

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.1.2022 RM'000	AS AT 31.7.2021 RM'000 <i>(Audited)</i>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	90,490	92,280
Right of use assets	42,838	53,042
Investment properties	12,376	12,709
Investment in an associate	7,765	7,765
Other investments	228	228
Goodwill on consolidation	1,485	1,485
Deferred tax assets	11,970	11,849
	167,152	179,358
CURRENT ASSETS		
Inventories	619,503	594,777
Trade and other receivables	4,870	2,890
Deposits and prepayments	10,263	10,792
Current tax assets	1,227	835
Fixed deposits placed with licensed banks	26,062	10,259
Cash and bank balances	28,335	9,414
	690,260	628,967
TOTAL ASSETS	857,412	808,325
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	426,841	396,998
TOTAL EQUITY	632,017	602,174
NON-CURRENT LIABILITIES		
Long-term borrowings	34,554	46,124
Deferred tax liabilities	13,970	13,970
	48,524	60,094
CURRENT LIABILITIES		
Trade and other payables	16,304	11,016
Deposits and accruals	10,359	6,699
Contract liabilities	9,188	9,225
Provision for restoration costs	400	400
Amount due to ultimate holding company	1,300	1,331
Amount due to directors (Note 1)	1,733	1,894
Dividend payables	4,924	-
Short-term borrowings	128,998	110,854
Current tax liabilities	3,665	4,638
	176,871	146,057
TOTAL LIABILITIES	225,395	206,151
TOTAL EQUITY AND LIABILITIES	857,412	808,325
Net assets per share attributable to owners of the Company (RM)	1.54	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 SECOND QUARTER ENDED 31 JANUARY 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.1.2022 RM'000	QUARTER ENDED 31.1.2021 RM'000	PERIOD ENDED 31.1.2022 RM'000	PERIOD ENDED 31.1.2021 RM'000
Revenue	406,457	231,387	581,751	453,292
Other operating income	1,376	1,000	2,800	1,790
Operating expenses	(369,023)	(214,946)	(536,917)	(415,991)
Profit from operations	38,810	17,441	47,634	39,091
Finance income	108	67	171	144
Finance costs	(2,140)	(2,909)	(3,396)	(5,371)
Profit before tax	36,778	14,599	44,409	33,864
Income tax expense	(7,430)	(3,245)	(9,642)	(7,866)
Profit after tax	29,348	11,354	34,767	25,998
Other comprehensive expense	-	-	-	-
Total Comprehensive Income	29,348	11,354	34,767	25,998
Profit after tax attributable to:				
Owners of the Company	29,348	11,354	34,767	25,998
Non-controlling Interests	-	-	-	-
	29,348	11,354	34,767	25,998
Total comprehensive income attributable to:				
Owners of the Company	29,348	11,354	34,767	25,998
Non-controlling Interests	-	-	-	-
	29,348	11,354	34,767	25,998
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	7.15	2.77	8.47	6.34
- diluted (sen)	7.15	2.77	8.47	6.34

(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 SECOND QUARTER ENDED 31 JANUARY 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 2020	205,176	41,635	323,414	570,225
Realisation of revaluation reserve	-	25	-	25
Profit for the financial year	-	-	25,998	25,998
Dividends	-	-	(4,924)	(4,924)
At 31 January 2021	205,176	41,660	344,488	591,324
At 1 August 2021	205,176	41,747	355,251	602,174
Profit for the financial year	-	-	34,767	34,767
Dividends	-	-	(4,924)	(4,924)
At 31 January 2022	205,176	41,747	385,094	632,017

(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 SECOND QUARTER ENDED 31 JANUARY 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED 31.1.2022 RM'000	PERIOD ENDED 31.1.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	44,409	33,864
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	4,108	3,710
Depreciation of right of use assets	10,204	11,235
Net gain on disposal of property, plant and equipment	(100)	(33)
Property, plant and equipment written off	11	99
Dividend income	-	(300)
Interest income	(171)	(144)
Interest expense	3,396	5,371
Operating profit before working capital changes	61,857	53,802
Inventories	(24,726)	(43,851)
Receivables	(1,451)	388
Payables	8,948	8,133
Contract liabilities	(37)	489
Net cash generated from operations	44,591	18,961
Tax paid	(11,128)	(2,109)
Net cash generated from operating activities	33,463	16,852
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	171	144
Dividend received	-	300
Proceeds from disposal of property, plant and equipment	100	33
Purchase of property, plant and equipment	(1,997)	(1,052)
Net cash used in investing activities	(1,726)	(575)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(3,396)	(3,976)
Placement of fixed deposit	(3)	(6)
Net loans repayment	17,510	(6,359)
(Decrease) / Increase in amount due to ultimate holding company	(31)	10
(Decrease) / Increase in amount due to directors	(161)	105
Repayment of lease liabilities	(10,948)	(13,144)
Net cash generated from / (used in) financing activities	2,971	(23,370)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	34,708	(7,093)
OPENING CASH AND CASH EQUIVALENTS	18,364	33,148
CLOSING CASH AND CASH EQUIVALENTS	53,072	26,055
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	26,062	19,240
Bank overdraft	(13)	(42)
Cash and bank balances	28,335	8,147
	54,384	27,345
Less: - Fixed deposits pledged to licensed banks	(1,312)	(1,290)
	53,072	26,055

