

POH KONG HOLDINGS BERHAD (Registration No : 200201018476)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.10.2021 RM'000	AS AT 31.7.2021 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	91,595	92,280
Right of use assets	47,822	53,042
Investment properties	12,543	12,709
Investment in an associate	7,765	7,765
Other investments	228	228
Goodwill on consolidation	1,485	1,485
Deferred tax assets	11,722	11,849
	173,160	179,358
CURRENT ASSETS		
Inventories	578,076	594,777
Trade and other receivables	6,643	2,890
Deposits and prepayments	10,805	10,792
Current tax assets	2,268	835
Fixed deposits placed with licensed banks	14,462	10,259
Cash and bank balances	27,234	9,414
	639,488	628,967
TOTAL ASSETS	812,648	808,325
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	402,417	396,998
TOTAL EQUITY	607,593	602,174
NON-CURRENT LIABILITIES		
Long-term borrowings	40,851	46,124
Deferred tax liabilities	13,970	13,970
	54,821	60,094
CURRENT LIABILITIES		
Trade and other payables	11,461	11,016
Deposits and accruals	10,499	6,699
Contract liabilities	9,482	9,225
Provision for restoration costs	400	400
Amount due to ultimate holding company	1,306	1,331
Amount due to directors (Note 1)	2,208	1,894
Short-term borrowings	110,125	110,854
Current tax liabilities	4,753	4,638
	150,234	146,057
TOTAL LIABILITIES	205,055	206,151
TOTAL EQUITY AND LIABILITIES	812,648	808,325
Net assets per share attributable to owners of the Company (RM)	1.48	1.47

Note 1: Amount due to directors consists of directors' fee and directors' other emoluments.

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)

POH KONG HOLDINGS BERHAD (Registration No : 200201018476)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.10.2021 RM'000	QUARTER ENDED 31.10.2020 RM'000	PERIOD ENDED 31.10.2021 RM'000	PERIOD ENDED 31.10.2020 RM'000
Revenue	175,294	221,905	175,294	221,905
Other operating income	1,424	790	1,424	790
Operating expenses	(167,894)	(201,045)	(167,894)	(201,045)
Profit from operations	8,824	21,650	8,824	21,650
Finance income	63	77	63	77
Finance costs	(1,256)	(2,462)	(1,256)	(2,462)
Profit before tax	7,631	19,265	7,631	19,265
Income tax expense	(2,212)	(4,621)	(2,212)	(4,621)
Profit after tax	5,419	14,644	5,419	14,644
Other comprehensive expense	-	-	-	-
Total Comprehensive Income	5,419	14,644	5,419	14,644
Profit after tax attributable to:				
Owners of the Company	5,419	14,644	5,419	14,644
Non-controlling Interests	-	-	-	-
	5,419	14,644	5,419	14,644
Total comprehensive income attributable to:				
Owners of the Company	5,419	14,644	5,419	14,644
Non-controlling Interests	-	-	-	-
	5,419	14,644	5,419	14,644
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	1.32	3.57	1.32	3.57
- diluted (sen)	1.32	3.57	1.32	3.57

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)

POH KONG HOLDINGS BERHAD (Registration No : 200201018476)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company			
	Share capital	Revaluation reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000
At 1 August 2020	205,176	41,635	323,414	570,225
Realisation of revaluation reserve	-	25	-	25
Profit for the financial year	-	-	14,644	14,644
At 31 October 2020	205,176	41,660	338,058	584,894
At 1 August 2021	205,176	41,747	355,251	602,174
Profit for the financial year	-	-	5,419	5,419
At 31 October 2021	205,176	41,747	360,670	607,593

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)

POH KONG HOLDINGS BERHAD (Registration No : 200201018476)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED 31.10.2021 RM'000	PERIOD ENDED 31.10.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,631	19,265
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	2,058	1,746
Depreciation of right of use assets	5,221	5,656
Net gain on disposal of property, plant and equipment	(96)	-
Dividend income	-	(300)
Interest income	(63)	(77)
Interest expense	1,256	2,462
Operating profit before working capital changes	16,007	28,752
Inventories	16,701	(30,348)
Receivables	(3,766)	1,766
Payables	4,245	2,628
Contract liabilities	257	999
Net cash generated from operations	33,444	3,797
Tax paid	(3,405)	(1,044)
Net cash generated from operating activities	30,039	2,753
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	63	77
Dividend received	-	300
Proceeds from disposal of property, plant and equipment	96	85
Purchase of property, plant and equipment	(605)	(45)
Net cash (used in) / generated from investing activities	(446)	417
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,256)	(1,783)
Placement of fixed deposit	(3)	(6)
Net loans repayment	(1,138)	(2,000)
(Decrease) / Increase in amount due to ultimate holding company	(25)	5
Increase in amount due to directors	314	289
Repayment of lease liabilities	(5,555)	(6,606)
Net cash used in financing activities	(7,663)	(10,101)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	21,930	(6,931)
OPENING CASH AND CASH EQUIVALENTS	18,364	33,148
CLOSING CASH AND CASH EQUIVALENTS	40,294	26,217
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	14,462	18,240
Bank overdraft	(90)	(122)
Cash and bank balances	27,234	9,389
	41,606	27,507
Less: - Fixed deposits pledged to licensed banks	(1,312)	(1,290)
	40,294	26,217

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Accounting Policies and Methods of Computation

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and Chapter 9, Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Group and of the Company for the financial year ended 31 July 2021.

