POH KONG®

POH KONG HOLDINGS BERHAD
(586139-K)

To achieve product
and service excellence

2015
ANNUAL REPORT

CORE BUSINESS Philosophy

Quality
Product
Service
Excellence
Craftsmenship

Value
Preference
Profit
Worth
Return-On-Investment

Trust
Reputation
Commitment
Honesty
Transparency

Choice
Design
Price
Location
Convenience

A BUSINESS BUILT ON PASSION AND DEDICATION

The story of Poh Kong is truly an inspiration. Starting from humble roots in 1976 with a small outlet in Petaling Jaya, the Group continues to enjoy rapid business success to become Malaysia's fastest growing and the largest jewellery retail chain store.

Throughout the years, Poh Kong has turned difficulties into opportunities, taken calculated risks and through foresight and perseverance, has expanded to over 100 outlets nationwide in 2011 and establishing its own manufacturing facility in Shah Alam.

Poh Kong's business success lies in its passion and its dedication to provide the finest jewellery of top notch quality that meets with international standards and the hallmarks of the industry. Poh Kong ensures that stringent measures are constantly undertaken without compromising design patterns and product excellence. The name Poh Kong is a jewellery brand that is synonymous to superior quality and meticulous craftsmenship.

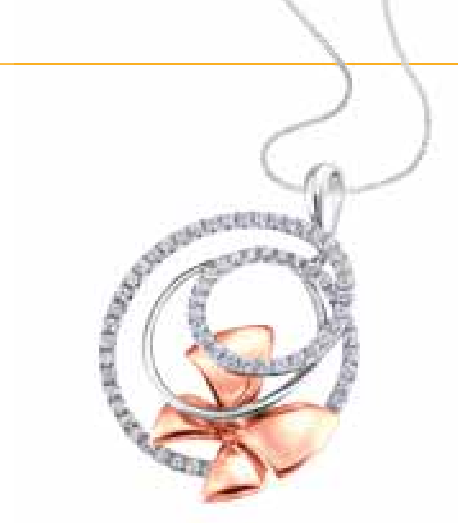
We are pleased to showcase a range of Poh Kong's in-house brands, as well as, exclusive international brands from world-renowned jewellery houses.

Contents

Quality

PRODUCT,
SERVICE,
EXCELLENCE &
CRAFTSMENSHIP

CORPORATE *Information*



BOARD OF DIRECTORS

Dato' Choon Yee Seiong
Mr Cheong Teck Chong
Madam Choon Nee Siew
Mr Chang Kwong Him
Mr Siow Der Ming
Mr Choon Yee Bin
Datin Hon Wee Fong
Dato' Dr Choong Tuck Yew
Encik Fazrin Azwar Bin Md Nor
Datin Shirley Yue Shou How
Madam Esther Tan Choon Hwa

AUDIT COMMITTEE

Dato' Dr Choong Tuck Yew, Chairman
Encik Fazrin Azwar Bin Md Nor
Datin Shirley Yue Shou How
Madam Esther Tan Choon Hwa

RISK MANAGEMENT COMMITTEE

Madam Esther Tan Choon Hwa, Chairperson
Encik Fazrin Azwar Bin Md Nor
Dato' Choon Yee Seiong
Mr Cheong Teck Chong
Mr Siow Der Ming

NOMINATION COMMITTEE

Encik Fazrin Azwar Bin Md Nor, Chairman
Dato' Dr Choong Tuck Yew
Datin Shirley Yue Shou How

REMUNERATION COMMITTEE

Datin Shirley Yue Shou How, Chairperson
Dato' Dr Choong Tuck Yew
Encik Fazrin Azwar Bin Md Nor
Dato' Choon Yee Seiong

COMPANY SECRETARY

Ng Yim Kong (LS 0009297)

REGISTERED OFFICE

Strategy Corporate Secretariat Sdn Bhd
Unit 07-02, Level 7, Persoft Tower
6B Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7804 5929
Fax : 03-7805 2559

CORPORATE OFFICE

No. 16-20, Jalan 52/4
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7940 3333
Fax : 03-7957 2404, 7958 8398

AUDITORS

Messrs Baker Tilly Monteiro Heng
(Firm No. AF 0117)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 03-2297 1000
Fax : 03-2282 9980

SOLICITORS

Soo Thien Ming & Nashrah
No. 3, 1st Floor
Jalan SS23/15, Taman SEA
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7880 1212
Fax : 03-7880 9292

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
(378993-D)
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 8000
Fax : 03-7841 8151

PRINCIPAL BANKERS

RHB Bank Berhad (6171-M)
Level 7, Tower Three, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel : 03-9280 8888

United Overseas Bank
(Malaysia) Bhd (271809-K)
Level 7, Menara UOB
Jalan Raja Laut
50738 Kuala Lumpur
Tel : 03-2692 7722

Malayan Banking Berhad (3813-K)
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel : 03-2059 1888

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad (Bursa Securities)
Stock Code: 5080

POH KONG

Website:
www.pohkong.com.my
Web Portal:
www.pohkong.listedcompany.com
Facebook:
www.facebook.com/pohkongjewellers

CORPORATE Structure

POH KONG HOLDINGS BERHAD

100%

- Poh Kong Jewellers (Ampang Point) S/B*
- Poh Kong Jewellers (Bangsar) S/B*
- Poh Kong Jewellers (Banting) S/B
- Poh Kong Jewellers (Franchise) S/B
- Poh Kong Jewellers (Gold Seremban) S/B*
- Poh Kong Jewellers (Ipoh) S/B*
- Poh Kong Jewellers (Jaya) S/B
- Poh Kong Jewellers (Jln Taman Malacca) S/B*
- Poh Kong Jewellers (Kajang) S/B*
- Poh Kong Jewellers (Klang) S/B

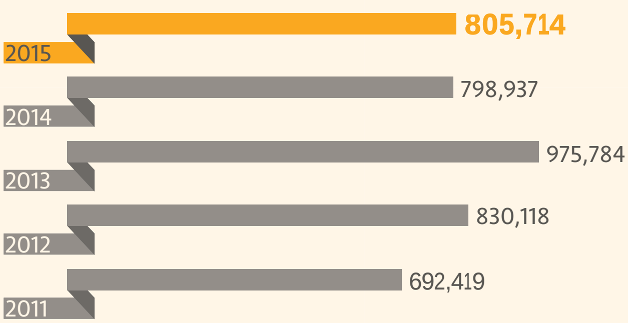
- Poh Kong Jewellers (Kuantan) S/B*
- Poh Kong Jewellers (M) S/B*
- Poh Kong Jewellers (Malacca) S/B*
- Poh Kong Jewellers (Maluri) S/B
- Poh Kong Jewellers (MV) S/B*
- Poh Kong Jewellers (Old Klang Road) S/B*
- Poh Kong Jewellers (Permas Jaya) S/B*
- Poh Kong Jewellers (Puchong) S/B*
- Poh Kong Jewellers (Selayang) S/B*
- Poh Kong Jewellers (Seremban) S/B*
- Poh Kong Jewellers (Shah Alam) S/B

- Poh Kong Jewellers (SS 2) S/B
- Poh Kong Jewellers (Subang Parade) S/B
- Poh Kong Jewellers (The Mall) S/B
- Poh Kong Jewellers (Wangsamaju) S/B*
- PK Jewellery Export S/B
- Poh Kong Bullion S/B
- Poh Kong International S/B
- Poh Kong Jewellers S/B
- Poh Kong Jewellery Manufacturer S/B
- Poh Kong Properties S/B
- Poh Kong Wholesale S/B

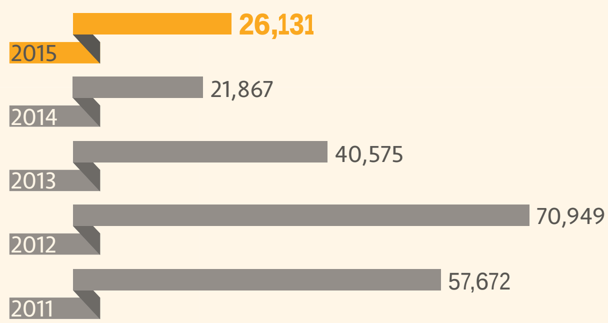
* As a result of the restructuring exercise on internal reorganisation undertaken by the Group, the Subsidiaries are under members' voluntary winding up

5-YEAR GROUP Financial Highlights

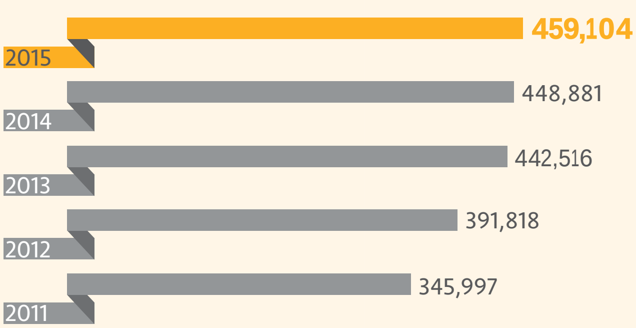
Revenue (RM'000)



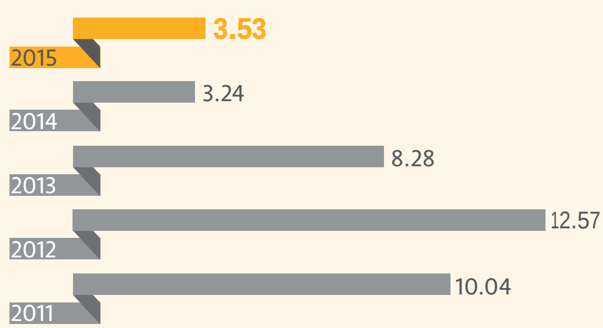
Profit Before Taxation (RM'000)



Total Equity (RM'000)



Basic earnings per share (Sen)



	FYE 31 JULY (RM'000)				
	2011	**2012**	**2013**	**2014**	**2015**
Revenue	692,419	830,118	975,784	798,937	805,714
Profit before taxation	57,672	70,949	40,575	21,867	26,131
Taxation	(16,467)	(19,383)	(6,606)	(8,557)	(11,647)
Profit after taxation	41,205	51,566	33,969	13,310	14,484
Profit after taxation attributable to owners of the Company (RM'000)	41,205	51,566	33,969	13,310	14,484
Total equity (RM'000)	345,997	391,818	442,516	448,881	459,104
Basic earnings per share (sen)	10.04	12.57	8.28	3.24	3.53
Net dividend per share (sen)	1.40	1.50	1.40	1.00	1.00
Gearing ratio	0.22	0.34	0.33	0.36	0.29

CORPORATE

Milestones

THE STORY BEGINS...

Poh Kong Jewellers (PJK) commenced business on 26 March 1976 with its first outlet at Jalan 52/4, 46200 Petaling Jaya. Today Poh Kong is a household name in Malaysia. The Company was co-founded 39 years ago by Dato' Choon Yee Seiong, Poh Kong Holdings Berhad's Executive Chairman & Group Managing Director.

Poh Kong Headquarters

1976

1982 - 1992

- PKJ opened its first branch in SS2, Petaling Jaya, taking up retail space of 1,500 sq ft and hiring a workforce of 20 employees.
- PKJ opened another 13 branches.

1993 - 2003

Manufacturing Plant in Shah Alam

- PKJ upgraded all outlets with fully computerised point-of-sales and inventory systems.
- PKJ was made the exclusive distributor of Disney characters in gold in Malaysia.
- PKJ designer team won a gold medal for the "Golden Design Awards 1996" organized by the World Gold Council Europe in Italy.
- PKJ listed in The Malaysia Book of Records as the Largest Jewellery Retail Chain Store.
- PKJ raised RM100,000 for the Nanyang Press Foundation for education and training of underprivileged youths, through a charity campaign launched in its 50 retail outlets nation-wide.
- PKJ invested RM12 million to establish a 60,000 sq ft manufacturing facility in Shah Alam.
- Poh Kong launched its first in-house brand, Tranz in collaboration with the World Gold Council.
- PKJ celebrated its 25th Anniversary with the "Drive Home a Lotus Elise" Contest and a grand anniversary company dinner.
- Poh Kong was one of the sponsors in the Miss Tourism International Pageant under the patronage of the Ministry of Culture and Tourism.

CORPORATE MILESTONES

2004

- Poh Kong was listed on the main board of Bursa Malaysia Securities Berhad on 9 March.
- Poh Kong opened its first Poh Kong Gallery, a stylish Italian Classic VIP lounge with 5,000 sq ft, on the 1st floor of its headquarters in Petaling Jaya.
- Poh Kong reached its 60th outlet in Peninsular Malaysia.

2005

- Poh Kong established a franchise division.
- Poh Kong launched its 30th Anniversary "Million Ringgit Reward" with diamonds and gems for consumers.

2006

- Poh Kong ventured into the diamond cutting and polishing, sales, import and export of precious stones in collaboration with Hong Kong companies.
- Poh Kong opened its first franchise outlet in Complex Karamunsing, Kota Kinabalu in September as part of its retail expansion into East Malaysia.

CORPORATE MILESTONES

2007

- Poh Kong was appointed as sole distributor for Schoeffel in Southeast Asia.
- Poh Kong Group participated in the International Trade Malaysia (INTRADE MALAYSIA 2007) exhibition organized by Matrade and supported by the Ministry of International Trade and Industry.

2009

- Poh Kong and Luca Carati, one of Italy's oldest and most prestigious jewellers launched the brand in Malaysia. Poh Kong is commemorated as the sole distributor in Malaysia.

2010

- Poh Kong showcased in-house brands, Tranz and Anggun in the Malaysian Pavilion at the Shanghai World Expo 2010.
- Poh Kong launched its 35th Anniversary "Shining Years" Customers Rewards Campaign.

2011

- Poh Kong reached its 100th outlet in Peninsula Malaysia.

2012

- Poh Kong announced its partnership with Moraglione 1922 of Italy, one of Europe's finest and notable jewellers.
- Poh Kong was one of the winners of the Malaysian Retailer-Chains Association (MRCA) Elite Awards in recognition of its contributions towards the development of the retail chain industry.

2013

- Poh Kong launched the exclusive brand HEMERA™, the world's most brilliant 101 cut diamond, from Belgium.
- Poh Kong set up its first online store at Rakuten portal and re-launched its websites with more user-friendly interface.

2014

- Poh Kong Group registered 106 stores as at FYE2014.
- RAM Ratings Services Berhad (RAM) reaffirmed Poh Kong's reputation and strong market position as Malaysia's largest jewellery retail chain store.
- Retail Asia Publishing magazine (June issue) listed Poh Kong as one of Malaysia's Top 10 Retailers in the Asia-Pacific Top 500 retail companies.

2015

- Poh Kong won the people's choice gold award in the "Putra Brand Awards 2015" in the Apparel and Accessories category, based on a nationwide annual survey of 6,000 consumers measured by brand preference.
- Poh Kong's in-house brand Anggun won the "Creative ASEAN Jewellery Design Award" for Malaysia at a presentation ceremony held in conjunction with the Bangkok Gems & Jewellery Fair in Bangkok.
- Retail Asia Publishing magazine (June issue) again listed Poh Kong as one of Malaysia's Top 10 Retailers in the Asia-Pacific Top 500 retail companies.

2016

... and our journey continues.

SIGNIFICANT *Highlights*

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CORPORATE EVENT

12TH ANNUAL GENERAL MEETING – JAN 2015

Poh Kong Holdings Berhad held its *Annual General Meeting* for shareholders at the Dewan Berjaya, Bukit Kiara Equesterian & Country Resort, KL.

MARKETING EVENTS

HEMERA DIAMOND CHALLENGE – DEC 2014

Poh Kong's "*Hemera Diamond Challenge"* innovative consumer-engagement campaign involved online, social media and on-ground event, using advanced Augmented Reality technology. The Pavilion KL event attracted 400 participants for 11 hours over 3 days, and captured 42,000 eyeballs and 38,000 likes on Facebook and Instagram.

TRANSFORM THE ORDINARY INTO EXTRAORDINARY SEMINAR – JAN 2015

Poh Kong was main sponsor of "*Transform the Ordinary into Extraordinary*" seminar to uplift the image and personal brand of 400 guests at eCity Hotel, OneCity USJ. The seminar speakers included Master Jiang, Taiwanese fengshui master cum endorser of Bright Glory Liu Li Jewellery , Wong Chui Ling, Hong Kong born DJ, host, speaker and entrepreneur, and Datin Winnie Loo, renowned Malaysian hair stylist, who covered topics ranging from zodiac predictions to personal branding and power etiquette.

Photo Captions:

1. *The 12th Annual General Meeting.*
2. *Massive crowds mill around the event venue.*
3. *A participant attempting to catch as many diamonds as possible out of the 101 diamonds within 30 seconds on the screens.*
4. *Speaker Master Jiang.*
5. *Celebrity speaker Wong Chui Ling.*
6. *Presenters (left to right) Steve Yee, Datin Winnie Loo and Wong Chui Ling.*
7. *"Transform the Ordinary into the Extraordinary" seminar participants.*

MARKETING EVENTS

V-DAY SHARK SAVERS COUPLE CHALLENGE – FEB 2015

Poh Kong sponsored the "*V-Day Shark Savers Couple Challenge 2015*" for a good cause with the pledge "I'm finished with Fins" aimed to create awareness on shark conservation at wedding dinners. About 34 couples took part in the competition to encourage Malaysians to refrain from eating shark's fin soup, and was jointly organised by an online wedding portal wedding.com.my and a non-governmental organisation Wild Aid Shark Savers.

MOTHERS' DAY TOP 10 MUMS PHOTO CONTEST – MAY 2015

In conjunction with Mother's Day, Poh Kong co-sponsored the "*Top 10 Mums Photo Contest*" to recognize and appreciate the sacrifices made by deserving mothers for their families, with a full-day gift package of treats and pampering. The short-listed Top 10 winners enjoyed a day of massage, manicure and pedicure, new haircut, a chocolate hamper, lunch and Poh Kong jewellery cash vouchers.

Photo Captions:

8. *A contestant couple looking confident.*
9. *Brandon Ho, 8TV Quickie Host, and his fan.*
10. *All smiles for this contestant couple.*
11. *The first contestant challenge was to sing a self-created song which includes `Poh Kong' in the lyrics, at Poh Kong's IOI City Mall outlet.*
12. *A contestant couple participating in the second challenge of selecting rings in the outlet.*
13. *"I'm Finished with Fins"mascot drives home the message.*
14. *Top 10 Mum contestant and her family selecting jewellery at a Poh Kong outlet.*
15. *Top 10 Mums proudly displaying their jewellery bags in the Mother's Day Contest.*

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SIGNIFICANT HIGHLIGHTS

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MARKETING EVENTS

THE EUROPEAN AFFAIR EXCLUSIVE EVENT – MAY 2015

Poh Kong invited its VIP guests to "*The European Affair*" exclusive event to preview the world's most prestigious fine jewellery from Europe – Schoeffel pearls, Luca Carati diamonds, Moraglione 1922 colour gemstones and Poh Kong Gallery Collections at Majestic Hotel, Kuala Lumpur.

GAYA KOLEKSI RAYA SHOWCASE – MAY 2015

Poh Kong together with Andrew Models hosted an exclusive fashion show to unveil its unique signature collections by Malaysia's top fashion designers Rizman Ruzaini, Alia Bastamam and Justin Yap at the "*Gaya Koleksi Raya*" showcase at Royale Chulan Hotel, Kuala Lumpur. The latest Anggun Collection and a variety of exquisite jewellery pieces by Poh Kong's Tranz and Diamond & Gems collections were presented to create a trendy Raya outlook, paired with outfits exhibiting the intricacy and versatility of the jewellery.

Photo Captions:

16. *A close up of a model with elegant and fine jewellery pieces.*
17. *Guests are dazzled by the exquisite jewellery adorned by a model.*
18. *"The European Affair" previews the latest collections and designs displayed by top models in a myriad of designer jewellery.*
19. *Dato' Choon Yee Seiong (fourth from left), Poh Kong Holdings Berhad, Executive Chairman & Group Managing Director, with Datin Jennifer Hon (third from left), Executive Director, and Dato' Alice Choon (second from left), Group Merchandising Director, posing with the models.*
20. *Model with the latest Anggun Collection jewellery and wearing Raya outfit designed by Rizman Ruzaini.*
21. *Model adorned with the new Anggun gold jewellery and wearing Raya outfit by Rizman Ruzaini.*
22. *Model wearing the latest Poh Kong Gallery's diamonds and gems paired up with Raya outfit by Alia Bastaman.*
23. *Finale at the exclusive fashion show – models wearing the latest collection from Anggun, paired up with Raya outfits.*

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PUTRA
BRAND AWARDS
— THE PEOPLE'S CHOICE —
GOLD
2015


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MARKETING EVENTS

POH KONG WINS GOLD AT PUTRA BRAND AWARDS – AUG 2015

Poh Kong won the people's choice gold award at the prestigious "*Putra Brand Awards 2015*" in the Apparel and Accessories category, based on a nationwide annual survey measured by brand preference. Winners across 24 different categories were selected by 6,000 consumers through a nationwide survey and presented gold, silver, bronze and special awards at the Majestic Hotel, Kuala Lumpur.

ANGGUN WINS CREATIVE ASEAN JEWELLERY DESIGN AWARD – SEPT 2015

Poh Kong's in-house brand Anggun won the "*1st Creative ASEAN Award*" for Malaysia in the Jewellery Design Competition 2015. The design award presentation was held in conjunction with the Bangkok Gems & Jewellery Fair in Bangkok.

OUTSTANDING ENTREPRENEUR AWARD – OCT 2015

Dato' Choon Yee Seiong, PKHB's Executive Chairman & Group Managing Director, has been bestowed by the Malaysia Retail Chain Association (MRCA), the "Outstanding Entrepreneur Award" for his extraordinary achievements at the MRCA Crown Awards presentation and 23rd Anniversary Celebrations in Grand Hyatt Kuala Lumpur. The MRCA Crown Awards are created to cultivate excellent business practices, enabling participating retailers to challenge and enhance their competitiveness to be on par with global players in a fast changing industry.

ROADSHOWS

Roadshows were organised to showcase Poh Kong's latest jewellery collections and sales promotions, with attractive offers and festive activities to engage and delight our shoppers at major malls. The shows also provide Poh Kong opportunities to create awareness of its products and to foster closer relationship with our customers and obtain valuable feedback.


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Photo Captions:

24. *Poh Kong was ranked again among Malaysia's Top 10 Retailers in the 2015 Asia-Pacific Top 500 retail companies.*
25. *Ms Elizabeth Choon (second from left), Poh Kong Marketing Manager, posing with the Gold Award. Others, from left, are Mr Edison Choon, Business Development Manager, Dato' Alice Choon, Group Merchandising Director, Mr Chang Kwong Him, Executive Director, Ms Melissa Tham, Advertising Manager and Mr Albert Ong, Technical Director of Poh Kong Jewellery Manufacturer Sdn Bhd.*
26. *Poh Kong's in-house brand Anggun featuring modern Asian-designs of floral motifs won the Creative ASEAN Jewellery Design Competition award.*
27. *Dato' Choon (second from left) receiving the "Outstanding Entrepreneur Award" presented by (from left to right) Dato' Liaw Choon Liang, MRCA President, Datuk Ter Leong Yap, Associated Chinese Chambers of Commerce and Industry of Malaysia President, and Dato' Dr Edmund Lee, MRCA Crown Awards Organising Chairman.*
28. *Poh Kong @ AEON Balakong - exciting magic shows have always been crowd pullers.*
29. *Poh Kong @ AEON Bukit Indah, Johor Bahru - models displaying latest collections at a fashion show on Mother's Day.*
30. *Poh Kong @ AEON Seremban 2 - Mr Albert Gan, Poh Kong Manager, presenting jewellery to a Lucky Draw grand prize winner in the promotion witnessed by a friendly Poh Kong staff.*
31. *Poh Kong booths at AEON Seremban roadshow. Shoppers are delighted by the wide range of collections.*
32. *Poh Kong booths in "For My Valentine Promotion Day" road show at One Utama Shopping Centre fulfill customers' shopping experiences.*
33. *Poh Kong's "Mega Promotion for Diamonds & Gems Bonanza" carries the love theme at One Utama Shopping Centre.*

Value

PREFERENCE,
PROFIT,
WORTH &
RETURN-ON-INVESTMENT

BOARD OF *Directors*

Dato' Choon Yee Seiong
Executive Chairman & Group Managing Director

Mr Cheong Teck Chong
Executive Director

Madam Choon Nee Siew
Executive Director

Mr Chang Kwong Him
Executive Director

Mr Siow Der Ming
Executive Director

Mr Choon Yee Bin
Executive Director

Datin Hon Wee Fong
Executive Director

Dato' Dr Choong Tuck Yew
Senior Independent Non-Executive Director

Encik Fazrin Azwar bin Md Nor
Independent Non-Executive Director

Datin Shirley Yue Shou How
Independent Non-Executive Director

Madam Esther Tan Choon Hwa
Independent Non-Executive Director

PROFILE OF Board of Directors

DATO' CHOON YEE SEIONG
Executive Chairman & Group Managing Director

Dato' Choon Yee Seiong, age 61 years, a Malaysian, was appointed to the Board of Directors of Poh Kong Holdings Berhad (PKHB) as Executive Chairman & Group Managing Director on 13 January 2004. A visionary and influential leader, Dato' Choon was one of the founders of Poh Kong Jewellers Sdn Bhd (PKJ) in 1976 when he started a modest jewellery store in Petaling Jaya at the age of 22. He has since headed the Poh Kong Group which has evolved into the largest jewellery retail chain store in Malaysia with 101 outlets nationwide. He holds several directorships in the companies within the Group. He is the Chairman of Executive Committee, and also serves as a member of the Remuneration Committee and Risk Management Committee of PKHB.

Dato' Choon is responsible for the Group's overall direction and strategy, marketing and management policies, business expansion and operations. His ability to direct and manage his teams has seen Poh Kong's massive expansion in setting up retail stores in almost all major shopping malls in the country to better serve their customers. Under his leadership, a manufacturing facility in Shah Alam was established in 2001 to produce fine jewellery and gemsets exclusively for Poh Kong outlets which cater to the mass market segments of Malaysians from middle incomes to high net worth individuals. His commitment to run the business with discipline, sincerity, loyalty, prudence and intelligence has been demonstrated to his managers and staff persistently. Over the years, he has proven that jewellery retailing is a meticulous hands-on business which requires resilience, focus, hard work, observation, perseverance and a positive mental attitude to succeed.

He has been a first-mover in the acquisition of brands and companies, the successful development of a portfolio of international and speciality brands, and pioneering retail concept stores. He was mainly responsible in developing sole distributorship for world-renowned international jewellery brands, such as the Disney Collection, Schoeffel luxury pearls from Germany, Angel Diamond from Belgium, Luca Carati and Moraglione 1922 diamonds and coloured gems jewellery from Italy. In 2013, the exclusive brand Hemera, the world's most brilliant 101 cut diamond, was successfully launched.

He has won several domestic acclaim for his outstanding achievements as a leading jeweller. These include the "19 Years At The Top Award" given by Malaysia Tatler in 2008, "Super Star Of The Year 2008" by the Malaysian Retailer-Chains Association (MRCA), and recognition in the "MRCA Achievers Book 2010" for being one of the outstanding and leading entrepreneurs in the development of the retail chains industry for over two decades. In 2014, he received Poh Kong's award as one of Malaysia's Top 10 Retailers in the Asia-Pacific Top 500 retail companies ranking by Retail Asia Publishing and Euromonitor International.

In 2015, Poh Kong won the gold award in the prestigious Putra Brand Awards in the Apparel and Accessories category, while its in-house brand Anggun won the "Creative ASEAN Jewellery Design Award" for Malaysia at a presentation ceremony held in Bangkok. The MRCA again honoured Dato Choon's leadership in 2015 by conferring him the "Outstanding Entrepreneur" in the MRCA Crown Awards category at its annual anniversary celebrations.

Dato' Choon was Founder President of the MRCA in 1992, that has provided an avenue for retail businesses networking among members to promote the healthy expansion of the retail industry, both locally and internationally. He was also former president of various goldsmith and jewellers associations in the country.

He is the spouse of Datin Hon Wee Fong who is also a PKHB Executive Director. His sibilings Madam Choon Nee Siew, Dato' Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, Mr Choon Yee Bin and Madam Choon Ching Yih are shareholders of the Company. His brothers-in-law Mr Siow Der Ming and Mr Chang Kwong Him are also shareholders of the Company. Mr Choon King Han is the son of Dato' Choon and his daughters, Ms Choon Ee Ling and Ms Choon Ee Teng are also shareholders of the Company.

PROFILE OF BOARD OF DIRECTORS

MR CHEONG TECK CHONG
Executive Director

Mr Cheong Teck Chong, age 66 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 13 January 2004.

A veteran in the jewellery industry, he was a co-founder of PKJ in 1976. Mr Cheong began his career in the gold jewellery industry in 1967 and rose to the rank of General Manager in Lian Sin Pawnshop. He became a Partner of Lian Yik Goldsmith in 1972 until 1980. In 1982, he was appointed Managing Director of PKJ (SS2) Sdn Bhd, Petaling Jaya. Mr Cheong assists in the growth, development and expansion of the Group. He is a member of the Executive Committee and a member of the Risk Management Committee of PKHB.

He also sits as a Director of other companies within the Group and is a Director and shareholder of Lian Sin Tang Sdn Bhd, Heng Seng Sdn Bhd and a Director of Pajak Gadai Rakyat Sdn Bhd.

Mr Cheong is the spouse of Madam Pang Cheow Moi. Mr Cheong's sibiling Madam Cheong Siew Loi @ Chong Kim Looi is also a shareholder of the Company. His children Ms Cheong Poh See and Mr Cheong Chee Kong are shareholders of the Company.

MADAM CHOON NEE SIEW
Executive Director

Madam Choon Nee Siew, age 60 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 13 January 2004.

She brings with her more than 40 years of experience in the jewellery industry having held several portfolios over the years. She started her career in 1972 as a Sales Representative in Lian Yik Jewellery. In 1980, she left the company to join PKJ as a Sales Manager. Two years later, she was appointed Director of PKJ (SS2) Sdn Bhd and in 1991 was promoted to Managing Director of PKJ (Subang Parade) Sdn Bhd.

Her main responsibilities are in overseeing the daily retail operations and development of the Group. She also holds directorships of several other companies within the Group and with her vast experience in the jewellery retail trade has contributed invaluably to the Group's growth and development. She is a member of Executive Committee of PKHB and also a Director of Jungmax Property Sdn Bhd.

Madam Choon Nee Siew's sibilings Dato' Choon Yee Seiong, Dato' Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, Mr Choon Yee Bin, and Madam Choon Ching Yih are shareholders of the Company. Her brothers-in-law Mr Siow Der Ming and Mr Chang Kwong Him are also shareholders of the Company. Her sister-in-law Datin Hon Wee Fong is also a shareholder of the Company. Her children Ms Cheong Poh See and Mr Cheong Chee Kong are shareholders of the Company.

MR CHANG KWONG HIM
Executive Director

Mr Chang Kwong Him, age 65 years, a Malaysian, was re-appointed to the Board of Directors of PKHB as Executive Director on 15 March 2012. He last served as Executive Director of PKHB from 2004 to 2007.

He joined Chang Kam Yee Sawmill in 1969 as Factory Manager. In 1982, he became a Director of PKJ (SS2) Sdn Bhd and returned as a Factory Manager at Chang Kam Yee Sawmill in 1985. He was appointed Managing Director of PKJ (The Mall) Sdn Bhd in 1987. Besides the Mall, he holds directorships of other companies within the Group.

In addition, he is also a Director of Chang Kam Yee & Sons Sdn Bhd which is involved in sawmilling, a Director of Ketyoh Sdn Bhd, a wood moulding works company, a Director of Rancang Duta Sdn Bhd, a Director of Superior Valve Development Sdn Bhd, and a Director of Pakatan Ladang Mulia Sdn Bhd, Etomo Sdn Bhd, Julong Hormat Sdn Bhd and Jungmax Property Sdn Bhd.

