PCCS Group Berhad

(Co. No. 280929-K)
(Incorporated in Malaysia)

Annual Report 2013

PCCS Group Berhad (Co. No. 280929-K)
Annual Report 2013

CONTENTS

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT PCCS GROUP BERHAD'S CORPORATE OFFICE, LOT 1376, GM127, MUKIM SIMPANG KANAN, JALAN KLUANG, 83000 BATU PAHAT, JOHOR DARUL TAKZIM ON FRIDAY, 23 AUGUST 2013 AT 10:00 A.M. FOR THE FOLLOWING PURPOSES:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2013 together with the Reports of the Directors and the Auditors thereon. **Please refer to Explanatory Note 1**

2. To approve the Directors' fees for the financial year ended 31 March 2013. **Resolution 1**

3. To re-elect the following Directors who retire pursuant to Article 94 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:-

   (a) Mr. Chan Choo Sing **Resolution 2**
   (b) Mr. Tan Chuan Hock **Resolution 3**

4. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 4**

5. As Special Business

   To consider and, if thought fit, with or without any modification to pass the following resolutions as Ordinary/Special Resolutions:-

   ORDINARY RESOLUTION
   AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

   "THAT pursuant to Section 132D of the Companies Act, 1965, and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED THAT the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being; AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 5**

ORDINARY RESOLUTION
RETENTION OF MR. TAN CHUAN HOCK AS INDEPENDENT DIRECTOR

"THAT contingent upon passing of Resolution 3, Mr. Tan Chuan Hock be and is hereby retained as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting pursuant to Malaysian Code on Corporate Governance 2012." **Resolution 6**

SPECIAL RESOLUTION
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"THAT the Proposed Amendments to the Articles of Association of the Company as set out in the Annexure "A" attached to the Annual Report be and are hereby approved and adopted AND THAT the Directors and Secretary of the Company be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments to the Articles of Association of the Company." **Resolution 7**

6. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
Secretary

Kuala Lumpur
30 July 2013

Explanatory Notes to Special Business:

1. **Item 1 of the Agenda**

   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 shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. **Authority pursuant to Section 132D of the Companies Act, 1965**

   The proposed adoption of the Ordinary Resolution is for the purpose of granting a renewed general mandate ("General Mandate"), and if passed, will empower the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being as the Directors may consider such action to be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   The General Mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Eighteenth Annual General Meeting of the Company held on 24 August 2012 which will lapse at the conclusion of the Nineteenth Annual General Meeting.

3. **Retention of Mr. Tan Chuan Hock as Independent Director**

   Mr. Tan Chuan Hock was appointed as Independent Non-Executive Director of the Company on 4 November 1998 and has exceeded cumulative nine (9) years term limit recommended by the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). In accordance with the MCCG 2012, the Board of Directors of the Company, after having assessed the independence of Mr. Tan Chuan Hock, regarded him to be independent based amongst others, the following justifications and recommends that Mr. Tan Chuan Hock be retained as Independent Non-Executive Director of the Company:-

   (i) He has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements;
   (ii) He does not have any conflict of interest with the Company and has not been entering/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies; and
   (iii) The Board of Directors is of the opinion that Mr. Tan Chuan Hock is an important Independent Non-Executive Director of the Board in view of his many years on the Board with incumbent knowledge of the Company and the Group's activities and corporate history and has provided invaluable contributions to the Board in his role as an Independent Non-Executive Director.

4. **Proposed Amendments to the Articles of Association of the Company**

   The Proposed Amendments to the Articles of Association of the Company are required to streamline the Articles of Association of the Company to be aligned with the recent amendments in the Listing Requirements and to facilitate electronic payment of cash distributions.

Notes:

1. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 66(b) 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 16 August 2013. Only a depositor whose name appears on the Record of Depositors as at 16 August 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

2. A member of the Company entitled to attend and vote at a meeting of a company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting without limitation and the provisions of Sections 149 (1)(a), (b), (c) and (d) of the Act shall not apply. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

3. Where a holder appoints two (2) or more proxies, he shall specify the proportions of his shareholdings to be represented by each proxy.

4. Where a member of the Company is an exempt authorised nominee which holds 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.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy must be deposited at the Registered Office of the Company at PLO 10, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor Darul Takzim not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

ANNEXURE **"A"**

Proposed Amendments to Articles of Association of the Company

The existing Articles of Association are amended by the alteration, modifications, deletion and/or additions, wherever necessary, whereby the affected existing Articles are reproduced herewith the Proposed Amendments in bold, alongside it:-

Article No	Existing Articles	Proposed Articles	
2	[introduction of new definitions]	**Word**	**Meaning**
		Exempt Authorised Nominee	**An authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.**
		Cash Distributions	**Cash payments made by the Company in respect of its securities which are listed and quoted for trading on Bursa Securities, as prescribed by Bursa Securities from time to time which include:-** **a. cash dividends;** **b. payments of interest or profit rates on debt securities or sukuk respectively;** **c. income distributions made by collective investment schemes;** **d. capital repayment; and** **e. cash payments in lieu of odd lots arising from distributions in specie.**
		Sukuk	**Sukuk means Islamic securities as defined in the Securities Commission of Malaysia's Islamic Securities Guidelines ("Sukuk Guidelines")**

Proposed Amendments to Articles of Association of the Company (Cont'd)

Article No	Existing Articles	Proposed Articles
68	Notice In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him, and the proxy need not also be a Member.	Notice In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint **not more than two (2)** proxies to attend and vote instead of him, and the proxy need not also be a Member. **There shall be no restriction as to the qualification of the proxy.**
78	Voting rights of holders A holder may appoint more than two (2) proxies to attend the same meeting. Where a holder appoints two or more proxies, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy shall be entitled to vote on a show of hands on any question at any general meeting.	Voting rights of holders A holder may appoint **not** more than two (2) proxies to attend the same meeting. Where a holder appoints **more than one (1) proxy**, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy shall be entitled to vote on a show of hands on any question at any general meeting. **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. There shall be no restriction as to the qualification of the proxy.**
84(A)	[Introduction of New Article]	**Exempt Authorised Nominees** **Where a member of the Company is an Exempt Authorised Nominee which holds 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.**

Proposed Amendments to Articles of Association of the Company (Cont'd)

Article No	Existing Articles	Proposed Articles
163(1)	Payment and discharge Any dividend, interest or other moneys payable in cash in respect of a share may be paid by direct debit, bank transfer, cheque, dividend warrant or such other electronic transfer methods as may be introduced or required by the Exchange from time to time and in the case of a cheque or dividend warrant for such payment, to send: (a) by post, by courier or by hand to the registered address of the person entitled as appearing in the Record of Depositors; or (b) by post, by courier or by hand to the registered address of the person becoming entitled to the share by reason of the death, bankruptcy or mental disorder of the holder or by operation of law or if such address has not been supplied, to such address to which such cheque or warrant might have been posted if the death, bankruptcy, mental disorder or operation of law had not occurred; or (c) by post, by courier or by hand to such address as the person entitled may direct in writing but the Company shall be entitled to send such cheque or dividend warrant to such other address or by such other means stated in Articles 163(1)(a) to 163(1)(c) notwithstanding such direction.	**Payment by cheque or telegraphic transfer or electronic transfer** **All Cash Distributions may be paid by** direct debit, bank transfer, cheque, dividend warrant or such other electronics transfer methods as maybe introduced or required by the Bursa Securities from time to time and in case of a cheque or dividend warrant for such payment, to send:- (a) by post, by courier or by hand to the registered address of the person entitled as appearing in the Record of Depositors; or (b) by post, by courier or by hand to the registered address of the person becoming entitled to the share by reason of the death, bankruptcy or mental disorder of the holder or by operation of law or if such address has not been supplied, to such address to which such cheque or warrant might have been posted if the death, bankruptcy, mental disorder or operation of law had not occurred; or (c) by post, by courier or by hand to such address as the person entitled may direct in writing but the Company shall be entitled to send such cheque or dividend warrant to such other address or by such other means stated in Articles 163(1)(a) to 163(1)(c) nothwithstanding such direction.

CORPORATE **STRUCTURE**

PCCS Group Berhad
(Co. No. 280929-K)
(Incorporated in Malaysia)

- ✤ Apparel Division
- ■ Embroidery, Fabric Knitting & Printing Division
- ▶ Labelling Division
- ⬢ Others

- ✤ 100% Perusahaan Chan Choo Sing Sdn Bhd
- ✤ 100% PCCS Garments Limited
- ✤ 100% Beauty Apparels (Cambodia) Ltd
- ✤ 100% JIT Textiles Limited
- ✤ 100% PCCS Garments (Suzhou) Ltd
  - ✤ 100% PCCS Garments Wuhan Limited
- ✤ 100% PCCS (Hong Kong) Limited
- ✤ 100% Thirty Three (Hong Kong) Limited
  - ✤ 100% Thirty Three (Shanghai) Limited
- ⬢ 100% Shern Yee Garments Sdn Bhd
  - ✤ 70% Global Apparels Limited
- ⬢ 100% Thirty Three Trading Sdn Bhd
  - ⬢ 100% Beauty Silk Screen (M) Sdn Bhd
    - ■ 100% Beauty Silk Screen Limited
- ⬢ 100% Jusca Garments Sdn Bhd
- ■ 100% Beauty Electronic Embroidering Centre Sdn Bhd
  - ■ 100% JIT Embroidery Limited
- ■ 100% Keza Sdn Bhd
  - ■ 100% Keza (Cambodia) Limited
- ▶ 100% Mega Labels & Stickers Sdn Bhd
  - ▶ 100% Mega Labels & Stickers (Cambodia) Co., Ltd.
- ▶ 100% Mega Label (Malaysia) Sdn Bhd (Formerly known as Mega Labels & Stickers (Selangor) Sdn Bhd)

PROFILE OF **DIRECTORS**

CHAN CHOO SING

CHAN CHOO SING (Executive Chairman and Group Managing Director), a Malaysian, aged 59, was appointed to the Board of PCCS on 21 June 1995. Mr. Chan started his career when he ventured into a garment business known as Chan Trading in 1973. In 1981, he founded Perusahaan Chan Choo Sing Sdn. Bhd. ("PCCSSB"), a company primarily involved in the manufacturing of garments. His entrepreneurial skills and ability to recognize business and expansion opportunities have led to successful business ventures including the forming of a number of companies actively involved in the garment industry. PCCSSB and its associated companies were successfully listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 August 1995 as PCCS Group Berhad ("PCCS"). He was appointed as the Group Managing Director of PCCS in 1995.

During the period from 2001 to 2006, Mr. Chan was the Chairman of the Chinese Association in Parit Raja, Batu Pahat. He is the Honorary Member of the Rotary Club of Batu Pahat. Mr. Chan sits on the board of several private limited companies. He does not have any directorships in other public company.

He is a member of the Remuneration Committee of PCCS.

CHAN CHOW TEK

CHAN CHOW TEK (Executive Director), a Malaysian, aged 56, was appointed to the Board of PCCS on 21 June 1995. He leads all the marketing activities in the Group and has more than 40 years of experience in textile and apparel marketing and merchandising. He started his career in 1973 in marketing the products of Chan Trading to local departmental stores. In 1981, he successfully made the first export order for Perusahaan Chan Choo Sing Sdn Bhd and has since brought the company's export sales to greater success.

He is also responsible for the development and growth of the Group's garment business. His job includes keeping abreast with the latest development in the apparel and fashion industry by frequent overseas trips to identify new and potential markets.

He is a director of several private limited companies. He does not have any directorships in other public company.

PROFILE OF DIRECTORS

DATO' CHAN CHOR NGIAK

DATO' CHAN CHOR NGIAK (Non-Independent Non-Executive Director), a Malaysian, aged 51, was appointed to the Board of PCCS on 21 June 1995. He started his career in 1980 assisting his father and brothers in marketing the products of Chan Trading to local departmental stores. The Sultan of Pahang on his 81st birthday conferred the "Darjah Indera Mahkota Pahang (D.I.M.P.)" to him that carries the prestigious title of Dato'.

Throughout his career in the industry, he has continuosly established connections with many business executives in the Chamber of Commerce and Associations. He is the Honorary Chairman of the Chinese Chamber of Commerce in Batu Pahat, the Chairman of the Chinese Association in Parit Raja, Batu Pahat, the Vice-Chairman of the Chinese Association in Johor State and a Committee Member of the Malaysian Corrugated Carton Manufacturers' Association. He also sits on the board of several private limited companies. Dato' Chan Chor Ngiak is a Director of HPI Resources Berhad.

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

CHAN CHOR ANG

CHAN CHOR ANG (Non-Independent Non-Executive Director), a Malaysian, aged 50, was appointed to the Board of PCCS on 21 June 1995. He joined PCCSSB in 1981 and was transferred to Jusca Garments Sdn. Bhd. as the Factory Manager in 1985. He has more than 25 years of experience in the textile and garment industry.

Mr. Chan Chor Ang sits on the board of several private limited companies. He does not have any directorships in other public company.

CHA PENG KOI @ CHIA PENG KOI

CHA PENG KOI @ CHIA PENG KOI (Executive Director), a Malaysian, aged 62, was appointed to the Board of PCCS as Independent Non-Executive Director on 21 June 1995. He was re-designated as Executive Director since 1 March 2009. He also took up the position of Chief Executive Officer for Cambodia Division since 1 April 2010.

Mr. Cha Peng Koi graduated with a Bachelor of Science Degree (Honours) from the University of Malaya in 1977, Diploma in Public Administration from the Institute of Public Administration (INTAN) in 1981 and Master in Business Administration majoring in Finance from the University of California, Los Angeles in 1986.

He started his career in the Malaysian Civil Service soon after graduation and served in various capacities in several ministries including the Ministry of Transport, Public Services Department and the Ministry of Public Enterprises (Entrepreneur Development). In 1987, he joined an international productivity consulting company based in Hong Kong and subsequently became its Chief Analyst and Chairman for its Asia Pacific operations. In 1990, he founded K N Norris Sdn Bhd, a management consulting company specializing in the area of productivity and quality improvement. He has more than 25 years of experience in the fields of Finance and Operations Management.

He does not have any directorships in other public company.

PROFILE OF DIRECTORS

TAN CHUAN HOCK

TAN CHUAN HOCK (Independent Non-Executive Director), a Malaysian, aged 52, was appointed to the Board of PCCS on 4 November 1998.

Mr. Tan is the executive proprietor and founder of William C.H. Tan & Associates, a Chartered Accountants firm. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Taxation and is a fellow member of the Association of Chartered Certified Accountants.

He has more than 25 years of experience particularly in financial reporting, auditing, taxation and planning, company secretarial as well as corporate management and advisory services.

He holds directorships in several limited companies. Presently, his directorship in other public companies include Grand-Flo Berhad, Careplus Group Berhad and EITA Resources Berhad. He also sits on the Board of Simat Technologies Public Company Limited, a public company listed on the Stock Exchange of Thailand.

He is the Chairman of the Audit Committee and Remuneration Committee of PCCS. He is also a member of the Nomination Committee of PCCS.

