PCCS Group Berhad (Co. No. 280929-K)

PLO 10, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor Darul Takzim.
Tel : 07 - 454 8888 Fax : 07 - 454 1320

www.pccsgroup.net

PCCS Group Berhad (Co. No. 280929-K)

Annual Report 2012

PCCS

PCCS GROUP BERHAD
Co. No. 280929-K
(Incorporated In Malaysia)

ANNUAL REPORT

2012

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Annual Report 2012

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE EIGHTEENTH 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, 24 AUGUST 2012 AT 10:00 A.M. FOR THE FOLLOWING PURPOSES: -

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2012 together with the Reports of the Directors and the Auditors thereon.

2. To approve the Directors' fees for the financial year ended 31 March 2012. **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 Chor Ang **Resolution 2**
   (b) Mr. Cha Peng Koi @ Chia Peng Koi **Resolution 3**

4. To re-elect Mr. Julian Lim Wee Liang, the Director who retire pursuant to Article 100 of the Company's Articles of Association, and being eligible, have offered themselves for re-election. **Resolution 4**

5. 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 5**

6. As Special Business

   To consider and, if thought fit, with or without any modification to pass the following resolution as Ordinary Resolution: -

   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 6**

7. 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
31 July 2012

Notice of Annual General Meeting

Explanatory Notes To Special Business:

1. 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 Seventeenth Annual General Meeting of the Company held on 22 August 2011 which will lapse at the conclusion of the Eighteenth Annual General Meeting.

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 15 August 2012. Only a depositor whose name appears on the Record of Depositors as at 15 August 2012 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 the Meeting is entitled to appoint one (1) or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Sections 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

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 ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

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 adjourned Meeting.

Corporate Structure

PCCS GROUP BERHAD
Co. No. 280929-K
(Incorporated In Malaysia)

- Apparel Division
- Embroidery, Fabric Knitting & Printing Division
- Labelling & Plastic Packaging 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% Blopak China Private Ltd
- 100% Beauty Electronic Embroidering Centre Sdn Bhd
  - 100% JIT Embroidery Limited
- 100% Keza Sdn Bhd
- 100% Mega Labels & Stickers Sdn Bhd
  - 100% Mega Labels & Stickers (Cambodia) Co., Ltd
- 100% Mega Labels & Stickers (Selangor) Sdn Bhd

Directors' Profile

CHAN CHOO SING

CHAN CHOO SING (Executive Chairman and Group Managing Director), a Malaysian, aged 58, 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.

In 1990, Mr. Chan ventured into the packaging business by founding Harta Packaging Industries Sdn. Bhd. ("Harta"). His sharp business acumen led to successful business ventures through the acquisition of shares in Harta Packaging Industries (Perak) Sdn. Bhd. in 1992, Fibre Pak (Malaysia) Sdn. Bhd. in 1994 and Harta Packaging Industries (Malacca) Sdn. Bhd. in 1998. Harta was successfully listed on the Second Board of Bursa Securities on 30 May 1997 as HPI Resources Berhad ("HRB"). He was also the Executive Chairman of HRB from 8 April 1997 to 10 September 2011. HRB was sold to Oji Paper Asia Sdn Bhd in 2011 and Mr. Chan had resigned from HRB on 10 September 2011.

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 also 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 55, was appointed to the Board of PCCS on 21 June 1995. He leads all the marketing activities in the Group and has more than 35 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.

Directors' Profile

DATO' CHAN CHOR NGIAK

DATO' CHAN CHOR NGIAK (Non-Independent Non-Executive Director), a Malaysian, aged 50, 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'.

Dato' Chan Chor Ngiak is currently the Managing Director of HRB. He was appointed to the Board of HRB on 8 April 1997. He became directly involved with Harta when he took up the position as Marketing Manager. His passion in the packaging business drove Harta to new heights to become a leader of packaging business in Peninsular Malaysia within a short period of time. He was subsequently promoted to the position of Managing Director of HRB in May 1999, overseeing the Group's packaging business. His good inter-personal and negotiating skills has enabled him to aggressively penetrate and secure new customers from different types of industries.

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.

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 49, 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. He is currently the Executive Director of HRB and was appointed to the Board of HRB on 8 April 1997.

He was assigned to Harta as the Factory Manager in 1990. He later took charge of the training on production management, machine maintenance and productivity enhancement under various expatriate Technical Advisors from Hong Kong, Taiwan and China and became instrumental in the establishment of total training program on production management, machine maintenance and productivity enhancement in Harta. He sits on the board of several private limited companies.

CHA PENG KOI @ CHIA PENG KOI

CHA PENG KOI @ CHIA PENG KOI (Executive Director), a Malaysian, aged 61, was appointed to the Board of PCCS as Non-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.

Directors' Profile

TAN CHUAN HOCK

TAN CHUAN HOCK (Independent Non-Executive Director), a Malaysian aged 51, was appointed to the Board of PCCS on 4 November 1998. He is the Chairman of the Remuneration Committee, Audit Committee and Nomination Committee of the Company. He is the executive proprietor and founder of William C.H. Tan & Associates, a Chartered Accountants firm.

Mr. Tan 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.

He holds directorships in several limited companies. Presently, his directorship in other public companies include Grand-Flo Solution 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, Remuneration Committee and Nomination Committee of PCCS.

JULIAN LIM WEE LIANG

JULIAN LIM WEE LIANG (Independent Non-Executive Director), a Malaysian aged 38, was appointed to the Board of PCCS on 14 November 2011. 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 a member of the Audit Committee and Nomination 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.

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 2012.

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
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.

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;

B. SUMMARY OF TERMS OF REFERENCE (Cont'd)

2. Duties and Responsibilities (cont'd)

(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;

(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.

Audit Committee Report

C. ATTENDANCE

Details of attendance at Audit Committee meetings held during the financial year ended 31 March 2012. (Total of four (4) meetings held)

Name of Audit Committee Member	No. of Meetings attended
Tan Chuan Hock (Chairman)	4/4
Tey Ah Tee @ Teo Ah Tee (Ceased as member on 14th November 2011)	3/3
Julian Lim Wee Liang (Appointed on 14th November 2011)	1/1
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 submission to the Board of Directors;

(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;

(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 a 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 a few 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. This does not include associated company where the Group has no control over the management of the Company.
- 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 2012 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 RM71,000.00.

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
Independent Non-Executive Director

AUDIT COMMITTEE

Tan Chuan Hock (Chairman)
Independent Non-Executive Director

Julian Lim Wee Liang
Independent Non-Executive Director

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

NOMINATION COMMITTEE

Tan Chuan Hock (Chairman)
Independent Non-Executive Director

Julian Lim Wee Liang
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)

REGISTERED OFFICE

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

Corporate Information

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
Lot 1, 6th Floor, Menara Pertam,
Jalan BBP 2, Taman Batu Berendam Putra,
Batu Berendam, 75350 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
Blopak China Private 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)
Mega Labels & Stickers Sdn Bhd (190144-X)
Mega Labels & Stickers (Selangor) Sdn Bhd (533197-U)
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

Statement on Corporate Governance

The Board of Directors of PCCS is pleased to report on the manner in which the Principles and Best Practices of Corporate Governance are applied and the extent of compliance thereof as set out in Part I and Part 2 of the Malaysian Code on Corporate Governance (the Code) pursuant to paragraph 15.26 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities).

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 the 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 Code and the extent of its compliance with the Best Practices of the Code.

THE BOARD OF DIRECTORS

Board Composition

The Board currently has seven (7) members comprising four (4) Non-Executive Directors [two (2) of whom are independent] 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.

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.

Directors' Training

All the Directors have attended the Mandatory Accreditation Training Programme (MAP) prescribed by Bursatra Sdn Bhd, the training arm of Bursa Securities. 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 2012, the seminars attended were Workshop on New Public Rulings In 2010 & 2011, Workshop on Interest Expense and Interest Restriction Withholding Tax, Workshop on New Public Rulings In 2011, Workshop on Recent Tax Cases: Successes and Surprises in Court and Workshop on Tax Deductible Expenses – Latest Developments & Practical Issues conducted by Chartered Tax Institute of Malaysia, New Public Rulings in 2011 conducted by ACCA, 2012 Budget Seminar conducted by Ernst & Young, National Tax Seminar 2011 conducted by Inland Revenue Board of Malaysia and Clarified Standards Training conducted by AA Associates Chartered Accountants and others.

Statement on Corporate Governance

THE BOARD OF DIRECTORS (Cont'd)

Board Meetings

During the financial year ended 31 March 2012, 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, 2012 is as follows:-

Name of Director	Date of appointment	No. of Meetings attended
Chan Choo Sing	21/06/1995	4/4
Chan Chow Tek	21/06/1995	4/4
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
Tey Ah Tee @ Teo Ah Tee (Resigned on 14th November 2011)	15/06/2001	3/3
Julian Lim Wee Liang	14/11/2011	1/1

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 reports and tables, 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 currently comprises three (3) members, with Mr. Tan Chuan Hock, the Independent Non-Executive Director, who is a member of the Malaysian Institute of Accountants, in the Chair. The other members are Mr. Julian Lim Wee Liang and Dato' Chan Chor Ngiak.