Mr Chang is the spouse of Dato' Choon Yoke Ying whose siblings Dato' Choon Yee Seiong, Madam Choon Nee Siew, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, Mr Choon Yee Bin, and Madam Choon Ching Yih are shareholders of the Company. He is also the brother-in-law of Mr Siow Der Ming and Datin Hon Wee Fong who are shareholders of the Company.

MR SIOW DER MING
Executive Director

Mr Siow Der Ming, age 58 years, a Malaysian, was re-appointed to the Board of Directors of PKHB as Executive Director on 15 March 2012. He last served as Executive Director of PKHB from 2004 to 2007.

Mr Siow graduated with a Bachelor of Science (Hons) degree majoring in chemistry from the University of Malaya in 1981. Soon after, he worked as a Chemist and Quality Control Executive with Kee Huat Industry Sdn Bhd in Shah Alam, a manufacturer of gas cookers and washing machines. In 1983, he left to join Metatrade Sdn Bhd as a Sales Marketing Executive in charge of the marketing of speciality and industrial chemicals. In 1986, he was promoted to Technical Manager at Metachem Sdn Bhd and was responsible for quality control, research and development in rubber chemicals.

He is a veteran in the jewellery industry with over 20 years experience. He joined Poh Kong in 1989 and was appointed Managing Director of Poh Kong Jewellers (Maluri) Sdn Bhd. In 2002, he was appointed Director of Poh Kong Jewellers (Franchise) Sdn Bhd in charge of the overall strategic management and operation of the Franchise Division. His main responsibility is managing daily operations at several retails, such as AEON Maluri, Leisure Mall, Tesco Extra Cheras and Giant Kinrara. He also holds directorships of other companies within the Poh Kong Group. He is also a member of the Risk Management Committee of PKHB.

He is the President of the Federation of Goldsmiths and Jewellers Associations of Malaysia (FGJAM) since April 2014 and committee member of the Goldsmith and Jewellers Association of Wilayah Persekutuan, Selangor, Negri Sembilan and Pahang.

Mr Siow is the spouse of Madam Choon Wan Joo whose siblings Dato' Choon Yee Seiong, Madam Choon Nee Siew, Dato' Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Mr Choon Yee Bin, and Madam Choon Ching Yih are shareholders of the Company. He is also the brother-in-law of Mr Chang Kwong Him and Datin Hon Wee Fong who are shareholders of the Company.

MR CHOON YEE BIN
Executive Director

Mr Choon Yee Bin, age 47 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 15 March 2012.

He started his career as a goldsmith with Precious Jewellery Sdn Bhd in 1984 and a year later, was promoted to Production Supervisor. In 1991, Mr Choon was appointed Assistant Managing Director of Poh Kong Jewellery Manufacturer Sdn Bhd (PKJM). In 1994, he set up the wholesale division that sources a wide range of products for all the retail outlets under the Poh Kong Group.

Mr Choon has made significant contributions to the techniques used in the production of gold ornaments and the setting of precious and semi-precious stones. He oversees the marketing, wholesale, production and human resources departments of PKJM. He also holds directorships in other companies within the Group.

Mr Choon Yee Bin's sibilings Dato' Choon Yee Seiong, Madam Choon Nee Siew, Dato' Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, and Madam Choon Ching Yih are shareholders of the Company. His brothers-in-law Mr Siow Der Ming and Mr Chang Kwong Him are also shareholders of the Company. His sister-in-law Datin Hon Wee Fong is a shareholder of the Company.

DATIN HON WEE FONG
Executive Director

Datin Hon Wee Fong, age 55 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 11 April 2014.

Datin Hon has 34 years experience in the jewellery business and has been actively involved in the financial matters of Poh Kong Jewellers Sdn Bhd. She joined Poh Kong Jewellers in 1980 as a partner before being appointed as Finance Director of Poh Kong Jewellers Sdn Bhd in 1993. Her main responsibilities are primarily in treasury, finance and administrative matters of the Company. She is a Director of other companies within the Group.

She is also a substantial shareholder and a Director of Choon Yee Seiong Sdn Bhd, which is an investment holding company. She is also a member of Executive Committee of PKHB.

Datin Hon holds a LCCI Higher Level qualification from the London Chambers of Commerce & Industry in the United Kingdom.

She is the spouse of Dato' Choon Yee Seiong and the sister-in-law of Madam Choon Nee Siew, Dato' Choon Yoke Ying, Encik Annuar Choon Bin Abdullah, Madam Choon Wan Joo, Mr Choon Yee Bin, Madam Choon Ching Yih, Mr Siow Der Ming, and Mr Chang Kwong Him, who are shareholders of the Company. Her son Mr Choon King Han and daughters, Ms Choon Ee Ling and Ms Choon Ee Teng are also shareholders of the Company.

DATO' DR CHOONG TUCK YEW
Senior Independent Non-Executive Director

Dato' Dr Choong Tuck Yew, age 77 years, a Malaysian, was appointed to the Board of Directors of PKHB as an Independent Non-Executive Director on 13 January 2004. He was promoted to Senior Independent Non-Executive Director in 2005.

He possesses a DComSc, an MBA and is a Chartered Member of the Malaysian Institute of Accountants (MIA), and a member of the Malaysian Institute of Certified Public Accountants. He is also a Fellow of the CPA Australia, a Fellow of the Malaysian Association of the Institute of Chartered Secretaries and Administrators, a Fellow of the Chartered Taxation Institute of Malaysia, and a Chartered Fellow, as well as, a Chartered Audit Committee Director of the Institute of Internal Auditors, Malaysia.

In the early years of his career, Dato' Dr Choong worked as an accountant in several companies. In 1968, he joined Bank Negara Malaysia (Central Bank of Malaysia) and, in 1987, he was appointed as the Chief Manager of the Central Bank of Malaysia. In 1990, he was seconded as the Managing Director of Visia Finance Berhad, a licensed finance company. Currently, Dato' Dr Choong is the Deputy Chairman of C & C Investigation Services Sdn Bhd, a licensed private investigation company.

His other business interests include directorships at UOB Asset Management (Malaysia) Berhad, and SCC Holdings Bhd.

Dato' Dr Choong was a Council Member of the World Association of Detectives and a life member of the International Professional Security Association and Asian Professional Security Association. He has been a guest speaker at various conferences in Malaysia, as well as abroad.

He is the Chairman of the Audit Committee, a member of the Remuneration and Nomination Committee of PKHB.

ENCIK FAZRIN AZWAR BIN MD NOR
Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor, age 49 years, a Malaysian, was appointed to the Board of Directors of PKHB as a Non-Independent Non-Executive Director on 13 January 2004. He was later re-designated as an Independent Non-Executive Director in 2005.

An advocate and solicitor, Encik Fazrin Azwar was called to the Malaysian BAR in 1991 following his graduation with a Bachelor of Laws (LLB) Honours from University of Malaya in 1990. He is currently the Managing Partner of Messrs Azwar & Associates.

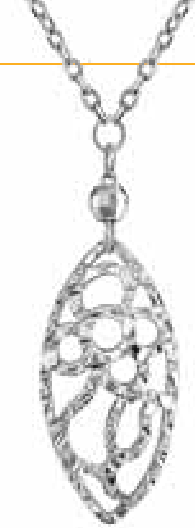
In listed companies, he holds the following positions: as an Independent Non-Executive Chairman of Mercury Industries Berhad and an Independent Non-Executive Director of Tong Herr Resources Berhad, and Daya Materials Berhad. He was also previously an Independent Non-Executive Director of Englotechs Holding Berhad, Tek Seng Holdings Berhad and DPS Resources Berhad and Ire-Tex Corporation Berhad.

In non-listed companies, he holds the position as an Independent Non- Executive Director of Times Offset (M) Sdn Bhd. He is also a Non-Independent Non-Executive Director of Kuchinta Tenaga Hijau Sdn Bhd, Agni Power Sdn Bhd, Nirzaf Holdings Sdn Bhd and the Kuchinta Group of Companies.

He is also a member of the Malaysian Institute of Directors and the Institute of Internal Auditors, Malaysia.

Encik Fazrin Azwar is the Chairman of the Nomination Committee, a member of the Remuneration Committee, the Audit Committee and the Risk Management Committee of PKHB.

PROFILE OF BOARD OF DIRECTORS



DATIN SHIRLEY YUE SHOU HOW
Independent Non-Executive Director

Datin Shirley Yue Shou How, age 66 years, a Malaysian, was appointed to the Board of Directors of PKHB as an Independent Non-Executive Director on 23 January 2009.

She has 24 years experience in the local and foreign luxury fashion retail, business development and consulting, and investment banking industry.

She was Managing Director/General Manager of Fine Lines, a company dealing with imported lady apparels and high-end bespoke orders from 1985 to 1993. Subsequently, she served as Investment Advisor of Credit Lynonnaise Securities (Asia) Ltd from 1993 to 1998 and was an Investment Banker of Soloman Smith Barney, and Citibank Singapore from 2000 to 2003. She has been a Director of Oilvest Engineering (M) Sdn Bhd & Elbex Holdings Sdn Bhd since 2004. She served as Boutique Manager of Chopard, Pavilion, Kuala Lumpur from 2007 to 2008.

Datin Shirley Yue holds a Graduate Diploma in Business Administration (post graduate degree) from the University of Western Sydney, Australia, a member of the Malaysian Institute of Management and a Chartered Audit Committee Director of the Institute of Internal Auditors, Malaysia.

She is also the Chairperson of the Remuneration Committee, and a Member of the Nomination Committee and the Audit Committee of PKHB.

Save as disclosed above, none of the Directors has :

- any family relationship with any Directors and/or major shareholders of the Company.
- any conflict of interest with the Company.
- any conviction for offences within the past 10 years other than traffic offences, if any.

MADAM ESTHER TAN CHOON HWA
Independent Non-Executive Director

Madam Esther Tan Choon Hwa, age 65 years, a Malaysian, was appointed to the Board of Directors of PKHB as an Independent Non-Executive Director on 11 April 2014.

She is a Fellow Member of the Institute of Chartered Accountants in England and Wales (FCA), a Member of the Malaysian Institute of Accountants (CA) and a Fellow Member of the Chartered Tax Institute of Malaysia.

Madam Esther Tan began her career as an auditor with Grant Thornton in UK and later with Kingston Smith in UK before coming back to Malaysia. In 1984, she started her practice which eventually merged to be what is known as GEP Associates. The Firm is a member firm of an International Organisation called AGN International with its headquarters in the United Kingdom boasting of 465 offices worldwide. In 2008 and 2009, Madam Esther Tan became its first lady Chairperson who led the international organization and is today still an active International Board member representing the Asia Pacific region.

She is an auditor of various companies with activities ranging from manufacturing, associations, retailing, constructions, developers, trusts, and multinationals etc; and is well exposed to the requirements of regulatory bodies, as well as Public Listed Companies compliance matters. She has conducted several due diligence and fund raising exercises as Reporting Accountant for clients. She was previously the auditor of several Public Listed Companies.

In 2006, Madam Esther Tan received the award from the National Association of Women Entrepreneur Malaysia as "the woman entrepreneur of the year" under the Finance section.

She is also a Tax Director of GEP Associates and was previously a Finance Director of a manufacturing company before setting up the practice. Currently, she also manages the AGN Asia Pacific region as one of the four Directors.

She is the Chairperson of the Risk Management Committee and a member of the Audit Committee of PKHB.

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors ("Board") of Poh Kong Holdings Berhad ("the Company" or "Poh Kong"), I am pleased to present the Annual Report and audited financial statements of the Company and its Subsidiaries ("the Group") for the financial year ended 31 July 2015 ("FYE2015").

Chairman's STATEMENT

Review of Financial Performance

This has been another year of moderate success despite the challenging business environment.

Amidst a challenging operating environment in a weak consumer market, the Group continued to deliver on its growth strategies to generate profitability and create shareholders' value.

The Group posted a marginally higher revenue of RM805.71 million for FYE2015 compared to RM798.94 million in the previous financial year (FYE2014). The increase in Group revenue of RM6.77 million was largely due to the continuous demand for jewellery and gold related investment products.

For the cumulative period, the Group's pre-tax profit registered RM26.13 million in FYE2015, compared to RM21.87 million in FYE2014, reflecting an increase of 19.5 % or a rise of RM4.26 million over the previous year. Profit after tax increased by 8.8% to RM14.48 million for FYE2015 compared to RM13.31 million in FYE2014.

The stability in gold prices, cost control initiatives and stronger demand prior to the implementation of the Goods & Services Tax (GST) resulted in the Group maintaining its profits for the FYE2015.

The Group's net assets stood at RM459.10 million over the previous year of RM448.88 million.

Review of Operations

Business and corporate strategies are covered in the Review of Operations on pages 37 - 40 in this Annual Report.

CHAIRMAN'S STATEMENT

Corporate Social Responsibility (CSR)

The Group's CSR initiatives are set out on pages 41 - 42 in this Annual Report.

Earnings Per Share

The basic earnings per share for FYE 2015 stands at 3.53 sen (FYE2014: 3.24 sen).

Dividend

The Board of Directors recommend a first and final single-tier dividend of 1 sen per ordinary share of RM0.50 each in respect of FYE2015. (FYE2014 : 1 sen single-tier dividend per ordinary share of RM0.50 each).

The proposed dividend will be subject to shareholders' approval at the forthcoming Annual General Meeting.

Future Prospects

The Group is well-positioned for growth to meet the challenges in the year ahead.

Despite a challenging external environment, Bank Negara expects the Malaysian economy to register a GDP growth of 4.5% to 5.5% in 2015, supported mainly by sustained expansion in domestic demand amidst strong fundamentals. In 2016, Malaysia's GDP is forecasted to grow at a slower rate of 4% to 5%. (Sources: Bank Negara Outlook & Policy 2015 and Economic Report 2015/2016).

Growth in Asia is expected to be sustained, supported by the continued expansion in domestic activity and improving external demand. Capital spending, particularly on infrastructure development, will continue to support the expansion in domestic demand. In the external sector, the improving growth prospects of several advanced economies, particularly the US, will continue to benefit from Asia's export performance.

The Group maintains a positive long-term outlook and forecasts a resilient demand for gold. With the weakening of the ringgit, consumers are turning to gold to hedge against the currency. Looking at the global gold demand and supply situation, gold prices and its value would appreciate in the long term. Besides serving as a good diversified investment tool, the cultural, celebrative and festival demand for gold has been significant and consistent over the years.

Nevertheless, the Group will continue to consolidate its business, implementing cost-saving strategies in reducing the cost of borrowings and gearing, business consolidation of non-performing outlets and stringent stock control measures to enhance its financial performance.

Barring unforeseen circumstances, the Board of Directors is optimistic of the Group's performance for the financial year ending 31 July 2016.

Acknowledgements

On behalf of the Board, I would like to take this opportunity to express my gratitude to all customers, shareholders, business partners, financiers, Government authorities and regulatory authorities for their continued support, guidance and assistance extended to the Group. I would also like to thank my fellow Directors, the Management and employees of the Group for their dedication and contributions.

Dato' Choon Yee Seiong
Executive Chairman & Group Managing Director

Petaling Jaya
27 November 2015

PEMEGANG-PEMEGANG SAHAM YANG DIHARGAI,

Bagi pihak Lembaga Pengarah ("Lembaga") Poh Kong Holdings Berhad ("Syarikat" atau "Poh Kong"), saya dengan sukacitanya membentangkan Laporan Tahunan dan penyata kewangan teraudit Syarikat dan Anak-anak Syarikatnya ("Kumpulan") bagi tahun kewangan berakhir 31 Julai 2015 ("FYE2015").

PENYATA Pengerusi

Ulasan Prestasi Kewangan

Ini merupakan satu lagi tahun kejayaan sederhana walaupun berada dalam suasana perniagaan yang mencabar.

Di tengah-tengah persekitaran operasi yang mencabar dalam pasaran pengguna yang lemah, Kumpulan terus menjayakan strategi pertumbuhannya bagi menjana keberuntungan dan mencipta nilai pemegang-pemegang saham

Kumpulan telah mencatatkan hasil yang lebih tinggi sedikit sebanyak RM805.71 juta bagi FYE2015 berbanding RM798.94 juta dalam tahun kewangan sebelumnya (FYE2014). Peningkatan dalam hasil Kumpulan sebanyak RM6.77 juta adalah sebahagian besarnya disebabkan oleh permintaan berterusan bagi produk pelaburan berkaitan barang kemas dan emas.

Bagi tempoh kumulatif, Kumpulan mencatatkan keuntungan pracukai sebanyak RM26.13 juta bagi FYE2015, berbanding dengan RM21.87 juta pada FYE2014, menunjukkan peningkatan sebanyak 19.5% atau peningkatan sebanyak RM4.26 juta berbanding tahun sebelumnya. Keuntungan selepas cukai meningkat sebanyak 8.8% kepada RM14.48 juta berbanding RM13.31 juta dalam FYE2014.

Kestabilan dalam harga emas, inisiatif kawalan kos dan permintaan yang lebih kukuh sebelum pelaksanaan Cukai Barangan & Perkhidmatan (GST) mengakibatkan Kumpulan mengekalkan keuntungannya bagi FYE2015.

Aset bersih Kumpulan berada pada RM459.10 juta berbanding tahun sebelumnya sebanyak RM448.88 juta.

Ulasan Operasi

Strategi perniagaan dan korporat diliputi dalam Ulasan Operasi pada muka surat 37 - 40 dalam Laporan Tahunan ini.

Tanggungjawab Sosial Korporat (CSR)

Inisiatif-inisiatif CSR Kumpulan dinyatakan pada muka surat 41 - 42 dalam Laporan Tahunan ini.

PENYATA PENGERUSI

Perolehan Setiap Saham

Perolehan asas setiap saham bagi FYE 2015 berada pada 3.53 sen (FYE2014: 3.24 sen).

Dividen

Lembaga Pengarah mengesyorkan dividen pertama dan akhir satu-tier sebanyak 1 sen setiap saham biasa bernilai RM0.50 sesaham berhubung dengan FYE2015. (FYE2014 : 1 sen dividen satu-tier setiap saham biasa bernilai RM0.50 sesaham).

Cadangan dividen akan tertakluk kepada kelulusan pemegang-pemegang saham dalam Mesyuarat Agung Tahunan yang akan datang.

Prospek Masa Hadapan

Kumpulan cukup bersedia untuk menghadapi cabaran-cabaran dalam tahun mendatang.

Di sebalik suasana luaran yang mencabar, Bank Negara menjangkakan ekonomi Malaysia akan mencatat pertumbuhan KDNK sebanyak 4.5 peratus hingga 5.5 peratus pada 2015, disokong terutamanya oleh pengembangan berterusan dalam permintaan domestik di asas ekonomi yang kukuh. Pada 2016, KDNK Malaysia diramalkan akan berada pada kadar yang lebih perlahan sebanyak 4 peratus hingga 5 peratus. (Sumber: Pandangan & Dasar Bank Negara 2015 dan Laporan Ekonomi 2015/2016).

Pertumbuhan di Asia dijangka akan dapat dikekalkan, disokong oleh pengembangan berterusan dalam kegiatan domestik serta mempertingkatkan permintaan luar yang bertambah baik. Perbelanjaan modal, terutamanya dalam pembangunan infrastruktur, akan terus menyokong pengembangan dalam permintaan domestik. Dalam sektor luar, prospek pertumbuhan yang bertambah baik bagi beberapa negara ekonomi maju, terutamanya US, akan terus mendapat manfaat daripada prestasi eksport di Asia.

Kumpulan mengekalkan harapan jangka panjang yang positif dan meramalkan permintaan berdaya tahan bagi emas. Dengan penyusutan nilai ringgit, pengguna beralih kepada emas untuk melindung nilai terhadap mata wang. Melihatkan keadaan permintaan dan bekalan emas global, harga emas dan nilainya akan meningkat dalam jangka masa panjang. Selain bertindak sebagai alat pelaburan terpelbagai yang baik, permintaan bagi emas daripada aspek budaya, perayaan dan keraian adalah penting dan konsisten selama ini.

Namun demikian, Kumpulan akan terus mengukuhkan perniagaannya, melaksanakan strategi-strategi penjimatan kos dalam mengurangkan kos pinjaman dan penggearan, penyatuan perniagaan kedai-kedai yang kurang berprestasi dan langkah-langkah kawalan stok yang lebih ketat bagi mempertingkatkan prestasi kewangannya.

Dalam ketiadaan keadaan di luar jangkaan, Lembaga Pengarah adalah optimistik akan prestasi Kumpulan bagi tahun kewangan akan berakhir 31 Julai 2016.

Penghargaan

Bagi pihak Lembaga Pengarah, saya ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada semua pelanggan, pemegang saham, rakan niaga, pembiaya, pihak berkuasa Kerajaan dan pihak berkuasa berperaturan atas sokongan, bimbingan dan bantuan yang telah mereka berikan kepada Kumpulan. Saya juga ingin mengucapkan terima kasih kepada rakan-rakan Pengarah, Pengurusan dan kakitangan Kumpulan atas dedikasi dan sumbangan mereka.

Dato' Choon Yee Seiong
Pengerusi Eksekutif & Pengarah Urusan Kumpulan

Petaling Jaya
27 November 2015

致尊敬的股东，

我谨代表**宝光控股有限公司**（“**本公司**”或“**PKHB**”）董事会（“董事会”）欣然提呈本公司及各子公司（“本集团”）截至2015年7月31日之财政年（“2015财政年”）的年度报告和已审计财务报告。

主席报告

财务表现检讨

尽管经营环境具挑战性，今年仍然是相当成功的一年。

在消费人市场疲弱导致营运环境具挑战的情况下，本集团继续通过其成长策略以取得盈利和为股东创造价值。

在2015财政年，本集团取得稍高的RM8亿零5百71万营业额，相较于2014财政年的RM7亿9千8百94万。本集团的营业额增加RM6百77万主要是因为珠宝和黄金相关产品的需求保持强劲。

在累计期间，本集团在2015财政年取得RM2千6百13万的扣税前盈利　　，相较于2014财政年的RM2千1百87万，相等于比前一年增长19.5%或RM4百26万。2015财政年的扣税后盈利则增长8.8%而达到RM1千4百48万，相较于2014财政年的RM1千3百31万。

稳定的金价，落实成本控制倡议加上实施消费税（GST）之前的强劲需求，使到本集团得以在2015财政年维持其盈利。

本集团的净资产已由前一年的RM4亿4千8百88万增至RM4亿5千9百10万。

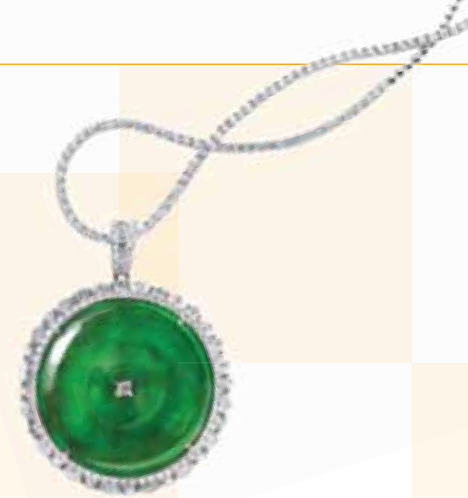
营运检讨

营业和企业策略已列于本年度报告的第37至40页的营运检讨中。

企业社会责任（CSR）

本集团的各项企业社会责任倡议已分别列于本年度报告的第41至42页。

主席报告



每股收益

2015财政年的基本每股收益是3.53分(2014财政年:3.24分)。

股息

董事会建议在2015财政年派发每一RM0.50普通股1分的首期和终期单层次股息(2014财政年:每一RM0.50普通股1分的单层次股息)。

此建议股息须在即将举行的年度大会上获得股东通过。

未来展望

本集团在应付来年的各项挑战方面居有利地位。

尽管外围的环境具挑战性，中央银行仍然预测马来西亚经济可在2015年取得4.5%至5.5%的国内生产总值成长率，主要是在基本面强劲的情况下获得国内需求持续扩大的支持。在2016年，马来西亚国内生产总值成长率预料将放缓，即介于4%至5%(2015年中央银行展望和政策及2015/2016年度经济报告)。

在国内活动继续扩展和国外需求改善之下，亚洲的成长预料将可延续。资本开销，尤其是基本建设发展，将继续支撑国内需求的扩展。国外方面，多个发达经济体，尤其是美国的更佳成长展望，将继续惠及亚洲的出口表现。

本集团维持正面的长期展望和预测黄金的需求具有弹性。由于令吉疲弱，消费人转而投资黄金以对冲令吉贬值。鉴于全球黄金供需状况，长远上，金价及其价值将会增值。除了作为一项卓越，近年来，多样化的投资工具之外，文化，节庆对黄金的需求向来显著和稳健。

无论如何，本集团将继续巩固其业务，落实节省成本策略以减低借贷成本和资产负债比率，巩固表现欠佳分店的业务和严格的存货管制措施，以提升其财务表现。

若无出现不可预见的情况，董事会对本集团在截至2016年7月31日之财政年的表现感到乐观。

鸣谢

我谨藉此机会代表董事会感激本公司所有顾客，股东，来往商家，融资机构，政府当局和监管当局给予本集团的持续支持，指导和援助。我也要感谢诸位董事，管理层和员工们对本集团的献身精神和贡献。

拿督钟义翔
执行主席兼集团董事经理

2015年11月27日
于八打灵再也

REVIEW OF *Operations*

Introduction

Poh Kong, founded 39 years ago in Petaling Jaya New Town, is a leading jewellery brand in Malaysia with a total of 101 outlets spread across most cities and towns. Today, Poh Kong Holdings Berhad and its subsidiaries ("the Group") continue to be the largest jewellery retail chain store in the country.

The Malaysian local jewellery industry has traditionally remained resilient in its ability to weather various global and regional economic crises without seriously experiencing negative impact mainly due to strong consumer demand for gold as they are willing to spend for special occasions and to keep for long term investment. Gold which is supported across generations, has sentimental or emotional, cultural and financial values. Gold in jewellery is regarded as fashion and on the other hand, can be utilized for financial portfolio to enhance capital preservation and protect against downside risk.

Strategy for Growth

Poh Kong is an integrated one-stop jeweller, from manufacturer to retailer of gold jewellery, diamonds, gems, precious stones and gold investment products. The Group will focus on growing both its outlets and manufacturing of gold and gold related jewellery, and investment products in existing core locations and new markets. It is currently taking a prudent stand in its expansion plans.

The Group is actively consolidating non-performing outlets and putting in place cost control initiatives to enhance its profitability in a slow economy that has resulted in weak market sentiments.

Looking ahead, we will continue to develop and protect our brand, and build on the strength of our integrated business model by enhancing the retailing network, expanding jewellery manufacturing capabilities and increasing product and service innovation.

The Group has already built a strong brand equity position that will boost its market share and has in place, the strategy, people and resources to achieve sustainable growth and deliver more value to its customers and shareholders, going forward.

Overall Financial Review

The Group's revenue growth in the past decade was largely attributed to stronger sales from its operations, as well as higher contributions from new and existing stores.

Over the last two years, Poh Kong has continued to forge ahead with a strong and successful brand, earning credibility as a trusted jeweller and broadening its stable of jewellery brands. It has also improved margins via cost control initiatives which include streamlining of businesses, cutting overheads, reducing gearing, managing stock control and lowering cost of sales through economies of scale, such as bulk purchasing in large quantities by its number of chain stores.

In FYE2015, the Group registered marginally higher earnings for both its group revenue of RM805.71 million and pre-tax profit of RM26.13 million over the previous year of RM798.94 million and RM21.87 million respectively.

On operational costs, the weakening Ringgit against the USD had no significant impact on Poh Kong as all its borrowings are transacted in Ringgit Malaysia. Coupled with this, global gold prices have been hovering around USD 1,100 to USD 1,200 per oz, whereby USD has been escalating by more than 30% YOY basis. The weakening in Ringgit has pushed the gold price higher in Ringgit terms, therefore making it more attractive to investors.

REVIEW OF OPERATIONS

Retail Expansion

Poh Kong is continuously working with strategic partners and customers to ensure our products evolve with the changes in consumer lifestyle and preferences.

To sustain our leadership and innovation in the industry, we plan to expand in high growth areas. The Group adopts a cautious approach in its retail expansion by carefully evaluating each outlet's business and economic potential to ensure its viability and profit performance.

The Group's outlets in Malaysia are under various brands in retail concept stores nationwide occupying a total retail space of approximately 127,000 sq ft as at FYE2015. The opening of new outlets located mostly in large shopping malls is to facilitate accessibility, provide convenience and to enhance visibility of its brands.

Besides its market reach and economies of scale, the Group's large and extensive network also reinforces Poh Kong's brand in the jewellery industry.

In FYE2015, the Group opened seven outlets in the following locations – Taiping Mall, AEON Taiping, IOI City Mall, Encorp Strand, AEON Big Alor Setar, Atria Shopping Gallery and Sunway Putra Mall which contributed a total of RM14.4 million revenue or a 2 % growth for the financial year.

The Group renovated and refurbished four stores during the year under review. In FYE2016, it plans to open another three to five stores with an estimated total capital expenditure including inventories of about RM3 million to RM5 million per store.

The Group has been consolidating and streamlining its business, especially the low- performing outlets to make way for retail expansion in locations with better growth potential. For the year under review, it voluntarily wound up eight subsidiaries and dissolved fourteen subsidiaries from the Group as part and parcel of an ongoing internal restructuring exercise.

Retailing of Jewellery

The Group is the leader in the manufacturing and retailing of gold jewellery, gold investment products and fine gemset jewellery. These products are the main contributors to the Group's revenue. Gold investment products consist of gold bars, bullions, wafers and coins.

The Group has served their customers from all walks of life, and caters to various taste and preferences of different races in Malaysia by offering a comprehensive range of jewellery and exclusive designed products, and meeting the four core business principles of quality, value, trust and choice.

The number of outlets by state or territory as at FYE2015 is as follows: Selangor/Kuala Lumpur 61 (60 %); Johore 11 (11 %); Negeri Sembilan 5 (5 %); Perak 7 (7 %); Malacca 5 (5 %), Penang 5 (5 %), Kedah 3 (3 %); Pahang 3 (3 %); and Kelantan 1 (1 %).

Retail outlets located within Kuala Lumpur and Selangor contributed 70 % of the total revenue for FYE2015.

AEON Big Alor Setar

Atria Shopping Gallery

Sunway Putra Mall

In-House Brands

Poh Kong is a one-stop, preferred family jeweller with a comprehensive range of jewellery and exclusively designed products.

It offers wide selections of yellow and white gold, diamond, jade, pearl, gems, and coloured stones jewellery. Its yellow-gold jewellery is promoted under Poh Kong's in-house brands, with new exclusive designs, such as Anggun Series, Happy Love Collection, Tranz Collection and The Art of Auspicious Jewellery.

Anggun features modern Asian-styled designs of floral motifs that reflect the beauty of nature's flora, while Happy Love is inspired by Confucian tradition, and has a selection of elegant oriental gold jewellery that are suitable for traditional weddings. Tranz, designed for bold and daring men and women, offers contemporary gold jewellery which comes in four collections – Classic, Love, Nature and Duet. The Art of Auspicious Jewellery is a showcase of well-crafted masterpieces designed with fengshui elements.

In addition, the Group continuously launches new exclusive designs, and new fine jewellery pieces of European brands to stretch higher margin and to enhance sales which in turn improves bottom lines. The Group has also introduced new GST exempted gold bars with iconic Bunga Raya motifs, ranging from 5 grams to 100 grams, at attractive prices to cater for various consumer segments.

The Group is licensee for Disney Jewellery, the latest of which in the range of famous Disney characters, Disney Princesses, Disney Enchanted and Frozen collections, comprising long lasting fairy tale favourites that are treasured and adored by both adults and children.

