

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.1.2020 RM'000	AS AT 31.7.2019 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	116,719	126,223
Right of use assets	47,732	-
Investment properties	14,079	14,404
Investment in an associate	7,748	7,748
Other investments	228	228
Goodwill on consolidation	1,485	1,485
Deferred tax assets	18,348	17,518
	206,339	167,606
CURRENT ASSETS		
Inventories	590,163	573,626
Trade and other receivables	5,185	3,684
Deposits and prepayments	10,604	10,452
Current tax assets	710	576
Fixed deposits placed with licensed banks	23,698	17,198
Cash and bank balances	22,768	12,058
	653,128	617,594
Non-current asset held for sale	-	1,470
Total current assets	653,128	619,064
TOTAL ASSETS	859,467	786,670
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	359,343	345,540
TOTAL EQUITY	564,519	550,716
NON-CURRENT LIABILITIES		
Long-term borrowings	34,423	42,333
Lease liabilities	23,418	-
Deferred tax liabilities	15,972	15,972
	73,813	58,305
CURRENT LIABILITIES		
Trade and other payables	15,228	11,504
Deposits and accruals	8,900	10,150
Contract liabilities	7,608	5,048
Provision for restoration costs	400	400
Amount due to ultimate holding company	1,307	1,297
Amount due to directors (Note 1)	1,081	1,797
Short-term borrowings	150,090	143,092
Dividend payable	4,924	-
Lease liabilities	22,555	-
Current tax liabilities	9,042	4,361
	221,135	177,649
TOTAL LIABILITIES	294,948	235,954
TOTAL EQUITY AND LIABILITIES	859,467	786,670
Net assets per share attributable to owners of the Company (RM)	1.38	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 SECOND QUARTER ENDED 31 JANUARY 2020****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.1.2020 RM'000	QUARTER ENDED 31.1.2019 RM'000	PERIOD ENDED 31.1.2020 RM'000	PERIOD ENDED 31.1.2019 RM'000
Revenue	252,051	273,913	457,049	532,277
Other operating income	1,019	2,168	1,560	2,722
Operating expenses	(235,280)	(264,293)	(427,013)	(515,765)
Profit from operations	17,790	11,788	31,596	19,234
<i>Finance costs</i>				
--Interest expense	(2,443)	(3,264)	(4,716)	(6,462)
--Interest expense on lease liabilities	(1,001)	-	(2,114)	-
Profit before tax	14,346	8,524	24,766	12,772
Income tax expense	(3,703)	(1,771)	(6,039)	(2,855)
Profit after tax	10,643	6,753	18,727	9,917
Other comprehensive expense	-	-	-	-
Total Comprehensive Income	10,643	6,753	18,727	9,917
Profit after tax attributable to:				
Owners of the Company	10,643	6,753	18,727	9,917
Non-controlling Interests	-	-	-	-
	10,643	6,753	18,727	9,917
Total comprehensive income attributable to:				
Owners of the Company	10,643	6,753	18,727	9,917
Non-controlling Interests	-	-	-	-
	10,643	6,753	18,727	9,917
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	2.59	1.65	4.56	2.42
- diluted (sen)	2.59	1.65	4.56	2.42

(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 SECOND QUARTER ENDED 31 JANUARY 2020**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	-	-	9,917	9,917
Dividends	-	-	(4,104)	(4,104)
At 31 January 2019	205,176	42,664	281,316	529,156
At 1 August 2019	205,176	41,635	303,905	550,716
Profit for the financial year	-	-	18,727	18,727
Dividends	-	-	(4,924)	(4,924)
At 31 January 2020	205,176	41,635	317,708	564,519

(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 31.1.2020 RM'000	PERIOD ENDED 31.1.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	24,766	12,772
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	3,800	4,763
Depreciation of right of use assets	12,191	-
Net gain on disposal of property, plant and equipment	(55)	-
Property, plant and equipment written off	323	244
Dividend income	(300)	(300)
Loss on dissolution of subsidiaries	24	18
Interest income	(261)	(1,512)
Interest expense on lease liabilities	2,114	-
Interest expense	4,716	6,462
Operating profit before working capital changes	47,318	22,447
Inventories	(16,537)	(38,061)
Receivables	(1,653)	(6,447)
Payables	5,034	21,187
Amount due to directors	(716)	(1,709)
Net cash generated from/ (used in) operations	33,446	(2,583)
Income tax paid	(2,323)	(4,911)
Net cash generated from/ (used in) operating activities	31,123	(7,494)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	261	1,512
Dividend received	300	300
Final distribution to dissolution of subsidiaries	(24)	(18)
Proceeds from disposal of property, plant and equipment	1,526	-
Purchase of property, plant and equipment	(3,755)	(6,892)
Net cash used in investing activities	(1,692)	(5,098)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(4,890)	(6,462)
Uplift of fixed deposit	-	25
Net loans drawdown/ (repayment)	7,025	(1,129)
Placement of sinking funds	-	20,000
(Decrease)/Increase in amount due to ultimate holding company	10	(10)
Repayment of lease liabilities	(14,366)	-
Repayment of finance lease creditors	-	(2,046)
Repayment of hire purchase creditors	-	(687)
Net cash (used in) / generated from financing activities	(12,221)	9,691
NET DECREASE IN CASH AND CASH EQUIVALENTS	17,210	(2,901)
OPENING CASH AND CASH EQUIVALENTS	28,008	33,058
CLOSING CASH AND CASH EQUIVALENTS	45,218	30,157
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	23,698	12,160
Cash and bank balances	22,768	19,207
Bank overdraft	-	-
	46,466	31,367
Less: - Fixed deposits pledged to licensed banks	(1,248)	(1,210)
- sinking funds	-	-
	45,218	30,157

