

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30.4.2018 RM'000	AS AT 31.7.2017 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	128,112	126,777
Investment properties	14,023	8,757
Other investments	528	528
Goodwill on consolidation	1,485	1,485
Deferred tax assets	9,558	8,659
	153,706	146,206
CURRENT ASSETS		
Inventories	576,253	540,128
Trade and other receivables	4,280	7,711
Deposits and prepayments	11,913	14,401
Current tax assets	267	243
Fixed deposits placed with licensed banks	11,685	11,180
Cash and bank balances	13,355	38,401
	617,753	612,064
TOTAL ASSETS	771,459	758,270
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	309,242	298,869
TOTAL EQUITY	514,418	504,045
NON-CURRENT LIABILITIES		
Long-term borrowings	17,031	62,750
Deferred tax liabilities	13,437	13,437
	30,468	76,187
CURRENT LIABILITIES		
Trade and other payables	15,543	19,287
Deposits and accruals	15,199	15,501
Deferred income	2,590	6,758
Provision for restoration costs	200	200
Amount due to ultimate holding company	1,294	1,279
Amount due to directors (Note 1)	2,166	3,413
Short-term borrowings	187,914	124,911
Current tax liabilities	1,667	6,689
	226,573	178,038
TOTAL LIABILITIES	257,041	254,225
TOTAL EQUITY AND LIABILITIES	771,459	758,270
Net assets per share attributable to owners of the Company (RM)	1.25	1.23

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 2017)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2018**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.4.2018 RM'000	QUARTER ENDED 30.4.2017 RM'000	PERIOD ENDED 30.4.2018 RM'000	PERIOD ENDED 30.4.2017 RM'000
Revenue	240,442	205,227	731,348	617,013
Other operating income	1,127	524	3,355	2,261
Operating expenses	(233,430)	(191,767)	(706,861)	(587,852)
Profit from operations	8,139	13,984	27,842	31,422
Finance costs	(2,447)	(2,095)	(8,197)	(8,658)
Profit before taxation	5,692	11,889	19,645	22,764
Taxation	(1,384)	(4,488)	(5,168)	(7,521)
Profit after taxation	4,308	7,401	14,477	15,243
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,308	7,401	14,477	15,243
Profit after taxation attributable to:				
Owners of the Company	4,308	7,401	14,477	15,243
Non-controlling Interests	-	-	-	-
	4,308	7,401	14,477	15,243
Total comprehensive income attributable to:				
Owners of the Company	4,308	7,401	14,477	15,243
Non-controlling Interests	-	-	-	-
	4,308	7,401	14,477	15,243
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	1.05	1.80	3.53	3.71
- diluted (sen)	1.05	1.80	3.53	3.71

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2017)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2018**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company			
	Share Capital	Revaluation Reserve	Retained Profits	Total Equity
	RM'000	RM'000	RM'000	RM'000
At 1 August 2016, restated	205,176	25,722	230,780	461,678
Total comprehensive income for the period	-	-	15,243	15,243
Dividends	-	-	(4,104)	(4,104)
At 30 April 2017	205,176	25,722	241,919	472,817
At 1 August 2017	205,176	42,664	256,205	504,045
Total comprehensive income for the period	-	-	14,477	14,477
Dividends	-	-	(4,104)	(4,104)
At 30 April 2018	205,176	42,664	266,578	514,418

(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 2017)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED 30.4.2018 RM'000	PERIOD ENDED 30.4.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,645	22,764
Adjustments for:		
Depreciation of property, plant and equipment and investment property	7,174	6,654
Gain on disposal of property, plant and equipment	(697)	(120)
Property, plant and equipment written off	585	493
Loss on dissolution of subsidiaries	-	80
Dividend income	(300)	(600)
Interest income	(216)	(525)
Interest expense	8,197	8,658
Operating profit before working capital changes	34,388	37,404
Inventories	(36,125)	24,059
Receivables	5,919	(8,837)
Payables	(8,214)	10,847
Amount due to directors	(1,247)	(475)
Net cash (used in)/generated from operations	(5,279)	62,998
Income tax paid	(11,115)	(8,495)
Net cash (used in)/generated from operating activities	(16,394)	54,503
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	216	525
Dividend received	300	600
Final distribution from dissolution of subsidiaries	-	(80)
Proceeds from disposal of property, plant and equipment	850	122
Purchase of property, plant and equipment	(4,102)	(8,906)
Net cash used in investing activities	(2,736)	(7,739)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(8,197)	(8,658)
Placement of fixed deposit	(5)	-
Net loans drawdown/(repaid)	9,662	(35,746)
Dividend paid	(4,104)	(4,104)
Withdrawal of sinking fund	10,000	2,000
Increase in amount due to ultimate holding company	15	43
Repayment of finance lease creditors	(2,156)	(2,560)
Repayment of hire purchase creditors	(1,008)	(490)
Net cash generated from/(used in) financing activities	4,207	(49,515)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(14,923)	(2,751)
OPENING CASH AND CASH EQUIVALENTS	39,351	27,406
CLOSING CASH AND CASH EQUIVALENTS	24,428	24,655
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	11,685	11,450
Cash and bank balances	13,355	14,219
Bank overdraft	(377)	(14)
	24,663	25,655
Less: - Fixed deposits pledged to licensed banks	(235)	-
- Sinking fund	-	(1,000)
	24,428	24,655

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2017)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2018

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 2017.