Retail Concept Stores/ International Brands

Poh Kong outlets also carry non-gold jewellery so as to provide customers wider choices and collections of exquisite jewellery.

Some of the Group's non-gold products are promoted via retail concept stores which carry exclusive international brands. Among these are the world-renowned European jewellery brands, Schoeffel luxury pearls from Germany, the exquisite Luca Carati diamond jewellery, Moraglione 1922, an Italian brand specialising in coloured gemstones, Angel Diamond, the world's first ideal Square Cut Hearts and Arrows Diamond from Belgium, and the Hemera Diamond, the world's most brilliant diamond with 101 facets.

Retail concept stores include Poh Kong, Poh Kong Gallery, Diamond & Gold, Diamond Boutique, Gold Boutique and Oro Bianco. These concept stores offer a wide range of jewellery from gold related jewellery to gold investment products, diamonds and coloured gems, specially created by its team of skilled craftsmen and designers.

Distribution of these speciality jewellery is through our professional sales team by offering excellent personalized service in fulfilling the customers' shopping needs at various touch-points in the stores.

Marketing Communications

Poh Kong's products are extensively promoted through brand building campaigns. These include advertising and promotion activities, such as annual road shows and ground events held in conjunction with strategic partners to reinforce awareness of the Poh Kong brand name in the marketplace. The Company also focuses on brand and product advertising and creates various innovative campaigns to engage with the public via traditional and new social media.

Several marketing campaigns, leveraging on digital platforms, social media and on-ground activities were implemented successfully during the year. The campaigns are featured on pages 14 - 21 in this Annual Report.

REVIEW OF OPERATIONS

In view of changing consumer buying pattern, especially young consumers, the Company introduced alternative channels and various interactive platforms in delivering sales to its customers. The Poh Kong Rakuten eCommerce portal and websites with more user-friendly interface were among initiatives undertaken.

Putra Brand Awards

Poh Kong has won the people's choice Gold Award for the Putra Brand Awards 2015 in the Apparel and Accessories category, based on consumers' choice of the brands in the market.

The Putra Brand Awards is the only brand award in the country that recognises brand building as an integral business investment measured by brand preference by more than 6,000 consumers in a yearly nationwide survey.

Creative ASEAN Jewellery Design Award

Poh Kong's in-house brand Anggun won the Creative ASEAN Jewellery Design Award 2015 for Malaysia in an award presentation held in conjunction with the Bangkok Gems & Jewellery Fair in Bangkok.

Retail Asia-Pacific Top 500 Award

Poh Kong was ranked again as one of Malaysia's Top 10 Retailers in the 2015 Asia-Pacific Top 500 retail companies conducted by Retail Asia Publishing magazine (June issue).

Manufacturing of Jewellery

Poh Kong Jewellery Manufacturer Sdn Bhd set up in 2001, produces and supplies the majority of Poh Kong's finished gold jewellery.

The RM12 million manufacturing plant with a staff force of about 140 people, is equipped with a modern technology facility where the designers and craftsmen create new in-house designs, seasonal jewellery, as well as exclusive products based on the Group's research and development activities.

The plant also has imported machinery and a gold recovery and refinery system which enables the Group to refine all trade-in jewellery and/or used gold at a lower cost. Advanced IT systems are continuously improved to enhance retail and internal operations efficiency.

Future Prospects

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

The Group is confident of maintaining its long-term plan to strengthen our market position, expansion by identifying strategic locations for future growth, refurbish existing stores, enhance its merchandising mix and investment in brand and human capital to meet these challenges.

The Group is optimistic that the outlook for the jewellery industry remains resilient, particularly the demand for gold jewellery and gold investment products as an alternative investment to hedge not only against inflation, but also a slowing economy and weakening Ringgit.

SUSTAINABILITY AND

Corporate Responsibility

EMPLOYEES ENGAGEMENT

COMMUNITY RELATIONS

Poh Kong recognises acting responsibly and sustainably creates value for the Company, its shareholders, employees, customers, community and the environment, as a whole.

Double-thumbs-up for the lucky winner of the Poh Kong sponsored necklace.

Conducting an in-house training session.

Giving out red packets to wish the elderly good health and peace.

A helping hand during meals at the old folk's home.

EMPLOYEES

Training & Development

Various in-house staff training and development programs were conducted to enhance the hard and soft skills of employees.

Volunteerism & Charities

Poh Kong donates food, daily essentials and cash to charitable homes in the Klang Valley. Employees are encouraged to volunteer their time to care for the needy and deserving, performing pro bono work with the charities.

COMMUNITY RELATIONS

Poh Kong has granted sponsorships and provided monetary support in its commitment to healthcare, education and welfare projects, such as :-

National Cancer Survivors Day 2015

Poh Kong sponsored the Grand Lucky draw prize of the National Cancer Survivors Day 2015 "Thumbs Up for Cancer Survivorship" seminar held at National Cancer Society Malaysia (NCSM) KL on June 7 to honour those living with and beyond cancer. About 100 participants attended the event to focus attention on issues that cancer survivors face, and inspire survivors of a meaningful, productive life after cancer.

Charity Golf 2015

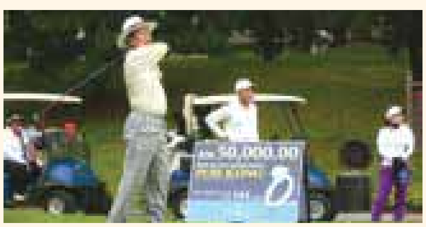
Malaysian Retailer-Chains Association (MRCA) organized their MRCA Malaysia SME Charity Golf 2015 to promote workplace health and to raise funds for the MRCA Branding Education Charity Foundation. Poh Kong was one of the sponsors of the Hole-in-One Charity Golf held at the Kota Permai Golf & Country Club in Shah Alam on May 6.

Poh Kong employees volunteering their time to care for the elderly at Rumah Victory during their visit.

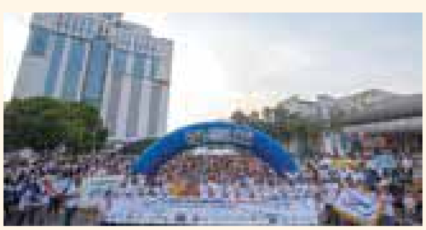
MRCA officials posing with the mock cheque in aid of the MRCA Branding Education Charity Foundation. Second from left is Dato' Choon Yee Seiong, Executive Chairman & Group Managing Director, Poh Kong Holdings Berhad, and MRCA Founder President.

The cancer survivorship seminar notice.

Dato' Choon Yee Seiong (right), Poh Kong Holdings Berhad Executive Chairman & Group Managing Director, receiving a memento from Dato' Hamzah Zainuddin, Minister of Domestic Trade, Cooperatives and Consumerism. Looking on from left are Nur Qamarina Abdullah, Managing Director of AEON Co (M) Bhd and Dato' Abdullah Mohd Yusof, President of Malaysian AEON Foundation.



Golfers preparing to tee off in the tournament which offered a Hole-in-One incentive.



The Peace Road Malaysia event participants at the Start/Finish line at Dewan Sivik Car Park before flag off.

Peace Road Malaysia 2015

Poh Kong supported The Peace Road Malaysia 2015 with the theme "One Nation One Heart" to celebrate the spirit of togetherness and mutual understanding among all Malaysians, despite its diversities for a better and stronger nation. Cyclists, runners and walkers participated in the 4km route in Petaling Jaya on Aug 16.

Water Vending Machines

Poh Kong sponsored Water Vending Machines in five more locations, in efforts to provide clean drinking water to local communities. The monetary funds collected from the machines dispensing water were used to support children's homes and orphanages.

Malaysian AEON Foundation (MAF) Fund Raising

Poh Kong was among the sponsors for the MAF 11th Charity Gala Dinner 2015 to raise funds towards improving education and medical needs for the needy.

Besides a donation, Poh Kong was also the jewellery sponsor for the Lucky Draw in the event, themed "With All Our Hearts" which raised RM1.05 million at One World Hotel, Bandar Utama, Petaling Jaya.

Water vending machine located in SS2.

The water vending machine.

Water vending machine in Bandar Bukit Raja, Klang.

STATEMENT ON *Corporate Governance*

INTRODUCTION

The Board of Poh Kong fully supports the recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012" or "the Code") issued by the Securities Commission and Bursa Malaysia Securities Berhad ("Bursa Securities") which sets out the broad principles and recommendations for good corporate governance and best practices for listed companies.

The Board is committed to apply the recommendations of the MCCG 2012 in ensuring and maintaining that good corporate governance is practised throughout the Group to effectively discharge its responsibilities to protect and enhance shareholders' value and those of the other stakeholders.

The Board of Directors is, therefore, pleased to report that this statement sets out the extent of the Group's compliance with the recommendations of the Code for the financial year ended 31 July 2015. Where there are gaps in the Company's observation of any of the recommendations of the Code, these are disclosed with explanations.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear function of The Board and Management

The Board is the ultimate decision-making body of the Company, and is responsible for oversight and overall management of the Group.

It sets the strategic direction and vision of the Company and takes full responsibility in leading, governing, guiding and monitoring the entire performance of the Group. It enforces standards of accountability, with a view to enabling Management to execute its responsibilities effectively and efficiently to meet the long term goals of the business. The Board has overall responsibility for putting in place a framework of good corporate governance within the Group, including the processes for financial reporting, risk management, internal control and compliance.

The following diagram shows an overview of the four (4) main Board Committees of the Group, each of which is listed with its major responsibilities below:

BOARD OF DIRECTORS

AUDIT COMMITTEE

Major Responsibilities
- Internal Audit
- External Audit
- Financial Reporting
- Audit Reports
- Related party transactions

RISK MANAGEMENT COMMITTEE

Major Responsibilities
- Identify key risks
- Action to mitigate risks
- Policies & procedures
- Reviews and assesses risk framework

EXECUTIVE COMMITTEE

Major Responsibilities
- Develop Group's strategy & business plans
- Manage operational activities etc;
- Manage manpower requirements and succession planning

NOMINATION COMMITTEE

Major Responsibilities
- Board size and composition
- Board diversity
- Selection & recruitment of Directors
- Evaluation of Board performance

REMUNERATION COMMITTEE

Major Responsibilities
- Directors' remuneration policy
- Directors' fees
- Directors' performance based related pay schemes

The Board Committees are established to assist the Board in discharging its responsibilities. The Board appoints the members and the Chairman of each committee. The Board delegates specific responsibilities to four (4) Committees, namely the Audit Committee ("AC"), Risk Management Committee ("RMC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). All committees have written terms of references and operating procedures approved by the Board and are reviewed periodically. The Board receives reports on the Committees' proceedings and deliberations. The Chairmen of the respective Committees report the outcome of their meetings to the Board, which are then incorporated into the minutes of the Board meetings. Members of the Board are given the minutes of the meetings of the respective Committees.

The Board retains full responsibility for guiding and monitoring the Company in discharging its responsibilities. The various committees perform certain of the Board's functions and to provide it with recommendations and advices.

The role of the Chairman is to ensure the orderly conduct and performance of the Board while the Group Managing Director ("GMD") is responsible for the implementation of the Board's decisions and the day-to-day running of the business in line with the Company's goals and policies developed by the Executive Committee ("EC") and approved by the Board.

The role of the EC is to act as a steering committee and to collaborate with the Management in articulating the Group's vision, mission, values and strategies. It develops the Group's strategy, direction and business plan for the Board's approval to manage and drive the daily operational activities, important critical matters and set priorities to achieve the business objectives, including looking into manpower requirements and succession planning. The EC comprises Executive Directors and is led by the Group Managing Director. Executive Directors take on the primary responsibilities for implementing the Group's business plans and managing the business activities.

The role of the Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advice and judgment, and plays a pivotal role in decision making and corporate accountability. Independent Non-Executive Directors ensure that the business plans proposed by the Management are fully deliberated and examined objectively, taking into perspective the long term interests of the Company, its shareholders, other stakeholders and the community at large.

1.2 Clear Roles and Responsibilities

In fulfilling its fiduciary, stewardship and leadership functions, the Board meets regularly to perform its functions, amongst others, as follows:-

a. Reviewing and Adopting the Company's Strategy and Business Plan

The Board approves the strategy and business plan presented by the Management and also reviews the strategic direction on a quarterly basis and guides the Group in promoting its core values, policies and, meeting targets and objectives.

b. Overseeing the Conduct of the Company's Business

To ensure the effective discharge of its functions and responsibilities, the Board delegates the day-to-day management of the Group's business to the Management. The GMD is responsible for the implementation of the Board's decisions, and the day-to-day operations of the Group's business and operational efficiency. The GMD is also the Chairman of the Executive Committee and drives the daily business activities of the Group.

c. Identifying Principal Risks and Ensuring the Implementation of Appropriate Systems to Manage them

The Risk Management Committee headed by an Independent Non-Executive Director, reviews the risks identified by the management and advises the Board on areas of risk faced by the Group and the adequacy of compliance and control throughout the Group. A risk management working group comprising of senior managers and heads of departments was formed to actively review and identify business and other risks, and recommending control measures to mitigate these risks. The findings relating thereto are reported by the Chairperson of the RMC to the Board on a quarterly basis.

The Group has established an Enterprise Risk Management ("ERM") framework to identify, evaluate and manage the risks. A Gross Risk Scorecard was also implemented at corporate level and subject to review on a regular basis. Details of the RMC and the Company's ERM are set out in the Statement on Risk Management and Internal Control in this Annual Report on pages 68 to 72.

d. Succession Planning

The Board recognises the importance of succession planning in building long-term sustainable performance excellence and has established a Succession Planning Framework for key management positions. It has identified potential candidates for senior managerial positions to ensure continuity of positions.

Succession planning for key management staff includes various programs, such as talent pools, senior management development and individual development plans. Experienced and key senior management staff contribute to the pool of potential talents for Executive Directorship appointments.

Succession planning for the Board comes under the purview of the Nomination Committee, and for the Management, is under the Group Human Resource. A talent pool management committee formed by the Board on 25 March 2015, is a sub-committee of the NC. It includes four Independent Non-Executive Directors which identifies the critical positions, assess potential candidates and develop required competencies through planned learning and development initiatives.

e. Overseeing the Development and Implementation of a Communication Policy for the Company

The Board recognises the importance of keeping shareholders and investors informed of its latest business and corporate developments. The Board believes that an effective investor relationship is essential in enhancing value to its shareholders.

The dissemination of information about the Group, its businesses and its activities is conducted via the timely release of quarterly financial results, press releases and announcements. The Company arranges informal meetings and dialogues with fund managers, analysts, potential shareholders and research houses periodically. The Company is aware of the legal and regulatory framework governing the release of material and price sensitive information, and it will endeavour to provide as much information as possible.

The Company's website at www.pohkong.com.my provides easy access to corporate and financial information of the Group. Poh Kong's Investor Relations ("IR") updates and information on financial results are uploaded on the website immediately where shareholders and the public can access the latest corporate information of the Group including annual reports, quarterly reports, corporate governance information and announcements made to Bursa Securities and Securities Commission.

During the financial period under review, the Company has been involved in investor relations activities, such as media briefings and interviews, meetings with local and foreign fund managers and research houses, to keep shareholders duly informed on the performance, development and operational activities of the Group.

f. Matters Reserved for the Board's Decisions

The responsibility for matters material to the Group is in the hands of the Board, with no individual Director having unfettered powers to make decisions. Matters reserved for the Board include discussions on matters of significance, such as, change of direction in strategy, changes related to structure and capital, changes in Board members, disposal and procurement of assets, Executive and Non-Executive Directors' remuneration packages, approval of preliminary announcement of interim and final results, that need authorization from time to time.

1.3 Formalized Ethical Standards through Code of Conduct

The Board has adopted a Code of Ethics and Conduct ("COC") for Directors and employees towards their customers, business partners, communities and shareholders. It sets out the ethical standards and underlying core ethical values to guide actions and behaviors of all Directors and employees in conducting the day-to-day duties and operations of the Group.

Management and employees are expected to observe high standards of integrity and fair dealing in relation to customers, business partners, staff and regulators in the network locations where the Company operates.

In order to strengthen corporate governance practices across the Group, a Whistle-Blowing Policy was established to provide employees with an accessible avenue to report fraud, corruption, dishonest practices or other similar matters.

The aim of this policy is to promote and encourage the reporting of such matters in good faith with the confidence that the staff making such reports will be protected from any retaliation in the form of dismissal, harassment or discrimination at work, or any action in court, in respect of disclosure made by the whistle blower to the regulators.

The Code of Ethics and Conduct is published on the Company's website at www.pohkong.com.my. The Board will review the Code when necessary to ensure it remains relevant and appropriate.

1.4 Strategies Promoting Sustainability

The Board has adopted a Sustainability and Corporate Responsibility Framework ("the Framework") for the Group. The Framework reinforces the Group's commitment to integrate sustainability and corporate responsibility strategies into daily operations. The ultimate objective is to achieve greater efficiency, better performance of the Group and improved quality of life to the society at large.

The Group's activities on sustainability are included in the Sustainability and Corporate Responsibility report on pages 41 to 42 of this Annual Report and in the Company's website.

Poh Kong's Sustainability Policy is based on promoting a cleaner environment, development without excessive waste and pollution, usage of energy efficient appliances or items and improvement in sustainability performance. Our on-going green campaign includes protecting the environment through green awareness and eco-friendly activities that reduces carbon footprint and waste generated in manufacturing processes.

1.5 Supply and Access to Information

The Board recognizes that the decision-making process is highly dependent on the quality of information furnished. In furtherance of this, every Director has access to all information within the Company through the following means:-

- Members of Senior Management attend Board and Board Committee meetings by invitation to report on areas of their responsibility including financial, marketing, operational, corporate, regulatory, business development, audit matters and information technology updates, for the Board's decision making and effective discharge of the Board's responsibilities. Meetings with the External Auditors are also held without the presence of Management and Executive Directors. There were two meetings held for this purpose in the financial year under review.

- The Board and Board Committee papers are prepared and circulated to the Directors or Board Committee Members at least seven (7) days before the Board and Board Committee meetings.

- The Audit Committee meets with the Management, Internal Auditors and External Auditors regularly to review their audit plans and reports, and obtain updates and observations on internal control system and financial reporting matters.

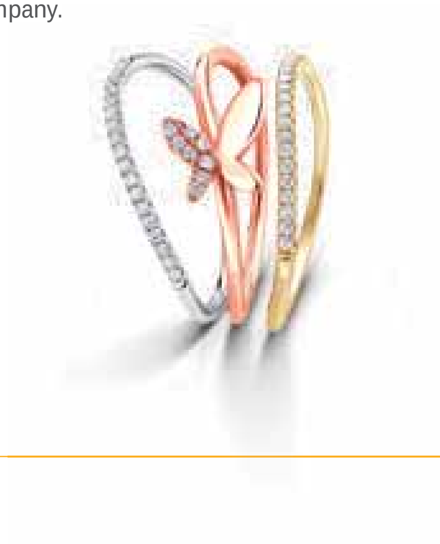
1.6 Qualified and competent Company Secretary

The Board is regularly updated and advised by the Company Secretary who is qualified, experienced and knowledgeable on statutory and regulatory requirements relating to the Companies Act, 1965, the Main Market Listing Requirements of Bursa Securities ("MMLR") and Corporate Governance, and the implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretary facilitates the flow of information to the Board and its committees.

The Directors have ready and unrestricted access to the advice and services of the Company Secretary pertaining to Board policies, procedures, the Companies Act, 1965, the MMLR, the MCCG 2012, and timing of material announcements, to enable them to discharge their duties effectively. The Company Secretary also keeps the Directors and Principal Officers informed of the closed period for trading in the Company's shares.

Besides direct access to the Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary.

The Company Secretary maintains all secretarial and statutory records of the Company.



1.7 Board Charter

The Directors are expected to act in a professional manner and discharge their duties with high ethical values, honesty and accountability with strong commitment to good corporate governance practices. The Board Charter was formalised and adopted in 2014 by the Board which sets out the roles, responsibilities, authorities and operation of the Board and Board Committees. All Board members are aware of their duties and responsibilities.

The Board Charter also outlines:

- The division of responsibilities and powers between the Board and management, the different committees established by the Board, and position of the Chairman and the Group Managing Director;
- Set out processes and procedures for convening Board meetings;
- The Board's commitment in upholding integrity in financial reporting, conflict of interest situations and related party transactions;
- List of matters reserved for decision by the Board;
- Board's access to information and independent advice and
- The role of the Company Secretary.

The Board Charter serves as a reference providing guidance to prospective and existing Board members and Management on the fiduciary and stewardship functions of the Company's Directors. It also entrust Board members and employees to apply the principles and practices of good Corporate Governance in all their dealings in respect of and on behalf of the Company; to help foster a culture of honesty and accountability and uphold the core values of integrity when dealing with ethical issues.

Poh Kong's Board Charter is available on the Company's website and will be reviewed annually to ensure the Charter remains consistent with the Board's objectives, current law and practices.

PRINCIPLE 2 – STRENGTHEN COMPOSITION

2.1 The Board Composition and Management

The control environment sets the tone for the Group and is driven by an effective Board consisting of competent individuals with appropriate specialised skills and knowledge to ensure capable management of the Group. The appointment of Independent and Non-Independent Directors is carefully considered to ensure that the Board is well balanced on views, advice, judgment and decision making.

The Board comprises eleven (11) members, of whom seven (7) are Executive Directors and four (4) are Independent Non-Executive Directors. It is a balanced Board and comprises professionals from various backgrounds and with the relevant experience and expertise that would add value to the Group. The mix of experience and talent is vital for the strategic success of the Group.

The Board has met the requirement of at least one third of the number of Directors shall be Independent Non-Executive Directors. It has also met the gender requirement that 30 % of its Board Members should be women, as it has four women Board Directors. The Board has also met the diversity in age and ethnicity in varying degrees.

The Board delegates the implementation of its strategy to the Company's Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company.

2.2 Nomination Committee

The Nomination Committee ("NC") comprises three (3) Non-Executive Directors, who are Independent Directors. The members of NC are as follows:-

Encik Fazrin Azwar Bin Md Nor
Chairman, Independent Non-Executive Director

Dato' Dr Choong Tuck Yew
Senior Independent Non-Executive Director

Datin Shirley Yue Shou How
Independent Non-Executive Director

The NC reviews adequate training needs for Directors with respect to the business structure and management of the Group, as well as the expectation of the Board with regard to their contributions to the Board and the Group. Continuing education programmes and seminars would be organised for the Directors to keep them abreast of the latest developments and advances in Corporate Governance.

The NC also assists the Board in its annual review of the required mix of skills and experience and other qualities including core competencies which Directors should bring to the Board and to assess the effectiveness of the Board as a whole, as well as, look into succession planning, boardroom and gender diversity, and training courses.

The NC met twice (2) during the financial year to deliberate on the above matters.

2.3 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

Appointment of Directors

The NC is responsible for reviewing recommendations of any new appointments to the Board. In reviewing these recommendations, the NC considers the required mix of skills and experiences which the Directors would bring to the Board and his or her time commitment. Any new nomination received is reviewed by the talent pool management committee and recommended to the NC and subsequently, to the full Board for assessment and endorsement.

The key task of the NC is to ensure that the Company recruits and retains the best available Executive and Non-Executive Directors who are competent and are able to guide the Company to meet its strategy and business plan.

Re-election of Directors

The Articles of Association ("the Articles") of the Company provides that one-third (1/3) of the Directors are required by rotation to submit themselves for re-election by Shareholders at every Annual General Meeting ("AGM") at least once in every three (3) years.

The Articles of the Company further provides that all Directors who are appointed during the financial year are subject to retirement and re-election by the shareholders at the AGM following their appointment.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Diversity Policy

The Group is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, ethnicity throughout the organisation.

The Board practices gender diversity and has four (4) female Directors that represents 36.3% of seats at Board level, out of a total of eleven (11) Directors, even though it does not have a formalized policy on setting targets for female candidates.

The Group will continue to identify suitable candidates for appointment to the Board based on merit and competence and the contribution that each potential candidate can bring to further strengthen the Board. The evaluation of the suitability of candidates as Board members is solely based on the candidates' competency, character, time commitment, knowledge and experience in meeting the needs of the Group.

Annual Assessment

The NC compiles and conducts on an annual basis the following evaluation:-

- The effectiveness of each Director's ability to contribute to the effectiveness of the Board and the relevant Board Committees;
- The effectiveness of the Board Committees and the Board as a whole;
- The Independent Directors' self-assessment;
- Key officers' evaluation;
- The AC's financial literacy and evaluation;
- The AC members' self and peer evaluation;
- The Internal Audit function evaluation;
- The External Auditors' performance and independence; and private sessions with the External Auditors.

All assessments and evaluations carried out by the NC are properly documented. The assessment and comments by Directors' are summarized pertaining to the effectiveness of the Board and its Board Committees, are tabled at the NC meeting. The NC Chairman will then report to the Board on the results of the Directors' assessment and evaluation.

2.4 Directors' Remuneration

In compliance with the Code, a Remuneration Committee ("RC") was established on 8 March 2004.

The RC plays an essential role in overseeing the quality of the remuneration for Executives and Non-Executives Directors. The Company's remuneration policies and outcomes strike an appropriate balance between the interests of the shareholders, and rewarding the Company's executives and employees; and the human resources policies are consistent with and complementary to the strategic direction and objectives of the Company as determined by the Board.

The RC ensures that the remuneration decisions remunerate Executive and Non-Executive Directors fairly and responsibly, and that it reflects the commitment of the Director concerned. The remuneration policy for Executive Directors is based on the executive functions and responsibilities, as well as the contributions and performance of each member to the business.

Non-Executive Directors receive Directors' fees not linked to profits or performance of the Company, but with consideration of role, responsibilities and time commitment to the Company, inclusive of roles in Board Committees.

The Board determines the remuneration of Executive Directors and Non-Executive Directors taking into consideration the recommendations of the RC. No Director takes part in discussion and decision making on his/her own remuneration. The aggregate amount of Directors' fees to be paid to Non-executive Directors is subject to the approval of the shareholders at a General Meeting.

The RC comprises four (4) Directors, the majority of whom are Independent Non- Executive Directors. The members of the RC are as follows:-

Datin Shirley Yue Shou How
Chairperson, Independent Non-Executive Director

Dato' Dr Choong Tuck Yew
Senior Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor
Independent Non-Executive Director

Dato' Choon Yee Seiong
Executive Chairman & Group Managing Director

The details of the remuneration for Directors of the Company during the financial year ended 31 July 2015 are as follows:-

Aggregate Remuneration Categorization	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	18	192
Non-Fees	1,581	104
Salaries	4,812	-
Bonuses	1,066	-
Benefits-in-kind	118	-
Total	**7,595**	**296**

The number of Directors of the Company whose total remuneration falls within the following bands:-

	Number of Directors	
Range of Remuneration	Executive Directors	Non-Executive Directors
RM50,001 to RM100,000	-	4
RM500,001 to RM550,000	1	-
RM650,001 to RM700,000	2	-
RM950,001 to RM1,000,000	1	-
RM1,000,001 to RM1,000,050	1	-
RM1,100,001 to RM1,150,000	1	-
RM2,600,001 to RM2,650,000	1	-

The RC met once (1) during the financial year ended 31 July 2015.

PRINCIPLE 3 - REINFORCE INDEPENDENCE

3.1 Assessment of Independence

The Board recognizes the importance of independence and objectivity in the decision-making process as advocated in the MCCG 2012. The Board is committed to ensure that the independent directors are capable of exercising independent judgment and are not involved in any relationship with the Group, acting in the best interests of the Company.

The Independent Directors of the Company fulfilled the criteria of "Independence" as prescribed under the MMLR of Bursa Securities. The Board, via NC, has developed the criteria to assess independence and formalised the current independence assessment practice. In addition, the Independent Directors signed a confirmation of independence annually.

3.2 Tenure of Independent Directors

The Board is aware of the recommended tenure of an Independent Director which should not exceed a cumulative or consecutive term of a total of nine (9) years as recommended by MCCG 2012 and that an Independent Director may continue to serve on the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of the nine (9) years tenure.

However, if the Board intends to retain the Director as Independent after the respective Independent Director has served a cumulative or consecutive term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting.

3.3 Shareholders' Approval for the Appointment as an Independent Director after serving nine (9) years in that capacity

The Board based on the review and recommendation made by the Nomination Committee, considers Dato' Dr Choong Tuck Yew, Senior Independent Non-Executive Director, and Encik Fazrin Azwar Bin Md Nor, Independent Non-Executive Director, to be independent and recommends that they should continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

- The Group has benefited from these long serving Independent Directors who possessed detailed knowledge of the Group's business, standard operating procedures, internal controls and risk profile and have proven commitment, experience, competence and wisdom to effectively advise the Board from time to time.

- Dato' Dr Choong and Encik Fazrin Azwar are independent in character and judgment, independent of management and free from any relationship or circumstances which are likely to affect or could affect their judgment or making of decisions in the best interest of the Company.

- Dato' Dr Choong and Encik Fazrin Azwar each have proven business acumen, academic qualifications, professional backgrounds and practice skills in the fields of accounting and law respectively. They have always been vocal and provided constructive feedback to promote effective decision making of the Board.

Dato' Dr Choong and Encik Fazrin Azwar had fulfilled the criteria under the definition of Independent Directors as stated in the MMLR, and hence they have provided a check and balance, and bring an element of objectivity to the Board. Both of them have served the Group for more than nine (9) years and have agreed to be retained as Independent Non-Executive Directors.

3.4 Separation of positions of the Chairman and the Group Managing Director

To ensure balance of authority, increased accountability and a greater capacity for independent decision-making, the roles of the Chairman and the Group Managing Director are distinct and separate with a clear division of responsibilities between the Chairman and the GMD.

However, it has been the practice of the Group to combine the responsibility of the Chairman and the GMD due to the vast experience and indepth industry knowledge that Executive Chairman Dato' Choon Yee Seiong ("Dato' Choon") has in the business. Due to Dato' Choon's intensive wealth of expertise and goodwill generated over the years that has benefited the Group, the two roles as the Chairman and the GMD remain vested in him for business efficiency and effectiveness.

As the Chairman, Dato' Choon is pivotal in creating the conditions for overall Board and individual Director's effectiveness. His responsibility is to run the Board and set its agenda taking into account the issues and concerns of all Board members. He ensures Board Members receive accurate, timely and clear information about the Company's performance to enable the Board to make sound decisions, and encourages active engagement by all Board Members. He is responsible for the approval of all Group policies, ensuring they adhere to and conform to the highest standards. He also ensures the orderly conduct and management of the Board, and Board Committees performance. Dato' Choon is an effective Chairman who upholds the highest standards of integrity and provides coherent leadership in representing the Company's vision and mission and understanding the needs of various stakeholders.

As the GMD, he is responsible for developing the Group's objectives and strategies for approval by the Board having regard to the Group's responsibilities to its various stakeholders. He recommends to the Board an annual budget and three years' financial plan and ensuring its achievements following the Board approval. Dato' Choon is also charged with implementing the Board's directions, managing the day-to-day business operations, including chairing the Executive Committee and communicating its decisions and recommendations to the Board. His duties include driving the Group's performance and reviewing its operational results and strategic directions of the Group's business. He undertakes the responsibility of identifying and executing new business opportunities. Dato' Choon also ensures the Board that appropriate risks and internal controls are in place. In summary, Dato' Choon has upheld his duties as the Chairman and the GMD respectively as separate and distinct roles with clear division of responsibilities.

Although the Executive Chairman is also the GMD, all decisions of the Board are based on the decision of the majority of the Board Members and matters are deliberated with active participation of the four (4) Independent Non-Executive Directors. Therefore, no individual Director dominates the decision making process unless duly authorised by the Board.

Nevertheless, functionally and for all purposes and intent, the responsibilities of the GMD are executed by delegating authority to designated Senior Management to ensure that division and accountability in essence are separated. Further, all decisions on matters reserved for the Board are made after due deliberation by the Board and the Board Committees, where required.

