

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.7.2017 RM'000	AS AT 31.7.2016 RM'000 <i>(Audited)</i>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	127,277	100,425
Investment properties	8,257	8,919
Other investments	528	528
Goodwill on consolidation	1,485	1,485
Deferred tax assets	8,659	7,761
	146,206	119,118
CURRENT ASSETS		
Inventories	540,128	574,678
Trade and other receivables	7,713	4,900
Deposits and prepayments	14,239	12,358
Tax recoverable	310	1,215
Fixed deposits placed with licensed banks	11,180	15,125
Cash and bank balances	38,387	15,531
	611,957	623,807
TOTAL ASSETS	758,163	742,925
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	304,566	260,831
TOTAL EQUITY	509,742	466,007
NON-CURRENT LIABILITIES		
Long-term borrowings	62,307	82,320
Deferred tax liabilities	12,107	10,961
	74,414	93,281
CURRENT LIABILITIES		
Trade and other payables	19,091	16,933
Deposits and accruals	22,442	17,835
Amount due to ultimate holding company	1,279	1,231
Amount due to directors (Note 1)	3,413	2,097
Short-term borrowings	125,354	142,919
Tax payable	2,428	2,622
	174,007	183,637
TOTAL LIABILITIES	248,421	276,918
TOTAL EQUITY AND LIABILITIES	758,163	742,925
Net assets per share attributable to owners of the Company (RM)	1.24	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 FOURTH QUARTER ENDED 31 JULY 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.7.2017 RM'000	QUARTER ENDED 31.7.2016 RM'000	PERIOD ENDED 31.7.2017 RM'000	PERIOD ENDED 31.7.2016 RM'000 <i>(Audited)</i>
Revenue	259,983	198,350	876,996	776,533
Other operating income	1,434	1,368	3,695	2,179
Operating expenses	(243,766)	(190,318)	(831,618)	(747,956)
Profit from operations	17,651	9,400	49,073	30,756
Finance costs	(2,891)	(3,874)	(11,549)	(13,277)
Profit before taxation	14,760	5,526	37,524	17,479
Taxation	(436)	(2,683)	(7,957)	(6,472)
Profit after taxation	14,324	2,843	29,567	11,007
Other Comprehensive Income	18,272	-	18,272	-
Total Comprehensive Income	32,596	2,843	47,839	11,007
Profit after taxation attributable to:				
Owners of the Company	14,324	2,843	29,567	11,007
Non-controlling Interests	-	-	-	-
	14,324	2,843	29,567	11,007
Total comprehensive income attributable to:				
Owners of the Company	32,596	2,843	47,839	11,007
Non-controlling Interests	-	-	-	-
	32,596	2,843	47,839	11,007
Earnings per share attributable to Owners of the Company				
- basic (sen)	3.49	0.69	7.21	2.68
- diluted (sen)	3.49	0.69	7.21	2.68

(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 FOURTH QUARTER ENDED 31 JULY 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	-	-	11,007	11,007
Dividends	-	-	(4,104)	(4,104)
At 31 July 2016	205,176	25,722	235,109	466,007
At 1 August 2016	205,176	25,722	235,109	466,007
Revaluation of land and buildings	-	18,272	-	18,272
Profit for the period	-	-	29,567	29,567
Total comprehensive income for the period	-	18,272	29,567	47,839
Dividends	-	-	(4,104)	(4,104)
At 31 July 2017	205,176	43,994	260,572	509,742

(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 FOURTH QUARTER ENDED 31 JULY 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED 31.7.2017 RM'000	PERIOD ENDED 31.7.2016 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	37,524	17,479
Adjustments for:		
Depreciation of property, plant and equipment and investment property	9,109	9,149
Gain on disposal of property, plant and equipment	(325)	(58)
Property, plant and equipment written off	1,202	1,600
Loss on dissolution of subsidiaries	80	10
Dividend income	(1,050)	(600)
Reversal of allowance for impairment on receivables	-	(19)
Interest income	(1,054)	(233)
Interest expense	11,549	13,277
Operating profit before working capital changes	57,035	40,605
Inventories	34,550	(21,130)
Receivables	(4,694)	4,609
Payables	6,765	3,753
Amount due to directors	1,316	251
Net cash generated from operations	94,972	28,088
Income tax refunded	-	1,173
Income tax paid	(11,914)	(10,361)
Net cash generated from operating activities	83,058	18,900
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,054	233
Dividend received	1,050	600
Final distribution from dissolution of subsidiaries	(80)	(10)
Proceeds from disposal of property, plant and equipment	327	111
Purchase of investment property	-	(461)
Purchase of property, plant and equipment	(7,031)	(6,047)
Net cash used in investing activities	(4,680)	(5,574)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(11,549)	(13,277)
Placement of fixed deposit	(5)	(14)
Net loans repaid	(39,813)	(33)
Dividend paid	(4,104)	(4,104)
Placement of sinking fund	(7,000)	(1,000)
Increase/(decrease) in amount due to ultimate holding company	48	(8)
Repayment of finance lease creditors	(3,251)	(2,436)
Repayment of hire purchase creditors	(773)	(926)
Net cash used in financing activities	(66,447)	(21,798)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,931	(8,472)
OPENING CASH AND CASH EQUIVALENTS	27,406	35,877
CLOSING CASH AND CASH EQUIVALENTS	39,337	27,405
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	10,950	14,900
Cash and bank balances	38,387	15,531
Bank overdrafts	-	(26)
	49,337	30,405
Less: Sinking fund	(10,000)	(3,000)
	39,337	27,405

