

## QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2018

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.7.2018 RM'000	AS AT 31.7.2017 RM'000 (Audited)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	126,597	126,777
Investment properties	13,867	8,757
Other investments	528	528
Goodwill on consolidation	1,485	1,485
Deferred tax assets	16,676	8,659
	159,153	146,206
<b>CURRENT ASSETS</b>		
Inventories	558,794	540,128
Trade and other receivables	6,445	7,711
Deposits and prepayments	12,292	14,401
Current tax assets	212	243
Fixed deposits placed with licensed banks	15,185	11,180
Cash and bank balances	39,108	38,401
	632,036	612,064
<b>TOTAL ASSETS</b>	<b>791,189</b>	<b>758,270</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	205,176	205,176
Reserves	318,167	298,869
<b>TOTAL EQUITY</b>	523,343	504,045
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings	23,689	62,750
Deferred tax liabilities	15,391	13,437
	39,080	76,187
<b>CURRENT LIABILITIES</b>		
Trade and other payables	11,697	19,287
Deposits and accruals	14,183	15,501
Deferred income	1,169	6,758
Provision for restoration costs	200	200
Amount due to ultimate holding company	1,299	1,279
Amount due to directors (Note 1)	3,546	3,413
Short-term borrowings	195,647	124,911
Current tax liabilities	1,025	6,689
	228,766	178,038
<b>TOTAL LIABILITIES</b>	267,846	254,225
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>791,189</b>	<b>758,270</b>
Net assets per share attributable to owners of the Company (RM)	1.28	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 FOURTH QUARTER ENDED 31 JULY 2018

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.7.2018 RM'000	QUARTER ENDED 31.7.2017 RM'000	PERIOD ENDED 31.7.2018 RM'000	PERIOD ENDED 31.7.2017 RM'000 <i>(Audited)</i>
Revenue	272,174	259,983	1,003,522	876,996
Other operating income	1,318	1,434	4,673	3,695
Operating expenses	(263,075)	(243,766)	(969,936)	(832,479)
Profit from operations	10,417	17,651	38,259	48,212
Finance costs	(3,176)	(2,891)	(11,373)	(10,726)
Profit before tax	7,241	14,760	26,886	37,486
Income tax expense	1,684	(436)	(3,484)	(7,957)
Profit after tax	8,925	14,324	23,402	29,529
Other Comprehensive Income	-	18,272	-	16,942
Total Comprehensive Income	8,925	32,596	23,402	46,471
Profit after tax attributable to:				
Owners of the Company	8,925	14,324	23,402	29,529
Non-controlling Interests	-	-	-	-
	8,925	14,324	23,402	29,529
Total comprehensive income attributable to:				
Owners of the Company	8,925	32,596	23,402	46,471
Non-controlling Interests	-	-	-	-
	8,925	32,596	23,402	46,471
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	2.17	3.49	5.70	7.20
- diluted (sen)	2.17	3.49	5.70	7.20

(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 FOURTH QUARTER ENDED 31 JULY 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
<b>At 1 August 2016, restated</b>	205,176	25,722	230,780	<b>461,678</b>
Profit for the financial year	-	-	29,529	<b>29,529</b>
Other comprehensive income	-	16,942	-	<b>16,942</b>
Total comprehensive income for the financial year	-	16,942	29,529	<b>46,471</b>
Dividends	-	-	(4,104)	<b>(4,104)</b>
<b>At 31 July 2017</b>	<b>205,176</b>	<b>42,664</b>	<b>256,205</b>	<b>504,045</b>
<b>At 1 August 2017</b>	<b>205,176</b>	<b>42,664</b>	<b>256,205</b>	<b>504,045</b>
Total comprehensive income for the period	-	-	23,402	<b>23,402</b>
Dividends	-	-	(4,104)	<b>(4,104)</b>
<b>At 31 July 2018</b>	<b>205,176</b>	<b>42,664</b>	<b>275,503</b>	<b>523,343</b>

