

POH KONG HOLDINGS BERHAD (Registration No : 200201018476)
QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30.4.2021 RM'000	AS AT 31.7.2020 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	90,213	94,948
Right of use assets	45,356	60,848
Investment properties	13,467	13,967
Investment in an associate	8,296	8,296
Other investments	228	228
Goodwill on consolidation	1,485	1,485
Deferred tax assets	14,291	14,161
	173,336	193,933
CURRENT ASSETS		
Inventories	594,645	548,914
Trade and other receivables	3,378	5,121
Deposits and prepayments	11,163	10,226
Current tax assets	765	953
Fixed deposits placed with licensed banks	17,240	23,235
Cash and bank balances	13,037	11,198
	640,228	599,647
TOTAL ASSETS	813,564	793,580
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	410,172	365,049
TOTAL EQUITY	615,348	570,225
NON-CURRENT LIABILITIES		
Long-term borrowings	54,035	54,021
Deferred tax liabilities	14,182	14,257
	68,217	68,278
CURRENT LIABILITIES		
Trade and other payables	16,615	9,472
Deposits and accruals	6,676	6,675
Contract liabilities	8,839	7,055
Provision for restoration costs	400	400
Amount due to ultimate holding company	1,331	1,317
Amount due to directors (Note 1)	1,383	2,125
Short-term borrowings	84,831	120,143
Current tax liabilities	9,924	7,890
	129,999	155,077
TOTAL LIABILITIES	198,216	223,355
TOTAL EQUITY AND LIABILITIES	813,564	793,580
Net assets per share attributable to owners of the Company (RM)	1.50	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 THIRD QUARTER ENDED 30 APRIL 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.4.2021 RM'000	QUARTER ENDED 30.4.2020 RM'000	PERIOD ENDED 30.4.2021 RM'000	PERIOD ENDED 30.4.2020 RM'000
Revenue	364,186	112,456	817,478	569,505
Other operating income	971	207	2,761	1,506
Operating expenses	(332,111)	(112,530)	(748,102)	(539,543)
Profit from operations	33,046	133	72,137	31,468
Finance income	132	146	276	407
Finance costs	(1,827)	(1,972)	(7,198)	(8,802)
Profit/ (Loss) before tax	31,351	(1,693)	65,215	23,073
Income tax expense	(7,327)	(612)	(15,193)	(6,651)
Profit/ (Loss) after tax	24,024	(2,305)	50,022	16,422
Other comprehensive expense	-	-	-	-
Total Comprehensive Income	24,024	(2,305)	50,022	16,422
Profit after tax attributable to:				
Owners of the Company	24,024	(2,305)	50,022	16,422
Non-controlling Interests	-	-	-	-
	24,024	(2,305)	50,022	16,422
Total comprehensive income attributable to:				
Owners of the Company	24,024	(2,305)	50,022	16,422
Non-controlling Interests	-	-	-	-
	24,024	(2,305)	50,022	16,422
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	5.85	(0.56)	12.19	4.00
- diluted (sen)	5.85	(0.56)	12.19	4.00

(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 THIRD QUARTER ENDED 30 APRIL 2021****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company			
	Share capital	Revaluation reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000
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
At 1 August 2020	205,176	41,635	323,414	570,225
Realisation of revaluation reserve	-	25	-	25
Profit for the financial year	-	-	50,022	50,022
Dividends	-	-	(4,924)	(4,924)
At 30 April 2021	205,176	41,660	368,512	615,348

(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 THIRD QUARTER ENDED 30 APRIL 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED 30.4.2021 RM'000	PERIOD ENDED 30.4.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	65,215	23,073
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	5,557	5,946
Depreciation of right of use assets	16,571	17,685
Net gain on disposal of property, plant and equipment	(61)	(69)
Property, plant and equipment written off	99	323
Dividend income	(300)	(300)
Loss on dissolution of subsidiaries	64	24
Interest income	(276)	(407)
Interest expense	7,198	8,802
Operating profit before working capital changes	94,067	55,077
Inventories	(45,731)	(3,149)
Receivables	806	(325)
Payables	7,144	(626)
Contract liabilities	1,784	2,613
Net cash generated from operations	58,070	53,590
Tax paid	(13,149)	(9,428)
Net cash generated from operating activities	44,921	44,162
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	276	407
Dividend received	300	300
Final distribution to dissolution of subsidiaries	(64)	(24)
Proceeds from disposal of property, plant and equipment	61	1,539
Purchase of property, plant and equipment	(1,500)	(4,323)
Net cash used in investing activities	(927)	(2,101)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(5,161)	(6,061)
Placement of fixed deposit	(6)	-
Net loans repayment	(18,117)	(20,999)
Dividend paid	(4,924)	(4,924)
Increase in amount due to ultimate holding company	15	15
Increase in amount due to directors	(742)	(467)
Repayment of lease liabilities	(19,355)	(21,251)
Net cash used in financing activities	(48,290)	(53,687)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,296)	(11,626)
OPENING CASH AND CASH EQUIVALENTS	33,148	28,008
CLOSING CASH AND CASH EQUIVALENTS	28,852	16,382
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	17,240	16,398
Bank overdraft	(135)	(431)
Cash and bank balances	13,037	1,663
	30,142	17,630
Less: - Fixed deposits pledged to licensed banks	(1,290)	(1,248)
	28,852	16,382

