

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30.4.2017 RM'000	AS AT 31.7.2016 RM'000 <i>(Audited)</i>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	102,577	100,425
Investment properties	8,523	8,919
Other investments	528	528
Goodwill on consolidation	1,485	1,485
Deferred tax assets	9,010	7,761
	122,123	119,118
CURRENT ASSETS		
Inventories	550,619	574,678
Trade and other receivables	9,381	4,900
Deposits and prepayments	16,714	12,358
Tax recoverable	1,331	1,215
Fixed deposits placed with licensed banks	11,680	15,125
Cash and bank balances	14,219	15,531
	603,944	623,807
TOTAL ASSETS	726,067	742,925
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	271,970	260,831
TOTAL EQUITY	477,146	466,007
NON-CURRENT LIABILITIES		
Long-term borrowings	60,886	82,320
Deferred tax liabilities	10,961	10,961
	71,847	93,281
CURRENT LIABILITIES		
Trade and other payables	25,100	16,933
Deposits and accruals	20,515	17,835
Amount due to ultimate holding company	1,274	1,231
Amount due to directors (Note 1)	1,622	2,097
Short-term borrowings	125,550	142,919
Tax payable	3,013	2,622
	177,074	183,637
TOTAL LIABILITIES	248,921	276,918
TOTAL EQUITY AND LIABILITIES	726,067	742,925
Net assets per share attributable to owners of the Company (RM)	1.16	1.14

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 2016)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.4.2017 RM'000	QUARTER ENDED 30.4.2016 RM'000	PERIOD ENDED 30.4.2017 RM'000	PERIOD ENDED 30.4.2016 RM'000
Revenue	205,227	202,517	617,013	578,183
Other operating income	524	417	2,261	984
Operating expenses	(191,767)	(190,705)	(587,852)	(556,486)
Profit from operations	13,984	12,229	31,422	22,681
Finance costs	(2,095)	(3,217)	(8,658)	(10,694)
Profit before taxation	11,889	9,012	22,764	11,987
Taxation	(4,488)	(2,927)	(7,521)	(3,796)
Profit after taxation	7,401	6,085	15,243	8,191
Other Comprehensive Expenses	-	-	-	-
Total Comprehensive Income	7,401	6,085	15,243	8,191
Attributable to				
Owners of the Company	7,401	6,085	15,243	8,191
Non-controlling Interests	-	-	-	-
	7,401	6,085	15,243	8,191
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	1.80	1.48	3.71	2.00
- diluted (sen)	1.80	1.48	3.71	2.00

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Attributable to owners of the Company</u>			
	<u>Share Capital</u>	<u>Non-distributable Revaluation Reserve</u>	<u>Distributable Retained Profits</u>	<u>Total Equity</u>
	RM'000	RM'000	RM'000	RM'000
At 1 August 2015	205,176	25,722	228,206	459,104
Total comprehensive income for the period	-	-	8,191	8,191
Dividends	-	-	(4,104)	(4,104)
At 30 April 2016	205,176	25,722	232,293	463,191
At 1 August 2016	205,176	25,722	235,109	466,007
Total comprehensive income for the period	-	-	15,243	15,243
Dividends	-	-	(4,104)	(4,104)
At 30 April 2017	205,176	25,722	246,248	477,146

