

POH KONG HOLDINGS BERHAD (Registration No : 200201018476)
QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.1.2024 RM'000	AS AT 31.7.2023 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	92,075	89,805
Right of use assets	57,069	67,807
Investment properties	17,663	18,034
Investment in an associate	7,922	7,922
Other investments	228	228
Goodwill on consolidation	1,485	1,485
Deferred tax assets	16,787	16,469
	193,229	201,750
CURRENT ASSETS		
Inventories	858,719	755,149
Trade and other receivables	10,404	3,928
Deposits and prepayments	14,372	11,244
Current tax assets	186	841
Fixed deposits placed with licensed banks	14,994	13,794
Cash and bank balances	18,084	14,437
	916,759	799,393
TOTAL ASSETS	1,109,988	1,001,143
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	595,803	556,757
TOTAL EQUITY	800,979	761,933
NON-CURRENT LIABILITIES		
Long-term borrowings	21,825	32,844
Deferred tax liabilities	16,379	16,379
	38,204	49,223
CURRENT LIABILITIES		
Trade and other payables	52,351	11,531
Deposits and accruals	14,529	12,450
Contract liabilities	9,815	7,770
Provision for restoration costs	400	400
Amount due to ultimate holding company	1,306	1,303
Amount due to directors (Note 1)	5,254	4,449
Dividend payables	8,207	-
Short-term borrowings	165,586	142,817
Current tax liabilities	13,357	9,267
	270,805	189,987
TOTAL LIABILITIES	309,009	239,210
TOTAL EQUITY AND LIABILITIES	1,109,988	1,001,143
Net assets per share attributable to owners of the Company (RM)	1.95	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 SECOND QUARTER ENDED 31 JANUARY 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.1.2024 RM'000	QUARTER ENDED 31.1.2023 RM'000	PERIOD ENDED 31.1.2024 RM'000	PERIOD ENDED 31.1.2023 RM'000
Revenue	423,818	403,836	779,798	774,199
Other operating income	1,710	1,647	2,465	2,416
Operating expenses	(386,846)	(371,782)	(716,706)	(720,882)
Profit from operations	38,682	33,701	65,557	55,733
Finance income	110	123	201	226
Finance costs	(2,395)	(1,330)	(4,764)	(3,404)
Profit before tax	36,397	32,494	60,994	52,555
Income tax expense	(8,147)	(6,813)	(13,741)	(11,207)
Profit after tax	28,250	25,681	47,253	41,348
Other comprehensive expense	-	-	-	-
Total Comprehensive Income	28,250	25,681	47,253	41,348
Profit after tax attributable to:				
Owners of the Company	28,250	25,681	47,253	41,348
Non-controlling Interests	-	-	-	-
	28,250	25,681	47,253	41,348
Total comprehensive income attributable to:				
Owners of the Company	28,250	25,681	47,253	41,348
Non-controlling Interests	-	-	-	-
	28,250	25,681	47,253	41,348
Earnings per share attributable to Owners of the Company				
- basic (sen)	6.88	6.26	11.52	10.08
- diluted (sen)	6.88	6.26	11.52	10.08

(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 SECOND QUARTER ENDED 31 JANUARY 2024

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	-	-	41,348	41,348
Dividends	-	-	(5,335)	(5,335)
At 31 January 2023	205,176	42,959	474,428	722,563
At 1 August 2023	205,176	45,236	511,521	761,933
Profit for the financial year	-	-	47,253	47,253
Dividends	-	-	(8,207)	(8,207)
At 31 January 2024	205,176	45,236	550,567	800,979

(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 SECOND QUARTER ENDED 31 JANUARY 2024**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED	PERIOD ENDED
	31.1.2024 RM'000	31.1.2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	60,994	52,555
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	3,857	3,792
Depreciation of right of use assets	10,895	11,019
Net gain on disposal of property, plant and equipment	(194)	(450)
Property, plant and equipment written off	4	-
Interest income	(201)	(226)
Interest expense	4,764	3,404
Operating profit before working capital changes	80,119	70,094
Inventories	(103,570)	(51,614)
Receivables	(9,604)	(2,622)
Payables	42,899	11,985
Contract liabilities	2,045	(957)
Net cash generated from operations	11,889	26,886
Tax paid	(9,314)	(13,790)
Net cash generated from operating activities	2,575	13,096
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	201	226
Proceeds from disposal of property, plant and equipment	194	450
Purchase of property, plant and equipment	(5,919)	(3,758)
Net cash used in investing activities	(5,524)	(3,082)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(4,764)	(3,404)
Net loans drawdown	21,874	29,455
Dividends paid	-	(4,103)
Increase in amount due to ultimate holding company	4	3
Increase in amount due to directors	805	825
Repayment of lease liabilities	(10,186)	(12,389)
Net cash generated from financing activities	7,733	10,387
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,784	20,401
OPENING CASH AND CASH EQUIVALENTS	26,837	33,109
CLOSING CASH AND CASH EQUIVALENTS	31,621	53,510
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	14,994	7,953
Bank overdraft	(63)	-
Cash and bank balances	18,084	46,910
	33,015	54,863
Less: - Fixed deposits pledged to licensed banks	(1,394)	(1,353)
	31,621	53,510