JULIAN LIM WEE LIANG

JULIAN LIM WEE LIANG (Senior Independent Non-Executive Director), a Malaysian, aged 39, was appointed to the Board of PCCS as Independent Non-Executive Director on 14 November 2011. He was re-designated as Senior Independent Director since 22 May 2013. He completed his Bachelor Degree in University of Sheffield, United Kingdom in July 1996 and joined Arthur Andersen & Co (Melaka Branch) as an Audit Assistant in October 1996. He was promoted to Audit Senior in September 1999. He left Arthur Andersen & Co in January 2000 to further his studies. After completing his studies, he joined KY Siow & Co as Audit Manager in January 2003. He was admitted as a member of the Association of Chartered Certified Accountants (ACCA) in April 2002 and subsequently as a member of Malaysian Institute of Accountants in July 2002. His membership with ACCA has now been transferred to Fellowship status with effect from May 2007. He does not have any directorships in other public company.

He is the Chairman of the Nomination Committee of PCCS. He is also a member of the Audit Committee of PCCS.

Note:

1) The Board (save and except for Chan Choo Sing, Chan Chow Tek, Dato' Chan Chor Ngiak and Chan Chor Ang who are brothers and substantial shareholders of PCCS) does not have any family relationship with any director and/or substantial shareholder of PCCS.

2) None of the Directors have any conviction for offences within the past ten (10) years other than traffic offences, if any.

3) None of the Directors have any conflict of interest with the Company.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Chan Choo Sing
Executive Chairman and Group Managing Director

Chan Chow Tek
Executive Director

Cha Peng Koi @ Chia Peng Koi
Executive Director

Dato' Chan Chor Ngiak
Non-Independent Non-Executive Director

Chan Chor Ang
Non-Independent Non-Executive Director

Tan Chuan Hock
Independent Non-Executive Director

Julian Lim Wee Liang
Senior Independent Non-Executive Director

AUDIT COMMITTEE

Tan Chuan Hock (Chairman)
Independent Non-Executive Director

Julian Lim Wee Liang
Senior Independent Non-Executive Director

Dato' Chan Chor Ngiak
Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Julian Lim Wee Liang (Chairman)
Senior Independent Non-Executive Director

Tan Chuan Hock
Independent Non-Executive Director

Dato' Chan Chor Ngiak
Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Tan Chuan Hock (Chairman)
Independent Non-Executive Director

Chan Choo Sing
Executive Chairman and Group Managing Director

Dato' Chan Chor Ngiak
Non-Independent Non-Executive Director

COMPANY SECRETARY

Chua Siew Chuan (MAICSA 0777689)

CORPORATE **INFORMATION**

REGISTERED OFFICE

PLO 10, Kawasan Perindustrian Parit Raja,
86400 Batu Pahat, Johor Darul Takzim
Tel No. : 07-454 8888
Fax No. : 07-454 1320

REGISTRAR

Securities Services (Holdings) Sdn Bhd (36869-T)
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan
Tel No. : 03-2084 9000
Fax No. : 03-2094 9940 / 2095 0292

AUDITORS

Ernst & Young
Chartered Accountants
Level 16-1, Jaya 99, Tower B,
99 Jalan Tun Sri Lanang,
75100 Melaka

SOLICITORS

Enolil Loo
Advocates & Solicitors
No. 3-3, Jalan 26/70A,
Desa Sri Hartamas,
50480 Kuala Lumpur,
Wilayah Persekutuan

PRINCIPAL BANKERS

- Malayan Banking Berhad (3813-K)
- Standard Chartered Bank Malaysia Berhad (115793-P)
- United Overseas Bank (Malaysia) Bhd (271809-K)

SUBSIDIARY COMPANIES

- Beauty Apparels (Cambodia) Ltd
- Beauty Electronic Embroidering Centre Sdn Bhd (102438-U)
- Beauty Silk Screen (M) Sdn Bhd (583304-X)
- Beauty Silk Screen Limited
- Global Apparels Limited
- JIT Embroidery Limited
- JIT Textiles Limited
- Jusca Garments Sdn Bhd (135950-M)
- Thirty Three (Hong Kong) Limited
- Thirty Three (Shanghai) Limited
- Thirty Three Trading Sdn Bhd (391830-P)
- Keza Sdn Bhd (138288-U)
- Keza (Cambodia) Limited
- Mega Labels & Stickers Sdn Bhd (190144-X)
- Mega Label (Malaysia) Sdn Bhd (533197-U)
  [Formerly Known as Mega Labels & Stickers (Selangor) Sdn Bhd]
- Mega Labels & Stickers (Cambodia) Co., Ltd.
- Perusahaan Chan Choo Sing Sdn Bhd (70765-W)
- PCCS Garments Limited
- PCCS Garments (Suzhou) Ltd
- PCCS Garments Wuhan Ltd
- PCCS (Hong Kong) Limited
- Shern Yee Garments Sdn Bhd (206960-W)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

HOMEPAGE

http://www.pccsgroup.net

AUDIT COMMITTEE
REPORT

THE BOARD OF DIRECTORS OF PCCS GROUP BERHAD IS PLEASED TO PRESENT THE FOLLOWING REPORT ON THE AUDIT COMMITTEE AND ITS ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 MARCH 2013.

A. MEMBERSHIP

The present members of the Audit Committee of the Company are:-

Tan Chuan Hock (Chairman)
Independent Non-Executive Director

Julian Lim Wee Liang
Senior Independent Non-Executive Director

Dato' Chan Chor Ngiak
Non-Independent Non-Executive Director

B. SUMMARY OF TERMS OF REFERENCE

1. Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

(a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.

(b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.

(c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.

(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).

(e) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

B. SUMMARY OF TERMS OF REFERENCE (CONT'D)

2. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:-

(a) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;

(b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

(c) To review with the external auditor his evaluation of the system of internal controls and his audit report;

(d) To review the quarterly and year-end financial statements of the Board, focusing particularly on:-

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);

(f) To review the external auditor's management letter and management's response;

(g) To do the following, in relation to the internal audit function:-

- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review 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;
- review any appraisal or assessment of the performance of members of the internal audit function;
- 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.

(h) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

B. SUMMARY OF TERMS OF REFERENCE (CONT'D)

2. Duties and Responsibilities (Cont'd)

(i) To report its findings on the financial and management performance, and other material matters to the Board;

(j) To consider the major findings of internal investigations and management's response;

(k) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;

(l) To determine the remit of the internal audit function;

(m) To consider other topics as defined by the Board; and

(n) To consider and examine such other matters as the Audit Committee considers appropriate.

C. ATTENDANCE

Details of attendance at Audit Committee meetings held during the financial year ended 31 March 2013. (Total of four (4) meetings held)

Name of Audit Committee Member	No. of Meetings attended
Tan Chuan Hock (Chairman)	4/4
Julian Lim Wee Liang	4/4
Dato' Chan Chor Ngiak	4/4

D. SUMMARY OF ACTIVITIES

The activities of the Audit Committee were primarily in accordance with its duties, as set out in its terms of reference. The main activities undertaken by the Audit Committee during the financial year were as follows:

(i) Reviewed the quarterly results and financial statements prior to recommend to the Board of Directors for approval;

(ii) Reviewed the internal and external auditor's scope and audit plan for the year;

(iii) Reviewed the findings of the internal and external auditors and reported to the Board of Directors;

(iv) Reviewed any related party transactions that may arise within the Group and to report, if any, transactions between the Group and any related party outside the Group which are not based on arms-length terms and on terms which are not favourable to the Group;

D. SUMMARY OF ACTIVITIES (CONT'D)

(v) Reviewed the extent of the Group's compliance with the Listing Requirements of Bursa Securities on Corporate Governance and recommendations made to the Board on action plan to address the identified gaps between the Group's existing corporate governance practices and the prescribed corporate governance principles and best practices under the Malaysian Code on Corporate Governance; and

(vi) Established and formalised Risk Management Framework and action plan to manage the risk identified on an on-going process.

E. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to two professional services firm whose primary responsibility is to independently assess and report to the Board, through the Audit Committee, the systems of internal control of the Group.

Functions of the Internal Audit include major areas as follows:-

- Perform regular review of operational compliance with the established internal control procedures and the risk profiles of the major business units of the Group.
- Conduct investigations on specific areas or issues directed by the Audit Committee.
- Review the risk management processes.

The audit plan for the Group is presented to the Audit Committee for approval. All adverse findings and weaknesses noted during the audit visit are forwarded to management for its attention and further action. The report on the audit findings together with management's comments are reported to the Audit Committee on a quarterly basis. In this regard, the Board is pleased to report that there were no significant adverse findings during the financial year ended 31 March 2013 that would adversely affect the Group's reputation or financial position.

The total costs incurred for the internal audit function of the Group for the financial year was RM86,000.00.

STATEMENT ON
CORPORATE GOVERNANCE

The Board of Directors of PCCS ("The Board") is pleased to report on the manner in which the Principles and Recommendations of Malaysian Code on Corporate Governance 2012 ("MCCG 2012") are applied. The policy of the Company is to achieve best practice in its standard of business integrity in all its activities.

The Board recognises the importance of practising high standards of corporate governance throughout the Group as a basis of discharging their fiduciary duties and responsibilities to protect and enhance shareholders' value and performance of the Group.

In preparing this report, the Board has considered the manner in which it has applied the Principles of the MCCG 2012 and acknowledges the Recommendations of the MCCG 2012.

THE BOARD OF DIRECTORS

Board Composition

The Board currently has seven (7) members comprising one (1) Senior Independent Non-Executive Director, one (1) Independent Non-Executive Director, two (2) Non-Independent Non-Executive Directors and three (3) Executive Directors.

All Directors possess a wide range of business expertise, commercial and financial experience that is relevant to their roles in providing leadership and direction to the Group. A brief description on the background of the Directors is presented separately in this Annual Report.

The Executive Directors have direct responsibilities for business operations whereas the Non-Executive Directors have a responsibility to bring independent and objective judgement on the Board's decisions.

Board Effectiveness Assessment

Assessment of the effectiveness of the Directors, the Board as a whole and the Board Committees are being carried out annually. The objective is to improve the Board's effectiveness by identifying gaps, maximize strengths and address weaknesses. The Chairman of the Board oversees the overall evaluation process and responses are analysed by the Nomination Committee, before being tabled and discussed at the Board.

Tenure of Independent Director

One of the recommendation of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, the Nomination Committee and the Board have determined at the annual assessment carried out that Mr. Tan Chuan Hock, who has served the Board for more than nine (9) years, remains objective and independent in expressing his views and in participating in the deliberations and decision making of the Board and the Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interest of the Company.

Mr. Tan Chuan Hock has offered himself for re-election as Director of the Company at the Nineteenth Annual General Meeting.

THE BOARD OF DIRECTORS (CONT'D)

Tenure of Independent Director (Cont'd)

The Board is satisfied with the skills, contribution and independent judgement that Mr. Tan Chuan Hock brings to the Board. In view thereof, the Board recommends and supports his re-appointment as Independent Non-Executive Director of the Company which will be tabled for shareholders' approval at the forthcoming Nineteenth Annual General Meeting of the Company.

Clear Roles and Responsibilities

The Board provides stewardship to the Group's strategic direction and operations, and ultimately the enhancement of long-term shareholders' value. The Board is primarily responsible for:-

- adopting and monitoring progress of the Company's strategies, budgets, plans and policies;
- overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- considering management recommendations on key issues including acquisitions and divestments, restructuring, funding and significant capital expenditure;
- succession planning including appointing and reviewing the compensation of the top management;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; and
- reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has delegated certain responsibilities to several Board Committees such as the Audit Committee, Nomination Committee and Remuneration Committee which operates within clearly defined terms of reference.

Strategies Promoting Sustainability

The Board promotes good Corporate Governance in the application of sustainability practices throughout the Company, the benefits of which are believed to translate into better corporate performance.

Board Charter

The Board Charter is currently being drafted and will be posted on the Company's website upon the Board's approval. In the course of establishing a Board Charter, the Board recognises the importance to set out the key values and principles of the Company, as policies and strategy development are based on these considerations. The Board Charter is expected to include the division of responsibilities and powers between the Board and Management as well as the different Committees established by the Board.

Code of Conduct

The Code of Conduct ("COC") is currently being drafted and will be posted on the Company's website upon the Board's approval. In the course of establishing the COC, the Board recognises the importance to promote and reinforce ethical standards throughout the Group. Moving forward, the Company will continuously support, promote and ensure compliance to the COC. The COC will not only apply to every employee of the Group, but also to every Director (executive and non-executive). Furthermore, the Company will strive to ensure that our consultants, agents, partners, representatives and others performing works or services for or on behalf of the Company comply with the COC.

THE BOARD OF DIRECTORS (CONT'D)

Gender Diversity

The Board does not have any gender diversity policy. Nevertheless, the Group is an equal opportunity employer and all appointments and employments are based strictly on merits and are not driven by any racial or gender bias.

Access of Information and Advice

All Directors can have full access to information and are also entitled to obtain full disclosure by Management on matters that are put forward to the Board for decisions to ensure that they are being discussed and examined in an impartial manner that takes into consideration the long term interests of shareholders, employees, customers, suppliers, and many communities in which the Group conducts its business.

The Directors have access to independent professional advice as well as the advice and services of the Company Secretary, who is responsible for ensuring the Board meeting procedures are followed and that applicable rules and regulations are complied with.

Qualified and Competent Company Secretary

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its functions. The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary supports the Board in managing the Company's governance model, ensuring it is effective and relevant. The Company Secretary also ensures that deliberations at the Board meetings are well captured and minuted.

Directors' Training

All the Directors have attended the Mandatory Accreditation Training Programme (MAP). Directors are also aware of their duty to attend continuous education programmes. The Directors have attended seminars to keep themselves updated on the expectations of their roles and other market developments. During the financial year 2013, the seminars attended were as follows:-

- Seminar on The Law, The Practice & You and Workshop on Tax Deductible Expenses - Latest Developments & Practical Issues conducted by Chartered Tax Institute of Malaysia
- Compliance: Are you Meeting the Requirements? Directors' & Officers Guide on Liability, Duties & Obligations conducted by MIA
- 2013 Budget Seminar conducted by Ernst & Young
- National Tax Seminar 2012 conducted by Inland Revenue Board of Malaysia
- Tax Planning on Budget 2013 with PU Order 2011 to 2012 and Public Rulings conducted by Asia E University
- Diagnosis on CP58 with Tax Planning and Limited Liability Partnership conducted by Synergy TAS

THE BOARD OF DIRECTORS (CONT'D)

Board Meetings

During the financial year ended 31 March 2013, a total of four (4) Board meetings have been held and were attended by most of the Directors. Additional meetings will be held as and when required.

Details of attendance at Board Meetings held during the financial year ended 31 March 2013 is as follows:

Name of Director	Date of appointment	No. of Meeting attended
Chan Choo Sing	21/06/1995	4/4
Chan Chow Tek	21/06/1995	3/4
Dato' Chan Chor Ngiak	21/06/1995	4/4
Chan Chor Ang	21/06/1995	4/4
Cha Peng Koi @ Chia Peng Koi	21/06/1995	4/4
Tan Chuan Hock	04/11/1998	4/4
Julian Lim Wee Liang	14/11/2011	4/4

In view of the above, all Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in the Listing Requirements. All the Directors have fulfilled the time commitment expected by the Board in view of the good attendance of the Directors at the Board meetings. The attendance at the Board meetings showed that the Board members are committed to the Company towards fulfilling their roles and responsibilities as Directors of the Company.

All Board members, with their extensive knowledge and experience in various fields exercise an independent judgement on issues of strategy, performance, resources and standard of conduct.

