

POH KONG HOLDINGS BERHAD (Registration No : 200201018476)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.10.2022 RM'000	AS AT 31.7.2022 RM'000 <i>(Audited)</i>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	86,227	85,108
Right of use assets	58,415	63,570
Investment properties	10,319	10,487
Investment in an associate	7,895	7,895
Other investments	228	228
Goodwill on consolidation	1,485	1,485
Deferred tax assets	17,168	16,696
	181,737	185,469
CURRENT ASSETS		
Inventories	703,003	643,906
Trade and other receivables	4,194	8,028
Deposits and prepayments	20,477	10,091
Current tax assets	677	842
Fixed deposits placed with licensed banks	10,503	15,503
Cash and bank balances	25,863	18,959
	764,717	697,329
TOTAL ASSETS	946,454	882,798
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	497,041	481,374
TOTAL EQUITY	702,217	686,550
NON-CURRENT LIABILITIES		
Long-term borrowings	34,620	37,657
Deferred tax liabilities	14,189	14,189
	48,809	51,846
CURRENT LIABILITIES		
Trade and other payables	29,299	7,266
Deposits and accruals	13,413	9,256
Contract liabilities	9,537	9,554
Dividend payables	4,104	4,104
Provision for restoration costs	400	400
Amount due to ultimate holding company	1,314	1,315
Amount due to directors (Note 1)	3,221	2,394
Short-term borrowings	126,712	98,276
Current tax liabilities	7,428	11,837
	195,428	144,402
TOTAL LIABILITIES	244,237	196,248
TOTAL EQUITY AND LIABILITIES	946,454	882,798
Net assets per share attributable to owners of the Company (RM)	1.71	1.67

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 2022)

POH KONG HOLDINGS BERHAD (Registration No : 200201018476)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.10.2022 RM'000	QUARTER ENDED 31.10.2021 RM'000	PERIOD ENDED 31.10.2022 RM'000	PERIOD ENDED 31.10.2021 RM'000
Revenue	370,363	175,294	370,363	175,294
Other operating income	769	1,424	769	1,424
Operating expenses	(349,100)	(167,894)	(349,100)	(167,894)
Profit from operations	22,032	8,824	22,032	8,824
Finance income	103	63	103	63
Finance costs	(2,074)	(1,256)	(2,074)	(1,256)
Profit before tax	20,061	7,631	20,061	7,631
Income tax expense	(4,394)	(2,212)	(4,394)	(2,212)
Profit after tax	15,667	5,419	15,667	5,419
Other comprehensive expense				
Total Comprehensive Income	15,667	5,419	15,667	5,419
Profit after tax attributable to:				
Owners of the Company	15,667	5,419	15,667	5,419
Non-controlling Interests	-	-	-	-
	15,667	5,419	15,667	5,419
Total comprehensive income attributable to:				
Owners of the Company	15,667	5,419	15,667	5,419
Non-controlling Interests	-	-	-	-
	15,667	5,419	15,667	5,419
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	3.82	1.32	3.82	1.32
- diluted (sen)	3.82	1.32	3.82	1.32

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)

POH KONG HOLDINGS BERHAD (Registration No : 200201018476)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2022

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 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
At 1 August 2022	205,176	42,959	438,415	686,550
Profit for the financial year	-	-	15,667	15,667
At 31 October 2022	205,176	42,959	454,082	702,217

(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 2022)

POH KONG HOLDINGS BERHAD (Registration No : 200201018476)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED 31.10.2022 RM'000	PERIOD ENDED 31.10.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	20,061	7,631
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	1,915	2,058
Depreciation of right of use assets	5,365	5,221
Net gain on disposal of property, plant and equipment	(292)	(96)
Interest income	(103)	(63)
Interest expense	2,074	1,256
Operating profit before working capital changes	29,020	16,007
Inventories	(59,097)	16,701
Receivables	(6,552)	(3,766)
Payables	26,190	4,245
Contract liabilities	(17)	257
Net cash (used in) / generated from operations	(10,456)	33,444
Tax paid	(9,109)	(3,405)
Net cash (used in) / generated from operating activities	(19,565)	30,039
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	103	63
Proceeds from disposal of property, plant and equipment	292	96
Placement of fixed deposit	-	(3)
Purchase of property, plant and equipment	(2,481)	(605)
Net cash used in investing activities	(2,086)	(449)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,074)	(1,256)
Net loans repayment	30,064	(1,138)
Decrease in amount due to ultimate holding company	(1)	(25)
Increase in amount due to directors	827	314
Repayment of lease liabilities	(5,545)	(5,555)
Net cash generated from / (used in) financing activities	23,271	(7,660)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,620	21,930
OPENING CASH AND CASH EQUIVALENTS	33,109	18,364
CLOSING CASH AND CASH EQUIVALENTS	34,729	40,294
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	10,503	14,462
Bank overdraft	(284)	(90)
Cash and bank balances	25,863	27,234
	36,082	41,606
Less: - Fixed deposits pledged to licensed banks	(1,353)	(1,312)
	34,729	40,294

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)

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 2022.

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 2022.