(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 FOURTH QUARTER ENDED 31 JULY 2018

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>CUMULATIVE QUARTER</b>	
	<b>PERIOD ENDED 31.7.2018 RM'000</b>	<b>PERIOD ENDED 31.7.2017 RM'000 (Audited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	26,886	37,486
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	9,850	9,109
Bad debts written off	-	1
Net gain on disposal of property, plant and equipment	(710)	(325)
Impairment loss on trade receivables	-	471
Reversal of impairment loss on trade receivables	-	(118)
Unrealised gain on foreign exchange	-	(6)
Property, plant and equipment written off	601	1,202
Loss on dissolution of subsidiaries	21	80
Dividend income	(900)	(1,050)
Interest income	(277)	(611)
Interest expense	11,379	10,726
Operating profit before working capital changes	46,850	56,965
Inventories	(18,666)	34,550
Receivables	3,375	(5,208)
Payables	(14,497)	6,884
Amount due to directors	133	1,316
Net cash generated from operations	17,195	94,507
Income tax refunded	-	2
Income tax paid	(15,181)	(11,917)
Net cash generated from operating activities	2,014	82,592
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	277	611
Dividend received	900	1,050
Final distribution from dissolution of subsidiaries	(21)	(80)
Proceeds from disposal of property, plant and equipment	863	328
Purchase of property, plant and equipment	(8,485)	(6,958)
Net cash used in investing activities	(6,466)	(5,049)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(11,379)	(10,726)
Placement of fixed deposit	(1,005)	(5)
Net loans drawdown/(repaid)	30,264	(39,814)
Dividend paid	(4,104)	(4,104)
Placement of sinking funds	(10,000)	(7,000)
Increase in amount due to ultimate holding company	20	48
Repayment of finance lease creditors	(4,299)	(83)
Repayment of hire purchase creditors	(1,338)	(3,914)
Net cash used in financing activities	(1,841)	(65,598)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(6,293)	11,945
<b>OPENING CASH AND CASH EQUIVALENTS</b>	39,351	27,406
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	33,058	39,351
<b>Cash and cash equivalents comprise the following:</b>		
Fixed deposits with licensed banks	15,185	11,180
Cash and bank balances	39,108	38,401
	54,293	49,581
Less: - Fixed deposits pledged to licensed banks	(1,235)	(230)
- Sinking fund	(20,000)	(10,000)
	33,058	39,351

(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)

**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 FOURTH QUARTER ENDED 31 JULY 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 Cyclicity of Operations**

It was a traditionally 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 31 July 2017**

	<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	37,600	839,228	168	-	876,996
Inter-segment Revenue	211,086	86,910	109,605	(407,601)	-
<b>Total Revenue</b>	<b>248,686</b>	<b>926,138</b>	<b>109,773</b>	<b>(407,601)</b>	<b>876,996</b>
Profit before taxation	11,247	51,523	19,240	(44,524)	37,486
Profit after taxation	8,860	47,317	18,547	(45,195)	29,529

**Results for financial period ended 31 July 2018**

	<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	51,298	851,500	100,724	-	1,003,522
Inter-segment Revenue	258,478	117,623	240,129	(616,230)	-
<b>Total Revenue</b>	<b>309,776</b>	<b>969,123</b>	<b>340,853</b>	<b>(616,230)</b>	<b>1,003,522</b>
Profit before taxation	2,893	32,068	10,518	(18,593)	26,886
Profit after taxation	1,193	23,804	17,026	(18,621)	23,402

**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 31 July 2018, a total of RM223,517,159 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 RM3,157,362 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 FOURTH QUARTER ENDED 31 JULY 2018

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS****B1. Review of Performance**

The Group's revenue for the fourth quarter under review was higher at RM272.174 million as compared to the revenue in the corresponding quarter last year of RM259.983 million. The increase of RM12.191 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 RM7.241 million as compared to the profit before tax of RM14.760 million in the corresponding quarter last year showed a decrease of RM7.519 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 (4th Quarter FYE 2018 vs 3rd Quarter FYE 2018)**

Financial Indicators:	Q4FYE2018	Q3FYE2018	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	272,174	240,442	31,732	13%
Profit before taxation	7,241	5,692	1,549	27%
Profit after taxation	8,925	4,308	4,617	107%

The increase in revenue and profit was due mainly to the increase 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 2019.