All Directors are provided with written reports together with supporting information before the meetings and within sufficient time period to enable the Directors to obtain further explanations, where applicable, for them to be well-informed before the date of holding the meeting. During the meetings, the Board discussed and reviewed, among others, the following:-

- Minutes of previous meeting
- Financial reports and review of Group operations
- The Group's latest business developments and any other matters arising

Audit Committee

The Audit Committee was set up on 7 February 2002 with current terms of reference adopted on 22 February 2012. The members of the Audit Committee are:-

a) Mr. Tan Chuan Hock – Chairman
b) Mr. Julian Lim Wee Liang – Member
c) Dato' Chan Chor Ngiak – Member

The Audit Committee met four (4) times during the year. The Committee members attended all meetings. Details of their attendance are provided on page 17 of this Annual Report.

The summary of terms of reference and details of the Audit Committee are set out on pages 15 to 18 of this Annual Report.

THE BOARD OF DIRECTORS (CONT'D)

Nomination Committee

The Nomination Committee was set up on 7 February 2002 with current terms of reference adopted on 22 February 2012. The members of the Nomination Committee are:-

a) Mr. Julian Lim Wee Liang – Chairman
b) Mr. Tan Chuan Hock – Member
c) Dato' Chan Chor Ngiak – Member

The Chairman of the Nomination Committee is the Senior Independent Non-Executive Director of the Company. The Nomination Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination Committee will consider the required mix of skills and experience which the Directors should bring to the Board.

The Committee also regularly reviews the Board structure, size and composition as well as considers the Board Succession Plan.

Remuneration Committee

The Remuneration Committee was set up on 7 February 2002, with its current terms of reference adopted on 22 February 2012. The members of the Remuneration Committee are:-

a) Mr. Tan Chuan Hock – Chairman
b) Mr. Chan Choo Sing – Member
c) Dato' Chan Chor Ngiak – Member

The duties and responsibilities of the Committee are to set up a policy framework and to make recommendations to the Board on remuneration packages and benefits extended to the Executive Directors. Remuneration package of the Executive Directors will be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

Fees payable to Non-Executive Directors is recommended by the Board with the approval from the shareholders at the Annual General Meeting (AGM).

Re-election

In accordance with the Articles of Association of the Company, all Directors who are appointed during the year are subject to election by shareholders at the next AGM after their appointment and an election of Directors shall take place every year. One-third of the Directors for the time being, or the number nearest to one-third shall retire from office at each AGM provided always that all Directors shall retire from office at least once every three years in compliance with the Listing Requirements of Bursa Securities. At the forthcoming AGM, Mr. Chan Choo Sing and Mr. Tan Chuan Hock are due for retirement and being eligible have offered themselves for re-election.

THE BOARD OF DIRECTORS (CONT'D)

Directors' Remuneration

The details of the remuneration for the Directors during the year are as follows:-

Aggregate remuneration for Directors of the Group categorized into appropriate components:-

	Salaries and Other emoluments RM'000	Bonus RM'000	Fees RM'000	Total RM'000
Executive Directors	2,291	393	228	2,912
Non-Executive Directors	-	-	286	286

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

	Number of Directors			Number of Directors	
Range of Remuneration	Executive	Non-Executive	Range of Remuneration	Executive	Non-Executive
RM50,001 to RM100,000	-	4	RM550,001 to RM600,000	1	-
RM100,001 to RM150,000	-	-	RM600,001 to RM650,000	-	-
RM150,001 to RM200,000	-	-	RM650,001 to RM700,000	-	-
RM200,001 to RM250,000	-	-	RM700,001 to RM750,000	-	-
RM250,001 to RM300,000	-	-	RM750,001 to RM800,000	1	-
RM300,001 to RM350,000	-	-	RM800,001 to RM850,000	-	-
RM350,001 to RM400,000	-	-	RM850,001 to RM900,000	-	-
RM400,001 to RM450,000	-	-	RM900,001 to RM950,000	-	-
RM450,001 to RM500,000	-	-	RM950,001 to RM1,000,000	-	-
RM500,001 to RM550,000	-	-	RM1,000,001 to RM1,050,000	1	-

STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

Disclosure between the Company and Analyst / Investors

Regular discussions were held among the Company's Executive Chairman and Group Managing Director, the Executive Directors, the Deputy Group General Manager and analyst/investors on the Group's performance and major developments. Price sensitive and material information about the Group will not be disclosed until after the prescribed announcement had been submitted to Bursa Securities.

In addition, extensive information about the Company is available at http://www.pccsgroup.net.

Annual General Meeting

The AGM is the principal forum for dialogue with shareholders. Notice of the AGM and Annual Reports are sent out to shareholders at least 21 days before the date of the meeting.

At the AGM, besides the normal agenda, shareholders may raise questions pertaining to the business activities of the Group. The Executive Chairman and Group Managing Director will respond to shareholders' questions during the meeting.

Annual General Meeting (Cont'd)

There will not be any substantive resolutions to be put forth for shareholders' approval at the forthcoming AGM. Nevertheless, the Company would conduct poll voting if demanded by shareholders at the general meeting.

For re-election of Directors, the Board ensures that full information is disclosed through the Annual Report regarding Directors who are retiring and offers to be re-elected. Each item of special business included in the notice of meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

UPHOLD INTERGRITY IN FINANCIAL REPORTING

Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects and to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable accounting standards in Malaysia. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy and adequacy.

Internal Control

Information on the Group's internal controls is presented in the Statement on Risk Management & Internal Control laid out on page 27 to 28 of this Annual Report.

Relationship with the Auditors

The Company maintains a professional and transparent relationship with the Auditors in seeking professional advice to ensure compliance with the accounting standards.

The Auditors will from time to time brief the Audit Committee and the Board on all relevant matters requiring the Audit Committee's and the Board's attention.

Assessment of Suitability and Independence of External Auditors

The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors. The Audit Committee meets with the external auditors at least twice a year to discuss their audit plan, audit findings and the Company's financial statements. At least one of these meetings is held without the presence of the Executive Directors and the Management. The Audit Committee also meets with the external auditors additionally whenever it deems necessary. In addition, the external auditors are invited to attend the Annual General Meeting of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

RECOGNISE AND MANAGE RISKS

Risk Management and Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal controls to safeguard shareholders' investment and the Group's assets. However, the Board recognises that such system is structured to manage rather than eliminate the possibility of encountering risk of failure to achieve corporate objectives. The Statement of Risk Management and Internal Control is set out on page 27 of the Annual Report providing an overview of the state of the risk management and internal controls within the Group.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

The Company recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations. The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for the management and disclosure of information. These investors are provided with sufficient business, operations and financial information on the Group to enable them to make informed investment decisions.

Compliances Statement

The Board has taken steps to ensure that the Group has implemented as far as possible the Principles and Recommendations as set out in the MCCG 2012 and the Board considers that all Principles and Recommendations have been substantially implemented in accordance with the MCCG 2012. The areas of non-compliance with the MCCG 2012 are as follows:-

a) The recommended disclosure of details of the remuneration of each Director. At this point, the Board is of the view that the disclosure of the remuneration bands of the Directors is sufficient to meet the objectives of the MCCG 2012.

b) The Group Managing Director, Mr. Chan Choo Sing has also assumed the role of Chairman. However, the roles of the Chairman and Group Managing Director are separated with clearly defined responsibilities to ensure the balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Group Managing Director, together with the Executive Directors, oversees the operations of the Group and implementation of the Board's decisions, business strategies, and policies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

It is the requirement of the Malaysian Code on Corporate Governance 2012 that the Board of Directors should establish a sound risk management framework and internal control system. The Board is committed to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, and is pleased to set out below its Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group during the year.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for establishing and maintaining a sound framework to manage risks. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in achieving its objectives and strategies. The process has been in place during the year and is subject to review by the Board. However, due to the limitations that are inherent in any system of internal control, the Group's system of internal control is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, it only provides reasonable but not absolute assurance against material misstatement or loss.

INTERNAL CONTROL SYSTEM

The Board confirms that the Group has an adequate and conducive control environment for it to accomplish its business objectives. The Group's internal control system encompasses the Board and its various Board Committees with its specific terms of reference, executive management that is accountable for all its actions and also various monitoring and review procedures that is embedded in the Group's processes. The Board reviews these control processes regularly to ensure that an effective system of internal control is maintained within the Group.

The key elements of the Group's internal control system are described below:-

- The Group has a well-defined organisational structure that is aligned to its business and operation requirement. Clearly defined lines of accountability, delegation of responsibility and level of authorisation for all aspects of the business have been laid down and communicated throughout the Group.
- Authority charts are established within the Group to provide a functional framework of authority in approving revenue and capital expenditure.
- The Group's performance is monitored through an integrated budgeting system which requires all material variances to be identified, discussed and resolved by management on a scheduled and ad-hoc basis.
- The Board reviews the Group's financial and operational performance quarterly, which analyses the Group performance with comparison against previous quarter and previous corresponding quarter.
- A comprehensive "Company Manual" is developed to foster long-lasting and harmonious working relationship among the employees and set out the rules and regulations to be adhered by the employees in performing their duties. The manual is regularly reviewed to incorporate changes that will enhance working efficiency.
- "Health and Safety Manual" is developed to assist in maintaining a safe working environment for all employees.
- Regular Internal Quality Audit as specified by ISO 9001:2008 and ISO 14001:2004 Quality Management System on certain subsidiaries. This ensures that internal procedures and standard operating procedures had been implemented and documented.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK

The Board recognises that risk management is an integral part of the Group's business operations and that the identification and management of risks will affect the achievement of the Group's business objectives. To this end, the Board has formalised a Risk Management Framework by implementing an on-going process of identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and has taken into account the guidance of the Malaysian Code on Corporate Governance.

The management of risks in the daily business operation is assigned to management team and significant risks are identified and related counter measures as well as the corresponding internal control measures were deliberated at the Audit Committee and Board meeting.

Going forward, on-going process shall be carried out to ensure consistent application, effective functioning of the Risk Management Framework, continued relevance of the risk profile developed, and completion of the management action plan. This on-going process has been in place for the whole financial year under review and up to the date of approval of this statement for inclusion in the annual report.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to two professional services firms to perform regular and systematic review of the risk management and internal control system of the Group and its subsidiaries. The Audit Committee acknowledges that an independent and adequately resourced internal audit function is required to provide assurance on the effectiveness of the system of the internal control in addressing the risks identified. The internal audit reports directly to the Audit Committee on a quarterly basis. The Audit Committee is chaired by an Independent Non-Executive Director and its members comprise exclusively of Non-Executive Directors.

The internal audit primarily acts as an assurance unit highlighting significant audit findings, areas for improvement, management comment on the audit findings and subsequently monitors the implementation of its recommended corrective actions.

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Group Managing Director and Group Finance and Accounts Manager that the Group's risk management and internal control system are operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this statement on Risk Management and Internal Control for inclusion into the 2013 Annual Report.

CONCLUSION

For the financial year under review, the Board is of the opinion that the existing system of internal control is adequate to achieve the Group's business objectives so as to safeguard shareholders' investment and the Group's assets. The Board will continuously assess the adequacy of the Group's system of internal control and make improvements and enhancement to the system as and when necessary.

STATEMENT OF
DIRECTORS' RESPONSIBILITY
in Relation to the Financial Statements

This statement is prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

The Directors consider that in preparing the financial statements:-

- the Group and the Company have used appropriate accounting policies and were consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

OTHER INFORMATION REQUIRED

by the Listing Requirements of Bursa Malaysia Securities Berhad

Utilisation of Proceeds

The Company did not undertake any corporate proposal to raise any proceeds during the financial year.

Share Buy-backs

During the financial year, the Company did not enter into any share buy-back transactions.

Options or Convertible Securities

The Company has not issued any options or convertible securities during the financial year.

Depository Receipt Programme

During the financial year, the Company did not sponsor any Depository Receipt programme.

Imposition of Sanctions and/or Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Group and by the Company for the financial year ended 31 March 2013 amounted to RM157,100.00 and RM31,000.00 respectively.

Material Contracts Involving Directors and Major Shareholders' Interest

None of the Directors and major shareholders have entered into any material contracts with the Company and/or its subsidiaries during the financial year under review.

Profit Estimate, Forecast or Projection

The Company did not issue any profit estimate, forecast or projection for the financial year ended 31 March 2013.

Variation in Results

There were no variances of 10% or more between the results for the financial year ended 31 March 2013 and the unaudited results previously announced.

Recurrent Related Party Transactions ("RRPT") of Revenue Nature

The RRPTs were disclosed in Note 31 to the Financial Statements for the financial year ended 31 March 2013 on page 98.

Profit Guarantee

During the financial year, there were no profit guarantees given by the Company.

Corporate Social Responsibility (CSR)

The Group is committed to conduct its business activities in a socially, economically and environmentally sustainable manner and this is embodied in its Corporate Vision and Mission Statement.

We draw our employees from society and so everything we do with our employees need to be socially responsible, whether we are dealing with basic human rights or gender issues. Employees are expected to maintain the highest standards of integrity in all business relationships and dealings, and the Group is equaled, responsible and committed for the standard in its compliance with all applicable legal and regulatory requirements. We are also committed to ensure a healthy and safe work environment for the well being of our employees.

CHAIRMAN'S **STATEMENT**

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 March 2013.

FINANCIAL REVIEW

The Group's consolidated turnover declined by 15.47% to RM304.3 million from RM360.0 million achieved in the previous financial year due to the shut down of a factory in China which had reduced the capacity of the Group.

The Group made a loss after tax of RM6.9 million in the financial year ended 31 March 2013 as compared to a profit after tax of RM3.2 million recorded in the previous financial year. The loss was attributed to the increase in labour cost in both Cambodia and China coupled with lower profit margin in apparel orders.

DIVIDEND

The Board does not recommend any dividend payment for the financial year ended 31 March 2013.

CORPORATE DEVELOPMENTS

On 04 September 2012, Keza Sdn. Bhd., a wholly-owned subsidiary of PCCS, incorporated a wholly-owned subsidiary company in the Kingdom of Cambodia under the name of Keza (Cambodia) Limited ("KEZAC"), with a registered capital of USD500,000.00. The principal activity of KEZAC would be manufacturing of elastic bands and related products.

On 16 April 2013, Mega Labels & Stickers (Selangor) Sdn. Bhd., a wholly-owned subsidiary of PCCS, had changed its name to Mega Label (Malaysia) Sdn. Bhd.

GROUP PERFORMANCE REVIEW

Apparel Division

The turnover of the Apparel Division for the current financial year decreased to RM258.4 million from RM320.9 million recorded in the previous year. The capacity of Apparel Division had also decreased due to the shrinkage of China Apparel operation as a result of the closure of the operation in Ping Wang, Province of Suzhou during the year.

The Apparel Division record an operating loss of RM0.386 million as compared to an operating profit of RM6.5 million recorded in the previous financial year. The loss was attributed to the increase in operating expenses, in particularly higher wages in our Cambodia and China operations.

CHAIRMAN'S STATEMENT

GROUP PERFORMANCE REVIEW (CONT'D)

Label and other division

The label division's revenue had increased by 11.6% to RM28.6 million from RM25.6 million recorded in the previous year with an operating profit of RM1.5 million.

The new label factory located in Phnom Penh Special Economic Zone (PPSEZ), Phnom Penh, Kingdom of Cambodia had commenced its production in August 2012. It is expected to contribute higher profit to the Group when it achieve full capacity.

During the financial year, the Group had purchased another piece of land measuring 5,216 square meters located next to the existing factory in PPSEZ to cater for its future expansion as the Group is confident of the market growth in Cambodia.

The business of elastic, embroidering and printing had increased by RM3.8 million during the financial year from RM13.4 million to RM17.2 million. The main reason for this is the higher turnover achieved in Cambodia. The Group will take continue to grow the business with the newly setup KEZAC.