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 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7 Financial Instruments: Disclosures	1 January 2023 [#]
MFRS 9 Financial Instruments	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 2022 [^] 1 January 2024
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 112 Income Taxes	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 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

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 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

	Results for financial periods ended 31 October 2022				
	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	14,307	272,151	83,905	-	370,363
Inter-segment Revenue	127,340	60,469	166,249	(354,058)	-
Total Revenue	141,647	332,620	250,154	(354,058)	370,363
Profit before taxation	2,502	17,715	33,037	(33,193)	20,061
Profit after taxation	1,902	13,622	32,865	(32,722)	15,667

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

There was no subsequent material event as at the date of this quarterly report.

A11. Changes in the Composition of the Company

On 2 September 2022, Poh Kong Properties Sdn. Bhd. ("PKP"), a wholly owned subsidiary of Poh Kong Holdings Bhd. had entered into a Share Sales Agreement ("SSA") with the Vendors, namely Nagasundaram A/L Rengaswamy Pillai and Gomathy A/P Subramanyam, the shareholders holding 100% of the issued and paid-up share capital of The Lotus Corporation Berhad ("TLCB") and TLCB, to acquire all the shares of TLCB.

TLCB is the registered owner of two pieces of leasehold properties held under PN 7184 Lot 2 Sekyen 25 Bandar Petaling Jaya Daerah Petaling Negeri Selangor with the address at No. 4, Jalan 52/4, Section 52, 46200 Petaling Jaya, Selangor and HSD 165239 (Formerly QTR 106) PT 25 Bandar Petaling Jaya Daerah Petaling Negeri Selangor with the address at No. 25, Jalan 52/2, Section 52, 46200 Petaling Jaya, Selangor each measuring approximately 174.1875 square metres together with a three storey shop-lot erected thereon ("the said Properties") for a total purchase consideration of RM11,350,000.

Pursuant to certain terms and conditions of the SSA, the Vendors shall sell the Shares to PKP free from all encumbrances but subject to all terms and conditions of the SSA.

Save as disclosed above, 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 2022, a total of RM237,394,660 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 RM2,901,528 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 higher at RM370.363 million as compared to the revenue in the corresponding quarter last year of RM175.294 million, an increase of RM195.069 million. Last year, the revenue was affected by a nationwide lockdown effective from 1 June 2021 and our retail business was only allowed to reopen on 16 August 2021. The Group leveraged on the rising demand for gold jewellery and gold investment products which came with the rebound of the economy, resulting in a higher revenue during the quarter under review.

The Group's profit before tax in the current quarter at RM20.061 million as compared to the profit before tax of RM7.631 million in the corresponding quarter last year showed an increase of RM12.43 million. The higher revenue improved the operating profits 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 2023 vs 4th Quarter FYE 2022)

Financial Indicators:	Q1FYE2023	Q4FYE2022	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	370,363	414,657	(44,294)	-11%
Profit before taxation	20,061	36,668	(16,607)	-45%
Profit after taxation	15,667	29,838	(14,171)	-47%

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

B3. Current Year Prospects

We expect the Malaysian economy to further expand in the current year, driven mainly by a strong rebound in consumption. To sustain recovery, the government is attempting to address the economic impacts by gradually rebuilding fiscal buffers through increased revenue collection and greater spending efficiency.

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 2023.

B4. Profit Forecast

The Group does not publish any profit forecast.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31.10.2022	31.10.2021	31.10.2022	31.10.2021
	RM'000	RM'000	RM'000	RM'000
Income taxation	4,866	2,085	4,866	2,085
Deferred taxation	(472)	127	(472)	127
	<u>4,394</u>	<u>2,212</u>	<u>4,394</u>	<u>2,212</u>

The effective tax rate was lower than the statutory tax rate due principally to the deferred tax assets being recognised for the current quarter, offsetting against tax payables on profitable subsidiaries.

B6. Status of Corporate Proposals Announced

Save as disclosed in Note A11, 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 31.10.2022 RM'000	Period Ended 31.10.2021 RM'000
Short-term Borrowings		
- Secured		
Other bank borrowings	114,427	94,058
Lease liabilities	12,285	16,067
	<u>126,712</u>	<u>110,125</u>
- Unsecured		
Advance from Ultimate Holding Company	1,314	1,306
	<u>128,026</u>	<u>111,431</u>
Long-term Borrowings		
- Secured		
Other bank borrowings	13,549	27,238
Lease liabilities	21,071	13,613
	<u>34,620</u>	<u>40,851</u>
Total	<u>162,646</u>	<u>152,282</u>

B8. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.10.2022 RM'000	Quarter Ended 31.10.2021 RM'000	Period Ended 31.10.2022 RM'000	Period Ended 31.10.2021 RM'000
Interest income	(103)	(63)	(103)	(63)
Net gain on disposal of property, plant and equipment	(292)	(96)	(292)	(96)
Interest expense	2,074	1,256	2,074	1,256
Depreciation of property, plant and equipment and investment property	1,915	2,058	1,915	2,058
Depreciation of right of use assets	5,365	5,221	5,365	5,221

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 31.10.2022	Quarter Ended 31.10.2021	Period Ended 31.10.2022	Period Ended 31.10.2021
Profit after taxation for basic earnings per share (RM'000)	15,667	5,419	15,667	5,419
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>3.82</u>	<u>1.32</u>	<u>3.82</u>	<u>1.32</u>
-diluted (sen)	<u>3.82</u>	<u>1.32</u>	<u>3.82</u>	<u>1.32</u>

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

Executive Chairman / Group Managing Director
 20 December 2022
 Petaling Jaya