(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 2016)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED 30.4.2017 RM'000	PERIOD ENDED 30.4.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,764	11,987
Adjustments for:		
Depreciation of property, plant and equipment and investment property	6,654	6,829
Gain on disposal of property, plant and equipment	(120)	(43)
Property, plant and equipment written off	493	1,566
Loss on dissolution of subsidiaries	80	-
Dividend income	(600)	(300)
Reversal of allowance for impairment on receivables	-	(56)
Interest income	(525)	(256)
Interest expense	8,658	10,694
Operating profit before working capital changes	37,404	30,421
Inventories	24,059	(14,792)
Receivables	(8,837)	(926)
Payables	10,847	10,101
Amount due to directors	(475)	(515)
Net cash generated from operations	62,998	24,289
Income tax refunded	-	1,172
Income tax paid	(8,495)	(8,434)
Net cash generated from operating activities	54,503	17,027
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	525	256
Dividend received	600	300
Final distribution from dissolution of subsidiaries	(80)	-
Proceeds from disposal of property, plant and equipment	122	97
Purchase of property, plant and equipment	(8,906)	(6,259)
Net cash used in investing activities	(7,739)	(5,606)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(8,658)	(10,694)
Net loans (repaid)/raised	(35,746)	8,711
Dividend paid	(4,104)	(4,104)
Withdrawal/(Placement) of sinking fund	2,000	(10,000)
Increase in amount due to ultimate holding company	43	15
Repayment of finance lease creditors	(2,560)	(1,839)
Repayment of hire purchase creditors	(490)	(744)
Net cash used in financing activities	(49,515)	(18,655)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,751)	(7,234)
OPENING CASH AND CASH EQUIVALENTS	27,406	35,877
CLOSING CASH AND CASH EQUIVALENTS	24,655	28,643
Cash and cash equivalents comprise the following:		
Fixed deposit with licensed banks	11,450	-
Cash and bank balances	14,219	40,643
Bank overdrafts	(14)	-
	25,655	40,643
Less: Sinking fund	(1,000)	(12,000)
	24,655	28,643

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)

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 2016.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the Annual Financial Statements for the financial year ended 31 July 2016 except for the following new Malaysian Financial Reporting Standards ("MFRSs") and Amendments/Improvements to MFRSs that are issued but not yet effective for the Group:

<u>New MFRSs</u>	<u>Effective for financial periods beginning on or after</u>
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
 <u>Amendments/Improvements to MFRSs</u>	
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 107 Statement of Cash Flows	1 January 2017
MFRS 112 Income Taxes	1 January 2017
MFRS 128 Investments in Associates and Joint Ventures	1 January 2018/Deferred
MFRS 140 Investment Property	1 January 2018

The adoption of the above new MFRSs and Amendments/Improvements to MFRSs will have no significant financial impact on the financial statements of the Group.

A2. Audit Report

The audit report of the preceding Audited Financial Statements of the Company 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

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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2017**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

Results for financial period ended 30 April 2016					
	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	13,286	564,845	52	-	578,183
Inter-segment Revenue	161,285	66,625	62,850	(290,760)	-
Total Revenue	174,571	631,470	62,902	(290,760)	578,183
Profit before taxation	13,762	5,379	(4,820)	(2,334)	11,987
Profit after taxation	10,459	3,929	(5,799)	(398)	8,191

Results for financial period ended 30 April 2017					
	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	16,631	600,215	167	-	617,013
Inter-segment Revenue	138,955	64,655	67,082	(270,692)	-
Total Revenue	155,586	664,870	67,249	(270,692)	617,013
Profit before taxation	7,312	47,012	(368)	(31,192)	22,764
Profit after taxation	5,482	40,993	(1,290)	(29,942)	15,243

A9. Valuations of Property, Plant and Equipment

The Group did not carry out any valuations 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

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

Poh Kong Jewellers Sdn. Bhd, a wholly owned subsidiary of the Company, has granted a corporate guarantee to Danajamin Nasional Berhad in respect of Islamic Commercial Papers/Islamic Medium Term Notes programme up to RM150,000,000 in accordance with the Shariah principle of Commodity Murabahah.

As at 30 April 2017, a total of RM171,981,999 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 RM4,040,074 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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2017**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 higher at RM205.227 million as compared to the revenue in the corresponding quarter last year of RM202.517 million. The increase of RM2.710 million was attributable to higher retail gold prices and additional revenue contributed from new outlets in the current quarter under review.

The Group's profit before tax in the current quarter at RM11.889 million as compared to the profit before tax of RM9.012 million in the corresponding quarter last year; an increase of RM2.877 million.

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

B2. Comparison with Preceding Quarter's Results (3rd Quarter FYE 2017 vs 2nd Quarter FYE 2017)

Financial Indicators:	Q3FYE2017	Q2FYE2017	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	205,227	226,315	(21,088)	-9%
Profit before taxation	11,889	8,445	3,444	41%
Profit after taxation	7,401	6,072	1,329	22%

The decrease in revenue was due mainly to the absence of festive spending. Nevertheless, the higher retail gold price and decrease in operating expenses had resulted in the Group improving its profit margin during the quarter under review.

