

**POH KONG HOLDINGS BERHAD** (Registration No : 200201018476)  
**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT</b> <b>31.10.2020</b> <b>RM'000</b>	AS AT 31.7.2020 RM'000 <i>(Audited)</i>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	92,808	94,948
Right of use assets	55,713	60,848
Investment properties	13,800	13,967
Investment in an associate	8,296	8,296
Other investments	228	228
Goodwill on consolidation	1,485	1,485
Deferred tax assets	14,254	14,161
	<b>186,584</b>	<b>193,933</b>
<b>CURRENT ASSETS</b>		
Inventories	579,262	548,914
Trade and other receivables	3,280	5,121
Deposits and prepayments	10,300	10,226
Current tax assets	1,012	953
Fixed deposits placed with licensed banks	18,240	23,235
Cash and bank balances	9,389	11,198
	<b>621,483</b>	<b>599,647</b>
<b>TOTAL ASSETS</b>	<b>808,067</b>	<b>793,580</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	205,176	205,176
Reserves	379,718	365,049
<b>TOTAL EQUITY</b>	<b>584,894</b>	<b>570,225</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings	59,679	54,021
Deferred tax liabilities	14,183	14,257
	<b>73,862</b>	<b>68,278</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	7,779	9,472
Deposits and accruals	10,996	6,675
Contract liabilities	8,054	7,055
Provision for restoration costs	400	400
Amount due to ultimate holding company	1,321	1,317
Amount due to directors (Note 1)	2,414	2,125
Short-term borrowings	106,679	120,143
Current tax liabilities	11,668	7,890
	<b>149,311</b>	<b>155,077</b>
<b>TOTAL LIABILITIES</b>	<b>223,173</b>	<b>223,355</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>808,067</b>	<b>793,580</b>
Net assets per share attributable to owners of the Company (RM)	1.43	1.39

**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 2020)

**POH KONG HOLDINGS BERHAD** (Registration No : 200201018476)  
**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2020****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>QUARTER ENDED 31.10.2020 RM'000</b>	<b>QUARTER ENDED 31.10.2019 RM'000</b>	<b>PERIOD ENDED 31.10.2020 RM'000</b>	<b>PERIOD ENDED 31.10.2019 RM'000</b>
Revenue	221,905	204,998	221,905	204,998
Other operating income	790	541	790	541
Operating expenses	(201,045)	(191,733)	(201,045)	(191,733)
Profit from operations	21,650	13,806	21,650	13,806
Finance income	77	-	77	-
Finance costs	(2,462)	(3,386)	(2,462)	(3,386)
Profit before tax	19,265	10,420	19,265	10,420
Income tax expense	(4,621)	(2,336)	(4,621)	(2,336)
Profit after tax	14,644	8,084	14,644	8,084
Other comprehensive expense	-	-	-	-
Total Comprehensive Income	14,644	8,084	14,644	8,084
Profit after tax attributable to:				
Owners of the Company	14,644	8,084	14,644	8,084
Non-controlling Interests	-	-	-	-
	14,644	8,084	14,644	8,084
Total comprehensive income attributable to:				
Owners of the Company	14,644	8,084	14,644	8,084
Non-controlling Interests	-	-	-	-
	14,644	8,084	14,644	8,084
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	3.57	1.97	3.57	1.97
- diluted (sen)	3.57	1.97	3.57	1.97

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2020)

**POH KONG HOLDINGS BERHAD** (Registration No : 200201018476)  
**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Attributable to owners of the Company</b>			
	<b>Share capital</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 August 2019</b>	205,176	41,635	303,905	550,716
Profit for the financial year	-	-	8,084	8,084
<b>At 31 October 2019</b>	<u>205,176</u>	<u>41,635</u>	<u>311,989</u>	<u>558,800</u>
<b>At 1 August 2020</b>	205,176	41,635	323,414	570,225
Realisation of revaluation reserve	-	25	-	25
Profit for the financial year	-	-	14,644	14,644
<b>At 31 October 2020</b>	<u>205,176</u>	<u>41,660</u>	<u>338,058</u>	<u>584,894</u>