**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
	31.7.2018	31.7.2017	31.7.2018	31.7.2017
	RM'000	RM'000	RM'000	RM'000
Income taxation	3,480	(398)	9,547	12,630
Deferred taxation	(5,164)	834	(6,063)	(4,673)
	(1,684)	436	3,484	7,957

The effective tax rate was lower than the statutory tax rate due principally to the deferred tax assets being recognised for the current and cumulative quarters, offsetting against tax payables on profitable subsidiaries.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 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:

	<b>Period Ended 31.7.2018 RM'000</b>	<b>Period Ended 31.7.2017 RM'000 (Audited)</b>
<b>Short-term Borrowings</b>		
<b>- Secured</b>		
Other bank borrowings	141,140	101,136
Islamic Medium Term Notes ("IMTN")	50,000	20,000
Hire purchase and lease creditors	4,507	3,775
	<u>195,647</u>	<u>124,911</u>
<b>- Unsecured</b>		
Advance from Ultimate Holding Company	1,299	1,279
	<u>196,946</u>	<u>126,190</u>
<b>Long-term Borrowings</b>		
<b>- Secured</b>		
Term loans	19,623	9,362
Islamic Medium Term Notes ("IMTN")	-	50,000
Hire purchase and lease creditors	4,066	3,388
	<u>23,689</u>	<u>62,750</u>
<b>Total</b>	<u>220,635</u>	<u>188,940</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 31.7.2018 RM'000</b>	<b>Quarter Ended 31.7.2017 RM'000</b>	<b>Period Ended 31.7.2018 RM'000</b>	<b>Period Ended 31.7.2017 RM'000 (Audited)</b>
Interest income	(61)	(529)	(277)	(611)
Dividend income	(600)	(450)	(900)	(1,050)
Net gain on disposal of property, plant and equipment	(13)	(205)	(710)	(325)
Loss on dissolution of subsidiaries	21	-	21	80
Interest expense	3,182	2,891	11,379	10,726
Depreciation of property, plant and equipment and investment property	2,676	2,455	9,850	9,109
Impairment loss on trade receivables	-	-	-	471
Reversal of impairment loss on trade receivables	-	-	-	(118)
Unrealised gain on foreign exchange	-	-	-	(6)
Bad debts written off	-	-	-	1
Property, plant and equipment written off	16	709	601	1,202

**B9. Material Litigation**

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

**B10. Dividend**

The Board of Directors recommend a first and final single tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 July 2018 (2017: 1 sen single tier dividend per ordinary share). The proposed dividend will be subject to shareholders' approval at the forthcoming Annual General Meeting to be held on a date to be announced later. The date of book closure of the Record of Depositors for determining dividend entitlements and the date of payment will be announced at a later date. Based on the outstanding issued and paid-up capital as at 31 July 2018 of 410,351,752 ordinary shares, the final dividend amounts to RM4,103,518 (2017 : RM4,103,518 net dividend was paid on 9 March 2018). Such dividend, if approved by shareholders will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 July 2019.

## QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2018

**B11. Earnings Per Share**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<b>Quarter Ended</b> <b>31.7.2018</b>	Quarter Ended 31.7.2017	<b>Period Ended</b> <b>31.7.2018</b>	Period Ended 31.7.2017
Profit after taxation for basic earnings per share (RM'000)	8,925	14,324	23,402	29,529
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>2.17</u>	<u>3.49</u>	<u>5.70</u>	<u>7.20</u>
-diluted (sen)	<u>2.17</u>	<u>3.49</u>	<u>5.70</u>	<u>7.20</u>

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

Executive Chairman / Group Managing Director

26 September 2018

Petaling Jaya