The Audit Committee met four (4) times during the year. The Committee members attended all meetings. Details of their attendance are provided on page 10 of this Annual Report.

The summary terms of reference and details of the Audit Committee are set out on pages 8 to 11 of this Annual Report.

Statement on Corporate Governance

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. Mr. Tan Chuan Hock is the Chairman and its other members are Mr. Julian Lim Wee Liang and Dato' Chan Chor Ngiak.

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. Mr. Tan Chuan Hock is the Chairman and its other members are Mr. Chan Choo Sing and Dato' Chan Chor Ngiak.

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 determined by the Board with the approval from the shareholders at the Annual General Meeting (AGM).

Re-election

In accordance with the Memorandum and Articles of Association of the Company, all Directors who are appointed by the Board are subject to election by shareholders at the next AGM after their appointment and an election of Directors shall take place each 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 MMLR of Bursa Securities. For the forthcoming AGM, Mr. Chan Chor Ang, Cha Peng Koi @ Chia Peng Koi and Mr. Julian Lim Wee Liang are due to retire and being eligible have offered themselves for re-election.

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	1,825	348	228	2,401
Non-Executive Directors	-	-	286	286

THE BOARD OF DIRECTORS (Cont'd)

Directors' Remuneration (cont'd)

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

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	1
RM50,001 to RM100,000	-	3
RM600,001 to RM650,000	1	-
RM750,001 to RM800,000	1	-
RM950,001 to RM1,000,000	1	-

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 any information that may be regarded as undisclosed material information about the Group is not disclosed until after the prescribed announcement had been submitted to Bursa Securities.

In addition, any other extensive information about the Company is available on 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.

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.

Statement on Corporate Governance

ACCOUNTABILITY AND AUDIT

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. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy and adequacy.

Internal Control

Information on the Group's internal control is presented in the Statement on Internal Control laid out on page 19 to 20 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.

Compliances Statement

The only areas of non-compliance with the Code are as follow:

(a) The Board currently has no Senior Independent Non-Executive Director.

(b) 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 Code.

(c) 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 Internal Control

INTRODUCTION

It is the requirement of the Malaysian Code on Corporate Governance that the Board of Directors should maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Board is committed to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Statement on Internal Control: Guidance for Directors of Public Listed Companies, and is pleased to set out below its Statement on Internal Control which outlines the nature and scope of internal control of the Group during the year.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity, including financial and operational controls, compliance with relevant law and regulations, and risk management to safeguard shareholders' investments and the Group's assets.

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.

CONTROL ENVIRONMENT AND STRUCTURE

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 Internal Control

RISK MANAGEMENT

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.

During the financial year, Corporate Risk Profiling Exercise is carried out to re-affirm existing risks, identify new risk which may impact the key business processes; evaluate current controls and determine appropriate management action plans to manage the said risks.

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.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to a professional services firm to perform regular and systematic review of the 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 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.

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 2012 amounted to RM79,783.00 and RM23,500.00 respectively.

Material Contracts Involving Directors and Major Shareholders' Interest

None of the Directors and major shareholders have 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 2012.

Variation in Results

There were no variances of 10% or more between the results for the financial year ended 31 March 2012 and the unaudited results previously announced.

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

The RRPTs were disclosed in Note 29 to the Financial Statements for the financial year ended 31 March 2012 on page 76.

Profit Guarantee

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

Corporate Social Responsibility (CSR)

The Bursa Malaysia CSR Framework was launched in the year 2006 to provide a basic set of guidelines for Malaysian public listed companies to assist them in the practice of CSR. CSR is defined as open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and the other stakeholders. It is designed to deliver sustainable values to society at large.

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 2012.

FINANCIAL REVIEW

The Group's consolidated turnover declined by 6% to RM356.0 million from RM378.9 million achieved in the previous financial year. The decrease was due to the Group become more selective in buyers' orders in Apparel Division.

The Group made a profit after tax of RM3.2 million compared to a loss after tax of RM3.8 million recorded for the previous financial year. The increase in profit is attributable to the better performance in Apparel Division and the tax adjustment of tax exempted under subsidiaries in Cambodia.

DIVIDEND

The Board does not recommend any dividend payment for the financial year ended 31 March 2012.

CORPORATE DEVELOPMENTS

On 26 April 2012, Mega Labels & Stickers Sdn Bhd, a wholly-owned subsidiary of PCCS, had incorporated a wholly-owned subsidiary company in the Kingdom of Cambodia under the name of Mega Labels & Stickers (Cambodia) Co., Ltd, with a registered capital of USD1,000,000.00. It will produce labels & stickers for Cambodia local market after the factory completed its construction in August 2012.

GROUP PERFORMANCE REVIEW

Apparel Division

The turnover of Apparel Division for the current financial year had decreased to RM320.9 million from RM342.3 million recorded for the previous year. The capacity of Apparel Division had decreased due to closure of PCCS Garments Ltd, and the management of Apparel Division had become more selective in buyers' orders.

The operating profit of Apparel Division in this financial year had improved to a profit of RM6.5 million from an operating loss of RM10.8 million recorded at previous financial year. It was resulted from the effort carried out to control cost and increase productivity. The Apparel Division will continue to improve its performance and profitability.

Non-Apparel division

With the new factory building set up in Shah Alam in August 2011, the labeling business has increased its external sales from RM22.1 million to RM25.6 million. We expect to the turnover will continue to increase because the demand of labels & stickers in Malaysia local market is strong and we have confidence to gain more market shares.

The Group had purchased a land of 5,740 square meters located in Phnom Penh Special Economic Zone (PPSEZ), Phnom Penh, Kingdom of Cambodia. The construction works had started and we estimate the factory will start its production by August 2012. Its main business is to supply labels and stickers to Cambodia local market and exporters.

Chairman's Statement

OUTLOOK AND PROSPECT

The Board expects next financial year to be another challenging year for Apparel Division, it highly depend on economic conditions of Europe and America. On the other hand, Malaysia's economy is expected to maintain its growth, we have confidence to grow our Labeling Division in coming year. The Group will continue to exercise prudence and sustain a better performance for the next financial year.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to welcome Mr. Julian Lim Wee Liang to join the Board as an Independent Non-Executive Director and also I would like to thank Mr. Tey Ah Tee @ Teo Ah Tee who resigned as Independent Non-Executive Director on 14 Nov 2011 for his contributions during his tenure and wish him well in his future undertakings.

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
31 July 2012

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 2012.

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 15 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
Profit from continuing operations, net of tax	3,180	92
Profit from discontinued operation, net of tax	-	-
Profit net of tax	3,180	92
Profit attributable to:		
Owners of the parent	3,180	92
Minority interests	-	-
	3,180	92

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
Tey Ah Tee @ Teo Ah Tee (resigned on 14 November 2011)
Julian Lim Wee Liang (appointed on 14 November 2011)

Directors' Report

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 9 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 29 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			
	1.4.2011	**Bought**	**Sold**	**31.3.2012**
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	28,292,382	10,000	-	28,302,382
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.

Directors' Report

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.

SUBSEQUENT EVENT

Details of subsequent event are disclosed in Note 31 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 16 July 2012.

Chan Choo Sing **Chan Chow Tek**

Melaka, Malaysia

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 33 to 89 are drawn up in accordance with Financial Reporting Standards and 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 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 37 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 16 July 2012.

Chan Choo Sing

Chan Chow Tek

Melaka, Malaysia

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 33 to 90 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 Melaka in the State of Melaka
on 16 July 2012

Chan Choo Sing

Before me,

Ong San Kee (M015)
Commissioner of Oaths

Independent Auditors' Report

to the members of PCCS Group Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of PCCS Group Berhad, which comprise the statements of financial position as at 31 March 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 89.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 have been properly drawn up in accordance with Financial Reporting Standards and 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 2012 and of their financial performance and cash flows for the year then ended.

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.

(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 15 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.

