

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2018**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	AS AT 31.1.2018 RM'000	AS AT 31.7.2017 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	129,849	126,777
Investment properties	13,283	8,757
Other investments	528	528
Goodwill on consolidation	1,485	1,485
Deferred tax assets	9,077	8,659
	154,222	146,206
CURRENT ASSETS		
Inventories	603,729	540,128
Trade and other receivables	10,900	7,711
Deposits and prepayments	15,246	14,401
Current tax assets	238	243
Fixed deposits placed with licensed banks	15,185	11,180
Cash and bank balances	14,354	38,401
	659,652	612,064
TOTAL ASSETS	813,874	758,270
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	205,176	205,176
Reserves	304,934	298,869
TOTAL EQUITY	510,110	504,045
NON-CURRENT LIABILITIES		
Long-term borrowings	17,013	62,750
Deferred tax liabilities	13,437	13,437
	30,450	76,187
CURRENT LIABILITIES		
Trade and other payables	34,984	19,287
Deposits and accruals	15,289	15,501
Deferred income	6,352	6,758
Provision for restoration costs	200	200
Dividend payable	4,104	-
Amount due to ultimate holding company	1,289	1,279
Amount due to directors (Note 1)	3,113	3,413
Short-term borrowings	202,586	124,911
Current tax liabilities	5,397	6,689
	273,314	178,038
TOTAL LIABILITIES	303,764	254,225
TOTAL EQUITY AND LIABILITIES	813,874	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 Statements¹ for the year ended 31 July 2017)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2018**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.1.2018 RM'000	QUARTER ENDED 31.1.2017 RM'000	PERIOD ENDED 31.1.2018 RM'000	PERIOD ENDED 31.1.2017 RM'000
Revenue	269,981	226,315	490,906	411,786
Other operating income	1,387	827	2,228	1,737
Operating expenses	(262,281)	(215,322)	(473,431)	(396,085)
Profit from operations	9,087	11,820	19,703	17,438
Finance costs	(3,275)	(3,375)	(5,750)	(6,563)
Profit before taxation	5,812	8,445	13,953	10,875
Taxation	(1,002)	(2,373)	(3,784)	(3,033)
Profit after taxation	4,810	6,072	10,169	7,842
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,810	6,072	10,169	7,842
Profit after taxation attributable to:				
Owners of the Company	4,810	6,072	10,169	7,842
Non-controlling Interests	-	-	-	-
	4,810	6,072	10,169	7,842
Total comprehensive income attributable to:				
Owners of the Company	4,810	6,072	10,169	7,842
Non-controlling Interests	-	-	-	-
	4,810	6,072	10,169	7,842
Earnings per share attributable to				
Owners of the Company				
- basic (sen)	1.17	1.48	2.48	1.91
- diluted (sen)	1.17	1.48	2.48	1.91

(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 SECOND QUARTER ENDED 31 JANUARY 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	-	-	7,842	7,842
Dividends	-	-	(4,104)	(4,104)
At 31 January 2017	205,176	25,722	234,518	465,416
At 1 August 2017	205,176	42,664	256,205	504,045
Total comprehensive income for the period	-	-	10,169	10,169
Dividends	-	-	(4,104)	(4,104)
At 31 January 2018	205,176	42,664	262,270	510,110

(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 SECOND QUARTER ENDED 31 JANUARY 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED 31.1.2018 RM'000	PERIOD ENDED 31.1.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,953	10,875
Adjustments for:		
Depreciation of property, plant and equipment and investment property	4,764	4,448
Gain on disposal of property, plant and equipment	(670)	(60)
Property, plant and equipment written off	585	230
Loss on dissolution of subsidiaries	-	80
Dividend income	(300)	(600)
Interest income	(130)	(141)
Interest expense	5,750	6,563
Operating profit before working capital changes	23,952	21,395
Inventories	(63,601)	31,912
Receivables	(4,034)	(3,524)
Payables	15,079	13,668
Amount due to directors	(300)	(798)
Net cash (used in)/generated from operations	(28,904)	62,653
Income tax paid	(5,491)	(4,146)
Net cash (used in)/generated from operating activities	(34,395)	58,507
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	130	141
Dividend received	300	600
Final distribution from dissolution of subsidiaries	-	(80)
Proceeds from disposal of property, plant and equipment	822	63
Purchase of property, plant and equipment	(4,972)	(6,583)
Net cash used in investing activities	(3,720)	(5,859)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(5,750)	(6,563)
Placement of fixed deposit	(5)	-
Net loans drawdown/(repaid)	26,236	(9,645)
Withdrawal of sinking fund	10,000	-
Increase in amount due to ultimate holding company	10	38
Repayment of finance lease creditors	(1,763)	(1,636)
Repayment of hire purchase creditors	(660)	(365)
Net cash generated from/(used in) financing activities	28,068	(18,171)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(10,047)	34,477
OPENING CASH AND CASH EQUIVALENTS	39,351	27,406
CLOSING CASH AND CASH EQUIVALENTS	29,304	61,883
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	15,185	22,500
Cash and bank balances	14,354	39,383
	29,539	61,883
Less: - Fixed deposits pledged to licensed banks	(235)	-
	29,304	61,883

