

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2016**A. EXPLANATORY NOTES PURSUANT TO MFRS 134****A1. Basis of Preparation**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

The accounting policies applied by the Group in these interim financial statements are consistent with those applied by the Group in its annual audited financial statements for the year ended 31 December 2015 except for the adoption of the following Amendments to Standards during the current financial period:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure Initiative
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants
Amendments to MFRS 119	Employee Benefits (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 127	Separate Financial Statements – Equity Method in Separate Financial Statements
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

Amendments to MFRS 107	Statement of Cash Flows – Disclosure Initiative
Amendments to MFRS 112	Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (2014)
MFRS 15	Revenue from Contracts with Customers

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

MFRS 16	Leases
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The adoption of the above standards and amendments are not expected to have any material financial impact to the Group upon their first adoption other than MFRS 9, Financial Instruments, MFRS 15, Revenue from Contracts with Customers which the

A2. Seasonality or Cyclicity of Operations

Festive seasons do have an effect on the operations of the Group.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the financial period.

A4. Changes in Estimates

There were no material changes in the estimates used for the preparation of interim financial report.

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A5. Issuance, Cancellation or Repayments of Debt and Equity Securities

Saved as disclosed below, there were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities by the Company for the current financial period-to-date:

During the current quarter, there was no share repurchased. As at 30 September 2016, a total of 3,155,900 shares repurchased were held at a total cost of RM3,190,723.49. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. None of the treasury shares held were resold or cancelled during the quarter under review and up to the date of this report

A6. Dividend Paid

A first and final single tier dividend of 5% totalling RM3,271,103 in respect of the financial year ended 31 December 2015 and was paid to the shareholders on 1 July 2016.

A7. Segmental Information

Business Segment

Results for Year to Date Ended 30 September 2016

	Segment revenue		Segment profit before tax RM '000
	External RM '000	Intersegment RM '000	
Retail	120,884	43,638	6,855
Manufacturing	4,907	21,377	2,016
Others	3,650	1,755	291
Total	129,441	66,770	9,163
Consolidation adjustments:			
Intersegment transactions	-	(66,770)	-
Consolidated Total	129,441	-	9,163

Business Segment

Results for Year to Date Ended 30 September 2015

	Segment revenue		Segment profit before tax RM '000
	External RM '000	Intersegment RM '000	
Retail	128,727	26,010	8,454
Manufacturing	8,487	22,510	2,488
Others	2,305	1,718	310
Total	139,518	50,239	11,253
Consolidation adjustments:			
Intersegment transactions	-	(50,239)	-
Consolidated Total	139,518	-	11,253

A8. Material Events Subsequent To The Financial Period

There were no subsequent material events as at the date of this report.

A9. Changes in the Composition of the Company

Save as disclosed below, there were no changes in the composition of the Company during the quarter under review.

Bestline International Corporation Ltd. ("BICL"), a 70% owned subsidiary of Jewelmart International Sdn. Bhd., which in turn is a wholly owned subsidiary of the Company, had on 6 June 2016 acquired 100% equity interest in Bestline Design Sdn. Bhd. ("BD") and Bestline Ltd. ("BL") for a cash consideration of RM2.00 and HK\$300,000 respectively. The principal activities of BD is trading of jewelry and other related product, whereas the principal activities of BL are trading of jewelry and provision of marketing research for customers.

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A10. Contingent Liabilities

There were no contingent liabilities as at the date of this report.

A11. Capital Commitments

The Group did not have any capital commitments which were contracted but not provided for as at 30 September 2016.

A12. Significant Related Party Transactions

There were no significant related party transactions during the current quarter under review.

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

B1. Review of Performance

Quarter results

For the current quarter under review, the Group registered a revenue of RM46.9 million and a profit before tax ("PBT") of RM3.5 million as compared with a revenue of RM40.9 million and a PBT of RM0.5 million recorded in the corresponding quarter of the preceding year. The improved result was mainly contributed from the retail segment.

Year-to-date results

For the current year-to-date, the Group registered a revenue of RM129.4 million and a PBT of RM9.2 million as compared with a revenue of RM139.5 million and a PBT of RM11.3 million recorded in the preceding year-to-date. The decrease in both revenue and PBT of the Group was mainly due to weak domestic and global economy.

