

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2017****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT 31.1.2017 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	102,591	100,425
Investment properties	8,655	8,919
Other investments	528	528
Goodwill on consolidation	1,485	1,485
Deferred tax assets	9,569	7,761
	<b>122,828</b>	<b>119,118</b>
<b>CURRENT ASSETS</b>		
Inventories	542,766	574,678
Trade and other receivables	7,321	4,900
Deposits and prepayments	13,461	12,358
Tax recoverable	1,295	1,215
Fixed deposits placed with licensed banks	22,730	15,125
Cash and bank balances	39,383	15,531
	<b>626,956</b>	<b>623,807</b>
<b>TOTAL ASSETS</b>	<b>749,784</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	264,569	260,831
<b>TOTAL EQUITY</b>	<b>469,745</b>	<b>466,007</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings	62,186	82,320
Deferred tax liabilities	10,961	10,961
	<b>73,147</b>	<b>93,281</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	29,949	16,933
Deposits and accruals	18,487	17,835
Amount due to ultimate holding company	1,269	1,231
Amount due to directors (Note 1)	1,299	2,097
Short-term borrowings	148,387	142,919
Proposed dividend	4,104	-
Tax payable	3,397	2,622
	<b>206,892</b>	<b>183,637</b>
<b>TOTAL LIABILITIES</b>	<b>280,039</b>	<b>276,918</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>749,784</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 SECOND QUARTER ENDED 31 JANUARY 2017

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.1.2017 RM'000	QUARTER ENDED 31.1.2016 RM'000	PERIOD ENDED 31.1.2017 RM'000	PERIOD ENDED 31.1.2016 RM'000
Revenue	226,315	203,369	411,786	375,666
Other operating income	827	258	1,737	567
Operating expenses	(215,322)	(197,341)	(396,085)	(365,781)
Profit from operations	11,820	6,286	17,438	10,452
Finance costs	(3,375)	(3,798)	(6,563)	(7,477)
Profit before taxation	8,445	2,488	10,875	2,975
Taxation	(2,373)	(718)	(3,033)	(869)
Profit after taxation	6,072	1,770	7,842	2,106
Other Comprehensive Expenses	-	-	-	-
Total Comprehensive Income	6,072	1,770	7,842	2,106
Attributable to:-				
Equity holders of the Company	6,072	1,770	7,842	2,106
Non-controlling Interests	-	-	-	-
	6,072	1,770	7,842	2,106
Earnings per share attributable to equity holders of the Company				
- basic (sen)	1.48	0.43	1.91	0.51
- diluted (sen)	1.48	0.43	1.91	0.51

(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 SECOND QUARTER ENDED 31 JANUARY 2017

## 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
<b>At 1 August 2015</b>	205,176	25,722	228,206	<b>459,104</b>
Total comprehensive income for the year	-	-	2,106	<b>2,106</b>
Dividends	-	-	(4,104)	<b>(4,104)</b>
<b>At 31 January 2016</b>	<b>205,176</b>	<b>25,722</b>	<b>226,208</b>	<b>457,106</b>
<b>At 1 August 2016</b>	205,176	25,722	235,109	<b>466,007</b>
Total comprehensive income for the year	-	-	7,842	<b>7,842</b>
Dividends	-	-	(4,104)	<b>(4,104)</b>
<b>At 31 January 2017</b>	<b>205,176</b>	<b>25,722</b>	<b>238,847</b>	<b>469,745</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 SECOND QUARTER ENDED 31 JANUARY 2017

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>CUMULATIVE QUARTER</b>	
	<b>PERIOD ENDED 31.1.2017 RM'000</b>	<b>PERIOD ENDED 31.1.2016 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	10,875	2,975
Adjustments for:		
Depreciation of property, plant and equipment and investment property	4,448	4,513
Gain on disposal of property, plant and equipment	(60)	(43)
Property, plant and equipment written off	230	1,379
Loss on dissolution of subsidiaries	80	-
Dividend income	(600)	(300)
Reversal of allowance for impairment on receivables	-	(2)
Interest income	(141)	(178)
Interest expense	6,563	7,477
Operating profit before working capital changes	21,395	15,821
Inventories	31,912	(18,649)
Receivables	(3,524)	(7,094)
Payables	13,668	16,619
Amount due to directors	(798)	(917)
Net cash generated from operations	62,653	5,780
Income tax refunded	-	672
Income tax paid	(4,146)	(2,686)
Net cash generated from operating activities	58,507	3,766
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	141	164
Dividend received	600	300
Final distribution from dissolution of subsidiaries	(80)	-
Proceeds from disposal of property, plant and equipment	63	96
Purchase of property, plant and equipment	(6,583)	(4,081)
Net cash used in investing activities	(5,859)	(3,521)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(6,563)	(7,477)
Net loans (repaid) / raised	(9,645)	23,269
Placement of sinking fund	-	(20,000)
Increase in amount due to ultimate holding company	38	10
Repayment of finance lease creditors	(1,636)	(1,431)
Repayment of hire purchase creditors	(365)	(529)
Net cash used in financing activities	(18,171)	(6,158)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>34,477</b>	<b>(5,913)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>27,406</b>	<b>35,877</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>61,883</b>	<b>29,964</b>
<b>Cash and cash equivalents comprise the following:</b>		
Fixed deposit with licensed banks	22,500	-
Cash and bank balances	39,383	52,062
Bank overdrafts	-	(98)
	61,883	51,964
Less: Sinking fund	-	(22,000)
	61,883	29,964

(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 SECOND QUARTER ENDED 31 JANUARY 2017****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 MFRSSs that are issued but not yet effective for the Group:-

<u>New MFRSSs</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 MFRSSs</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	1 January 2018/Deferred
MFRS 140   Investment Property	1 January 2018

The adoption of the above new MFRS and Amendments / Improvements to MFRSSs 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.

