

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.10.2015 RM'000	AS AT 31.7.2015 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	111,480	111,469
Other investments	528	528
Goodwill on consolidation	1,485	1,485
Deferred tax assets	7,350	6,250
	120,843	119,732
CURRENT ASSETS		
Inventories	569,610	553,548
Trade receivables	1,827	4,755
Non-trade receivables	18,390	17,093
Tax assets	1,677	2,360
Fixed deposits with licensed banks	224	7,610
Cash and bank balances	41,735	30,645
	633,463	616,011
TOTAL ASSETS	754,306	735,743
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	205,176	205,176
Reserves	254,264	253,928
TOTAL EQUITY	459,440	459,104
NON-CURRENT LIABILITIES		
Long-term borrowings	102,576	103,914
Deferred tax liabilities	10,825	11,391
	113,401	115,305
CURRENT LIABILITIES		
Trade payables	8,251	5,659
Non-trade payables	25,974	25,356
Advance from Ultimate Holding Company	1,244	1,239
Amount due to directors (Note 1)	1,787	1,847
Short-term borrowings	139,221	122,692
Tax payable	4,988	4,541
	181,465	161,334
TOTAL LIABILITIES	294,866	276,639
TOTAL EQUITY AND LIABILITIES	754,306	735,743
Net assets per share attributable to ordinary equity owners of the Company (RM)	1.12	1.12

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 2015)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.10.2015 RM'000	QUARTER ENDED 31.10.2014 RM'000	PERIOD ENDED 31.10.2015 RM'000	PERIOD ENDED 31.10.2014 RM'000
Revenue	172,297	193,953	172,297	193,953
Other operating income	309	604	309	604
Operating expenses	(168,440)	(186,664)	(168,440)	(186,664)
Profit from operations	4,166	7,893	4,166	7,893
Finance costs	(3,679)	(3,322)	(3,679)	(3,322)
Profit before taxation	487	4,571	487	4,571
Taxation	(151)	(1,484)	(151)	(1,484)
Profit after taxation	336	3,087	336	3,087
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	336	3,087	336	3,087
Attributable to:--				
Equity holders of the Company	336	3,087	336	3,087
Non-controlling Interests	-	-	-	-
	336	3,087	336	3,087
Earnings per share attributable to equity holders of the Company				
- basic (sen)	0.08	0.75	0.08	0.75
- diluted (sen)	0.08	0.75	0.08	0.75

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Attributable to equity holders of the Company</u>			
	<u>Share</u> <u>Capital</u>	<u>Non-distributable</u> <u>Revaluation</u> <u>Reserve</u>	<u>Distributable</u> <u>Retained</u> <u>Profits</u>	<u>Total</u> <u>equity</u>
	RM'000	RM'000	RM'000	RM'000
At 1 August 2014	205,176	25,905	217,800	448,881
Total comprehensive income for the year	-	-	3,087	3,087
At 31 October 2014	205,176	25,905	220,887	451,968
At 1 August 2015	205,176	25,722	228,206	459,104
Total comprehensive income for the year	-	-	336	336
At 31 October 2015	205,176	25,722	228,542	459,440

(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 2015)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED 31.10.2015 RM'000	PERIOD ENDED 31.10.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	487	4,571
Adjustments for:		
Depreciation of property, plant and equipment	2,351	2,573
(Gain) / Loss on disposal of property, plant and equipment	(43)	3
Property, plant and equipment written off	38	1
Short-term accumulating compensated absences	-	335
Dividend received	(300)	-
Gain on disposal of subsidiary company	-	(308)
Reversal of allowance for impairment on receivables	(2)	(162)
Interest income	(110)	(8)
Interest expense	3,679	3,322
Operating profit before working capital changes	6,100	10,327
Inventories	(16,062)	35,597
Receivables	1,633	(182)
Payables	3,210	2,572
Amount due to directors	(60)	569
Net cash (used in) / generated from operations	(5,179)	48,883
Income tax refund	672	-
Income tax paid	(1,360)	(1,033)
Net cash (used in) / generated from operating activities	(5,867)	47,850
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	96	8
Dividend received	300	-
Proceeds from disposal of property, plant and equipment	96	11
Proceeds from disposal of subsidiary company	-	505
Purchase of property, plant and equipment	(2,452)	(1,553)
Net cash used in investing activities	(1,960)	(1,029)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(3,679)	(3,322)
Net loans raised / (repaid)	16,138	(54,757)
Placement of sinking fund	(14,000)	-
Increase in amount due to ultimate holding company	5	-
Repayment to finance lease creditors	(744)	(223)
Repayment to hire purchase creditors	(301)	(578)
Net cash used in financing activities	(2,581)	(58,880)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(10,408)	(12,059)
OPENING CASH AND CASH EQUIVALENTS	35,877	37,918
CLOSING CASH AND CASH EQUIVALENTS	25,469	25,859
Cash and cash equivalents comprise the following:		
Fixed deposit with licensed banks	-	180
Cash and bank balances	41,735	26,714
Bank overdrafts	(266)	(1,035)
	41,469	25,859
Less: Sinking fund	(16,000)	-
	25,469	25,859

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2015**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 2015.

