

POH KONG HOLDINGS BERHAD (Company No : 586139-K)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.7.2019 RM'000	AS AT 31.7.2018 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	126,223	126,175
Investment properties	14,405	14,288
Investment in associate company	1,117	-
Other investments	228	528
Goodwill on consolidation	1,485	1,485
Deferred tax assets	17,518	16,677
	160,976	159,153
CURRENT ASSETS		
Inventories	573,626	558,794
Trade and other receivables	17,733	17,247
Deposits and prepayments	10,452	12,431
Current tax assets	576	871
Fixed deposits placed with licensed banks	17,198	15,185
Cash and bank balances	12,058	39,108
	631,643	643,636
Non-current asset held for sale	1,470	-
Total current assets	633,113	643,636
TOTAL ASSETS	794,089	802,789
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	338,909	318,167
TOTAL EQUITY	544,085	523,343
NON-CURRENT LIABILITIES		
Long-term borrowings	42,168	24,233
Deferred tax liabilities	15,972	15,391
	58,140	39,624
CURRENT LIABILITIES		
Trade and other payables	29,479	21,294
Deposits and accruals	10,195	15,517
Deferred income	1,057	1,169
Provision for restoration costs	400	200
Amount due to ultimate holding company	1,317	1,319
Amount due to directors (Note 1)	1,797	3,546
Short-term borrowings	143,258	195,093
Current tax liabilities	4,361	1,684
	191,864	239,822
TOTAL LIABILITIES	250,004	279,446
TOTAL EQUITY AND LIABILITIES	794,089	802,789
Net assets per share attributable to owners of the Company (RM)	1.33	1.28

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 2018)

POH KONG HOLDINGS BERHAD (Company No : 586139-K)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.7.2019 RM'000	QUARTER ENDED 31.7.2018 RM'000	PERIOD ENDED 31.7.2019 RM'000	PERIOD ENDED 31.7.2018 RM'000 <i>(Audited)</i>
Revenue	231,864	272,174	1,000,514	1,003,522
Other operating income	812	1,318	4,004	5,904
Operating expenses	(215,182)	(263,075)	(958,062)	(971,379)
Profit from operations	17,494	10,417	46,456	38,047
Finance costs	(1,333)	(3,176)	(10,222)	(11,161)
Share of results of an associate, net of tax	817	-	817	-
Profit before tax	16,978	7,241	37,051	26,886
Income tax expense	(6,408)	1,684	(11,176)	(3,484)
Profit after tax	10,570	8,925	25,875	23,402
<i>Other comprehensive expense</i>				
Reversal of revaluation reserve on impairment of property	(1,029)	-	(1,029)	-
Total Comprehensive Income	9,541	8,925	24,846	23,402
Profit after tax attributable to:				
Owners of the Company	10,570	8,925	25,875	23,402
Non-controlling Interests	-	-	-	-
	10,570	8,925	25,875	23,402
Total comprehensive income attributable to:				
Owners of the Company	9,541	8,925	24,846	23,402
Non-controlling Interests	-	-	-	-
	9,541	8,925	24,846	23,402
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	2.58	2.17	6.31	5.70
- diluted (sen)	2.58	2.17	6.31	5.70

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2018)

POH KONG HOLDINGS BERHAD (Company No : 586139-K)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company			
	Share Capital	Revaluation Reserve	Retained Profits	Total Equity
	RM'000	RM'000	RM'000	RM'000
At 1 August 2017	205,176	42,664	256,205	504,045
Total comprehensive income for the period	-	-	23,402	23,402
Dividends	-	-	(4,104)	(4,104)
At 31 July 2018	205,176	42,664	275,503	523,343
At 1 August 2018	205,176	42,664	275,503	523,343
Profit for the financial year	-	-	25,875	25,875
Other comprehensive expense for the financial year	-	(1,029)	-	(1,029)
Dividends	-	-	(4,104)	(4,104)
At 31 July 2019	205,176	41,635	297,274	544,085

(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 2018)