(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 2020)

**POH KONG HOLDINGS BERHAD** (Registration No : 200201018476)  
**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>CUMULATIVE QUARTER</b>	
	<b>PERIOD ENDED 31.10.2020 RM'000</b>	<b>PERIOD ENDED 31.10.2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	19,265	10,420
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	1,746	1,958
Depreciation of right of use assets	5,656	6,086
Net gain on disposal of property, plant and equipment	-	(37)
Property, plant and equipment written off	-	323
Dividend income	(300)	-
Loss on dissolution of subsidiaries	-	24
Interest income	(77)	(130)
Interest expense	2,462	3,386
Operating profit before working capital changes	28,752	22,030
Inventories	(30,348)	(17,771)
Receivables	1,766	(1,137)
Payables	2,628	4,172
Contract liabilities	999	214
Net cash generated from operations	3,797	7,508
Tax paid	(1,044)	(920)
Net cash generated from operating activities	2,753	6,588
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	77	130
Dividend received	300	-
Final distribution to dissolution of subsidiaries	-	(24)
Proceeds from disposal of property, plant and equipment	85	1,507
Purchase of property, plant and equipment	(45)	(1,713)
Net cash generated from / (used in) investing activities	417	(100)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(1,783)	(2,359)
Placement of fixed deposit	(6)	-
Net loans repayment	(2,000)	(929)
Increase in amount due to ultimate holding company	5	5
Increase in amount due to directors	289	-
Repayment of lease liabilities	(6,606)	(7,260)
Net cash used in financing activities	(10,101)	(10,543)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(6,931)	(4,055)
<b>OPENING CASH AND CASH EQUIVALENTS</b>	33,148	28,008
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	26,217	23,953
<b>Cash and cash equivalents comprise the following:</b>		
Fixed deposits with licensed banks	18,240	15,698
Bank overdraft	(122)	-
Cash and bank balances	9,389	9,503
	27,507	25,201
Less: - Fixed deposits pledged to licensed banks	(1,290)	(1,248)
	26,217	23,953

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2020)

**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 2020.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Group and the Company for the financial year ended 31 July 2020.

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 <sup>N</sup> 1 January 2023 <sup>#</sup>
MFRS 3 Business Combinations	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 4 Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 <sup>#</sup>
MFRS 7 Financial Instruments: Disclosures	1 January 2021/ 1 January 2023 <sup>#</sup>
MFRS 9 Financial Instruments	1 January 2021/ 1 January 2022 <sup>N</sup> 1 January 2023 <sup>#</sup>
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 15 Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
MFRS 16 Leases	1 January 2021/ 1 January 2022 <sup>A</sup>
MFRS 101 Presentation of Financial Statements	1 January 2023/ 1 January 2023 <sup>#</sup>
MFRS 107 Statements of Cash Flows	1 January 2023 <sup>#</sup>
MFRS 116 Property, Plant and Equipment	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 119 Employee Benefits	1 January 2023 <sup>#</sup>
MFRS 128 Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 <sup>#</sup>
MFRS 132 Financial instruments: Presentation	1 January 2023 <sup>#</sup>
MFRS 136 Impairment of Assets	1 January 2023 <sup>#</sup>
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 138 Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 139 Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140 Investment Property	1 January 2023 <sup>#</sup>
MFRS 141 Agriculture	1 January 2022 <sup>A</sup>

<sup>A</sup>The Annual Improvements to MFRS Standards 2018-2020

<sup>#</sup>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**

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**

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

	<b>Results for financial periods ended 31 October 2019</b>				
	<b>Manufacturing Division RM'000</b>	<b>Trading Division RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
Revenue	8,924	161,283	34,791	-	204,998
Inter-segment Revenue	63,079	39,192	64,720	(166,991)	-
Total Revenue	<u>72,003</u>	<u>200,475</u>	<u>99,511</u>	<u>(166,991)</u>	<u>204,998</u>
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

