

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.10.2023 RM'000	AS AT 31.7.2023 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	91,748	89,805
Right of use assets	62,338	67,807
Investment properties	17,849	18,034
Investment in an associate	7,922	7,922
Other investments	228	228
Goodwill on consolidation	1,485	1,485
Deferred tax assets	16,065	16,469
	197,635	201,750
CURRENT ASSETS		
Inventories	813,402	755,149
Trade and other receivables	6,775	3,928
Deposits and prepayments	11,172	11,244
Current tax assets	175	841
Fixed deposits placed with licensed banks	7,994	13,794
Cash and bank balances	20,865	14,437
	860,383	799,393
TOTAL ASSETS	1,058,018	1,001,143
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	575,760	556,757
TOTAL EQUITY	780,936	761,933
NON-CURRENT LIABILITIES		
Long-term borrowings	24,001	32,844
Deferred tax liabilities	16,379	16,379
	40,380	49,223
CURRENT LIABILITIES		
Trade and other payables	36,500	11,531
Deposits and accruals	15,411	12,450
Contract liabilities	9,547	7,770
Provision for restoration costs	400	400
Amount due to ultimate holding company	1,302	1,303
Amount due to directors (Note 1)	5,168	4,449
Short-term borrowings	159,532	142,817
Current tax liabilities	8,842	9,267
	236,702	189,987
TOTAL LIABILITIES	277,082	239,210
TOTAL EQUITY AND LIABILITIES	1,058,018	1,001,143
Net assets per share attributable to owners of the Company (RM)	1.90	1.86

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 2023)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.10.2023 RM'000	QUARTER ENDED 31.10.2022 RM'000	PERIOD ENDED 31.10.2023 RM'000	PERIOD ENDED 31.10.2022 RM'000
Revenue	355,980	370,363	355,980	370,363
Other operating income	755	769	755	769
Operating expenses	(329,860)	(349,100)	(329,860)	(349,100)
Profit from operations	26,875	22,032	26,875	22,032
Finance income	91	103	91	103
Finance costs	(2,369)	(2,074)	(2,369)	(2,074)
Profit before tax	24,597	20,061	24,597	20,061
Income tax expense	(5,594)	(4,394)	(5,594)	(4,394)
Profit after tax	19,003	15,667	19,003	15,667
Other comprehensive expense	-	-	-	-
Total Comprehensive Income	19,003	15,667	19,003	15,667
Profit after tax attributable to:				
Owners of the Company	19,003	15,667	19,003	15,667
Non-controlling Interests	-	-	-	-
	19,003	15,667	19,003	15,667
Total comprehensive income attributable to:				
Owners of the Company	19,003	15,667	19,003	15,667
Non-controlling Interests	-	-	-	-
	19,003	15,667	19,003	15,667
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	4.63	3.82	4.63	3.82
- diluted (sen)	4.63	3.82	4.63	3.82

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2023)

POH KONG HOLDINGS BERHAD (Registration No : 200201018476)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 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 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
At 1 August 2023	205,176	45,236	511,521	761,933
Profit for the financial year	-	-	19,003	19,003
At 31 October 2023	205,176	45,236	530,524	780,936

(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 2023)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD	PERIOD
	ENDED	ENDED
	31.10.2023	31.10.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	24,597	20,061
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	1,895	1,915
Depreciation of right of use assets	5,626	5,365
Net gain on disposal of property, plant and equipment	(53)	(292)
Property, plant and equipment written off	4	-
Interest income	(91)	(103)
Interest expense	2,369	2,074
Operating profit before working capital changes	34,347	29,020
Inventories	(58,253)	(59,097)
Receivables	(2,775)	(6,552)
Payables	27,930	26,190
Contract liabilities	1,777	(17)
Net cash generated from/ (used in) operations	3,026	(10,456)
Tax paid	(4,949)	(9,109)
Net cash used in operating activities	(1,923)	(19,565)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	91	103
Proceeds from disposal of property, plant and equipment	53	292
Purchase of property, plant and equipment	(3,814)	(2,481)
Net cash used in investing activities	(3,670)	(2,086)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,369)	(2,074)
Net loans drawdown	13,962	30,064
Decrease in amount due to ultimate holding company	(1)	(1)
Increase in amount due to directors	719	827
Repayment of lease liabilities	(6,090)	(5,545)
Net cash generated from financing activities	6,221	23,271
NET INCREASE IN CASH AND CASH EQUIVALENTS	628	1,620
OPENING CASH AND CASH EQUIVALENTS	26,837	33,109
CLOSING CASH AND CASH EQUIVALENTS	27,465	34,729
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	7,994	10,503
Bank overdraft	-	(284)
Cash and bank balances	20,865	25,863
	28,859	36,082
Less: - Fixed deposits pledged to licensed banks	(1,394)	(1,353)
	27,465	34,729

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2023)

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 2023.