The MCCG 2012 recommends that the majority of the Board members must comprise of Independent Directors in the event that the Board Chairman is not an Independent Director. In spite of this, the Board is of the view that this recommendation is currently satisfied by the strong proactive participation of the Independent Non-Executive Directors expressing their impartial, independent opinions strongly without fear or favour on important issues that affect the Company and/or the interest of the various stakeholders.

3.5 Composition of the Board

Presently, the Board comprises four (4) Independent Non-Executive Directors and seven (7) Executive Directors. This composition complies with Paragraph 15.02 of the MMLR of Bursa Securities which requires at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, to be independent. The profiles of the Directors are set out on pages 25 - 30 of this Annual Report.

The Executive Directors take on the primary responsibility of the day-to-day running of the Group's business, as well as, implementing the policies and decisions of the Board.

The Independent Non-Executive Directors act independently of management and do not participate in any business dealings and are not involved in any other relationship with the Group that may impair their independent judgment and decision-making. They provide a broader view and independent assessment to the Board's decision making process by acting as an effective check and balance.

Together, the seven (7) Executive Directors and four (4) Independent Non-Executive Directors is a balanced Board and comprises professionals from various backgrounds with depth and breadth of experience, expertise and perspectives which would add value to the Group. The Executive Directors have cumulatively, a wealth of knowledge and experience, gained insights from different fields and expertise that include retailing, manufacturing, research and development functions in the industry. They each uphold different functions of the Company and contribute cohesively to the success and well being of the Group.

With their diverse backgrounds, professional experience and wide mix of skills, the Board can manage and run the Group's operations effectively and efficiently.

PRINCIPLE 4 – FOSTER COMMITMENT

4.1 Board Meetings

The Board met five (5) times during the financial year ended 31 July 2015. Details of attendance are as below:-

	No. of Meetings attended by Directors
Executive Directors	
Dato' Choon Yee Seiong *(Executive Chairman & Group Managing Director)*	5/5
Mr Cheong Teck Chong	5/5
Madam Choon Nee Siew	4/5
Datin Hon Wee Fong	5/5
Mr Chang Kwong Him	4/5
Mr Siow Der Ming	5/5
Mr Choon Yee Bin	4/5
Independent Non-Executive Directors	
Dato' Dr Choong Tuck Yew	5/5
Encik Fazrin Azwar Bin Md Nor	5/5
Datin Shirley Yue Shou How	5/5
Madam Esther Tan Choon Hwa	5/5

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, one of the criteria is they must not hold directorships of more than five (5) public listed companies. The Directors are required to submit an update on their other directorships annually. Directors are also required to notify the Chairman before accepting any new directorship.

4.2 Directors' Training

The Directors will continue to undergo annually other relevant training programmes, courses, talks, conferences and seminars to keep abreast of relevant changes in laws and regulations, development in the industry and to further enhance their skills and knowledge.

During the year, the external training programmes attended by the Directors are as follows:-

Dato' Choon Yee Seiong	**2015** • 15 September 2015 – "Risk Awareness Training Programme," conducted by Institute of Enterprise Risk Practitioners.
Datin Hon Wee Fong	**2015** • 15 September 2015 – "Risk Awareness Training Programme," conducted by Institute of Enterprise Risk Practitioners.
Mr Cheong Teck Chong	**2015** • 15 September 2015 – "Risk Awareness Training Programme," conducted by Institute of Enterprise Risk Practitioners.
Mr Chang Kwong Him	**2015** • 15 September 2015 – "Risk Awareness Training Programme," conducted by Institute of Enterprise Risk Practitioners.
Mr Siow Der Ming	**2015** • 15 June 2015 – "Gold and Precious Metals Price Outlook Conference (COG2015)," organised by Bursa Malaysia Derivatives Sdn Bhd at Grand Hyatt Hotel, KL. • 25-28 June 2015 – "Hongkong Jewellery Fair," organised by UBM Asia Ltd, at Hong Kong Wan Chai Convention Center. • 18-19 June 2015 – "Creative ASEAN Jewellery Design Competition 2015," in Bangkok conducted by EU-ASEAN Project, c/o Department of Intellectual Property, Ministry of Commerce, Thailand. • 15 September 2015 – "Risk Awareness Training Programme," conducted by Institute of Enterprise Risk Practitioners.

Dato' Dr Choong Tuck Yew	**2014** • 17 November 2014 – "Malaysian Accounting Standards Board," seminar. **2015** • 12 January 2015 – "Breakfast Talk," organised by the Ex-Staff Alumni Club of Bank Negara Malaysia. • 20 January 2015 – "GST: A Catalyst Towards A Developed Nation," conducted by the Chartered Tax Institute of Malaysia. • 12 February 2015 – "The Malaysian Dilemma," a talk by Tun Dr Mahathir Mohamad, organised by The Centre For A Better Tomorrow. • 9 March 2015 – "Speech and Table Topics," conducted by Toastmasters International Area B1. • 20 March 2015 –"Pain And The Brain," a lecture by Professor Nick Rawlins from University of Oxford held at Sunway University in conjunction with the Jeffrey Cheah Distinguished Speakers Series. • 15 September 2015 – "Risk Awareness Training Programme," conducted by Institute of Enterprise Risk Practitioners.
Encik Fazrin Azwar Bin Md Nor	**2015** • 25 March 2015 – "Audit Committee Conference 2015," organized by Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia :- - ACI Global Audit Survey: Key Observations; - Managing Cybersecurity:The Cyber Risk Landscape; - Win-Win Relationship: How Can The Audit Committee Optimise Insights From External Audit, Internal Audit And The CFO? and - Internal Audit And The Audit Committee: What Are Boards Looking For? • 8 April 2015 – "Nominating Committee Programme Part II," organized by ICLIF and Bursa Securities. • 15 September 2015 – "Risk Awareness Training Programme," conducted by Institute of Enterprise Risk Practitioners.
Datin Shirley Yue Shou How	**2015** • 15 September 2015 – "Risk Awareness Training Programme," conducted by Institute of Enterprise Risk Practitioners.

Madam Esther Tan Choon Hwa	**2015** • 8 April 2015 – "Nominating Committee Program 2- Effective Board Evaluation," conducted by Bursa Securities. • 18 May 2015 – "Walking The Ethical Tightrope," conducted by Malaysian Institute of Accountants (MIA). • 19 August 2015 – "Enterprise Risk Management Global Conference 2015," organized by Institute of Enterprise Risk Practitioners. • 25 & 26 August 2015 – "National Tax Conference 2015," conducted by CTIM and LHDN. • 15 September 2015 – "Risk Awareness Training Programme," conducted by Institute of Enterprise Risk Practitioners. • 21 September 2015 – "CG Breakfast Series- The Game Changer For Board Room," conducted by Bursa Securities, MIA and CPA.

PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Accountability and Audit

Financial Reporting

The Board is committed to provide a balanced, clear and comprehensive assessment of the Group's financial position and prospects by making sure the financial statements and quarterly announcements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards.

The Board is assisted by the Audit Committee in reviewing the appropriateness of accounting policies applied by the Group, as well as, the changes in these policies.

The AC also assists the Board in overseeing the financial reporting process and ensuring the quality of the financial reporting by the Group. The AC reviews and monitors the accuracy and integrity of the Group's annual and quarterly financial statements for announcement to the public within the stipulated time frame.

Statement on Directors' Responsibility

In reviewing all the published annual and quarterly financial statements during the financial year ended 31 July 2015, the Directors took due care and reasonable steps to ensure compliance with the applicable accounting standards in all material aspects. For this purpose the Directors are updated and briefed by the external auditors on the current accounting practices and applicable financial reporting standards and IC Interpretation, at least once a year.

A statement by the Directors of their responsibilities for preparing the financial statements is set out under the Statement on Directors' Responsibility on page 76 of this Annual Report.

5.2 Assessment of Suitability and Independence of External Auditors

The Board maintains a transparent and professional relationship with the Group's external auditors through the Audit Committee ("AC").

The criteria for the external auditors assessment include quality of services, sufficiency of resources, communication and interaction, audit planning, independence, objectivity and professional skepticism. In determining the independence of the external auditors, the AC reviewed and assessed all aspects of their relationships with them including the processes, policies and safeguards adopted by the Group and the external auditors relating to audit independence. The AC also reviewed and assessed the external auditor's performance and independence.

The Group's external auditors are invited to attend the AC meetings on a quarterly basis. Copies of the internal audit report are given to the external auditors at the meeting for their comments and notation. The AC meets the external auditors to review the scope and adequacy of the audit process, updates on the financial reporting standards, the financial statements and their audit findings.

In addition, the external auditors are invited to attend the Company's Annual General Meeting ("AGM") and are available to answer any questions from shareholders on the conduct of the statutory audit and the contents of the Annual Audited Financial Statements.

During the financial year ended 31 July 2015, the AC met two times (2) with the external auditors without the presence of the management and Executive Directors.

The Company requires that the engagement partner involved in the external audit should not remain in a key audit role beyond five (5) years and cannot be re-engaged to play a significant role in the audit of the Company for at least another two (2) successive years. The external auditors have declared their independence to the Group and their compliance with current By-Laws (on professional ethics, conduct and practice) of the Malaysian Institute of Accountants – Section 290.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risks

The Board acknowledges its responsibility for maintaining a sound system of risk management and internal controls in the Company and the Group. These controls provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Directors are responsible for the Group's system of internal controls. The internal control covers the financial and non-financial aspects including risks assessment. It also encompasses compliance and operational controls, as well as risks management matters. The Group has formalized Standard Operating Procedures which take into consideration the adequacy and integrity of the system of internal control, and is subject to review by the Executive Committee and endorsed by the AC and subsequent approval by the Board, when required.

In addition to Standard Operating Procedures, the Group also has in place a formalized Whistle Blowing Policy and has established a risk management framework to identify, evaluate and manage key risks that may affect the achievement of the business objectives of the Group.

6.2 Internal Audit Function

The Group's internal audit function is carried out by the Company's in-house internal audit department and three (3) firms of outsourced external consultants to assist the AC and Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

Details of the Company's internal control processes are set out in the Statement on Risk Management and Internal Control in this Annual Report. Total cost of the internal audit function for the financial year ended 31 July 2015 amounted to RM653,316.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board has ensured timely disclosure of material information pertaining to the Company's performance and operations to the public, in accordance with the disclosure requirements under the MMLR and other applicable laws. It has formalized a written Corporate Disclosure Policy for the Group. A copy of the policy is available in the Company's website.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Board has established a dedicated section on the Company's website for corporate information on the Company's announcements, financial information, annual reports, quarterly reports, share prices and analysts' reports which be assessed. The website is the key communication channel for the Company to reach its shareholders and general public.

The IT interactive Investor Relations section enhances the investor relations function and includes a corporate newsroom, investment calculator of stocks, as well as enquiries. Shareholders and the general public may direct their enquiries via "Information Request" and the Company's IR contact will endeavor to reply to these queries. Shareholders can also access historical data and stocks chart information by clicking on the subject matter in the website.

There is also a section focusing on corporate governance that includes the Company's Statement on Corporate Governance, Board Charter that contains the Whistleblowing Policy, Code of Ethics and Conduct, Sustainability and Corporate Social Responsibility and various corporate governance initiatives.

PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage Shareholder Participation at General Meetings

Annual General Meeting

The Company dispatches its notice of AGM and related papers to shareholders at least twenty one (21) days before the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.

During the AGM, the Executive Chairman provides shareholders with a brief overview of the Company financial year's performance and operations.

The AGM serves as the principal forum for direct interaction and dialogue among shareholders, the Board and the management. The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance and other matters of concern.

Shareholders are encouraged to actively participate in the question and answer session. The Board, senior management and the external auditors will be present to answer and provide appropriate clarifications at the meeting.

A press conference is held after the AGM, briefing the media on the resolutions passed by shareholders, the operations, performance and financial results of the Group for the year under review, followed by a question and answer session to clarify issues posed. Copies of the press kit and Annual Report are also disseminated to the media.

8.2 Poll Voting

In line with recommendations of the MCCG 2012, the Board encourages participation at general meetings and will generally carry out resolutions by show of hands, except for Related Party Transaction, if any, (wherein poll will be conducted) unless otherwise demanded by the shareholders in accordance with the Articles of Association of the Company. The Company Secretary will inform the shareholders of their right to demand a poll vote at the commencement of the general meeting.

8.3 Effective Communication and Proactive Engagement

It has always been the Company's practice to maintain good relationship with its shareholders. Major corporate developments and happenings in the Company have always been duly and promptly announced to all shareholders, in line with Bursa Securities's objectives of ensuring transparency and good corporate governance practices.

The Company's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly performance, annual report, corporate announcements to Bursa Securities and press conferences. Further updates of the Company's activities and operations are also disseminated to shareholders and investors through dialogue with analysts, fund managers, investor relations and the media.

Besides highlighting retail business promotional activities, the Company's website www.pohkong.com.my also contains all announcements made to Bursa Securities, as well as the contact details of the designated contact to cater to any queries.

COMPLIANCE STATEMENT

The Board is of the view that the Group is generally in compliance with the Principles and Recommendations of the MCCG 2012. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial period under review, the non-observance has been explained and the reasons thereof have been included in this Statement.

This statement was made in accordance with a resolution of the Board dated 20 October 2015.

Trust

REPUTATION,
COMMITMENT,
HONESTY &
TRANSPARENCY

REPORT OF THE *Audit Committee*

1. COMPOSITION

The members of the Audit Committee ("AC") comprises four members, all of whom are Independent Non-Executive Directors. The AC Chairman, Dato' Dr Choong Tuck Yew, a Senior Independent Non-Executive Director, is a Chartered Member of the Malaysian Institute of Accountants (MIA), and a member of the Malaysian Institute of Certified Public Accountants. In addition, Madam Esther Tan Choon Hwa, an Independent Non-Executive Director, is a fellow member of the Institute of Chartered Accountants in England and Wales, and a member of MIA.

The AC comprises of the following :-

Dato' Dr Choong Tuck Yew
Chairman, Senior Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor
Independent Non-Executive Director

Datin Shirley Yue Shou How
Independent Non-Executive Director

Madam Esther Tan Choon Hwa
Independent Non-Executive Director

2. TERMS OF REFERENCE

2.1 Objective

The primary objective of the AC is to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, system of internal controls and risk management processes, management and financial reporting practices of the Group.

2.2 Membership

The AC shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors, with a majority of them being Independent Directors.

The members of the AC shall elect a Chairman from among their members who shall be an Independent Director. No Alternate Director shall be appointed as a member of the AC.

2.3 Qualification

At least one (1) member of the AC:

(a) must be a member of the Malaysian Institute of Accountants or

(b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and

- he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or

- he/she must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967 or

- fulfills such other requirement as prescribed or approved by the Bursa Securities.

The AC has two (2) members of MIA, namely Dato' Dr Choong Tuck Yew and Madam Esther Tan Choon Hwa.

2.4 Meeting and Minutes

Meetings shall be held not less than four (4) times a year. The AC has met five (5) times during the year. The presence of External and/or Internal Auditors will be requested, if required, but without the presence of any Executive Directors. Other members of the Board and senior management may attend meetings upon the invitation of the AC. Both the Internal and/or External Auditors may request a meeting if they consider it to be necessary. The AC shall meet with the External Auditors without Executive Board members present at least twice a year.

The Secretary to the AC shall be the Company Secretary. The Chairman of the AC shall report on each meeting to the Board.

2.5 Authority

The AC is authorised by the Board to investigate any activity within its terms of reference. It shall have unrestricted access to any information pertaining to the Group, both the Internal and External Auditors and to all employees of the Group. The AC is also authorised by the Board to obtain external legal or other independent professional advice as necessary in the discharge of its duties.

2.6 Duties and Responsibilities

The AC undertakes, amongst others, the following duties and responsibilities:-

a) To discuss with the External Auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;

b) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to the external auditors;

c) To review with the External Auditors, their evaluation of the system of internal controls, their management letter and management's responses;

d) To review the following in respect of Internal Audit:-

- adequacy of scope, functions and resources of the firm of Internal Auditors (that was engaged to undertake the Internal Audit function) and that it has the necessary authority to carry out its work;
- the Internal Audit programme and results of the Internal Audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Audit function;
- the major findings of Internal Audit investigations and management's responses, and ensure that appropriate actions are taken on the recommendations of the Internal Audit function;
- review any appraisal or assessment of the performance of members of the Internal Audit function;
- review and approve any appointment or termination of senior staff members of the Internal Audit function; and
- take cognizance of resignations of Internal Audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

e) To review the quarterly reporting to the Bursa Securities and year end annual financial statements of the Group before submission to the Board, focusing on:-

- compliance with accounting standards and regulatory requirements;
- any major changes in accounting policies;
- significant and unusual items and events.

f) To review any related party transaction and conflict of interests situation that may arise within the Group including any transactions, procedure or course of conduct that raises questions of management integrity;

g) To consider the appointment of the External Auditors, the terms of reference of its appointment and any question of resignation and dismissal before making a recommendation to the Board;

h) To review the adequacy and effectiveness of risk management, internal control and governance systems instituted in the Group;

i) To perform such other functions and responsibilities as may be agreed by the AC and the Board, and as may be required from time to time in compliance with the Main Market Listing Requirements.

3. INTERNAL AUDIT FUNCTION

The Internal Audit function is performed in-house by the Group Internal Audit Department and is also outsourced to three (3) other firms.

The total cost incurred for the Internal Audit function in respect of the financial year ended 31 July 2015 amounted to RM653,316 (FYE2014 : RM459,444). The function is performed with impartiality, proficiency and due professional care.

The Internal Audit Department reports directly to the AC Chairman, and regularly reviews and appraises the Group's key operations to ensure that key risks and control concerns are being effectively managed.

4. SUMMARY OF ACTIVITIES OF THE AC FOR THE FINANCIAL YEAR

During the financial year, the activities of the AC included the following :-

4.1 Reviewed the quarterly financial result announcements of the Group prior to seeking the Board of Directors' approval and releasing the results to the Bursa Securities.

4.2 Reviewed the audit strategy and plan of the External Auditors.

4.3 Reviewed External Auditors' reports in relation to audit and accounting issues arising from the audit, and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board.

4.4 Reviewed the annual financial statements of the Group and the Company.

4.5 Reviewed the Internal Audit functions and the recommendations of their findings.

4.6 Reviewed and approving the Internal Audit Plan for the year 2015/2016.

4.7 Met with the External Auditors twice (2) without the presence of the Executive Directors and the Management.

The internal audits conducted during the financial period did not reveal material weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

5. ATTENDANCE

The AC convened five (5) meetings during the financial year ended 31 July 2015 . Details of the attendance were as follows: -

	Attendance
Dato' Dr Choong Tuck Yew	5/5
Encik Fazrin Azwar Bin Md Nor	4/5
Datin Shirley Yue Shou How	5/5
Madam Esther Tan Choon Hwa	5/5

This Report was made in accordance with a resolution of the Board dated 20 October 2015.

STATEMENT ON RISK MANAGEMENT AND *Internal Control*

1. INTRODUCTION

The MCCG requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets.

Pursuant to Paragraph 15.26 (b) of the MMLR of Bursa Securities, the Board of Directors ("the Board") of Poh Kong Holdings Berhad is pleased to present the following Statement on Risk Management and Internal Control. This Statement outlines the nature and scope of risk management and internal control of the Group and covers all of the Group's operations.

2. BOARD'S RESPONSIBILITIES

The Board recognises its responsibilities over the Group's system of internal controls, covering all its financial and operating activities to safeguard shareholders' investments and the Group's assets.

The Board has a current internal control system which identifies, evaluates and manages the significant risks encountered by the Group.

In view of the limitations inherent in any system of internal controls, the system is designed to manage risks, rather than to eliminate them, to achieve the Group's corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, loss or irregularities.

The Audit Committee ("AC") and Risk Management Committee ("RMC") have been constituted to assist the Board in reviewing the adequacy and effectiveness of the system of internal controls and to ensure that a mix of techniques is used to obtain the level of assurance required by the Board.

The Board has received assurance from the Group Managing Director and the Group Accountant that the Group's risk management and internal control system will operate adequately and effectively, in all material aspects, based on the risk management and internal control system.

3. RISK MANAGEMENT FRAMEWORK

The Board has established the risk management framework to identify, measure and manage the Group's principal risks. It recognizes that a sound risk management framework is essential to ensure proper management of the risks that may impede the achievement of the Group's objectives.

The Group has established an Enterprise Risk Management ("ERM") framework to identify, evaluate and manage the risks.

The key features of the ERM framework are as follows:-

- It outlines the ERM methodology on the identification of key business risks through a structured approach and to determine if controls are in place in mitigating the risks identified.
- It establishes guidelines to enable the Management to prioritize the risks and allocation of resources to manage the risks.

The Board is supported by the RMC, headed by an Independent Non-Executive Director as Chairperson in reviewing the risk management efforts within the Group. The RMC comprises the Group Managing Director, Executive Directors and an Independent Non-Executive Director to ensure that the risk management and control framework is embedded into the culture, processes and structures of the Group.

The key aspects of the risk management process are:

- Business/Operations/Departmental Heads are accountable for all risks assumed under their respective areas of responsibility. They undertake to update their risk profiles on regular basis from the previous update and incorporate any new risk factor, review the risk profiles, ratings and update the management action plans;
- The RMC will review the updated Risk Register and evaluate the effectiveness of action plans in mitigating the risks identified;
- The RMC meets periodically to discuss principal business risks in critical areas, assess the likelihood and impact of material exposures and determine its corresponding risk mitigation measures; and
- The RMC Chairperson will update the Board on the key risk related issues and shall report on the status of the risk management.

The Board is fully responsible for the risk management of the Group and has carried out its duties by having regular Board meetings to review and approve business strategies, risk management policies and business performance of the Group.

The AC's key function is to review the adequacy and effectiveness of internal control and governance systems of the Group. The AC's main role is to review, on behalf of the Board, the system of internal controls necessary to manage the key risk inherent in the business and to present its findings to the Board. The AC assumes its roles and responsibilities via the internal audit function.

The RMC's key function is to review the adequacy and effectiveness of risk management of the Group. The RMC is responsible for identifying the key risks of all operating units within the Group and the management action plans to mitigate these risks for report to the Board to ensure that the risk policies and procedures are aligned to the business strategies. It also reviews, assesses and ensures there is adequate framework for risk identification, measurement, monitoring and control.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

3.1 COMPOSITION OF RMC

The RMC comprises the following members:-

Madam Esther Tan Choon Hwa
Chairperson, Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor
Independent Non-Executive Director

Dato' Choon Yee Seiong
Executive Chairman & Group Managing Director

Mr Cheong Teck Chong
Executive Director

Mr Siow Der Ming
Executive Director

4. KEY INTERNAL CONTROL PROCESSES

The Board is committed to maintain a strong control structure whereby internal control is embedded in the business processes for the Group to pursue its objectives. The key features of the Group's internal control system are:

4.1 Control Environment

(i) Organization Structure and Authorization Procedures

The Group maintains formal and structured lines of reporting that includes clear definition of responsibilities and delegation of authority. It sets out the roles and responsibilities, review and approval procedures to enhance the Internal Control system of the Group's various operations. Limits of authorities are imposed for capital expenditure for all operating units to keep potential exposure under control. Capital expenditure, acquisition and disposal of investments are duly approved before they are carried out.

(ii) Annual Budget

Budgetary control is applied to every Company in the Group and actual performance is closely monitored against budgets to identify significant variances. Discussions are held regularly between the Management and the Head of Operating Units to ensure the budgets are attainable and realistic.

(iii) Active Involvement by Executive Directors

The Executive Directors are actively involved in the running of the business and operations and they report to the Board on significant changes in the business and external environment, which affect the operations of the Group at large.

(iv) Policies and Procedures

Operational policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses. These include standard operating procedures, memorandum, manuals and handbooks that are periodically updated when needs arise to meet the changing environment.

(v) Trained Personnel

Emphasis is placed on enhancing the quality and ability of employees through a wide variety of training programmes and workshops to enhance their knowledge and expand the employees' competency level in executing daily functions. Relevant training and courses have been provided to employees across all functions to maintain a high level of competency.

(vi) Board Committees

Board Committees such as Audit Committee, Nomination Committee and Remuneration Committee are established with formal terms of references clearly outlining their functions and duties delegated by the Board. The Board Committees assist the Board to review the effectiveness of the on-going monitoring processes on risk and control matters for areas within their scope of work.

(vii) Code of Conduct

A Code of Conduct has been established for all employees, outlining the acceptable business behaviour and conduct, and provides guidance on how to demonstrate a culture of excellence while performing their duties. The Code is published in the website of the Company.

(viii) Insurance

Sufficient insurance coverage on major assets is in place to ensure the Group's assets are adequately covered against risks that can result in material losses. The assets are insured at cost and it is reviewed regularly to ensure adequate insurance coverage to protect the Group from any potential claims and loss.

4.2 Internal Audit Function

The Internal Audit Department independently reviews the risk identification procedures and control processes implemented by the Management, conducts audits that encompass reviewing critical areas that the Group faces, and reports to the AC on a quarterly basis.

The Internal Audit Department also carried out internal control reviews on key activities of the Group's business on the basis of an annual internal audit plan that was presented and approved by the AC.

The Group's internal audit function is carried out by both in-house internal audit department and outsourced external consultants to assist the AC and the Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

During the financial period ended 31 July 2015, the internal audit function carried out audits in accordance with the internal audit plans approved by the AC. The results of the internal audit reviews and recommendations for improvement were presented to the AC at their quarterly meetings.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

4.3 Information and Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure matters require Board and the Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

4.4 Monitoring and Review

Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. The Senior Management Team meets regularly to review the reports, monitors the business development and resolves key operational and management issues. The quarterly financial statements containing key financial results and comparisons are presented to the Board for review.

5. WEAKNESSES IN INTERNAL CONTROLS

There were no major weaknesses in internal control which resulted in material losses during the current financial period.

6. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management & Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with Recommended Practice Guide 5 (Revised) issued by Malaysian Institute of Accountants. Based on their procedures performed, the external auditor has reported to your Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material respects, in accordance with the disclosures required by paragraph 41 & 42 of the Guidelines, nor is it factually inaccurate.

7. CONCLUSION

The Board is of the view that the Group's systems of risk management and internal controls are adequate in achieving its business objectives. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board and the Management maintain an on-going commitment to continue taking appropriate measures to enhance and strengthen the risk management and internal controls of the Group.

The Board is aware of the need to have in place a formalized risk management and internal control framework to safeguard shareholders' investments, interest of the customers, regulators, employees and the Group's assets. The processes as outlined in this Statement for identifying, evaluating and managing risks has been in place for the year under review.

This statement was made in accordance with the resolution of the Board dated 20 October 2015.

OTHER Compliance Information

IN COMPLIANCE WITH THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1) Utilization of Proceeds

No proceeds were raised by the Company.

2) Share Buy-Back

There was no share buy-back of the Company's shares during the financial year.

3) Options, Warrant or Convertible Securities

There were no options, warrant or convertible securities issued to any parties during the financial year.

4) Depository Receipt Programme

During the financial year, the Company did not sponsor any Depositary Receipt Programme.

5) Imposition of Sanctions and/or Penalties

During the financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory authorities.

6) Non-Audit Fees

Non-audit fee amounting to RM9,000 was paid to External Auditor and RM285,000.00 was paid in respect of advises and guidance granted for GST implementation during the financial year.

7) Variation in Results

There was no material variance between the results for the financial year and the unaudited results previously announced.

8) Profit Guarantee

No profit guarantee was given by the Company in respect of the Financial year.

9) Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and/or major shareholders and/or related parties.

10) Recurrent Related-Party Transactions

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 33 to the Financial Statements.

Choice

DESIGN,
PRICE,
LOCATION &
CONVENIENCE

STATEMENT ON Directors' Responsibility

The Malaysian Company Law requires the Directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results of their operations, changes in equity and of the cash flows of the Company and the Group for the period then ended. As required by the Companies Act, 1965 ("the Act") and the Listing Requirements of Bursa Securities, the financial statements have been prepared in accordance with the applicable Financial Reporting Standards in Malaysia and the provisions of the Act.

In preparing the financial statements for the year ended 31 July 2015, the Directors have :

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured applicable Financial Reporting Standards have been followed; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at all times the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Act. The Directors are also responsible for safeguarding the assets of the Group and the Company and, hence, for taking reasonable steps in the prevention and detection of fraud and other irregularities.

This Statement was made in accordance with a resolution of the Board dated 20 October 2015.

Financial STATEMENTS

DIRECTORS' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st July 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in business as investment holding and the provision of management services.

The principal activities of the subsidiary companies are stated in Note 5 to the financial statements.

Other than as disclosed in Note 5 to the financial statements, there have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	14,484,475	5,299,133
Other comprehensive expenses, net of tax	(158,234)	-
Total comprehensive income for the financial year	14,326,241	5,299,133
Attributable to:-		
Owners of the Company	14,326,241	5,299,133

DIVIDENDS

Dividend paid or declared by the Company since the end of the previous financial year were as follows:-

	RM
(a) In respect of the financial year ended 31st July 2014:-	
- Single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares of RM0.50 each	4,103,518

At the forthcoming Annual General Meeting, a single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares of RM0.50 each amounting to RM4,103,518/- in respect of the current financial year ended 31st July 2015 will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31st July 2016.

RESERVES AND PROVISIONS

There were no material transfer to and from reserves and provisions during the financial year other than as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent liabilities or other liabilities of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the gain on dissolution of subsidiaries amounting to RM2,283,850/- was recognised in the statement of comprehensive income of the Company for the financial year ended 2015.

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

TREASURY SHARES

There has been no repurchase of the Company's issued ordinary shares during the financial year.

DIRECTORS

The directors in office since the date of the last report and the date of this report are:-

Dato' Choon Yee Seiong
Cheong Teck Chong
Choon Nee Siew
Choon Yee Bin
Chang Kwong Him
Siow Der Ming
Datin Hon Wee Fong
Dato' Dr. Choong Tuck Yew
Fazrin Azwar Bin Md. Nor
Datin Yue Shou How, Shirley
Tan Choon Hwa @ Esther Tan Choon Hwa

In accordance with Article 80 of the Company's Articles of Association, Mr Cheong Teck Chong, Mr Siow Der Ming and Mr Chang Kwong Him retired from the Board by rotation at the forthcoming annual general meeting and Mr Cheong Teck Chong being eligible offers himself for re-election at the forthcoming annual general meeting.

Dato' Dr. Choong Tuck Yew who retires pursuant to Section 129(6) of the Companies Act, 1965 in Malaysia, being eligible offers himself for re-appointment at the forthcoming annual general meeting.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its ultimate holding company were as follows:-

	Number of ordinary shares of RM0.50 each			
	At 1.8.2014	Bought	Sold	At 31.7.2015
The Company				
Poh Kong Holdings Berhad				
Direct Interest				
Dato' Choon Yee Seiong	11,392,246	208,000	-	11,600,246
Cheong Teck Chong	2,273,928	-	-	2,273,928
Choon Nee Siew	4,706,742	-	-	4,706,742
Chang Kwong Him	295,006	-	-	295,006
Siow Der Ming	616,118	-	-	616,118
Choon Yee Bin	200,030	200,000	-	400,030
Datin Hon Wee Fong	2,079,710	-	-	2,079,710
Dato' Dr. Choong Tuck Yew	217,500	-	-	217,500
Fazrin Azwar Bin Md. Nor	35,000	-	-	35,000

		Number of ordinary shares of RM0.50 each			
		At 1.8.2014	Bought	Sold	At 31.7.2015
The Company					
Poh Kong Holdings Berhad					
Indirect Interest					
Dato' Choon Yee Seiong	(i)	250,637,528	300,000	-	250,937,528
Cheong Teck Chong	(i)	239,769,648	-	-	239,769,648
Choon Nee Siew	(ii)	254,563,072	508,000	-	255,071,072
Chang Kwong Him	(iii)	1,395,072	-	-	1,395,072
Siow Der Ming	(iii)	2,320,080	-	-	2,320,080
Choon Yee Bin	(i)	259,196,534	308,000	-	259,504,534
Datin Hon Wee Fong	(i)	251,469,544	208,000	-	251,677,544
Dato' Dr. Choong Tuck Yew	(iii)	155,000	-	-	155,000

DIRECTORS' INTERESTS (cont'd)

	Number of ordinary shares of RM1.00 each			
	At 1.8.2014	Bought	Sold	At 31.7.2015
Ultimate Holding Company				
Poh Kong Sdn. Bhd.				
Direct Interest				
Dato' Choon Yee Seiong	36,585,538	-	-	36,585,538
Cheong Teck Chong	20,021,228	-	-	20,021,228
Choon Nee Siew	16,861,008	-	-	16,861,008
Chang Kwong Him	2,030,697	-	-	2,030,697
Siow Der Ming	1,739,826	-	-	1,739,826
Choon Yee Bin	3,000,000	-	-	3,000,000
Datin Hon Wee Fong	3,592,916	215,934	-	3,808,850

(i) Held by spouse and persons connected to the director and ultimate holding company.
(ii) Held by persons connected to the director and ultimate holding company.
(iii) Held by spouse and persons connected to the director.

