

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30.4.2020 RM'000	AS AT 31.7.2019 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	117,468	126,223
Right of use assets	40,073	-
Investment properties	13,916	14,404
Investment in an associate	7,748	7,748
Other investments	228	228
Goodwill on consolidation	1,485	1,485
Deferred tax assets	18,267	17,518
	199,185	167,606
CURRENT ASSETS		
Inventories	576,775	573,626
Trade and other receivables	4,274	3,684
Deposits and prepayments	10,187	10,452
Current tax assets	908	576
Fixed deposits placed with licensed banks	16,398	17,198
Cash and bank balances	1,663	12,058
	610,205	617,594
Non-current asset held for sale	-	1,470
Total current assets	610,205	619,064
TOTAL ASSETS	809,390	786,670
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	357,038	345,540
TOTAL EQUITY	562,214	550,716
NON-CURRENT LIABILITIES		
Long-term borrowings	32,478	42,333
Lease liabilities	20,108	-
Deferred tax liabilities	15,972	15,972
	68,558	58,305
CURRENT LIABILITIES		
Trade and other payables	16,101	11,504
Deposits and accruals	4,927	10,150
Contract liabilities	7,661	5,048
Provision for restoration costs	400	400
Amount due to ultimate holding company	1,312	1,297
Amount due to directors (Note 1)	1,330	1,797
Short-term borrowings	124,023	143,092
Lease liabilities	20,199	-
Current tax liabilities	2,665	4,361
	178,618	177,649
TOTAL LIABILITIES	247,176	235,954
TOTAL EQUITY AND LIABILITIES	809,390	786,670
Net assets per share attributable to owners of the Company (RM)	1.37	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 THIRD QUARTER ENDED 30 APRIL 2020**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.4.2020 RM'000	QUARTER ENDED 30.4.2019 RM'000	PERIOD ENDED 30.4.2020 RM'000	PERIOD ENDED 30.4.2019 RM'000
Revenue	112,456	236,373	569,505	768,650
Other operating income	353	470	1,913	3,192
Operating expenses	(112,530)	(227,115)	(539,543)	(742,880)
Profit from operations	279	9,728	31,875	28,962
<i>Finance costs</i>				
--Interest expense	(1,090)	(2,427)	(5,806)	(8,889)
--Interest expense on lease liabilities	(882)	-	(2,996)	-
(Loss) / Profit before tax	(1,693)	7,301	23,073	20,073
Income tax expense	(612)	(1,913)	(6,651)	(4,768)
(Loss) / Profit after tax	(2,305)	5,388	16,422	15,305
Other comprehensive expense	-	-	-	-
Total Comprehensive Income	(2,305)	5,388	16,422	15,305
Profit after tax attributable to:				
Owners of the Company	(2,305)	5,388	16,422	15,305
Non-controlling Interests	-	-	-	-
	(2,305)	5,388	16,422	15,305
Total comprehensive income attributable to:				
Owners of the Company	(2,305)	5,388	16,422	15,305
Non-controlling Interests	-	-	-	-
	(2,305)	5,388	16,422	15,305
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	(0.56)	1.31	4.00	3.73
- diluted (sen)	(0.56)	1.31	4.00	3.73

(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 THIRD QUARTER ENDED 30 APRIL 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	-	-	15,305	15,305
Dividends	-	-	(4,104)	(4,104)
At 30 April 2019	205,176	42,664	286,704	534,544
At 1 August 2019	205,176	41,635	303,905	550,716
Profit for the financial year	-	-	16,422	16,422
Dividends	-	-	(4,924)	(4,924)
At 30 April 2020	205,176	41,635	315,403	562,214

