay Gian Peng	556,000	0.52
25	Tan Aik Choon	552,500	0.52
26	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ronie Tan Choo Seng (Margin)	530,000	0.50
27	Tay Kim Hau	500,000	0.47
28	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Consumer Product Sector Fund	462,900	0.43
29	Cha Au Peng	412,000	0.39
30	Lim Shu Chiah	360,000	0.34

# FORM OF PROXY



I/We \_\_\_\_\_  
of \_\_\_\_\_  
being member/members of **POH HUAT RESOURCES HOLDINGS BERHAD**, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him, \_\_\_\_\_  
of \_\_\_\_\_

as my/our proxy to vote on my/our behalf at the 17th Annual General Meeting of the Company to be held at Hotel D'99 No. 173, Jalan Abdullah, 84000 Muar, Johor Darul Takzim on 23 April 2015 at 11.00 a.m. and at every adjournment thereof, and to vote as indicated below:-

Ordinary Resolution		For	Against
Ordinary Resolution 1	Payment of Directors' Fees		
Ordinary Resolution 2	Declaration of a final single tier dividend of three percentum (3%) or 3 sen per share		
Ordinary Resolution 3	Re-election of Mr. Toh Kim Chong		
Ordinary Resolution 4	Re-election of Mr. Chua Syer Cin		
Ordinary Resolution 5	Re-election of Mr. Lim Pei Tiam @ Liam Ahat Kiat		
Ordinary Resolution 6	Re-appointment of Auditors		
Ordinary Resolution 7	Retention of as Mr. Chua Syer Cin as Independent Director		
Ordinary Resolution 8	Retention of Mr. Boo Chin Liong as Independent Director		
Ordinary Resolution 9	Share Buy-Back Mandate		

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

As witness my hand this \_\_\_\_\_ day of April 2015.

\_\_\_\_\_  
Signature of Member(s)

Number of shares held /  
to be represented

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Name of Witness

**Notes:**

- 1. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- 2. To be valid, the form of proxy, duly completed must be deposited at the Registered Office of the Company at No. 7, (1st Floor), Jalan Pesta 1/1, Taman Dr Ismail 1, Jalan Bakri, 84000 Muar, Johor Darul Takzim not less than forty-eight (48) hours before the time of the 17th Annual General Meeting.
- 3. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/their proxy, provided always that the rest of the form of proxy, other than the particulars of the proxy, have been duly completed by the member(s).
- 4. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same Annual General Meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
- 5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- 6. If the appointer is a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.
- 7. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempted Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- 8. Only depositors whose names appear in the Register of Depositors as at 17 April 2015 shall be entitled to attend in person or appoint proxies to attend and/or vote on their behalf at the 17th Annual General Meeting.

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STAMP/SETEM

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

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

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