**Results for financial periods ended 31 October 2020**

	<b>Manufacturing Division RM'000</b>	<b>Trading Division RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
Revenue	21,230	161,953	38,722	-	221,905
Inter-segment Revenue	69,256	54,665	70,526	(194,447)	-
<b>Total Revenue</b>	<b>90,486</b>	<b>216,618</b>	<b>109,248</b>	<b>(194,447)</b>	<b>221,905</b>
Profit before taxation	4,506	15,257	10,362	(10,860)	19,265
Profit after taxation	3,418	11,596	10,349	(10,719)	14,644

**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 October 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 higher at RM221.905 million as compared to the revenue in the corresponding quarter last year of RM204.998 million, an increase of RM16.907 million. The Covid-19 pandemic and the implementation of MCO severely impacted the Group's operations and businesses. However, with the relaxing of MCO, business has been on an uptrend.

The Group registered profit before tax in the current quarter at RM19.265 million as compared to the profit before tax of RM10.420 million in the corresponding quarter last year, which amounted to an increase of RM8.845 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** (1st Quarter FYE 2021 vs 4th Quarter FYE 2020)

Financial Indicators:	Q1FYE2021	Q4FYE2020	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	221,905	179,296	42,609	24%
Profit before taxation	19,265	15,903	3,362	21%
Profit after taxation	14,644	8,012	6,632	83%

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 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. Barring unforeseen circumstances, the Board of Directors is confident that the Group has put in place solid measures to meet the challenges ahead for financial year ending 31 July 2021.

**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
	31.10.2020	31.10.2019	31.10.2020	31.10.2019
	RM'000	RM'000	RM'000	RM'000
Income taxation	4,640	3,026	4,640	3,026
Deferred taxation	(19)	(690)	(19)	(690)
	<u>4,621</u>	<u>2,336</u>	<u>4,621</u>	<u>2,336</u>

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:

	<b>Period Ended 31.10.2020 RM'000</b>	<b>Period Ended 31.10.2019 RM'000</b>
<b>Short-term Borrowings</b>		
<b>- Secured</b>		
Other bank borrowings	91,837	141,418
Lease liabilities	14,842	22,999
	<u>106,679</u>	<u>164,417</u>
<b>- Unsecured</b>		
Advance from Ultimate Holding Company	1,321	1,302
	<u>108,000</u>	<u>165,719</u>
<b>Long-term Borrowings</b>		
<b>- Secured</b>		
Other bank borrowings	40,367	36,790
Lease liabilities	19,312	27,518
	<u>59,679</u>	<u>64,308</u>
<b>Total</b>	<u>167,679</u>	<u>230,027</u>

**B8. Profit Before Taxation**

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Quarter Ended 31.10.2020 RM'000</b>	<b>Quarter Ended 31.10.2019 RM'000</b>	<b>Period Ended 31.10.2020 RM'000</b>	<b>Period Ended 31.10.2019 RM'000</b>
Interest income	(77)	(130)	(77)	(130)
Dividend income	(300)	-	(300)	-
Net gain on disposal of property, plant and equipment	-	(37)	-	(37)
Loss on dissolution of subsidiaries	-	24	-	24
Interest expense	2,462	3,386	2,462	3,386
Depreciation of property, plant and equipment and investment property	1,746	1,958	1,746	1,958
Depreciation of right of use assets	5,656	6,086	5,656	6,086
Property, plant and equipment written off	-	323	-	323

**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>	
	<b>Quarter Ended 31.10.2020</b>	Quarter Ended 31.10.2019	<b>Period Ended 31.10.2020</b>	Period Ended 31.10.2019
Profit after taxation for basic earnings per share (RM'000)	14,644	8,084	14,644	8,084
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>3.57</u>	<u>1.97</u>	<u>3.57</u>	<u>1.97</u>
-diluted (sen)	<u>3.57</u>	<u>1.97</u>	<u>3.57</u>	<u>1.97</u>

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

Executive Chairman / Group Managing Director  
 10 December 2020  
 Petaling Jaya