

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2016

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>AS AT 31.10.2016 RM'000</b>	AS AT 31.7.2016 RM'000 <i>(Audited)</i>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	100,820	100,425
Investment properties	8,787	8,919
Other investments	528	528
Goodwill on consolidation	1,485	1,485
Deferred tax assets	7,987	7,761
	<b>119,607</b>	<b>119,118</b>
<b>CURRENT ASSETS</b>		
Inventories	556,222	574,678
Trade and other receivables	5,419	4,900
Deposits and prepayments	14,091	12,358
Tax recoverable	1,884	1,215
Fixed deposits placed with licensed banks	13,680	15,125
Cash and bank balances	34,299	15,531
	<b>625,595</b>	<b>623,807</b>
<b>TOTAL ASSETS</b>	<b>745,202</b>	<b>742,925</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share Capital	205,176	205,176
Reserves	262,601	260,831
<b>TOTAL EQUITY</b>	<b>467,777</b>	<b>466,007</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings	81,087	82,320
Deferred tax liabilities	10,961	10,961
	<b>92,048</b>	<b>93,281</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	21,210	16,933
Deposits and accruals	19,198	17,835
Amount due to ultimate holding company	1,264	1,231
Amount due to directors (Note 1)	2,682	2,097
Short-term borrowings	139,509	142,919
Tax payable	1,514	2,622
	<b>185,377</b>	<b>183,637</b>
<b>TOTAL LIABILITIES</b>	<b>277,425</b>	<b>276,918</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>745,202</b>	<b>742,925</b>
Net assets per share attributable to ordinary equity owners of the Company (RM)	1.14	1.14

**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 2016)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2016

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.10.2016 RM'000	QUARTER ENDED 31.10.2015 RM'000	PERIOD ENDED 31.10.2016 RM'000	PERIOD ENDED 31.10.2015 RM'000
Revenue	185,471	172,297	185,471	172,297
Other operating income	910	309	910	309
Operating expenses	(180,763)	(168,440)	(180,763)	(168,440)
Profit from operations	5,618	4,166	5,618	4,166
Finance costs	(3,188)	(3,679)	(3,188)	(3,679)
Profit before taxation	2,430	487	2,430	487
Taxation	(660)	(151)	(660)	(151)
Profit after taxation	1,770	336	1,770	336
Other Comprehensive Expenses	-	-	-	-
Total Comprehensive Income	1,770	336	1,770	336
Attributable to:-				
Equity holders of the Company	1,770	336	1,770	336
Non-controlling Interests	-	-	-	-
	1,770	336	1,770	336
Earnings per share attributable to equity holders of the Company				
- basic (sen)	0.43	0.08	0.43	0.08
- diluted (sen)	0.43	0.08	0.43	0.08

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2016

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Attributable to equity holders of the Company</u>			
	<b>Share Capital</b>	<b><u>Non-distributable</u> Revaluation Reserve</b>	<b><u>Distributable</u> Retained Profits</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 August 2015</b>	205,176	25,722	228,206	<b>459,104</b>
Total comprehensive income for the year	-		336	<b>336</b>
<b>At 31 October 2015</b>	<u>205,176</u>	<u>25,722</u>	<u>228,542</u>	<b><u>459,440</u></b>
<b>At 1 August 2016</b>	205,176	25,722	235,109	<b>466,007</b>
Total comprehensive income for the year	-	-	1,770	<b>1,770</b>
<b>At 31 October 2016</b>	<u>205,176</u>	<u>25,722</u>	<u>236,879</u>	<b><u>467,777</u></b>

(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 2016)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2016

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>CUMULATIVE QUARTER</b>	
	<b>PERIOD</b>	<b>PERIOD</b>
	<b>ENDED</b>	<b>ENDED</b>
	<b>31.10.2016</b>	<b>31.10.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,430	487
Adjustments for:		
Depreciation of property, plant and equipment and investment property	2,046	2,351
Gain on disposal of property, plant and equipment	(60)	(43)
Property, plant and equipment written off	34	38
Loss on dissolution of subsidiaries	71	-
Dividend income	-	(300)
Reversal of allowance for impairment on receivables	-	(2)
Interest income	(107)	(110)
Interest expense	3,188	3,679
Operating profit before working capital changes	7,602	6,100
Inventories	18,456	(16,062)
Receivables	(2,252)	1,633
Payables	5,640	3,210
Amount due to directors	585	(60)
Net cash generated from / (used in) operations	30,031	(5,179)
Income tax refund	-	672
Income tax paid	(2,664)	(1,360)
Net cash generated from / (used in) operating activities	27,367	(5,867)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	107	96
Dividend received	-	300
Final distribution from dissolution of subsidiaries	(71)	-
Proceeds from disposal of property, plant and equipment	60	96
Purchase of property, plant and equipment	(2,343)	(2,452)
Net cash used in investing activities	(2,247)	(1,960)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(3,188)	(3,679)
Net loans (repaid) / raised	(568)	16,138
Placement of sinking fund	(18,000)	(14,000)
Placement of fixed deposits	225	-
Increase in amount due to ultimate holding company	33	5
Repayment of finance lease creditors	(867)	(744)
Repayment of hire purchase creditors	(182)	(301)
Net cash used in financing activities	(22,547)	(2,581)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,573</b>	<b>(10,408)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>27,406</b>	<b>35,877</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>29,979</b>	<b>25,469</b>
<b>Cash and cash equivalents comprise the following:</b>		
Fixed deposit with licensed banks	13,680	-
Cash and bank balances	34,299	41,735
Bank overdrafts	-	(266)
	47,979	41,469
Less: Sinking fund	(18,000)	(16,000)
	29,979	25,469

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 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 2016.

