

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30.4.2014 (Unaudited) RM'000	AS AT 31.7.2013 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	117,638	119,254
Investment property	232	240
Other investments	528	528
Goodwill on consolidation	1,485	1,485
Deferred tax assets	7,413	6,335
	127,296	127,842
CURRENT ASSETS		
Inventories	604,392	569,447
Trade receivables	1,772	1,506
Non-trade receivables	16,807	13,505
Tax assets	7,348	10,714
Fixed deposits with licensed banks	210	18,026
Cash and bank balances	22,124	22,306
	652,653	635,504
TOTAL ASSETS	779,949	763,346
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	205,176	205,176
Reserves	241,657	237,340
TOTAL EQUITY	446,833	442,516
NON-CURRENT LIABILITIES		
Long-term borrowings	153,785	140,480
Deferred tax liabilities	10,717	10,717
	164,502	151,197
CURRENT LIABILITIES		
Trade payables	13,862	13,329
Non-trade payables	23,484	33,362
Advance from Ultimate Holding Company	300	300
Amount due to directors (Note 1)	1,663	3,599
Short-term borrowings	129,037	118,648
Provision for taxation	268	395
	168,614	169,633
TOTAL LIABILITIES	333,116	320,830
TOTAL EQUITY AND LIABILITIES	779,949	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 THIRD QUARTER ENDED 30 APRIL 2014**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.4.2014 RM'000	QUARTER ENDED 30.4.2013 RM'000	PERIOD ENDED 30.4.2014 RM'000	PERIOD ENDED 30.4.2013 RM'000
Revenue	183,121	279,116	590,160	671,722
Other operating income	379	150	1,412	1,269
Operating expenses	(174,042)	(268,708)	(567,093)	(626,100)
Profit from operations	9,458	10,558	24,479	46,891
Finance costs	(3,823)	(3,121)	(10,974)	(11,241)
Profit before taxation	5,635	7,437	13,505	35,650
Taxation	(1,510)	(2,434)	(3,443)	(9,832)
Profit after taxation	4,125	5,003	10,062	25,818
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,125	5,003	10,062	25,818
Attributable to:--				
Equity holders of the Company	4,125	5,003	10,062	25,818
Non-controlling Interests	-	-	-	-
	4,125	5,003	10,062	25,818
Earnings per share attributable to equity holders of the Company				
- basic (sen)	1.01	1.22	2.45	6.29
- diluted (sen)	1.01	1.22	2.45	6.29

(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 THIRD QUARTER ENDED 30 APRIL 2014

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	-	-	25,818	25,818
Dividend	-	-	(6,155)	(6,155)
At 30 April 2013	205,176	4,221	202,084	411,481
At 1 August 2013	205,176	27,105	210,235	442,516
Total comprehensive income for the year	-	-	10,062	10,062
Dividend	-	-	(5,745)	(5,745)
At 30 April 2014	205,176	27,105	214,552	446,833

(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 THIRD QUARTER ENDED 30 APRIL 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED 30.4.2014 RM'000	PERIOD ENDED 30.4.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,505	35,650
Adjustments for:		
Depreciation of property, plant and equipment	7,717	7,560
Gain on disposal of property, plant and equipment	(168)	(117)
Loss on disposal of property, plant and equipment	5	30
Property, plant and equipment written off	758	412
Short-term accumulating compensated absences	(288)	(131)
Dividend received	(300)	(300)
Inventories loss	-	4
Allowance for impairment on receivables	-	693
Reversal of allowance for impairment on receivables	(181)	-
Interest income	(63)	(46)
Interest expense	10,974	11,241
Operating profit before working capital changes	31,959	54,996
Inventories	(34,945)	4,663
Trade receivables	(85)	(1,028)
Non-trade receivables	(3,302)	(6,118)
Trade payables	533	(3,076)
Non-trade payables	(8,953)	17,756
Amount due to directors	(1,920)	(315)
Net cash (used in) / generated from operations	(16,713)	66,878
Income tax paid	(1,178)	(15,490)
Net cash (used in) / generated from operating activities	(17,891)	51,388
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	63	37
Dividend received	300	300
Fixed deposits withdrawn	-	419
Proceeds from disposal of property, plant and equipment	206	218
Purchase of property, plant and equipment	(5,552)	(4,387)
Net cash used in investing activities	(4,983)	(3,413)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(10,974)	(11,241)
Net loans raised	19,965	42,000
Dividend paid	(5,745)	(6,155)
Repayment to lease creditors	(1,930)	(2,114)
Repayment to hire purchase creditors	(1,200)	(1,286)
Net cash generated from financing activities	116	21,204
NET INCREASE IN CASH AND CASH EQUIVALENTS	(22,758)	69,179
OPENING CASH AND CASH EQUIVALENTS	39,329	14,819
CLOSING CASH AND CASH EQUIVALENTS	16,571	83,998
Cash and cash equivalents comprise the following:		
Fixed deposit with licensed banks	180	2,500
Cash and bank balances	22,124	83,437
Bank overdrafts	(5,733)	(1,939)
	16,571	83,998