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 2015 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 2017
 <u>Amendments / Improvements to MFRSs</u>		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interests in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

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.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2015**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.

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 2014

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	27	193,925	1	-	193,953
Inter-segment Revenue	60,111	27,339	15,676	(103,126)	-
Total Revenue	60,138	221,264	15,677	(103,126)	193,953
Profit before taxation	1,616	5,652	(1,523)	(1,174)	4,571
Profit after taxation	1,228	5,652	(1,696)	(2,097)	3,087

Results for financial period ended 31 October 2015

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	4,827	167,465	5	-	172,297
Inter-segment Revenue	56,619	22,338	22,631	(101,588)	-
Total Revenue	61,446	189,803	22,636	(101,588)	172,297
Profit before taxation	4,607	(1,791)	(1,247)	(1,082)	487
Profit after taxation	3,501	(2,093)	(1,599)	527	336

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2015

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.

As at 31 October 2015, a total of RM164,601,999 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 RM4,040,074 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 2015**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 RM172.297 million as compared to the revenue in the corresponding quarter last year of RM193.953 million; a decrease of RM21.656 million due mainly to a weak market sentiment, decreased in demand of gold investment products and jewellery products during the quarter under review.

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 RM0.487 million as compared to the profit before tax of RM4.571 million in the corresponding quarter last year; a decrease of RM4.084 million. It was due to the decrease in sales volume during the quarter under review.

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 2016 vs 4th Quarter FYE 2015)

Financial Indicators:	Q1FYE2016	Q4FYE2015	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	172,297	184,959	(12,662)	-7%
Profit / (Loss) before taxation	487	(2,007)	2,494	124%
Profit / (Loss) after taxation	336	(5,045)	5,381	107%

The demand for gold jewellery did not increase during the quarter under review. Nevertheless, the higher gold price in Ringgit term had resulted in the Group improving its profit margin during the quarter under review.

B3. Current Year Prospects

2016 will be a year of tough economic challenges as Malaysians continue to be cautious in their spending and that poses the biggest challenge in the retail industry. The Group is confident of maintaining its long-term plan to strengthen our market position, expansion by identifying strategic locations for future growth, refurbish existing stores, enhance its merchandising mix and investment in brand and human capital to meet these challenges. The Group views the outlook for the jewellery industry to remain resilient, particularly the demand for gold jewellery and gold investment products as an alternative investment to hedge not only against inflation, but also a slowing economy and weakening Ringgit.

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 2016.

B4. Profit Forecast

The Group does not publish any profit forecast.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2015**B5. Taxation**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Period Ended</u>	<u>Period Ended</u>
	31.10.2015	31.10.2014	31.10.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
Income taxation	1,817	561	1,817	561
Deferred taxation	(1,666)	923	(1,666)	923
	<u>151</u>	<u>1,484</u>	<u>151</u>	<u>1,484</u>

The effective tax rate for the cumulative quarter 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 2015 are as follows:-

	RM'000
Short-term Borrowings	
- Secured	
Bank overdraft	266
Other bank borrowings	88,955
Islamic Medium Term Notes ("IMTN")	<u>50,000</u>
	139,221
- Unsecured	
Hire purchase and lease creditors	
Advance from Ultimate Holding Company	<u>1,244</u>
	<u>140,465</u>
Long-term Borrowings	
- Secured	
Term loans	10,772
Islamic Medium Term Notes ("IMTN")	<u>90,000</u>
	100,772
- Unsecured	
Hire purchase and lease creditors	<u>1,804</u>
	<u>102,576</u>
Total	<u><u>243,041</u></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
	31.10.2015	31.10.2014
	(RM'000)	(RM'000)
Total retained earnings of the Company and its subsidiaries:		
- Realised	367,883	362,053
- Unrealised	<u>(3,474)</u>	<u>(5,108)</u>
	364,409	356,945
- Less: Consolidated adjustments	<u>(135,867)</u>	<u>(136,058)</u>
Total group retained profits as per consolidated accounts	<u><u>228,542</u></u>	<u><u>220,887</u></u>

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2015**B9. Profit Before Taxation**

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.10.2015	Quarter Ended 31.10.2014	Period Ended 31.10.2015	Period Ended 31.10.2014
	RM'000	RM'000	RM'000	RM'000
Interest income	(110)	(8)	(110)	(8)
Dividend income	(300)	-	(300)	-
(Gain) / Loss on disposal of property, plant and equipment	(43)	3	(43)	3
Interest expense	3,679	3,322	3,679	3,322
Depreciation and amortization	2,351	2,573	2,351	2,573
Reversal of allowance for impairment on receivables	(2)	(162)	(2)	(162)
Property, plant and equipment written off	38	1	38	1
Gain on disposal of subsidiary company	-	(308)	-	(308)

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.10.2015	Quarter Ended 31.10.2014	Period Ended 31.10.2015	Period Ended 31.10.2014
Profit after taxation for basic earnings per share (RM'000)	336	3,087	336	3,087
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	0.08	0.75	0.08	0.75
-diluted (sen)	0.08	0.75	0.08	0.75

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

Executive Chairman / Group Managing Director

16 December 2015

Petaling Jaya