

**POH KONG HOLDINGS BERHAD** (Registration No : 200201018476)  
**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT</b> <b>31.1.2021</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	91,733	94,948
Right of use assets	50,404	60,848
Investment properties	13,634	13,967
Investment in an associate	8,296	8,296
Other investments	228	228
Goodwill on consolidation	1,485	1,485
Deferred tax assets	14,293	14,161
	<b>180,073</b>	<b>193,933</b>
<b>CURRENT ASSETS</b>		
Inventories	592,765	548,914
Trade and other receivables	4,982	5,121
Deposits and prepayments	9,977	10,226
Current tax assets	1,095	953
Fixed deposits placed with licensed banks	19,240	23,235
Cash and bank balances	8,147	11,198
	<b>636,206</b>	<b>599,647</b>
<b>TOTAL ASSETS</b>	<b>816,279</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	386,148	365,049
<b>TOTAL EQUITY</b>	<b>591,324</b>	<b>570,225</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings	57,000	54,021
Deferred tax liabilities	14,183	14,257
	<b>71,183</b>	<b>68,278</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	13,172	9,472
Deposits and accruals	11,108	6,675
Contract liabilities	7,544	7,055
Provision for restoration costs	400	400
Amount due to ultimate holding company	1,326	1,317
Amount due to directors (Note 1)	2,230	2,125
Short-term borrowings	99,098	120,143
Dividends payable	4,924	-
Current tax liabilities	13,970	7,890
	<b>153,772</b>	<b>155,077</b>
<b>TOTAL LIABILITIES</b>	<b>224,955</b>	<b>223,355</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>816,279</b>	<b>793,580</b>
Net assets per share attributable to owners of the Company (RM)	1.44	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 SECOND QUARTER ENDED 31 JANUARY 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.1.2021 RM'000	QUARTER ENDED 31.1.2020 RM'000	PERIOD ENDED 31.1.2021 RM'000	PERIOD ENDED 31.1.2020 RM'000
Revenue	231,387	252,051	453,292	457,049
Other operating income	1,000	888	1,790	1,299
Operating expenses	(214,946)	(235,280)	(415,991)	(427,013)
Profit from operations	17,441	17,659	39,091	31,335
Finance income	67	131	144	261
Finance costs	(2,909)	(3,444)	(5,371)	(6,830)
Profit before tax	14,599	14,346	33,864	24,766
Income tax expense	(3,245)	(3,703)	(7,866)	(6,039)
Profit after tax	11,354	10,643	25,998	18,727
Other comprehensive expense	-	-	-	-
Total Comprehensive Income	11,354	10,643	25,998	18,727
Profit after tax attributable to:				
Owners of the Company	11,354	10,643	25,998	18,727
Non-controlling Interests	-	-	-	-
	11,354	10,643	25,998	18,727
Total comprehensive income attributable to:				
Owners of the Company	11,354	10,643	25,998	18,727
Non-controlling Interests	-	-	-	-
	11,354	10,643	25,998	18,727
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	2.77	2.59	6.34	4.56
- diluted (sen)	2.77	2.59	6.34	4.56

(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 SECOND QUARTER ENDED 31 JANUARY 2021**

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

	<u>Attributable to owners of the Company</u>			
	Share capital	Revaluation reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000
<b>At 1 August 2019</b>	205,176	41,635	303,905	550,716
Profit for the financial year	-	-	18,727	18,727
Dividends	-	-	(4,924)	(4,924)
<b>At 31 January 2020</b>	<u>205,176</u>	<u>41,635</u>	<u>317,708</u>	<u>564,519</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	-	-	25,998	25,998
Dividends	-	-	(4,924)	(4,924)
<b>At 31 January 2021</b>	<u>205,176</u>	<u>41,660</u>	<u>344,488</u>	<u>591,324</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 SECOND QUARTER ENDED 31 JANUARY 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>CUMULATIVE QUARTER</b>	
	<b>PERIOD ENDED 31.1.2021 RM'000</b>	<b>PERIOD ENDED 31.1.2020 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	33,864	24,766
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	3,710	3,800
Depreciation of right of use assets	11,235	12,191
Net gain on disposal of property, plant and equipment	(33)	(55)
Property, plant and equipment written off	99	323
Dividend income	(300)	(300)
Loss on dissolution of subsidiaries	-	24
Interest income	(144)	(261)
Interest expense	5,371	6,830
Operating profit before working capital changes	53,802	47,318
Inventories	(43,851)	(16,537)
Receivables	388	(1,653)
Payables	8,133	2,474
Contract liabilities	489	2,560
Net cash generated from operations	18,961	34,162
Tax paid	(2,109)	(2,323)
Net cash generated from operating activities	16,852	31,839
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	144	261
Dividend received	300	300
Final distribution to dissolution of subsidiaries	-	(24)
Proceeds from disposal of property, plant and equipment	33	1,526
Purchase of property, plant and equipment	(1,052)	(3,755)
Net cash used in investing activities	(575)	(1,692)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(3,976)	(4,890)
Placement of fixed deposit	(6)	-
Net loans repayment	(6,359)	7,025
Increase in amount due to ultimate holding company	10	10
Increase in amount due to directors	105	(716)
Repayment of lease liabilities	(13,144)	(14,366)
Net cash used in financing activities	(23,370)	(12,937)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(7,093)</b>	<b>17,210</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>33,148</b>	<b>28,008</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>26,055</b>	<b>45,218</b>
<b>Cash and cash equivalents comprise the following:</b>		
Fixed deposits with licensed banks	19,240	23,698
Bank overdraft	(42)	-
Cash and bank balances	8,147	22,768
	27,345	46,466
Less: - Fixed deposits pledged to licensed banks	(1,290)	(1,248)
	26,055	45,218