(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	PERIOD
	ENDED	ENDED
	30.4.2020	30.4.2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,073	20,073
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	5,946	7,136
Depreciation of right of use assets	17,685	-
Net gain on disposal of property, plant and equipment	(69)	(83)
Property, plant and equipment written off	323	244
Dividend income	(300)	(300)
Loss on dissolution of subsidiaries	24	41
Interest income	(407)	(1,594)
Interest expense on lease liabilities	2,996	-
Interest expense	5,806	8,889
Operating profit before working capital changes	55,077	34,406
Inventories	(3,149)	(23,697)
Receivables	(325)	(3,688)
Payables	1,987	10,775
Amount due to directors	(467)	(2,327)
Net cash generated from operations	53,123	15,469
Income tax paid	(9,428)	(7,388)
Net cash generated from operating activities	43,695	8,081
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	407	1,594
Dividend received	300	300
Final distribution to dissolution of subsidiaries	(24)	(41)
Proceeds from disposal of property, plant and equipment	1,539	83
Purchase of property, plant and equipment	(4,323)	(7,947)
Net cash used in investing activities	(2,101)	(6,011)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(6,061)	(8,889)
Uplift of fixed deposit	-	25
Net loans drawdown/ (repayment)	(20,999)	5,651
Placement of sinking funds	-	-
Dividend paid	(4,924)	(4,104)
(Decrease)/Increase in amount due to ultimate holding company	15	(7)
Repayment of lease liabilities	(21,251)	-
Repayment of finance lease creditors	-	(2,812)
Repayment of hire purchase creditors	-	(1,058)
Net cash used in financing activities	(53,220)	(11,194)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,626)	(9,124)
OPENING CASH AND CASH EQUIVALENTS	28,008	33,058
CLOSING CASH AND CASH EQUIVALENTS	16,382	23,934
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	16,398	9,160
Cash and bank balances	1,663	16,134
Bank overdraft	(431)	(150)
	17,630	25,144
Less: - Fixed deposits pledged to licensed banks	(1,248)	(1,210)
- sinking funds	-	-
	16,382	23,934

(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 MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

New MFRS

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 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 2020/ 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 2020/ 1 January 2023 [#]
MFRS 9 Financial Instruments	1 January 2020/ 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 June 2020 ^{*/} 1 January 2022 [^]
MFRS 101 Presentation of Financial Statements	1 January 2020/ 1 January 2022/ 1 January 2023 [#]
MFRS 107 Statements of Cash Flows	1 January 2023 [#]
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
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 139 Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140 Investment Property	1 January 2023 [#]
MFRS 141 Agriculture	1 January 2022 [^]

[^]The Annual Improvements to MFRS Standards 2018-2020

^{*}Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020

[#]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

Except for the events disclosed in Note B1, it was a traditionally low peak trading period for the quarter under review.

A4. Unusual Items

Except for the events disclosed in Note B1 and B3, 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 13 March 2020, the Company paid a single tier first and final dividend of 1.20 sen on 410,351,752 ordinary shares amounting to RM4,924,221 in respect of financial year ended 31 July 2019.

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 30 April 2019

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	31,862	591,780	145,008	-	768,650
Inter-segment Revenue	244,025	87,116	225,872	(557,013)	-
Total Revenue	275,887	678,896	370,880	(557,013)	768,650
Profit before taxation	3,909	27,629	6,717	(18,182)	20,073
Profit after taxation	2,971	23,950	5,882	(17,498)	15,305

Results for financial periods ended 30 April 2020

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	23,395	455,676	90,434	-	569,505
Inter-segment Revenue	170,723	95,490	172,152	(438,365)	-
Total Revenue	194,118	551,166	262,586	(438,365)	569,505
Profit before taxation	7,615	18,435	1,324	(4,301)	23,073
Profit after taxation	5,732	13,609	633	(3,552)	16,422

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 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("Covid-19") outbreak as a pandemic in view of its rapid spread across the globe. On 16 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of Covid-19 outbreak in Malaysia. The Covid-19 outbreak has also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

The Group and the Company are unable to reasonably estimate the financial impact of Covid-19 for the financial year ending 31 July 2020 to be disclosed in the financial statements as the situation is still evolving.

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 30 April 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 third quarter under review was lower at RM112.456 million as compared to the revenue in the corresponding quarter last year of RM236.373 million, a decrease of RM123.917 million. The implementation of MCO by Malaysian Government on 18 March 2020, and has been extended to four phases as preventive measures against Covid-19 Pandemic. The relaxation of multiple MCO only took effect from 4 May 2020, namely conditional MCO ("CMCO") which allowed most businesses to resume operation subject to strict rules and standard operating procedures ("SOPs") set by the authorities. Our business was not allowed to operate during the MCO periods. This resulted in a sharp decrease in revenue during the quarter under review.