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 2017 except for the following new Malaysian Financial Reporting Standards ("MFRSs"), Amendments/Improvements to MFRSs, new IC Int and Amendments to IC Int that have been issued but not yet effective for the Group:

	Effective for financial periods beginning on or after	
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018/1 January 2020*
MFRS 3	Business Combinations	1 January 2019/1 January 2020*
MFRS 4	Insurance Contracts	1 January 2018
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/1 January 2019/ Deferred
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2018
<u>New IC Int</u>		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
<u>Amendments to IC Int</u>		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets-Web Site Costs	1 January 2020*

*Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2018

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

The adoption of the above new MFRSs, Amendments/Improvements to MFRSs, new IC Int and Amendments to IC Int 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 Cyclical 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

On 9 March 2018, the Company paid a single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares amounting to RM4,103,518 in respect of financial year ended 31 July 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 and supplying gold bullion

	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
	Results for financial period ended 30 April 2018				
	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	36,301	638,551	56,496	-	731,348
Inter-segment Revenue	183,395	73,841	163,364	(420,600)	-
Total Revenue	219,696	712,392	219,860	(420,600)	731,348
Profit before taxation	2,289	17,188	(680)	848	19,645
Profit after taxation	1,740	13,015	(2,025)	1,747	14,477

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

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 2018, a total of RM173,517,159 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 RM2,956,512 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 third quarter under review was higher at RM240.442 million as compared to the revenue in the corresponding quarter last year of RM205.227 million. The increase of RM35.215 million was due to the increase in demand for gold jewellery and gold investment products and additional revenue contributed from new outlets in the current quarter under review.

The Group's profit before tax in the current quarter at RM5.692 million as compared to the profit before tax of RM11.889 million in the corresponding quarter last year; a decrease of RM6.197 million. The fluctuation of gold prices inevitably affected the Group's operating profits during the quarter under review.

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

B2. Comparison with Preceding Quarter's Results (3rd Quarter FYE 2018 vs 2nd Quarter FYE 2018)

Financial Indicators:	Q3FYE2018	Q2FYE2018	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	240,442	269,981	(29,539)	-11%
Profit before taxation	5,692	5,812	(120)	-2%
Profit after taxation	4,308	4,810	(502)	-10%

The decrease in revenue and profit was due mainly to a decrease in demand of gold jewellery 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 2018.

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
	30.4.2018	30.4.2017	30.4.2018	30.4.2017
	RM'000	RM'000	RM'000	RM'000
Income taxation	1,865	3,928	6,067	8,769
Deferred taxation	(481)	560	(899)	(1,248)
	<u>1,384</u>	<u>4,488</u>	<u>5,168</u>	<u>7,521</u>

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2018

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 30.4.2018 RM'000	Period Ended 30.4.2017 RM'000
Short-term Borrowings		
- Secured		
Other bank borrowings	132,698	101,235
Islamic Medium Term Notes ("IMTN")	50,000	20,000
Hire purchase and lease creditors	5,216	4,315
	<u>187,914</u>	<u>125,550</u>
- Unsecured		
Advance from Ultimate Holding Company	1,294	1,274
	<u>189,208</u>	<u>126,824</u>
Long-term Borrowings		
- Secured		
Term loans	12,046	9,630
Islamic Medium Term Notes ("IMTN")	-	50,000
Hire purchase and lease creditors	4,985	1,256
	<u>17,031</u>	<u>60,886</u>
Total	<u>206,239</u>	<u>187,710</u>

B8. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 30.4.2018 RM'000	Quarter Ended 30.4.2017 RM'000	Period Ended 30.4.2018 RM'000	Period Ended 30.4.2017 RM'000
	Interest income	(86)	(384)	(216)
Dividend income	-	-	(300)	(600)
Gain on disposal of property, plant and equipment	(27)	(60)	(697)	(120)
Loss on dissolution of subsidiaries	-	-	-	80
Interest expense	2,447	2,095	8,197	8,658
Depreciation of property, plant and equipment and investment property	2,410	2,206	7,174	6,654
Property, plant and equipment written off	-	263	585	493

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 30.4.2018	Quarter Ended 30.4.2017	Period Ended 30.4.2018	Period Ended 30.4.2017
	Profit after taxation for basic earnings per share (RM'000)	4,308	7,401	14,477
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>1.05</u>	<u>1.80</u>	<u>3.53</u>	<u>3.71</u>
-diluted (sen)	<u>1.05</u>	<u>1.80</u>	<u>3.53</u>	<u>3.71</u>

BY ORDER OF THE BOARD

DATO' CHOON YEE SEIONG

Executive Chairman / Group Managing Director
12 June 2018
Petaling Jaya