

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.10.2017 RM'000	AS AT 31.7.2017 RM'000 <i>(Audited)</i>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	127,655	126,777
Investment properties	8,625	8,757
Other investments	528	528
Goodwill on consolidation	1,485	1,485
Deferred tax assets	8,385	8,659
	146,678	146,206
CURRENT ASSETS		
Inventories	564,323	540,128
Trade and other receivables	10,444	7,711
Deposits and prepayments	18,115	14,401
Current tax assets	240	243
Fixed deposits placed with licensed banks	6,185	11,180
Cash and bank balances	22,567	38,401
	621,874	612,064
TOTAL ASSETS	768,552	758,270
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	304,228	298,869
TOTAL EQUITY	509,404	504,045
NON-CURRENT LIABILITIES		
Long-term borrowings	63,683	62,750
Deferred tax liabilities	13,437	13,437
	77,120	76,187
CURRENT LIABILITIES		
Trade and other payables	36,775	19,287
Deposits and accruals	6,320	15,501
Deferred income	7,014	6,758
Provision for restoration costs	200	200
Amount due to ultimate holding company	1,284	1,279
Amount due to directors (Note 1)	3,213	3,413
Short-term borrowings	121,251	124,911
Current tax liabilities	5,971	6,689
	182,028	178,038
TOTAL LIABILITIES	259,148	254,225
TOTAL EQUITY AND LIABILITIES	768,552	758,270
Net assets per share attributable to owners of the Company (RM)	1.24	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 FIRST QUARTER ENDED 31 OCTOBER 2017**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.10.2017 RM'000	QUARTER ENDED 31.10.2016 RM'000	PERIOD ENDED 31.10.2017 RM'000	PERIOD ENDED 31.10.2016 RM'000
Revenue	220,925	185,471	220,925	185,471
Other operating income	841	910	841	910
Operating expenses	(211,150)	(180,763)	(211,150)	(180,763)
Profit from operations	10,616	5,618	10,616	5,618
Finance costs	(2,475)	(3,188)	(2,475)	(3,188)
Profit before taxation	8,141	2,430	8,141	2,430
Taxation	(2,782)	(660)	(2,782)	(660)
Profit after taxation	5,359	1,770	5,359	1,770
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,359	1,770	5,359	1,770
Profit after taxation attributable to:				
Owners of the Company	5,359	1,770	5,359	1,770
Non-controlling Interests	-	-	-	-
	5,359	1,770	5,359	1,770
Total comprehensive income attributable to:				
Owners of the Company	5,359	1,770	5,359	1,770
Non-controlling Interests	-	-	-	-
	5,359	1,770	5,359	1,770
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	1.31	0.43	1.31	0.43
- diluted (sen)	1.31	0.43	1.31	0.43

(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 FIRST QUARTER ENDED 31 OCTOBER 2017**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	-	-	1,770	1,770
At 31 October 2016	205,176	25,722	232,550	463,448
At 1 August 2017	205,176	42,664	256,205	504,045
Total comprehensive income for the period	-	-	5,359	5,359
At 31 October 2017	205,176	42,664	261,564	509,404

(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 FIRST QUARTER ENDED 31 OCTOBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED 31.10.2017 RM'000	PERIOD ENDED 31.10.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,141	2,430
Adjustments for:		
Depreciation of property, plant and equipment and investment property	2,342	2,046
Gain on disposal of property, plant and equipment	(100)	(60)
Property, plant and equipment written off	580	34
Loss on dissolution of subsidiaries	-	71
Interest income	(74)	(107)
Interest expense	2,475	3,188
Operating profit before working capital changes	13,364	7,602
Inventories	(24,195)	18,456
Receivables	(6,447)	(2,252)
Payables	8,563	5,640
Amount due to directors	(200)	585
Net cash (used in)/generated from operations	(8,915)	30,031
Income tax paid	(3,224)	(2,664)
Net cash (used in)/generated from operating activities	(12,139)	27,367
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	74	107
Final distribution from dissolution of subsidiaries	-	(71)
Proceeds from disposal of property, plant and equipment	100	60
Purchase of property, plant and equipment	(3,668)	(2,343)
Net cash used in investing activities	(3,494)	(2,247)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,475)	(3,188)
(Placement)/withdrawal of fixed deposit	(5)	225
Net loans repaid	(1,556)	(568)
Placement of sinking fund	-	(18,000)
Increase in amount due to ultimate holding company	5	33
Repayment of finance lease creditors	(843)	(867)
Repayment of hire purchase creditors	(327)	(182)
Net cash used in financing activities	(5,201)	(22,547)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(20,834)	2,573
OPENING CASH AND CASH EQUIVALENTS	39,351	27,406
CLOSING CASH AND CASH EQUIVALENTS	18,517	29,979
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	6,185	13,680
Cash and bank balances	22,567	34,299
	28,752	47,979
Less: - Fixed deposits pledged to licensed banks	(235)	-
- Sinking fund	(10,000)	(18,000)
	18,517	29,979