Independent Auditors' Report

to the members of PCCS Group Berhad

OTHER MATTERS

The supplementary information set out in Note 37 on page 90 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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 is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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: 16 July 2012

Statements of Comprehensive Income

for the financial year ended 31 March 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Continuing operations					
Revenue	4	**359,968**	378,939	**4,365**	5,498
Cost of sales		**(307,620)**	(332,516)	**-**	-
Gross profit		**52,348**	46,423	**4,365**	5,498
Other items of income					
Interest income		**20**	68	**7**	-
Other income	5	**7,825**	16,894	**4,366**	17,466
Other items of expense					
Administrative expenses		**(40,237)**	(51,703)	**(8,646)**	(17,391)
Selling and marketing expenses		**(13,167)**	(11,088)	**-**	-
Operating profit		**6,789**	594	**92**	5,573
Finance costs	6	**(4,888)**	(5,319)	**-**	-
Profit/(loss) before tax from continuing operations	7	**1,901**	(4,725)	**92**	5,573
Income tax expense	10	**1,279**	515	**-**	-
Profit/(loss) from continuing operations, net of tax		**3,180**	(4,210)	**92**	5,573
Discontinued operation					
Profit from discontinued operations, net of tax	22	**-**	440	**-**	-
Profit/(loss) net of tax		**3,180**	(3,770)	**92**	5,573
Other comprehensive income/(loss):					
Foreign currency translation		**1,342**	(3,173)	**-**	-
Realisation of foreign currency translation		**-**	(80)	**-**	-
Other comprehensive income/(loss) for the year, net of tax		**1,342**	(3,253)	**-**	-
Total comprehensive income/(loss) for the year		**4,522**	(7,023)	**92**	5,573

Statements of Comprehensive Income

for the financial year ended 31 March 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Profit/(loss) attributable to:					
Owners of the parent		**3,180**	(3,783)	**92**	5,573
Minority interests		**-**	13	**-**	-
		3,180	(3,770)	**92**	5,573
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**4,522**	(7,036)	**92**	5,573
Minority interests		**-**	13	**-**	-
		4,522	(7,023)	**92**	5,573
Earnings/(loss) per share attributable to owners of the parent (sen per share)					
Basic (continuing operations)	11	**5.3**	(7.0)		
Basic (discontinued operation)	11	**-**	0.7		
Basic, for profit/(loss) for the year	11	**5.3**	(6.3)		
Diluted (continuing operations)	11	**5.3**	(7.0)		
Diluted (discontinued operation)	11	**-**	0.7		
Diluted, for profit/(loss) for the year	11	**5.3**	(6.3)		

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

Statements of Financial Position

as at 31 March 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	**86,657**	87,063	**-**	-
Investment properties	13	**895**	909	**-**	-
Land use rights	14	**834**	840	**-**	-
Investment in subsidiaries	15	**-**	-	**59,051**	67,051
Investment securities	16	**70**	77	**-**	-
Goodwill		**19**	19	**-**	-
		88,475	88,908	**59,051**	67,051
Current assets					
Inventories	17	**37,257**	46,583	**-**	-
Trade and other receivables	18	**71,283**	72,290	**30,630**	24,016
Other current assets	19	**6,252**	7,364	**32**	33
Tax recoverable		**3,475**	2,472	**1,707**	1,349
Cash and bank balances	20	**24,835**	25,653	**1,544**	1,729
		143,102	154,362	**33,913**	27,127
Non-current asset classified as held for sale	21	**260**	282	**-**	-
		143,362	154,644	**33,913**	27,127
Total assets		**231,837**	243,552	**92,964**	94,178
Equity and liabilities					
Current liabilities					
Loans and borrowings	23	**73,528**	78,663	**-**	-
Trade and other payables	24	**27,834**	38,772	**9,498**	10,776
Dividend payable		**-**	28	**-**	28
		101,362	117,463	**9,498**	10,804
Net current assets		**42,000**	37,181	**24,415**	16,323
Non-current liabilities					
Loans and borrowings	23	**9,298**	8,854	**-**	-
Deferred tax liabilities	25	**565**	1,145	**-**	-
		9,863	9,999	**-**	-
Total liabilities		**111,225**	127,462	**9,498**	10,804
Net assets		**120,612**	116,090	**83,466**	83,374

Statements of Financial Position

as at 31 March 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Equity attributable to owners of the parent					
Share capital	26	**60,012**	60,012	**60,012**	60,012
Share premium		**4**	4	**4**	4
Foreign exchange reserve	27(a)	**(4,318)**	(5,660)	**-**	-
Legal reserve fund	27(b)	**216**	19	**-**	-
Retained earnings	28	**64,698**	61,715	**23,450**	23,358
Shareholders' equity		**120,612**	116,090	**83,466**	83,374
Minority interests		**-**	-	**-**	-
Total equity		**120,612**	116,090	**83,466**	83,374
Total equity and liabilities		**231,837**	243,552	**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 2012

2012 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	Reserve of disposal group classified as held for sale RM'000	Other reserves, total RM'000	Foreign exchange reserve RM'000	Legal reserve fund RM'000	Minority interests RM'000
		Attributable to owners of the parent								
			Non-distributable		Distributable	Non-distributable				
Opening balance at 1 April 2011	116,090	116,090	60,012	4	61,715	-	(5,641)	(5,660)	19	-
Total comprehensive income	4,522	4,522	-	-	3,180	-	1,342	1,342	-	-
Transactions with owners										
Transfer to legal reserve fund	-	-	-	-	(197)	-	197	-	197	-
Closing balance at 31 March 2012	120,612	120,612	60,012	4	64,698	-	(4,102)	(4,318)	216	-

Statements of Changes in Equity

for the financial year ended 31 March 2012

2011 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	Reserve of disposal group classified as held for sale RM'000	Other reserves, total RM'000	Foreign exchange reserve RM'000	Legal reserve fund RM'000	Minority interests RM'000
		Attributable to owners of the parent	Non-distributable		Distributable	Non-distributable				
Opening balance at 1 April 2010	123,339	123,003	60,012	4	63,831	832	(1,676)	(3,239)	1,563	336
Total comprehensive (loss)/income	(7,023)	(7,036)	-	-	(3,783)	(832)	(2,421)	(2,421)	-	13
Transactions with owners										
Acquisition of non-controlling interest	(349)	-	-	-	-	-	-	-	-	(349)
Gain arising from accretion	123	123	-	-	123	-	-	-	-	-
Transfer from legal reserve fund	-	-	-	-	1,544	-	(1,544)	-	(1,544)	-
Total transactions with owners	(226)	123	-	-	1,667	-	(1,544)	-	(1,544)	(349)
Closing balance at 31 March 2011	116,090	116,090	60,012	4	61,715	-	(5,641)	(5,660)	19	-

Statements of Changes in Equity

for the financial year ended 31 March 2012

	Equity, total RM'000	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained earnings RM'000
2012				
Company				
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
2011				
Company				
Opening balance at 1 April 2010	77,801	60,012	4	17,785
Total comprehensive income	5,573	-	-	5,573
Closing balance at 31 March 2011	83,374	60,012	4	23,358

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 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Operating activities				
Profit/(loss) before tax from:				
- Continuing operations	**1,901**	(4,725)	**92**	5,573
- Discontinued operation	**-**	611	**-**	-
Profit/(loss) before tax, total	**1,901**	(4,114)	**92**	5,573
Adjustments for:				
Bad debts written off	**301**	131	**-**	-
Depreciation and amortisation:				
- Property, plant and equipment	**13,835**	15,816	**-**	-
- Investment properties	**14**	15	**-**	-
- Land use rights	**20**	36	**-**	-
Dividend income	**-**	-	**(2,385)**	(3,198)
Gain on disposal of subsidiaries	**(1,100)**	(12,595)	**(1,100)**	(17,443)
Gain on disposal of:				
- Property, plant and equipment	**(419)**	(224)	**-**	-
- Investments properties	**-**	(124)	**-**	-
- Non-current asset held for sale	**-**	(1)	**-**	-
Surplus on capital distribution by a subsidiary	**-**	-	**(3,211)**	-
Impairment loss on:				
- Investment in subsidiary	**-**	-	**3,929**	11,779
- Investment securities	**7**	-	**-**	-
- Trade and other receivables	**15**	7	**-**	-
- Non-current asset classified as held for sale	**22**	-	**-**	-
Interest expense	**4,888**	5,592	**-**	-
Interest income	**(20)**	(75)	**(7)**	-
Net unrealised foreign exchange (gain)/loss	**(598)**	1,088	**(55)**	(19)
Reversal of allowance for impairment of trade receivables	**(18)**	(161)	**-**	-
Property, plant and equipment written off	**85**	180	**-**	-
Total adjustments	**17,032**	9,685	**(2,829)**	(8,881)
Operating cash flows before changes in working capital	**18,933**	5,571	**(2,737)**	(3,308)

