

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.10.2019 RM'000	AS AT 31.7.2019 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	117,881	126,223
Right of use assets	52,314	-
Investment properties	14,242	14,404
Investment in an associate	7,748	7,748
Other investments	228	228
Goodwill on consolidation	1,485	1,485
Deferred tax assets	18,208	17,518
	212,106	167,606
CURRENT ASSETS		
Inventories	591,397	573,626
Trade and other receivables	4,272	3,684
Deposits and prepayments	11,001	10,452
Current tax assets	704	576
Fixed deposits placed with licensed banks	15,698	17,198
Cash and bank balances	9,503	12,058
	632,575	617,594
Non-current asset held for sale	-	1,470
Total current assets	632,575	619,064
TOTAL ASSETS	844,681	786,670
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	353,624	345,540
TOTAL EQUITY	558,800	550,716
NON-CURRENT LIABILITIES		
Long-term borrowings	36,790	42,333
Lease liabilities	27,518	-
Deferred tax liabilities	15,972	15,972
	80,280	58,305
CURRENT LIABILITIES		
Trade and other payables	13,475	11,504
Deposits and accruals	10,080	10,150
Contract liabilities	7,320	5,048
Provision for restoration costs	400	400
Amount due to ultimate holding company	1,302	1,297
Amount due to directors (Note 1)	2,011	1,797
Short-term borrowings	141,418	143,092
Lease liabilities	22,999	-
Current tax liabilities	6,596	4,361
	205,601	177,649
TOTAL LIABILITIES	285,881	235,954
TOTAL EQUITY AND LIABILITIES	844,681	786,670

Net assets per share attributable to owners of the Company (RM)

1.36

1.34

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 2019)

POH KONG HOLDINGS BERHAD (Company No : 586139-K)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2019**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.10.2019 RM'000	QUARTER ENDED 31.10.2018 RM'000	PERIOD ENDED 31.10.2019 RM'000	PERIOD ENDED 31.10.2018 RM'000
Revenue	204,998	258,364	204,998	258,364
Other operating income	541	554	541	554
Operating expenses	(191,733)	(251,472)	(191,733)	(251,472)
Profit from operations	13,806	7,446	13,806	7,446
<i>Finance costs</i>				
--Interest expense	(2,273)	(3,198)	(2,273)	(3,198)
--Interest expense on lease liabilities	(1,113)	-	(1,113)	-
Profit before tax	10,420	4,248	10,420	4,248
Income tax expense	(2,336)	(1,084)	(2,336)	(1,084)
Profit after tax	8,084	3,164	8,084	3,164
Other comprehensive expense	-	-	-	-
Total Comprehensive Income	8,084	3,164	8,084	3,164
Profit after tax attributable to:				
Owners of the Company	8,084	3,164	8,084	3,164
Non-controlling Interests	-	-	-	-
	8,084	3,164	8,084	3,164
Total comprehensive income attributable to:				
Owners of the Company	8,084	3,164	8,084	3,164
Non-controlling Interests	-	-	-	-
	8,084	3,164	8,084	3,164
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	1.97	0.77	1.97	0.77
- diluted (sen)	1.97	0.77	1.97	0.77

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)

POH KONG HOLDINGS BERHAD (Company No : 586139-K)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 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 2018	205,176	42,664	275,503	523,343
Total comprehensive income for the period	-	-	3,164	3,164
At 31 October 2018	205,176	42,664	278,667	526,507
At 1 August 2019	205,176	41,635	303,905	550,716
Profit for the financial year	-	-	8,084	8,084
At 31 October 2019	205,176	41,635	311,989	558,800

