

## QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2015

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>AS AT</b> <b>31.1.2015</b> <i>(Unaudited)</i> <b>RM'000</b>	AS AT 31.7.2014 <i>(Audited)</i> RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	115,351	116,240
Other investments	528	528
Goodwill on consolidation	1,485	1,485
Deferred tax assets	5,690	5,828
	<u>123,054</u>	<u>124,081</u>
<b>CURRENT ASSETS</b>		
Inventories	585,970	608,455
Trade receivables	1,490	2,623
Non-trade receivables	17,573	14,880
Tax assets	3,025	3,060
Fixed deposits with licensed banks	210	8,110
Cash and bank balances	22,514	34,278
	<u>630,782</u>	<u>671,406</u>
Asset of disposal group classified as held for sale	-	231
<b>TOTAL ASSETS</b>	<b><u>753,836</u></b>	<b><u>795,718</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share Capital	205,176	205,176
Reserves	250,394	243,705
<b>TOTAL EQUITY</b>	<u>455,570</u>	<u>448,881</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings	155,066	155,126
Deferred tax liabilities	10,131	10,013
	<u>165,197</u>	<u>165,139</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	13,591	9,504
Non-trade payables	31,990	24,741
Advance from Ultimate Holding Company	1,230	1,220
Amount due to directors (Note 1)	1,764	2,216
Short-term borrowings	77,101	142,011
Dividend payable	4,104	-
Tax payable	3,289	2,005
	<u>133,069</u>	<u>181,697</u>
Liability directly associated with disposal group classified as held for sale	-	1
<b>TOTAL LIABILITIES</b>	<u>298,266</u>	<u>346,837</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>753,836</u></b>	<b><u>795,718</u></b>
Net assets per share attributable to ordinary equity owners of the Company (RM)	1.11	1.09

**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 2014)

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2015****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.1.2015 RM'000	QUARTER ENDED 31.1.2014 RM'000	PERIOD ENDED 31.1.2015 RM'000	PERIOD ENDED 31.1.2014 RM'000
Revenue	216,454	226,914	410,407	407,039
Other operating income	408	541	1,012	1,033
Operating expenses	(203,129)	(222,038)	(389,793)	(393,051)
Profit from operations	13,733	5,417	21,626	15,021
Finance costs	(3,643)	(3,800)	(6,965)	(7,151)
Profit before taxation	10,090	1,617	14,661	7,870
Taxation	(2,384)	(325)	(3,868)	(1,933)
Profit after taxation	7,706	1,292	10,793	5,937
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	7,706	1,292	10,793	5,937
Attributable to:--				
Equity holders of the Company	7,706	1,292	10,793	5,937
Non-controlling Interests	-	-	-	-
	7,706	1,292	10,793	5,937
Earnings per share attributable to equity holders of the Company				
- basic (sen)	1.88	0.31	2.63	1.45
- diluted (sen)	1.88	0.31	2.63	1.45

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2014)

## QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2015

## 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 2013</b>	205,176	27,105	210,235	<b>442,516</b>
Total comprehensive income for the year	-	-	5,937	<b>5,937</b>
Dividend	-	-	(5,745)	<b>(5,745)</b>
<b>At 31 January 2014</b>	<b>205,176</b>	<b>27,105</b>	<b>210,427</b>	<b>442,708</b>
<b>At 1 August 2014</b>	205,176	25,905	217,800	<b>448,881</b>
Total comprehensive income for the year	-	-	10,793	<b>10,793</b>
Dividend	-	-	(4,104)	<b>(4,104)</b>
<b>At 31 January 2015</b>	<b>205,176</b>	<b>25,905</b>	<b>224,489</b>	<b>455,570</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 2014)

## QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2015

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>CUMULATIVE QUARTER</b>	
	<b>PERIOD</b>	<b>PERIOD</b>
	<b>ENDED</b>	<b>ENDED</b>
	<b>31.1.2015</b>	<b>31.1.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	14,661	7,870
Adjustments for:		
Depreciation of property, plant and equipment	5,226	5,164
Gain on disposal of property, plant and equipment	(67)	(95)
Loss on disposal of property, plant and equipment	3	-
Property, plant and equipment written off	7	151
Short-term accumulating compensated absences	335	(246)
Dividend received	(150)	(300)
Gain on disposal of subsidiary company	(308)	-
Reversal of allowance for impairment on receivables	(144)	(164)
Interest income	(16)	(53)
Interest expense	6,965	7,151
Operating profit before working capital changes	26,512	19,478
Inventories	22,485	(14,456)
Receivables	(1,416)	(4,123)
Payables	11,001	(13,339)
Amount due to directors	(452)	(2,599)
Net cash generated from / (used in) operations	58,130	(15,039)
Income tax paid	(2,314)	(4,400)
Net cash generated from / (used in) operating activities	55,816	(19,439)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	16	53
Dividend received	150	300
Proceeds from disposal of property, plant and equipment	204	106
Proceeds from disposal of subsidiary company	505	-
Purchase of property, plant and equipment	(4,430)	(3,255)
Net cash used in investing activities	(3,555)	(2,796)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(6,965)	(7,151)
Net loans raised	(61,917)	20,886
Repayment to lease creditors	(528)	(754)
Repayment to hire purchase creditors	(1,166)	(659)
Net cash (used in) / generated from financing activities	(70,576)	12,322
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(18,315)</b>	<b>(9,913)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>37,918</b>	<b>39,329</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>19,603</b>	<b>29,416</b>
<b>Cash and cash equivalents comprise the following:</b>		
Fixed deposit with licensed banks	180	180
Cash and bank balances	22,514	29,432
Bank overdrafts	(3,091)	(196)
	19,603	29,416

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2014)

**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 2014.

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 2014 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 2017
 <u>Amendments / Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014 / 1 January 2016
MFRS 119	Employee Benefits	1 July 2014 / 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014 / 1 January 2016
MFRS 140	Investment Property	1 July 2014
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 traditional 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 SECOND QUARTER ENDED 31 JANUARY 2015****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**

The Company obtained shareholders' approval at the Twelfth Annual General Meeting on 9 January 2015 to declare a First and Final Single Tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 July 2014 (2013: 1.40 sen Single Tier dividend per ordinary share) and was paid on 9 March 2015 to Depositors registered in the Record of Depositors at the close of business on 16 February 2015. The total shareholdings at 16 February 2015 were 410,351,752 ordinary shares and the net dividend amounted to RM4,103,517.

**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 and precious stones

Others: Investment holding

**Results for second quarter ended 31 January 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	297	410,105	5	-	410,407
Inter-segment Revenue	144,832	53,872	36,233	(234,937)	-
Total Revenue	145,129	463,977	36,238	(234,937)	410,407
Profit before taxation	6,426	17,253	(4,003)	(5,015)	14,661
Profit after taxation	4,884	15,725	(4,543)	(5,273)	10,793

**Results for second quarter ended 31 January 2014**

	<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	119	405,832	1,088	-	407,039
Inter-segment Revenue	166,419	47,764	43,161	(257,344)	-
Total Revenue	166,538	453,596	44,249	(257,344)	407,039
Profit before taxation	3,880	410	(1,893)	5,473	7,870
Profit after taxation	2,910	292	(2,721)	5,456	5,937

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2015**

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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**

On 26th August 2014, Poh Kong Jewellers Sdn. Bhd. ("PKJ"), a wholly owned subsidiary of Poh Kong Holdings Berhad had disposed the entire 180,000/- ordinary shares of RM1.00 each in Jungmax Property Sdn. Bhd. for a total consideration of RM540,000/-.

