

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31.7.2016 RM'000	AS AT 31.7.2015 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	108,817	111,469
Other investments	528	528
Goodwill on consolidation	1,485	1,485
Deferred tax assets	7,644	6,250
	118,474	119,732
CURRENT ASSETS		
Inventories	574,678	553,548
Trade receivables	886	4,755
Non-trade receivables	19,890	17,093
Tax assets	1,131	2,360
Fixed deposits with licensed banks	224	7,610
Cash and bank balances	29,599	30,645
	626,408	616,011
TOTAL ASSETS	744,882	735,743
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	205,176	205,176
Reserves	260,858	253,928
TOTAL EQUITY	466,034	459,104
NON-CURRENT LIABILITIES		
Long-term borrowings	82,088	103,914
Deferred tax liabilities	10,962	11,391
	93,050	115,305
CURRENT LIABILITIES		
Trade payables	5,356	5,659
Non-trade payables	32,320	25,356
Advance from Ultimate Holding Company	1,259	1,239
Amount due to directors (Note 1)	2,097	1,847
Short-term borrowings	143,151	122,692
Tax payable	1,615	4,541
	185,798	161,334
TOTAL LIABILITIES	278,848	276,639
TOTAL EQUITY AND LIABILITIES	744,882	735,743
Net assets per share attributable to ordinary equity owners of the Company (RM)	1.14	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 FOURTH QUARTER ENDED 31 JULY 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.7.2016 RM'000	QUARTER ENDED 31.7.2015 RM'000	PERIOD ENDED 31.7.2016 RM'000	PERIOD ENDED 31.7.2015 RM'000 <i>(Audited)</i>
Revenue	198,350	184,959	776,533	805,714
Other operating income	1,368	254	2,352	2,071
Operating expenses	(190,318)	(183,223)	(746,804)	(769,320)
Profit from operations	9,400	1,990	32,081	38,465
Finance costs	(3,874)	(3,997)	(14,568)	(12,334)
Profit before taxation	5,526	(2,007)	17,513	26,131
Taxation	(2,683)	(3,038)	(6,479)	(11,647)
Profit after taxation	2,843	(5,045)	11,034	14,484
Other Comprehensive Expenses	-	-	-	(158)
Total Comprehensive Income	2,843	(5,045)	11,034	14,326
Attributable to:--				
Equity holders of the Company	2,843	(5,045)	11,034	14,326
Non-controlling Interests	-	-	-	-
	2,843	(5,045)	11,034	14,326
Earnings per share attributable to equity holders of the Company				
- basic (sen)	0.69	(1.23)	2.69	3.53
- diluted (sen)	0.69	(1.23)	2.69	3.53

(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 FOURTH QUARTER ENDED 31 JULY 2016

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	-	(183)	14,510	14,327
Dividend	-	-	(4,104)	(4,104)
At 31 July 2015	205,176	25,722	228,206	459,104
At 1 August 2015	205,176	25,722	228,206	459,104
Total comprehensive income for the year	-	-	11,034	11,034
Dividend	-	-	(4,104)	(4,104)
At 31 July 2016	205,176	25,722	235,136	466,034