(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 2019)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED 31.10.2019 RM'000	PERIOD ENDED 31.10.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,420	4,248
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	1,958	2,398
Depreciation of right of use assets	6,086	-
Net gain on disposal of property, plant and equipment	(37)	-
Property, plant and equipment written off	323	92
Share of results of an associate, net of tax	-	-
Loss on dissolution of subsidiaries	24	-
Interest income	(130)	(105)
Interest expense on lease liabilities	1,113	-
Interest expense	2,273	3,198
Operating profit before working capital changes	22,030	9,831
Inventories	(17,771)	(22,281)
Receivables	(1,137)	(7,141)
Payables	4,172	16,527
Amount due to directors	214	237
Net cash generated from operations	7,508	(2,827)
Income tax paid	(920)	(2,995)
Net cash generated from/ (used in) operating activities	6,588	(5,822)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	130	105
Final distribution to dissolution of subsidiaries	(24)	-
Proceeds from disposal of property, plant and equipment	1,507	-
Purchase of property, plant and equipment	(1,713)	(2,942)
Net cash used in investing activities	(100)	(2,837)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,359)	(3,198)
Placement of fixed deposit	-	(5)
Net loans drawdown/ (repayment)	(929)	32,188
Placement of sinking funds	-	(30,000)
(Decrease)/Increase in amount due to ultimate holding company	5	(15)
Repayment of lease liabilities	(7,260)	-
Repayment of finance lease creditors	-	(1,024)
Repayment of hire purchase creditors	-	(315)
Net cash used in financing activities	(10,543)	(2,369)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,055)	(11,028)
OPENING CASH AND CASH EQUIVALENTS	28,008	33,058
CLOSING CASH AND CASH EQUIVALENTS	23,953	22,030
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	15,698	9,190
Cash and bank balances	9,503	64,257
Bank overdraft	-	(177)
	25,201	73,270
Less: - Fixed deposits pledged to licensed banks	(1,248)	(1,240)
- sinking funds	-	(50,000)
	23,953	22,030

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)

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 2019.

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

New MFRSs

MFRS 16 Leases

Amendments/Improvements to MFRSs

MFRS 3 Business Combinations
MFRS 9 Financial Instruments
MFRS 11 Joint Arrangements
MFRS 112 Income Taxes
MFRS 119 Employee Benefits
MFRS 123 Borrowing Costs
MFRS 128 Investments in Associates and Joint Ventures

New IC Int

IC Int 23 Uncertainty over Income Tax Treatments

The initial application of the accounting standards, amendments and interpretations that are effective from 1 August 2019 do not have any material financial impacts to the current and prior financial year of the Group except as mentioned below:

MFRS 16 Leases

At the beginning of the current financial year, the Group has adopted MFRS 16 Leases. MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substances of Transactions Involving the Legal Form of a Lease. MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments.

MFRS 16 has been adopted by the Group from 1 August 2019 using the modified retrospective transition approach, under which the cumulative effect of initial recognition is recognised in retained earning. The Group measured the right-of-use asset as if MFRS 16 had always been applied with no restatement of comparative information.

The following table shows the impact of changes to the consolidated statement of financial position of the Group resulting from the adoption of MFRS 16, Leases as at 1 August 2019.

	Increase/ (decrease) RM'000
Assets	
Right-of-use assets	58,400
Property, plant and equipment	(7,938)
Liabilities	
Lease liabilities	56,749
Borrowing - Finance leases	(6,287)

The Group has 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:

<u>New MFRSs</u>	<u>Effective for financial periods beginning on or after</u>
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 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 2021#
MFRS 10 Consolidated Financial Statements	Deferred
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 116 Property, Plant and Equipment	1 January 2021#
MFRS 119 Employee Benefits	1 January 2021#
MFRS 128 Investments in Associates and Joint Ventures	Deferred/ 1 January 2021#
MFRS 132 Financial instruments: Presentation	1 January 2021#
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#
<u>Amendments to IC Int</u>	
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

The Group plans to adopt the above applicable new MFRSs, Amendments/Improvements to MFRSs, new IC Int and Amendments to IC Int 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 2018

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	12,254	195,915	50,195	-	258,364
Inter-segment Revenue	83,975	30,508	75,539	(190,022)	-
Total Revenue	96,229	226,423	125,734	(190,022)	258,364
Profit before taxation	(199)	1,876	207	2,364	4,248
Profit after taxation	(199)	1,410	(98)	2,051	3,164