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 2016 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 10     Consolidated Financial Statements	Deferred
MFRS 107    Statement of Cash Flows	1 January 2017
MFRS 112    Income Taxes	1 January 2017
MFRS 128    Investments in Associates and Joint Ventures	Deferred

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 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 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**

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 2015**

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

**Results for financial period ended 31 October 2016**

	<b>Manufacturing Division RM'000</b>	<b>Trading Division RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
Revenue	7,190	178,279	2	-	185,471
Inter-segment Revenue	39,509	22,194	21,419	(83,122)	-
<b>Total Revenue</b>	<b>46,699</b>	<b>200,473</b>	<b>21,421</b>	<b>(83,122)</b>	<b>185,471</b>
Profit before taxation	2,283	18,696	5,574	(24,123)	2,430
Profit after taxation	1,735	18,521	5,412	(23,898)	1,770

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2016**

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**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 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 parties 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 2016****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 higher at RM185.471 million as compared to the revenue in the corresponding quarter last year of RM172.297 million; an increase of RM13.174 million was due mainly to the demand for gold jewellery remaining stable, aided by the higher retail gold prices and additional revenue from new outlets in the current 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 RM2.430 million as compared to the profit before tax of RM0.487 million in the corresponding quarter last year; an increase of RM1.943 million. It was due mainly to the increase in sales 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 (1st Quarter FYE 2017 vs 4th Quarter FYE 2016)**

Financial Indicators:	Q1FYE2017	Q4FYE2016	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	185,471	198,350	(12,879)	-6%
Profit before taxation	2,430	5,526	(3,096)	-56%
Profit after taxation	1,770	2,843	(1,073)	-38%

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 in maintaining our growth and leading position in Malaysia despite the 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 2017.

**B4. Profit Forecast**

The Group does not publish any profit forecast.



**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2016**
**B5. Taxation**

	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31.10.2016	31.10.2015	31.10.2016	31.10.2015
	RM'000	RM'000	RM'000	RM'000
Income taxation	886	1,817	886	1,817
Deferred taxation	(226)	(1,666)	(226)	(1,666)
	<u>660</u>	<u>151</u>	<u>660</u>	<u>151</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 2016 are as follows:-

	RM'000
<b>Short-term Borrowings</b>	
- <b>Secured</b>	
Other bank borrowings	106,469
Islamic Medium Term Notes ("IMTN")	<u>30,000</u>
	136,469
- <b>Unsecured</b>	
Hire purchase and lease creditors	3,040
Advance from Ultimate Holding Company	<u>1,264</u>
	140,773
<b>Long-term Borrowings</b>	
- <b>Secured</b>	
Term loans	10,275
Islamic Medium Term Notes ("IMTN")	<u>70,000</u>
	80,275
- <b>Unsecured</b>	
Hire purchase and lease creditors	<u>812</u>
	81,087
<b>Total</b>	<u>221,860</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
	31.10.2016	31.10.2015
	(RM'000)	(RM'000)
Total retained earnings of the Company and its subsidiaries:		
- Realised	376,886	367,883
- Unrealised	<u>(2,974)</u>	<u>(3,474)</u>
	373,912	364,409
- Less: Consolidated adjustments	<u>(137,033)</u>	<u>(135,867)</u>
Total group retained profits as per consolidated accounts	<u>236,879</u>	<u>228,542</u>

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2016****B9. Profit Before Taxation**

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<b>Quarter Ended</b> <b>31.10.2016</b> <b>RM'000</b>	Quarter Ended 31.10.2015 <b>RM'000</b>	<b>Period Ended</b> <b>31.10.2016</b> <b>RM'000</b>	Period Ended 31.10.2015 <b>RM'000</b>
Interest income	(107)	(110)	(107)	(110)
Dividend income	-	(300)	-	(300)
Gain on disposal of property, plant and equipment	(60)	(43)	(60)	(43)
Loss on dissolution of subsidiaries	71	-	71	-
Interest expense	3,188	3,679	3,188	3,679
Depreciation of property, plant and equipment and investment property	2,046	2,351	2,046	2,351
Reversal of allowance for impairment on receivables	-	(2)	-	(2)
Property, plant and equipment written off	34	38	34	38

**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>	
	<b>Quarter Ended</b> <b>31.10.2016</b>	Quarter Ended 31.10.2015	<b>Period Ended</b> <b>31.10.2016</b>	Period Ended 31.10.2015
Profit after taxation for basic earnings per share (RM'000)	1,770	336	1,770	336
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>0.43</u>	<u>0.08</u>	<u>0.43</u>	<u>0.08</u>
-diluted (sen)	<u>0.43</u>	<u>0.08</u>	<u>0.43</u>	<u>0.08</u>

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

Executive Chairman / Group Managing Director  
8 December 2016  
Petaling Jaya