**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 SECOND QUARTER ENDED 31 JANUARY 2017****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

<b>Results for financial period ended 31 January 2016</b>					
	<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	6,875	368,774	17	-	375,666
Inter-segment Revenue	113,824	46,392	46,242	(206,458)	-
Total Revenue	120,699	415,166	46,259	(206,458)	375,666
Profit before taxation	7,944	(1,377)	(4,201)	609	2,975
Profit after taxation	6,038	(1,993)	(4,917)	2,978	2,106

<b>Results for financial period ended 31 January 2017</b>					
	<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	9,732	401,888	166	-	411,786
Inter-segment Revenue	94,519	43,004	47,885	(185,408)	-
Total Revenue	104,251	444,892	48,051	(185,408)	411,786
Profit before taxation	5,184	34,515	2,504	(31,328)	10,875
Profit after taxation	3,940	31,502	1,920	(29,520)	7,842

**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 January 2017, 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.

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

**B1. Review of Performance**

The Group's revenue for the second quarter under review was higher at RM226.315 million as compared to the revenue in the corresponding quarter last year of RM203.369 million. The increase of RM22.946 million was due to the increase in demand for gold jewellery and gold investment products, higher retail gold prices and additional revenue contributed from new outlets in the current quarter under review.

The Group's profit before tax in the current quarter at RM8.445 million as compared to the profit before tax of RM2.488 million in the corresponding quarter last year; an increase of RM5.957 million.

The Group's revenue is largely derived from retail segment.

**B2. Comparison with Preceding Quarter's Results (2nd Quarter FYE 2017 vs 1st Quarter FYE 2017)**

Financial Indicators:	Q2FYE2017	Q1FYE2017	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	226,315	185,471	40,844	22%
Profit before taxation	8,445	2,430	6,015	248%
Profit after taxation	6,072	1,770	4,302	243%

The increase in profit was due to the higher 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 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.

**B5. Taxation**

	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31.1.2017	31.1.2016	31.1.2017	31.1.2016
	RM'000	RM'000	RM'000	RM'000
Income taxation	3,955	1,480	4,841	3,297
Deferred taxation	(1,582)	(762)	(1,808)	(2,428)
	<u>2,373</u>	<u>718</u>	<u>3,033</u>	<u>869</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.

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2017**

**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 January 2017 are as follows:-

	<b>RM'000</b>
<b>Short-term Borrowings</b>	
<b>- Secured</b>	
Other bank borrowings	123,998
Islamic Medium Term Notes ("IMTN")	<u>20,000</u>
	143,998
<b>- Unsecured</b>	
Hire purchase and lease creditors	4,389
Advance from Ultimate Holding Company	<u>1,269</u>
	<u>149,656</u>
<b>Long-term Borrowings</b>	
<b>- Secured</b>	
Term loans	9,956
Islamic Medium Term Notes ("IMTN")	<u>50,000</u>
	59,956
<b>- Unsecured</b>	
Hire purchase and lease creditors	<u>2,230</u>
	<u>62,186</u>
<b>Total</b>	<u>211,842</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.

	<b>Period Ended 31.1.2017 (RM'000)</b>	<b>Period Ended 31.1.2016 (RM'000)</b>
Total retained earnings of the Company and its subsidiaries:		
- Realised	375,121	362,336
- Unrealised	<u>(1,392)</u>	<u>(2,713)</u>
	373,729	359,623
- Less: Consolidated adjustments	<u>(134,882)</u>	<u>(133,415)</u>
Total group retained profits as per consolidated accounts	<u>238,847</u>	<u>226,208</u>

**B9. Profit Before Taxation**

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Quarter Ended 31.1.2017 RM'000</b>	<b>Quarter Ended 31.1.2016 RM'000</b>	<b>Period Ended 31.1.2017 RM'000</b>	<b>Period Ended 31.1.2016 RM'000</b>
Interest income	(34)	(68)	(141)	(178)
Dividend income	(600)	-	(600)	(300)
Gain on disposal of property, plant and equipment	-	-	(60)	(43)
Loss on dissolution of subsidiaries	9	-	80	-
Interest expense	3,375	3,798	6,563	7,477
Depreciation of property, plant and equipment and investment property	2,402	2,162	4,448	4,513
Reversal of allowance for impairment on receivables	-	-	-	(2)
Property, plant and equipment written off	196	1,341	230	1,379



**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2017****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 31.1.2017</b>	Quarter Ended 31.1.2016	<b>Period Ended 31.1.2017</b>	Period Ended 31.1.2016
Profit after taxation for basic earnings per share (RM'000)	6,072	1,770	7,842	2,106
Weighted average number of ordinary shares in issue ( '000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>1.48</u>	<u>0.43</u>	<u>1.91</u>	<u>0.51</u>
-diluted (sen)	<u>1.48</u>	<u>0.43</u>	<u>1.91</u>	<u>0.51</u>

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

Executive Chairman / Group Managing Director

16 March 2017

Petaling Jaya