(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 low 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 7 March 2014, the Company paid a First and Final Single Tier dividend of 1.40 sen per ordinary share amounting to RM5,744,925 in respect of the financial year ended 31 July 2013.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2014**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 second quarter ended 30 April 2014					
	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	16	588,706	1,438		590,160
Inter-segment Revenue	237,590	72,009	65,145	(374,744)	-
Total Revenue	237,606	660,715	66,583	(374,744)	590,160
Profit before taxation	8,017	3,676	(2,064)	3,876	13,505
Profit after taxation	6,013	2,598	(3,504)	4,955	10,062

Results for second quarter ended 30 April 2013					
	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	152	668,865	2,705		671,722
Inter-segment Revenue	249,110	170,627	66,637	(486,374)	-
Total Revenue	249,262	839,492	69,342	(486,374)	671,722
Profit before taxation	5,008	25,170	(2,606)	8,078	35,650
Profit after taxation	3,756	18,189	(4,095)	7,968	25,818

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 first quarter. As at 30 April 2014, 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 THIRD QUARTER ENDED 30 APRIL 2014**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS****B1. Review of Performance**

The Group's revenue for the third quarter under review was lower at RM183.121 million as compared to the revenue in the corresponding quarter last year of RM279.116 million; a decrease of RM95.995 million due to the absence of gold rush and weak market sentiment.

The major revenue contributors are gold jewellery and gold investment products during the quarter under review.

The Group's profit before tax in the current quarter at RM5.635 million was lower as compared to the profit before tax of RM7.437 million in the corresponding quarter last year; a decrease of RM1.802 million. The decrease in profit before tax was due mainly to the decrease in sales volume as compared to corresponding quarter last year.

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 (3rd Quarter FYE 2014 vs 2nd Quarter FYE 2014)

Financial Indicators:	Q3FYE2014	Q2FYE2014	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	183,121	226,914	(43,793)	-19%
Profit before taxation	5,635	1,617	4,018	248%
Profit after taxation	4,125	1,292	2,833	219%

The decrease in revenue was due mainly to the absence of festive spending season. The stabilisation of gold price had improved profit margin from gold revenue 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 and retain existing customers through the introduction of new product designs and enhanced customer service.

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 THIRD QUARTER ENDED 30 APRIL 2014**B5. Taxation**

	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	30.4.2014	30.4.2013	30.4.2014	30.4.2013
	RM'000	RM'000	RM'000	RM'000
Income taxation	2,605	2,434	4,521	9,832
Deferred taxation	(1,095)	-	(1,078)	-
	<u>1,510</u>	<u>2,434</u>	<u>3,443</u>	<u>9,832</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 30 April 2014 are as follows:-

	RM'000
Short-term Borrowings	
- Secured	
Bank overdraft	5,733
Other bank borrowings	<u>119,933</u>
	125,666
- Unsecured	
Hire purchase and lease creditors	3,371
Advance from Ultimate Holding Company	<u>300</u>
	129,337
Long-term Borrowings	
- Secured	
Term loans	11,643
Islamic Medium Term Notes ("IMTN")	<u>140,000</u>
	151,643
- Unsecured	
Hire purchase and lease creditors	<u>2,142</u>
	153,785
Total	<u>283,122</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
	30.4.2014	30.4.2013
	(RM'000)	(RM'000)
Total retained earnings of the Company and its subsidiaries:		
- Realised	363,902	339,661
- Unrealised	<u>(5,460)</u>	<u>12,129</u>
	358,442	351,790
- Less: Consolidated adjustments	<u>(143,890)</u>	<u>(149,706)</u>
Total group retained earnings as per consolidated accounts	<u>214,552</u>	<u>202,084</u>

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2014**B9. Profit Before Taxation**

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Period Ended</u>	<u>Period Ended</u>
	30.4.2014	30.4.2013	30.4.2014	30.4.2013
	RM'000	RM'000	RM'000	RM'000
Interest income	(10)	(21)	(63)	(46)
Dividend income	-	-	(300)	(300)
Gain on disposal of property, plant and equipment	(73)	(38)	(168)	(117)
Loss on disposal of property, plant and equipment	5	24	5	30
Interest expense	3,823	3,121	10,974	11,241
Depreciation and amortization	2,553	2,569	7,717	7,560
Reversal of allowance for impairment on receivables	(17)	62	(181)	-
Allowance for impairment on receivables	-	693	-	693
Property, plant and equipment written off	607	222	758	412
Inventories loss	-	-	-	4

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>	
	<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Period Ended</u>	<u>Period Ended</u>
	30.4.2014	30.4.2013	30.4.2014	30.4.2013
Profit after taxation for basic earnings per share (RM'000)	4,125	5,003	10,062	25,818
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>1.01</u>	<u>1.22</u>	<u>2.45</u>	<u>6.29</u>
-diluted (sen)	<u>1.01</u>	<u>1.22</u>	<u>2.45</u>	<u>6.29</u>

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

Executive Chairman / Group Managing Director

10 June 2014

Petaling Jaya