Results for financial periods ended 31 October 2019

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	8,924	161,283	34,791	-	204,998
Inter-segment Revenue	63,079	39,192	64,720	(166,991)	-
Total Revenue	72,003	200,475	99,511	(166,991)	204,998
Profit before taxation	2,491	10,536	1,440	(4,047)	10,420
Profit after taxation	1,874	8,296	1,271	(3,357)	8,084

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 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 first quarter under review was lower at RM204.998 million as compared to the revenue in the corresponding quarter last year of RM258.364 million. The decrease of RM53.366 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 RM10.420 million as compared to the profit before tax of RM4.248 million in the corresponding quarter last year showed an increase of RM6.172 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 (1st Quarter FYE 2020 vs 4th Quarter FYE 2019)

Financial Indicators:	Q1FYE2020	Q4FYE2019	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	204,998	231,864	(26,866)	-12%
Profit before taxation	10,420	16,978	(6,558)	-39%
Profit after taxation	8,084	10,570	(2,486)	-24%

The decrease in revenue and profit was due mainly to a decrease in demand of gold jewellery during the quarter under review.

B3. Current Year Prospects

Poh Kong is optimistic that Malaysia's economic growth will improve progressively although retail spending remain soft due to higher living expense and weak market sentiment. The Group is positive the demand for gold related products will remain resilient amidst global uncertainties that has encouraged many consumers to change their investment portfolio from equities to gold.

Barring unforeseen circumstances, the Board of Directors is confident of the Group's meeting 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
	31.10.2019	31.10.2018	31.10.2019	31.10.2018
	RM'000	RM'000	RM'000	RM'000
Income taxation	3,026	770	3,026	770
Deferred taxation	(690)	314	(690)	314
	2,336	1,084	2,336	1,084

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 31.10.2019 RM'000	Period Ended 31.10.2018 RM'000
Short-term Borrowings		
- Secured		
Other bank borrowings	141,418	155,602
Islamic Medium Term Notes ("IMTN")	-	50,000
Hire purchase and lease creditors	-	4,356
	<u>141,418</u>	<u>209,958</u>
Lease liabilities	<u>22,999</u>	<u>-</u>
	<u>164,417</u>	<u>209,958</u>
- Unsecured		
Advance from Ultimate Holding Company	<u>1,302</u>	<u>1,304</u>
	<u>165,719</u>	<u>211,262</u>
Long-term Borrowings		
- Secured		
Term loans	36,790	37,516
Hire purchase and lease creditors	-	2,877
	<u>36,790</u>	<u>40,393</u>
Lease liabilities	<u>27,518</u>	<u>-</u>
	<u>64,308</u>	<u>40,393</u>
Total	<u>230,027</u>	<u>251,655</u>

B8. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.10.2019 RM'000	Quarter Ended 31.10.2018 RM'000	Period Ended 31.10.2019 RM'000	Period Ended 31.10.2018 RM'000
Interest income	(130)	(105)	(130)	(105)
Net gain on disposal of property, plant and equipment	(37)	-	(37)	-
Loss on dissolution of subsidiaries	24	-	24	-
Interest expense	2,273	3,198	2,273	3,198
Interest expense on lease liabilities	1,113	-	1,113	-
Depreciation of property, plant and equipment and investment property	1,958	2,398	1,958	2,398
Depreciation of right of use assets	6,086	-	6,086	-
Property, plant and equipment written off	323	92	323	92

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.10.2019	Quarter Ended 31.10.2018	Period Ended 31.10.2019	Period Ended 31.10.2018
Profit after taxation for basic earnings per share (RM'000)	8,084	3,164	8,084	3,164
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>1.97</u>	<u>0.77</u>	<u>1.97</u>	<u>0.77</u>
-diluted (sen)	<u>1.97</u>	<u>0.77</u>	<u>1.97</u>	<u>0.77</u>

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

Executive Chairman / Group Managing Director

23 December 2019

Petaling Jaya