Statements of Cash Flows

for the financial year ended 31 March 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Changes in working capital				
Decrease in inventories	**9,326**	6,331	**-**	-
Decrease/(increase) in trade and other receivables	**807**	(1,888)	**880**	(958)
Decrease/(increase) in other current assets	**1,112**	(3,186)	**1**	282
(Decrease)/increase in trade and other payables	**(10,938)**	4,586	**(134)**	104
Total changes in working capital	**307**	5,843	**747**	(572)
Cash flows from operations	**19,240**	11,414	**(1,990)**	(3,880)
Interest paid	**(4,888)**	(5,592)	**-**	-
Tax (paid)/refunded	**(304)**	(733)	**238**	307
	(5,192)	(6,325)	**238**	307
Net cash flows from/(used in) operating activities	**14,048**	5,089	**(1,752)**	(3,573)
Investing activities				
Interest received	**20**	75	**7**	-
Investment in subsidiary	**-**	(226)	**-**	(84)
Net cash inflow on disposal of subsidiaries	**1,100**	44,527	**1,100**	47,848
Purchase of property, plant and equipment	**(12,334)**	(10,664)	**-**	-
Proceeds from capital distribution by a subsidiary	**-**	-	**7,282**	-
Proceeds from disposal of:				
- Property, plant and equipment	**1,203**	2,197	**-**	-
- Investment properties	**-**	440	**-**	-
- Non-current asset held for sale	**-**	170	**-**	-
Dividend received	**-**	-	**1,789**	2,399
Net cash flows (used in)/from investing activities	**(10,011)**	36,519	**10,178**	50,163
Financing activities				
Repayment to subsidiaries	**-**	-	**(8,583)**	(45,028)
Dividend paid	**(28)**	-	**(28)**	-
Payments of hire purchase and finance lease liabilities	**(713)**	(1,526)	**-**	-
Drawdown of term loans	**5,638**	-	**-**	-
Repayment of term loans	**(3,712)**	(6,642)	**-**	-
Decrease in short term borrowings	**(5,217)**	(30,574)	**-**	-
Net cash flows used in financing activities	**(4,032)**	(38,742)	**(8,611)**	(45,028)
Net increase/(decrease) in cash and cash equivalents	**5**	2,866	**(185)**	1,562
Effects of foreign exchange rate changes	**302**	(258)	**-**	-
Cash and cash equivalents at 1 April	**19,043**	16,435	**1,729**	167
Cash and cash equivalents at 31 March	**19,350**	19,043	**1,544**	1,729

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

Notes to the Financial Statements

for the financial year ended 31 March 2012

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 15. There have been no significant changes in the nature of the principal activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS as described fully in Note 2.2.

The financial statements have been prepared on the historical cost 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.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that the Group and the Company adopted where applicable, the following new and amended FRS and IC Interpretations which become mandatory at the beginning of the current financial year.

- FRS 1: First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2: Share-based Payment
- FRS 3: Business Combinations
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127: Consolidated and Separate Financial Statements
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners
- Amendments to FRS 132: Classification of Rights Issues
- IC Interpretation 18: Transfers of Assets from Customers
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Amendments to FRS 1: Limited Exemption for First-time Adopters
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- IC Interpretation 4: Determining Whether an Arrangement contains a Lease
- Improvements to FRS issued in 2010

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company.

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

2.3 Malaysian Financial Reporting Standards (MFRS)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in the financial statement for the year ended 31 March 2012 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2013.

The Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 March 2012 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2013.

2.4 Basis of consolidation

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position.

The accounting policy for goodwill is set out in Note 2.10. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Notes to the Financial Statements

for the financial year ended 31 March 2012

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

2.4 Basis of consolidation (Cont'd)

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.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 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.

2.6 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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

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

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

2.6 Foreign currency (Cont'd)

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. 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 profit or loss as incurred.

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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.

Notes to the Financial Statements

for the financial year ended 31 March 2012

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

2.8 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 2.7.

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.

2.9 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.

2.10 Intangible assets - Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating 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 fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.11 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 such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

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

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

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

2.11 Impairment of non-financial assets (Cont'd)

Impairment losses are recognised in profit or loss in the period in which it arises.

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. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.12 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.

2.13 Financial assets

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

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

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

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

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

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

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

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

2.13 Financial assets (Cont'd)

(b) Loans and receivables

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

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

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

(c) Held-to-maturity investments

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

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

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

(d) Available-for-sale financial assets

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

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

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

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

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

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

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

2.14 Impairment of financial assets

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

Trade and other receivables and other financial assets carried at amortised cost

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

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

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

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

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 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 raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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.

Notes to the Financial Statements

for the financial year ended 31 March 2012

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

2.17 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 economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Financial liabilities

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

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

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

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

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

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

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

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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

2.20 Employee benefits - Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee 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.

2.21 Leases

a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the 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 charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated 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 and the lease term.

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

b) As lessor

Leases where the Group retains substantially all the risks and rewards 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. The accounting policy for rental income is set out in Note 2.23(e).

2.22 Discontinued operation

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

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

Notes to the Financial Statements

for the financial year ended 31 March 2012

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

2.23 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(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 is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.24 Income taxes

(a) Current tax

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

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

(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:

- 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

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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.

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

2.24 Income 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:

- 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

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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 and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

2.25 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 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issuance expenses

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

Notes to the Financial Statements
for the financial year ended 31 March 2012

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

2.27 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.

2.28 Financial guarantee contracts

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, 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 the future.

3.1 Judgements made in applying accounting policies

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

<u>Classification between investment properties and property, plant and equipment</u>

The Group has developed certain criteria based on FRS 140 in making judgement 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.

3.2 Key sources of estimation uncertainty

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 discussed below.

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.

Notes to the Financial Statements
for the financial year ended 31 March 2012

4. REVENUE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sales of goods	**359,968**	378,939	**-**	-
Dividend income	**-**	-	**2,385**	3,198
Management fee	**-**	-	**1,980**	2,300
	359,968	378,939	**4,365**	5,498

5. OTHER INCOME

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Claims received from:				
- suppliers	**588**	20	**-**	-
- buyers	**168**	-	**-**	-
Gain on disposal of subsidiaries	**1,100**	12,595	**1,100**	17,443
Gain on disposal of:				
- Property, plant and equipment	**419**	251	**-**	-
- Investment properties	**-**	124	**-**	-
- Non-current assets held for sale	**-**	1	**-**	-
Surplus on capital distribution by a subsidiary	**-**	-	**3,211**	-
Handling income	**15**	-	**-**	-
Rental income	**143**	171	**-**	-
Reversal of allowance for impairment of trade receivables	**18**	161	**-**	-
Sales of stock lots	**3,754**	2,922	**-**	-
Sundry income	**703**	649	**-**	4
Realised foreign exchange gain	**319**	-	**-**	-
Unrealised foreign exchange gain	**598**	-	**55**	19
	7,825	16,894	**4,366**	17,466

6. FINANCE COSTS

	Group	
	2012 RM'000	2011 RM'000
Interest expense on:		
- Bank loans and bank overdrafts	**4,518**	5,109
- Obligations under finance leases	**370**	210
Total finance costs	**4,888**	5,319

Notes to the Financial Statements
for the financial year ended 31 March 2012

7. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Auditors' remuneration				
- Statutory audit				
Company's auditors	**135**	136	**27**	27
Other auditors	**50**	41	**-**	-
Underprovision in prior year	**(6)**	8	**-**	-
- Other services				
Company's auditors	**57**	51	**24**	24
Bad debts written off	**301**	131	**-**	-
Depreciation and amortisation:				
- Property, plant and equipment	**13,835**	14,289	**-**	-
- Investment properties	**14**	15	**-**	-
- Land use rights	**20**	20	**-**	-
Direct operating expenses of investment properties:				
- revenue generating during the year	**2**	2	**-**	-
Employee benefits expense (Note 8)	**87,019**	97,092	**3,407**	3,491
Impairment loss on:				
- Trade and other receivables	**15**	7	**-**	-
- Investment in subsidiary	**-**	-	**3,929**	11,779
- Investment securities	**7**	-	**-**	-
- Non-current asset classified as held for sale	**22**	-	**-**	-
Minimum operating lease payments:				
- Plant and machinery	**-**	44	**-**	-
- Buildings	**4,658**	8,737	**-**	-
Non-executive directors' emoluments (Note 9)	**286**	286	**282**	282
Property, plant and equipment written off	**85**	180	**-**	-
Foreign exchange loss:				
- Realised	**-**	2,524	**73**	750
- Unrealised	**-**	1,088	**-**	-

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive directors (Note 9)				
Executive directors of the Company	**2,401**	2,308	**2,095**	2,030
Executive directors of subsidiaries	**483**	461	**217**	229
	2,884	2,769	**2,312**	2,259
Other staff				
Wages and salaries	**79,213**	84,965	**941**	1,057
Defined contribution plan	**2,646**	1,575	**112**	122
Voluntary separation scheme	**45**	5,415	**-**	-
Other related costs	**2,231**	2,368	**42**	53
	84,135	94,323	**1,095**	1,232
	87,019	97,092	**3,407**	3,491