By virtue of their interests in the shares of the Company, these directors are deemed interested in the shares of the subsidiary companies to the extent the Company has an interest.

Other than as disclosed as above, none of the other directors in office at the end of the financial year had any interest in the shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ULTIMATE HOLDING COMPANY

The directors regard Poh Kong Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the ultimate holding company of the Company.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

DATO' CHOON YEE SEIONG
Director

CHEONG TECK CHONG
Director

Petaling Jaya

Date: 20th October 2015

STATEMENTS OF

Financial Position

AS AT 31ST JULY 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	111,469,429	116,239,908	2,055,985	1,336,404
Investment in subsidiaries	5	-	-	158,253,567	160,561,256
Investment property	6	-	-	-	-
Other investments	7	527,999	527,999	-	-
Goodwill on consolidation	8	1,485,140	1,485,140	-	-
Deferred tax assets	9	6,250,072	5,827,699	4,543,438	3,237,599
Total non-current assets		119,732,640	124,080,746	164,852,990	165,135,259
Current assets					
Inventories	10	553,548,265	608,455,398	-	-
Trade and other receivables	11	9,178,299	4,606,655	6,516,942	6,888,651
Deposits and prepayments	12	12,669,543	12,896,568	1,592,829	1,702,040
Amount due by subsidiaries	13	-	-	451,486,244	465,258,041
Tax recoverable		2,359,615	3,060,505	1,241,397	1,216,937
Fixed deposits placed with licensed banks	14	7,610,000	8,110,000	30,000	30,000
Cash and bank balances	14	30,644,873	34,277,596	2,362,616	640,847
Total current assets		616,010,595	671,406,722	463,230,028	475,736,516
Asset of disposal group classified as held for sale	15	-	231,110	-	-
TOTAL ASSETS		735,743,235	795,718,578	628,083,018	640,871,775
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	205,175,876	205,175,876	205,175,876	205,175,876
Reserves	17	253,927,841	243,705,118	19,406,663	18,211,048
Total equity		459,103,717	448,880,994	224,582,539	223,386,924

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Non-current liabilities					
Bank borrowings	18	103,914,103	155,125,786	90,458,100	140,178,917
Deferred tax liabilities	9	11,391,032	10,013,052	-	-
Total non-current liabilities		115,305,135	165,138,838	90,458,100	140,178,917
Current liabilities					
Trade and other payables	19	15,350,990	18,166,255	2,542,847	2,984,247
Deposits and accruals	19	15,663,933	16,079,655	436,725	463,704
Bank borrowings	18	122,691,912	142,011,416	50,624,809	83,711
Amount due to ultimate holding company	20	1,239,386	1,219,585	1,239,386	1,219,585
Amount due to subsidiaries	13	-	-	257,175,180	271,475,775
Amount due to directors	21	1,846,607	2,215,600	1,023,432	1,078,912
Tax payable		4,541,555	2,005,035	-	-
Total current liabilities		161,334,383	181,697,546	313,042,379	277,305,934
Liability directly associated with disposal group classified as held for sale	15	-	1,200	-	-
Total liabilities		276,639,518	346,837,584	403,500,479	417,484,851
TOTAL EQUITY AND LIABILITIES		735,743,235	795,718,578	628,083,018	640,871,775

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF

Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31ST JULY 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Revenue	22	805,713,594	798,937,178	33,328,629	26,565,587
Cost of sales		(605,027,592)	(600,155,154)	-	-
Gross profit		200,686,002	198,782,024	33,328,629	26,565,587
Other operating income		2,070,623	2,159,728	3,098,441	492,356
Administrative expenses		(63,648,711)	(61,772,043)	(23,846,024)	(21,923,873)
Selling and distribution expenses		(100,641,842)	(103,523,296)	-	-
Finance costs	23	(12,334,402)	(13,776,438)	(8,609,949)	(8,030,439)
Profit/(loss) before taxation	24	26,131,670	21,869,975	3,971,097	(2,896,369)
Taxation	25	(11,647,195)	(8,557,202)	1,328,036	3,087,132
Profit from continuing operations, net of tax		14,484,475	13,312,773	5,299,133	190,763
Discontinued operation					
Loss from discontinued operation, net of tax	26	-	(2,461)	-	-
Profit after taxation		14,484,475	13,310,312	5,299,133	190,763
Other comprehensive expenses, net of tax					
Reversal of revaluation reserve on impairment of land		(210,979)	-	-	-
Realisation of revaluation reserve on disposal of building		-	-	-	-
Reversal/crystalisation of deferred taxation liabilities		52,745	-	-	-
		(158,234)	-	-	-
Total comprehensive income for the financial year		14,326,241	13,310,312	5,299,133	190,763

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Profit after taxation attributable to:					
Owners of the Company		14,484,475	13,310,312	5,299,133	190,763
Non-controlling interests		-	-	-	-
		14,484,475	13,310,312	5,299,133	190,763
Total comprehensive income attributable to:					
Owners of the Company		14,326,241	13,310,312	5,299,133	190,763
Non-controlling interests		-	-	-	-
		14,326,241	13,310,312	5,299,133	190,763
Basic earnings per ordinary share (sen)					
- from continuing operations	27	3.53	3.24		
- from discontinued operation	27	-	-		
		3.53	3.24		
Diluted earnings per ordinary share (sen)					
- from continuing operations	27	3.53	3.24		
- from discontinued operation	27	-	-		
		3.53	3.24		

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF

Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31ST JULY 2015

		Attributable to owners of the Company			
		Non-distributable		Distributable	
	Note	Share capital RM	Revaluation reserve RM	Retained profits RM	Total equity RM
Group					
At 1st August 2013		205,175,876	25,905,074	210,234,657	441,315,607
Total comprehensive income for the financial year		-	-	13,310,312	13,310,312
Transactions with owners					
Dividends	28	-	-	(5,744,925)	(5,744,925)
		-	-	(5,744,925)	(5,744,925)
At 31st July 2014		205,175,876	25,905,074	217,800,044	448,880,994
Profit after taxation for the financial year		-	-	14,484,475	14,484,475
Other comprehensive expenses, net of tax					
Reversal of revaluation reserve on impairment of land		-	(210,979)	-	(210,979)
Realisation of revaluation reserve on disposal of building		-	(32,800)	32,800	-
Reversal/crystalisation of deferred taxation liabilities		-	60,945	(8,200)	52,745
Total other comprehensive expenses, net of tax		-	(182,834)	24,600	(158,234)
Transactions with owners					
Dividends	28	-	-	(4,103,518)	(4,103,518)
		-	-	(4,103,518)	(4,103,518)
At 31st July 2015		205,175,876	25,722,240	228,205,601	459,103,717

STATEMENT OF
Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31ST JULY 2015

	Note	Attributable to owners of the Company Non-distributable Share capital RM	 Distributable Retained profits RM	 Total equity RM
Company				
At 1st August 2013		205,175,876	23,765,210	228,941,086
Total comprehensive income for the financial year		-	190,763	190,763
Transactions with owners				
Dividends	28	-	(5,744,925)	(5,744,925)
		-	(5,744,925)	(5,744,925)
At 31st July 2014		205,175,876	18,211,048	223,386,924
Total comprehensive income for the financial year		-	5,299,133	5,299,133
Transactions with owners				
Dividends	28	-	(4,103,518)	(4,103,518)
		-	(4,103,518)	(4,103,518)
At 31st July 2015		205,175,876	19,406,663	224,582,539

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF
Cash Flows

FOR THE FINANCIAL YEAR ENDED 31ST JULY 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES:-					
Profit/(loss) before taxation from continuing operation		26,131,670	21,869,975	3,971,097	(2,896,369)
Loss before taxation from discontinued operation	15	-	(2,461)	-	-
		26,131,670	21,867,514	3,971,097	(2,896,369)
Adjustments for:-					
Allowance for impairment on:-					
- trade receivables		52,154	15,047	-	-
- investment in subsidiaries		-	-	-	359,986
Depreciation of:-					
- property, plant and equipment		9,835,933	10,374,190	579,439	570,878
- investment property		-	8,890	-	-
Deposits written off		41,662	-	-	-
Dividend income		(149,999)	(299,998)	(13,568,000)	(6,173,000)
Loss/(gain) on dissolution of subsidiaries		118,455	-	(2,283,850)	-
Net gain on disposal of property, plant and equipment		(306,300)	(186,421)	-	(59,733)
Net gain on disposal of subsidiaries		(342,709)	-	-	-
Impairment on property, plant and equipment		291,200	-	-	-
Impairment for goodwill		21,707	-	-	-
Interest expenses		12,334,402	13,776,438	8,609,949	8,030,439
Interest income		(281,182)	(218,133)	(6,975,024)	(6,904,475)
Inventories loss		379	8,330	-	-
Property, plant and equipment written off		1,488,585	1,016,355	-	-
Reversal of allowance for impairment on trade receivables		(191,973)	(554,181)	-	-
Reversal of a write-down of inventories		(41,335)	-	-	-
Unrealised (gain)/loss on foreign exchange		(25,652)	33,796	-	-
		48,976,997	45,841,827	(9,666,389)	(7,072,274)
Changes in working capital:-					
Inventories		54,948,089	(39,016,261)	-	-
Receivables		(4,220,810)	(2,090,702)	480,920	1,649,394
Payables		(3,252,694)	(12,443,474)	(470,642)	(4,250,739)
Directors		(368,993)	(1,383,770)	(55,480)	(428,619)
Cash generated from/(used in) operations		96,082,589	(9,092,380)	(9,711,591)	(10,102,238)
Tax paid		(7,833,327)	(5,310,244)	-	(4,000)
Tax refunded		431,894	5,922,855	-	5,631,041
Net Operating Cash Flows		88,681,156	(8,479,769)	(9,711,591)	(4,475,197)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
CASH FLOWS FROM INVESTING ACTIVITIES:-					
Dividend received		149,999	299,998	6,173,000	12,812,602
Proceeds from disposal of property, plant and equipment		493,831	259,022	-	79,500
Proceeds from disposal of subsidiary		539,607	-	4,591,539	-
Final distribution from dissolution of subsidiaries		(118,455)	-	-	-
Purchase of property, plant and equipment	4(a)	(4,262,210)	(7,143,894)	(140,740)	(289,258)
Interest received		281,182	218,133	6,975,024	6,904,475
Decrease/(increase) in amount due by subsidiaries		-	-	21,166,797	(141,681,171)
Net Investing Cash Flows		(2,916,046)	(6,366,741)	38,765,620	(122,173,852)
CASH FLOWS FROM FINANCING ACTIVITIES:-					
Net (repayment)/withdrawal of borrowings		(68,373,000)	30,364,300	-	10,000,000
Net (repayment)/drawdown of term loans		467,739	5,453,304	-	-
Net drawdown/(repayment) of finance lease payables		2,790,977	(344,224)	(241,308)	-
Net repayment of hire purchase payables		(4,126,653)	(3,435,379)	(96,691)	(114,162)
Interest paid		(12,334,402)	(13,776,438)	(8,609,949)	(8,030,439)
Dividend paid		(4,103,518)	(5,744,925)	(4,103,518)	(5,744,925)
Increase in amount due to ultimate holding company		52,813	919,585	19,801	919,585
(Decrease)/increase in amount due to subsidiaries		-	-	(14,300,595)	129,013,455
Placement of sinking funds		(2,000,000)	-	(2,000,000)	-
Placement of fixed deposit		(180,000)	-	-	-
Net Financing Cash Flows		(87,806,044)	13,436,223	(29,332,260)	126,043,514
NET CHANGE IN CASH AND CASH EQUIVALENTS		(2,040,934)	(1,410,287)	(278,231)	(605,535)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		37,918,495	39,328,782	640,847	1,246,382
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	14	35,877,561	37,918,495	362,616	640,847

The accompanying notes form an integral part of these financial statements.

NOTES TO THE
Financial Statements

1. GENERAL INFORMATION

The Company is principally engaged in business as investment holding and the provision of management services whilst the principal activities of the subsidiary companies are stated in Note 5 to the financial statements. Other than as disclosed in Note 5 to the financial statements, there have been no significant change in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 16-20, Jalan 52/4, 46200 Petaling Jaya, Selangor Darul Ehsan respectively.

The ultimate holding company, Poh Kong Sdn. Bhd. is incorporated and domiciled in Malaysia.

The financial statements are expressed in Ringgit Malaysia (“RM”).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20th October 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 2.3 to the financial statements.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgements in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgements are based on the directors’ best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")

(a) Adoption of Amendments/Improvements to MFRSs and New IC Int

The Group and the Company had adopted the following amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:-

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments: Recognition and Measurement
MFRS 140	Investment Property

New IC Int

IC Int 21	Levies

The adoption of the above amendments/improvements to MFRSs and new IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

Amendments to MFRS 1 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

(a) Adoption of Amendments/Improvements to MFRSs and New IC Int (cont'd)

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements

Amendments to MFRS 10 introduces an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value thorough profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to MFRS 12 and MFRS 127.

In addition, amendments to MFRS 127 also clarifies that if a parent is required, in accordance with paragraph 31 of MFRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with MFRS139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

(a) Adoption of Amendments/Improvements to MFRSs and New IC Int (cont'd)

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to MFRS 132 Financial Instruments: Presentation

Amendments to MFRS 132 does not change the current offsetting model in MFRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria. This Amendments only impacts the presentation in the financial statements but has no impact on the financial results and positions of the Group and of the Company.

Amendments to MFRS 136 Impairment of Assets

Amendments to MFRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to MFRS 139 Financial Instruments: Recognition and Measurement

Amendments to MFRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

(a) Adoption of Amendments/Improvements to MFRSs and New IC Int (cont'd)

IC Int 21 Levies

IC Int 21 addresses the accounting for a liability to pay a government levy (other than income taxes and fine or other penalties that imposed for breaches of the legislation) if that liability is within the scope of MFRS 137 Provisions, Contingent Liabilities and Contingent Assets. This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached. The adoption of IC Int 21 has no significant impact to the financial statements of the Group and of the Company.

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments/Improvements to MFRSs		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

<u>Classification and measurement</u>
MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

<u>Impairment</u>
MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

<u>Hedge accounting</u>
MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:
- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

MFRS 15 Revenue from Contracts with Customers (cont'd)

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vise versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

In addition, the Amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements:- the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities:- the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures:- the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates, and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(i) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 2.3(b).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(a) Basis of Consolidation (cont'd)

(i) Subsidiaries and business combination (cont'd)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously been recognised in other comprehensive income are reclassified to profit or loss or transferred to retained earnings where such treatment would be appropriate if that interest were disposed of directly.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture or an available-for-sale financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(ii) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(a) Basis of Consolidation (cont'd)

(iii) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investments in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(iv) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(a) Basis of Consolidation (cont'd)

(iv) Joint arrangements (cont'd)

Joint arrangements are classified and accounted for as follows:-

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of its assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS *128 Investments in Associates and Joint Ventures*.

The Group has assessed the nature of its joint arrangement and determined them to be joint ventures and accounted for its interest in the joint venture using the equity method.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Goodwill and other intangible assets

Goodwill arises on business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(e).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(c) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to recognition, property, plant and equipment, except for freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land, leasehold land and building are stated at revalued amount, being its fair value at the revaluation less any subsequent depreciation and subsequent impairment losses. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materiality from the fair value of the land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reserves a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to the retained earnings on retirement or disposal of the asset.

Freehold land has an indefinite useful life and therefore is not depreciated. Building-in-progress is stated at cost and not depreciated. Depreciation on building-in-progress commences when the assets are ready for their intended use.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each assets to its residual value over the estimated useful life, at the following principal annual rates:-

Buildings – freehold	2%
Buildings – leasehold	remaining lease period ranges from 41 to 91 years
Leasehold land	remaining lease period ranges from 41 to 91 years
Plant and machinery	20%
Equipment, furniture and fittings	10 – 20%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed, and adjusted if appropriate, at the end of the reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(c) Property, Plant and Equipment and Depreciation (cont'd)

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

The item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss.

(d) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any identified impairment losses.

Investment properties are derecognised when they have either been disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(e) Impairment of Non Financial Assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future value cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of the assets exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(e) Impairment of Non Financial Assets (cont'd)

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in subsequent period.

(f) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not a fair value through profit or loss, directly attributable to transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income on the financial assets at fair value through profit or loss are recognised separately in the profit or loss as part of other losses or other income.

Financial asset at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current or non-current based on the settlement date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(f) Financial Assets (cont'd)

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting period which are classified as non-current.

(iii) Held-to-maturity investment

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

(iv) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instruments are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(f) Financial Assets (cont'd)

(iv) Available-for-sale financial assets (cont'd)

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting period.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(g) Impairment of Financial Assets

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local or economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(g) Impairment of Financial Assets (cont'd)

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity instruments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss of an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(h) Inventories

Inventories are valued at the lower of the cost and net realisable value. The cost of inventories is measured based on weighted average method.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits (other than deposits pledged with financial institutions), bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

(j) Foreign Currency

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(k) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(l) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because of a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group as issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(m) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(n) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably.

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from service and repairs is recognised when services are rendered.

Dividend income is recognised in profit or loss when the right to receive payment is established.

Management fee is recognised in the profit or loss as it accrues.

Interest income is recognised using the effective interest method.

Advertising and promotion recovery revenue is recognised in profit or loss as it accrues.

(o) Income Taxes

(i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(o) Income Taxes (cont'd)

(ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(p) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(q) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

The Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. The contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further liability in respect of the defined contribution plans.

(r) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(s) Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant Accounting Policies (cont'd)

(t) Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which is the Group Executive Committee, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(u) Fair Value Measurements

From 1st August 2013, the Group adopted MFRS 13 *Fair Value Measurement* which prescribed that fair value of an asset and a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than additional disclosures.

(v) Discontinued Operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of an such component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:-

(i) Classification of Leasehold Land (Note 4)

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, the directors considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, the directors judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(ii) Depreciation of Property, Plant and Equipment (Note 4)

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

Property, plant and equipment excluding freehold land are depreciated on a straight line basis over the assets useful lives. The directors estimate the useful lives of these property, plant and equipment to be within 5 to 91 years.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Valuation of Property, Plant and Equipment (Note 4)

Freehold land, leasehold land and buildings are carried at revalued amount. Revaluation of these assets is based on valuation performed by independent professional valuers.

The independent professional valuers may exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in their valuation process. Judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations may materially affect these estimates and the resulting valuation estimates.

(iv) Income Taxes (Note 25)

Certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(v) Deferred Tax Assets (Note 9)

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on Management's estimates of future cash flows. These depend on estimates of future fees receivable, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties; hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(vi) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the Management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flow.

(vii) Impairment of Goodwill (Note 8)

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires directors to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(viii) Net realisable values of inventories (Note 10)

Reviews are made periodically by directors on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

As at the end of the reporting period, the directors of the Group are of the opinion that there is no adjustment required.

(ix) Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Directors specifically review its loans and receivables and analyse historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(x) Impairment of Available-for-Sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(xi) Determination of Fair Value

The directors are of the opinion that the carrying amounts of the non-current financial liabilities approximate their fair values because they are floating rate instruments which are deemed to be re-priced at the current prevailing market rates or their rates approximate its current prevailing market rates.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Leasehold land RM	Buildings RM	Buildings-in-progress RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
2015								
Cost/Valuation								
At 1st August 2014	20,360,000	21,390,000	29,873,000	6,948,820	83,044,487	7,219,558	13,494,718	182,330,583
Additions	-	-	250,000	417,593	6,083,773	115,195	377,188	7,243,749
Disposals/written off	(115,000)	-	(45,000)	-	(4,075,791)	-	(2,255,613)	(6,491,404)
Transfer	-	-	6,938,462	(6,938,462)	-	-	-	-
At 31st July 2015	20,245,000	21,390,000	37,016,462	427,951	85,052,469	7,334,753	11,616,293	183,082,928
Representing:-								
- cost	-	-	-	427,951	85,052,469	7,334,753	11,616,293	104,431,466
- revaluation	20,245,000	21,390,000	37,016,462	-	-	-	-	78,651,462
	20,245,000	21,390,000	37,016,462	427,951	85,052,469	7,334,753	11,616,293	183,082,928
Accumulated depreciation								
At 1st August 2014	-	414,364	752,187	-	49,933,900	5,005,450	9,556,823	65,662,724
Depreciation for the financial year	-	414,364	501,371	-	6,590,701	471,479	1,858,018	9,835,933
Disposals/written off	-	-	(900)	-	(2,583,875)	-	(2,230,513)	(4,815,288)
At 31st July 2015	-	828,728	1,252,658	-	53,940,726	5,476,929	9,184,328	70,683,369
Accumulated impairment losses								
At 1st August 2014	-	-	-	427,951	-	-	-	427,951
Impaired during the financial year	-	210,979	291,200	-	-	-	-	502,179
At 31st July 2015	-	210,979	291,200	427,951	-	-	-	930,130
Net carrying value at 31st July 2015	20,245,000	20,350,293	35,472,604	-	31,111,743	1,857,824	2,431,965	111,469,429
Representing:-								
- cost	-	-	-	-	31,111,743	1,857,824	2,431,965	35,401,532
- valuation	20,245,000	20,350,293	35,472,604	-	-	-	-	76,067,897
	20,245,000	20,350,293	35,472,604	-	31,111,743	1,857,824	2,431,965	111,469,429

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM	Leasehold land RM	Buildings RM	Buildings-in-progress RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
2014								
Cost/Valuation								
At 1st August 2013	20,655,542	21,390,000	29,577,458	7,281,978	77,542,312	7,183,938	13,516,067	177,147,295
Additions	-	-	-	417,594	8,382,060	35,620	813,429	9,648,703
Disposals/written off	-	-	-	-	(3,630,637)	-	(834,778)	(4,465,415)
Transfer	-	-	-	(750,752)	750,752	-	-	-
Reclassification	(295,542)	-	295,542	-	-	-	-	-
At 31st July 2014	20,360,000	21,390,000	29,873,000	6,948,820	83,044,487	7,219,558	13,494,718	182,330,583
Representing:-								
- cost	-	-	-	6,948,820	83,044,487	7,219,558	13,494,718	110,707,583
- revaluation	20,360,000	21,390,000	29,873,000	-	-	-	-	71,623,000
	20,360,000	21,390,000	29,873,000	6,948,820	83,044,487	7,219,558	13,494,718	182,330,583
Accumulated depreciation								
At 1st August 2013	-	-	-	-	45,849,695	4,503,522	8,311,776	58,664,993
Depreciation for the financial year	-	414,364	752,187	-	6,668,920	501,928	2,036,791	10,374,190
Disposals/written off	-	-	-	-	(2,584,715)	-	(791,744)	(3,376,459)
At 31st July 2014	-	414,364	752,187	-	49,933,900	5,005,450	9,556,823	65,662,724
Accumulated impairment losses								
At 1st August 2013/ 31st July 2014	-	-	-	427,951	-	-	-	427,951
Net carrying value at 31st July 2014	20,360,000	20,975,636	29,120,813	6,520,869	33,110,587	2,214,108	3,937,895	116,239,908
Representing:-								
- cost	-	-	-	6,520,869	33,110,587	2,214,108	3,937,895	45,783,459
- valuation	20,360,000	20,975,636	29,120,813	-	-	-	-	70,456,449
	20,360,000	20,975,636	29,120,813	6,520,869	33,110,587	2,214,108	3,937,895	116,239,908

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Furniture and fittings RM	Motor vehicles RM	Total RM
2015			
Cost			
At 1st August 2014	3,429,137	514,456	3,943,593
Additions	1,299,020	-	1,299,020
At 31st July 2015	4,728,157	514,456	5,242,613
Accumulated depreciation			
At 1st August 2014	2,369,049	238,140	2,607,189
Depreciation for the financial year	476,547	102,892	579,439
At 31st July 2015	2,845,596	341,032	3,186,628
Net carrying value at 31st July 2015	1,882,561	173,424	2,055,985
2014			
Cost			
At 1st August 2013	3,141,099	590,489	3,731,588
Additions	288,038	47,220	335,258
Disposals	-	(123,253)	(123,253)
At 31st July 2014	3,429,137	514,456	3,943,593
Accumulated depreciation			
At 1st August 2013	1,910,387	229,410	2,139,797
Depreciation for the financial year	458,662	112,216	570,878
Disposals	-	(103,486)	(103,486)
At 31st July 2014	2,369,049	238,140	2,607,189
Net carrying value at 31st July 2014	1,060,088	276,316	1,336,404

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) During the financial year, the aggregate costs of property, plant and equipment acquired by means of:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Purchase of property, plant and equipment	7,243,749	9,648,703	1,299,020	335,258
Financed by:				
- hire purchase and finance lease	(2,563,946)	(2,087,215)	(1,158,280)	(46,000)
- term loan	(417,593)	(417,594)	-	-
Cash payments on purchase of property, plant and equipment	4,262,210	7,143,894	140,740	289,258

(b) The leasehold land and buildings of the Group have an unexpired lease period of more than 50 years, except for leasehold land and building with net carrying amount of RM10,268,526/- (2014: RM10,509,263/-) which has a lease period of less than 50 years.

(c) Net carrying amount of motor vehicles acquired under hire purchase arrangements of which instalments are still outstanding at the reporting date is as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Motor vehicles	2,351,852	4,024,666	173,424	276,316

(d) Net carrying amount of equipment, furniture and fittings acquired under finance lease arrangement of which instalments are still outstanding at the reporting date are as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Equipment, furniture and fittings	4,672,244	1,535,258	1,061,757	-

Leased assets are pledged as security for the related hire purchase and finance lease liabilities as disclosed in Note 18 to the financial statements.

4. PROPERTY, PLANT AND EQUIPMENT(cont'd)

(e) Net carrying amounts of properties pledged as securities for bank borrowings as stated in Note 18 to the financial statements are as follows:-

	Group 2015 RM	Group 2014 RM
At valuation		
- Freehold land	19,500,000	19,500,000
- Leasehold land	17,208,697	17,760,139
- Buildings	21,917,650	22,201,600

(f) Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the net carrying value of the land and buildings that would have been included in the financial statements of the Group is as follows:-

	Group 2015 RM	Group 2014 RM
- Freehold land	4,353,093	4,413,093
- Leasehold land	5,334,959	5,722,244
- Buildings	28,817,131	29,359,280

(g) Fair value information

Fair value of land and buildings are categorised as follow:-

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2015				
- Freehold land	-	20,245,000	-	20,245,000
- Leasehold land	-	21,390,000	-	21,390,000
- Buildings	-	37,016,462	-	37,016,462
	-	78,651,462	-	78,651,462
2014				
- Freehold land	-	20,360,000	-	20,360,000
- Leasehold land	-	21,390,000	-	21,390,000
- Buildings	-	29,873,000	-	29,873,000
	-	71,623,000	-	71,623,000

4. PROPERTY, PLANT AND EQUIPMENT(cont'd)

(g) Fair value information (cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the land and buildings, either directly or indirectly.

The freehold and leasehold land and buildings of the Group were revalued on 31st July 2013 by the directors based on valuation performed by independent firms of professional valuers using the comparison method.

The most significant inputs into this valuation approach are location, size, age and condition of unit and building, tenure, title restrictions if any.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the land and buildings.

Transfer between levels of fair value hierarchy

There is no transfer between levels of fair value hierarchy during the financial year.

(h) Impairment loss

During the financial year, the Group carried out a review of the recoverable amount of its freehold buildings and leasehold land respectively because there was indication of decline in market value of certain properties.

As a result, an impairment loss of RM291,200/- was recognised in "Administrative expenses" line item and an reversal of revaluation deficit of RM210,979/- was recognised in "Other comprehensive expenses" of the statement of comprehensive income of the Group for the financial year ended 31st July 2015 representing the written down of the freehold buildings and leasehold land respectively to its recoverable amount.

The recoverable amount on the said impairment assessment was based on fair value less costs to sell which fall under Level 2 of the fair value hierarchy.

5. INVESTMENT IN SUBSIDIARIES

	Company 2015 RM	Company 2014 RM
Unquoted shares - at cost		
At 1st August	161,094,281	161,094,281
Less:		
Disposal during the financial year	(208,076)	-
Dissolved during the financial year	(2,272,652)	-
At 31st July	158,613,553	161,094,281
Accumulated impairment losses		
At 1st August	(533,025)	(173,039)
Less:		
Impairment during the year	-	(359,986)
Dissolved during the financial year	173,039	-
At 31st July	(359,986)	(533,025)
Net carrying amount as at 31 July	158,253,567	160,561,256

Details of the subsidiaries are as follows:-

Name of Company	Effective Proportion Ownership/Voting Right 2015 %	Effective Proportion Ownership/Voting Right 2014 %	Principal Activities
Poh Kong Jewellers Sdn. Bhd.	100	100	Suppliers and retailers of jewelleries, precious stones and gold ornaments
Poh Kong Jewellery Manufacturer Sdn. Bhd.	100	100	Manufacturer and dealers of jewelleries, precious stones and gold ornaments
Poh Kong Jewellers (Franchise) Sdn. Bhd.	100	100	Franchise management services
Poh Kong Properties Sdn. Bhd.	100	100	Property investment
Poh Kong Wholesale Sdn. Bhd.	100	100	Investment holding, suppliers and retailers of packing and utility products, wholesaler of jewelleries, precious stones and gold ornaments
PK Jewellery Export Sdn. Bhd.	100	100	Trading of bullion
Poh Kong International Sdn. Bhd.	100	100	Overseas investment holding
Poh Kong Bullion Sdn. Bhd. (Note a)	100	-	Suppliers and retailers of gold bullion, gold coins, gold ingots and gold investment products

5. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows (cont'd):-

Name of Company	Effective Proportion Ownership/Voting Right 2015 %	2014 %	Principal Activities
Poh Kong Jewellers (Jaya) Sdn. Bhd.#	100	100	Ceased operation
Poh Kong Jewellers (Klang) Sdn. Bhd.#	100	100	Ceased operation
Poh Kong Jewellers (Maluri) Sdn. Bhd.#	100	100	Ceased operation
Poh Kong Jewellers (Shah Alam) Sdn. Bhd.#	100	100	Ceased operation
Poh Kong Jewellers (SS2) Sdn. Bhd.#	100	100	Ceased operation
Poh Kong Jewellers (Subang Parade) Sdn. Bhd.#	100	100	Ceased operation
Poh Kong Jewellers (The Mall) Sdn. Bhd.#	100	100	Ceased operation
Poh Kong Jewellers (Banting) Sdn. Bhd.#	100	100	Ceased operation
Poh Kong Jewellers (Ampang Point) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Bangsar) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Gold Seremban) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Ipoh) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Jln Taman Malacca) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Kajang) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Kuantan) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (M) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Malacca) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (MV) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Old Klang Road) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Permas Jaya) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Puchong) Sdn. Bhd.#	100	100	Under members' voluntary winding up

5. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows (cont'd):-

Name of Company	Effective Proportion Ownership/Voting Right 2015 %	2014 %	Principal Activities
Poh Kong Jewellers (Selayang) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Seremban) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Wangsa maju) Sdn. Bhd.#	100	100	Under members' voluntary winding up
In Vogue Sdn. Bhd.#	-	100	Dissolved during the financial year
Kedai Emas Likwong Sdn. Bhd.#	-	100	Dissolved during the financial year
Pajak Gadai Sdn. Bhd.#	-	100	Dissolved during the financial year
PK Design Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Bandar Utama)Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Batu Pahat)Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Kinta City) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Meru) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Muar) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Peringgit) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (PHT) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Summit) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (The Mines) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Tmn Universiti, J.B.) Sdn. Bhd.#	-	100	Dissolved during the financial year
Jungmax Property Sdn. Bhd. (Note b)	-	100	Property investment

All subsidiaries in the Group are incorporated in Malaysia.