(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 of 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^/ 1 January 2023#
MFRS 3 Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4 Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7 Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9 Financial Instruments	1 January 2021/ 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 January 2021/ 1 January 2022^
MFRS 17 Insurance Contracts	1 January 2023
MFRS 101 Presentation of Financial Statements	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 2023
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 2021
MFRS 140 Investment Property	1 January 2023#
MFRS 141 Agriculture	1 January 2022^

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

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

It was a traditionally off 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

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	<u>194,118</u>	<u>551,166</u>	<u>262,586</u>	<u>(438,365)</u>	<u>569,505</u>
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

Results for financial periods ended 30 April 2021

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	34,167	624,057	159,254	-	817,478
Inter-segment Revenue	267,907	145,319	251,202	(664,428)	-
Total Revenue	302,074	769,376	410,456	(664,428)	817,478
Profit before taxation	7,672	76,523	26,406	(45,386)	65,215
Profit after taxation	5,844	63,173	26,212	(45,207)	50,022

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 market segments 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. 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. The Government implemented 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 extended to 31 March 2021. It further implemented MCO 3.0, effective May 12 until June 7, to tighten enforcement with more restrictions on social and economic sectors. On 28 May 2021, the Government announced the imposition of a total lockdown, namely Full Movement Control Order ("FMCO") from June 1 to June 14, 2021 to curb the spread of Covid-19. It further extended from 15 June till 28 June 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 30 April 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 RM1,998,216 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 higher at RM364.186 million as compared to the revenue in the corresponding quarter last year of RM112.456 million, an increase of RM251.730 million. The increase in revenue was due mainly to the increase in demand of gold investment products, such as gold bars, wafers and gold jewellery products. Last year, the Government imposed MCO 1.0 on 18 March 2020, the Group was not allowed to operate until 4 May 2020. It resulted in a sharp decrease in revenue in the corresponding quarter last year.

The Group registered profit before tax in the current quarter at RM31.351 million as compared to the loss before tax of RM1.693 million in the corresponding quarter last year, which amounted to an increase of RM33.044 million. This was due primarily to the increase in revenue 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 (3rd Quarter FYE 2021 vs 2nd Quarter FYE 2021)

Financial Indicators:	Q3FYE2021	Q2FYE2021	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	364,186	231,387	132,799	57%
Profit before taxation	31,351	14,599	16,752	115%
Profit after taxation	24,024	11,354	12,670	112%

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 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
	30.4.2021	30.4.2020	30.4.2021	30.4.2020
	RM'000	RM'000	RM'000	RM'000
Income taxation	7,325	531	15,397	7,400
Deferred taxation	2	81	(204)	(749)
	<u>7,327</u>	<u>612</u>	<u>15,193</u>	<u>6,651</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:

	Period Ended 30.4.2021 RM'000	Period Ended 30.4.2020 RM'000
Short-term Borrowings		
- Secured		
Other bank borrowings	80,996	124,023
Lease liabilities	3,835	20,199
	<u>84,831</u>	<u>144,222</u>
- Unsecured		
Advance from Ultimate Holding Company	1,331	1,312
	<u>86,162</u>	<u>145,534</u>
Long-term Borrowings		
- Secured		
Other bank borrowings	35,105	32,478
Lease liabilities	18,930	20,108
	<u>54,035</u>	<u>52,586</u>
Total	<u>140,197</u>	<u>198,120</u>

B8. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 30.4.2021 RM'000	Quarter Ended 30.4.2020 RM'000	Period Ended 30.4.2021 RM'000	Period Ended 30.4.2020 RM'000
Interest income	(132)	(146)	(276)	(407)
Dividend income	-	-	(300)	(300)
Net gain on disposal of property, plant and equipment	(28)	(14)	(61)	(69)
Loss on dissolution of subsidiaries	64	-	64	24
Interest expense	1,827	1,972	7,198	8,802
Depreciation of property, plant and equipment and investment property	1,847	2,146	5,557	5,946
Depreciation of right of use assets	5,336	5,494	16,571	17,685
Property, plant and equipment written off	-	-	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>	
	Quarter Ended 30.4.2021	Quarter Ended 30.4.2020	Period Ended 30.4.2021	Period Ended 30.4.2020
Profit/ (Loss) after taxation for basic earnings per share (RM'000)	24,024	(2,305)	50,022	16,422
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>5.85</u>	<u>(0.56)</u>	<u>12.19</u>	<u>4.00</u>
-diluted (sen)	<u>5.85</u>	<u>(0.56)</u>	<u>12.19</u>	<u>4.00</u>

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

Executive Chairman / Group Managing Director
 15 June 2021
 Petaling Jaya