9. DIRECTORS' REMUNERATION

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors of the Company				
Executive:				
- Salaries and other emoluments	**2,173**	2,080	**1,867**	1,802
- Fees	**228**	228	**228**	228
- Benefits-in-kind	**-**	13	**-**	13
	2,401	2,321	**2,095**	2,043
Non-Executive:				
- Fees	**286**	286	**282**	282
Directors of Subsidiaries				
Executive:				
- Salaries and other emoluments	**483**	461	**217**	229
Total excluding benefits-in-kind	**3,170**	3,055	**2,594**	2,541
Estimated money value of benefits-in-kind	**-**	13	**-**	13
Total including benefits-in-kind	**3,170**	3,068	**2,594**	2,554
Analysis of directors' remuneration:				
Executive directors, excluding benefits-in-kind (Note 8)	**2,884**	2,769	**2,312**	2,259
Non-executive directors (Note 7)	**286**	286	**282**	282
Total excluding benefits-in-kind	**3,170**	3,055	**2,594**	2,541

Notes to the Financial Statements
for the financial year ended 31 March 2012

10. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2012 and 2011 are:

	Group	
	2012 RM'000	2011 RM'000
Statement of comprehensive income:		
Current income tax - continuing operations:		
- Malaysian income tax	**(727)**	(366)
- Foreign tax	**62**	-
- Over provision of Malaysian income tax in prior years	**(34)**	(80)
	(699)	(446)
Deferred tax - continuing operations (Note 25):		
- Origination and reversal of temporary difference	**(499)**	(126)
- (Over)/under provision in prior years	**(81)**	57
	(580)	(69)
Income tax attributable to continuing operations	**(1,279)**	(515)
Income tax attributable to discontinued operation (Note 22)	**-**	171
Income tax expense recognised in profit or loss	**(1,279)**	(344)

10. INCOME TAX EXPENSE (Cont'd)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2012 and 2011 are as follows:

	2012 RM'000	2011 RM'000
Group		
Profit/(loss) before tax from continuing operations	**1,901**	(4,725)
Profit before tax from discontinued operation	**-**	611
Accounting profit before tax	**1,901**	(4,114)
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	**475**	(1,029)
Different tax rates in other countries	**(188)**	610
Adjustments:		
Tax exempted under tax holiday in foreign country	**(1,663)**	(3)
Effect of income not subject to tax	**(860)**	(3,244)
Effect of expenses not deductible for tax purposes	**310**	478
Utilisation of current year's reinvestment allowances	**(132)**	(106)
Utilisation of previously unrecognised tax losses	**(713)**	(1,838)
Deferred tax assets recognised in respect of current year's unutilised reinvestment allowances	**(739)**	(324)
Deferred tax assets not recognised in respect of current year's unutilised tax losses	**2,346**	5,163
Deferred tax assets recognised on unabsorbed capital allowances	**-**	(28)
(Over)/under provision of deferred tax in prior years	**(81)**	57
Over provision of tax expense in prior years	**(34)**	(80)
Income tax expense recognised in profit or loss	**(1,279)**	(344)
Company		
Profit before tax	**92**	5,573
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	**23**	1,393
Adjustments:		
Effect of income not subject to tax	**(1,078)**	(4,361)
Effect of expenses not deductible for tax purposes	**1,054**	3,007
Deferred tax assets not recognised in respect of current year's unutilised tax losses	**1**	-
Utilisation of previously unutilised tax losses	**-**	(39)
Income tax expense recognised in profit or loss	**-**	-

Notes to the Financial Statements
for the financial year ended 31 March 2012

10. INCOME TAX EXPENSE (Cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable 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.

11. EARNINGS/(LOSS) PER SHARE

Basic earnings per share amounts are calculated by dividing profit/(loss) 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	
	2012 RM'000	2011 RM'000
Profit/(loss) net of tax attributable to owners of the parent used in the computation of basic earnings per share	**3,180**	(3,783)
Less: Profit from discontinued operation, net of tax, attributable to owners of the parent	**-**	440
Profit/(loss) net of tax from continuing operations attributable to owners of the parent used in the computation of basic earnings per share	**3,180**	(4,223)
Weighted average number of ordinary shares in issue	**60,012**	60,012
Basic earnings per share (sen):		
Profit/(loss) from continuing operations	**5.3**	(7.0)
Profit from discontinued operation	**-**	0.7
Profit/(loss) for the year	**5.3**	(6.3)

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

Notes to the Financial Statements
for the financial year ended 31 March 2012

12. PROPERTY, PLANT AND EQUIPMENT

	* 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
Group					
Cost					
At 1 April 2010	29,355	131,006	46,196	6,544	213,101
Additions	2,039	8,929	1,917	834	13,719
Disposals	-	(5,309)	(23)	(705)	(6,037)
Written off	(141)	(885)	(21)	-	(1,047)
Exchange differences	(323)	(4,823)	(1,979)	(148)	(7,273)
At 31 March 2011 and 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 2012	35,996	130,394	48,380	6,753	221,523
Accumulated depreciation and impairment losses					
At 1 April 2010	4,261	82,135	28,277	5,645	120,318
Depreciation charge for the year	572	8,526	4,688	503	14,289
Disposals	-	(3,646)	(17)	(664)	(4,327)
Written off	(12)	(838)	(17)	-	(867)
Exchange differences	(18)	(2,689)	(1,182)	(124)	(4,013)
At 31 March 2011 and 1 April 2011	4,803	83,488	31,749	5,360	125,400
Depreciation charge for the year	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 2012	5,484	89,079	35,820	4,483	134,866
Net carrying amount:					
At 31 March 2011	26,127	45,430	14,341	1,165	87,063
At 31 March 2012	30,512	41,315	12,560	2,270	86,657

Notes to the Financial Statements

for the financial year ended 31 March 2012

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

*** Land and buildings**

	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 April 2010	3,294	26,061	29,355
Additions	-	2,039	2,039
Written off	-	(141)	(141)
Exchange differences	-	(323)	(323)
At 31 March 2011 and 1 April 2011	3,294	27,636	30,930
Additions	1,290	3,159	4,449
Exchange differences	-	617	617
At 31 March 2012	4,584	31,412	35,996
Accumulated depreciation			
At 1 April 2011	-	4,261	4,261
Depreciation charge for the year	-	572	572
Written off	-	(12)	(12)
Exchange differences	-	(18)	(18)
At 31 March 2011 and 1 April 2011	-	4,803	4,803
Depreciation charge for the year	-	630	630
Reclassification	-	13	13
Exchange differences	-	38	38
At 31 March 2012	-	5,484	5,484
Net carrying amount			
At 31 March 2011	3,294	22,833	26,127
At 31 March 2012	4,584	25,928	30,512

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

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

	Group 2012 RM'000	Group 2011 RM'000
Plant and machinery	**6,507**	6,902
Motor vehicles	**439**	561
	6,946	7,463

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate costs of RM12,772,000 (2011: RM13,719,000) of which RM438,000 (2011: RM3,526,000) were acquired by means of hire purchase arrangements.

(c) Certain assets of the Group with net carrying amounts of RM48,151,000 (2011: RM47,914,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 23.

13. INVESTMENT PROPERTIES

	Group 2012 RM'000	Group 2011 RM'000
Cost		
At 1 April	**1,115**	1,533
Disposal	**-**	(418)
At 31 March	**1,115**	1,115
Accumulated depreciation		
At 1 April	**206**	293
Depreciation charge for the year	**14**	15
Disposal	**-**	(102)
At 31 March	**220**	206
Net carrying amount	**895**	909

(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 31 March 2012 is approximately RM1,420,000 (2011: RM1,445,000).

(b) Certain investment properties of the Group with net carrying amounts of RM768,000 (2011: RM779,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 23.

Notes to the Financial Statements

for the financial year ended 31 March 2012

14. LAND USE RIGHTS

	Group 2012 RM'000	Group 2011 RM'000
At 1 April	**840**	870
Amortised for the year	**(20)**	(20)
Exchange differences	**14**	(10)
At 31 March	**834**	840

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 23.

15. INVESTMENT IN SUBSIDIARIES

	Company 2012 RM'000	Company 2011 RM'000
Unquoted shares, at cost	**75,024**	79,095
Less: Accumulated impairment losses	**(15,973)**	(12,044)
	59,051	67,051

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2012	Proportion (%) of ownership interest 2011
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

15. INVESTMENT IN SUBSIDIARIES (Cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2012	2011
Subsidiaries of the Company (Cont'd)				
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
Blopak China Pte. Ltd.*	The People's Republic of China	Temporarily ceased operations	**100**	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

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15. INVESTMENT IN SUBSIDIARIES (Cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2012	2011
Subsidiary of Thirty Three (Hong Kong) Ltd.				
Thirty Three (Shanghai) Ltd. *	The People's Republic of China	Trading of apparels and accessories	**100**	100

* Audited by firms other than Ernst & Young.

