

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.7.2020 RM'000	AS AT 31.7.2019 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	92,265	126,223
Right of use assets	65,140	-
Investment properties	12,358	14,404
Investment in an associate	8,296	7,748
Other investments	228	228
Goodwill on consolidation	1,485	1,485
Deferred tax assets	14,161	17,518
	193,933	167,606
CURRENT ASSETS		
Inventories	548,914	573,626
Trade and other receivables	6,245	3,684
Deposits and prepayments	10,228	10,452
Current tax assets	953	576
Fixed deposits placed with licensed banks	23,235	17,198
Cash and bank balances	11,198	12,058
	600,773	617,594
Non-current asset held for sale	-	1,470
Total current assets	600,773	619,064
TOTAL ASSETS	794,706	786,670
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	365,050	345,540
TOTAL EQUITY	570,226	550,716
NON-CURRENT LIABILITIES		
Long-term borrowings	31,877	42,333
Lease liabilities	19,940	-
Deferred tax liabilities	14,257	15,972
	66,074	58,305
CURRENT LIABILITIES		
Trade and other payables	10,275	11,504
Deposits and accruals	7,218	10,150
Contract liabilities	6,835	5,048
Provision for restoration costs	400	400
Amount due to ultimate holding company	1,317	1,297
Amount due to directors (Note 1)	2,125	1,797
Short-term borrowings	102,205	143,092
Lease liabilities	20,141	-
Current tax liabilities	7,890	4,361
	158,406	177,649
TOTAL LIABILITIES	224,480	235,954
TOTAL EQUITY AND LIABILITIES	794,706	786,670
Net assets per share attributable to owners of the Company (RM)	1.39	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 (Registration No : 200201018476)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.7.2020 RM'000	QUARTER ENDED 31.7.2019 RM'000	PERIOD ENDED 31.7.2020 RM'000	PERIOD ENDED 31.7.2019 RM'000 <i>(Audited)</i>
Revenue	179,296	231,864	748,801	1,000,514
Other operating income	663	812	2,137	1,186
Operating expenses	(163,435)	(215,182)	(702,978)	(957,868)
Profit from operations	16,524	17,494	47,960	43,832
Finance income	95	-	534	1,967
Finance costs				
--Interest expense	(964)	(1,333)	(6,770)	(10,165)
--Interest expense on lease liabilities	(600)	-	(3,596)	-
Share of results of an associate, net of tax	848	817	848	817
Profit before tax	15,903	16,978	38,976	36,451
Income tax expense	(7,891)	(6,408)	(14,542)	(11,176)
Profit after tax	8,012	10,570	24,434	25,275
Other comprehensive expense				
Reversal of revaluation reserve on impairment of property	-	(1,029)	-	(1,029)
Total Comprehensive Income	8,012	9,541	24,434	24,246
Profit after tax attributable to:				
Owners of the Company	8,012	10,570	24,434	25,275
Non-controlling Interests	-	-	-	-
	8,012	10,570	24,434	25,275
Total comprehensive income attributable to:				
Owners of the Company	8,012	9,541	24,434	24,246
Non-controlling Interests	-	-	-	-
	8,012	9,541	24,434	24,246
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	1.95	2.58	5.95	6.16
- diluted (sen)	1.95	2.58	5.95	6.16

(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 (Registration No : 200201018476)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Share capital	Fair value reserve of financial assets at DFVOCI	Revaluation reserve	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 August 2018	205,176	-	42,664	275,503	523,343
Effect of transition to MFRS9	-	7,231	-	-	7,231
Transferred upon derecognition of other investment	-	(7,231)	-	7,231	-
Profit for the financial year	-	-	-	25,275	25,275
Other comprehensive loss for the period	-	-	(1,029)	-	(1,029)
			(1,029)	25,275	24,246
Dividends	-	-	-	(4,104)	(4,104)
At 31 July 2019	205,176	-	41,635	303,905	550,716
At 1 August 2019	205,176	-	41,635	303,905	550,716
Profit for the financial year	-	-	-	24,434	24,434
Dividends	-	-	-	(4,924)	(4,924)
At 31 July 2020	205,176	-	41,635	323,415	570,226

