

POH KONG HOLDINGS BERHAD (Registration No : 200201018476)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.7.2023 RM'000	AS AT 31.7.2022 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	88,618	85,108
Right of use assets	64,991	63,570
Investment properties	17,767	10,487
Investment in an associate	7,922	7,895
Other investments	228	228
Goodwill on consolidation	1,485	1,485
Deferred tax assets	16,469	16,696
	197,480	185,469
CURRENT ASSETS		
Inventories	755,141	643,906
Trade and other receivables	5,219	8,028
Deposits and prepayments	11,252	10,091
Current tax assets	78	842
Fixed deposits placed with licensed banks	10,594	15,503
Cash and bank balances	17,637	18,959
	799,921	697,329
TOTAL ASSETS	997,401	882,798
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	554,096	481,374
TOTAL EQUITY	759,272	686,550
NON-CURRENT LIABILITIES		
Long-term borrowings	30,295	37,657
Deferred tax liabilities	15,937	14,189
	46,232	51,846
CURRENT LIABILITIES		
Trade and other payables	11,071	7,266
Deposits and accruals	13,994	9,256
Contract liabilities	7,770	9,554
Dividend payables	-	4,104
Provision for restoration costs	400	400
Amount due to ultimate holding company	1,297	1,315
Amount due to directors (Note 1)	4,449	2,394
Short-term borrowings	144,636	98,276
Current tax liabilities	8,280	11,837
	191,897	144,402
TOTAL LIABILITIES	238,129	196,248
TOTAL EQUITY AND LIABILITIES	997,401	882,798
Net assets per share attributable to owners of the Company (RM)	1.85	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 FOURTH QUARTER ENDED 31 JULY 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.7.2023 RM'000	QUARTER ENDED 31.7.2022 RM'000	PERIOD ENDED 31.7.2023 RM'000	PERIOD ENDED 31.7.2022 RM'000 <i>(Audited)</i>
Revenue	315,661	414,657	1,470,569	1,362,609
Other operating income	1,037	2,213	3,772	5,434
Operating expenses	(301,956)	(379,676)	(1,358,895)	(1,245,457)
Profit from operations	14,742	37,194	115,446	122,586
Finance income	156	176	530	466
Finance costs	(2,426)	(1,432)	(9,003)	(7,173)
Share of results of an associate, net of tax	477	730	477	730
Profit before tax	12,949	36,668	107,450	116,609
Income tax expense	(7,972)	(6,830)	(29,708)	(24,418)
Profit after tax	4,977	29,838	77,742	92,191
Other comprehensive income	315	1,057	315	1,212
Total Comprehensive Income	5,292	30,895	78,057	93,403
Profit after tax attributable to:				
Owners of the Company	4,977	29,838	77,742	92,191
Non-controlling Interests	-	-	-	-
	4,977	29,838	77,742	92,191
Total comprehensive income attributable to:				
Owners of the Company	5,292	30,895	78,057	93,403
Non-controlling Interests	-	-	-	-
	5,292	30,895	78,057	93,403
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	1.21	7.27	18.95	22.47
- diluted (sen)	1.21	7.27	18.95	22.47

(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 FOURTH QUARTER ENDED 31 JULY 2023

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	-	-	92,191	92,191
Other comprehensive income	-	1,212	-	1,212
Dividends	-	-	(9,027)	(9,027)
At 31 July 2022	205,176	42,959	438,415	686,550
At 1 August 2022	205,176	42,959	438,415	686,550
Profit for the financial year	-	-	77,742	77,742
Other comprehensive income	-	315	-	315
Dividends	-	-	(5,335)	(5,335)
At 31 July 2023	205,176	43,274	510,822	759,272

(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 FOURTH QUARTER ENDED 31 JULY 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED 31.7.2023 RM'000	PERIOD ENDED 31.7.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	107,450	116,609
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	9,033	7,208
Depreciation of right of use assets	24,750	22,717
Share of results of an associate	(477)	(730)
Pre-acquisition profit from interest in subsidiary company	3,164	-
Reversal of impairment losses	-	(294)
Impairment loss on other receivables	-	96
Impairment loss on investment properties	4,642	-
Net gain on disposal of property, plant and equipment	(630)	(374)
Property, plant and equipment written off	15	122
Interest income	(530)	(466)
Interest expense	9,003	7,173
Operating profit before working capital changes	156,420	152,061
Inventories	(111,235)	(49,053)
Receivables	1,648	(4,364)
Payables	8,543	(1,193)
Contract liabilities	(1,784)	328
Net cash generated from operations	53,592	97,779
Tax paid	(33,209)	(22,151)
Net cash generated from operating activities	20,383	75,628
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	530	466
Dividend received	450	600
Proceeds from disposal of property, plant and equipment	635	374
Purchase of property, plant and equipment	(4,611)	(2,772)
Net cash used in investing activities	(2,996)	(1,332)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(9,003)	(4,383)
Placement of fixed deposit	(41)	(43)
Net loans drawdown / (repayment)	19,683	(24,717)
Dividends paid	(9,438)	(4,924)
Decrease in amount due to ultimate holding company	(18)	(16)
Increase in amount due to directors	2,055	500
Repayment of lease liabilities	(26,897)	(25,968)
Net cash generated used in financing activities	(23,659)	(59,551)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(6,272)	14,745
OPENING CASH AND CASH EQUIVALENTS	33,109	18,364
CLOSING CASH AND CASH EQUIVALENTS	26,837	33,109
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	10,594	15,503
Cash and bank balances	17,637	18,959
	28,231	34,462
Less: - Fixed deposits pledged to licensed banks	(1,394)	(1,353)
	26,837	33,109

(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 2023#
MFRS 3 Business Combinations	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 2023#
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 15 Revenue from Contracts with Customers	1 January 2023#
MFRS 16 Leases	1 January 2024
MFRS 17 Insurance Contracts	1 January 2023
MFRS 101 Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1 January 2024
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 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 2023#
MFRS 138 Intangible Assets	1 January 2023#
MFRS 140 Investment Property	1 January 2023#

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

On 30 November 2022, the Company paid an interim single tier dividend of 1 sen on 410,351,752 ordinary shares amounting to RM4,103,518 in respect of financial year ended 31 July 2022; and

On 10 March 2023, the Company paid a final single tier dividend of 1.30 sen on 410,351,752 ordinary shares amounting to RM5,334,573 in respect of financial year ended 31 July 2022.