POH KONG HOLDINGS BERHAD (Company No : 586139-K)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2019
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED 31.7.2019 RM'000	PERIOD ENDED 31.7.2018 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	37,051	26,886
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	9,747	10,002
Net gain on disposal of property, plant and equipment	(152)	(319)
Property, plant and equipment written off	721	601
Impairment loss of property, plant and equipment	1	-
Share of results of an associate, net of tax	(817)	-
Reversal of impairment loss on trade receivables	-	(396)
Unrealised gain on foreign exchange	-	(45)
Loss on dissolution of subsidiaries	80	21
Dividend income	(600)	(900)
Interest income	(1,685)	(489)
Interest expense	10,222	11,161
Operating profit before working capital changes	54,568	46,522
Inventories	(14,832)	(18,666)
Receivables	1,493	(7,171)
Payables	2,951	2,068
Amount due to directors	(1,749)	(5,589)
Net cash generated from operations	42,431	17,164
Income tax refund	-	160
Income tax paid	(8,464)	(15,341)
Net cash generated from operating activities	33,967	1,983
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,685	489
Dividend received	600	900
Final distribution to dissolution of subsidiaries	(80)	(21)
Proceeds from disposal of property, plant and equipment	153	470
Purchase of investment property	-	(5,846)
Purchase of property, plant and equipment	(8,764)	(4,717)
Net cash used in investing activities	(6,406)	(8,725)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(10,222)	(11,161)
Placement of fixed deposit	(13)	(1,005)
Net loans drawdown	(3,151)	30,255
Dividend paid	(4,104)	(4,104)
Placement of sinking funds	(10,000)	(10,000)
(Decrease)/Increase in amount due to ultimate holding company	(2)	40
Advances from directors	-	133
Repayment of finance lease creditors	(3,766)	(2,320)
Repayment of hire purchase creditors	(1,353)	(1,389)
Net cash (used in) / generated from financing activities	(32,611)	449
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,050)	(6,293)
OPENING CASH AND CASH EQUIVALENTS	33,058	39,351
CLOSING CASH AND CASH EQUIVALENTS	28,008	33,058
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	17,198	15,185
Cash and bank balances	12,058	39,108
	29,256	54,293
Less: - Fixed deposits pledged to licensed banks	(1,248)	(1,235)
- sinking funds	-	(20,000)
	28,008	33,058

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2018)

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 2018.

The Group and the Company have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

New MFRSs

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Amendments/Improvements to MFRSs

MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

New IC Int

IC Int 22	Foreign Currency Transactions and Advance Consideration
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The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int 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 MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

	Effective for financial periods beginning on or after	
<u>New MFRSs</u>		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*/ 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021#
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019/ 1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred/ 1 January 2021#
MFRS 132	Financial instruments: Presentation	1 January 2021#

POH KONG HOLDINGS BERHAD (Company No : 586139-K)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2019

MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021#
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021#
MFRS 140	Investment Property	1 January 2021#

New IC Int

IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
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Amendments to IC Int

IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets-Web Site Costs	1 January 2020*

*Amendments to References to the Conceptual Framework in MFRS Standards

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

The amendments to the nine Standards are a consequence of MFRS 17 with an effective date on or after 1 January 2021, which include MFRS 1, MFRS 5, MFRS 7, MFRS 15, MFRS 107, MFRS 116, MFRS 132, MFRS 136 and MFRS 140.

Other than the adoption of MFRS 16, the adoption of the above new MFRSs, Amendments/Improvements to MFRSs, new IC Int and Amendments to IC Int will have no significant financial impact on the financial statements of the Group. The Group is currently assessing the impact on the adoption of MFRS 16.

A2. Audit Report

The audit report of the preceding Audited Financial Statements of the Company 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

On 8 March 2019, the Company paid a single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares amounting to RM4,103,518 in respect of financial year ended 31 July 2018.

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 2018

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	51,298	851,500	100,724	-	1,003,522
Inter-segment Revenue	258,478	117,623	240,129	(616,230)	-
Total Revenue	309,776	969,123	340,853	(616,230)	1,003,522
Profit before taxation	2,893	32,068	10,518	(18,593)	26,886
Profit after taxation	1,193	23,804	17,026	(18,621)	23,402

Results for financial periods ended 31 July 2019

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	37,528	773,362	189,624	-	1,000,514
Inter-segment Revenue	311,198	127,594	312,596	(751,388)	-
Total Revenue	348,726	900,956	502,220	(751,388)	1,000,514
Profit before taxation	15,048	46,159	37,549	(61,705)	37,051
Profit after taxation	11,287	38,944	36,185	(60,541)	25,875

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

Poh Kong Jewellers Sdn. Bhd, a wholly owned subsidiary of the Company, had previously granted a guarantee to Danajamin Nasional Berhad in respect of Islamic Commercial Papers/Islamic Medium Term Notes programme ("ICP/IMTN") of RM150 million. The ICP/IMTN programme had subsequently matured and fully paid on 22 November 2018. Hence, it resulted in the discharge of this corporate guarantee.

