

## QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2016

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30.4.2016 RM'000	AS AT 31.7.2015 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	109,281	111,469
Other investments	528	528
Goodwill on consolidation	1,485	1,485
Deferred tax assets	7,678	6,250
	118,972	119,732
<b>CURRENT ASSETS</b>		
Inventories	568,340	553,548
Trade receivables	1,338	4,755
Non-trade receivables	21,492	17,093
Tax assets	2,180	2,360
Fixed deposits with licensed banks	224	7,610
Cash and bank balances	40,643	30,645
	634,217	616,011
<b>TOTAL ASSETS</b>	<b>753,189</b>	<b>735,743</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share Capital	205,176	205,176
Reserves	258,015	253,928
<b>TOTAL EQUITY</b>	463,191	459,104
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings	110,917	103,914
Deferred tax liabilities	10,825	11,391
	121,742	115,305
<b>CURRENT LIABILITIES</b>		
Trade payables	13,602	5,659
Non-trade payables	27,514	25,356
Advance from Ultimate Holding Company	1,254	1,239
Amount due to directors (Note 1)	1,332	1,847
Short-term borrowings	121,648	122,692
Tax payable	2,906	4,541
	168,256	161,334
<b>TOTAL LIABILITIES</b>	289,998	276,639
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>753,189</b>	<b>735,743</b>
Net assets per share attributable to ordinary equity owners of the Company (RM)	1.13	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 THIRD QUARTER ENDED 30 APRIL 2016

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.4.2016 RM'000	QUARTER ENDED 30.4.2015 RM'000	PERIOD ENDED 30.4.2016 RM'000	PERIOD ENDED 30.4.2015 RM'000
Revenue	202,517	210,348	578,183	620,755
Other operating income	417	810	984	1,822
Operating expenses	(190,705)	(196,824)	(556,486)	(586,617)
Profit from operations	12,229	14,334	22,681	35,960
Finance costs	(3,217)	(3,014)	(10,694)	(9,979)
Profit before taxation	9,012	11,320	11,987	25,981
Taxation	(2,927)	(3,392)	(3,796)	(7,260)
Profit after taxation	6,085	7,928	8,191	18,721
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6,085	7,928	8,191	18,721
Attributable to:--				
Equity holders of the Company	6,085	7,928	8,191	18,721
Non-controlling Interests	-	-	-	-
	6,085	7,928	8,191	18,721
Earnings per share attributable to equity holders of the Company				
- basic (sen)	1.48	1.93	2.00	4.56
- diluted (sen)	1.48	1.93	2.00	4.56

(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 THIRD QUARTER ENDED 30 APRIL 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
<b>At 1 August 2014</b>	205,176	25,905	217,800	<b>448,881</b>
Total comprehensive income for the year	-	-	18,721	<b>18,721</b>
Dividend	-	-	(4,104)	<b>(4,104)</b>
<b>At 30 April 2015</b>	<b>205,176</b>	<b>25,905</b>	<b>232,417</b>	<b>463,498</b>
<b>At 1 August 2015</b>	205,176	25,722	228,206	<b>459,104</b>
Total comprehensive income for the year	-	-	8,191	<b>8,191</b>
Dividend	-	-	(4,104)	<b>(4,104)</b>
<b>At 30 April 2016</b>	<b>205,176</b>	<b>25,722</b>	<b>232,293</b>	<b>463,191</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 2015)

## QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 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>30.4.2016</b>	<b>30.4.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	11,987	25,981
Adjustments for:		
Depreciation of property, plant and equipment	6,829	8,502
Gain on disposal of property, plant and equipment	(43)	(290)
Property, plant and equipment written off	1,566	481
Short-term accumulating compensated absences	-	364
Dividend received	(300)	(150)
Gain on disposal of subsidiary company	-	(308)
Reversal of allowance for impairment on receivables	(56)	(135)
Interest income	(256)	(40)
Interest expense	10,694	9,979
Operating profit before working capital changes	30,421	44,384
Inventories	(14,792)	46,966
Receivables	(926)	(568)
Payables	10,101	3,284
Amount due to directors	(515)	(585)
Net cash generated from operations	24,289	93,481
Income tax refund	1,172	-
Income tax paid	(8,434)	(5,641)
Net cash generated from operating activities	17,027	87,840
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	256	40
Dividend received	300	150
Proceeds from disposal of property, plant and equipment	97	442
Proceeds from disposal of subsidiary company	-	505
Purchase of property, plant and equipment	(6,259)	(5,315)
Net cash used in investing activities	(5,606)	(4,178)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(10,694)	(9,979)
Net loans raised / (repaid)	8,711	(67,784)
Dividend paid	(4,104)	(4,104)
Placement of sinking fund	(10,000)	-
Increase in amount due to ultimate holding company	15	-
Repayment to finance lease creditors	(1,839)	(1,101)
Repayment to hire purchase creditors	(744)	(2,670)
Net cash used in financing activities	(18,655)	(85,638)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(7,234)</b>	<b>(1,976)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>35,877</b>	<b>37,918</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>28,643</b>	<b>35,942</b>
<b>Cash and cash equivalents comprise the following:</b>		
Fixed deposit with licensed banks	-	180
Cash and bank balances	40,643	36,071
Bank overdrafts	-	(309)
	40,643	35,942
Less: Sinking fund	(12,000)	-
	28,643	35,942