OUTLOOK AND PROSPECT

The Board expects next financial year to be another challenging year for its Apparel Division as it is highly dependent on the economic conditions of the Europe and United States of America. On the other hand, the implementation of minimum wage in Malaysia, China and Cambodia is expected to affect the performance of its Apparel Division.

As Malaysia's economy is expected to maintain its growth, we are confident that our Label Division will continue to expand in the coming year. The Group will continue to exercise prudence and strike to achieve better performance in the next financial year.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express my appreciation to our shareholders, business associates, bankers and the authorities for their support and assistance given.

Finally, I take this opportunity to express my thanks to the Board members, the management and staff of PCCS Group Bhd for their continue dedication and contribution to the Group during the financial year under review.

CHAN CHOO SING
Group Executive Chairman
30 July 2013

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 18 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss net of tax	**(6,938)**	**(7,589)**
Loss attributable to:		
Owners of the parent	**(6,938)**	**(7,589)**
Non-controlling interests	**-**	**-**
	(6,938)	**(7,589)**

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Chan Choo Sing
Chan Chow Tek
Dato' Chan Chor Ngiak
Chan Chor Ang
Cha Peng Koi @ Chia Peng Koi
Tan Chuan Hock
Julian Lim Wee Liang

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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, except as disclosed in Note 31 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1.4.2012	**Bought**	**Sold**	**31.3.2013**
Direct interest -				
Chan Choo Sing	2,643,220	-	-	**2,643,220**
Chan Chow Tek	3,005,450	-	-	**3,005,450**
Dato' Chan Chor Ngiak	339,817	-	-	**339,817**
Chan Chor Ang	809,550	-	-	**809,550**
Indirect interest -				
Chan Choo Sing	28,302,382	75,000	-	**28,377,382**
Chan Chow Tek	24,000,078	-	-	**24,000,078**
Dato' Chan Chor Ngiak	24,001,411	-	-	**24,001,411**
Chan Chor Ang	24,040,078	-	-	**24,040,078**

Chan Choo Sing, Chan Chow Tek, Dato' Chan Chor Ngiak and Chan Chor Ang by virtue of their interest in shares in the Company are also deemed interested in shares in all the Company's subsidiaries to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

(a) 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:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

(e) 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 liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability 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 affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(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 or of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report other significant events are disclosed in Note 18 and Note 33 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 July 2013.

Chan Choo Sing

Chan Chow Tek

STATEMENT BY **DIRECTORS**

Pursuant to Section 169 (15) of the Companies Act, 1965

We, Chan Choo Sing and Chan Chow Tek, being two of the directors of PCCS Group Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 41 to 112 are drawn up in accordance with 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 31 March 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 39 to the financial statements have been prepared 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.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 July 2013.

Chan Choo Sing

Chan Chow Tek

STATUTORY **DECLARATION**

Pursuant to Section 169 (16) of the Companies Act, 1965

I, Chan Choo Sing, being the director primarily responsible for the financial management of PCCS Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 112 are in my opinion 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, 1960.

Subscribed and solemnly declared by
the abovenamed, Chan Choo Sing
at Batu Pahat in the State of Johor
on 15 July 2013

Chan Choo Sing

Before me,

Rahini A/P Nagappan (J130)
Commissioner of Oaths

INDEPENDENT
AUDITORS' REPORT
to the members of PCCS Group Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of PCCS Group Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 March 2013, 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 year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 111.

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 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 control as the directors determine is 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 judgment, 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 control relevant to the entity's preparation of 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 entity's internal control. An audit also includes evaluating the appropriateness of the 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 31 March 2013 and of their financial performance and cash flows for the year then ended in accordance with 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 Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

INDEPENDENT AUDITORS' REPORT

to the members of PCCS Group Berhad
(Incorporated in Malaysia)

Report on other legal and regulatory requirements (Cont'd)

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 18 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 39 on page 112 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 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 has been prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

1. As stated in Note 2 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 April 2012 with a transition date of 1 April 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2012 and 1 April 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 March 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 March 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2012 do not contain misstatements that materially affect the financial position as of 31 March 2013 and financial performance and cash flows for the year then ended.

2. 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 content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Lee Ah Too
2187/09/13(J)
Chartered Accountant

Melaka, Malaysia
Date: 15 July 2013

STATEMENTS OF
COMPREHENSIVE INCOME
For the financial year ended 31 March 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue	7	**304,260**	359,968	**4,616**	4,365
Cost of sales		**(256,855)**	(307,620)	**-**	-
Gross profit		**47,405**	52,348	**4,616**	4,365
Other items of income					
Interest income		**30**	20	**1**	7
Other income	8	**4,014**	7,825	**238**	4,366
Other items of expense					
Administrative expenses		**(41,532)**	(40,237)	**(12,416)**	(8,646)
Selling and marketing expenses		**(10,256)**	(13,167)	**-**	-
Operating (loss)/profit		**(339)**	6,789	**(7,561)**	92
Finance costs	9	**(4,040)**	(4,888)	**-**	-
(Loss)/profit before tax	10	**(4,379)**	1,901	**(7,561)**	92
Income tax expense	13	**(2,559)**	1,279	**(28)**	-
(Loss)/profit, net of tax		**(6,938)**	3,180	**(7,589)**	92
Other comprehensive income:					
Foreign currency translation		**157**	1,342	**-**	-
Other comprehensive income for the year, net of tax		**157**	1,342	**-**	-
Total comprehensive (loss)/ income for the year		**(6,781)**	4,522	**(7,589)**	92
(Loss)/profit attributable to:					
Owners of the parent		**(6,938)**	3,180	**(7,589)**	92
Non-controlling interests		**-**	-	**-**	-
		(6,938)	3,180	**(7,589)**	92
Total comprehensive (loss)/ income attributable to:					
Owners of the parent		**(6,781)**	4,522	**(7,589)**	92
Non-controlling interests		**-**	-	**-**	-
		(6,781)	4,522	**(7,589)**	92
(Loss)/earnings per share attributable to owners of the parent (sen per share)					
Basic and diluted	14	**(11.6)**	5.3		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
FINANCIAL POSITION
As at 31 March 2013

		Group		
				As at
	Note	2013	2012	1.4.2011
		RM'000	RM'000	RM'000
Assets				
Non-current assets				
Property, plant and equipment	15	**85,490**	86,657	87,063
Investment properties	16	**880**	895	909
Land use rights	17	**2,600**	834	840
Investment securities	19	**70**	70	77
Goodwill		**-**	19	19
		89,040	88,475	88,908
Current assets				
Inventories	20	**52,674**	37,257	46,583
Trade and other receivables	21	**61,839**	71,283	72,290
Other current assets	22	**5,467**	6,252	7,364
Tax recoverable		**2,452**	3,475	2,472
Cash and bank balances	23	**18,989**	24,835	25,653
		141,421	143,102	154,362
Non-current asset classified as held for sale	24	**-**	260	282
		141,421	143,362	154,644
Total assets		**230,461**	231,837	243,552
Equity and liabilities				
Current liabilities				
Loans and borrowings	25	**64,594**	73,528	78,663
Trade and other payables	26	**44,103**	27,834	38,772
Dividend payable		**-**	-	28
		108,697	101,362	117,463
Net current assets		**32,724**	42,000	37,181
Non-current liabilities				
Loans and borrowings	25	**7,322**	9,298	8,854
Deferred tax liabilities	27	**611**	565	1,145
		7,933	9,863	9,999
Total liabilities		**116,630**	111,225	127,462
Net assets		**113,831**	120,612	116,090

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2013

	Note	Group 2013 RM'000	2012 RM'000	As at 1.4.2011 RM'000
Equity attributable to owners of the parent				
Share capital	28	**60,012**	60,012	60,012
Share premium		**4**	4	4
Foreign exchange reserve	29(a)	**1,499**	1,342	-
Legal reserve fund	29(b)	**326**	216	19
Retained earnings	30	**51,990**	59,038	56,055
Shareholders' equity		**113,831**	120,612	116,090
Non-controlling interests		**-**	-	-
Total equity		**113,831**	120,612	116,090
Total equity and liabilities		**230,461**	231,837	243,552

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2013

	Note	Company		
		2013	2012	As at 1.4.2011
		RM'000	RM'000	RM'000
Assets				
Non-current assets				
Investment in subsidiaries	18	**52,592**	59,051	67,051
Current assets				
Trade and other receivables	21	**27,472**	30,630	24,016
Other current assets	22	**27**	32	33
Tax recoverable		**2,348**	1,707	1,349
Cash and bank balances	23	**1,832**	1,544	1,729
		31,679	33,913	27,127
Total assets		**84,271**	92,964	94,178
Equity and liabilities				
Current liabilities				
Trade and other payables	26	**8,394**	9,498	10,776
Dividend payable		**-**	-	28
		8,394	9,498	10,804
Net current assets		**23,285**	24,415	16,323
Total liabilities		**8,394**	9,498	10,804
Net assets		**75,877**	83,466	83,374
Equity attributable to owners of the parent				
Share capital	28	**60,012**	60,012	60,012
Share premium		**4**	4	4
Retained earnings	30	**15,861**	23,450	23,358
Total equity		**75,877**	83,466	83,374
Total equity and liabilities		**84,271**	92,964	94,178

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
CHANGES IN EQUITY
For the Financial Year Ended 31 March 2013

		Attributable to owners of the parent							
			Non-distributable		Distributable	Non-distributable			
Group	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Foreign exchange reserve RM'000	Legal reserve fund RM'000	Non-controlling interests RM'000
2013									
Opening balance at 1 April 2012	120,612	120,612	60,012	4	59,038	1,558	1,342	216	-
Total comprehensive (loss)/income	(6,781)	(6,781)	-	-	(6,938)	157	157	-	-
Transaction with owners									
Transfer to legal reserve fund	-	-	-	-	(110)	110	-	110	-
Closing balance at 31 March 2013	**113,831**	**113,831**	**60,012**	**4**	**51,990**	**1,715**	**1,499**	**326**	**-**
2012									
Opening balance at 1 April 2011	116,090	116,090	60,012	4	56,055	19	-	19	-
Total comprehensive income	4,522	4,522	-	-	3,180	1,342	1,342	-	-
Transaction with owners									
Transfer to legal reserve fund	-	-	-	-	(197)	197	-	197	-
Closing balance at 31 March 2012	120,612	120,612	60,012	4	59,038	1,558	1,342	216	-

STATEMENTS OF
CHANGES IN EQUITY
For the Financial Year Ended 31 March 2013

Company	Equity, total RM'000	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained earnings RM'000
2013				
Opening balance at 1 April 2012	**83,466**	**60,012**	**4**	**23,450**
Total comprehensive loss	**(7,589)**	**-**	**-**	**(7,589)**
Closing balance at 31 March 2013	**75,877**	**60,012**	**4**	**15,861**
2012				
Opening balance at 1 April 2011	83,374	60,012	4	23,358
Total comprehensive income	92	-	-	92
Closing balance at 31 March 2012	83,466	60,012	4	23,450

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
CASH FLOWS
For the Financial Year Ended 31 March 2013

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Operating activities				
(Loss)/profit before tax	**(4,379)**	1,901	**(7,561)**	92
Adjustments for:				
Bad debts written off	**4**	301	**-**	-
Depreciation and amortisation:				
- Property, plant and equipment	**13,804**	13,835	**-**	-
- Investment properties	**15**	14	**-**	-
- Land use rights	**36**	20	**-**	-
Dividend income	**-**	-	**(2,616)**	(2,385)
Loss/(gain) on disposal of:				
- Subsidiaries	**-**	(1,100)	**-**	(1,100)
- Property, plant and equipment	**43**	(419)	**-**	-
- Non-current asset classified as held for sale	**20**	-	**-**	-
Gain on winding up of a subsidiary	**(465)**	-	**-**	-
Surplus on capital distribution by a subsidiary	**-**	-	**-**	(3,211)
Goodwill written off	**19**	-	**-**	-
Impairment loss on:				
- Investment in subsidiaries	**-**	-	**6,459**	3,929
- Investment securities	**-**	7	**-**	-
- Trade and other receivables	**530**	15	**1,268**	-
- Non-current asset classified as held for sale	**-**	22	**-**	-
Interest expense	**4,040**	4,888	**-**	-
Interest income	**(30)**	(20)	**(1)**	(7)
Net gain unrealised foreign exchange	**(553)**	(598)	**-**	(55)
Reversal of allowance for impairment of trade receivables	**-**	(18)	**-**	-
Property, plant and equipment written off	**44**	85	**-**	-
Total adjustments	**17,507**	17,032	**5,110**	(2,829)
Operating cash flows before changes in working capital	**13,128**	18,933	**(2,451)**	(2,737)
Changes in working capital				
(Increase)/decrease in inventories	**(15,418)**	9,326	**-**	-
Decrease in trade and other receivables	**9,366**	807	**53**	880
Decrease in other current assets	**785**	1,112	**5**	1
Increase/(decrease) in trade and other payables	**16,271**	(10,938)	**66**	(134)
Total changes in working capital	**11,004**	307	**124**	747
Cash flows from/(used in) operations	**24,132**	19,240	**(2,327)**	(1,990)

STATEMENTS OF
CASH FLOWS
For the Financial Year Ended 31 March 2013

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest paid	**(4,040)**	(4,888)	**-**	-
Tax (paid)/refunded	**(1,517)**	(304)	**(15)**	238
	(5,557)	(5,192)	**(15)**	238
Net cash flows from/(used in) operating activities	**18,575**	14,048	**(2,342)**	(1,752)
Investing activities				
Interest received	**30**	20	**1**	7
Net cash inflow on disposal of subsidiaries	**-**	1,100	**-**	1,100
Purchase of property, plant and equipment	**(15,553)**	(12,334)	**-**	-
Purchase of land use rights	**(1,802)**	-	**-**	-
Proceeds from capital distribution by a subsidiary	**-**	-	**-**	7,282
Proceeds from disposal of:				
- Property, plant and equipment	**3,264**	1,203	**-**	-
- Non-current asset classified as held for sale	**240**	-	**-**	-
Proceeds from winding up of a subsidiary	**465**	-	**-**	-
Dividend received	**-**	-	**1,962**	1,789
Net cash flows (used in)/from investing activities	**(13,356)**	(10,011)	**1,963**	10,178
Financing activities				
Advances/(repayment) to subsidiaries	**-**	-	**667**	(8,583)
Dividend paid	**-**	(28)	**-**	(28)
Payments of hire purchase and finance lease liabilities	**(2,472)**	(713)	**-**	-
Drawdown of term loans	**3,105**	5,638	**-**	-
Repayment of term loans	**(4,224)**	(3,712)	**-**	-
Decrease in short term borrowings	**(2,667)**	(5,217)	**-**	-
Net cash flows (used in)/from financing activities	**(6,258)**	(4,032)	**667**	(8,611)
Net (decrease)/increase in cash and cash equivalents	**(1,039)**	5	**288**	(185)
Effects of foreign exchange rate changes	**(55)**	302	**-**	-
Cash and cash equivalents at 1 April	**19,350**	19,043	**1,544**	1,729
Cash and cash equivalents at 31 March (Note 23)	**18,256**	19,350	**1,832**	1,544

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

PCCS Group Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at PLO 10, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 18. There have been no significant changes in the nature of the principal activities during the financial year.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the requirements of the Companies Act, 1965 in Malaysia. Refer to Note 4 for detailed information on how the Group and the Company adopted MFRS.