(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 31.7.2020 RM'000	PERIOD ENDED 31.7.2019 RM'000 <i>(Audited)</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	38,976	36,451
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	8,450	9,746
Depreciation of right of use assets	24,718	-
Net gain on disposal of property, plant and equipment	(174)	(152)
Impairment loss on trade receivables and property, plant and equipment	-	9
Property, plant and equipment written off	387	721
Provision for slow moving stock	4,649	-
Written off of inventories	-	19
Written off of trade receivables	-	11
Share of results of an associate	(848)	(817)
Loss on dissolution of subsidiaries	24	80
Unrealised gain on foreign exchange	-	(51)
Interest income	(534)	(1,967)
Interest expense on lease liabilities	3,596	-
Interest expense	6,770	10,165
Operating profit before working capital changes	86,014	54,215
Inventories	20,063	(14,851)
Receivables	(2,337)	15,523
Payables	(4,161)	(10,620)
Contract liabilities	1,787	(606)
Net cash generated from operations	101,366	43,661
Tax refunded	435	-
Tax paid	(10,185)	(8,464)
Net cash generated from operating activities	91,616	35,197
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	534	1,967
Dividend received	300	600
Final distribution to dissolution of subsidiaries	(24)	(80)
Proceeds from disposal of property, plant and equipment	1,644	153
Purchase of investment properties	-	(768)
Purchase of property, plant and equipment	(4,840)	(6,126)
Net cash used in investing activities	(2,386)	(4,254)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(6,770)	(10,165)
Interest expense on lease liabilities	(3,596)	-
Placement of fixed deposit	(37)	(13)
Net loans repayment	(45,054)	(14,962)
Dividend paid	(4,924)	(4,103)
Increase/ (Decrease) in amount due to ultimate holding company	20	(23)
Increase/(Decrease) in amount due to directors	328	(1,749)
Repayment of lease liabilities	(24,057)	-
Repayment of finance lease creditors	-	(4,978)
Net cash used in financing activities	(84,090)	(35,993)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	5,140	(5,050)
OPENING CASH AND CASH EQUIVALENTS	28,008	33,058
CLOSING CASH AND CASH EQUIVALENTS	33,148	28,008
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	23,235	17,198
Cash and bank balances	11,198	12,058
	34,433	29,256
Less: - Fixed deposits pledged to licensed banks	(1,285)	(1,248)
	33,148	28,008

(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 adoption of the above new MFRS, 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, except for those as discussed 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 earnings. The Group measured the right-of-use asset as if MFRS 16 had always been applied with no restatement of comparative information.

The Group and the Company have not adopted the following new MFRS 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 2023/ 1 January 2023#
MFRS 107 Statements of Cash Flows	1 January 2023#
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	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 and the Company plan to adopt the above applicable new MFRS 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 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 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	14,822	47,838	36,096	(62,305)	36,451
Profit after taxation	11,060	40,623	34,732	(61,140)	25,275

Results for financial periods ended 31 July 2020

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	25,798	607,183	115,820	-	748,801
Inter-segment Revenue	203,661	130,266	216,636	(550,563)	-
Total Revenue	229,459	737,449	332,456	(550,563)	748,801
Profit before taxation	8,599	30,764	945	(1,332)	38,976
Profit after taxation	6,093	22,988	(3,757)	(890)	24,434

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 as a result 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 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.

Save as disclosed, 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 July 2020, a total of RM229,987,160 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 RM1,317,576 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 current quarter under review was lower at RM179.296 million as compared to the revenue in the corresponding quarter last year of RM231.864 million, a decrease of RM52.568 million. The on-going global Covid-19 pandemic and the implementation of MCO on 18th March 2020 severely impacted the Group's operations and businesses. However effective May 2020, the MCO was replaced by Conditional MCO ("CMCO"), which allowed the Group to resume operations under restrictive operating hours, strict rules and stringent standard operating procedures ("SOPs") as mandated by the authorities. A further relaxation of restrictions on June 2020 with the Recovery MCO ("RMCO") saw a gradual return and improvement of sales.

Despite the weak market sentiments, the Group registered profit before tax in the current quarter at RM15.903 million as compared to the profit before tax of RM16.978 million in the corresponding quarter last year, which amounted to a slight decrease of RM1.075 million. This was due primarily to the uptrend of gold prices and the cost control initiative efforts together with streamlining and strengthening of its operations and business.