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRS that have been issued, but yet to be effective:

<u>New MFRS</u>	<u>Effective for financial periods beginning on or after</u>
MFRS 17 Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3 Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4 Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7 Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9 Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 15 Revenue from Contracts with Customers	1 January 2023#
MFRS 16 Leases	1 January 2021/ 1 January 2022^
MFRS 17 Insurance Contracts	1 January 2023
MFRS 101 Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107 Statements of Cash Flows	1 January 2023#
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 116 Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119 Employee Benefits	1 January 2023#
MFRS 128 Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132 Financial instruments: Presentation	1 January 2023#
MFRS 136 Impairment of Assets	1 January 2023#
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138 Intangible Assets	1 January 2023#
MFRS 139 Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140 Investment Property	1 January 2023#
MFRS 141 Agriculture	1 January 2022^

[^]The Annual Improvements to MFRS Standards 2018-2020

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

The Group and the Company plan to adopt the above applicable new MFRS and Amendments/Improvements to MFRSs when they become effective.

A2. Audit Report

The audit report of the preceding Audited Financial Statements of the Group was reported without any qualification.

A3. Seasonality or Cyclicity of Operations

It was a traditionally low peak trading period for the quarter under review.

A4. Unusual Items

Except for the events disclosed in Note B1 and B3, there were no unusual and extraordinary items in the current quarter under review.

A5. Changes in Estimates

There were no material changes in the estimates used for the preparation of interim financial report.

A6. Issuance, Cancellation or Repayments of Debt and Equity Securities

There was no issuance and repayment of debt and equity securities, share buy back, share cancellation, shares held as treasury shares and resale of treasury shares for the current financial year to-date.

A7. Dividend paid

No dividend was paid in the quarter under review.

A8. Segmental Information

Segmental information is presented in respect of the Group's business segments.

Business segments:

Manufacturing: Manufacturer and dealer of jewellery, precious stones and gold ornaments

Trading: Suppliers and retailers of gold ornaments, jewellery, precious stones and gold bullion

Others: Investment holding and supplying gold bullion

Results for financial periods ended 31 October 2020

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	21,230	161,953	38,722	-	221,905
Inter-segment Revenue	69,256	54,665	70,526	(194,447)	-
Total Revenue	<u>90,486</u>	<u>216,618</u>	<u>109,248</u>	<u>(194,447)</u>	<u>221,905</u>
Profit before taxation	4,506	15,257	10,362	(10,860)	19,265
Profit after taxation	3,418	11,596	10,349	(10,719)	14,644

Results for financial periods ended 31 October 2021

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	4,613	146,868	23,813	-	175,294
Inter-segment Revenue	47,482	27,612	56,279	(131,373)	-
Total Revenue	52,095	174,480	80,092	(131,373)	175,294
Profit before taxation	(1,278)	8,615	13,102	(12,808)	7,631
Profit after taxation	(1,278)	6,541	13,090	(12,934)	5,419

A9. Valuations of Property, Plant and Equipment

The Group did not carry out any valuation on property, plant and equipment in the quarter under review.

Save as disclosed, the valuation of property, plant and equipment have been brought forward without amendment from previous Audited Financial Statements.

A10. Material Events Subsequent To The Financial Period

On 15 June 2021, the Government introduced the National Recovery Plan ("NRP"), the plan in four phases was formulated in providing a clear framework on relaxing the lockdown and the reopening of more economic sectors, whereby movement control measures will be gradually eased from one phase to the next.

Given the fluidity of the situation, the Group and the Company were unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 July 2022. The Group and the Company will monitor any material changes to future economic conditions that will affect the Group and the Company.

Save as disclosed, there was no subsequent material event as at the date of this quarterly report.

A11. Changes in the Composition of the Company

There was no change in the composition of the Group for the current quarter and financial year to date including business combination, acquisition or disposal of subsidiaries and long term investment, restructuring or discontinuing of operations.

A12. Contingent Liabilities

As at 31 October 2021, a total of RM229,987,160 corporate guarantees has been given in support of banking facilities granted to subsidiary companies, a total of RM11,000,000 corporate guarantee has been given to third parties in respect of leasing and hire purchase facilities and a total of RM1,998,216 corporate guarantees has been given to third parties in respect of operating lease arrangements.