The financial statements of the Group and the Company have also been prepared on a historical basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to nearest thousand (RM'000) except when otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at the reporting date. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resultant gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be re-measured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations involving entities under common control are accounted for by applying the pooling on interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3.4 Foreign currencies translation

(a) Functional and presentation currency

The Group's and the Company's financial statements are presented in Ringgit Malaysia which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

(c) Group companies

The assets and liabilities of foreign operations are translated into Ringgit Malaysia at the exchange rate prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

Any goodwill arising on the acquisition of a foreign operation subsequent to 1 April 2011 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Prior to 1 April 2011, the date of transition to MFRS, the Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Company and its subsidiaries assess their revenue arrangements against specific criteria in order to determine if the Company and its subsidiaries are acting as principal or agent. The Group and its subsidiaries have concluded that they are acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

(b) Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

(c) Management fees

Management fees are recognised when services are rendered.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(e) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

3.6 Employee benefits

(i) Short term 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. 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 compensated absences such as sick leave are recognised when the absences occur.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Employee benefits (Cont'd)

(ii) Defined contribution plans

The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.8 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current period 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, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except:

(i) where the deferred tax liability arises from the initial recognition of goodwill or 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; and

(ii) in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Taxes (Cont'd)

(b) Deferred tax (Cont'd)

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 credits and unused tax losses can be utilised, except:

(i) 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; and

(ii) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when 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 reporting date.

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.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Taxes (Cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

(i) where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.9 Non-current assets held for sale

The Group classified non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale into present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets, if any, once classified as held for sale are not depreciated or amortised.

3.10 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Property, plant and equipment (Cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings: 20 to 50 years
- Plant and machinery: 10 years
- Air conditioners: 10 years
- Factory equipment: 10 years
- Electrical installation: 10 years
- Renovation: 10 years
- Furniture, fittings and office equipment: 5 to 10 years
- Motor vehicles: 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.11 Investment properties

Investment properties are properties which are 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 accumulated impairment losses. The depreciation policy for investment properties are in accordance with that for property, plant and equipment as described in Note 3.10.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

3.12 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Leases (Cont'd)

(a) As lessee (Cont'd)

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.13 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

3.14 Investment in subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

3.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

Goodwill is tested for impairment annually (as at 31 March) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Financial instruments

(a) Financial assets

(i) Initial recognition and measurement

Financial assets within the scope of MFRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, the date that the Group commits to purchase or sell the asset.

(ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the profit or loss.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Subsequent measurement (Cont'd)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs.

The Group did not have any held-to-maturity investments during the years ended 31 March 2012 and 2013.

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Subsequent measurement (Cont'd)

Available-for-sale financial investments (Cont'd)

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the profit or loss in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognised in profit or loss.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the profit or loss.

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(iii) Derecognition (Cont'd)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Financial instruments (Cont'd)

(b) Impairment of financial assets (Cont'd)

Financial assets carried at amortised cost (Cont'd)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

Available-for-sale investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss - is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairments are recognised directly in other comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Financial instruments (Cont'd)

(c) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities within the scope of MFRS 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

<u>Financial liabilities at fair value through profit or loss</u>

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

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

The Group has no financial liabilities held for trading and has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

<u>Loans and borrowings</u>

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Financial instruments (Cont'd)

(c) Financial liabilities (Cont'd)

(ii) Subsequent measurement (Cont'd)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

As at the reporting date, no values are placed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantee as minimal.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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 the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(e) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Financial instruments (Cont'd)

(e) Fair value of financial instruments (Cont'd)

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 34.

3.18 Cash and short-term deposits

Cash and short-term deposits in the statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts, if any.

3.19 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and 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.

3.20 Dividend distributions

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed. Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in income as a saperate line in statement of comprehensive income.

3.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

3.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

4. FIRST-TIME ADOPTION OF MFRS

For periods up to and including the year ended 31 March 2012, the Group and the Company had previously prepared financial statements in accordance with Financial Reporting Standards ("FRS").

These financial statements are the first the Group and the Company have prepared in accordance with MFRS. Accordingly, the Group and the Company have prepared financial statements which comply with MFRS together with the comparative period data as at and for the year ended 31 March 2012, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 April 2011, being the date of transition to MFRS. This note explains the principal adjustments made by the Group in restating its FRS financial statements, including the statement of financial position as at 1 April 2011 and the financial statements as at and for the year ended 31 March 2012.

MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain MFRS and the Group has applied the following exemptions:

(a) Business combinations

MFRS 1 provides the option to apply MFRS 3 Business Combinations prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition. The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

4. FIRST-TIME ADOPTION OF MFRS (CONT'D)

(a) Business combinations (Cont'd)

(i) The classification of former business combinations under FRS is maintained;

(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and

(iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Property, plant and equipment

Property, plant and equipment were carried in the statements of financial position prepared in accordance with FRS on the cost basis. The Group continues to regard those values as cost at the date of the transition to MFRS.

(c) Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences of RM5,660,000 (31 March 2012: RM5,660,000) were adjusted to retained earnings.

(d) Estimates

The estimates at 1 April 2011 and at 31 March 2012 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group and the Company to present these amounts in accordance with MFRS reflect conditions at 1 April 2011, the date of transition to MFRS and as of 31 March 2012.

4. FIRST-TIME ADOPTION OF MFRS (CONT'D)

Reconciliation of equity as at 1 April 2011 (date of transition to MFRS)

Group	Notes	FRS as at 1 April 2011 RM'000	Remeasurements RM'000	MFRS as at 1 April 2011 RM'000
Assets				
Non-current assets				
Property, plant and equipment		87,063		87,063
Investment properties		909		909
Land use rights		840		840
Investment securities		77		77
Goodwill		19		19
		88,908		88,908
Current assets				
Inventories		46,583		46,583
Trade and other receivables		72,290		72,290
Other current assets		7,364		7,364
Tax recoverable		2,472		2,472
Cash and bank balances		25,653		25,653
		154,362		154,362
Non-current asset classified as held for sale		282		282
		154,644		154,644
Total assets		243,552		243,552
Equity and liabilities				
Current liabilties				
Loans and borrowings		78,663		78,663
Trade and other payables		38,772		38,772
Dividend payable		28		28
		117,463		117,463
Net current assets		37,181		37,181
Non-current liabilities				
Loans and borrowings		8,854		8,854
Deferred tax liabilities		1,145		1,145
		9,999		9,999
Total liabilities		127,462		127,462
Net assets		116,090		116,090

4. FIRST-TIME ADOPTION OF MFRS (CONT'D)

Reconciliation of equity as at 1 April 2011 (date of transition to MFRS) (Cont'd)

Group	Notes	FRS as at 1 April 2011 RM'000	Remeasurements RM'000	MFRS as at 1 April 2011 RM'000
Equity attributable to owners of the parent				
Share capital		60,012		60,012
Share premium		4		4
Foreign exchange reserve	4(c)	(5,660)	5,660	-
Legal reserve fund		19		19
Retained earnings		61,715	(5,660)	56,055
Total equity		116,090		116,090
Total equity and liabilities		243,552		243,552

Reconciliation of equity as at 31 March 2012

Group	Notes	FRS as at 31 March 2012 RM'000	Remeasurements RM'000	MFRS as at 31 March 2012 RM'000
Assets				
Non-current assets				
Property, plant and equipment		86,657		86,657
Investment properties		895		895
Land use rights		834		834
Investment securities		70		70
Goodwill		19		19
		88,475		88,475
Current assets				
Inventories		37,257		37,257
Trade and other receivables		71,283		71,283
Other current assets		6,252		6,252
Tax recoverable		3,475		3,475
Cash and bank balances		24,835		24,835
		143,102		143,102
Non-current asset classified as held for sale		260		260
		143,362		143,362
Total assets		231,837		231,837

4. FIRST-TIME ADOPTION OF MFRS (CONT'D)

Reconciliation of equity as at 31 March 2012 (Cont'd)

Group	Notes	FRS as at 31 March 2012 RM'000	Remeasurements RM'000	MFRS as at 31 March 2012 RM'000
Equity and liabilities				
Current liabilties				
Loans and borrowings		73,528		73,528
Trade and other payables		27,834		27,834
		101,362		101,362
Net current assets		42,000		42,000
Non-current liabilities				
Loans and borrowings		9,298		9,298
Deferred tax liabilities		565		565
		9,863		9,863
Total liabilities		111,225		111,225
Net assets		120,612		120,612
Equity attributable to owners of the parent				
Share capital		60,012		60,012
Share premium		4		4
Foreign exchange reserve	4(c)	(4,318)	5,660	1,342
Legal reserve fund		216		216
Retained earnings		64,698	(5,660)	59,038
Total equity		120,612		120,612
Total equity and liabilities		231,837		231,837

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The standards, amendments and interpretations that are issued but not yet effective up to the date of issuance of the Group and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Effective for annual periods beginning on or after 1 July 2012

MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments of MFRS 101)

Effective for annual periods beginning on or after 1 January 2013

Amendments to MFRS 101	: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
MFRS 3	: Business Combination *(IFRS 3 Business Combinations issued by IASB in March 2004)*
MFRS 10	: Consolidated Financial Statements
MFRS 11	: Joint Arrangements
MFRS 12	: Disclosure of Interests of Other Entities
MFRS 13	: Fair Value Measurement
MFRS 119	: Employee Benefits
MFRS 127	: Separate Financial Statements
MFRS 128	: Investment in Associate and Joint Ventures
MFRS 127	: Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
Amendment to IC Interpretation 2	: Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)
IC Interpretation 20	: Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 7	: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1	: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
Amendments to MFRS 1	: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116	: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132	: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134	: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10	: Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	: Joint Arrangements: Transition Guidance

Effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Effective for annual periods beginning on or after 1 January 2015

MFRS 9 Financial Instruments

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application, except as discussed below:

MFRS 10 Consolidated Financial Statements

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under MFRS 10, an investor controls an investee when:

(i) the investor has power over an investee,

(ii) the investor has exposure, or rights, to variable returns from its involvement with the investee, and

(iii) the investor has ability to use its power over the investee to affect the amount of the investor's returns.

Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standards affects disclosures only and has no impact on the Group's financial position or performance.

MFRS 127 Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted.

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004) and MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)

An entity shall apply these earlier versions of MFRS 3 and MFRS 127 only if the entity has elected to do so as allowed in MFRS 10 Consolidated Financial Statements. The adoptions of these standards are not expected to have any significant impact to the Group and the Company.

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

MFRS 9 Financial Instruments: Classification and Measurement

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Amendments to MFRS 132 Financial Instruments: Presentation

The amendments to MFRS 132 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with MFRS 112 Income Taxes. The directors anticipate that the amendments to MFRS 132 will have no effect on the Group's and the Company's financial statements as this treatment has already been adopted.

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

6.1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgment whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

6.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 21.

7. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sales of goods	**304,260**	359,968	**-**	-
Dividend income	**-**	-	**2,616**	2,385
Management fee	**-**	-	**2,000**	1,980
	304,260	359,968	**4,616**	4,365

8. OTHER INCOME

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Claims received from suppliers and buyers	**262**	756	**-**	-
Gain on disposal of:				
- Subsidiaries	**-**	1,100	**-**	1,100
- Property, plant and equipment	**-**	419	**-**	-
Gain on winding up of a subsidiary	**465**	-	**-**	-
Surplus on capital distribution by a subsidiary	**-**	-	**238**	3,211
Rental income	**558**	143	**-**	-
Reversal of allowance for impairment of trade receivables	**-**	18	**-**	-
Sales of stock lots	**1,257**	3,754	**-**	-
Sundry income	**919**	718	**-**	-
Realised foreign exchange gain	**-**	319	**-**	-
Unrealised foreign exchange gain	**553**	598	**-**	55
	4,014	7,825	**238**	4,366

9. FINANCE COSTS

	Group	
	2013 RM'000	2012 RM'000
Interest expense on:		
- Bank loans and bank overdrafts	**3,749**	4,518
- Obligations under finance leases	**291**	370
Total finance costs	**4,040**	4,888

10. (LOSS)/PROFIT BEFORE TAX

The following items have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration				
- Statutory audit				
Company's auditors	**180**	135	**32**	27
Other auditors	**55**	50	**-**	-
Under/(over)provision in prior year	**9**	(6)	**3**	-
- Other services				
Company's auditors	**157**	57	**31**	24
Bad debts written off	**4**	301	**-**	-
Depreciation and amortisation:				
- Property, plant and equipment (Note 15)	**13,804**	13,835	**-**	-
- Investment properties (Note 16)	**15**	14	**-**	-
- Land use rights (Note 17)	**36**	20	**-**	-
Direct operating expenses of investment properties:				
- revenue generating during the year	**8**	2	**-**	-
Employee benefits expense (Note 11)	**88,721**	87,019	**3,448**	3,407
Goodwill written off	**19**	-	**-**	-
Impairment loss on:				
- Trade and other receivables (Note 21(a))	**530**	15	**1,268**	-
- Investment in subsidiaries	**-**	-	**6,459**	3,929
- Investment securities	**-**	7	**-**	-
- Non-current asset classified as held for sale	**-**	22	**-**	-
Loss on disposal of:				
- Property, plant and equipment	**43**	-	**-**	-
- Non-current asset classified as held for sale	**20**	-	**-**	-
Minimum operating lease payments:				
- Land and buildings	**5,413**	4,658	**-**	-
Non-executive directors' emoluments (Note 12)	**286**	286	**282**	282
Property, plant and equipment written off	**44**	85	**-**	-
Foreign exchange loss - realised	**310**	-	**34**	73

11. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Executive directors (Note 12)				
Executive directors of the Company	**2,388**	2,401	**2,079**	2,095
Executive directors of subsidiaries	**524**	483	**228**	217
	2,912	2,884	**2,307**	2,312
Other staff				
Wages and salaries	**82,657**	79,213	**990**	941
Defined contribution plans	**1,063**	2,646	**120**	112
Voluntary separation scheme	**-**	45	**-**	-
Other related costs	**2,089**	2,231	**31**	42
	85,809	84,135	**1,141**	1,095
	88,721	87,019	**3,448**	3,407

12. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors of the Company				
Executive:				
- Salaries and other emoluments	**2,160**	2,173	**1,851**	1,867
- Fees	**228**	228	**228**	228
	2,388	2,401	**2,079**	2,095
Non-Executive:				
- Fees	**282**	286	**282**	282
Directors of Subsidiaries				
Executive:				
- Salaries and other emoluments	**524**	483	**228**	217
Non-Executive:				
- Fees	**4**	-	**-**	-
Total directors' remuneration	**3,198**	3,170	**2,589**	2,594

12. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Analysis of directors' remuneration:				
Executive directors (Note 11)	**2,912**	2,884	**2,307**	2,312
Non-executive directors (Note 10)	**286**	286	**282**	282
Total directors' remuneration	**3,198**	3,170	**2,589**	2,594

13. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2013 and 2012 are:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	**364**	(727)	**-**	-
- Foreign tax	**1,201**	62	**-**	-
- Under/(over) provision in respect of prior years	**948**	(34)	**28**	-
	2,513	(699)	**28**	-
Deferred tax (Note 27):				
- Origination and reversal of temporary difference	**(429)**	(499)	**-**	-
- Under/(over) provision in prior years	**475**	(81)	**-**	-
	46	(580)	**-**	-
Income tax expense recognised in profit or loss	**2,559**	(1,279)	**28**	-

13. INCOME TAX EXPENSE (CONT'D)

Reconciliation between tax expense and accounting (loss)/profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 March 2013 and 2012 are as follows:

	2013 RM'000	2012 RM'000
Group		
Accounting (loss)/profit before tax	**(4,379)**	1,901
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	**(1,095)**	475
Different tax rates in other countries	**(87)**	(188)
Adjustments:		
Tax exempted under tax holiday in foreign country	**-**	(1,663)
Effect of income not subject to tax	**(154)**	(860)
Effect of expenses not deductible for tax purposes	**545**	310
Utilisation of current year's reinvestment allowances	**-**	(132)
Utilisation of previously unrecognised tax losses	**(288)**	(713)
Deferred tax assets recognised in respect of current year's unutilised reinvestment allowances	**(135)**	(739)
Deferred tax assets not recognised in respect of unutilised capital allowances, reinvestment allowances and tax losses	**2,350**	2,346
Under/(over) provision of deferred tax in prior years	**475**	(81)
Under/(over) provision of tax expense in prior years	**948**	(34)
Income tax expense recognised in profit or loss	**2,559**	(1,279)
Company		
Accounting (loss)/profit before tax	**(7,561)**	92
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	**(1,890)**	23
Adjustments:		
Effect of income not subject to tax	**(59)**	(1,078)
Effect of expenses not deductible for tax purposes	**1,949**	1,054
Deferred tax assets not recognised in respect of current year's unutilised tax losses	**-**	1
Underprovision of tax expense in prior years	**28**	-
Income tax expense recognised in profit or loss	**28**	-

13. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable (loss)/profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

14. (LOSS)/EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing (loss)/profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 March:

	Group	
	2013	**2012**
(Loss)/profit net of tax attributable to owners of the parent (RM'000)	**(6,938)**	3,180
Weighted average number of ordinary shares in issue ('000)	**60,012**	60,012
Basic (loss)/earnings per share (sen)	**(11.6)**	5.3

There is no diluted (loss)/earnings per share as the Company does not have any dilutive potential ordinary shares. Accordingly, the diluted (loss)/earnings per share for the current year is presented as equal to basic (loss)/earnings per share.