In addition to the above, the Company has given additional corporate guarantee of RM3,360,000 in second quarter and RM5,000,000 in fourth quarter, support of banking facility granted to subsidiary companies. As at 31 July 2019, a total of RM231,877,159 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; a total of RM3,157,362 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 fourth quarter under review was lower at RM231.864 million as compared to the revenue in the corresponding quarter last year of RM272.174 million. The decrease of RM40.310 million was due mainly to a decrease in demand of gold jewellery products during the quarter under review.

The Group's profit before tax in the current quarter at RM16.978 million as compared to the profit before tax of RM7.241 million in the corresponding quarter last year showed an increase of RM9.737 million. The overall uptrend in gold prices improved the operating profits during the quarter under review.

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

B2. Comparison with Preceding Quarter's Results (4th Quarter FYE 2019 vs 3rd Quarter FYE 2019)

Financial Indicators:	Q4FYE2019	Q3FYE2019	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	231,864	236,373	(4,509)	-2%
Profit before taxation	16,978	7,301	9,677	133%
Profit after taxation	10,570	5,388	5,182	96%

The higher retail gold price had resulted in the Group improving its profit margin during the quarter under review.

B3. Current Year Prospects

Poh Kong is optimistic that Malaysia's economic growth will improve progressively with the Government's direction for the economy, although retail sentiments still remain soft due to cautious consumer spending. The Group is positive the demand for gold related products will remain resilient and provide investors with a complementary investment option while at the same time, is a liquid asset and a safe haven during economic uncertainties.

Barring unforeseen circumstances, the Board of Directors is confident of the Group's resilience to weather the challenges ahead for financial year ending 31 July 2020.

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
	31.7.2019	31.7.2018	31.7.2019	31.7.2018
	RM'000	RM'000	RM'000	RM'000
Income taxation	5,983	3,480	11,436	9,548
Deferred taxation	425	(5,164)	(260)	(6,064)
	6,408	(1,684)	11,176	3,484

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

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 31.7.2019 RM'000	Period Ended 31.7.2018 RM'000
Short-term Borrowings		<i>(Audited)</i>
- Secured		
Other bank borrowings	139,939	140,495
Islamic Medium Term Notes ("IMTN")	-	50,000
Hire purchase and lease creditors	3,319	4,598
	<u>143,258</u>	<u>195,093</u>
- Unsecured		
Advance from Ultimate Holding Company	1,317	1,319
	<u>144,575</u>	<u>196,412</u>
Long-term Borrowings		
- Secured		
Term loans	39,198	20,258
Hire purchase and lease creditors	2,970	3,975
	<u>42,168</u>	<u>24,233</u>
Total	<u>186,743</u>	<u>220,645</u>

B8. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.7.2019 RM'000	Quarter Ended 31.7.2018 RM'000	Period Ended 31.7.2019 RM'000	Period Ended 31.7.2018 RM'000
				<i>(Audited)</i>
Interest income	(91)	(61)	(1,685)	(489)
Dividend income	(300)	(600)	(600)	(900)
Net gain on disposal of property, plant and equipment	(69)	(13)	(152)	(319)
Loss on dissolution of subsidiaries	39	21	80	21
Interest expense	1,333	3,182	10,222	11,161
Depreciation of property, plant and equipment and investment property	2,611	2,676	9,747	10,002
Property, plant and equipment written off	477	16	721	601
Share of result from investment in associate company	(817)	-	(817)	-
Impairment loss on property, plant and equipment	1	-	1	-
Reversal of impairment loss on trade receivables	-	(396)	-	(396)
Unrealised gain on foreign exchange	-	(45)	-	(45)

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 first and final single tier dividend of 1.20 sen per ordinary share in respect of the financial year ended 31 July 2019 (2018: 1 sen single tier dividend per ordinary share). The proposed 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 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 2019 of 410,351,752 ordinary shares, the final dividend amounts to RM4,924,221 (2018 : RM4,103,518 net dividend was paid on 8 March 2019). Such dividend, if approved by shareholders will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 July 2020.

B11. Earnings Per Share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Quarter Ended 31.7.2019	Quarter Ended 31.7.2018	Period Ended 31.7.2019	Period Ended 31.7.2018 <i>(Audited)</i>
Profit after taxation for basic earnings per share (RM'000)	10,570	8,925	25,875	23,402
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>2.58</u>	<u>2.17</u>	<u>6.31</u>	<u>5.70</u>
-diluted (sen)	<u>2.58</u>	<u>2.17</u>	<u>6.31</u>	<u>5.70</u>

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

Executive Chairman / Group Managing Director
 26 September 2019
 Petaling Jaya