(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>^</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>^</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>^</sup>
MFRS 17 Insurance Contracts	1 January 2023
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>^</sup>

<sup>^</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 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 January 2020</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	15,719	361,428	79,902	-	457,049
Inter-segment Revenue	143,739	73,082	144,800	(361,621)	-
Total Revenue	<u>159,458</u>	<u>434,510</u>	<u>224,702</u>	<u>(361,621)</u>	<u>457,049</u>
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

**Results for financial periods ended 31 January 2021**

	<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	25,604	344,135	83,553	-	453,292
Inter-segment Revenue	147,404	93,393	144,187	(384,984)	-
Total Revenue	173,008	437,528	227,740	(384,984)	453,292
Profit before taxation	7,243	26,208	11,380	(10,967)	33,864
Profit after taxation	5,505	19,903	11,377	(10,787)	25,998

**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**

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 Covid-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The Government implemented again Movement Control Order ("MCO 2.0") starting from 13 January 2021 and ended on 18 February 2021 in several states. The Conditional Movement Control Order ("CMCO") and Recovery Movement Control Order ("RMCO") have also been further extended to 31 March 2021. On 11 January 2021, His Majesty Yang Di-Pertuan Agong has also issued a Proclamation of Emergency in Malaysia from 11 January 2021 to 1 August 2021.

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 January 2021, 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 the current quarter under review was lower at RM231.387 million as compared to the revenue in the corresponding quarter last year of RM252.051 million, a decrease of RM20.664 million. The government imposed MCO 2.0 in several states, CMCO in others and RMCO in states where the cases were not considered too high on 13 January 2021. The MCO 2.0 extended to 4 February and ended on 18 February 2021 was enforced across the country except Sarawak. The implementation of MCO severely impacted the Group's operations and businesses.

Despite a fall in revenue, the Group registered profit before tax in the current quarter at RM14.599 million as compared to the profit before tax of RM14.346 million in the corresponding quarter last year, which amounted to a slight increase of RM0.253 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** (2nd Quarter FYE 2021 vs 1st Quarter FYE 2021)

Financial Indicators:	Q2FYE2021	Q1FYE2021	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	231,387	221,905	9,482	4%
Profit before taxation	14,599	19,265	(4,666)	-24%
Profit after taxation	11,354	14,644	(3,290)	-22%

The fluctuation of gold prices inevitably affected the Group's operating profits during the quarter under review as compared with the preceding quarter.

**B3. Current Year Prospects**

The economic stimulus package and the low overnight policy rate ("OPR") mitigate the resultant negative impact of this prolonged pandemic and provided a more accommodative monetary environment in which to operate. In addition, along with the scheduled progress in the vaccine rollouts, Malaysia's economy is expected to return to positive growth.

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 adequate 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
	31.1.2021	31.1.2020	31.1.2021	31.1.2020
	RM'000	RM'000	RM'000	RM'000
Income taxation	3,432	3,843	8,072	6,869
Deferred taxation	(187)	(140)	(206)	(830)
	<u>3,245</u>	<u>3,703</u>	<u>7,866</u>	<u>6,039</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 31.1.2021 RM'000</b>	<b>Period Ended 31.1.2020 RM'000</b>
<b>Short-term Borrowings</b>		
<b>- Secured</b>		
Other bank borrowings	90,002	150,090
Lease liabilities	9,096	22,555
	<u>99,098</u>	<u>172,645</u>
<b>- Unsecured</b>		
Advance from Ultimate Holding Company	1,326	1,307
	<u>100,424</u>	<u>173,952</u>
<b>Long-term Borrowings</b>		
<b>- Secured</b>		
Other bank borrowings	37,764	34,423
Lease liabilities	19,236	23,418
	<u>57,000</u>	<u>57,841</u>
<b>Total</b>	<u>157,424</u>	<u>231,793</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 31.1.2021 RM'000</b>	<b>Quarter Ended 31.1.2020 RM'000</b>	<b>Period Ended 31.1.2021 RM'000</b>	<b>Period Ended 31.1.2020 RM'000</b>
Interest income	(67)	(131)	(144)	(261)
Dividend income	-	-	(300)	(300)
Net gain on disposal of property, plant and equipment	(33)	(18)	(33)	(55)
Loss on dissolution of subsidiaries	-	-	-	24
Interest expense	2,909	3,444	5,371	6,830
Depreciation of property, plant and equipment and investment property	1,964	1,842	3,710	3,800
Depreciation of right of use assets	5,579	6,105	11,235	12,191
Property, plant and equipment written off	99	-	99	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 31.1.2021</b>	Quarter Ended 31.1.2020	<b>Period Ended 31.1.2021</b>	Period Ended 31.1.2020
Profit after taxation for basic earnings per share (RM'000)	11,354	10,643	25,998	18,727
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>2.77</u>	<u>2.59</u>	<u>6.34</u>	<u>4.56</u>
-diluted (sen)	<u>2.77</u>	<u>2.59</u>	<u>6.34</u>	<u>4.56</u>

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

Executive Chairman / Group Managing Director  
 23 March 2021  
 Petaling Jaya