(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 FOURTH QUARTER ENDED 31 JULY 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	PERIOD ENDED 31.7.2016 RM'000	PERIOD ENDED 31.7.2015 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,513	26,131
Adjustments for:		
Depreciation of property, plant and equipment	9,115	9,836
Gain on disposal of property, plant and equipment	(43)	(306)
Property, plant and equipment written off	1,600	1,489
Impairment on property, plant and equipment	-	291
Impairment for goodwill	-	22
Loss on dissolution of subsidiaries	10	118
Inventories loss	-	1
Reversal of a write-down of inventories	-	(41)
Deposits written off	-	42
Dividend income	(600)	(150)
Gain on disposal of subsidiaries	-	(343)
Allowance for impairment on receivables	-	52
Reversal of allowance for impairment on receivables	(19)	(192)
Unrealised gain on foreign exchange	-	(26)
Interest income	(353)	(281)
Interest expense	14,568	12,334
Operating profit before working capital changes	41,791	48,977
Inventories	(21,130)	54,948
Receivables	1,091	(4,221)
Payables	6,661	(3,253)
Amount due to directors	250	(369)
Net cash generated from operations	28,663	96,082
Income tax refund	1,173	432
Income tax paid	(11,172)	(7,833)
Net cash generated from operating activities	18,664	88,681
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	339	281
Dividend received	600	150
Final distribution from dissolution of subsidiaries	(10)	(118)
Proceeds from disposal of property, plant and equipment	96	494
Proceeds from disposal of subsidiary company	-	540
Purchase of property, plant and equipment	(8,116)	(4,262)
Net cash used in investing activities	(7,091)	(2,915)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(14,568)	(12,334)
Net loans raised / (repaid)	(33)	(67,905)
Dividend paid	(4,104)	(4,104)
Placement of sinking fund	(1,000)	(2,000)
Placement of fixed deposits	-	(180)
Increase in amount due to ultimate holding company	20	53
Drawdown / (repayment) of finance lease creditors	(78)	2,791
Repayment to hire purchase creditors	(1,114)	(4,127)
Net cash used in financing activities	(20,877)	(87,806)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(9,304)	(2,040)
OPENING CASH AND CASH EQUIVALENTS	35,877	37,918
CLOSING CASH AND CASH EQUIVALENTS	26,573	35,878
Cash and cash equivalents comprise the following:		
Fixed deposit with licensed banks	-	7,400
Cash and bank balances	29,599	30,645
Bank overdrafts	(26)	(167)
	29,573	37,878
Less: Sinking fund	(3,000)	(2,000)
	26,573	35,878

(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 FOURTH QUARTER ENDED 31 JULY 2016**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 2018
MFRS 16	Leases	1 January 2019
<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	Deferred / 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 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
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	Deferred / 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 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.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2016**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 9 March 2016, the Company paid a First and Final Single Tier dividend of 1 sen per ordinary share amounting to RM4,103,518 in respect of financial year ended 31 July 2015.

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 July 2015

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	2,836	801,589	1,289	-	805,714
Inter-segment Revenue	252,049	98,900	87,811	(438,760)	-
Total Revenue	254,885	900,489	89,100	(438,760)	805,714
Profit before taxation	9,685	41,538	6,871	(31,963)	26,131
Profit after taxation	7,199	33,731	7,076	(33,522)	14,484

Results for financial period ended 31 July 2016

	Manufacturing Division RM'000	Trading Division RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue	19,568	756,940	25	-	776,533
Inter-segment Revenue	209,884	86,502	80,989	(377,375)	-
Total Revenue	229,452	843,442	81,014	(377,375)	776,533
Profit before taxation	16,289	10,062	(5,075)	(3,763)	17,513
Profit after taxation	11,836	7,292	(4,923)	(3,171)	11,034

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2016

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 July 2016, a total of RM171,981,999 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 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 FOURTH QUARTER ENDED 31 JULY 2016**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS****B1. Review of Performance**

The Group's revenue for the fourth quarter under review was higher at RM198.350 million as compared to the revenue in the corresponding quarter last year of RM184.959 million; an increase of RM13.391 million was due mainly to the gradual recovery in consumer demand after the implementation of the Goods and Services Tax ("GST") in the corresponding quarter last year.

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 RM5.526 million as compared to the loss before tax of RM2.007 million in the corresponding quarter last year; an increase of RM7.533 million. It was due mainly to the increase in sales volume and improvement in profit margin 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 (4th Quarter FYE 2016 vs 3rd Quarter FYE 2016)

Financial Indicators:	Q4FYE2016	Q3FYE2016	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	198,350	202,517	(4,167)	-2%
Profit / (Loss) before taxation	5,526	9,012	(3,486)	-39%
Profit / (Loss) after taxation	2,843	6,085	(3,242)	-53%

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 on maintaining our leading position in Malaysia. Nevertheless the domestic jewellery market has become more challenging due to increasingly competitive conditions, higher cost-of-living, a weaker Ringgit and cautious consumer spending. Notwithstanding uncertainties in the global and regional economies, fundamentals in Malaysia remain resilient which have enabled corporate and industry players meet their 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 2017.