15. PROPERTY, PLANT AND EQUIPMENT

Group	* Land and buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture, fittings, office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 April 2011	30,930	128,918	46,090	6,525	212,463
Additions	4,449	4,469	2,291	1,563	12,772
Disposals	-	(4,766)	(27)	(1,289)	(6,082)
Written off	-	(390)	(40)	(91)	(521)
Reclassification	-	947	(930)	(17)	-
Exchange differences	617	1,216	996	62	2,891
At 31 March and 1 April 2012	35,996	130,394	48,380	6,753	221,523
Additions	10,173	3,172	1,785	523	15,653
Disposals	(120)	(8,515)	(9,486)	(773)	(18,894)
Written off	-	-	(70)	-	(70)
Reclassification	-	(1,282)	1,265	17	-
Exchange differences	-	757	192	21	970
At 31 March 2013	**46,049**	**124,526**	**42,066**	**6,541**	**219,182**

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	* Land and buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture, fittings, office equipment RM'000	Motor vehicles RM'000	Total RM'000
Accumulated depreciation and impairment losses					
At 1 April 2011	4,803	83,488	31,749	5,360	125,400
Depreciation charge for the year (Note 10)	630	8,584	4,123	498	13,835
Disposals	-	(4,018)	(17)	(1,263)	(5,298)
Written off	-	(318)	(27)	(91)	(436)
Reclassification	13	755	(699)	(69)	-
Exchange differences	38	588	691	48	1,365
At 31 March and 1 April 2012	5,484	89,079	35,820	4,483	134,866
Depreciation charge for the year (Note 10)	700	8,409	4,141	554	13,804
Disposals	(33)	(7,112)	(7,709)	(733)	(15,587)
Written off	-	-	(26)	-	(26)
Reclassification	-	(1,469)	1,403	66	-
Exchange differences	-	487	130	18	635
At 31 March 2013	**6,151**	**89,394**	**33,759**	**4,388**	**133,692**
Net carrying amount:					
At 31 March 2012	30,512	41,315	12,560	2,270	86,657
At 31 March 2013	**39,898**	**35,132**	**8,307**	**2,153**	**85,490**

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

* Land and buildings

Group	Freehold land RM'000	Buildings RM'000	Capital work in progress RM'000	Total RM'000
Cost				
At 1 April 2011	3,294	27,636	-	30,930
Additions	1,290	3,159	-	4,449
Exchange differences	-	617	-	617
At 31 March and 1 April 2012	4,584	31,412	-	35,996
Additions	-	3,688	6,485	10,173
Disposals	-	(120)	-	(120)
At 31 March 2013	**4,584**	**34,980**	**6,485**	**46,049**
Accumulated depreciation				
At 1 April 2011	-	4,803	-	4,803
Depreciation charge for the year	-	630	-	630
Reclassification	-	13	-	13
Exchange differences	-	38	-	38
At 31 March and 1 April 2012	-	5,484	-	5,484
Depreciation charge for the year	-	700	-	700
Disposals	-	(33)	-	(33)
At 31 March 2013	**-**	**6,151**	**-**	**6,151**
Net carrying amount				
At 31 March 2012	4,584	25,928	-	30,512
At 31 March 2013	**4,584**	**28,829**	**6,485**	**39,898**

(a) Net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

	Group 2013 RM'000	2012 RM'000
Plant and machinery	**3,243**	6,507
Motor vehicles	**883**	439
	4,126	6,946

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate costs of RM15,653,000 (2012: RM12,772,000) of which RM100,000 (2012: RM438,000) were acquired by means of hire purchase arrangements.

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Certain assets of the Group with net carrying amounts of RM35,271,000 (2012: RM48,151,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 25.

16. INVESTMENT PROPERTIES

	Group	
	2013 RM'000	2012 RM'000
Cost		
At 1 April / 31 March	**1,115**	1,115
Accumulated depreciation		
At 1 April	**220**	206
Depreciation charge for the year (Note 10)	**15**	14
At 31 March	**235**	220
Net carrying amount	**880**	895

(a) Fair value is arrived at by reference to market evidence of transaction prices for similar properties or based on offers received for a particular investment property and no valuation has been performed by registered independent valuers. The fair value of the investment properties determined by the directors as at reporting date is approximately RM1,445,000 (2012: RM1,420,000).

(b) Certain investment properties of the Group with net carrying amounts of RM756,000 (2012: RM768,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 25.

17. LAND USE RIGHTS

	Group	
	2013 RM'000	2012 RM'000
At 1 April	**834**	840
Additions	**1,802**	-
Amortised for the year (Note 10)	**(36)**	(20)
Exchange differences	**-**	14
At 31 March	**2,600**	834

This is in respect of short-term leasehold land which are subject to negative pledge in relation to banking facilities granted to the Group as described in Note 25.

18. INVESTMENT IN SUBSIDIARIES

	Company 2013 RM'000	Company 2012 RM'000
Unquoted shares, at cost	**75,024**	75,024
Less: Accumulated impairment losses	**(22,432)**	(15,973)
	52,592	59,051

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013	Proportion (%) of ownership interest 2012
Subsidiaries of the Company				
Perusahaan Chan Choo Sing Sdn. Bhd.	Malaysia	Manufacturing and sale of apparels	**100**	100
Beauty Electronic Embroidering Centre Sdn. Bhd.	Malaysia	Embroidering of logos and emblems	**100**	100
Jusca Garments Sdn. Bhd.	Malaysia	Temporarily ceased operations	**100**	100
Keza Sdn. Bhd.*	Malaysia	Fabric-knitting and manufacturing of elastic bands	**100**	100
Mega Labels & Stickers Sdn. Bhd.	Malaysia	Printing and sale of labels and stickers	**100**	100
Mega Labels & Stickers (Selangor) Sdn. Bhd.	Malaysia	Printing and sale of labels and stickers	**100**	100
Shern Yee Garments Sdn. Bhd.*	Malaysia	Temporarily ceased operations	**100**	100
Thirty Three Trading Sdn. Bhd.*	Malaysia	Temporarily ceased operations	**100**	100
PCCS Garments Limited	Cambodia	Temporarily ceased operations	**100**	100
JIT Textiles Limited	Cambodia	Manufacturing and sale of apparels	**100**	100
PCCS Garments (Suzhou) Ltd.*	The People's Republic of China	Manufacturing and sale of apparels	**100**	100

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013	2012
Subsidiaries of the Company (Cont'd)				
Blopak China Pte. Ltd.* #	The People's Republic of China	Temporarily ceased operations	**-**	100
PCCS (Hong Kong) Limited*	Hong Kong	Marketing of apparels	**100**	100
Beauty Apparels (Cambodia) Ltd.	Cambodia	Manufacturing of garments	**100**	100
Thirty Three (Hong Kong) Ltd.*	Hong Kong	Investment holding	**100**	100
Subsidiary of Beauty Electronic Embroidering Centre Sdn. Bhd.				
JIT Embroidery Limited	Cambodia	Embroidering of logos, emblems and printing of silk screen products	**100**	100
Subsidiary of Shern Yee Garments Sdn. Bhd.				
Global Apparels Limited	Cambodia	Manufacturing and sale of apparels	**70**	70
Subsidiary of Thirty Three Trading Sdn. Bhd.				
Beauty Silk Screen (M) Sdn. Bhd.*	Malaysia	Temporarily ceased operations	**100**	100
Subsidiary of Beauty Silk Screen (M) Sdn. Bhd.				
Beauty Silk Screen Limited	Cambodia	Printing of silk screen products	**100**	100
Subsidiary of PCCS Garments (Suzhou) Ltd.				
PCCS Garments Wuhan Ltd.*	The People's Republic of China	Dormant	**100**	100

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013	2012
Subsidiary of Thirty Three (Hong Kong) Ltd.				
Thirty Three (Shanghai) Ltd.*	The People's Republic of China	Trading of apparels and accessories	**100**	100
Subsidiary of Mega Labels & Stickers Sdn. Bhd.				
Mega Labels & Stickers (Cambodia) Co., Ltd.	Cambodia	Printing and sale of labels and stickers	**100**	-
Subsidiary of Keza Sdn. Bhd.				
Keza (Cambodia) Limited	Cambodia	Manufacturing of elastic bands and related products	**100**	-

* Audited by firms other than Ernst & Young

\# During the financial year, Blopak China Pte. Ltd. ("Blopak"), a wholly owned subsidiary of the Company commenced member's voluntary winding up proceedings. The voluntary winding up of the subsidiary does not have any material effect on the net assets and earnings pre share of the Group. Blopak has been officially wound up on 21 December 2012.

19. INVESTMENT SECURITIES

	Group 2013 RM'000	2012 RM'000
Non-current		
Fair value through profit or loss		
Equity instruments - Quoted in Malaysia		
Carrying amount	**70**	70
Market value of quoted investments	**70**	70

20. INVENTORIES

	Group 2013 RM'000	Group 2012 RM'000
Cost		
Raw materials	**20,969**	17,415
Work-in-progress	**9,332**	10,258
Finished goods	**20,306**	8,174
	50,607	35,847
Net realisable value		
Raw materials	**203**	495
Finished goods	**1,864**	915
	52,674	37,257

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade receivables				
Third parties	**51,905**	62,520	**-**	-
Less: Allowance for impairment	**(531)**	(15)	**-**	-
Trade receivables, net	**51,374**	62,505	**-**	-
Other receivables				
Due from subsidiaries	**-**	-	**28,686**	30,523
Refundable deposits	**1,076**	1,625	**2**	2
Sundry receivables	**9,389**	7,153	**52**	105
	10,465	8,778	**28,740**	30,630
Less: Allowance for impairment	**-**	-	**(1,268)**	-
	10,465	8,778	**27,472**	30,630
	61,839	71,283	**27,472**	30,630
Total trade and other receivables	**61,839**	71,283	**27,472**	30,630
Add: Cash and bank balances (Note 23)	**18,989**	24,835	**1,832**	1,544
Total loans and receivables	**80,828**	96,118	**29,304**	32,174

21. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

The Group's normal trade credit term ranges from 30 to 90 (2012: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables of the Group amounting to RM3,714,000 (2012: RM6,747,000) are pledged to bank as securities for borrowings as disclosed in Note 25.

Ageing analysis of trade receivables

The ageing anaylsis of the Group's trade receivables is as follows:

	Group	
	2013 RM'000	2012 RM'000
Neither past due nor impaired	**34,884**	48,052
1 to 30 days past due not impaired	**13,548**	8,097
31 to 60 days past due not impaired	**1,764**	4,819
61 to 90 days past due not impaired	**457**	824
91 to 120 days past due not impaired	**687**	180
More than 121 days past due not impaired	**34**	25
	16,490	13,945
Impaired	**531**	523
	51,905	62,520

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM16,490,000 (2012: RM13,945,000) that are past due at the reporting date but not impaired. The directors are of the opinion that the receivables are collectible in view of long term business relationships with the customers. These receivables are unsecured in nature.

21. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2013 RM'000	2012 RM'000
Trade receivable - nominal amounts	**531**	523
Less: Allowance for impairment	**(531)**	(15)
	-	508

Movement in allowance accounts:

	Group	
	2013 RM'000	2012 RM'000
At 1 April	**15**	24
Charge for the year (Note 10)	**530**	15
Reversal of impairment loss	**-**	(16)
Written off	**(15)**	(8)
Exchange difference	**1**	-
At 31 March	**531**	15

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Related party balances

Amounts due from subsidiaries are non-interest bearing, unsecured and repayable on demand.

22. OTHER CURRENT ASSETS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Prepaid operating expenses	**3,989**	4,688	**27**	32
Value added tax recoverable	**1,478**	1,564	**-**	-
	5,467	6,252	**27**	32

23. CASH AND BANK BALANCES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash on hand and at banks	**18,604**	24,830	**1,832**	1,544
Deposits with licensed banks	**385**	5	**-**	-
Cash and bank balances	**18,989**	24,835	**1,832**	1,544

Deposits with licensed banks of the Group amounting to RM348,000 (2012: RM Nil) are pledged to bank for credit facility granted to the Group as disclosed in Note 25.

The deposit with a licensed bank amounting to RM5,000 (2012: RM5,000) is held under the directors' name on behalf of the Company.

Bank balances of the Group amounting to RM9,000 (2012: RM13,000) are held under trust by managerial staff of the Group.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group	
	2013 RM'000	2012 RM'000
Cash and bank balances	**18,989**	24,835
Less: Bank overdrafts (Note 25)	**(733)**	(5,485)
Cash and cash equivalents	**18,256**	19,350

The weighted average effective interest rates and average maturities of deposits at the balance sheet date were 0.47% (2012: 3.15%) per annum and 168 days (2012: 365 days) respectively.

24. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	Group	
	2013 RM'000	2012 RM'000
Residential houses	**-**	260

25. LOANS AND BORROWINGS

		Group	
		2013	2012
	Maturity	RM'000	RM'000
Current			
Unsecured:			
Bank overdrafts (Note 23)	On demand	**733**	5,485
Revolving credit at 7.24% (2012: 7.72%) p.a.	2014	**23,848**	22,339
Bankers' acceptances at 3.77% (2012: 3.72%) p.a.	2014	**3,254**	7,228
Trade loan at 1.98% (2012: 3.29%) p.a.	2014	**9,045**	19,429
Trust receipts at 7.54% (2012: 6.81%) p.a.	2014	**7,407**	6,560
Export bill financing at 1.47% (2012: 3.03%) p.a.	2014	**15,215**	6,569
Bank loans:			
- RM loan at BLR + 1.0% p.a.	2014	**1,300**	1,200
- 6.25% p.a. fixed rate RM loan	2013	**-**	1,111
- 2.59% p.a. fixed rate RM loan	2014	**346**	360
- RM loan at COF + 2.0% p.a.	2014	**776**	776
- HKD loan at 3.85% p.a.	2014	**690**	-
		62,614	71,057
Secured:			
Obligations under finance lease (Note 32 (c))	2014	**1,980**	2,471
		1,980	2,471
		64,594	73,528
Non-current			
Unsecured:			
Bank loans:			
- RM loan at BLR + 1.0% p.a.	2015	**745**	2,119
- 2.59% p.a. fixed rate RM loan	2015-2017	**869**	1,228
- RM loan at COF + 2.0% p.a.	2015-2017	**1,578**	2,354
- HKD loan at 3.85% p.a.	2015-2017	**2,415**	-
		5,607	5,701
Secured:			
Obligations under finance lease (Note 32 (c))	2015-2016	**1,715**	3,597
		7,322	9,298
Total loans and borrowings		**71,916**	82,826

25. LOANS AND BORROWINGS (CONT'D)

The remaining maturities of the loans and borrowings at reporting date are as follows:

	Group	
	2013 RM'000	2012 RM'000
On demand or within one year	**64,594**	73,528
More than 1 year and less than 2 years	**4,034**	4,347
More than 2 years and less than 5 years	**3,288**	4,951
	71,916	82,826

Obligations under finance leases
Those obligations are secured by a charge over the leased assets (Note 15). These obligations bore interest at the reporting date of between 2.49% to 4.32% (2012: 2.49% to 4.32%) per annum.

Bank overdrafts
Bank overdrafts denominated in RM, bear interest range from BLR + 1.0% p.a. to BLR + 1.5% p.a. (2012: range from BLR + 1.0% p.a. to BLR + 1.5% p.a.).

Bank overdrafts denominated in USD, bear interest at COF + 1.5% p.a. (2012: COF + 1.5% p.a.).

Bank overdrafts denominated in RMB, bear interest at PBOC + 0.85% p.a. (2012: PBOC + 0.85% p.a.).

Bank overdrafts denominated in HKD, bear interest at BLR + 1.75% p.a. (2012: Nil).

The unsecured loans and borrowings of the Group are guaranteed by the Company and with negative pledges over certain assets of the Group as disclosed in Note 15, Note 16 and Note 17.

The secured loans and borrowings are secured by certain assets of the Group as disclosed in Note 15, Note 16, Note 17, Note 21 and Note 23.

* BLR : Base lending rate
* PBOC : People's Bank of China rate
* COF : Cost of funds

26. TRADE AND OTHER PAYABLES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Current				
Trade payables				
Third parties	**28,123**	14,430	**-**	-
	28,123	14,430	**-**	-
Other payables				
Due to subsidiaries	**-**	-	**7,784**	8,954
Other payables and accruals	**15,980**	13,404	**610**	544
	15,980	13,404	**8,394**	9,498
Total trade and other payables	**44,103**	27,834	**8,394**	9,498
Add: Loans and borrowings (Note 25)	**71,916**	82,826	**-**	-
Total financial liabilities carried at amortised cost	**116,019**	110,660	**8,394**	9,498

(a) Trade payables

Trade payables are non-interest bearing and the normal trade terms granted to the Group ranges from 30 to 90 (2012: 30 to 90) days.

(b) Other payables

Other payables are non-interest bearing and the normal trade terms granted to the Group ranges from 30 to 90 (2012: 30 to 90) days.

(c) Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and are repayable on demand.

27. DEFERRED TAX LIABILITIES

	Group 2013 RM'000	Group 2012 RM'000
At 1 April	**565**	1,145
Recognised in profit or loss (Note 13)	**46**	(580)
At 31 March	**611**	565

27. DEFERRED TAX LIABILITIES (CONT'D)

Presented after appropriate offsetting as follows:

	Group 2013 RM'000	Group 2012 RM'000
Deferred tax assets	**(2,476)**	(2,706)
Deferred tax liabilities	**3,087**	3,271
	611	565

The components and movements of deferred tax liabilities/(assets) during the financial year are as follows:

	Unutilised reinvestment allowances, tax losses and unabsorbed capital allowances RM'000	Others RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 April 2011	(2,057)	(44)	3,246	1,145
Recognised in profit or loss	(587)	(18)	25	(580)
At 31 March 2012	(2,644)	(62)	3,271	565
Recognised in profit or loss	244	(14)	(184)	46
At 31 March 2013	**(2,400)**	**(76)**	**3,087**	**611**

Deferred tax assets have not been recognised in respect of the following items:

	Group 2013 RM'000	Group 2012 RM'000
Unutilised tax losses	**58,588**	56,952
Unutilised reinvestment allowances	**867**	966
Unabsorbed capital allowances	**438**	460

28. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2013 '000	2012 '000	2013 RM'000	2012 RM'000
Authorised	**100,000**	100,000	**100,000**	100,000
Issued and fully paid	**60,012**	60,012	**60,012**	60,012

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

29. OTHER RESERVES

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Legal reserve fund

This represents a general reserve provided for in respect of subsidiaries incorporated in the Cambodia.

Under the Company Statute of subsidiaries in Cambodia, 5% of the net profit after taxation in each financial year must be credited to this reserve, until it reaches 10% of the paid up capital of the subsidiaries.

30. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 March 2013 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 March 2013, the Company has sufficient tax credit in the 108 balance to pay franked dividends amounting to RM5,848,000 (2012: RM5,848,000) out of its retained earnings. If the balance of the retained earnings were to be distributed as dividend, the Company may distribute such dividends under the single tier system.

31. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

(i) Subsidiaries:

- Perusahaan Chan Choo Sing Sdn. Bhd. ("PCCSSB")
- Beauty Electronic Embroidering Centre Sdn. Bhd. ("BEEC")
- Jusca Garments Sdn. Bhd. ("JGSB")
- Keza Sdn. Bhd. ("Keza")
- Mega Labels & Stickers Sdn. Bhd. ("Mega")
- Mega Labels & Stickers (Selangor) Sdn. Bhd. ("Mega Selangor")
- Beauty Apparels (Cambodia) Ltd ("BAL")
- Global Apparels Limited ("GAL")
- Beauty Silk Screen Limited. ("BSSL")
- JIT Embroidery Limited ("JEL")
- JIT Textiles Limited ("JTL")

(ii) Companies in which certain directors have interests:

- HPI Resources Berhad and its subsidiaries ("HPIRB")

	Group	
	2013	**2012**
	RM'000	**RM'000**
Purchase of packing materials from HPIRB	**-**	1,192
Sales of labels and stickers to HPIRB	**-**	141
Carriage and transport charges from HPIRB	**-**	28

	Company	
	2013	**2012**
	RM'000	**RM'000**
Transactions with subsidiaries:		
Management fees received from:		
- PCCSSB	**228**	235
- BEEC	**14**	21
- Keza	**58**	60
- Mega	**185**	135
- Mega Selangor	**115**	60
- GAL	**338**	613
- BSSL	**19**	28
- JEL	**45**	70
- JTL	**968**	758
- BAL	**30**	-

31. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Sale and purchase of goods and services (Cont'd)

	Company	
	2013 RM'000	2012 RM'000
Transactions with subsidiaries: (Cont'd)		
Gross dividend received from:		
- JGSB	**1,560**	1,560
- Mega	**1,056**	825

(b) Compensation of key management personnel

The remuneration of key management personnel comprising solely executive directors as disclosed in Note 12.

32. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2013 RM'000	2012 RM'000
In respect of capital expenditure:		
- Approved and contracted for	**-**	6,471

(b) Operating lease commitments - as lessee

The Group has entered into a non-cancellable operating lease agreement for the use of land and buildings. The lease is for a period of 5 to 70 years with a renewal option included in the contract. There are no restrictions placed upon the Group by entering into these leases.

32. COMMITMENTS (CONT'D)

(b) Operating lease commitments - as lessee (Cont'd)

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group	
	2013	2012
	RM'000	RM'000
Future minimum rentals payables:		
Not later than 1 year	**2,951**	2,485
Later than 1 year and not later than 2 years	**2,152**	1,058
Later than 2 years and not later than 5 years	**4,925**	1,182
Later than 5 years	**18,779**	18,686
	28,807	23,411

(c) Finance lease commitments

	Group	
	2013	2012
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	**2,178**	2,821
Later than 1 year and not later than 2 years	**1,081**	2,141
Later than 2 years and not later than 5 years	**743**	1,768
	4,002	6,730
Less : Amounts representing finance charges	**(307)**	(662)
Present value of minimum lease payments	**3,695**	6,068
Present value of payments:		
Not later than 1 year	**1,980**	2,471
Later than 1 year and not later than 2 years	**980**	1,918
Later than 2 years and not later than 5 years	**735**	1,679
	3,695	6,068
Analysed as:		
Due within 12 months (Note 25)	**1,980**	2,471
Due after 12 months (Note 25)	**1,715**	3,597
	3,695	6,068

33. SIGNIFICANT EVENTS

(i) On 26 April 2012, Mega Labels & Stickers Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary company in Cambodia under the name of Mega Labels & Stickers (Cambodia) Co. Ltd., with a registered capital of USD1,000,000 or approximately RM3,070,000.

(ii) On 4 September 2012, Keza Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary company in Cambodia under the name of Keza (Cambodia) Limited, with a registered capital of USD500,000 or approximately RM1,560,000.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	21
Trade and other payables (current)	26
Loans and borrowings (current)	25

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1, that are observable for asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

As at 31 March 2013, the Group held the following financial instruments carried at fair value on the statements of financial position:

Group	Level 1 RM'000
As at 31 March 2013	
Assets measured at fair value	
Quoted investments at fair value through profit or loss	70
As at 31 March 2012	
Assets measured at fair value	
Quoted investments at fair value through profit or loss	70

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The following sections provide details regarding the Group and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

a) Credit risk (Cont'd)

Exposure to credit risk

At the reporting date, the Group and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position, with positive fair values.

- A nominal amount of RM72,681,000 (2012: RM83,305,000) relating to a corporate guarantee provided by the Company to financial institutions for credit facilities granted to subsidiaries.

Credit risk concentration profile

At the reporting date, the Group has significant concentration of credit risk that may arise from exposure two (2012: one) trade debtors who accounted for 41% (2012: 34%) of total trade receivables. The directors believe that this will not create significant problems for the Group in view of the length of relationship and the Group works closely with its customers to provide customer satisfaction through timely delivery and the provision of high quality products and services at competitive cost.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group 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's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raise committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

b) 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 reporting date based on contractual undiscounted repayment obligations.

	2013 RM'000		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities:			
Trade and other payables	**44,103**	**-**	**44,103**
Loans and borrowings	**67,116**	**8,101**	**75,217**
Total undiscounted financial liabilities	**111,219**	**8,101**	**119,320**
Company			
Financial liabilities:			
Trade and other payables, excluding financial guarantees*	**8,394**	**-**	**8,394**
Total undiscounted financial liabilities	**8,394**	**-**	**8,394**

	2012 RM'000		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities:			
Trade and other payables	27,834	-	27,834
Loans and borrowings	73,739	9,082	82,821
Total undiscounted financial liabilities	101,573	9,082	110,655
Company			
Financial liabilities:			
Trade and other payables, excluding financial guarantees*	9,498	-	9,498
Total undiscounted financial liabilities	9,498	-	9,498

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as the defaults have not occurred. Accordingly, financial guarantees under the scope of MFRS 139 are not included in the above maturity profile analysis.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

c) 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 their loans and borrowings. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews 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.

Sensitivity analysis for interest rate risk

Based on the utilisation of floating rate loans and borrowings throughout the reporting period, if interest rates had been 10 basis point lower/higher, will all other variables held constant, the Group's profit before tax would have been RM75,000 (2012: RM80,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

d) 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 changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily respective through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily Ringgit Malaysia, Hong Kong Dollars ("HKD"), Chinese Renminbi ("RMB") and United States Dollars ("USD"). Such transactions are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Net financial assets/(liabilities) held in non-functional currencies		
	Ringgit Malaysia RM'000	United States Dollars RM'000	Total RM'000
Functional currency of Group companies			
At 31 March 2013			
Ringgit Malaysia	-	3,879	3,879
Chinese Renminbi	-	2,174	2,174
United States Dollars	(907)	-	(907)
Hong Kong Dollars	-	237	237
	(907)	6,290	5,383

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

d) Foreign currency risk (Cont'd)

	Net financial assets/(liabilities) held in non-functional currencies		
	Ringgit Malaysia RM'000	United States Dollars RM'000	Total RM'000
Functional currency of Group companies (Cont'd)			
At 31 March 2012			
Ringgit Malaysia	-	9,790	9,790
Chinese Renminbi	-	2,425	2,425
United States Dollars	(204)	-	(204)
Hong Kong Dollars	-	11,471	11,471
	(204)	23,686	23,482

Sensitivity analysis for foreign currency risk

The following table illustrates the hypothetical sensitivity of the Group's profit before tax to a reasonably possible change in the USD, HKD and RMB exchange rate at the reporting date against the functional currency of the Group entities, with all other variables held constant.

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
	Profit before tax		Profit before tax	
USD/RM				
- strengthened 5% (2012: 5%)	**193**	198	**(7)**	49
- weakened 5% (2012: 5%)	**(193)**	(198)	**7**	(49)
RMB/RM				
- strengthened 5% (2012: 5%)	**-**	-	**518**	-
- weakened 5% (2012: 5%)	**-**	-	**(518)**	-
USD/RMB				
- strengthened 5% (2012: 5%)	**109**	248	**-**	-
- weakened 5% (2012: 5%)	**(109)**	(248)	**-**	-
USD/HKD				
- strengthened 5% (2012: 5%)	**12**	1,471	**-**	-
- weakened 5% (2012: 5%)	**(12)**	(1,471)	**-**	-

36. CAPITAL MANAGEMENT

The main objective of the Group's capital management is to ensure that it maintains a healthy capital ratio to support its operations and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2013 and 31 March 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances.

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	25	**71,916**	82,826	**-**	-
Trade and other payables	26	**44,103**	27,834	**8,394**	9,498
Less: - Cash and bank balances	23	**(18,989)**	(24,835)	**(1,832)**	(1,544)
Net debt		**97,030**	85,825	**6,562**	7,954
Total capital		**113,831**	120,612	**75,877**	83,466
Capital and net debt		**210,861**	206,437	**82,439**	91,420
Gearing ratio		**46%**	42%	**8%**	9%

37. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Apparel - manufacturing and marketing of apparels.
(ii) Labelling - printing of labels and stickers.
(iii) Packaging - manufacturing, value adding and sale of plastic packaging materials.
(iv) Others - investment holding and provision for management services, embroidering of logos and emblems, printing and marketing of silk screen printing products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal ordinary course of business and have been established on negotiated and mutually agreed basis.