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

B2. Comparison with Preceding Quarter's Results (4th Quarter FYE 2020 vs 3rd Quarter FYE 2020)

Financial Indicators:	Q4FYE2020	Q3FYE2020	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	179,296	112,456	66,840	59%
Profit before taxation	15,903	(1,693)	17,596	-1039%
Profit after taxation	8,012	(2,305)	10,317	-448%

The Group resumed businesses during CMCO and RMCO. This resulted in increase in revenue and profit during the quarter under review as compared with the preceding quarter.

B3. Current Year Prospects

The government's introduction of the 2020 economic stimulus package and the reduction of overnight policy rate ("OPR") together with the latest top up stimulus announced on 5th June 2020 have helped to cushion the economic fallout of Covid-19. It mitigates the resultant negative impact of this prolonged pandemic and provided a more accommodative monetary environment in which to operate.

The Group will continuously monitor the impact of these current uncertainties on its operations, financial obligations and performance while external factors are largely beyond our control. The Group will continue to ensure and review all appropriate and timely measures to remain agile and flexible to meet these challenges.

B4. Profit Forecast

The Group does not publish any profit forecast.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.7.2020	Quarter Ended 31.7.2019	Period Ended 31.7.2020	Period Ended 31.7.2019
	RM'000	RM'000	RM'000	RM'000
Income taxation	5,500	5,983	12,900	11,436
Deferred taxation	2,391	425	1,642	(260)
	<u>7,891</u>	<u>6,408</u>	<u>14,542</u>	<u>11,176</u>

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 31.7.2020 RM'000	Period Ended 31.7.2019 RM'000
Short-term Borrowings		
- Secured		
Other bank borrowings	102,205	139,774
Hire purchase and lease creditors	-	3,318
	<u>102,205</u>	<u>143,092</u>
Lease liabilities	<u>20,141</u>	<u>-</u>
	122,346	143,092
- Unsecured		
Advance from Ultimate Holding Company	<u>1,317</u>	<u>1,297</u>
	<u>123,663</u>	<u>144,389</u>
Long-term Borrowings		
- Secured		
Term loans	31,877	39,364
Hire purchase and lease creditors	-	2,969
	<u>31,877</u>	<u>42,333</u>
Lease liabilities	<u>19,940</u>	<u>-</u>
	<u>51,817</u>	<u>42,333</u>
Total	<u>175,480</u>	<u>186,722</u>

B8. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.7.2020 RM'000	Quarter Ended 31.7.2019 RM'000	Period Ended 31.7.2020 RM'000	Period Ended 31.7.2019 RM'000
Interest income	(127)	(91)	(534)	(1,967)
Dividend income	-	(300)	-	-
Net gain on disposal of property, plant and equipment	(105)	(69)	(174)	(152)
Loss on dissolution of subsidiaries	-	39	24	80
Impairment loss on trade receivables and property, plant and equipment	-	1	-	9
Interest expense	964	1,333	6,770	10,165
Interest expense on lease liabilities	600	-	3,596	-
Depreciation of property, plant and equipment and investment property	2,504	2,611	8,450	9,746
Depreciation of right of use assets	7,033	-	24,718	-
Provision for slow moving stock	4,649	-	4,649	-
Written off of inventories	-	-	-	19
Written off of trade receivables	-	-	-	11
Unrealised gain on foreign exchange	-	-	-	(51)
Share of results of an associate	(848)	(817)	(848)	(817)
Property, plant and equipment written off	64	477	387	721

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 2020 (2019: 1.20 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 2020 of 410,351,752 ordinary shares, the final dividend amounts to RM4,924,221 (2019 : RM4,924,221 net dividend was paid on 13 March 2020). 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 2021.

B11. Earnings Per Share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Quarter Ended 31.7.2020	Quarter Ended 31.7.2019	Period Ended 31.7.2020	Period Ended 31.7.2019
Profit after taxation for basic earnings per share (RM'000)	8,012	10,570	24,434	25,275
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>1.95</u>	<u>2.58</u>	<u>5.95</u>	<u>6.16</u>
-diluted (sen)	<u>1.95</u>	<u>2.58</u>	<u>5.95</u>	<u>6.16</u>

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

Executive Chairman / Group Managing Director
24 September 2020
Petaling Jaya