During the last financial year, the Company disposed of its subsidiaries, China Roots Packaging Pte. Ltd. and Roots Investment Holding Pte. Ltd.. Information relating to the said disposals are set out in Note 22.

16. INVESTMENT SECURITIES

Group	2012 RM'000 Carrying amount	Market value of quoted investments	2011 RM'000 Carrying amount	Market value of quoted investments
Non-current				
Fair value through profit or loss				
Equity instruments				
- Quoted in Malaysia	**70**	**70**	77	77

17. INVENTORIES

	Group 2012 RM'000	2011 RM'000
Cost		
Raw materials	**17,415**	21,007
Work-in-progress	**10,258**	11,563
Finished goods	**8,174**	10,488
	35,847	43,058
Net realisable value		
Raw materials	**495**	2,613
Finished goods	**915**	912
	37,257	46,583

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade receivables				
Third parties	**62,520**	64,341	**-**	-
HPI Resources Berhad and its subsidiaries #	**-**	200	**-**	-
	62,520	64,541	**-**	-
Less: Allowance for impairment				
Third parties	**(15)**	(24)	**-**	-
Trade receivables, net	**62,505**	64,517	**-**	-
Other receivables				
Due from subsidiaries	**-**	-	**30,523**	23,029
Deposits	**1,625**	2,795	**2**	2
Sundry receivables	**7,153**	4,978	**105**	985
	8,778	7,773	**30,630**	24,016
	71,283	72,290	**30,630**	24,016
Total trade and other receivables	**71,283**	72,290	**30,630**	24,016
Add: Cash and bank balances (Note 20)	**24,835**	25,653	**1,544**	1,729
Total loans and receivables	**96,118**	97,943	**32,174**	25,745

A group substantially owned by certain directors, namely Chan Choo Sing, Dato' Chan Chor Ngiak, Chan Chow Tek and Chan Chor Ang.

(a) Trade receivables

The Group's normal trade credit term ranges from 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 RM26,548,000 (2011: RM28,630,000) are pledged to bank as securities for borrowings as disclosed in Note 23.

Notes to the Financial Statements

for the financial year ended 31 March 2012

18. TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Trade receivables (Cont'd)

Ageing analysis of trade receivables

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

	Group	
	2012 RM'000	2011 RM'000
Neither past due nor impaired	**48,052**	47,696
1 to 30 days past due not impaired	**8,097**	11,660
31 to 60 days past due not impaired	**4,819**	3,746
61 to 90 days past due not impaired	**824**	656
91 to 120 days past due not impaired	**180**	222
More than 121 days past due not impaired	**25**	161
	13,945	16,445
Impaired	**523**	400
	62,520	64,541

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 RM13,945,000 (2011: RM16,445,000) 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.

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	
	2012 RM'000	2011 RM'000
Trade receivable - nominal amounts	**523**	400
Less: Allowance for impairment	**(15)**	(24)
	508	376

18. TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Trade receivables (Cont'd)

Receivables that are impaired (Cont'd)

Movement in allowance accounts:

	Group	
	2012 RM'000	2011 RM'000
At 1 April	**24**	445
Charge for the year (Note 7)	**15**	7
Reversal of impairment loss	**(16)**	(161)
Written off	**(8)**	(247)
Exchange difference	**-**	(20)
At 31 March	**15**	24

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.

19. OTHER CURRENT ASSETS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Prepaid operating expenses	**4,688**	5,542	**32**	33
Value added tax recoverable	**1,564**	1,255	**-**	-
Advances to suppliers of raw materials	**-**	567	**-**	-
	6,252	7,364	**32**	33

20. CASH AND BANK BALANCES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash on hand and at banks	**24,830**	25,648	**1,544**	1,729
Deposits with a licensed bank	**5**	5	**-**	-
Cash and bank balances	**24,835**	25,653	**1,544**	1,729

The deposit with a licensed bank is held under the directors' name on behalf of the Company.

Bank balances of the Group amounting to RM13,000 (2011: RM7,000) are held under trust by managerial staff of the Group.

Notes to the Financial Statements

for the financial year ended 31 March 2012

20. CASH AND BANK BALANCES (Cont'd)

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	**24,835**	25,653	**1,544**	1,729
Less: Bank overdrafts (Note 23)	**(5,485)**	(6,610)	**-**	-
Cash and cash equivalents	**19,350**	19,043	**1,544**	1,729

The weighted average effective interest rates and average maturities of deposits at the balance sheet date were 3.15% (2011: 2.50%) per annum and 365 days (2011: 365 days) respectively.

21. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	Group	
	2012 RM'000	2011 RM'000
Residential houses	**260**	282

22. DISCONTINUED OPERATION AND DISPOSAL GROUP HELD FOR SALE

The Company disposed of its subsidiaries, China Roots Packaging Pte. Ltd. ("CRP") and Roots Investment Holding Private Limited ("ROOTS") for an equivalent of RM47,848,000. The disposals were completed on 1 July 2010. The assets and liabilities of CRP and ROOTS have been de-consolidated and the results from these subsidiaries are presented separately on the statements of comprehensive income as discontinued operations.

Statement of comprehensive income disclosures

The results of CRP and ROOTS for the year ended 31 March are as follows:

	Group 2011 RM'000
Revenue	14,631
Cost of sales	(12,181)
Gross profit	2,450
Other income	353
Administrative expenses	(1,510)
Selling and marketing expenses	(409)
Operating profit	884
Interest expense	(273)
Profit before tax from discontinued operation (Note 10)	611
Income tax expense (Note 10)	(171)
Profit from discontinued operation, net of tax	440

22. DISCONTINUED OPERATION AND DISPOSAL GROUP HELD FOR SALE (Cont'd)

Statement of comprehensive income disclosures (Cont'd)

The following amounts have been included in arriving at profit after tax of discontinued operation:

	Group 2011 RM'000
Auditors' remuneration	14
Employee benefits expense	805
Depreciation of property, plant and equipment	1,527
Amortisation of land use rights	16
Loss on disposal of property, plant and equipment	27
Rental income	(316)
Interest income	(7)
Realised foreign exchange gain	(38)

Statement of cash flows disclosures

The cash flows attributable to CRP and ROOTS are as follows:

	Group 2011 RM'000
Operating	2,777
Investing	(236)
Financing	(2,088)
Net cash inflows	453

Effects of disposal on financial position

The disposal had the following effects on the financial position of the Group as at the end of the year:

	Group 2011 RM'000
Assets/(liabilities)	
Property, plant and equipment	43,909
Land use rights	2,824
Inventories	10,661
Trade and other receivables	7,790
Cash and bank balances	3,321
Borrowings	(16,774)
Trade and other payables	(16,398)
Net assets disposed	35,333
Transfer from foreign exchange reserve	(80)
	35,253
Total disposal proceeds	(47,848)
Gain on disposal to the Group	(12,595)

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for the financial year ended 31 March 2012

22. DISCONTINUED OPERATION AND DISPOSAL GROUP HELD FOR SALE (Cont'd)

Effects of disposal on financial position (Cont'd)

	Group 2011 RM'000
Disposal proceeds settled by:	
Cash	47,848
Cash inflow arising from disposal:	
Cash consideration	47,848
Cash and cash equivalents of subsidiaries disposed	(3,321)
Net cash inflow on disposal	44,527

The disposal of subsidiaries had the following effects on the financial results of the Company:

Total disposal proceeds	47,848
Less : Cost of investment in subsidiaries	(30,405)
Gain on disposal of subsidiries	17,443

23. LOANS AND BORROWINGS

	Maturity	Group 2012 RM'000	Group 2011 RM'000
Current			
Unsecured:			
Bank overdrafts	On demand	**5,485**	6,610
Revolving credit at 7.72% (2011: 3.33%) p.a.	2013	**22,339**	15,776
Bankers' acceptances at 3.72% (2011: 3.58%) p.a.	2013	**7,228**	10,075
Trade loan at 3.29% (2011: 2.22%) p.a.	2013	**19,429**	23,449
Trust receipts at 6.81% (2011: 7.84%) p.a.	2013	**6,560**	11,744
Export bill financing 3.03% (2011: 2.13%) p.a.	2013	**6,569**	6,298
Bank loans:			
- RM loan at BLR + 1.0% p.a.	2013	**1,200**	1,126
- 6.25% p.a. fixed rate RM loan	2013	**1,111**	1,277
- 2.59% p.a. fixed rate RM loan	2013	**360**	-
- RM loan at COF + 2.0% p.a.	2013	**776**	-
		71,057	76,355
Secured:			
Bank loans:			
- HKD loan at BLR + 2.0% p.a.	2012	**-**	426
Obligations under finance lease (Note 30 (c))	2013	**2,471**	1,882
		2,471	2,308
		73,528	78,663

23. LOANS AND BORROWINGS (Cont'd)

		Group	
	Maturity	2012 RM'000	2011 RM'000
Non-current			
Unsecured:			
Bank loans:			
- RM loan at BLR + 1.0% p.a.	2014	**2,119**	3,281
- 2.59% p.a. fixed rate RM loan	2014-2017	**1,228**	-
- RM loan at COF + 2.0% p.a.	2014-2017	**2,354**	-
- 6.25% p.a. fixed rate loan	2013	**-**	1,112
		5,701	4,393
Secured:			
Obligations under finance lease (Note 30 (c))	2014-2016	**3,597**	4,461
		9,298	8,854
Total loans and borrowings		**82,826**	87,517

The remaining maturities of the loans and borrowings as at 31 March 2012 are as follows:

	Group	
	2012 RM'000	2011 RM'000
On demand or within one year	**73,528**	78,663
More than 1 year and less than 2 years	**4,347**	4,179
More than 2 years and less than 5 years	**4,951**	4,675
	82,826	87,517

Obligations under finance leases

Those obligations are secured by a charge over the leased assets (Note 12). These obligations bore interest at the balance sheet date of between 2.49% to 4.32% (2011: 2.30% to 4.05%) per annum.