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 July 2022

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	40,657	1,038,002	283,950	-	1,362,609
Inter-segment Revenue	402,351	223,539	457,008	(1,082,898)	-
Total Revenue	443,008	1,261,541	740,958	(1,082,898)	1,362,609
Profit before taxation	18,089	102,633	20,706	(24,819)	116,609
Profit after taxation	13,582	78,128	22,071	(21,590)	92,191

Results for financial periods ended 31 July 2023

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	47,408	1,123,070	300,091	-	1,470,569
Inter-segment Revenue	483,386	252,086	514,405	(1,249,877)	-
Total Revenue	530,794	1,375,156	814,496	(1,249,877)	1,470,569
Profit before taxation	27,797	84,208	40,742	(45,297)	107,450
Profit after taxation	20,966	62,807	36,699	(42,730)	77,742

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.

The acquisition has completed on 29 March 2023.

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 July 2023, a total of RM247,394,660 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 lower at RM315.661 million as compared to the revenue in the corresponding quarter last year of RM414.657 million, a decrease of RM98.996 million. The decrease in revenue was due mainly to a weak market sentiment, decrease in demand of gold jewellery products during the quarter under review.

The Group's profit before tax in the current quarter at RM12.949 million as compared to the profit before tax of RM36.668 million in the corresponding quarter last year showed a decrease of RM23.719 million. The decrease in profit was due mainly to the decrease in sales volume and increased in the operating expenses during the quarter under review.

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

B2. Comparison with Preceding Quarter's Results (4th Quarter FYE 2023 vs 3rd Quarter FYE 2023)

Financial Indicators:	Q4FYE2023	Q3FYE2023	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	315,661	380,709	(65,048)	-17%
Profit before taxation	12,949	41,946	(28,997)	-69%
Profit after taxation	4,977	31,417	(26,440)	-84%

The decrease in profit was due mainly to the lower revenue and increased in the operating expenses 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 2024.

B4. Profit Forecast

The Group does not publish any profit forecast.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.7.2023 RM'000	Quarter Ended 31.7.2022 RM'000	Period Ended 31.7.2023 RM'000	Period Ended 31.7.2022 RM'000
Income taxation	4,555	9,741	27,733	29,321
Deferred taxation	3,417	(2,911)	1,975	(4,903)
	<u>7,972</u>	<u>6,830</u>	<u>29,708</u>	<u>24,418</u>

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

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 31.7.2023 RM'000	Period Ended 31.7.2022 RM'000
Short-term Borrowings		
- Secured		
Other bank borrowings	123,108	80,729
Lease liabilities	21,528	17,547
	<u>144,636</u>	<u>98,276</u>
- Unsecured		
Advance from Ultimate Holding Company	1,297	1,315
	<u>145,933</u>	<u>99,591</u>
Long-term Borrowings		
- Secured		
Other bank borrowings	5,386	16,898
Lease liabilities	24,909	20,759
	<u>30,295</u>	<u>37,657</u>
Total	<u>176,228</u>	<u>137,248</u>

B8. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.7.2023 RM'000	Quarter Ended 31.7.2022 RM'000	Period Ended 31.7.2023 RM'000	Period Ended 31.7.2022 RM'000
Depreciation of property, plant and equipment and investment properties	3,364	2,073	9,033	7,208
Depreciation of right of use assets	8,441	5,513	24,750	22,717
Share of results of an associate	(477)	(730)	(477)	(730)
Pre-acquisition profit from interest in subsidiary company	3,164	-	3,164	-
Reversal of impairment losses	-	(73)	-	(294)
Impairment loss on other receivables	-	-	-	96
Impairment loss on investment properties	4,642	-	4,642	-
Net gain on disposal of property, plant and equipment	(83)	(274)	(630)	(374)
Property, plant and equipment written off	15	35	15	122
Interest income	(156)	(176)	(530)	(466)
Interest expense	2,426	1,432	9,003	7,173

B9. Material Litigation

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

B10. Dividend

The Board of Directors recommend a final single tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 July 2023 (2022: 1.30 sen single tier dividend per ordinary share). The proposed final dividend will be subject to shareholders' approval at the forthcoming Annual General Meeting to be held on a date to be announced later.

The date of book closure of the Record of Depositors for determining the proposed final single tier dividend entitlements and the date of payment will be announced at a later date. Based on the outstanding issued and paid-up capital as at 31 July 2023 of 410,351,752 ordinary shares, the final dividend amounts to RM8,207,035 (2022: RM5,334,573 net dividend was paid on 10 March 2023). Such dividend, if approved by the shareholders will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 July 2024.

B11. Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.7.2023	Quarter Ended 31.7.2022	Period Ended 31.7.2023	Period Ended 31.7.2022
Profit after taxation for basic earnings per share (RM'000)	4,977	29,838	77,742	92,191
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	1.21	7.27	18.95	22.47
-diluted (sen)	1.21	7.27	18.95	22.47

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

Executive Chairman / Group Managing Director
26 September 2023
Petaling Jaya