(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 SECOND QUARTER ENDED 31 JANUARY 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 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 SECOND QUARTER ENDED 31 JANUARY 2018**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 January 2017					
	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	9,732	401,888	166	-	411,786
Inter-segment Revenue	94,519	43,004	47,885	(185,408)	-
Total Revenue	104,251	444,892	48,051	(185,408)	411,786
Profit before taxation	5,184	34,515	2,504	(31,328)	10,875
Profit after taxation	3,940	31,502	1,920	(29,520)	7,842

Results for financial period ended 31 January 2018					
	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	21,250	441,481	28,175	-	490,906
Inter-segment Revenue	118,993	43,947	96,026	(258,966)	-
Total Revenue	140,243	485,428	124,201	(258,966)	490,906
Profit before taxation	1,575	11,672	(1,556)	2,262	13,953
Profit after taxation	1,197	9,031	(2,395)	2,336	10,169

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 January 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.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2018**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS****B1. Review of Performance**

The Group's revenue for the second quarter under review was higher at RM269.981 million as compared to the revenue in the corresponding quarter last year of RM226.315 million. The increase of RM43.666 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 RM5.812 million as compared to the profit before tax of RM8.445 million in the corresponding quarter last year; a decrease of RM2.633 million.

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

B2. Comparison with Preceding Quarter's Results (2nd Quarter FYE 2018 vs 1st Quarter FYE 2018)

Financial Indicators:	Q2FYE2018	Q1FYE2018	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	269,981	220,925	49,056	22%
Profit before taxation	5,812	8,141	(2,329)	-29%
Profit after taxation	4,810	5,359	(549)	-10%

The increase in revenue was due mainly to an increase in demand of gold investment products. The decrease in profit before tax was attributed to the fluctuation in gold price 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
	31.1.2018	31.1.2017	31.1.2018	31.1.2017
	RM'000	RM'000	RM'000	RM'000
Income taxation	1,694	3,955	4,202	4,841
Deferred taxation	(692)	(1,582)	(418)	(1,808)
	1,002	2,373	3,784	3,033

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 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 31.1.2018 RM'000	Period Ended 31.1.2017 RM'000
Short-term Borrowings		
- Secured		
Other bank borrowings	148,489	123,998
Islamic Medium Term Notes ("IMTN")	50,000	20,000
Hire purchase and lease creditors	4,097	4,389
	<u>202,586</u>	<u>148,387</u>
- Unsecured		
Advance from Ultimate Holding Company	1,289	1,269
	<u>203,875</u>	<u>149,656</u>
Long-term Borrowings		
- Secured		
Term loans	12,453	9,956
Islamic Medium Term Notes ("IMTN")	-	50,000
Hire purchase and lease creditors	4,560	2,230
	<u>17,013</u>	<u>62,186</u>
Total	<u>220,888</u>	<u>211,842</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 31.1.2018 (RM'000)	Period Ended 31.1.2017 (RM'000)
Total retained profits of the Company and its subsidiaries:		
- Realised	402,354	370,792
- Unrealised	(4,360)	(1,392)
	<u>397,994</u>	<u>369,400</u>
- Less: Consolidated adjustments	(135,724)	(134,882)
Total group retained profits as per consolidated accounts	<u>262,270</u>	<u>234,518</u>

B9. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.1.2018 RM'000	Quarter Ended 31.1.2017 RM'000	Period Ended 31.1.2018 RM'000	Period Ended 31.1.2017 RM'000
Interest income	(56)	(34)	(130)	(141)
Dividend income	(300)	(600)	(300)	(600)
Gain on disposal of property, plant and equipment	(570)	-	(670)	(60)
Loss on dissolution of subsidiaries	-	9	-	80
Interest expense	3,275	3,375	5,750	6,563
Depreciation of property, plant and equipment and investment property	2,422	2,402	4,764	4,448
Property, plant and equipment written off	5	196	585	230

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2018

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.1.2018	Quarter Ended 31.1.2017	Period Ended 31.1.2018	Period Ended 31.1.2017
Profit after taxation for basic earnings per share (RM'000)	4,810	6,072	10,169	7,842
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	1.17	1.48	2.48	1.91
-diluted (sen)	1.17	1.48	2.48	1.91

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

Executive Chairman / Group Managing Director

12 March 2018

Petaling Jaya