Bank overdrafts

Bank overdrafts denominated in RM, bear interest range from BLR + 1.0% p.a. to BLR + 1.5% p.a. (2011: 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. (2011: COF + 1.5% p.a.).

Bank overdrafts denominated in RMB, bear interest at PBOC + 0.85% p.a. (2011: PBOC + 0.85% p.a.).

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 12, Note 13 and Note 14.

The secured loans and borrowings are secured by certain assets of the Group as disclosed in Note 12, Note 13, Note 14 and Note 18.

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

Notes to the Financial Statements

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24. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current				
Trade payables				
Third parties	**14,430**	18,143	**-**	-
HPI Resources Berhad and its subsidiaries #	**-**	1,709	**-**	-
	14,430	19,852	**-**	-
Other payables				
Due to subsidiaries	**-**	-	**8,954**	10,098
HPI Resources Berhad and its subsidiaries #	**-**	1,103	**-**	99
Other payables and accruals	**13,404**	17,817	**544**	579
	13,404	18,920	**9,498**	10,776
Total trade and other payables	**27,834**	38,772	**9,498**	10,776
Add: Loans and borrowings (Note 23)	**82,826**	87,517	**-**	-
Total financial liabilities carried at amortised cost	**110,660**	126,289	**9,498**	10,776

(a) Trade payables

Trade payables are non-interest bearing and the normal trade terms granted to the Group ranges from 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 days.

(c) Amounts due to related companies

The amounts due to subsidiaries and companies in which certain directors have interests are unsecured, interest free and are repayable on demand.

A group substantially owned by certain directors, namely Chan Choo Sing, Dato' Chan Chor Ngiak, Chan Chow Tek and Chan Chor Ang.

25. DEFERRED TAX LIABILITIES

	Group	
	2012 RM'000	2011 RM'000
At 1 April	**1,145**	1,214
Recognised in profit or loss (Note 10)	**(580)**	(69)
At 31 March	**565**	1,145

25. DEFERRED TAX LIABILITIES (Cont'd)

Presented after appropriate offsetting as follows:

	Group 2012 RM'000	Group 2011 RM'000
Deferred tax assets	**(2,706)**	(2,101)
Deferred tax liabilities	**3,271**	3,246
	565	1,145

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 2010	(1,944)	(92)	3,250	1,214
Recognised in profit or loss	(113)	48	(4)	(69)
At 31 March 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

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

	Group 2012 RM'000	Group 2011 RM'000
Unutilised tax losses	**56,952**	43,139
Unutilised reinvestment allowances	**966**	1,768
Unabsorbed capital allowances	**460**	270

26. SHARE CAPITAL

	Number of ordinary shares of RM1 each 2012 '000	Number of ordinary shares of RM1 each 2011 '000	Amount 2012 RM'000	Amount 2011 RM'000
Authorised	**100,000**	100,000	**100,000**	100,000
Issued and fully paid	**60,012**	60,012	**60,012**	60,012

Notes to the Financial Statements

for the financial year ended 31 March 2012

27. 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.

28. 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 2012 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 March 2012, the Company has sufficient tax credit in the 108 balance to pay franked dividends amounting to RM5,848,000 (2011: 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.

29. 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")
- PCCS Garments Limited ("PGL")
- Global Apparels Limited ("GAL")
- Beauty Silk Screen Limited. ("BSSL")
- JIT Embroidery Limited ("JEL")
- JIT Textiles Limited ("JTL")

29. RELATED PARTY TRANSACTIONS (Cont'd)

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

(ii) Companies in which certain directors have interests:

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

A group in which certain directors, Chan Choo Sing, Chan Chow Tek, Chan Chor Ang and Dato' Chan Chor Ngiak have interests.

	Group	
	2012 RM'000	2011 RM'000
Transactions with HPIRB:		
Purchases of packing materials	**1,192**	4,122
Sales of labels and stickers	**141**	595
Carriage and transport charges	**28**	41

	Company	
	2012 RM'000	2011 RM'000
Transactions with subsidiaries:		
Management fees received from:		
- PCCSSB	**235**	253
- BEEC	**21**	18
- Keza	**60**	53
- Mega	**135**	153
- Mega Selangor	**60**	48
- PGL	**-**	515
- GAL	**613**	689
- BSSL	**28**	26
- JEL	**70**	80
- JTL	**758**	465
Gross dividend received from:		
- JGSB	**1,560**	3,198
- Mega	**825**	-

(b) Compensation of key management personnel

The remuneration of key management personnel comprising solely executive directors as disclosed in Note 9.

Notes to the Financial Statements
for the financial year ended 31 March 2012

30. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group 2012 RM'000	Group 2011 RM'000
In respect of capital expenditure:		
- Approved and contracted for	**6,471**	3,483

(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.

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

	Group 2012 RM'000	Group 2011 RM'000
Future minimum rentals payables:		
Not later than 1 year	**2,485**	3,186
Later than 1 year and not later than 2 years	**1,058**	2,067
Later than 2 years and not later than 5 years	**1,182**	1,254
Later than 5 years	**18,686**	18,821
	23,411	25,328

(c) Finance lease commitments

	Group 2012 RM'000	Group 2011 RM'000
Minimum lease payments:		
Not later than 1 year	**2,821**	2,083
Later than 1 year and not later than 2 years	**2,141**	2,120
Later than 2 years and not later than 5 years	**1,768**	2,954
	6,730	7,157
Less : Amounts representing finance charges	**(662)**	(814)
Present value of minimum lease payments	**6,068**	6,343

30. COMMITMENTS (Cont'd)

(c) Finance lease commitments (Cont'd)

	Group	
	2012 RM'000	2011 RM'000
Present value of payments:		
Not later than 1 year	**2,471**	1,882
Later than 1 year and not later than 2 years	**1,918**	1,856
Later than 2 years and not later than 5 years	**1,679**	2,605
	6,068	6,343
Analysed as:		
Due within 12 months (Note 23)	**2,471**	1,882
Due after 12 months (Note 23)	**3,597**	4,461
	6,068	6,343

31. SUBSEQUENT EVENTS

On 26 April 2012, Mega Labels & Stickers Sdn. Bhd., a wholly-owned subsidiary of the Company, incoporated 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 RM3,060,000.

32. 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)	18
Trade and other payables (current)	24
Loans and borrowings (current)	23

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.

Notes to the Financial Statements

for the financial year ended 31 March 2012

32. FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd)

Fair value hierarchy

The Group use 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)

As at 31 March 2012, the Group held the following financial instruments carried at fair value on the statement of financial position:

	Level 1 RM'000
Group	
As at 31 March 2012	
Assets measured at fair value	
Quoted investments at fair value through profit or loss	70
As at 31 March 2011	
Assets measured at fair value	
Quoted investments at fair value through profit or loss	77

33. 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.

33. 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 statement of financial position, with positive fair values.

- A nominal amount of RM83,305,000 (2011: RM88,094,000) 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 a trade debtor who accounted for 34% (2011: 36%) 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 18. 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 18.

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 manages 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 maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Notes to the Financial Statements
for the financial year ended 31 March 2012

33. 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.

	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

	2011 RM'000		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities:			
Trade and other payables	38,772	-	38,772
Loans and borrowings	78,663	9,876	88,539
Total undiscounted financial liabilities	117,435	9,876	127,311
Company			
Financial liabilities:			
Trade and other payables, excluding financial guarantees *	10,776	-	10,776
Total undiscounted financial liabilities	10,776	-	10,776

* 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 FRS 139 are not included in the above maturity profile analysis.