Save as disclosed, 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 2015, a total of RM167,601,999 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 RM7,474,928 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 SECOND QUARTER ENDED 31 JANUARY 2015****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 lower at RM216.454 million as compared to the revenue in the corresponding quarter last year of RM226.914 million; a decrease of RM10.460 million due to the decrease in demand of gold investment products and 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 RM10.090 million was higher as compared to the profit before tax of RM1.617 million in the corresponding quarter last year; an increase of RM8.473 million. It was due mainly to the improvement in gross 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 (2nd Quarter FYE 2015 vs 1st Quarter FYE 2015)**

Financial Indicators:	Q2FYE2015	Q1FYE2015	Variance	Variance
	RM('000)	RM('000)	RM('000)	(%)
Revenue	216,454	193,953	22,501	12%
Profit before taxation	10,090	4,571	5,519	121%
Profit after taxation	7,706	3,087	4,619	150%

The increase in revenue was due mainly to an increase in demand of gold jewellery. The increase in profit before tax was attributed to the stability of gold price and also increase in revenue during the quarter under review.

**B3. Current Year Prospects**

2015 will be a year of economic challenges as Malaysians continue to be cautious in their spending and that poses the biggest challenge in the retail industry. To meet these challenges, the Group will continue to consolidate its business, realign business strategies, and undertake new initiatives to pursue sustainable growth and ultimately enhance profitability of the Group.

Despite uncertainties of a global economy and challenges faced in the retail industry, the Group maintains a positive long-term outlook.

Barring unforeseen circumstances, the Board of Directors is cautiously optimistic of the Group's performance for financial year ending 31 July 2015

**B4. Profit Forecast**

The Group does not publish any profit forecast.



**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2015****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>31.1.2015</b>	<b>31.1.2014</b>	<b>31.1.2015</b>	<b>31.1.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income taxation	3,051	757	3,612	1,916
Deferred taxation	(667)	(432)	256	17
	<u>2,384</u>	<u>325</u>	<u>3,868</u>	<u>1,933</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 January 2015 are as follows:-

	<b>RM'000</b>
<b>Short-term Borrowings</b>	
<b>- Secured</b>	
Bank overdraft	3,091
Other bank borrowings	<u>72,015</u>
	75,106
<b>- Unsecured</b>	
Hire purchase and lease creditors	1,995
Advance from Ultimate Holding Company	<u>1,230</u>
	78,331
<b>Long-term Borrowings</b>	
<b>- Secured</b>	
Term loans	12,470
Islamic Medium Term Notes ("IMTN")	<u>140,000</u>
	152,470
<b>- Unsecured</b>	
Hire purchase and lease creditors	<u>2,596</u>
	155,066
<b>Total</b>	<u>233,397</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>31.1.2015</b>	<b>31.1.2014</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
Total retained earnings of the Company and its subsidiaries:		
- Realised	363,081	358,214
- Unrealised	<u>(4,441)</u>	<u>(4,399)</u>
	358,640	353,815
- Less: Consolidated adjustments	<u>(134,151)</u>	<u>(143,388)</u>
Total group retained profits as per consolidated accounts	<u>224,489</u>	<u>210,427</u>

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2015****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>	Quarter Ended	<b>Period Ended</b>	Period Ended
	<b>31.1.2015</b>	31.1.2014	<b>31.1.2015</b>	31.1.2014
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	(8)	(49)	(16)	(53)
Dividend income	(150)	(150)	(150)	(300)
Gain on disposal of property, plant and equipment	(67)	(21)	(67)	(95)
Loss on disposal of property, plant and equipment	-	-	3	-
Interest expense	3,643	3,800	6,965	7,151
Depreciation and amortization	2,653	2,601	5,226	5,164
Reversal of allowance for impairment on receivables	18	(136)	(144)	(164)
Property, plant and equipment written off	6	-	7	151
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>	
	<b>Quarter Ended</b>	Quarter Ended	<b>Period Ended</b>	Period Ended
	<b>31.1.2015</b>	31.1.2014	<b>31.1.2015</b>	31.1.2014
Profit after taxation for basic earnings per share (RM'000)	7,706	1,292	10,793	5,937
Weighted average number of ordinary shares in issue ('000)	410,352	410,352	410,352	410,352
-basic (sen)	1.88	0.31	2.63	1.45
-diluted (sen)	1.88	0.31	2.63	1.45

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

Executive Chairman / Group Managing Director  
25 March 2015  
Petaling Jaya