B3. Current Year Prospects

The Group is optimistic in maintaining our growth and leading position in Malaysia despite more challenging and competitive conditions in the domestic jewellery market. Notwithstanding uncertainties in the global and regional economies, fundamentals in Malaysia remain resilient which have enabled corporate and industry players to meet their challenges and business performance. The Group, being cognisant of the current market situation continues to review, revise and consolidate its business strategies to meet these challenges.

Barring unforeseen circumstances, the Board of Directors is confident of the Group's resilience to weather the challenges ahead for financial year ending 31 July 2017.

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
	30.4.2017	30.4.2016	30.4.2017	30.4.2016
	RM'000	RM'000	RM'000	RM'000
Income taxation	3,928	2,493	8,769	5,790
Deferred taxation	560	434	(1,248)	(1,994)
	<u>4,488</u>	<u>2,927</u>	<u>7,521</u>	<u>3,796</u>

The effective tax rate for the cumulative quarter was higher than the statutory tax rate due principally to certain expenses disallowed for tax purposes.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2017**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 as at 30 April 2017 are as follows:

	RM'000
Short-term Borrowings	
- Secured	
Other bank borrowings	101,235
Islamic Medium Term Notes ("IMTN")	20,000
	<u>121,235</u>
- Unsecured	
Hire purchase and lease creditors	4,315
Advance from Ultimate Holding Company	1,274
	<u>126,824</u>
Long-term Borrowings	
- Secured	
Term loans	9,630
Islamic Medium Term Notes ("IMTN")	50,000
	<u>59,630</u>
- Unsecured	
Hire purchase and lease creditors	1,256
	<u>60,886</u>
Total	<u><u>187,710</u></u>

B8. Realised and Unrealised Profits or Losses Disclosure

This disclosure is prepared pursuant to the directive of Bursa Malaysia Securities Berhad and in accordance with the Guidance on Special Matter No.1- Determination of Realised and Unrealised Profits or Losses, as issued by the Malaysia Institute of Accountants.

	Period Ended 30.4.2017 (RM'000)	Period Ended 30.4.2016 (RM'000)
Total retained earnings of the Company and its subsidiaries:		
- Realised	383,505	372,232
- Unrealised	(1,952)	(3,147)
	<u>381,553</u>	<u>369,085</u>
- Less: Consolidated adjustments	(135,305)	(136,792)
Total group retained profits as per consolidated accounts	<u><u>246,248</u></u>	<u><u>232,293</u></u>

B9. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 30.4.2017 RM'000	Quarter Ended 30.4.2016 RM'000	Period Ended 30.4.2017 RM'000	Period Ended 30.4.2016 RM'000
Interest income	(384)	(78)	(525)	(256)
Dividend income	-	-	(600)	(300)
Gain on disposal of property, plant and equipment	(60)	-	(120)	(43)
Loss on dissolution of subsidiaries	-	-	80	-
Interest expense	2,095	3,217	8,658	10,694
Depreciation of property, plant and equipment and investment property	2,206	2,316	6,654	6,829
Reversal of allowance for impairment on receivables	-	-	-	-
Property, plant and equipment written off	-	(54)	-	(56)
	263	187	493	1,566

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2017

B10. Material Litigation

There was no material litigation as at this quarterly report and the financial year to date.

B11. Dividend

No dividend was declared in the quarter under review.

B12. Earnings Per Share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Quarter Ended 30.4.2017	Quarter Ended 30.4.2016	Period Ended 30.4.2017	Period Ended 30.4.2016
Profit after taxation for basic earnings per share (RM'000)	7,401	6,085	15,243	8,191
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>1.80</u>	<u>1.48</u>	<u>3.71</u>	<u>2.00</u>
-diluted (sen)	<u>1.80</u>	<u>1.48</u>	<u>3.71</u>	<u>2.00</u>

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

Executive Chairman / Group Managing Director

29 June 2017

Petaling Jaya