B2. Material Changes in Current Quarter Results compared to Immediate Preceding Quarter

For the current quarter, the Group registered a revenue of RM46.9 million and a PBT of RM3.5 million versus a revenue of RM43.9 million and a PBT of RM2.3 million recorded in the immediate preceding quarter. The improved result was mainly contributed from retail segment due to increase in marketing and promotional activities.

B3. Prospects For Financial Year 2016

Despite the challenging global economic conditions and volatility in currency markets, the Group continues its marketing efforts to implement new strategies to achieve higher sales and enhance performance efficiency.

Barring unforeseen circumstances, the Group expects to achieve a satisfactory results in the remaining quarter of the financial year ending 2016 due to festive seasons and year-end sales.

B4. Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2016 RM'000	Preceding Year Quarter 30.09.2015 RM'000	Current Year To date 30.09.2016 RM'000	Preceding Year Corresponding 30.09.2015 RM'000
Income Tax				
- Current period	1,117	109	2,648	3,784
- (Over)/Under provision in prior period	(15)	98	30	98
Deferred Taxation				
- Current period				
- Prior period	(110)	-	(110)	(273)
	<u>992</u>	<u>207</u>	<u>2,568</u>	<u>3,609</u>

B6. Status of Corporate Proposals

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There were no corporate proposals announced but not completed at the date of this report.

B7. Borrowings and Debt Securities

The Group's borrowings as at 30 September 2016 are as follows:-

	Unsecured RM'000	Secured RM'000	Total RM'000
<i>Current</i>			
Finance lease liabilities	-	159	159
Bank overdraft	-	-	-
Term loans (in RM)	3,000	1,211	4,211
Term loans (in SGD)	-	105	105
	<u>3,000</u>	<u>1,475</u>	<u>4,475</u>
<i>Non-current</i>			
Finance lease liabilities	-	431	431
Term loans (in RM)	-	38,672	38,672
Term loans (in SGD)	-	3,408	3,408
	<u>-</u>	<u>42,511</u>	<u>42,511</u>
Total	<u>3,000</u>	<u>43,986</u>	<u>46,986</u>

B8. Material Litigation

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

B9. Dividend

The Board is pleased to declare a interim Single Tier dividend of 2% per ordinary share of RM0.50 each on 28 November 2016 in respect of the financial year ending 31 December 2016.

B10. Qualification of Audit Report of the Preceding Annual Financial Statements

There was no qualification on audit report of the preceding annual financial statements.

B11. Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2016	Preceding Year Corresponding Quarter 30.09.2015	Current Year To date 30.09.2016	Preceding Year Corresponding Year To Date 30.09.2015
Profit attributable to the owners (RM'000)	2,384	127	6,390	7,158
Weighted average number of ordinary shares in issue ('000)	130,801	129,281	130,825	129,758
Basic earnings per share (sen)	1.82	0.10	4.88	5.52

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Diluted earnings per share is not applicable for the Group.

B12. Notes To Condensed Consolidated Income Statements For The Quarter And Year-To-Date

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2016 RM'000	Preceding Year Corresponding Quarter 30.09.2015 RM'000	Current Year To date 30.09.2016 RM'000	Preceding Year Corresponding Year To Date 30.09.2015 RM'000
<i>After crediting :-</i>				
Interest Income	12	24	55	50
Foreign exchange gain - realised	349	-	349	-
Foreign exchange gain - unrealised	-	-	-	-
Gain on disposal of property, plant and equipment	36	-	135	-
Allowance on slow moving inventories-reversal	-	-	-	-
<i>After charging :-</i>				
Interest Expense	472	346	1,284	1,027
Depreciation	1,030	974	2,950	2,669
Foreign exchange loss - realised	-	869	-	1,254
Allowance on slow moving inventories	(35)	324	183	345
Property, plant and equipment written off	139	(7)	334	-
Foreign exchange loss - unrealised	311	1068	387	294

B13. Realised and Unrealised Profits and Losses

The breakdown of the retained earnings of the Group as at the reporting date, into realised and unrealised profits pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), are as follows:

	30.09.2016 RM'000	31.12.2015 RM'000
Total Retained earnings of the Group		
- Realised	156,156	150,989
- Unrealised	(555)	(80)
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	155,601	150,909
Consolidation Adjustment	(2,656)	(2,837)
Total retained earnings of the Group	<hr/> 152,945 <hr/>	<hr/> 148,072 <hr/>

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1, "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2010.

BY ORDER OF THE BOARD

ANDREA HUONG JIA MEI
Company Secretary
MIA 36347

Dated: 28 November 2016