37. SEGMENTAL INFORMATION (CONT'D)

	Apparel RM'000	Labelling RM'000	Packaging RM'000	Others RM'000	Adjustments and elimination RM'000	Notes	Per consolidated financial statements RM'000
31 March 2013							
Revenue:							
External sales	258,444	28,593	-	17,223	-		304,260
Inter-segment sales	228,562	4,455	-	14,557	(247,574)	A	-
Total revenue	487,006	33,048	-	31,780	(247,574)		304,260
Results:							
Interest income	595	-	-	1	(566)		30
Depreciation and amortisation:							
- Property, plant and equipment	10,011	2,851	-	1,048	(106)		13,804
- Investment properties	10	15	-	3	(13)		15
- Land use rights	20	16	-	-	-		36
Segment (loss)/profit	(386)	1,539	(12)	(7,314)	5,834	B	(339)
Assets:							
Additions to non-current assets	7,866	8,113	-	1,215	261	C	17,455
Segment assets	217,031	57,426	-	141,456	(185,452)	D	230,461
Segment liabilities	176,722	26,430	-	33,260	(119,782)	E	116,630

37. SEGMENTAL INFORMATION (CONT'D)

	Apparel RM'000	Labelling RM'000	Packaging RM'000	Others RM'000	Adjustments and elimination RM'000	Notes	Per consolidated financial statements RM'000
31 March 2012							
Revenue:							
External sales	320,917	25,624	-	13,427	-		359,968
Inter-segment sales	211,337	4,933	-	15,067	(231,337)	A	-
Total revenue	532,254	30,557	-	28,494	(231,337)		359,968
Results:							
Interest income	12	-	8	-	-		20
Depreciation and amortisation:							
- Property, plant and equipment	10,249	2,607	-	1,104	(125)		13,835
- Investment properties	11	-	-	3	-		14
- Land use rights	20	-	-	-	-		20
Segment profit/(loss)	6,457	1,799	(99)	(415)	(953)	B	6,789
Assets:							
Additions to non-current assets	7,126	6,511	-	270	(1,135)	C	12,772
Segment assets	227,042	48,160	252	149,104	(192,721)	D	231,837
Segment liabilities							
Segment liabilities	181,225	19,539	-	33,913	(123,452)	E	111,225

37. SEGMENTAL INFORMATION (CONT'D)

A Inter-segment revenues are eliminated on consolidation.

B The following items are added to/(deducted from) segment profit to arrive at "(loss)/profit before tax" presented in the consolidated statement of comprehensive income.

	2013 RM'000	2012 RM'000
Dividend income from inter-segment	**(2,616)**	(2,385)
Goodwill written off	**19**	-
Impairment loss on investment in subsidiaries	**6,459**	3,929
Impairment loss on trade and other receivables	**1,268**	-
Surplus on capital distribution by a subsidiary	**(238)**	(3,211)
Profit from inter-segment sales	**942**	714
	5,834	(953)

C Inter-segment addition to non-current assets are deducted from addition to non-current assets.

Additions to non-current assets consist of:

	2013 RM'000	2012 RM'000
Property, plant and equipment	**15,653**	12,772
Land use rights	**1,802**	-
	17,455	12,772

D Inter-segment assets are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position.

E Inter-segment liabilities are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

37. SEGMENTAL INFORMATION (CONT'D)

Geographical information

Revenue and non-current assets information based on the geographical location of customers assets respectively are as follows:

	Revenue		Non-current assets	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Malaysia	**117,482**	125,429	**38,997**	41,438
Cambodia	**26,754**	8,975	**27,233**	26,346
The People's Republic of China	**59,869**	85,886	**22,672**	20,336
Hong Kong	**100,155**	139,678	**138**	355
	304,260	359,968	**89,040**	88,475

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2013	2012
	RM'000	RM'000
Property, plant and equipment	**85,490**	86,657
Investment properties	**880**	895
Land use rights	**2,600**	834
Investment securities	**70**	70
Goodwill	**-**	19
	89,040	88,475

Information about a major customer

Revenue from one major customer amount to RM100,919,000 (2012: RM152,233,000), arising from sales by the apparel segment.

38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2013 were authorised for issue in accordance with a resolution of the directors on 15 July 2013.

39. SUPPLEMENTARY INFORMATION - BREAKDOWN OF REALISED AND UNREALISED RETAINED EARNINGS

The breakdown of the retained earnings of the Group and of the Company as at 31 March 2013 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with 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.

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the PCCS Group Berhad and its subsidiaries:				
- Realised	**55,165**	65,760	**15,862**	23,395
- Unrealised	**(611)**	(183)	**(1)**	55
	54,554	65,577	**15,861**	23,450
Less: Consolidated adjustment	**(2,564)**	(6,539)	**-**	-
Total Group's retained earnings as per consolidated accounts	**51,990**	59,038	**15,861**	23,450

GROUP
PROPERTIES
As at 31 March 2013

No.	Location	Description and Existing Use	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM	Date of Acquisition/ Revaluation*
	Perusahaan Chan Choo Sing Sdn Bhd						
1	No. 18, Jalan Keris Naga, Taman Pasifik Selatan, 83000 Batu Pahat, Johor, Malaysia.	4 Storey Building Complex	Freehold	6,056 (13,946)	20	756,131	04/04/1994*
2	Plo 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor, Malaysia.	3 Blocks Office and Factory Buildings	Leasehold expiring 10/09/2051	114,127 (82,720)	17	4,595,558	21/04/1995
3	Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	Office and Factory Building	Freehold	185,130# (88,000)	15	8,462,164	12/12/1997
4	Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	2 Blocks of Hostel Building	Freehold	74,104 (148,844)	10	3,883,866	31/03/2004
	# Inculding 74,104 sq ft for Hostel - Item 4						
	Keza Sdn Bhd						
5	No. 11A, Jalan 3, Taman Perindustrian Sinaran, 86000 Kluang, Johor, Malaysia.	Factory Building	Freehold	2,002 (2,000)	14	124,133	04/09/2007
	Mega Labels & Stickers (Selangor) Sdn Bhd						
6	No. 4, Jalan Palam 34/18A, Seksyen 34, 40470 Shah Alam, Selangor Darul Ehsan.	2 Storey Office cum 1 Storey Factory	Freehold	22,593 (14,936)	2	4,359,446	28/12/2010

GROUP PROPERTIES

As at 31 March 2013

No.	Location	Description and Existing Use	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM	Date of Acquisition/ Revaluation*
	PCCS Garments (Suzhou) Ltd						
7	North Side of Road 318, Jin Xing Village, Zhen Ze Town Development Zone, 215231 Zhen Ze, Wu Jiang City, Jiang Su Province, China.	Office and Factory Building	Leasehold expiring 3/11/2052	162,497 (117,044)	11	5,894,504	28/08/2008
		1 Block of Dormitory	Leasehold expiring 27/7/2058	23,509 (28,710)	5	1,541,820	21/08/2008
	PCCS Garments Wuhan Ltd						
8	Room 3, 28th Floor, 1st Block, Time Square, Yan Jiang Road No. 159, Jiang An Area, Wuhan City, Hubei Province, China.	1 unit Office Lot	Leasehold expiring 1/3/2053	1,939 (1,939)	9	2,035,873	09/09/2010
	Mega Labels & Stickers (Cambodia) Co. Ltd.						
9	P2-067, Phnom Penh Special Economic Zone, Sangkat Kantouk, Sangkat Phleung Chhe Rotes, and Sangkat Beung Thom, Khan Por Senchey, Phnom Penh, Cambodia.	2 Blocks of 2 Storey Office and Factory Building	Leasehold expiring 22/7/2062	61,785 (42,614)	1	4,410,895	23/7/2012
10	P2-068, Phnom Penh Special Economic Zone, Sangkat Kantouk, Sangkat Phleung Chhe Rotes, and Sangkat Beung Thom, Khan Por Senchey, Phnom Penh, Cambodia.	Vacant	Leasehold expiring 12/9/2062	56,145	1	856,604	12/9/2012

ANALYSIS OF **SHAREHOLDINGS**

As at 28 June 2013

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-Up Share Capital	:	RM60,012,002.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting rights	:	One (1) vote per shareholder on a show of hands One (1) vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	251	9.85	12,487	0.02
100 – 1,000	204	8.01	170,704	0.28
1,001 – 10,000	1,769	69.43	6,261,278	10.43
10,001 – 100,000	284	11.15	7,620,020	12.70
100,001 – 3,000,599 (*)	38	1.49	18,223,896	30.37
3,000,600 and above (**)	2	0.08	27,723,617	46.20
TOTAL	**2,548**	**100.00**	**60,012,002**	**100.00**

REMARK:- * Less than 5% of issued shares
** 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of PCCS (holding 5% or more of the capital) based on the Register of Substantial Shareholders of the Company and their respective shareholdings are as follows:-

	Direct Interest		Indirect Interest	
Substantial Shareholders	No. of Shares	%	No. of Shares	%
Chan Choo Sing	2,643,220	4.40	28,407,382 (1)	47.34
Chan Chow Tek	3,005,450	5.01	24,000,078 (2)	39.99
Dato' Chan Chor Ngiak	339,817	0.57	24,001,411 (3)	39.99
Chan Chor Ang	809,550	1.35	24,040,078 (4)	40.06
Setia Sempurna Sdn Bhd	24,000,078	39.99	-	-

Notes:-

(1) Deemed interested by virtue of his direct interest of 34.4% in the equity of Setia Sempurna Sdn Bhd, by virtue of his spouse, Madam Tan Kwee Kee and his sons, Mr. Chan Wee Kiang and Mr. Chan Wee Boon's shareholdings in PCCS.

(2) Deemed interested by virtue of his direct interest of 24.4% in the equity of Setia Sempurna Sdn Bhd.

(3) Deemed interested by virtue of his direct interest of 18.4% in the equity of Setia Sempurna Sdn Bhd and by virtue of his spouse, Madam Mok Gwa Nang's shareholding in PCCS.

(4) Deemed interested by virtue of his direct interest of 14.0% in the equity of Setia Sempurna Sdn Bhd and by virtue of his spouse, Madam Chia Lee Kean's shareholding in PCCS.

ANALYSIS OF **SHAREHOLDINGS**

As at 28 June 2013

LIST OF DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of PCCS based on the Register of Directors' Shareholdings of the Company are as follows:-

	Direct Interest		Indirect Interest	
Directors	No. of Shares	%	No. of Shares	%
Chan Choo Sing	2,643,220	4.40	28,407,382 (1)	47.34
Chan Chow Tek	3,005,450	5.01	24,000,078 (2)	39.99
Dato' Chan Chor Ngiak	339,817	0.57	24,001,411 (3)	39.99
Chan Chor Ang	809,550	1.35	24,040,078 (4)	40.06
Cha Peng Koi @ Chia Peng Koi	-	-	-	-
Tan Chuan Hock	-	-	-	-
Julian Lim Wee Liang	-	-	-	-

Notes:-

(1) Deemed interested by virtue of his direct interest of 34.4% in the equity of Setia Sempurna Sdn Bhd, by virtue of his spouse, Madam Tan Kwee Kee and his sons, Mr. Chan Wee Kiang and Mr. Chan Wee Boon's shareholdings in PCCS.

(2) Deemed interested by virtue of his direct interest of 24.4% in the equity of Setia Sempurna Sdn Bhd.

(3) Deemed interested by virtue of his direct interest of 18.4% in the equity of Setia Sempurna Sdn Bhd and by virtue of his spouse, Madam Mok Gwa Nang's shareholding in PCCS.

(4) Deemed interested by virtue of his direct interest of 14.0% in the equity of Setia Sempurna Sdn Bhd and by virtue of his spouse, Madam Chia Lee Kean's shareholding in PCCS.

ANALYSIS OF **SHAREHOLDINGS**

As at 28 June 2013

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	Number of Shares	Percentage of Issued Capital
1.	Setia Sempurna Sdn Bhd	24,000,078	39.99
2.	Tan Kwee Kee	3,723,539	6.20
3.	Chan Choo Sing	2,643,220	4.40
4.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Chow Tek*	1,823,883	3.04
5.	Pam Yoon Eng	1,416,833	2.36
6.	Yap Shing @ Yap Sue Kim	1,342,566	2.24
7.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Chow Tek*	1,136,300	1.89
8.	Siow Kok Chian	1,005,000	1.67
9.	Ng Choon Fatt	851,733	1.42
10.	Chan Chor Ang	809,550	1.35
11.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohd Radzuan Bin Ab Halim*	646,866	1.08
12.	Lim Poh Teot	642,466	1.07
13.	Chan Wee Kiang	480,765	0.80
14.	Yap Nyet Yune	468,333	0.78
15.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Chee Ming*	448,700	0.75
16.	Wetex Industries Sdn Bhd	441,000	0.73
17.	Chan Chor Ngiak	319,550	0.53
18.	Ho Sau Mun	291,566	0.49
19.	Yung Lay Kiang	256,666	0.43
20.	Tang Boon Heng	225,600	0.38
21.	Go Hout Hing	216,066	0.36
22.	Chong Keng Yip	200,000	0.33
23.	Tan Hock Seng	200,000	0.33
24.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yong Chew Keat*	191,400	0.32
25.	Cheong Min Choong	188,000	0.31
26.	Chia Siew Lee	182,400	0.30
27.	Ho, Wei-Hua	181,700	0.30
28.	Yeo Eck Liong	166,100	0.28
29.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tong Lain Chai*	135,400	0.23
30.	Chan Wee Boon	131,000	0.22
		44,766,280	**74.58**

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FORM OF **PROXY**

PCCS Group Berhad
(Co. No. 280929-K)
(Incorporated in Malaysia)

(Before completing this form, please see the notes below)

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

*I/We, ____
(Full Name In Capital Letters)

of ____
(Full Address)

being a *Member/Members of PCCS GROUP BERHAD, do hereby appoint ____

____
(Full Name In Capital Letters)

of ____
(Full Address)

or failing *him/her, ____
(Full Name In Capital Letters)

of ____
(Full Address)

or failing *him/her, the CHAIRMAN OF THE MEETING, as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at PCCS Group Berhad's Corporate Office, Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim on Friday, 23 August 2013 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2013 together with the Reports of the Directors and the Auditors thereon.			
	Resolutions		**For**	**Against**
2.	To approve the Directors' fees for the financial year ended 31 March 2013.	**Resolution 1**		
3(a).	To re-elect Mr. Chan Choo Sing in accordance with Article 94 of the Company's Articles of Association.	**Resolution 2**		
3(b).	To re-elect Mr. Tan Chuan Hock in accordance with Article 94 of the Company's Articles of Association.	**Resolution 3**		
4.	To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	**Resolution 4**		
5.	**As Special Business** Ordinary Resolution Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965.	**Resolution 5**		
6.	**As Special Business** Ordinary Resolution Retention of Mr. Tan Chuan Hock as Independent Director.	**Resolution 6**		
7.	**As Special Business** Special Resolution Proposed Amendments to the Articles of Association of the Company.	**Resolution 7**		

* Strike out whichever not applicable

Signed this ______________ day of ______________ 2013

____
Signature of Member/Common Seal

Notes:

1. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 66(b) 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 16 August 2013. Only a depositor whose name appears on the Record of Depositors as at 16 August 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
2. A member of the Company entitled to attend and vote at a meeting of a company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting without limitation and the provisions of Sections 149 (1)(a), (b), (c) and (d) of the Act shall not apply. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. Where a holder appoints two (2) or more proxies, he shall specify the proportions of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds 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.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company at PLO 10, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor Darul Takzim not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

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AFFIX
STAMP

PCCS GROUP BERHAD **Co. No. 280929-K**

PLO 10, Kawasan Perindustrian Parit Raja,
86400 Batu Pahat, Johor Darul Takzim

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www.pccsgroup.net

PCCS GROUP BERHAD 280929-K

PLO 10, Kawasan Perindustrian Parit Raja
86400 Batu Pahat, Johor Darul Takzim

Tel No. : 07-454 8888
Fax No.: 07-454 1320