As a result of the restructuring exercise on internal reorganisation undertaken by the Group and the Company:-

- the subsidiaries ceased operations.
- the subsidiaries are under members' voluntary winding up.
- the subsidiaries dissolved during the financial year.

5. INVESTMENT IN SUBSIDIARIES (cont'd)

Note

a. Acquisition of a subsidiary company

On 31st March 2015, the Company acquired the 100% equity interest in Poh Kong Bullion Sdn. Bhd. for a total consideration of RM2/-.

Fair value of the identifiable assets acquired and liabilities recognised

	At date of acquisition At carrying mount RM	At fair value RM
Asset		
Cash in hand	2	2
Liability		
Other payables and accruals	21,707	21,707
Total identifiable net liability recognised	(21,705)	(21,705)
Add: Purchase consideration for the acquisition		(2)
Goodwill arising on acquisition (Note 8)		(21,707)

The effect of acquisition on cash flows is as follows:-

Total cost of business combination	2
Less: Cash and cash equivalents of subsidiary acquired	(2)
Net cash inflow from the acquisition	-

Goodwill

Goodwill comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the trading segment. Acquiree has no intangible asset that meet the criteria for recognition as an intangible asset under *MFRS 138 Intangible Assets*. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of acquisition in consolidated statement of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	RM
Revenue	-
Loss net of tax	(1,841)

5. INVESTMENT IN SUBSIDIARIES (cont'd)

b. Disposal of investment in a subsidiary

On 26th August 2014, Poh Kong Jewellers Sdn. Bhd., a subsidiary of Poh Kong Holdings Berhad disposed of its wholly owned subsidiary, Jungmax Property Sdn. Bhd. for a total consideration of RM540,000/-. The assets and liabilities of Jungmax were presented as non-current assets held for sale as disclosed in Note 15 and Note 26 to the financial statements.

The disposal had the following effects on the financial position of the Group at the end of the financial year:-

	Carrying amounts At the date of disposal RM
Assets	
Investment property	231,110
Cash and bank balances	393
	231,503
Liability	
Other payables and accruals	34,212
Net assest disposed	197,291
Goodwill	-
	197,291
Non-controlling interests	-
Total disposal proceeds	540,000
Gain on disposal to the Group	342,709

The effect of disposal on cash flows is as follows:-

Cash inflow arising on disposal:-	
Cash consideration	540,000
Less: Cash and cash equivalents of subsidiary disposed	(393)
Net cash inflow on disposal	539,607

5. INVESTMENT IN SUBSIDIARIES (cont'd)

c. Dissolution of subsidiaries

During the financial year, total of 14 subsidiaries have been dissolved. The Group has deconsolidated these former subsidiaries.

The deconsolidation had the following effects on the financial position of the Group at the end of the financial year:-

	Carrying amounts At the date of deconsolidation RM
Assets	
Cash and bank balances	135,373
Net assets deconsolidated	135,373
Goodwill	-
	135,373
Non-controlling interests	-
Total final distribution	16,918
Loss on dissolution of subsidiaries	(118,455)

The effect of deconsolidation on cash flows is as follows:-

Cash inflow arising on deconsolidation:-	
Final distribution	16,918
Less: Cash and cash equivalents of subsidiaries dissolved	(135,373)
Net cash inflow on deconsolidation	(118,455)

6. INVESTMENT PROPERTY

	Note	Group 2015 RM	2014 RM
At cost			
At 1st August		-	240,000
Less:			
Accumulated depreciation		-	(8,890)
Transfer to asset held for sale	15	-	(231,110)
At 31st July		-	-

7. OTHER INVESTMENTS

	Group	
	2015 RM	2014 RM
At cost		
Unquoted shares in Malaysia	299,999	299,999
Transferable club memberships	233,000	233,000
Less: Accumulated impairment losses	(5,000)	(5,000)
	228,000	228,000
At 1st August/31st July	527,999	527,999

Investment in unquoted shares and transferable club memberships of the Group which were designated as available-for-sale financial assets are stated at cost as their fair values cannot reliably measured using valuation techniques due to the lack of marketability of the unquoted shares.

8. GOODWILL ON CONSOLIDATION

	Group	
	2015 RM	2014 RM
At the beginning of the financial year	1,485,140	1,485,140
Acquisition of a subsidiary (Note 5(a))	21,707	-
Less: Impairment loss (Note d)	(21,707)	-
At the end of the financial year	1,485,140	1,485,140

(a) The carrying amount of goodwill allocated to the cash-generating unit ("CGU") is as follows:-

	Group	
	2015 RM	2014 RM
Trading	1,485,140	1,485,140

8. GOODWILL ON CONSOLIDATION (cont'd)

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating unit is determined using the value-in-use approach and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by management covering a period of 5 years.

The key assumptions used in the determination of the recoverable amounts are as follows:-

(i) Discount rate

The discount rates used are determined using a pre-tax discount rate of 4.46% (2014: 4.45%).

(ii) Growth rate

The average growth rate used of 10.00% (2014: 9.00%) is consistent with the long-term average growth rate of the Group.

The values assigned to the above key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal source of information.

(c) With regard to the assessment of value-in-use of the trading unit, the directors believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

(d) Key assumptions used in impairment calculations

Management determined the recoverable amount of the intangible assets based on the individual assets' value in use and the probability of the realisation of the assets. The management estimated the CGU of the newly acquired subsidiary is unable to generate sufficient future cash flows and the recoverable amount is less than the carrying amount.

As a result, an impairment loss of RM21,707/- was recognised in "Administrative expenses" line item of the statement of comprehensive income of the Group for the financial year ended 31st July 2015.

9. DEFERRED TAXATION

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1st August	(4,185,353)	(4,383,092)	3,237,599	2,325,279
Recognised in profit or loss (Note 25)	(1,008,352)	197,739	1,305,839	912,320
Recognised in equity	52,745	-	-	-
At 31st July	(5,140,960)	(4,185,353)	4,543,438	3,237,599
Presented after appropriate offsetting:-				
Deferred tax assets	6,250,072	5,827,699	4,543,438	3,237,599
Deferred tax liabilities	(11,391,032)	(10,013,052)	-	-
	(5,140,960)	(4,185,353)	4,543,438	3,237,599

9. DEFERRED TAXATION (cont'd)

In the Budget Speech 2014, the Government of Malaysia announced that the domestic statutory income tax rate would be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016. The computation of deferred tax as at 31st July 2015 has reflected these changes.

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:-

(a) Deferred tax assets

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1st August	5,827,699	6,334,409	3,237,599	2,325,279
Recognised in profit or loss	422,373	(506,710)	1,305,839	912,320
At 31st July	6,250,072	5,827,699	4,543,438	3,237,599

The estimated deferred tax assets of the Group and the Company arising from temporary differences recognised in the financial statements are as follows:-

	At 1 Aug 2013 RM	Recognised in profit or loss RM	At 31 July 2014 RM	Recognised in profit or loss RM	At 31 July 2015 RM
Group					
Unrealised profits arising from inter-company transaction	4,009,130	(1,419,030)	2,590,100	(883,466)	1,706,634
Unutilised tax losses	1,860,986	770,517	2,631,503	769,420	3,400,923
Unabsorbed capital allowances	738,765	77,625	816,390	113,333	929,723
Excess of capital allowances over depreciation	(274,472)	64,178	(210,294)	423,086	212,792
	6,334,409	(506,710)	5,827,699	422,373	6,250,072
Company					
Unutilised tax losses	1,860,986	770,517	2,631,503	769,420	3,400,923
Unabsorbed capital allowances	738,765	77,625	816,390	113,333	929,723
Excess of capital allowances over depreciation	(274,472)	64,178	(210,294)	423,086	212,792
	2,325,279	912,320	3,237,599	1,305,839	4,543,438

The recognition of the deferred tax assets of the Group and of the Company are based on the projection of financial budget approved by management to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

9. DEFERRED TAXATION (cont'd)

(a) Deferred tax assets (cont'd)

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2015 RM	2014 RM
Deductible temporary differences	266,831	159,939
Potential deferred tax assets not recognised at 24%	64,039	38,385

(b) Deferred tax liabilities

	Group	
	2015 RM	2014 RM
At 1st August	10,013,052	10,717,501
Recognised in profit or loss	1,430,725	(704,449)
Recognised in equity	(52,745)	-
At 31st July	11,391,032	10,013,052

The estimated deferred tax liabilities of the Group arising from temporary differences recognised in the financial statements are as follows:-

Group	Property, plant and equipment RM	Revaluation Surplus RM	Total RM
At 1 Aug 2013	4,805,133	5,912,368	10,717,501
Recognised in profit or loss	(704,449)	-	(704,449)
At 31 July 2014	4,100,684	5,912,368	10,013,052
Recognised in profit or loss	1,430,725	-	1,430,725
Recognised in other comprehensive income	-	(52,745)	(52,745)
At 31 July 2014	5,531,409	5,859,623	11,391,032

10. INVENTORIES

	Group	
	2015	2014
	RM	RM
At cost		
Raw material	21,955,689	20,785,999
Work-in-progress	13,949,162	12,010,856
Finished goods	517,643,414	575,658,543
	553,548,265	608,455,398

During the financial year, the cost of inventories recognised as cost of sales in the Group amounted to RM605,027,592/- (2014: RM600,155,154/-).

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Group				
Trade receivables	4,878,507	2,886,527	6,511,521	6,883,230
Less: Allowance for impairment	(123,449)	(263,268)	-	-
	4,755,058	2,623,259	6,511,521	6,883,230
Other receivables	4,423,241	1,983,396	5,421	5,421
Total trade and other receivables	9,178,299	4,606,655	6,516,942	6,888,651

(a) Trade receivables

Trade receivables are non-interest bearing and the Group's and the Company's normal trade credit terms range from 30 to 85 days (2014: 30 to 85 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of the Company is amount due by subsidiaries of RM6,511,521/- (2014: RM6,883,230/-).

The foreign currency exposure profile of trade receivables is as follows:-

	Group	
	2015	2014
	RM	RM
Chinese Yuan Renminbi	-	613,572
Hong Kong Dollar	591,156	-

11. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables is as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Neither past due nor impaired	44,318	15,180	444,688	2,374,760
1 to 30 days past due but not impaired	2,878,227	1,347,098	-	-
31 to 60 days past due but not impaired	1,085,779	354,305	-	-
61 to 90 days past due but not impaired	529,200	6,186	-	-
91 to 120 days past due but not impaired	97,090	113,287	-	-
More than 121 days past du but not impaired	120,444	787,203	6,066,833	4,508,470
	4,710,740	2,608,079	6,066,833	4,508,470
Impaired	123,449	263,268	-	-
	4,878,507	2,886,527	6,511,521	6,883,230

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group and the Company.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM4,710,740/- (2014: RM2,608,079/-) and RM6,066,833/- (2014: RM4,508,470/-) respectively that are past due at reporting date but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group and the Company do not hold any collateral or credit enhancements over these balances.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:-

	Group	
	2015 RM	2014 RM
Individually impaired		
Trade receivables, nominal value	123,449	263,268
Less: Allowance for impairment	(123,449)	(263,268)
	-	-

11. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

The movement in the Group's allowance accounts are as follows:-

	Group	
	2015 RM	2014 RM
At 1st August	263,268	802,402
Allowance during the financial year	52,154	15,047
Reversal of impairment	(191,973)	(554,181)
At 31st July	123,449	263,268

Trade receivables that are individually impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

(b) Other receivables

(i) The Group's and the Company's amounts owing by other receivables are unsecured, interest free and are repayable on demand.

(ii) Included in other receivables of the Group are amounts of RM731,354/- (2014: RM731,354/-) due by fellow subsidiaries under the common control of the ultimate holding company. The amounts due are unsecured, interest free and repayable on demand.

12. DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deposits	9,400,393	9,254,284	13,499	13,499
Prepayments	3,269,150	3,642,284	1,579,330	1,688,541
	12,669,543	12,896,568	1,592,829	1,702,040

(i) Included in prepayments of the Group and of the Company are amounts of RM1,268,513/- (2014: RM1,308,248/-) being guarantee fee paid in advance to Danajamin Nasional Berhad ("Danajamin") for its involvement as the guarantor on the Islamic Commercial Papers and Islamic Medium Term Loans programme ("ICP/IMTN") undertaken by the Company and RM35,585/- (2014: Nil) being prepaid interest expense for the utilisation of ICP/IMTN programme as disclosed in Note 18.2 to the financial statements.

(ii) Deposits are in relation to rental and utilities deposits for retail spaces and staff hostels.

13. AMOUNT DUE BY/(TO) SUBSIDIARIES

The amount due by/(to) subsidiaries are unsecured, repayable on demand and bears effective interest at rate of 6.00% (2014: 6.00% to 6.91%) per annum.

14. CASH AND CASH EQUIVALENTS

		Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Cash and bank balances		30,644,873	34,277,596	2,362,616	640,847
Fixed deposits with licensed banks		7,610,000	8,110,000	30,000	30,000
Less: - fixed deposits pledged to licensed banks		(210,000)	(30,000)	(30,000)	(30,000)
- sinking fund		(2,000,000)	-	(2,000,000)	-
		36,044,873	42,357,596	362,616	640,847
Bank overdrafts	18	(167,312)	(4,439,101)	-	-
		35,877,561	37,918,495	362,616	640,847

a. Cash and bank balances

Included in cash and bank balances of the Group and of the Company is an amount of RM2,000,000/- (2014: Nil) deposited in Finance Interest Service Reserve Accounts, and is restricted for the redemption of the principal amount of ICP/IMTN as disclosed in Note 18 to the financial statements.

b. Fixed deposits pledged to licensed banks

The fixed deposits of the Group and of the Company earn weighted average effective interest rate of 2.48% (2014: 2.48%) per annum.

Included in fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM210,000/- (2014: RM30,000/-) and RM30,000/- (2014: RM30,000/-) respectively, which have been pledged to a licensed bank as security for banking facilities granted to the Group and the Company as disclosed in Note 18 to the financial statements.

15. DISCONTINUED OPERATION CLASSIFIED AS HELD FOR SALE

In previous financial year, Poh Kong Jewellers Sdn. Bhd. ("PKJ"), a subsidiary of Poh Kong Holdings Berhad has disposed of its wholly owned subsidiary, Jungmax Property Sdn. Bhd. and had received a total consideration of RM540,000/- in advance. The assets and liabilities of Jungmax are presented as non-current assets held for sale following the commitment of the Group's restructuring plan on internal reorganisation.

The disposal was completed in 26th August 2014 and the cash flow effect of the disposal is disclosed in Note 5(b) to the financial statements.

At 31st July 2014, the assets and liabilities of the disposal group are as follows:-

	Note	Group 2014 RM
Asset classified as held for sale		
Investment property	6	231,110
Liability classified as held for sale		
Other payables and accruals		1,200

Loss attributable to the discontinued operation was as follows:-

	Note	Group 2014 RM
Revenue		-
Expenses		(2,461)
Results from operating activities	26	(2,461)
Tax benefit		-
Loss for the year		(2,461)

The loss from discontinued operation of RM2,461/- is attributable entirely to the owners of the Company.

	Group 2014 RM
Cash flows from/(used in) discontinued operation:-	
Net cash used in operating activities	(3,372)
Net cash from investing activities	-
Net cash from financing activities	3,352
Effect on cash flows	(20)

16. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares of RM0.50 each				
Authorised:				
At the beginning/end of the financial year	1,000,000,000	500,000,000	1,000,000,000	500,000,000
Issued and fully paid:				
At the beginning/end of the financial year	410,351,752	205,175,876	410,351,752	205,175,876

17. RESERVES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Revaluation reserve	25,722,240	25,905,074	-	-
Retained profits	228,205,601	217,800,044	19,406,663	18,211,048
	253,927,841	243,705,118	19,406,663	18,211,048

(a) Revaluation reserve

The revaluation reserve of the Group represents increases in the fair value of freehold and leasehold land as well as buildings of the Group in years 2003, 2008 and 2013, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(b) Retained profits

The Company will be able to distribute dividends out of its retained profits under the single tier system.

18. BANK BORROWINGS

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Long-term borrowings					
Secured					
Term loans	18.1	11,108,238	12,222,087	-	-
ICP/IMTN	18.2	90,000,000	140,000,000	90,000,000	140,000,000
Hire purchase payables	18.3	1,324,471	2,401,897	107,181	178,917
Finance lease payables	18.4	1,481,394	501,802	350,919	-
		103,914,103	155,125,786	90,458,100	140,178,917
Short-term borrowings					
Secured					
Bank overdrafts	18.5	167,312	4,439,101	-	-
Bankers' acceptance	18.6	56,506,000	127,879,000	-	-
Revolving credit	18.6	3,000,000	-	-	-
Term loans	18.1	9,730,515	7,731,334	-	-
ICP/IMTN	18.2	50,000,000	-	50,000,000	-
Hire purchase payables	18.3	912,313	1,397,594	58,756	83,711
Finance lease payables	18.4	2,375,772	564,387	566,053	-
		122,691,912	142,011,416	50,624,809	83,711
Total bank borrowings		226,606,015	297,137,202	141,082,909	140,262,628

18.1 Term loans

	Group	
	2015 RM	2014 RM
Current		
- not later than one year	9,730,515	7,731,334
Non-current		
- later than one year but not later than two years	1,688,367	2,684,363
- later than two years but not later than five years	4,301,146	6,144,465
- more than five years	5,118,725	3,393,259
	11,108,238	12,222,087
	20,838,753	19,953,421

18. BANK BORROWINGS (cont'd)

18.1 Term loans (cont'd)

The term loans of the Group are secured by way of:-

(a) A legal charge over properties of certain subsidiaries as mentioned in Note 4; and
(b) Corporate guarantees and indemnity from the Company.

Term loan facilities of the Group are mature between year 2019 and year 2031, denominated in RM and incur weighted average effective interest at rates of 2.80% to 4.82% (2014: 2.80% to 4.60%) per annum.

18.2 ICP/IMTN

	Group and Company 2015 RM	2014 RM
Current		
- not later than one year	50,000,000	-
Non-current		
- later than one year but not later than two years	30,000,000	50,000,000
- later than two years but not later than five years	60,000,000	90,000,000
- more than five years	-	-
	90,000,000	140,000,000
	140,000,000	140,000,000

The ICP/IMTN programme is a facility mature between year 2015 and year 2018, denominated in RM of up to RM150 million granted to the Group and to the Company and is based on Islamic financing principles in accordance with Syariah concept and principle of Al-Kafalah.

The proceeds of the ICP/IMTN programme shall be utilised for the following purposes:-

(a) To finance group wide restructuring programme; and
(b) To finance capital expenditure.

The ICP/IMTN bear interest at rates ranging from 3.85% to 4.45% (2014: 3.85% to 4.45%) per annum, with Danajamin to act as guarantor to guarantee the repayment obligations and is secured by way of third party first fixed legal charge over the following properties of the Group:-

(i) a four storey leasehold shop office (expiring in 2059) located at No.16, Jalan 52/4, 46200 Petaling Jaya;

(ii) a four storey leasehold shop office (expiring in 2060) located at No.18, Jalan 52/4, 46200 Petaling Jaya;

(iii) freehold commercial shoplot located at G-19, Subang Parade, Selangor;

18. BANK BORROWINGS (cont'd)

18.2 ICP/IMTN (cont'd)

(iv) leasehold commercial shoplot (expiring in 2090) located at G-14, Mahkota Parade, Melaka;

(v) leasehold commercial shoplot (expiring in 2090) located at G-29, Mahkota Parade, Melaka;

(vi) leasehold commercial shoplot (expiring in 2095) located at GF-119, Queensbay Shopping Mall, Penang;

(vii) leasehold commercial shoplot (expiring in 2095) located at GF-120, Queensbay Shopping Mall, Penang;

(viii) freehold commercial shoplot located at G-13, Summit Parade, Batu Pahat, Johor;

(ix) unconditional and irrevocable corporate guarantee of Poh Kong Jewellers Sdn. Bhd. for the entire amount of the facility and any guarantee fee, profit accruing and other payment obligations thereon;

(x) a legal assignment/charge over present and future rights, title, benefits and interest in and to the designated accounts and all monies from to time standing to the credit of the designated accounts; and

(xi) any other security/support as may be deemed applicable by Danajamin.

The ICP/IMTNs programme contained financial covenants which required the Group to maintain its debt to tangible net worth and finance service cover ratios.

18.3 Hire purchase payables

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Minimum hire purchase payments:-				
- not later than one year	1,036,180	1,600,932	78,870	108,708
- later than one year but not later than five years	1,494,611	2,679,239	112,222	191,093
	2,530,791	4,280,171	191,092	299,801
Less: Future finance charges	(294,007)	(480,680)	(25,155)	(37,173)
Present value of hire purchase payables	2,236,784	3,799,491	165,937	262,628
Represented by:-				
Current				
- not later than one year	912,313	1,397,594	58,756	83,711
Non-current				
- later than one year but not later than five years	1,324,471	2,401,897	107,181	178,917
	2,236,784	3,799,491	165,937	262,628

The Group's and the Company's hire purchase payables mature between year 2015 and year 2021, bear effective interest at rates range from 3.58% to 6.31% (2014: 3.88% to 5.57%) per annum.

18. BANK BORROWINGS (cont'd)

18.4 Finance lease payables

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Minimum lease payments :				
- not later than one year	2,620,796	603,912	612,156	-
- later than one year but not later than five years	1,494,541	536,940	357,081	-
	4,115,337	1,140,852	969,237	-
Less: Future finance charges	(258,171)	(74,663)	(52,265)	-
Present value of lease payments	3,857,166	1,066,189	916,972	-
Represented by:				
Current				
- not later than one year	2,375,772	564,387	566,053	-
Non-current				
- later than one year but not later than five years	1,481,394	501,802	350,919	-
	3,857,166	1,066,189	916,972	-

The Group's and the Company's finance lease facilities bear effective interest at rates of 3.97% (2014: 3.50%) and 4.45% (2014: Nil) per annum.

18.5 Bank overdrafts

The bank overdrafts of the Group are denominated in RM and incur weighted average effective interest at rate of 5.99% (2014: 8.35%) per annum. The securities for bank overdrafts are as disclosed in Note 18.6.

18.6 Bankers' acceptance, revolving credit and short-term loan

The bank overdrafts, bankers' acceptance, revolving credit and short-term loan facilities of the Group are denominated in RM and are secured by a combination of the following:-

(a) corporate guarantees and indemnity from the Company;
(b) a legal charge over properties of certain subsidiaries as mentioned in Note 4;
(c) a negative pledge on certain subsidiaries' assets; and
(d) fixed deposits place with licensed banks of the Group as mentioned in Note 14.

18. BANK BORROWINGS (cont'd)

18.6 Bankers' acceptance, revolving credit and short-term loan (cont'd)

The Group's weighted average effective interest rates at the reporting period for bankers' acceptance and revolving credit were as follows:-

	Group	
	2015	2014
	%	%
Bankers' acceptance	3.75 - 4.93	4.19 - 4.70
Revolving credit	5.55	-

19. TRADE AND OTHER PAYABLES/DEPOSITS AND ACCRUALS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade payables	5,658,777	9,503,692	-	-
Other payables	9,692,213	8,662,563	2,542,847	2,984,247
	15,350,990	18,166,255	2,542,847	2,984,247
Deposits	60,853	56,856	-	-
Accruals	7,772,054	8,502,362	436,725	463,704
Customers' deposits	4,199,860	5,897,823	-	-
Deferred revenue from gift vouchers	3,631,166	1,622,614	-	-
	15,663,933	16,079,655	436,725	463,704
	31,014,923	34,245,910	2,979,572	3,447,951

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 1 to 180 days (2014: 1 to 180 days).

19. TRADE AND OTHER PAYABLES/DEPOSITS AND ACCRUALS (cont'd)

(a) Trade payables (cont'd)

The foreign currency profile of trade payables is as follows:-

	Group	
	2015 RM	2014 RM
Taiwanese New Dollar	-	9,576
US Dollar	564,300	511,402
Hong Kong Dollar	343,352	196,039
Euro	9,731	61,485
Ringgit Malaysia	4,741,380	8,725,190
SG Dollar	14	-
	5,658,777	9,503,692

(b) Other payables

The Group's and the Company's amounts owing to other payables are unsecured, interest free and are repayable on demand.

Included in other payables of the Group :

(i) is an amount of RM2,964,030/- (2014: Nil) due to Royal Malaysian Customs,
(ii) is an amount of RM1,624,000/- (2014: RM2,134,000/-) due to family members of a deceased director,
(iii) is an amount of RM63,356/- (2014: RM177,920/-) due to the directors of the subsidiaries,
(iv) in previous financial year is an amount of RM540,000/- consideration received for disposal of a subsidiary, Jungmax Property Sdn. Bhd. as disclosed in Note 5.

Included in accruals of the Group is salary payable amounted to RM5,842,277/- (2014: RM6,172,696/-).

20. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The ultimate holding company, Poh Kong Sdn. Bhd. is incorporated and domiciled in Malaysia.

The amount due to ultimate holding company is non-trade in nature, unsecured, bears effective interest at rate of 6.00% (2014: 6.00%) per annum and is repayable on demand.

21. AMOUNT DUE TO DIRECTORS

The amount due to directors are unsecured, interest free and repayable on demand.

22. REVENUE

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Sale of goods	805,713,594	798,937,178	-	-
Advertising and promotion fees	-	-	8,616,617	9,086,237
Dividend income	-	-	13,568,000	6,173,000
Interest income	-	-	6,975,024	6,904,475
Management fee	-	-	4,168,988	4,401,875
	805,713,594	798,937,178	33,328,629	26,565,587

23. FINANCE COSTS

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Interest expenses on bank borrowings	11,989,880	13,404,052	8,581,962	8,013,839
Hire purchase and finance lease charges	344,522	372,386	27,987	16,600
	12,334,402	13,776,438	8,609,949	8,030,439

24. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation has been arrived at:-

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
After charging:-				
Allowance for impairment on				
- trade receivables	52,154	15,047	-	-
- investment in subsidiaries	-	-	-	359,986
Auditors' remuneration				
- current year	280,000	280,000	40,000	54,000
- prior year	10,980	1,500	-	-
Depreciation of:-				
- property, plant and equipment	9,835,933	10,374,190	579,439	570,878
- investment property	-	8,890	-	-
Deposits written off	41,662	-	-	-

24. PROFIT/(LOSS) BEFORE TAXATION (cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
After charging (cont'd):-				
Employee benefits expenses (Note 29)	85,299,787	84,931,504	9,617,053	8,106,821
Impairment loss on property, plant and equipment	291,200	-	-	-
Impairment for goodwill (Note 8)	21,707	-	-	-
Inventories loss	379	8,330	-	-
Rental of equipments	1,604,731	1,442,060	1,064,731	1,442,060
Loss on dissolution of subsidiaries (Note 5)	118,455	-	-	-
Property, plant and equipment written off	1,488,585	1,016,355	-	-
Realised loss on foreign exchange	83,335	122,808	-	-
Unrealised loss on foreign exchange	-	33,796	-	-
Rental of retail spaces and staff hostels	26,391,791	25,762,402	226,400	226,400
And crediting:-				
Car rental income	-	-	7,200	1,432
Dividend income	149,999	299,998	-	-
Equipment rental income	-	-	384,298	234,593
Gain on disposal of property, plant and equipment	306,300	186,421	-	59,733
Gain on disposal of subsidiary (Note 5)	342,709	-	-	-
Gain on dissolution of subsidiaries	-	-	2,283,850	-
Interest income	281,182	218,133	-	-
Premises rental income	108,318	125,200	-	-
Realised gain on foreign exchange	-	653,486	-	-
Reversal of allowance for impairment on trade receivables	191,973	554,181	-	-
Reversal of a write-down of inventories	41,335	-	-	-
Unrealised gain on foreign exchange	25,652	-	-	-

25. TAXATION

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Income tax				
- current year	(10,247,021)	(7,068,013)	-	1,145,601
- prior year	(391,822)	(1,686,928)	22,197	1,029,211
	(10,638,843)	(8,754,941)	22,197	2,174,812
Deferred tax (Note 9)				
- current year	285,516	(192,911)	1,422,123	865,371
- prior year	(1,293,868)	390,650	(116,284)	46,949
	(1,008,352)	197,739	1,305,839	912,320
	(11,647,195)	(8,557,202)	1,328,036	3,087,132

The income tax rate is calculated at the Malaysian statutory tax rate of 25% of the estimated taxable profit for the fiscal year. The statutory tax rate will be reduced to 24% from current year's rate of 25% with effect from year of assessment 2016.

The reconciliations of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follows:-

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Profit/(loss) before taxation from continuing operation	26,131,670	21,869,975	3,971,097	(2,896,369)
Loss before taxation from discontinued operation	-	(2,461)	-	-
	26,131,670	21,867,514	3,971,097	(2,896,369)
Tax at Malaysian statutory tax rate at 25%	(6,532,918)	(5,466,879)	(992,774)	724,092
Tax effects arising from:				
- non-deductible expenses	(3,589,437)	(1,733,336)	(917,848)	(121,470)
- non-taxable income	189,023	16,963	3,392,000	1,543,250
- deferred tax assets not recognised	(25,654)	(14,811)	-	-
- deferred tax recognised in difference tax rate	(2,519)	(62,861)	(59,255)	(134,900)
- under accrual in prior year	(1,685,690)	(1,296,278)	(94,087)	1,076,160
(Tax expense)/tax income for the financial year	(11,647,195)	(8,557,202)	1,328,036	3,087,132

26. LOSS FROM DISCONTINUED OPERATION

Loss attributable to the discontinued operation was as follows:-

	Group 2014 RM
After charging:-	
Auditors' remuneration	1,000
Depreciation	2,964

The details of the disposal are disclosed in note 5(b) and note 15 to the financial statements.

27. EARNINGS PER SHARE

(a) The basic earnings per share is calculated by dividing the Group's net profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2015 RM	2014 RM
Profit after taxation attributable to owners of the Company (RM):-		
- Profit from continuing operations, net of tax	14,484,475	13,312,773
- Loss from discontinued operation, net of tax	-	(2,461)
	14,484,475	13,310,312
Weighted average number of ordinary shares in issue	410,351,752	410,351,752
Basic earnings per share (sen)		
- Basic, for the profit from continuing operations	3.53	3.24
- Basic, for the loss from the discontinued operation	-	-
	3.53	3.24

(b) The diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any potential ordinary shares outstanding at the end of the reporting period.

(c) The basic loss per share from discontinued operation is calculated by dividing the net loss for the financial year from the discontinued operation attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

28. DIVIDENDS ON ORDINARY SHARES

	Group and Company 2015 RM	Group and Company 2014 RM
Final dividend of 1.00 sen (2014 :1.40 sen) single tier dividend	4,103,518	5,744,925

At the forthcoming Annual General Meeting, a single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares of RM0.50 each amounting to RM4,103,518/- in respect of the current financial year ended 31st July 2015 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31st July 2016.

29. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries, bonus, overtime and allowances	74,701,999	73,643,149	8,442,072	6,524,159
Defined contribution plan				
- EPF	5,963,929	5,851,236	613,363	609,319
Other staff related expenses	4,633,859	5,437,119	561,618	973,343
	85,299,787	84,931,504	9,617,053	8,106,821

Included in employee benefits expenses are directors' remuneration as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Executive directors				
- Salaries and other emoluments (including estimated monetary value of benefits-in-kind)	7,576,899	8,293,767	3,287,946	3,146,494
- Fees	18,000	99,000	-	-
	7,594,899	8,392,767	3,287,946	3,146,494
Non-executive directors				
- Fees	192,000	158,000	192,000	158,000
- Non-fees	103,500	91,700	103,500	91,700
	295,500	249,700	295,500	249,700
Total directors' remuneration	7,890,399	8,642,467	3,583,446	3,396,194

30. CAPITAL COMMITMENTS

	Group 2015 RM	Group 2014 RM
Capital expenditure in respect of purchase of property, plant and equipment:-		
- Contracted but not provided for	1,817,729	2,235,322

31. OPERATING LEASE ARRANGEMENTS

<u>The Group as Lessee</u>

The Group has entered into several tenancy agreements for the rental of retail spaces and staff hostels, resulting in future rental commitments which may, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates.

The future aggregate minimum lease payments under non-cancellable operating lease contracted for as at the reporting date but not recognised as liabilities are as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Future minimum rental payments:-				
Not later than one year	19,447,111	19,914,764	36,000	71,500
Later than one year but not later than five years	10,808,321	12,909,937	6,000	-
	30,255,432	32,824,701	42,000	71,500

32. FINANCIAL GUARANTEES

	Company 2015 RM	Company 2014 RM
Secured		
Guarantees given in support of banking facilities granted to subsidiaries	164,601,999	167,601,999
Unsecured		
Guarantees given to third parties in respect of leasing facilities granted to the Company and its subsidiaries	8,000,000	8,000,000
Guarantees given to third parties in respect of rental deposits of retail spaces	4,040,074	7,474,928

33. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identification of related parties

Parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:-
(i) Ultimate holding company;
(ii) Subsidiaries;
(iii) A company in which directors of the Company have substantial financial interest;
(iv) A corporate shareholder of a subsidiary; and
(v) Key management personnel, comprise persons (including the directors of the Company) who have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

(b) Significant related party transactions and balances

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Dividend income received and receivable from				
- subsidiaries	-	-	13,568,000	6,173,000
- company connected to a director of the Company	149,999	299,998	-	-
Interest income received and receivable from subsidiaries	-	-	6,975,024	6,904,475
Management fee, advertisement and promotions charges received and receivable from subsidiaries	-	-	12,785,605	13,488,112
Car rental received and receivable from subsidiaries	-	-	7,200	1,432

33. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(b) Significant related party transactions and balances (cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Shop rental received and receivable from a company connected to directors of the Company	36,000	36,000	-	-
Equipment rental charges received and receivable from subsidiaries	-	-	384,298	234,593
Sale of goods to				
- certain directors of the Company	1,230,372	1,997,253	-	-
- director of subsidiaries	157,748	67,605	-	-
- key management personnel	51,964	18,829	-	-
Hostel rental paid to				
- certain directors of the Company	182,400	114,000	114,000	114,000
- directors of subsidiaries	64,200	64,600	-	-
Purchase of goods from				
- directors of the Company	486,097	401,548	-	-
- directors of subsidiaries	19,519	15,748	-	-
- key management personnel	33	1,580	-	-
Legal and professional fees paid to a firm connected to a director of the Company	5,500	14,451	-	-
Interest expenses paid to ultimate holding company	19,800	19,800	19,800	19,800
Consideration received on disposed its wholly owned subsidiary	-	540,000	-	-
Rental and utility deposits paid to				
- directors of subsidiaries	12,500	-	-	-
Disposal of motor vehicles to directors of the Company	228,000	-	-	-

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 11, 13, 19, 20 and 21 to the financial statements.

33. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(c) Key management personnel remuneration

The remuneration of the key management personnel during the financial year is as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors of the Company and subsidiaries				
Short-term employment benefits (including estimated monetary value of benefits-in-kind)	10,372,815	11,076,890	3,280,186	3,051,240
Post employment benefits	823,307	671,848	312,084	203,376
	11,196,122	11,748,738	3,592,270	3,254,616
Other key management personnels				
Short-term employment benefits (including estimated monetary value of benefits-in-kind)	13,845,948	14,981,567	1,877,842	2,129,172
Post employment benefits	1,138,824	1,210,929	199,164	229,896
	14,984,772	16,192,496	2,077,006	2,359,068

34. SEGMENTS REPORTING

The information reported to the Group Managing Director, as the chief operating decision maker, in making decisions to allocate resources to segments and to assess their performance is based on the nature of the industry (business segments) of the Group.

Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment statements of comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from previous financial year in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.

(a) Business segments

The Group is organised into three major business segments:-

i) Trading: suppliers and retailers of jewelleries, precious stones, gold ornaments and gold bullion
ii) Manufacturing: manufacturer and dealers of jewelleries, precious stones and gold ornaments
iii) Others: investment holding

34. SEGMENTS REPORTING (cont'd)

(a) Business segments (cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Consolidated RM
2015						
Revenue						
External sales	801,589,004	2,836,273	1,288,317	-		805,713,594
Inter-segment sales	98,899,935	252,048,577	87,833,138	(438,781,650)	34(b)	-
Total Revenue	900,488,939	254,884,850	89,121,455	(438,781,650)		805,713,594
Results						
Segment results	62,604,884	9,848,360	15,927,130	(50,195,485)	34(c)	38,184,889
Results from operating activities	62,604,884	9,848,360	15,927,130	(50,195,485)		38,184,889
Interest income	468,628	148,554	-	(336,000)	34(d)	281,182
Finance cost	(21,540,076)	(311,755)	(9,051,764)	18,569,194	34(d)	(12,334,401)
Profit for the financial year	41,533,436	9,685,159	6,875,366	(31,962,291)		26,131,670
Taxation	(7,806,793)	(2,486,437)	205,566	(1,559,531)	34(d)	(11,647,195)
Net profit for the financial year	33,726,643	7,198,722	7,080,932	(33,521,822)		14,484,475
Assets						
Segment assets	1,021,605,273	106,203,262	790,353,791	(1,182,419,091)	34(e)	735,743,235
Consolidated total assets	1,021,605,273	106,203,262	790,353,791	(1,182,419,091)		735,743,235
Liabilities						
Segment liabilities	715,849,941	27,840,155	538,859,455	(1,005,910,033)	34(f)	276,639,518
Consolidated total liabilities	715,849,941	27,840,155	538,859,455	(1,005,910,033)		276,639,518
Other information						
Additions of property, plant and equipment	5,079,792	443,695	1,302,669	417,593	34(d)	7,243,749
Depreciation of property, plant and equipment	7,110,146	1,522,701	594,946	608,140	34(d)	9,835,933

34. SEGMENTS REPORTING (cont'd)

(a) Business segments (cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Consolidated RM
2015						
Other material non-cash items other than depreciation						
Employee benefits expenses	60,558,868	13,964,307	10,776,612	-		85,299,787
Gain on disposal of property, plant and equipment	(304,717)	(35,000)	-	33,417	34(d)	(306,300)
Gain on disposal of subsidiary	(331,924)	-	-	(10,785)	34(d)	(342,709)
Impairment loss on property, plant and equipment	-	-	-	291,200	34(d)	291,200
Loss on deconsolidation of dissolved subsidiaries	(21,503,042)	(98,503)	(2,281,527)	24,001,527	34(d)	118,455
Property, plant and equipment written off	1,488,586	-	-	-		1,488,586
Reversal of allowance for impairment on trade receivables	(191,973)	-	-	-		(191,973)

34. SEGMENTS REPORTING (cont'd)

(a) Business segments (cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Consolidated RM
2014						
Revenue						
External sales	797,266,416	182,403	1,488,359	-		798,937,178
Inter-segment sales	98,907,762	318,595,829	90,479,326	(507,982,917)	34(b)	-
Total Revenue	896,174,178	318,778,232	91,967,685	(507,982,917)		798,937,178
Results						
Segment results	21,782,729	9,932,459	10,949,832	(7,239,201)	34(c)	35,425,819
Results from operating activities	21,782,729	9,932,459	10,949,832	(7,239,201)		35,425,819
Interest income	67,597	150,536	-	-	34(d)	218,133
Finance cost	(14,689,476)	(835,204)	(8,210,270)	9,958,512	34(d)	(13,776,438)
Profit for the financial year	7,160,850	9,247,791	2,739,562	2,719,311		21,867,514
Taxation	(6,241,124)	(2,262,369)	1,577,416	(1,631,125)	34(d)	(8,557,202)
Net profit for the financial year	919,726	6,985,422	4,316,978	1,088,186		13,310,312
Assets						
Segment assets	1,171,609,341	107,470,439	811,281,850	(1,294,643,052)	34(e)	795,718,578
Consolidated total assets	1,171,609,341	107,470,439	811,281,850	(1,294,643,052)		795,718,578
Liabilities						
Segment liabilities	855,589,884	33,697,820	559,723,590	(1,102,173,710)	34(f)	346,837,584
Consolidated total liabilities	855,589,884	33,697,820	559,723,590	(1,102,173,710)		346,837,584
Other information						
Additions of property, plant and equipment	8,702,491	193,361	335,257	417,594	34(d)	9,648,703
Depreciation of property, plant and equipment and investment property	7,588,639	1,688,925	591,097	505,529	34(d)	10,374,190

34. SEGMENTS REPORTING (cont'd)

(a) Business segments (cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Consolidated RM
2014						
Other material non-cash items other than depreciation						
Employee benefits expenses	60,929,424	14,712,779	9,289,301	-		84,931,504
Net gain on disposal of property, plant and equipment	(127,095)	407	(59,733)	-		(186,421)
Reversal of allowance for impairment on trade receivables	(554,181)	-	-	-		(554,181)
Property, plant and equipment written off	1,016,355	-	-	-		1,016,355

(b) Inter-segment revenue are eliminated on consolidation.

(c) Inter-segment profits are eliminated on consolidation.

(d) Inter-segment transactions or balances are eliminated on consolidation.

(e) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	2015 RM	2014 RM
Investment in subsidiaries	(176,183,667)	(187,952,554)
Inter-segment assets elimination	(1,006,235,424)	(1,106,690,498)
	(1,182,419,091)	(1,294,643,052)

(f) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:-

	2015 RM	2014 RM
Inter-segment liabilities elimination	1,005,910,033	1,102,173,710

34. SEGMENTS REPORTING (cont'd)

(g) Geographical segments

No geographical segment is presented as the Group operates principally in Malaysia.

35. FINANCIAL INSTRUMENTS

(a) Financial Risk Management and Objectives

The Group and the Company seek to manage effectively the various risks namely credit, liquidity, interest rate, foreign currency and price risks, to which the Group and the Company are exposed to in their daily operations.

(i) Credit Risk

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables and amount due by subsidiaries. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an on-going basis. For other financial assets (including other investments, fixed deposits placed with licensed banks and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:-

(i) The carrying amounts of each class of financial assets recognised in the statements of financial position as disclosed in Note 11, Note 12 and Note 13 to the financial statements; and

(ii) The nominal amount of guarantees provided by the Group and the Company to banks on subsidiaries' credit facilities as disclosed in Note 32 to the financial statements.

The Group has significant exposure and major concentration of credit risk of seventy-five percent deriving from two customers relating to trade receivables.

The Company has significant exposure and major concentration of credit risk relating to amount due by subsidiaries.

The Group and the Company manage its debt maturity portfolio, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities of a reasonable level to its overall debt position.

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management and Objectives (cont'd)

(i) Credit Risk (cont'd)

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired are disclosed in Note 11 to the financial statements. Fixed deposits and cash and bank balances are placed with reputable licensed financial institutions with high credit ratings.

Financial assets that are past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 11 to the financial statements.

Inter-company balances

The Company provides advances to subsidiaries. The maximum exposure to credit risk is represented by its carrying amounts in the statement of financial position as at the end of the financial year.

As at the end of the financial year, there was no indication that the advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries.

Financial guarantees

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries.

As at reporting period, the fair value of the financial guarantees is negligible as the probability of the financial guarantees being called upon is remote due to the outstanding borrowings in the subsidiaries are adequately secured by assets as disclosed in Note 4 and Note 14 respectively. Should the subsidiaries default any loan repayments, the proceeds from the realisation of these assets together with the corporate guarantee by the Company will be able to satisfy the outstanding debts.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their operating cash flows by maintaining sufficient level of cash to meet its working capital requirements and availability of funding through an adequate amount of credit facilities.

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management and Objectives (cont'd)

(ii) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
2015					
Financial liabilities					
Trade and other payables	15,350,990	15,350,990	15,350,990	-	-
Deposits and accruals	15,663,933	15,663,933	15,663,933	-	-
Bank overdraft	167,312	167,312	167,312	-	-
Bankers' acceptance	56,506,000	57,552,173	57,552,173	-	-
Revolving credit	3,000,000	3,014,597	3,014,597	-	-
Term loans	20,838,753	24,739,921	9,903,615	6,838,561	7,997,745
ICP/IMTN	140,000,000	145,715,000	51,955,000	93,760,000	-
Hire purchase payables	2,236,784	2,530,791	1,036,180	1,494,611	-
Finance lease payables	3,857,166	4,115,337	2,620,796	1,494,541	-
Amount due to ultimate holding company	1,239,386	1,239,386	1,239,386	-	-
Amount due to directors	1,846,607	1,846,607	1,846,607	-	-
	260,706,931	271,936,047	160,350,589	103,587,713	7,997,745
2014					
Financial liabilities					
Trade and other payables	18,166,255	18,166,255	18,166,255	-	-
Deposits and accruals	16,079,655	16,079,655	16,079,655	-	-
Bank overdraft	4,439,101	4,439,101	4,439,101	-	-
Bankers' acceptance	127,879,000	129,696,931	129,696,931	-	-
Term loans	19,953,421	24,005,743	8,282,389	7,099,249	8,624,105
ICP/IMTN	140,000,000	145,715,000	-	145,715,000	-
Hire purchase payables	3,799,491	4,280,171	1,600,932	2,679,239	-
Finance lease payables	1,066,189	1,140,852	603,912	536,940	-
Amount due to ultimate holding company	1,219,585	1,219,585	1,219,585	-	-
Amount due to directors	2,215,600	2,215,600	2,215,600	-	-
	334,818,297	346,958,893	182,304,360	156,030,428	8,624,105

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management and Objectives (cont'd)

(ii) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Company	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
2015					
Financial liabilities					
Other payables and accruals	2,979,572	2,979,572	2,979,572	-	-
ICP/IMTN	140,000,000	145,715,000	51,955,000	93,760,000	-
Hire purchase payables	165,937	191,092	78,870	112,222	-
Finance lease payables	916,972	969,237	612,156	357,081	-
Amount due to ultimate holding company	1,239,386	1,239,386	1,239,386	-	-
Amount due to subsidiaries	257,175,180	257,175,180	257,175,180	-	-
Amount due to directors	1,023,432	1,023,432	1,023,432	-	-
	403,500,479	409,292,899	315,063,596	94,229,303	-
2014					
Financial liabilities					
Other payables and accruals	3,447,951	3,447,951	3,447,951	-	-
ICP/IMTN	140,000,000	145,715,000	-	145,715,000	-
Hire purchase payables	262,628	299,801	108,708	191,093	-
Amount due to ultimate holding company	1,219,585	1,219,585	1,219,585	-	-
Amount due to subsidiaries	271,475,775	271,475,775	271,475,775	-	-
Amount due to directors	1,078,912	1,078,912	1,078,912	-	-
	417,484,851	423,237,024	277,330,931	145,906,093	-

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management and Objectives (cont'd)

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

Interest rate profile

At the end of the reporting period, the interest rate profile of the interest-bearing financial instruments is as follows:-

Group	Effective interest rate %	Within one year RM	One to five years RM	Over five years RM	Total RM
2015					
Financial asset					
Fixed deposits placed with licensed banks	2.48	7,610,000	-	-	7,610,000
Financial liabilities					
Hire purchase payables	3.62	912,313	1,324,471	-	2,236,784
Finance lease payables	3.97	2,375,772	1,481,394	-	3,857,166
ICP/IMTN	3.85 - 4.45	50,000,000	90,000,000	-	140,000,000
Term loans	2.80 - 4.82	9,730,515	5,989,513	5,118,725	20,838,753
Bankers' acceptance	3.75 - 4.93	56,506,000	-	-	56,506,000
Bank overdrafts	8.35	167,312	-	-	167,312
Revolving credit	5.55	3,000,000	-	-	3,000,000
2014					
Financial asset					
Fixed deposits placed with licensed banks	2.48	8,110,000	-	-	8,110,000
Financial liabilities					
Hire purchase payables	3.96	1,397,594	2,401,897	-	3,799,491
Finance lease payables	3.50	564,387	501,802	-	1,066,189
ICP/IMTN	3.85 - 4.45	-	140,000,000	-	140,000,000
Term loans	2.80 - 4.6	7,731,334	8,828,828	3,393,259	19,953,421
Bankers' acceptance	4.19 - 4.70	127,879,000	-	-	127,879,000
Bank overdrafts	8.35	4,439,101	-	-	4,439,101

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management and Objectives (cont'd)

(iii) Interest Rate Risk (cont'd)

Interest rate profile (cont'd)

Company	Effective interest rate %	Within one year RM	One to five years RM	Over five years RM	Total RM
2015					
Financial asset					
Fixed deposits placed with licensed banks	2.35	30,000	-	-	30,000
Financial liabilities					
Hire purchase payables	3.88-5.57	58,756	107,181	-	165,937
Finance lease payables	4.80-6.00	566,053	350,919	-	916,972
ICP/IMTN	3.85-4.45	50,000,000	90,000,000	-	140,000,000
2014					
Financial asset					
Fixed deposits placed with licensed banks	2.35	30,000	-	-	30,000
Financial liabilities					
Hire purchase payables	3.88-5.57	83,711	178,917	-	262,628
ICP/IMTN	3.85-4.45	-	140,000,000	-	140,000,000

The Group and the Company manage its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group and the Company actively review its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. As at 31st July 2015, the Group and the Company have not entered into any hedging instruments arrangement to minimise its exposure to interest rate volatility.

Borrowings at floating rates amounting to RM80,512,065/- (2014: RM152,271,522/-) of the Group is exposed to cash flow interest rate risk whilst borrowings of the Group and the Company at fixed rate amounting to RM146,093,950/- and RM141,082,909/- (2014: RM144,865,680/- and RM140,262,628/-) respectively are exposed to the fair value interest rate risk.

Sensitivity analysis for interest rate risk

If the interest rate had been 1% higher/lower and all other variables held constant, the Group's profit for the financial year ended 31st July 2015 would decrease/increase by RM805,121/- (2014: RM1,522,715/-) respectively as a result of exposure to floating rate borrowings.

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management and Objectives (cont'd)

(iv) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currencies of Group entities. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entity are kept to an acceptable level.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including United State, Taiwan, Europe and Hong Kong. The Group's investments in foreign operations are not hedged.

(v) Price Fluctuation Risk

The Group is exposed to the fluctuation of gold price arising from purchase of gold from suppliers. There are no hedging transactions entered into for price volatility in gold.

(b) Classification of Financial Instruments

Financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost. The principal accounting policies in Note 2.3 to the financial statements describe how classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis.

Group	Loans and receivables RM	Available-for-sales RM	Financial liabilities at amortised cost RM	Total RM
2015				
Financial assets				
Other investments				
- unquoted shares	-	527,999	-	527,999
Trade and other receivables	9,178,299	-	-	9,178,299
Deposits	9,400,393	-	-	9,400,393
Fixed deposits placed with licensed banks	7,610,000	-	-	7,610,000
Cash and bank balances	30,644,873	-	-	30,644,873
Total carrying amount	56,833,565	527,999	-	57,361,564

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Classification of Financial Instruments (cont'd)

Group	Loans and receivables RM	Available-for-sales RM	Financial liabilities at amortised cost RM	Total RM
2015				
Financial liabilities				
Trade and other payables	-	-	15,350,990	15,350,990
Deposits and accruals	-	-	12,032,767	12,032,767
Bank borrowings	-	-	226,606,015	226,606,015
Amount due to ultimate holding company	-	-	1,239,386	1,239,386
Amount due to directors	-	-	1,846,607	1,846,607
Total carrying amount	-	-	257,075,765	257,075,765
2014				
Financial assets				
Other investments				
- unquoted shares	-	527,999	-	527,999
Trade and other receivables	4,606,655	-	-	4,606,655
Deposits	9,254,284	-	-	9,254,284
Fixed deposits placed with licensed banks	8,110,000	-	-	8,110,000
Cash and bank balances	34,277,596	-	-	34,277,596
Total carrying amount	56,248,535	527,999	-	56,776,534
Financial liabilities				
Trade and other payables	-	-	18,166,255	18,166,255
Deposits and accruals	-	-	14,457,041	14,457,041
Bank borrowings	-	-	297,137,202	297,137,202
Amount due to ultimate holding company	-	-	1,219,585	1,219,585
Amount due to directors	-	-	2,215,600	2,215,600
Total carrying amount	-	-	333,195,683	333,195,683

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Classification of Financial Instruments (cont'd)

Company	Loans and receivables RM	Available-for-sales RM	Financial liabilities at amortised cost RM	Total RM
2015				
Financial assets				
Trade and other receivables	6,516,942	-	-	6,516,942
Deposits	13,499	-	-	13,499
Fixed deposits placed with licensed banks	30,000	-	-	30,000
Amount due by subsidiaries	451,486,244	-	-	451,486,244
Cash and bank balances	2,362,616	-	-	2,362,616
Total carrying amount	460,409,301	-	-	460,409,301
Financial liabilities				
Other payables and accruals	-	-	2,979,572	2,979,572
Bank borrowings	-	-	141,082,909	141,082,909
Amount due to ultimate holding company	-	-	1,239,386	1,239,386
Amount due to directors	-	-	1,023,432	1,023,432
Amount due to subsidiaries	-	-	257,175,180	257,175,180
Total carrying amount	-	-	403,500,479	403,500,479
2014				
Financial assets				
Trade and other receivables	6,888,651	-	-	6,888,651
Deposits	13,499	-	-	13,499
Fixed deposits placed with licensed banks	30,000	-	-	30,000
Amount due by subsidiaries	465,258,041	-	-	465,258,041
Cash and bank balances	640,847	-	-	640,847
Total carrying amount	472,831,038	-	-	472,831,038
Financial liabilities				
Other payables and accruals	-	-	3,447,951	3,447,951
Bank borrowings	-	-	140,262,628	140,262,628
Amount due to ultimate holding company	-	-	1,219,585	1,219,585
Amount due to directors	-	-	1,078,912	1,078,912
Amount due to subsidiaries	-	-	271,475,775	271,475,775
Total carrying amount	-	-	417,484,851	417,484,851

35. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair Values of Financial Instruments

The carrying amount of financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
2015										
Group										
Financial assets										
Other investments										
- Unquoted shares	-	-	-	-	-	-	-	-	#	299,999
- Transferable club memberships	-	-	-	-	-	-	-	-	#	228,000
	-	-	-	-	-	-	-	-	-	527,999
Financial liabilities										
Term loans	-	-	-	-	-	20,838,753	-	20,838,753	20,838,753	20,838,753
ICP/IMTN	-	-	-	-	-	140,000,000	-	140,000,000	140,000,000	140,000,000
Hire purchase payables	-	-	-	-	-	-	2,397,319	2,397,319	2,397,319	2,236,784
Finance lease payables	-	-	-	-	-	-	3,924,530	3,924,530	3,924,530	3,857,166
	-	-	-	-	-	160,838,753	6,321,849	167,160,602	167,160,602	166,932,703

35. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair Values of Financial Instruments (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
2014										
Group										
Financial assets										
Other investments										
- Unquoted shares	-	-	-	-	-	-	-	-	#	299,999
- Transferable club memberships	-	-	-	-	-	-	-	-	#	228,000
	-	-	-	-	-	-	-	-	-	527,999
Financial liabilities										
Term Loans	-	-	-	-	-	19,953,421	-	19,953,421	19,953,421	19,953,421
ICP/IMTN	-	-	-	-	-	140,000,000	-	140,000,000	140,000,000	140,000,000
Hire purchase payables	-	-	-	-	-	-	4,043,772	4,043,772	4,043,772	3,799,491
Finance lease payables	-	-	-	-	-	-	1,084,729	1,084,729	1,084,729	1,066,189
	-	-	-	-	-	159,953,421	5,128,501	165,081,922	165,081,922	164,819,101

The fair value cannot be reliably measured using valuation techniques due to the lack of marketability of the unquoted shares.

35. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair Values of Financial Instruments (cont'd)

Fair value hierarchy

The fair value hierarchy has the following levels:-

(a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(c) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest/cash flows, discounted at the market rate of interest by reference to similar borrowing arrangements.

36. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Group's and the Company's strategy in capital management remains unchanged for 31st July 2015 and 31st July 2014.

The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Company and its subsidiaries may adjust the dividend payment to the shareholders, return capital to shareholders or issue new shares.

The Group and the Company are required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. Net debts comprise hire purchase payables, finance lease payables, bank overdrafts, other borrowings and term loans less cash and bank balances whilst total capital is the shareholders' funds of the Group and of the Company.

36. CAPITAL MANAGEMENT (cont'd)

The gearing ratio for the Group and for the Company respectively as at 31st July 2015 and 31st July 2014, are as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total net debts	188,351,142	254,749,606	138,690,293	139,591,781
Total capital plus net debts	647,454,859	703,630,600	363,272,832	362,978,705
Gearing ratio	0.29	0.36	0.38	0.38

The Group is also required to maintain a maximum debt to tangible net worth ratio of 0.9 times and a minimum finance service cover ratio of 2.5 times to comply with a bank covenant, failing which, the bank may call an event of default. This externally imposed capital requirement has been complied with for the financial years ended 31st July 2015 and 31st July 2014.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED And Unrealised Profits or Losses

On 25th March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20th December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and of the Company as at 31st July 2015 are as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained profits of the Company and its subsidiaries				
- realised	369,701,522	363,604,688	14,863,225	14,973,449
- unrealised	(5,115,308)	(4,219,149)	4,543,438	3,237,599
	364,586,214	359,385,539	19,406,663	18,211,048
Less: Consolidation adjustments	(136,380,613)	(141,585,495)	-	-
Total retained profits	228,205,601	217,800,044	19,406,663	18,211,048

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

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

STATEMENT BY
Directors

We, **DATO' CHOON YEE SEIONG** and **CHEONG TECK CHONG**, being two of the directors of Poh Kong Holdings Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 84 to 172 have been properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31st July 2015 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 173 has been prepared in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and the directors of Bursa Malaysia Securities Berhad.

On behalf of the Board,

DATO' CHOON YEE SEIONG
Director

CHEONG TECK CHONG
Director

Petaling Jaya

Date: 20th October 2015

STATUTORY
Declaration

I, **KOH SZE HAW**, being the officer primarily responsible for the financial management of Poh Kong Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 84 to 172, and the supplementary information set out on page 173 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, l960.

KOH SZE HAW

Subscribed and solemnly declared by the abovenamed at Petaling Jaya on 20th October 2015.

Before me,

Commissioner for Oaths
N. MADHAVAN NAIR (B461)

INDEPENDENT
Auditors' Report

TO THE MEMBERS OF POH KONG HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Report on the Financial Statements

We have audited the financial statements of Poh Kong Holdings Berhad, which comprise the statements of financial position as at 31st July 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 84 to 172.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st July 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

Report on Other Legal and Regulatory Requirements (cont'd)

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 173 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Tan Ban Tatt
No. 3099/03/16 (J)
Chartered Accountant

Kuala Lumpur

Date: 20th October 2015

ANALYSIS OF Shareholdings

AS AT 2 NOVEMBER 2015

Authorised Share Capital	:	RM500,000,000
Paid-up & Issued Share Capital	:	RM205,175,876
Class of Share	:	Ordinary Share of RM0-50 each
Voting Right	:	1 vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS AS AT 2 NOVEMBER 2015

Size of shareholdings	No. of Shareholders	%	No. of Shareholdings	%
1 - 999	296	9.47	56,062	0.01
1000 - 10,000	1,605	51.33	8,691,758	2.12
10,001 - 100,000	1,055	33.74	33,470,960	8.16
100,001 - 20,517,586(*)	169	5.40	107,924,086	26.30
20,517,587 and above (**)	2	0.06	260,208,886	63.41
Total	**3,127**	**100.00**	**410,351,752**	**100.00**

Remark : * - Less than 5% of issued holdings
** - 5% and above of issued holdings

30 LARGEST SHAREHOLDERS AS AT 2 NOVEMBER 2015

No.	Name	No. of Ordinary Shares of RM0.50 each	% of Shares
1	Poh Kong Sdn. Bhd.	239,208,886	58.29
2	DB (Malaysia) Nominee (Asing) Sdn Bhd	21,450,000	5.23
3	JF Apex Nominees (Tempatan) Sdn. Bhd.	18,877,950	4.60
4	Dato' Choon Yee Seiong	11,600,246	2.83
5	Maybank Nominees (Asing) Sdn Bhd	8,459,300	2.06
6	M&A Nominee (Tempatan) Sdn Bhd	6,090,000	1.48
7	Maybank Nominees (Tempatan) Sdn Bhd	4,941,664	1.20
8	Citigroup Nominees (Tempatan) Sdn Bhd	4,235,250	1.03
9	Public Nominees (Tempatan) Sdn Bhd	3,607,888	0.88
10	Affin Hwang Nominees (Asing) Sdn Bhd	3,003,200	0.73
11	Seah Tin Kim	2,408,700	0.59

30 LARGEST SHAREHOLDERS AS AT 2 NOVEMBER 2015 (cont'd)

No.	Name	No. of Ordinary Shares of RM0.50 each	% of Shares
12	Choon Wan Joo	2,320,080	0.57
13	Cheong Teck Chong	2,273,928	0.55
14	Hon Wee Fong	2,079,710	0.51
15	HSBC Nominees (Asing) Sdn Bhd	2,015,800	0.49
16	Lee Guan Huat	1,924,400	0.47
17	Tan Kim Chai	1,790,700	0.44
18	UOB Kay Hian Nominees (Asing) Sdn Bhd	1,749,400	0.43
19	HLIB Nominees (Asing) Sdn Bhd	1,625,000	0.40
20	Haw Yoo Hoon	1,599,800	0.39
21	RHB Nominees (Tempatan) Sdn Bhd	985,000	0.24
22	CIMSEC Nominees (Asing) Sdn Bhd	930,000	0.23
23	Tan Ai Guat	913,000	0.22
24	HLB Nominees (Tempatan) Sdn Bhd	818,050	0.20
25	Public Nominees (Asing) Sdn Bhd	757,800	0.18
26	HLIB Nominees (Tempatan) Sdn Bhd	723,050	0.18
27	AllianceGroup Nominees (Tempatan) Sdn Bhd	686,000	0.17
28	Siow Der Ming	616,118	0.15
29	CIMSEC Nominees (Tempatan) Sdn Bhd	607,886	0.15
30	Chin Chin Seong	600,000	0.15
	Total	**348,898,806**	**85.02**

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 2 NOVEMBER 2015

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Poh Kong Sdn Bhd	239,208,886	58.29	-	-
Dato' Choon Yee Seiong	11,600,246	2.82	250,937,528 (1)	61.16
Cheong Teck Chong	2,273,928	0.55	243,960,378(2)	59.45
Datin Hon Wee Fong	2,079,710	0.51	251,727,544 (3)	61.35
Choon Nee Siew	4,706,742	1.15	255,071,072(4)	62.15
Dato' Choon Yoke Ying	1,395,072	0.34	258,632,998 (5)	63.02
Choon Wan Joo	2,320,080	0.57	258,029,102 (5)	62.87
Choon Yee Bin	400,030	0.10	259,504,534 (6)	63.23
Mohd Annuar Choon Bin Abdullah	100,030	0.02	259,661,034 (6)	63.28
Estate of Choon Yee Fook	82	0.00	259,732,982 (7)	63.29
Choon Ching Yih	1,896	0.00	259,731,168(8)	63.29
Choong Bee Chu	-	0.00	259,757,566 (9)	63.30
Chong Siew Loi @ Chong Kim Loi	103,012	0.03	241,482,814 (10)	58.85
Cheong Poh See	37,750	0.01	246,196,556 (11)	60.00
Cheong Chee Kong	7,000	0.00	246,227,306 (11)	60.00
Cheong Chee Khoon	-	-	246,234,306 (11)	60.01
Choon King Han	265,000	0.07	253,348,842 (12)	61.73
Elizabeth Choon Ee Ling	230,000	0.06	253,383,842 (12)	61.74
Choon Ee Teng	230,000	0.06	253,383,842 (12)	61.74
Pang Cheow Mooi	413,000	0.10	241,482,814 (13)	58.85
Chang Kwong Him	295,006	0.07	240,603,958 (13)	58.63
Siow Der Ming	616,118	0.15	242,145,084 (13)	59.01
Lim Mee Hwa	2,750,000	0.67	21,900,000 (14)	5.337
Yeo Seng Chong	-	-	24,650,000 (15)	6.007
Yeoman Capital Management Pte Ltd	450,000	0.11	21,450,000 (16)	5.227
Yeoman 3-Right Value Asia Fund	21,000,000	5.118	-	-
DB (Malaysia Nominee (Asing) Sdn Bhd	21,450,000	5.23		

Notes:

1. Deemed interested by virtue of the shareholding of his spouse, child, siblings and his substantial shareholding in Poh Kong Sdn Bhd ("PKSB") pursuant to Sections 6A and 134(12)(c) of the Companies Act, 1965 ("the Act").
2. Deemed interested by virtue of the substantial shareholding of his spouse, sibling and children's direct shareholding in PKHB and his substantial shareholding in PKSB pursuant to Sections 6A of and 134(12)(c) the Act.
3. Deemed interested by virtue of the substantial shareholding of her siblings, spouse, and children's shareholding in PKHB and her shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
4. Deemed interested by virtue of the substantial shareholding of her siblings and children's shareholding in PKHB and her substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
5. Deemed interested by virtue of the shareholding of her spouse, siblings and her shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
6. Deemed interested by virtue of the shareholding of his spouse, siblings and his substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
7. Deemed interested by virtue of the shareholding of his siblings and his substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
8. Deemed interested by virtue of the shareholding of her siblings and her substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
9. Deemed interested by virtue of the shareholding of her siblings, children and her substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 2 NOVEMBER 2015 (cont'd)

Notes (cont'd):

10. Deemed interested by virtue of her brother's direct shareholding in PKHB and her substantial shareholding in PKSB pursuant to Sections 6A of and 134(12)(c) the Act.
11. Deemed interested by virtue of the shareholding of his/her siblings and parent's substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
12. Deemed interested by virtue of the shareholding of his/her parent's substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
13. Deemed interested by virtue of his/her spouse's direct shareholding in PKHB, and his/her shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
14. Deemed interested by virtue of her shareholding in DB (Malaysia) Nominee (Asing) Sdn Bhd, CIMSEC Nominees (Asing) Sdn Bhd, and HDM Nominees (Asing) Sdn Bhd, and 50% shareholding in Yeoman Capital Management Pte Ltd pursuant to Sections 6A(4) and 134(12)(c) of the Act.
15. Deemed interested by virtue of his shareholding in DB (Malaysia) Nominee (Asing) Sdn Bhd, CIMSEC Nominees (Asing) Sdn Bhd, and HDM Nominees (Asing) Sdn Bhd, and 50% shareholding in Yeoman Capital Management Pte Ltd pursuant to Sections 6A(4).
16. Deemed interested by virtue of its shareholding in DB (Malaysia) Nominee (Asing) Sdn Bhd, and CIMSEC Nominees (Asing) Sdn Bhd pursuant to Sections 6A(4) and 122A of the Act.