The Group's loss before tax in the current quarter at RM1.693 million as compared to the profit before tax of RM7.301 million in the corresponding quarter last year showed a decrease of RM8.994 million. The decrease in profit was due mainly to the lower revenue in the current quarter under review.

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

B2. Comparison with Preceding Quarter's Results (3rd Quarter FYE 2020 vs 2nd Quarter FYE 2020)

Financial Indicators:	Q3FYE2020	Q2FYE2020	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	112,456	252,051	(139,595)	-55%
Profit before taxation	(1,693)	14,346	(16,039)	-112%
Profit after taxation	(2,305)	10,643	(12,948)	-122%

The Group was not allowed to operate during the MCO periods. This resulted in a sharp decrease in revenue and profit during the quarter under review as compared with the preceding quarter.

B3. Current Year Prospects

The WHO declared Covid-19 a pandemic and the rapid outbreak had resulted in weakening the global economic conditions. The government introduced the 2020 economic stimulus package and the reduction of overnight policy rate ("OPR") helps to mitigate the impact and provide a more accommodative monetary environment. The implementation of Recovery Movement Control Order ("RMCO") in Malaysia will relax restrictions on the movement of people within the country from 10 June 2020 and allow most activities to resume. In addition, the government unveiled an economic stimulus package to cushion the economic impact of Covid-19.

The Group and the Company will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group and the Company will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

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
	30.4.2020	30.4.2019	30.4.2020	30.4.2019
	RM'000	RM'000	RM'000	RM'000
Income taxation	531	1,955	7,400	5,453
Deferred taxation	81	(42)	(749)	(685)
	612	1,913	6,651	4,768

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 30.4.2020 RM'000	Period Ended 30.4.2019 RM'000
Short-term Borrowings		
- Secured		
Other bank borrowings	124,023	156,085
Hire purchase and lease creditors	-	3,828
	<u>124,023</u>	<u>159,913</u>
Lease liabilities	20,199	-
	<u>144,222</u>	<u>159,913</u>
- Unsecured		
Advance from Ultimate Holding Company	1,312	1,312
	<u>145,534</u>	<u>161,225</u>
Long-term Borrowings		
- Secured		
Term loans	32,478	42,004
Hire purchase and lease creditors	-	2,322
	<u>32,478</u>	<u>44,326</u>
Lease liabilities	20,108	-
	<u>52,586</u>	<u>44,326</u>
Total	<u>198,120</u>	<u>205,551</u>

B8. Profit Before Taxation

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Quarter Ended 30.4.2020 RM'000	Quarter Ended 30.4.2019 RM'000	Period Ended 30.4.2020 RM'000	Period Ended 30.4.2019 RM'000
Interest income	(146)	(82)	(407)	(1,594)
Dividend income	-	-	(300)	(300)
Net gain on disposal of property, plant and equipment	(14)	(83)	(69)	(83)
Loss on dissolution of subsidiaries	-	23	24	41
Interest expense	1,090	2,427	5,806	8,889
Interest expense on lease liabilities	882	-	2,996	-
Depreciation of property, plant and equipment and investment property	2,146	2,373	5,946	7,136
Depreciation of right of use assets	5,494	-	17,685	-
Property, plant and equipment written off	-	-	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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Quarter Ended</u> 30.4.2020	<u>Quarter Ended</u> 30.4.2019	<u>Period Ended</u> 30.4.2020	<u>Period Ended</u> 30.4.2019
(Loss) / Profit after taxation for basic earnings per share (RM'000)	(2,305)	5,388	16,422	15,305
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>(0.56)</u>	<u>1.31</u>	<u>4.00</u>	<u>3.73</u>
-diluted (sen)	<u>(0.56)</u>	<u>1.31</u>	<u>4.00</u>	<u>3.73</u>

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

Executive Chairman / Group Managing Director
18 June 2020
Petaling Jaya