(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 and new 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 2019
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
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
<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

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

No dividend was paid in the quarter under review.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 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 October 2016					
	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	7,190	178,279	2	-	185,471
Inter-segment Revenue	39,509	22,194	21,419	(83,122)	-
Total Revenue	46,699	200,473	21,421	(83,122)	185,471
Profit before taxation	2,283	18,696	5,574	(24,123)	2,430
Profit after taxation	1,735	18,521	5,412	(23,898)	1,770

Results for financial period ended 31 October 2017					
	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	8,458	212,450	17	-	220,925
Inter-segment Revenue	47,797	20,049	26,396	(94,242)	-
Total Revenue	56,255	232,499	26,413	(94,242)	220,925
Profit before taxation	3,364	5,645	(2,187)	1,319	8,141
Profit after taxation	2,556	4,273	(2,515)	1,045	5,359

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 October 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 first quarter under review was higher at RM220.925 million as compared to the revenue in the corresponding quarter last year of RM185.471 million. The increase of RM35.454 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 RM8.141 million as compared to the profit before tax of RM2.430 million in the corresponding quarter last year; an increase of RM5.711 million.

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

B2. Comparison with Preceding Quarter's Results (1st Quarter FYE 2018 vs 4th Quarter FYE 2017)

Financial Indicators:	Q1FYE2018	Q4FYE2017	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	220,925	259,983	(39,058)	-15%
Profit before taxation	8,141	14,760	(6,619)	-45%
Profit after taxation	5,359	14,324	(8,965)	-63%

The decrease in profit was due mainly to the lower 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 31.10.2017	Quarter Ended 31.10.2016	Period Ended 31.10.2017	Period Ended 31.10.2016
	RM'000	RM'000	RM'000	RM'000
Income taxation	2,508	886	2,508	886
Deferred taxation	274	(226)	274	(226)
	<u>2,782</u>	<u>660</u>	<u>2,782</u>	<u>660</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 FIRST QUARTER ENDED 31 OCTOBER 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 are as follows:

	Period Ended 31.10.2017 RM'000	Period Ended 31.10.2016 RM'000
Short-term Borrowings		
- Secured		
Other bank borrowings	107,450	106,469
Islamic Medium Term Notes ("IMTN")	10,000	30,000
Hire purchase and lease creditors	3,801	3,040
	<u>121,251</u>	<u>139,509</u>
- Unsecured		
Advance from Ultimate Holding Company	1,284	1,264
	<u>122,535</u>	<u>140,773</u>
Long-term Borrowings		
- Secured		
Term loans	9,022	10,275
Islamic Medium Term Notes ("IMTN")	50,000	70,000
Hire purchase and lease creditors	4,661	812
	<u>63,683</u>	<u>81,087</u>
Total	<u>186,218</u>	<u>221,860</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 31.10.2017 (RM'000)	Period Ended 31.10.2016 (RM'000)
Total retained profits of the Company and its subsidiaries:		
- Realised	403,631	372,557
- Unrealised	(5,052)	(2,974)
	<u>398,579</u>	<u>369,583</u>
- Less: Consolidated adjustments	(137,015)	(137,033)
Total group retained profits as per consolidated accounts	<u>261,564</u>	<u>232,550</u>

B9. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.10.2017 RM'000	Quarter Ended 31.10.2016 RM'000	Period Ended 31.10.2017 RM'000	Period Ended 31.10.2016 RM'000
Interest income	(74)	(107)	(74)	(107)
Gain on disposal of property, plant and equipment	(100)	(60)	(100)	(60)
Loss on dissolution of subsidiaries	-	71	-	71
Interest expense	2,475	3,188	2,475	3,188
Depreciation of property, plant and equipment and investment property	2,342	2,046	2,342	2,046
Property, plant and equipment written off	580	34	580	34

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 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 current quarter under review.

B12. Earnings Per Share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Quarter Ended 31.10.2017	Quarter Ended 31.10.2016	Period Ended 31.10.2017	Period Ended 31.10.2016
Profit after taxation for basic earnings per share (RM'000)	5,359	1,770	5,359	1,770
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>1.31</u>	<u>0.43</u>	<u>1.31</u>	<u>0.43</u>
-diluted (sen)	<u>1.31</u>	<u>0.43</u>	<u>1.31</u>	<u>0.43</u>

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

Executive Chairman / Group Managing Director
7 December 2017
Petaling Jaya