Save as disclosed above, there was no change in contingent liabilities since the last annual reporting date.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. Review of Performance

The Group's revenue for the current quarter under review was lower at RM175.294 million as compared to the revenue in the corresponding quarter last year of RM221.905 million, a decrease of RM46.611 million. With the implementation of National Recovery Plan ("NRP"), a plan in four phases was formulated in providing a clear framework on relaxing the lockdown and the reopening of more economic sectors, our business was only allowed to reopen in stages from 16 August 2021 onwards. This resulted in a decrease in revenue during the quarter under review.

The Group's profit before tax in the current quarter at RM7.631 million as compared to the profit before tax of RM19.265 million in the corresponding quarter last year showed a decrease of RM11.634 million. The decrease in profit was due mainly to the lower revenue in the current quarter under review.

The Group's revenue is largely derived from the retail segment.

B2. Comparison with Preceding Quarter's Results (1st Quarter FYE 2022 vs 4th Quarter FYE 2021)

Financial Indicators:	Q1FYE2022	Q4FYE2021	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	175,294	85,622	89,672	105%
Profit / (Loss) before taxation	7,631	(12,398)	20,029	162%
Profit / (Loss) after taxation	5,419	(13,261)	18,680	141%

The increase in profit was due mainly to the higher revenue in the current quarter under review as compared with the preceding quarter.

B3. Current Year Prospects

The re-opening of the economy will undoubtedly be reflected by a gradual recovery, with higher global growth and sustained policy support providing a further lift to the overall economy. The Group will continuously monitor the impact of the current uncertainties of our operations, uphold and honour our financial obligations and evaluate our performance on a continuous basis.

Barring unforeseen circumstances, the board of directors is confident that the group has put in place adequate measures to meet the challenges ahead for financial year ending 31 July 2022.

B4. Profit Forecast

The Group does not publish any profit forecast.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.10.2021	Quarter Ended 31.10.2020	Period Ended 31.10.2021	Period Ended 31.10.2020
Income taxation	RM'000 2,085	RM'000 4,640	RM'000 2,085	RM'000 4,640
Deferred taxation	127	(19)	127	(19)
	<u>2,212</u>	<u>4,621</u>	<u>2,212</u>	<u>4,621</u>

The effective tax rate for the current and cumulative quarters was higher than the statutory tax rate due principally to certain expenses disallowed for tax purposes.

B6. Status of Corporate Proposals Announced

There was no corporate proposal announced for the current quarter and financial year to date.

B7. Borrowings and Debt Securities

The Group's borrowings are as follows:

	Period Ended 31.10.2021 RM'000	Period Ended 31.10.2020 RM'000
Short-term Borrowings		
- Secured		
Other bank borrowings	94,058	91,837
Lease liabilities	<u>16,067</u>	<u>14,842</u>
	110,125	106,679
- Unsecured		
Advance from Ultimate Holding Company	<u>1,306</u>	<u>1,321</u>
	<u>111,431</u>	<u>108,000</u>
Long-term Borrowings		
- Secured		
Other bank borrowings	27,238	40,367
Lease liabilities	<u>13,613</u>	<u>19,312</u>
	<u>40,851</u>	<u>59,679</u>
Total	<u>152,282</u>	<u>167,679</u>

B8. Profit Before Taxation

Profit before taxation is arrived at after charging/(crediting):

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.10.2021 RM'000	Quarter Ended 31.10.2020 RM'000	Period Ended 31.10.2021 RM'000	Period Ended 31.10.2020 RM'000
Interest income	(63)	(77)	(63)	(77)
Dividend income	-	(300)	-	(300)
Net gain on disposal of property, plant and equipment	(96)	-	(96)	-
Interest expense	1,256	2,462	1,256	2,462
Depreciation of property, plant and equipment and investment property	2,058	1,746	2,058	1,746
Depreciation of right of use assets	5,221	5,656	5,221	5,656

B9. Material Litigation

There was no material litigation as at this quarterly report and the financial year to date.

B10. Dividend

No dividend was declared in the current quarter under review.

B11. Earnings Per Share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Quarter Ended 31.10.2021	Quarter Ended 31.10.2020	Period Ended 31.10.2021	Period Ended 31.10.2020
Profit after taxation for basic earnings per share (RM'000)	5,419	14,644	5,419	14,644
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>1.32</u>	<u>3.57</u>	<u>1.32</u>	<u>3.57</u>
-diluted (sen)	<u>1.32</u>	<u>3.57</u>	<u>1.32</u>	<u>3.57</u>

BY ORDER OF THE BOARD**DATO' CHOON YEE SEIONG**

Executive Chairman / Group Managing Director
 14 December 2021
 Petaling Jaya