B4. Profit Forecast

The Group does not publish any profit forecast.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2016

B5. Taxation

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Quarter Ended 31.7.2016 RM'000	Quarter Ended 31.7.2015 RM'000	Period Ended 31.7.2016 RM'000	Period Ended 31.7.2015 RM'000
Income taxation	2,511	3,054	8,301	10,639
Deferred taxation	172	(16)	(1,822)	1,008
	<u>2,683</u>	<u>3,038</u>	<u>6,479</u>	<u>11,647</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 July 2016 are as follows:-

	RM'000
Short-term Borrowings	
- Secured	
Other bank borrowings	109,991
Islamic Medium Term Notes ("IMTN")	<u>30,000</u>
	139,991
- Unsecured	
Hire purchase and lease creditors	3,160
Advance from Ultimate Holding Company	<u>1,259</u>
	<u>144,410</u>
Long-term Borrowings	
- Secured	
Term loans	10,347
Islamic Medium Term Notes ("IMTN")	<u>70,000</u>
	80,347
- Unsecured	
Hire purchase and lease creditors	<u>1,741</u>
	<u>82,088</u>
Total	<u><u>226,498</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 31.7.2016 (RM'000)	Period Ended 31.7.2015 (RM'000)
Total retained earnings of the Company and its subsidiaries:		
- Realised	377,232	369,702
- Unrealised	<u>(3,318)</u>	<u>(5,115)</u>
	373,914	364,587
- Less: Consolidated adjustments	<u>(138,778)</u>	<u>(136,381)</u>
Total group retained profits as per consolidated accounts	<u><u>235,136</u></u>	<u><u>228,206</u></u>

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2016**B9. Profit Before Taxation**

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

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.7.2016	Quarter Ended 31.7.2015	Period Ended 31.7.2016	Period Ended 31.7.2015
	RM'000	RM'000	RM'000	RM'000
				<i>(Audited)</i>
Interest income	(97)	(241)	(353)	(281)
Dividend income	(300)	-	(600)	(150)
Gain on disposal of property, plant and equipment	-	(16)	(43)	(306)
Gain on disposal of subsidiaries	-	(35)	-	(343)
Impairment on property, plant and equipment	-	291	-	291
Impairment for goodwill	-	22	-	22
Loss on dissolution of subsidiaries	10	118	10	118
Interest expense	3,874	2,355	14,568	12,334
Depreciation and amortization	2,286	1,334	9,115	9,836
Reversal of allowance for impairment on receivables	37	(57)	(19)	(192)
Allowance for impairment on receivables	-	52	-	52
Inventories loss	-	1	-	1
Reversal of a write-down of inventories	-	(41)	-	(41)
Deposits written off	-	42	-	42
Property, plant and equipment written off	34	1,008	1,600	1,489
Unrealised gain on foreign exchange	-	(26)	-	(26)

B10. Material Litigation

There was no material litigation as at this quarterly report and the financial year to date.

B11. Dividend

The Board of Directors recommend a first and final single tier dividend of 1 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 July 2016 (2015: 1 sen single tier dividend per ordinary share of RM0.50 each). The proposed dividend will be subject to shareholders' approval at the forthcoming Annual General Meeting to be held on a date to be announced later. The date of book closure of the Record of Depositors for determining dividend entitlements and the date of payment will be announced at a later date. Based on the outstanding issued and paid-up capital as at 31 July 2016 of 410,351,752 ordinary shares of RM0.50 each, the final dividend amounts to RM4,103,518 (2015 : RM4,103,518 net dividend was paid on 9 March 2016). Such dividend, if approved by shareholders will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 July 2017.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2016**B12. Earnings Per Share**

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.7.2016	Quarter Ended 31.7.2015	Period Ended 31.7.2016	Period Ended 31.7.2015 (Audited)
Profit/ (Loss) after taxation for basic earnings per share (RM'000)	2,843	(5,045)	11,034	14,484
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	0.69	(1.23)	2.69	3.53
-diluted (sen)	0.69	(1.23)	2.69	3.53

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

Executive Chairman / Group Managing Director

28 September 2016

Petaling Jaya