(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 applicable new MFRS and amendments to MFRSs for the current financial year:

New MFRS

MFRS 17 Insurance Contracts

Amendments to MFRSs

MFRS 101 Presentation of Financial Statements
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112 Income Taxes

The adoption of the above new MFRS and amendments 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, except as discussed below:

Amendments to MFRS 101 Presentation of Financial Statements

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

Accordingly, the Group and the Company disclosed their material accounting policy information in these financial statements. However, the amendments did not result in changes to the accounting policies of the Group and of the Company.

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

		Effective for financial periods beginning on or after
<u>Amendments to MFRSs</u>		
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

The Group and the Company plan to adopt the above applicable amendments 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 2023				
	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	26,969	583,656	163,574	-	774,199
Inter-segment Revenue	252,455	117,629	299,124	(669,208)	-
Total Revenue	<u>279,424</u>	<u>701,285</u>	<u>462,698</u>	<u>(669,208)</u>	<u>774,199</u>
Profit before taxation	7,711	40,560	37,785	(33,501)	52,555
Profit after taxation	5,860	30,980	37,296	(32,788)	41,348

Results for financial periods ended 31 January 2024

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	20,541	584,374	174,883	-	779,798
Inter-segment Revenue	268,196	133,351	294,848	(696,395)	-
Total Revenue	288,737	717,725	469,731	(696,395)	779,798
Profit before taxation	13,921	43,242	33,738	(29,907)	60,994
Profit after taxation	10,580	32,863	33,401	(29,591)	47,253

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 January 2024, 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 higher at RM423.818 million as compared to the revenue in the corresponding quarter last year of RM403.836 million, an increase of RM19.982 million. The increase in revenue was due mainly to the increase in demand of gold jewellery and gold investment products during the quarter under review.

The Group's profit before tax in the current quarter at RM36.397 million as compared to the profit before tax of RM32.494 million in the corresponding quarter last year showed an increase of RM3.903 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:	Q2FYE2024	Q1FYE2024	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	423,818	355,980	67,838	19%
Profit before taxation	36,397	24,597	11,800	48%
Profit after taxation	28,250	19,003	9,247	49%

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
	31.1.2024	31.1.2023	31.1.2024	31.1.2023
	RM'000	RM'000	RM'000	RM'000
Income taxation	8,233	7,053	13,423	11,919
Deferred taxation	(86)	(240)	318	(712)
	<u>8,147</u>	<u>6,813</u>	<u>13,741</u>	<u>11,207</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 31.1.2024 RM'000	Period Ended 31.1.2023 RM'000
Short-term Borrowings		
- Secured		
Other bank borrowings	143,148	116,240
Lease liabilities	22,438	5,685
	<u>165,586</u>	<u>121,925</u>
- Unsecured		
Advance from Ultimate Holding Company	1,306	1,318
	<u>166,892</u>	<u>123,243</u>
Long-term Borrowings		
- Secured		
Other bank borrowings	7,242	10,842
Lease liabilities	14,583	21,049
	<u>21,825</u>	<u>31,891</u>
Total	<u>188,717</u>	<u>155,134</u>

B8. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.1.2024 RM'000	Quarter Ended 31.1.2023 RM'000	Period Ended 31.1.2024 RM'000	Period Ended 31.1.2023 RM'000
Interest income	(110)	(123)	(201)	(226)
Net gain on disposal of property, plant and equipment	(141)	(158)	(194)	(450)
Property, plant and equipment written off	-	-	4	-
Interest expense	2,395	1,330	4,764	3,404
Depreciation of property, plant and equipment and investment property	1,962	1,877	3,857	3,792
Depreciation of right of use assets	5,269	5,654	10,895	11,019

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 31.1.2024	Quarter Ended 31.1.2023	Period Ended 31.1.2024	Period Ended 31.1.2023
Profit after taxation for basic earnings per share (RM'000)	28,250	25,681	47,253	41,348
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>6.88</u>	<u>6.26</u>	<u>11.52</u>	<u>10.08</u>
-diluted (sen)	<u>6.88</u>	<u>6.26</u>	<u>11.52</u>	<u>10.08</u>

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

Executive Chairman / Group Managing Director
 19 March 2024
 Petaling Jaya