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 2 NOVEMBER 2015

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Choon Yee Seiong	11,600,246	2.82	250,937,528 (1)	61.16
Cheong Teck Chong	2,273,928	0.55	243,960,378 (2)	59.45
Choon Nee Siew	4,706,742	1.15	255,071,072 (3)	62.15
Datin Hon Wee Fong	2,079,710	0.51	251,727,544 (4)	61.35
Choon Yee Bin	400,030	0.10	259,504,534 (5)	63.23
Dr. Choong Tuck Yew	217,500	0.05	155,000 (6)	0.04
Siow Der Ming	616,118	0.15	242,145,084 (7)	59.01
Chang Kwong Him	295,006	0.07	240,603,958 (7)	58.63
Fazrin Azwar Bin Md. Nor	35,000	0.00	-	-
Datin Yue Shou How, Shirley	-	-	-	-
Tan Choon Hwa @ Esther Tan Choon Hwa	-	-	-	-

Notes:-

1. Deemed interested by virtue of the shareholding of his spouse, child, siblings and his substantial shareholding in Poh Kong Sdn Bhd ("PKSB") pursuant to Sections 6A and 134(12)(c) of the Act.
2. Deemed interested by virtue of the substantial shareholding of his spouse, sibling and children's direct shareholding in PKHB and his substantial shareholding in PKSB pursuant to Sections 6A of and 134(12)(c) the Act.
3. Deemed interested by virtue of the substantial shareholding of her siblings, spouse, and children's shareholding in PKHB and her substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
4. Deemed interested by virtue of the substantial shareholding of her siblings, spouse, and children's shareholding in PKHB and her shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
5. Deemed interested by virtue of the shareholding of his spouse, siblings and his substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
6. Deemed interested by virtue of the shareholding of his spouse's direct shareholding in PKHB.
7. Deemed interested by virtue of his spouse's direct shareholding in PKHB, and his shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.

LIST OF
Properties
HELD BY THE GROUP AS AT 31ST JULY 2015

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG JEWELLERS SDN BHD							
Lot 10, PN3792, Section 9 Township of Petaling Jaya District of Kuala Lumpur Selangor Darul Ehsan No.7, Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan	Single storey detached house incorporating attic floor	Leasehold (Expiring in 2053)	Residential	1,024.6 square metres	Approximately 43 years	2,371,830	27.12.94
Lot 10, PN7185, Section 25 Township of Petaling Jaya District of Petaling Selangor Darul Ehsan No.20, Jalan 52/4 46200, Petaling Jaya Selangor Darul Ehsan	4- storey shopoffice	Leasehold (Expiring in 2094)	Shophouse	174.1875 square metres	Approximately 43 years	4,397,000	5.1.95
G-23 & G-25 Ground Floor, Amcorp Mall 46050 Petaling Jaya Selangor Darul Ehsan	Commercial shoplot	Leasehold (Expiring in 2088)	Shopping Complex Lot	G-23: 517 sq ft G-25: 495 sq It	17 years	2,502,978	20.6.95
G27 and G53 Star Parade, Alor Setar	Commercial shoplot	Leasehold (Master Title Expiring in 2088 - pending issuance of strata title)	Shopping Complex Lot	G27: 463 sq ft G28: 452 sq ft	18 years	1,248,000	4.2.03
H.S.(D) 153914, PT10 Bandar Petaling Jaya Daerah Petaling Selangor Darul Ehsan No.10, Jalan 52/4 46200, Petaling Jaya Selangor Darul Ehsan	4 - storey shopoffice	Leasehold (Expiring in 2067)	Shophouse	174.1875 square metres	Approximately 43 years	3,579,600	14.8.09
No.3, Jalan OZ 17 Ozana Impian Bukit Katil 75450 Melaka	Double storey house	Leasehold (Expiring in 2094)	Residential	143 square metres	Approximately 15 years	244,500	25.8.14

LIST OF PROPERTIES
HELD BY THE GROUP AS AT 31ST JULY 2015

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG JEWELLERS (SS2) SDN BHD							
Lot 25674, HS(D) 87319 Bandar Petaling Jaya District of Petaling Selangor Darul Ehsan No.21, Jalan SS2/55 47300 Petaling Jaya Selangor Darul Ehsan	An intermediate unit of 3-storey shophouse	Freehold	Shophouse	156.07 square metres	Approximately 38 years	4,398,998	15.5.89
Lot 25673, HS(D) 174414 Bandar Petaling Jaya District of Petaling Selangor Darul Ehsan No.23, Jalan SS2/55 47300 Petaling Jaya Selangor Darul Ehsan	An intermediate unit of 3-storey shophouse	Freehold	Shophouse	156.07 square metres	Approximately 38 years	4,770,407	28.8.08
POH KONG JEWELLERY MANUFACTURER SDN BHD							
PT 17654, HS(D) 142709 Mukim of Damansara District of Petaling Selangor Darul Ehsan Lot 1, Jalan Astaka US/81 Seksyen U8 40150 Shah Alam, Selangor	Double-storey detached with basement	Freehold	Office cum Factory	7,570.31 square metres	14.5 years	16,752,000	1.9.95
PT 3867, HS(M) 10549 Mukim of Sungai Buluh District of Petaling Selangor Darul Ehsan No.276, Jalan 4D Kampung Baru Subang Shah Alam, Selangor	Agricultural land with a detached building	Leasehold (Expiring in 2070)	Residential	0.6146 hectare	26 years	2,630,966	15.8.97
POH KONG JEWELLERS (KLANG) SDN BHD							
PT 71, HS(D) 38993 Mukim Kapar District of Klang Selangor Darul Ehsan No.8, Jalan 9/5E 40100 Shah Alam Selangor Darul Ehsan	Double storey bungalow	Leasehold (Expiring in 2088)	Residential	1,649.4395 square metres	N/A	1,920,000	30.7.02

LIST OF PROPERTIES
HELD BY THE GROUP AS AT 31ST JULY 2015

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG PROPERTIES SDN BHD							
LG-48, Lower Ground Floor The Summit, Subang USJ 47600 Subang Jaya Selangor Darul Ehsan	Commercial shoplot	Freehold	Shopping Complex Lot	51.19 square metres	18 years	864,000	6.2.95
G-13, Ground Floor Summit Parade 83000 Batu Pahat Johor Darul Takzim	Commercial shop lot	Freehold	Shopping Complex Lot	100 square metres	22 years	500,000	30.8.94
G-14, Ground Floor Mahkota Parade Jalan Merdeka 75000 Melaka	Commercial shoplot	Leasehold (Expiring in 2090)	Shopping Complex Lot	83.98 square metres	23 years	1,920,000	3.3.99
G-29, Ground Floor Mahkota Parade Jalan Taman 75000 Melaka	Commercial shoplot	Leasehold (Expiring in 2090)	Shopping Complex Lot	103.96 square metres	23 years	2,150,400	13.3.99
Parcel No. GF119 and GF120 Ground Floor Queensbay Shopping Mall	Commercial shoplot	Leasehold (Expiring in 2095)	Shopping Complex Lot	GF119: 565 sq ft GF120: 565 sq ft	9 years	2,304,000	10.6.96
Lot 27 and G28 Ground Floor Kuatan Parade Jalan Haji, Abdul Rahman 25000 Kuantan	Commercial shoplot-pending completion of acquisition	Leasehold (Expiring in 2092)	Shopping Complex Lot	GF27: 451 sq ft GF28: 484 sq ft	Approximately 17 years	2,016,000	21.4.08
Lot G-19, Ground Floor Subang Parade 47500 Subang Jaya Selangor Darul Ehsan	Commercial shoplot	Freehold Complex Lot	Shopping	139.3 square metres	Approximately 31 years	3,168,000	26.1.99
Unit No.8-10, 8th Floor Pangsapuri Seri Indah Jalan Sungai Besi Indah 3 Taman Sungai Besi Indah Section U6 43300 Sri Kembangan Selangor	Condominium	Leasehold (Expiring in 2090)	Residential	108.41 square metres	15 years	182,400	17.2.01
No. 1C-9-20, 9th Floor Pearl Point Condominium Jalan Sepadu 3, Block C Batu 5, Jalan Kelang Lama 58000 Kuala Lumpur	Condominium	Freehold	Residential	100 square metres	18 years	307,200	21.11.94
6352, PN 11986 Mukim of Bukit Baru District of Melaka Tengah Melaka	An intermediate unit of single-storey terrace house	Leasehold (Expiring in 2086)	Residential	130 square metres	Approximately 23 years	111,256	15.8.97
302-L, Taman Bukit Baru 75450 Bukit Beruang Melaka							

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31ST JULY 2015

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG PROPERTIES SDN BHD (cont'd)							
PT 16, HS(D) 143184 Township of Petaling Jaya District of Petaling Selangor Darul Ehsan No.16, Jalan 52/4 46200 Petaling Jaya Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring in 2059)	Shophouse	174.1875 square metres	Approximately 43 years	4,068,348	6.6.00
Lot 18, HS(D) 142695 (formerly QT(R)84/60) Section 25 (formerly PJ 24/60) Township of Petaling Jaya District of Petaling Selangor Darul Ehsan No.18, Jalan 52/4 46200 Petaling Jaya Selangor	4-storey shopoffice	Leasehold (Expiring in 2060)	Shophouse	174.1875 square metres	Approximately 43 years	3,828,348	17.2.89
1262 Lorong S2 A35/1 Central Park Seremban 70300 Seremban Negeri Sembilan	Double storey 2 house	Freehold	Residential	154 square metres	Approximately 15 years	216,400	12.11.09
Lot 11, HS(D) 164904 Township of Petaling Jaya District of Petaling Selangor Darul Ehsan No.11, Jalan 14/15 (Jln Dato Jamil Rais) Seksyen 14 46100 Petaling Jaya Selangor Darul Ehsan	An intermediate unit of single-storey terrace house	Leasehold (Expiring in 2068)	Residential	153.285 square metres	Approximately 43 years	433,185	22.9.92
PT 16955, HS(M) 9168 Mukim of Damansara District of Petaling Selangor Darul Ehsan No.36, Jalan PJS 9/26 Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan	An intermediate unit of double-storey terrace house	Leasehold (Expiring in 2095)	Residential	160 square metres	Approximately 20 years	680,726	11.7.97
PT 1113 (Lot 7027) HS(D) 6774 Mukim of Damansara District of Petaling Selangor Darul Ehsan No.87, Jalan SS17/2 47500 Subang Jaya Selangor Darul Ehsan	An intermediate unit of double-storey terrace house	Freehold	Residential	163.5 square metres	Approximately 30 years	744,600	10.6.95

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG PROPERTIES SDN BHD (cont'd)							
Lot 26451 PN807/M7/4/241 Mukim of Ampang District of Hulu Langat Selangor Darul Ehsan No.33, 3rd Floor, Block Melor Apartment Desa 288 Persiaran Memanda 1 Taman Dato' Ahmad Razali 68000 Ampang, Selangor	Apartment	Leasehold (Expiring in 2088)	Residential	95 square metres	23 years	206,400	15.7.97
No.33-A-8-7, 8th Floor Villa Putra Condominium Jalan Tun Ismail 50480 Kuala Lumpur	Condominium	Freehold	Residential	107.13 square metres	21 years	355,200	27.3.00
No.33-A-17-5, 17th Floor Villa Putra Condominium Jalan Tun Ismail 50480 Kuala Lumpur	Condominium	Freehold	Residential	106.65 square metres	21 years	374,400	6.4.96
PN10310, Lot 73 Seksyen 20 Bandar Petaling Jaya Selangor Darul Ehsan Lot No.18 Section 51 Petaling Jaya Selangor Darul Ehsan	Semi-Detached Corporate Factory	Leasehold	Factory	31008.9881 square metres	1 year	6,834,383	30.5.13

NOTICE OF

Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of **POH KONG HOLDINGS BERHAD** will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 27 January 2016 at 10:00 a.m. for the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 July 2015 together with the Reports of the Directors and Auditors thereon. — Please refer to Note B on the Agenda

2. To declare a First and Final Single Tier Dividend of 1.00 sen per Ordinary Share of RM0.50 each in respect of the financial year ended 31 July 2015. — Resolution 1

3. To approve the payment of Directors' fees for the financial year ended 31 July 2015. — Resolution 2

4. To re-elect the following Directors retiring under Article 80 of the Articles of Association of the Company:-

   a) Cheong Teck Chong — Resolution 3
   b) Siow Der Ming — Resolution 4
   c) Chang Kwong Him — Resolution 5

5. To re-appoint Dato' Dr Choong Tuck Yew who retires in accordance with Section 129(6) of the Companies Act, 1965. — Resolution 6

6. To reappoint Messrs Baker Tilly Monteiro Heng as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. — Resolution 7

SPECIAL BUSINESS

7. To consider and, if thought fit, pass with or without modifications, the following Resolutions:-

   7.1 Authority for Dato' Dr Choong Tuck Yew to Continue In Office as Independent Non-Executive Director — Resolution 8

   "**THAT** subject to the approval of Resolution 6, authority be and is hereby given to Dato' Dr Choong Tuck Yew who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012."

7.2 Authority for Encik Fazrin Azwar Bin Md Nor to Continue In Office as Independent Non-Executive Director Resolution 9

"**THAT** authority be and is hereby given to Encik Fazrin Azwar Bin Md Nor who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012."

ANY OTHER BUSINESS

8. To transact any other business of the Company for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Single Tier Dividend of 1.00 sen per Ordinary Share of RM0.50 each in respect of the financial year ended 31 July 2015 will be payable on 9 March 2016 to Depositors registered in the Record of Depositors at the close of business on 16 February 2016.

A Depositor shall qualify for entitlement only in respect of:

a. Shares transferred to the Depositor's Securities Account before 4.00 pm on 16 February 2016 in respect of ordinary transfers; and

b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

NG YIM KONG (LS 0009297)
Company Secretary

Petaling Jaya
Date : 27 November 2015

Notes:-

A. APPOINTMENT OF PROXY

1. A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company.

2. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.

3. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

4. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company Secretary's Office at Strategy Corporate Secretariat Sdn Bhd, Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resorts, 47410 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

7. The completed instrument of proxy once deposited will not preclude the member from attending and voting in person at the General Meeting should the member subsequently wish to do so.

B. AUDITED FINANCIAL STATEMENTS

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the members/shareholders for the Audited Financial Statements. Hence, this Agenda item is not forward for voting.

Explanatory Note on Ordinary Business of the Agenda

(a) Re-appointment of Director over 70 years of age

The proposed Ordinary Resolution No. 6 under item 5 of the Agenda is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Dato' Dr Choong Tuck Yew who is over 70 years of age as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. This resolution must be passed by a majority of not less than three-fourth of such Members of the Company as being entitled to vote in person or where proxies are allowed, by proxy at the Annual General Meeting of the Company.

Explanatory Notes on Special Business of the Agenda

(a) Authority to continue to act as an Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance 2012 (Resolutions 8 and 9)

a) Dato' Dr Choong Tuck Yew

Dato' Dr Choong Tuck Yew has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and has met the definition of "independent director" as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board based on the review and recommendation made by the Nomination Committee, therefore, considers him to be independent and recommends that he should continue to act as an Independent Non-Executive Director of the Company subject to be re-appointed as Director under Resolution 6.

b) Encik Fazrin Azwar Bin Md Nor

Encik Fazrin Bin Md Nor has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and has met the definition of "independent director" as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board based on the review and recommendation made by the Nomination Committee, therefore, considers him to be independent and recommends that he should continue to act as an Independent Non-Executive Director of the Company.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Article 55(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 21 January 2016. Only a depositor whose name appears on the Record of Depositors as at 21 January 2016 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

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POH KONG HOLDINGS BERHAD
(Company No.: 586139-K)
(Incorporated in Malaysia)

FORM OF Proxy

I/We ____

of ____

being a member/members of **POH KONG HOLDINGS BERHAD** hereby appoint * the Chairman of the meeting or ______________

______________________________ of ______________________________

or failing whom ____

of ____

as my/our Proxy(ies) to vote for me/us and on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 27 January 2016 at 10.00 a.m. and at any adjournment thereof for/against * the resolution(s) to be proposed thereat.

*My/*our Proxy(ies) is/are to vote as indicated below:-

Resolutions	Ordinary Business	For	Against
1.	To declare a First and Final Single Tier Dividend of 1.00 sen per Ordinary Share of RM0.50 each in respect of the financial year ended 31 July 2015.		
2.	To approve the payment of Directors' fees for the financial year ended 31 July 2015.		
3.	To re-elect Cheong Teck Chong retiring under Article 80 of the Articles of Association.		
4.	To re-elect Siow Der Ming retiring under Article 80 of the Articles of Association.		
5.	To re-elect Chang Kwong Him retiring under Article 80 of the Articles of Association.		
6.	To re-appoint Dato' Dr Choong Tuck Yew who retires in accordance with Section 129(6) of the Companies Act, 1965.		
7.	To re-appoint Messrs. Baker Tilly Monteiro Heng as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
Resolutions	**Special Business**		
8.	To authorise Dato' Dr Choong Tuck Yew to continue in office as Independent Non-Executive Director.		
9.	To authorise Encik Fazrin Azwar Bin Md Nor to continue in office as Independent Non-Executive Director.		

[Please indicate with (X) in the spaces provided how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy will vote or abstain at his(her) discretion]

Dated this ______________ day of ____________________ 2015/2016

Number of shares held :

____

[Signature/Common Seal of Shareholder]

[* Delete if not applicable]

Notes:

1. A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company Secretary's Office at Strategy Corporate Secretariat Sdn Bhd, Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resorts, 47410 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
7. The completed instrument of proxy once deposited will not preclude the member from attending and voting in person at the General Meeting should the member subsequently wish to do so.

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Stamp

The Company Secretary

Poh Kong Holdings Berhad (586139-K)
Unit 07-02, Level 7, Persoft Tower
6B Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya, Selangor Darul Ehsan

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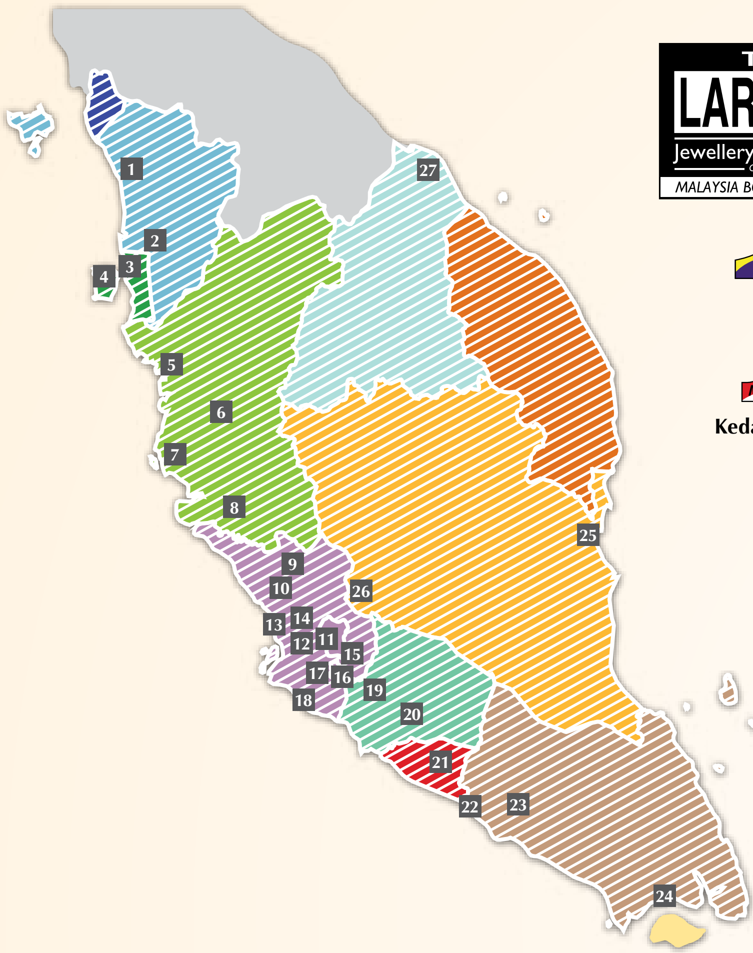
PENINSULAR MALAYSIA



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4	Penang	18	Banting
5	Taiping	19	Nilai
6	Ipoh	20	Seremban
7	Sri Manjung	21	Malacca
8	Teluk Intan	22	Muar
9	Rawang	23	Batu Pahat
10	Sungai Buloh	24	Johor Bahru
11	Kuala Lumpur	25	Kuantan
12	Petaling Jaya	26	Genting Highlands
13	Klang	27	Kota Bharu
14	Shah Alam		

PETALING JAYA

- 19-23, Jalan SS2/55 — Tel: 603-7874 7863
- Subang Parade — Tel: 603-5635 1087
- 1 Utama Shopping Centre — Tel: 603-7726 3868
- Sunway Pyramid Shopping Mall — Tel: 603-7492 0972
- Amcorp Mall — Tel: 603-7958 6030
- Summit City, Subang Jaya — Tel: 603-8024 7350
- Giant Hypermarket, Bandar Kinrara — Tel: 603-8075 5349
- Giant Hypermarket, Kota Damansara — Tel: 603-6142 2898
- Tropicana City Mall — Tel: 603-7728 2191
- Paradigm Mall — Tel: 603-7886 7475
- Encorp Strand Mall — Tel: 603-6143 9763
- Jaya Shopping Centre — Tel: 603-7931 8146
- Atria Shopping Gallery — Tel: 603-7732 5442

KUALA LUMPUR

- AEON, Taman Maluri — Tel: 603-9285 8566
- AEON Alpha Angle, Wangsa Maju — Tel: 603-4142 1688
- AEON, Metro Prima Shopping Centre — Tel: 603-6258 6088
- AEON Cheras Selatan Shopping Centre — Tel: 603-9076 9781
- AEON, Tmn Equine Shopping Centre — Tel: 603-8941 6204
- Sunway Putra Mall — Tel: 603-4050 2017
- AEON, AU2 Shopping Centre — Tel: 603-4257 4282
- AEON Big Kepong — Tel: 603-6259 3809
- Kompleks Pernas Sogo — Tel: 603-2698 5275
- Ampang Point Shopping Centre — Tel: 603-4252 7375
- Pearl Point Shopping Mall — Tel: 603-7981 3798
- Leisure Mall — Tel: 603-9132 2417
- Spectrum Shopping Mall — Tel: 603-4270 1039
- Parkson Grand, Selayang Mall — Tel: 603-6136 7813
- Bangsar Shopping Centre — Tel: 603-2093 3161
- The Mines Shopping Fair — Tel: 603-8943 0759
- Mid Valley Megamall — Tel: 603-2284 9636
- Plaza OUG, Old Klang Road — Tel: 603-7981 7819
- The Store, Sri Petaling — Tel: 603-9058 7693
- Pavilion, Lot 1.40.00 — Tel: 603-2141 9090
- Pandan Kapital — Tel: 603-4297 5301
- AEON BIG, Wangsa Maju — Tel: 603-4142 0219

SHAH ALAM

- Alam Sentral Plaza — Tel: 603-5518 6116
- Plaza Shah Alam — Tel: 603-5510 4203

KLANG

- AEON, Bukit Raja Shopping Centre — Tel: 603-3342 8863
- Shaw Centre Point — Tel: 603-3344 2488
- G07 - G09, Klang Parade — Tel: 603-3344 1488

SUNGAI BULOH

- The Store — Tel: 603-6157 6598

BANGI

- Bangi Utama Shopping Complex — Tel: 603-8210 0500

KAJANG

- Plaza Metro Kajang — Tel: 603-8734 7233
- The Store, Semenyih Sentral — Tel: 603-8723 6571
- AEON Mahkota Cheras Shopping Centre — Tel: 603-9074 9377

BANTING

- The Store — Tel: 603-3187 0543

RAWANG

- AEON Anggun Rawang Shopping Centre — Tel: 603-6093 3098

PUTRAJAYA

- IOI City Mall — Tel: 603-8940 6025

IPOH

- The Store — Tel: 605-253 6717
- AEON Kinta City Shopping Centre — Tel: 605-547 0013
- AEON Klebang — Tel: 605-291 9375

SRI MANJUNG

- AEON Sri Manjung — Tel: 605-687 0866

TELUK INTAN

- The Store — Tel: 605-621 6024

TAIPING

- AEON Mall Taiping — Tel: 605-801 2460
- Taiping Mall — Tel: 605-805 1430

NILAI

- Giant Superstore — Tel: 606-799 1650

SEREMBAN

- The Store Seremban — Tel: 606-762 4315
- Terminal One — Tel: 606-762 7933
- AEON, Seremban 2 — Tel: 606-601 5505
- Palm Mall — Tel: 606-765 6192

BUKIT MERTAJAM

- AEON Mall — Tel: 604-538 9726

PENANG

- Queensbay Mall Lot GF119 & GF120 — Tel: 604-641 1560
- Mydin, Kompleks Bukit Jambul — Tel: 606-641 3977
- Kompleks Bukit Jambul — Tel: 606-642 4973

ALOR SETAR

- Alor Star Mall — Tel: 604-772 5351
- AEON Big Alor Setar — Tel: 604-735 0368
- Aman Central — Tel: 604-731 3728

SUNGAI PETANI

- Aman Jaya Mall — Tel: 604-440 0073

KUANTAN

- East Coast Mall — Tel: 609-560 9988
- Kuantan Parade Shopping Mall — Tel: 609-513 6299

KELANTAN

- KB Mall, Kota Bharu — Tel: 609-741 2166

MALACCA

- AEON Shopping Centre — Tel: 606-232 5188
- Mahkota Parade G29 — Tel: 606-282 1922

MUAR

- Wetex Parade — Tel: 606-951 7718

JOHOR BAHRU

- AEON, Taman Universiti — Tel: 607-521 3482
- AEON, Permas Jaya — Tel: 607-388 9958
- AEON, Tebrau City Shopping Centre — Tel: 607-354 7691
- AEON, Bukit Indah Shopping Centre, Lot G37 — Tel: 607-236 9033
- AEON Mall Kulaijaya — Tel: 607-660 6000

BATU PAHAT

- Batu Pahat Mall — Tel: 607-433 1918

RETAIL CONCEPT STORES

DIAMOND BOUTIQUE

- Sunway Pyramid Shopping Mall, PJ — Tel: 603-7492 0973
- AEON, Bukit Indah Shopping Centre, Lot G36, JB — Tel: 607-236 9499
- AEON, Tebrau City Shopping Centre, Ground Floor, JB — Tel : 607-353 6497

DIAMOND & GOLD

- 1 Utama Shopping Centre (Oval), PJ — Tel: 603-7710 7260
- Mid Valley Mega Mall, KL — Tel: 603-2282 8850
- Mahkota Parade, G14, Malacca — Tel : 606-283 2470
- Tang's Genting First World, Pahang — Tel: 603-6101 2485
- AEON, Bukit Tinggi, Klang — Tel: 603-3326 2821
- AEON Station 18, Ipoh — Tel: 605-322 3618
- AEON, Bandaraya Melaka Shopping Centre, Malacca — Tel: 606-286 3120
- Tesco Seri Alam, JB — Tel: 607-388 8796
- Tesco Ampang, KL — Tel: 603-9282 5857
- Tesco Klang — Tel: 603-3323 9021
- Tesco Melaka — Tel: 606-288 2848
- Tesco Puchong — Tel: 603-8076 5952
- Tesco Extra Cheras, KL — Tel: 603-9132 4684

GOLD BOUTIQUE

- Sunway Pyramid Shopping Mall, PJ — Tel: 603-7492 0973
- AEON Bukit Raja Shopping Centre — Tel: 603-3342 4120

ORO BIANCO

- AEON, Bukit Indah Shopping Centre, Lot G35, JB — Tel: 607-236 9484

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