(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 THIRD QUARTER ENDED 30 APRIL 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 30 April 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	1,158	619,181	416	-	620,755
Inter-segment Revenue	197,828	78,933	53,565	(330,326)	-
<b>Total Revenue</b>	<b>198,986</b>	<b>698,114</b>	<b>53,981</b>	<b>(330,326)</b>	<b>620,755</b>
Profit before taxation	8,091	29,500	(5,641)	(5,969)	25,981
Profit after taxation	6,149	24,888	(6,324)	(5,992)	18,721

**Results for financial period ended 30 April 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	13,286	564,845	52	-	578,183
Inter-segment Revenue	161,285	66,625	62,850	(290,760)	-
<b>Total Revenue</b>	<b>174,571</b>	<b>631,470</b>	<b>62,902</b>	<b>(290,760)</b>	<b>578,183</b>
Profit before taxation	13,762	5,379	(4,820)	(2,334)	11,987
Profit after taxation	10,459	3,929	(5,799)	(398)	8,191

**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 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 30 April 2016, 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 THIRD QUARTER ENDED 30 APRIL 2016****B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS****B1. Review of Performance**

The Group's revenue for the third quarter under review was lower at RM202.517 million as compared to the revenue in the corresponding quarter last year of RM210.348 million; a decrease of RM7.831 million due mainly to a weak market sentiment, decrease in demand of gold 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 RM9.012 million as compared to the profit before tax of RM11.320 million in the corresponding quarter last year; a decrease of RM2.308 million. It was due mainly 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 (3rd Quarter FYE 2016 vs 2nd Quarter FYE 2016)**

Financial Indicators:	Q3FYE2016	Q2FYE2016	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	202,517	203,369	(852)	0%
Profit / (Loss) before taxation	9,012	2,488	6,524	262%
Profit / (Loss) after taxation	6,085	1,770	4,315	244%

The implementation of cost control initiatives resulted in a decrease in operating expenses, hence resulting in the improvement in profit as compared with the preceding quarter.

**B3. Current Year Prospects**

2016 will be a year of tough economic challenges in Malaysia as Malaysians continue to be selective and cautious in their spending. That poses the biggest challenge in the retail industry. 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 2016.

**B4. Profit Forecast**

The Group does not publish any profit forecast.

**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2016****B5. Taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Quarter Ended</b>	<b>Quarter Ended</b>	<b>Period Ended</b>	<b>Period Ended</b>
	<b>30.4.2016</b>	<b>30.4.2015</b>	<b>30.4.2016</b>	<b>30.4.2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income taxation	2,493	3,625	5,790	7,237
Deferred taxation	434	(233)	(1,994)	23
	<u>2,927</u>	<u>3,392</u>	<u>3,796</u>	<u>7,260</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 30 April 2016 are as follows:-

	<b>RM'000</b>
<b>Short-term Borrowings</b>	
- <b>Secured</b>	
Other bank borrowings	98,915
Islamic Medium Term Notes ("IMTN")	<u>20,000</u>
	118,915
- <b>Unsecured</b>	
Hire purchase and lease creditors	2,733
Advance from Ultimate Holding Company	<u>1,254</u>
	122,902
<b>Long-term Borrowings</b>	
- <b>Secured</b>	
Term loans	10,140
Islamic Medium Term Notes ("IMTN")	<u>100,000</u>
	110,140
- <b>Unsecured</b>	
Hire purchase and lease creditors	<u>777</u>
	110,917
<b>Total</b>	<u>233,819</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</b>	<b>Period Ended</b>
	<b>30.4.2016</b>	<b>30.4.2015</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
Total retained earnings of the Company and its subsidiaries:		
- Realised	372,232	371,477
- Unrealised	<u>(3,147)</u>	<u>(4,208)</u>
	369,085	367,269
- Less: Consolidated adjustments	<u>(136,792)</u>	<u>(134,852)</u>
Total group retained profits as per consolidated accounts	<u>232,293</u>	<u>232,417</u>

**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2016****B9. Profit Before Taxation**

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Quarter Ended</u> <b>30.4.2016</b> <b>RM'000</b>	<u>Quarter Ended</u> 30.4.2015 <b>RM'000</b>	<u>Period Ended</u> <b>30.4.2016</b> <b>RM'000</b>	<u>Period Ended</u> 30.4.2015 <b>RM'000</b>
Interest income	(78)	(24)	(256)	(40)
Dividend income	-	-	(300)	(150)
Gain on disposal of property, plant and equipment	-	(226)	(43)	(290)
Interest expense	3,217	3,014	10,694	9,979
Depreciation and amortization	2,316	3,276	6,829	8,502
Reversal of allowance for impairment on receivables	(54)	9	(56)	(135)
Property, plant and equipment written off	187	474	1,566	481
Gain on disposal of subsidiary company	-	-	-	(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**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Quarter Ended</u> <b>30.4.2016</b>	<u>Quarter Ended</u> 30.4.2015	<u>Period Ended</u> <b>30.4.2016</b>	<u>Period Ended</u> 30.4.2015
Profit after taxation for basic earnings per share (RM'000)	6,085	7,928	8,191	18,721
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	<u>1.48</u>	<u>1.93</u>	<u>2.00</u>	<u>4.56</u>
-diluted (sen)	<u>1.48</u>	<u>1.93</u>	<u>2.00</u>	<u>4.56</u>

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

Executive Chairman / Group Managing Director

17 June 2016

Petaling Jaya