(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 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^
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 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 January 2021

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	25,604	344,135	83,553	-	453,292
Inter-segment Revenue	147,404	93,393	144,187	(384,984)	-
Total Revenue	173,008	437,528	227,740	(384,984)	453,292
Profit before taxation	7,243	26,208	11,380	(10,967)	33,864
Profit after taxation	5,505	19,903	11,377	(10,787)	25,998

Results for financial periods ended 31 January 2022

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	15,554	442,011	124,186	-	581,751
Inter-segment Revenue	178,069	78,959	210,830	(467,858)	-
Total Revenue	193,623	520,970	335,016	(467,858)	581,751
Profit before taxation	5,147	36,994	16,073	(13,805)	44,409
Profit after taxation	3,911	28,102	15,974	(13,220)	34,767

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 8 March 2022, the Government announced that Malaysia will enter the "Transition to Endemic" phase of Covid-19 on April 1. It is an exit strategy that would allow Malaysians to return to near-normal life after nearly two years of battling the pandemic, with more relaxed rules and standard operating procedures (SOPs).

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 January 2022, 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 higher at RM406.457 million as compared to the revenue in the corresponding quarter last year of RM231.387 million, an increase of RM175.070 million. The increase in demand for gold jewellery and gold investment products amid the gradual reopening of the economy and market sentiment, aided by higher retail gold prices, resulted in a higher revenue during the quarter under review.

The Group's profit before tax in the current quarter at RM36.778 million as compared to the profit before tax of RM14.599 million in the corresponding quarter last year showed an increase of RM22.179 million. The higher revenue and the overall uptrend in gold prices 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 (2nd Quarter FYE 2022 vs 1st Quarter FYE 2022)

Financial Indicators:	Q2FYE2022	Q1FYE2022	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	406,457	175,294	231,163	132%
Profit before taxation	36,778	7,631	29,147	382%
Profit after taxation	29,348	5,419	23,929	442%

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	Quarter Ended	Period Ended	Period Ended
	31.1.2022	31.1.2021	31.1.2022	31.1.2021
	RM'000	RM'000	RM'000	RM'000
Income taxation	7,678	3,432	9,763	8,072
Deferred taxation	(248)	(187)	(121)	(206)
	<u>7,430</u>	<u>3,245</u>	<u>9,642</u>	<u>7,866</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 31.1.2022 RM'000	Period Ended 31.1.2021 RM'000
Short-term Borrowings		
- Secured		
Other bank borrowings	113,110	90,002
Lease liabilities	<u>15,888</u>	<u>9,096</u>
	128,998	99,098
- Unsecured		
Advance from Ultimate Holding Company	<u>1,300</u>	<u>1,326</u>
	<u>130,298</u>	<u>100,424</u>
Long-term Borrowings		
- Secured		
Other bank borrowings	26,071	37,764
Lease liabilities	<u>8,483</u>	<u>19,236</u>
	<u>34,554</u>	<u>57,000</u>
Total	<u>164,852</u>	<u>157,424</u>

B8. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.1.2022 RM'000	Quarter Ended 31.1.2021 RM'000	Period Ended 31.1.2022 RM'000	Period Ended 31.1.2021 RM'000
Interest income	(108)	(67)	(171)	(144)
Dividend income	-	-	-	(300)
Net gain on disposal of property, plant and equipment	(4)	(33)	(100)	(33)
Interest expense	2,140	2,909	3,396	5,371
Depreciation of property, plant and equipment and investment property	2,050	1,964	4,108	3,710
Depreciation of right of use assets	4,983	5,579	10,204	11,235
Property, plant and equipment written off	11	99	11	99

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 31.1.2022	Quarter Ended 31.1.2021	Period Ended 31.1.2022	Period Ended 31.1.2021
Profit after taxation for basic earnings per share (RM'000)	29,348	11,354	34,767	25,998
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>7.15</u>	<u>2.77</u>	<u>8.47</u>	<u>6.34</u>
-diluted (sen)	<u>7.15</u>	<u>2.77</u>	<u>8.47</u>	<u>6.34</u>

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

Executive Chairman / Group Managing Director
 24 March 2022
 Petaling Jaya