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 2023.

The Group and the Company have adopted the following new MFRS and amendments/improvements to MFRSs for the current financial year:

New MFRS

MFRS 17 Insurance Contracts

Amendments/Improvements to MFRSs

MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3 Business Combinations
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations
MFRS 7 Financial Instruments: Disclosures
MFRS 9 Financial Instruments
MFRS 15 Revenue from Contracts with Customers
MFRS 17 Insurance Contracts
MFRS 101 Presentation of Financial Statements
MFRS 107 Statements of Cash Flows
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112 Income Taxes
MFRS 116 Property, Plant and Equipment
MFRS 119 Employee Benefits
MFRS 132 Financial instruments: Presentation
MFRS 136 Impairment of Assets
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets
MFRS 138 Intangible Assets
MFRS 140 Investment Property

The adoption of the above new MFRS and amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

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:

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs</u>		
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 128	Investments in Associates and Joint Ventures	Deferred

The Group and the Company plan to adopt the above applicable 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 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

Results for financial periods ended 31 October 2023

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	11,980	264,098	79,902	-	355,980
Inter-segment Revenue	121,366	64,253	162,076	(347,695)	-
Total Revenue	133,346	328,351	241,978	(347,695)	355,980
Profit before taxation	4,425	16,021	31,150	(26,999)	24,597
Profit after taxation	3,363	12,176	30,867	(27,403)	19,003

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

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 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 RM355.980 million as compared to the revenue in the corresponding quarter last year of RM370.363 million, a decrease of RM14.383 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 RM24.597 million as compared to the profit before tax of RM20.061 million in the corresponding quarter last year showed an increase of RM4.536 million. The overall uptrend in gold prices had 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 2024 vs 4th Quarter FYE 2023)

Financial Indicators:	Q1FYE2024	Q4FYE2023	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	355,980	315,661	40,319	13%
Profit before taxation	24,597	12,949	11,648	90%
Profit after taxation	19,003	4,977	14,026	282%

The higher revenue and the increase in gold prices had improved profit margin as compared with the preceding quarter.

B3. Current Year Prospects

The Malaysian economy is expected to strengthen in year 2024, growing amid expansion in all sectors and better prospects in global trade. Stronger and more dynamic trade activities will certainly translate into a greater demand for gold and gold products. An optimistic outlook must at the same time take cognisance of market corrections and global uncertainties.

The Group will continuously monitor the impact of the current uncertainties on 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	Quarter Ended	Period Ended	Period Ended
	31.10.2023	31.10.2022	31.10.2023	31.10.2022
	RM'000	RM'000	RM'000	RM'000
Income taxation	5,190	4,866	5,190	4,866
Deferred taxation	404	(472)	404	(472)
	<u>5,594</u>	<u>4,394</u>	<u>5,594</u>	<u>4,394</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

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 31.10.2023 RM'000	Period Ended 31.10.2022 RM'000
Short-term Borrowings		
- Secured		
Other bank borrowings	139,154	114,427
Lease liabilities	20,378	12,285
	<u>159,532</u>	<u>126,712</u>
- Unsecured		
Advance from Ultimate Holding Company	1,302	1,314
	<u>160,834</u>	<u>128,026</u>
Long-term Borrowings		
- Secured		
Other bank borrowings	7,199	13,549
Lease liabilities	16,802	21,071
	<u>24,001</u>	<u>34,620</u>
Total	<u>184,835</u>	<u>162,646</u>

B8. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.10.2023 RM'000	Quarter Ended 31.10.2022 RM'000	Period Ended 31.10.2023 RM'000	Period Ended 31.10.2022 RM'000
Interest income	(91)	(103)	(91)	(103)
Net gain on disposal of property, plant and equipment	(53)	(292)	(53)	(292)
Property, plant and equipment written off	4	-	4	-
Interest expense	2,369	2,074	2,369	2,074
Depreciation of property, plant and equipment and investment property	1,895	1,915	1,895	1,915
Depreciation of right of use assets	5,626	5,365	5,626	5,365

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 31.10.2023	Quarter Ended 31.10.2022	Period Ended 31.10.2023	Period Ended 31.10.2022
Profit after taxation for basic earnings per share (RM'000)	19,003	15,667	19,003	15,667
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>4.63</u>	<u>3.82</u>	<u>4.63</u>	<u>3.82</u>
-diluted (sen)	<u>4.63</u>	<u>3.82</u>	<u>4.63</u>	<u>3.82</u>

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

Executive Chairman / Group Managing Director

19 December 2023

Petaling Jaya