(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 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 FOURTH QUARTER 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

Results for financial period ended 31 July 2016					
	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	19,568	756,940	25	-	776,533
Inter-segment Revenue	209,884	86,502	80,989	(377,375)	-
Total Revenue	229,452	843,442	81,014	(377,375)	776,533
Profit before taxation	16,289	11,876	3,182	(13,868)	17,479
Profit after taxation	11,778	8,996	3,450	(13,217)	11,007

Results for financial period ended 31 July 2017					
	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	37,600	839,228	168	-	876,996
Inter-segment Revenue	211,086	86,910	97,897	(395,893)	-
Total Revenue	248,686	926,138	98,065	(395,893)	876,996
Profit before taxation	11,232	51,523	7,585	(32,816)	37,524
Profit after taxation	8,845	47,317	6,892	(33,487)	29,567

A9. Valuations of Property, Plant and Equipment

Land and buildings of the Group have been revalued in July 2017. Based on the valuation reports prepared by PA International Property Consultants (KL) Sdn. Bhd., a registered independent valuer, the fair value of the Group's land and buildings is RM89,010,000. The carrying amount of the properties as at 31 July 2017 was RM59,034,985. The revaluation surplus was incorporated in the financial statements for the financial year ended 31 July 2017.

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 2017, 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 fourth quarter under review was higher at RM259.983 million as compared to the revenue in the corresponding quarter last year of RM198.350 million. The increase of RM61.633 million was due to the increase in demand for gold jewellery and gold investment products, 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 RM14.760 million as compared to the profit before tax of RM5.526 million in the corresponding quarter last year; an increase of RM9.234 million.

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

B2. Comparison with Preceding Quarter's Results (4th Quarter FYE 2017 vs 3rd Quarter FYE 2017)

Financial Indicators:	Q4FYE2017	Q3FYE2017	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	259,983	205,227	54,756	27%
Profit before taxation	14,760	11,889	2,871	24%
Profit after taxation	14,324	7,401	6,923	94%

The increase in profit was due to the higher revenue in the current quarter under review as compared with the preceding quarter.

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 31.7.2017 RM'000	Quarter Ended 31.7.2016 RM'000	Period Ended 31.7.2017 RM'000	Period Ended 31.7.2016 RM'000 (Audited)
Income taxation	(398)	2,511	8,371	8,413
Deferred taxation	834	172	(414)	(1,941)
	436	2,683	7,957	6,472

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 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 31 July 2017 are as follows:

	RM'000
Short-term Borrowings	
- Secured	
Other bank borrowings	101,579
Islamic Medium Term Notes ("IMTN")	20,000
	<u>121,579</u>
- Unsecured	
Hire purchase and lease creditors	3,775
Advance from Ultimate Holding Company	1,279
	<u>126,633</u>
Long-term Borrowings	
- Secured	
Term loans	8,920
Islamic Medium Term Notes ("IMTN")	50,000
	<u>58,920</u>
- Unsecured	
Hire purchase and lease creditors	3,387
	<u>62,307</u>
Total	<u>188,940</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 31.7.2017 (RM'000)	Period Ended 31.7.2016 (RM'000)
Total retained earnings of the Company and its subsidiaries:		
- Realised	402,208	377,210
- Unrealised	(2,786)	(3,200)
	<u>399,422</u>	<u>374,010</u>
- Less: Consolidated adjustments	(138,850)	(138,901)
Total group retained profits as per consolidated accounts	<u>260,572</u>	<u>235,109</u>

B9. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.7.2017 RM'000	Quarter Ended 31.7.2016 RM'000	Period Ended 31.7.2017 RM'000	Period Ended 31.7.2016 RM'000
				<i>(Audited)</i>
Interest income	(529)	(97)	(1,054)	(233)
Dividend income	(450)	(300)	(1,050)	(600)
Gain on disposal of property, plant and equipment	(205)	-	(325)	(58)
Loss on dissolution of subsidiaries	-	10	80	10
Interest expense	2,891	3,874	11,549	13,277
Depreciation of property, plant and equipment and investment property	2,455	2,286	9,109	9,149
Reversal of allowance for impairment on receivables	-	37	-	(19)
Property, plant and equipment written off	709	34	1,202	1,600

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2017**B10. Material Litigation**

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

B11. Dividend

The Board of Directors recommend a first and final single tier dividend of 1 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 July 2017 (2016: 1 sen single tier dividend per ordinary share of RM0.50 each). 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 2017 of 410,351,752 ordinary shares of RM0.50 each, the final dividend amounts to RM4,103,518 (2016 : RM4,103,518 net dividend was paid on 9 March 2017). 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 2018.

B12. Earnings Per Share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Quarter Ended 31.7.2017	Quarter Ended 31.7.2016	Period Ended 31.7.2017	Period Ended 31.7.2016
Profit after taxation for basic earnings per share (RM'000)	14,324	2,843	29,567	11,007
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>3.49</u>	<u>0.69</u>	<u>7.21</u>	<u>2.68</u>
-diluted (sen)	<u>3.49</u>	<u>0.69</u>	<u>7.21</u>	<u>2.68</u>

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

Executive Chairman / Group Managing Director
21 September 2017
Petaling Jaya