(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 Group has not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective:

<u>New MFRSs</u>		Effective for financial periods beginning on or after
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 3	Business Combinations	1 January 2020/ 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2021#
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
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 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 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2021#

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

The Group plans to adopt the above applicable new MFRSs 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 2019

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	23,272	406,872	102,133	-	532,277
Inter-segment Revenue	182,182	59,791	169,815	(411,788)	-
Total Revenue	<u>205,454</u>	<u>466,663</u>	<u>271,948</u>	<u>(411,788)</u>	<u>532,277</u>
Profit before taxation	3,139	19,055	5,319	(14,741)	12,772
Profit after taxation	2,386	16,931	4,698	(14,098)	9,917

Results for financial periods ended 31 January 2020

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	15,719	361,428	79,902	-	457,049
Inter-segment Revenue	143,739	73,082	144,800	(361,621)	-
Total Revenue	159,458	434,510	224,702	(361,621)	457,049
Profit before taxation	7,191	20,489	1,715	(4,629)	24,766
Profit after taxation	5,430	15,664	1,433	(3,800)	18,727

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 2020, 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 second quarter under review was lower at RM252.051 million as compared to the revenue in the corresponding quarter last year of RM273.913 million. The decrease of RM21.862 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 RM14.346 million as compared to the profit before tax of RM8.524 million in the corresponding quarter last year showed an increase of RM5.822 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 (2nd Quarter FYE 2020 vs 1st Quarter FYE 2020)

Financial Indicators:	Q2FYE2020	Q1FYE2020	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	252,051	204,998	47,053	23%
Profit before taxation	14,346	10,420	3,926	38%
Profit after taxation	10,643	8,084	2,559	32%

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 World Health Organization (WHO) declared COVID-19 a pandemic recently and the rapid outbreak had resulted in weakening the global economic conditions. Nevertheless, the government introduced the 2020 economic stimulus package and the reduction of overnight policy rate (OPR) by 25 basis points to 2.50% to mitigate the impact and provide a more accommodative monetary environment to support the projected improvement in Malaysia's economic growth. Notwithstanding uncertainties in the global and regional economies, fundamentals in Malaysia remain resilient which have enabled corporate and industry players to meet their challenges and business performance. The Group, being cognisant of the current market situation continues to review, revise and consolidate its business strategies to meet these challenges.

Barring unforeseen circumstances, the Board of Directors is cautiously optimistic 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 31.1.2020	Quarter Ended 31.1.2019	Period Ended 31.1.2020	Period Ended 31.1.2019
	RM'000	RM'000	RM'000	RM'000
Income taxation	3,843	2,728	6,869	3,498
Deferred taxation	(140)	(957)	(830)	(643)
	<u>3,703</u>	<u>1,771</u>	<u>6,039</u>	<u>2,855</u>

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 31.1.2020 RM'000	Period Ended 31.1.2019 RM'000
Short-term Borrowings		
- Secured		
Other bank borrowings	150,090	171,004
Hire purchase and lease creditors	-	4,356
	<u>150,090</u>	<u>175,360</u>
Lease liabilities	22,555	-
	<u>172,645</u>	<u>175,360</u>
- Unsecured		
Advance from Ultimate Holding Company	1,307	1,309
	<u>173,952</u>	<u>176,669</u>
Long-term Borrowings		
- Secured		
Term loans	34,423	37,387
Hire purchase and lease creditors	-	2,717
	<u>34,423</u>	<u>40,104</u>
Lease liabilities	23,418	-
	<u>57,841</u>	<u>40,104</u>
Total	<u>231,793</u>	<u>216,773</u>

B8. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.1.2020 RM'000	Quarter Ended 31.1.2019 RM'000	Period Ended 31.1.2020 RM'000	Period Ended 31.1.2019 RM'000
Interest income	(131)	(1,407)	(261)	(1,512)
Dividend income	-	(300)	(300)	(300)
Net gain on disposal of property, plant and equipment	(18)	-	(55)	-
Loss on dissolution of subsidiaries	-	18	24	18
Interest expense	2,443	3,264	4,716	6,462
Interest expense on lease liabilities	1,001	-	2,114	-
Depreciation of property, plant and equipment and investment property	1,842	2,365	3,800	4,763
Depreciation of right of use assets	6,105	-	12,191	-
Property, plant and equipment written off	-	152	323	244

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 31.1.2020	Quarter Ended 31.1.2019	Period Ended 31.1.2020	Period Ended 31.1.2019
Profit after taxation for basic earnings per share (RM'000)	10,643	6,753	18,727	9,917
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>2.59</u>	<u>1.65</u>	<u>4.56</u>	<u>2.42</u>
-diluted (sen)	<u>2.59</u>	<u>1.65</u>	<u>4.56</u>	<u>2.42</u>

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

Executive Chairman / Group Managing Director

17 March 2020

Petaling Jaya