

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.10.2013 (Unaudited) RM'000	AS AT 31.7.2013 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	118,939	119,254
Investment property	202	240
Other investments	528	528
Goodwill on consolidation	1,485	1,485
Deferred tax assets	5,886	6,335
	127,040	127,842
CURRENT ASSETS		
Inventories	581,921	569,447
Trade receivables	1,284	1,506
Non-trade receivables	17,310	13,505
Tax assets	11,835	10,714
Fixed deposits with licensed banks	486	18,026
Cash and bank balances	19,459	22,306
	632,295	635,504
TOTAL ASSETS	759,335	763,346
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	205,176	205,176
Reserves	241,985	237,340
TOTAL EQUITY	447,161	442,516
NON-CURRENT LIABILITIES		
Long-term borrowings	145,138	140,480
Deferred tax liabilities	10,717	10,717
	155,855	151,197
CURRENT LIABILITIES		
Trade payables	15,622	13,329
Non-trade payables	27,876	33,362
Advance from Ultimate Holding Company	300	300
Amount due to directors (Note 1)	3,699	3,599
Short-term borrowings	108,417	118,648
Provision for taxation	405	395
	156,319	169,633
TOTAL LIABILITIES	312,174	320,830
TOTAL EQUITY AND LIABILITIES	759,335	763,346
Net assets per share attributable to ordinary equity owners of the Company (RM)	1.09	1.08

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 2013)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2013**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.10.2013 RM'000	QUARTER ENDED 31.10.2012 RM'000	PERIOD ENDED 31.10.2013 RM'000	PERIOD ENDED 31.10.2012 RM'000
Revenue	180,125	194,730	180,125	194,730
Other operating income	492	619	492	619
Operating expenses	(171,013)	(175,638)	(171,013)	(175,638)
Profit from operations	9,604	19,711	9,604	19,711
Finance costs	(3,351)	(3,812)	(3,351)	(3,812)
Profit before taxation	6,253	15,899	6,253	15,899
Taxation	(1,608)	(4,184)	(1,608)	(4,184)
Profit after taxation	4,645	11,715	4,645	11,715
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,645	11,715	4,645	11,715
Attributable to:--				
Equity holders of the Company	4,645	11,715	4,645	11,715
Non-controlling Interests	-	-	-	-
	4,645	11,715	4,645	11,715
Earnings per share attributable to equity holders of the Company - basic (sen)	1.13	2.85	1.13	2.85

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2013)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Attributable to equity holders 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 2012	205,176	4,221	182,421	391,818
Total comprehensive income for the year	-	-	11,715	11,715
At 31 October 2012	205,176	4,221	194,136	403,533
At 1 August 2013	205,176	27,105	210,235	442,516
Total comprehensive income for the year	-	-	4,645	4,645
At 31 October 2013	205,176	27,105	214,880	447,161

(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 2013)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2013**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	CUMULATIVE QUARTER	
	PERIOD	PERIOD
	ENDED	ENDED
	31.10.2013	31.10.2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,253	15,899
Adjustments for:		
Depreciation of property, plant and equipment	2,563	2,492
Gain on disposal of property, plant and equipment	(74)	(32)
Property, plant and equipment written off	151	-
Short-term accumulating compensated absences	(241)	(104)
Dividend received	(150)	-
Reversal of allowance for impairment on receivables	(28)	(62)
Interest income	(4)	(14)
Interest expense	4,941	3,812
Operating profit before working capital changes	13,411	21,991
Inventories	(12,474)	(15,560)
Trade receivables	250	(297)
Non-trade receivables	(3,805)	(142)
Trade payables	2,293	(9,011)
Non-trade payables	(4,595)	(3,244)
Amount due to directors	100	968
Net cash used in operations	(4,820)	(5,295)
Income tax paid	(2,165)	(4,229)
Net cash used in operating activities	(6,985)	(9,524)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	4	14
Dividend received	150	-
Proceeds from disposal of property, plant and equipment	85	32
Purchase of property, plant and equipment	(3,128)	(1,704)
Net cash used in investing activities	(2,889)	(1,658)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(4,941)	(3,812)
Net loans raised	(9,536)	22,935
Repayment to lease creditors	(426)	(721)
Repayment to hire purchase creditors	(369)	(349)
Net cash (used in) / generated from financing activities	(15,272)	18,053
NET INCREASE IN CASH AND CASH EQUIVALENTS	(25,146)	6,871
OPENING CASH AND CASH EQUIVALENTS	39,329	14,819
CLOSING CASH AND CASH EQUIVALENTS	14,183	21,690
Cash and cash equivalents comprise the following:		
Fixed deposit with licensed banks	456	1
Cash and bank balances	19,459	28,585
Bank overdrafts	(5,732)	(6,896)
	14,183	21,690

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2013)

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 2013.

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 2013 except for the following new Malaysian Financial Reporting Standards ("MFRSs") and amendments / improvements to MFRSs that have been issued but not yet effective for the Group:-

<u>New MFRS</u>	<u>Effective for financial periods beginning on or after</u>
MFRS 9 Financial Instruments	1 January 2015
<u>Amendments / Improvements to MFRSs</u>	
MFRS 10 Consolidated Financial Statements	1 January 2014
MFRS 12 Disclosure of Interests in Other Entities	1 January 2014
MFRS 127 Separate Financial Statements	1 January 2014
MFRS 132 Financial Instruments: Presentation	1 January 2014

The adoption of the above New MFRS 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 traditional 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 2013**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 and precious stones

Others: Investment holding

Results for first quarter ended 31 October 2013					
	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	36	179,505	584		180,125
Inter-segment Revenue	61,477	22,277	20,260	(104,014)	-
Total Revenue	61,513	201,782	20,844	(104,014)	180,125
Profit before taxation	2,600	148	271	3,234	6,253
Profit after taxation	1,950	66	(157)	2,786	4,645

Results for first quarter ended 31 October 2012					
	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	22	194,700	8		194,730
Inter-segment Revenue	78,567	99,004	21,996	(199,567)	-
Total Revenue	78,589	293,704	22,004	(199,567)	194,730
Profit before taxation	4,396	11,186	(1,643)	1,960	15,899
Profit after taxation	3,297	8,481	(2,023)	1,960	11,715

A9. Valuations of Property, Plant and Equipment

The Group did not carry out any valuations 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.

In addition to the above, the Company has granted additional corporate guarantees of RM11,900,000 in the current quarter. As at 31 October 2013, a total of RM172,001,999 corporate guarantees has been given in support of banking facilities granted to subsidiary companies; a total of RM8,000,000 corporate guarantee has been given to third party in respect of leasing and hire purchase facilities; a total of RM7,474,928 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 FIRST QUARTER ENDED 31 OCTOBER 2013**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 lower at RM180.125 million as compared to the revenue in the corresponding quarter last year of RM194.730 million; a decrease of RM14.605 million. The decrease in revenue was due mainly to the fall in demand of gold products, such as gold bars, wafers and gold jewellery. The volatility of gold prices had also affected consumer sentiment in the purchase of gold jewellery during the quarter under review.

The Group's profit before tax in the current quarter at RM6.253 million was lower as compared to the profit before tax of RM15.899 million in the corresponding quarter last year; a decrease of RM9.646 million. The decrease in profit before tax was due mainly to the decrease in revenue and the fluctuation in gold price, resulting in a thinner profit margin from gold revenue.

The Group's revenue is largely derived from retail segment while the manufacturing segment supplies the finished gold jewellery to the retail segment.

B2. Comparison with Preceding Quarter's Results (1st Quarter FYE 2014 vs 4th Quarter FYE 2013)

Financial Indicators:	Q1FYE2014	Q4FYE2013	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	180,125	304,062	(123,937)	-41%
Profit before taxation	6,253	4,703	1,550	33%
Profit after taxation	4,645	8,707	(4,062)	-47%

The decrease in revenue was due mainly to a decrease in demand of gold products and the absence of gold rush, which occurred in the fourth quarter of financial year ended 31 July 2013. The decrease in profit before tax was attributed to the decrease in revenue and the fluctuation in gold price during the quarter under review.

B3. Current Year Prospects

The Group will continue its drive to build a larger market share by enhancing and differentiating its product offerings to larger and targeted market segments and to search for right products at favourable price points and mix to add value to consumers. Towards this purpose, the Group is actively evaluating various initiatives and opportunities to attract new customers through the introduction of new product designs and enhanced customer service.

Despite the challenging economic outlook next year, which may affect the private sector's performance, the Group will continue its promotional efforts to encourage more shoppers, especially in conjunction with Visit Malaysia Year 2014.

Barring unforeseen circumstances, the Board of Directors remains cautiously optimistic of the Group's performance for financial year ending 31 July 2014.

B4. Profit Forecast

Not applicable as the Group did not publish any profit forecast.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2013**B5. Taxation**

	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31.10.2013	31.10.2012	31.10.2013	31.10.2012
	RM'000	RM'000	RM'000	RM'000
Income taxation	2,057	4,184	2,057	4,184
Deferred taxation	(449)	-	(449)	-
	<u>1,608</u>	<u>4,184</u>	<u>1,608</u>	<u>4,184</u>

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

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 October 2013 are as follows:-

	RM'000
Short-term Borrowings	
- Secured	
Bank overdraft	5,732
Other bank borrowings	<u>100,127</u>
	105,859
- Unsecured	
Hire purchase and lease creditors	2,558
Advance from Ultimate Holding Company	<u>300</u>
	108,717
Long-term Borrowings	
- Secured	
Term loans	11,947
Islamic Medium Term Notes ("IMTN")	<u>130,000</u>
	141,947
- Unsecured	
Hire purchase and lease creditors	<u>3,191</u>
	145,138
Total	<u>253,855</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	Period Ended
	31.10.2013	31.10.2012
	(RM'000)	(RM'000)
Total retained earnings of the Company and its subsidiaries:		
- Realised	365,770	331,222
- Unrealised	<u>(4,831)</u>	<u>18,247</u>
	360,939	349,469
- Less: Consolidated adjustments	<u>(146,059)</u>	<u>(155,333)</u>
Total group retained earnings as per consolidated accounts	<u>214,880</u>	<u>194,136</u>

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2013**B9. Profit Before Taxation**

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31.10.2013	31.10.2012	31.10.2013	31.10.2012
	RM'000	RM'000	RM'000	RM'000
Interest income	(4)	(14)	(4)	(14)
Dividend income	(150)	-	(150)	-
Gain on disposal of property, plant and equipment	(74)	(32)	(74)	(32)
Interest expense	4,941	3,812	4,941	3,812
Depreciation and amortization	2,563	2,492	2,563	2,492
Reversal of allowance for impairment on receivables	(28)	(62)	(28)	(62)
Property, plant and equipment written off	151	-	151	-

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 quarter under review.

B12. Earnings Per Share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31.10.2013	31.10.2012	31.10.2013	31.10.2012
Profit after taxation for basic earnings per share (RM'000)	4,645	11,715	4,645	11,715
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
Basic earnings per share (sen)	<u>1.13</u>	<u>2.85</u>	<u>1.13</u>	<u>2.85</u>

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

Executive Chairman / Group Managing Director

19 December 2013

Petaling Jaya