33. 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

At the reporting date, 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 RM80,000 (2011: RM107,000) 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 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 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
At 31 March 2011			
Ringgit Malaysia	-	(706)	(706)
Chinese Renminbi	-	(8,259)	(8,259)
United States Dollars	(749)	-	(749)
Hong Kong Dollars	-	10,766	10,766
	(749)	1,801	1,052

Notes to the Financial Statements

for the financial year ended 31 March 2012

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

d) Foreign currency risk (Cont'd)

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 and Chinese Renminbi ("RMB") exchange rate at the reporting date against the functional currency of the Group entities, with all other variables held constant.

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
	Profit before tax		Profit before tax	
USD/RM				
- strengthened 5% (2011: 5%)	**198**	(36)	**49**	154
- weakened 5% (2011: 5%)	**(198)**	36	**(49)**	(154)
RMB/RM				
- strengthened 5% (2011: 5%)	**-**	-	**-**	44
- weakened 5% (2011: 5%)	**-**	-	**-**	(44)
USD/RMB				
- strengthened 5% (2011: 5%)	**248**	(305)	**-**	-
- weakened 5% (2011: 5%)	**(248)**	305	**-**	-
USD/HKD				
- strengthened 5% (2011: 5%)	**1,471**	1,380	**-**	-
- weakened 5% (2011: 5%)	**(1,471)**	(1,380)	**-**	-

34. 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 2012 and 31 March 2011.

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	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Loans and borrowings	23	**82,826**	87,517	**-**	-
Trade and other payables	24	**27,834**	38,772	**9,498**	10,776
Less: - Cash and bank balances	20	**(24,835)**	(25,653)	**(1,544)**	(1,729)
Net debt		**85,825**	100,636	**7,954**	9,047
Total capital		**120,612**	116,090	**83,466**	83,374
Capital and net debt		**206,437**	216,726	**91,420**	92,421
Gearing ratio		**42%**	46%	**9%**	10%

35. 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.

35. SEGMENTAL INFORMATION (Cont'd)

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

Notes to the Financial Statements

for the financial year ended 31 March 2012

35. SEGMENTAL INFORMATION (Cont'd)

31 March 2011	Continuing Operations Apparel RM'000	Labelling RM'000	Packaging RM'000	Others RM'000	Discontinued Operation Packaging RM'000	Adjustments and elimination RM'000	Notes	Per consolidated financial statements RM'000
Revenue:								
External sales	342,306	22,133	-	14,500	14,631	(14,631)	A	378,939
Inter-segment sales	235,447	4,371	-	17,644	-	(257,462)	B	-
Total revenue	577,753	26,504	-	32,144	14,631	(272,093)		378,939
Results:								
Interest income	138	-	7	1	353	(431)	C	68
Depreciation and amortisation:								
- Property, plant and equipment	10,769	2,180	8	1,225	1,527	(1,420)	D	14,289
- Investment properties	12	-	-	3	-	-		15
- Land use rights	20	-	-	-	16	(16)	A	20
Segment profit/(loss)	(10,764)	1,705	(77)	5,585	884	3,261	E	594
Assets:								
Additions to non-current assets	6,015	7,677	-	186	-	(159)	F	13,719
Segment assets	255,085	43,990	9,819	152,402	-	(217,744)	G	243,552
Segment liabilities								
Segment liabilities	212,172	16,511	2,651	35,903	-	(139,775)	H	127,462

Notes to the Financial Statements

for the financial year ended 31 March 2012

35. SEGMENTAL INFORMATION (Cont'd)

A The amounts relating to the packaging segment have been excluded to arrive at amounts shown in the consolidated statement of comprehensive income as they are presented separately in the statement of comprehensive income within one line item, "profit from discontinued operation, net of tax".

B Inter-segment revenues are eliminated on consolidation.

C The following items are deducted from interest income:

	2012 RM'000	2011 RM'000
Inter-segment interest income	-	(78)
Interest income from discontinued operation	-	(353)
	-	(431)

D The following items are added to/(deducted from) depreciation:

	2012 RM'000	2011 RM'000
Inter-segment depreciation	**(125)**	107
Depreciation from discontinued operation	-	(1,527)
	(125)	(1,420)

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

	2012 RM'000	2011 RM'000
Segment results of discontinued operation	-	(884)
Dividends income from inter-segment	**(2,385)**	(3,198)
Reversal of impairment loss on investment in subsidiary	**3,929**	11,779
Reversal of surplus on capital distribution by a subsidiary	**(3,211)**	-
Loss on disposal of subsidiaries	-	(4,849)
Profit from inter-segment sales	**714**	413
	(953)	3,261

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

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

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

35. 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysia	**125,429**	149,876	**41,438**	41,001
Cambodia	**8,975**	4,792	**26,346**	26,976
The People's Republic of China	**85,886**	82,302	**20,336**	20,424
Hong Kong	**139,678**	141,969	**355**	507
	359,968	378,939	**88,475**	88,908

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

	2012 RM'000	2011 RM'000
Property, plant and equipment	**86,657**	87,063
Investment properties	**895**	909
Land use rights	**834**	840
Investment securities	**70**	77
Goodwill	**19**	19
	88,475	88,908

Information about a major customer

Revenue from one major customer amount to RM152,233,000 (2011: RM140,332,000), arising from sales by the apparel segment.

36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2012 were authorised for issue in accordance with a resolution of the directors on 16 July 2012.

Supplementary Information

37. 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 2012 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained earnings of the PCCS Group Berhad and its subsidiaries:				
- Realised	**71,617**	77,484	**23,395**	23,339
- Unrealised	**(183)**	(2,938)	**55**	19
	71,434	74,546	**23,450**	23,358
Less: Consolidated adjustment	**(6,539)**	(12,831)	**-**	-
Total Group's retained earnings as per consolidated accounts	**64,895**	61,715	**23,450**	23,358

Group Properties
as at 31 March 2012

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)	19	767,706	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)	16	4,730,341	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)	14	8,607,681	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)	9	3,978,099	31/03/2004
	# Inculding 74,104 sq ft for Hostel - Item 4						
	Beauty Electronic Embroidering Centre Sdn Bhd						
5	No. 53, Jalan Bunga Dahlia 9, Taman Aman, 81400 Senai, Johor, Malaysia.	Single Storey Terrace House	Freehold	1,200	25	88,800	22/09/1998
	Keza Sdn Bhd						
6	No. 11A, Jalan 3, Tmn. Perindustrian Sinaran, 86000 Kluang, Johor	Factory Building	Freehold	2,002	13	126,933	04/09/2007

Group Properties

as at 31 March 2012

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*
	Mega Labels & Stickers (Selangor) Sdn Bhd						
7	No. 3A, Jalan Palam 34/18A, Taman Perindustrian Pak Chun, Seksyen 34, 40470 Shah Alam, Selangor Darul Ehsan.	2 Storey Office cum 1 Storey Factory	Freehold	22,593 (14,936)	1	4,422,625	28/12/2010
	PCCS Garments (Suzhou) Ltd						
8	North Side of Road 318, Jin Xing Village, Zhen Ze Town Development Zone, 215231 Zhen Ze ,Wu Jiang City, Jiang Su Province, China.	2 Blocks of factory building 1 Block of dormitory	Leasehold expiring 3/11/2052 27/7/2058	15,097 2,184	10 4	5,855,329 1,571,391	28/08/2008 21/08/2008
	PCCS Garments Wuhan Ltd						
9	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	8	2,090,163	09/09/2010

Analysis of Shareholdings

as at 29 June 2012

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	249	9.44	12,388	0.02
100 – 1,000	214	8.11	178,504	0.30
1,001 – 10,000	1,844	69.90	6,491,645	10.82
10,001 – 100,000	293	11.11	7,996,652	13.32
100,001 - 3,000,599 (*)	36	1.36	17,609,196	29.34
3,000,600 and above (**)	2	0.08	27,723,617	46.20
TOTAL	**2,638**	**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:

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chan Choo Sing	2,643,220	4.40	28,302,382 [(1)]	47.16
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's shareholding in PCCS and by virtue of his sons, Mr. Chan Wee Kiang's 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 29 June 2012

LIST OF DIRECTORS' SHAREHOLDINGS

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

Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chan Choo Sing	2,643,220	4.40	28,302,382 (1)	47.16
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's shareholding in PCCS and by virtue of his sons, Mr. Chan Wee Kiang's 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 29 June 2012

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.	Yap Nyet Yune	468,333	0.78
14.	Wetex Industries Sdn Bhd	441,000	0.73
15.	Chan Wee Kiang	375,765	0.63
16.	Dato' Chan Chor Ngiak	319,550	0.53
17.	Yap Shing @ Yap Sue Kim	291,566	0.49
18.	Ta Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Chee Ming*	284,000	0.47
19.	Yung Lay Kiang	256,666	0.43
20.	Tang Boon Heng	225,600	0.38
21.	Chong Keng Yip	200,000	0.33
22.	Tan Hock Seng	200,000	0.33
23.	Cheong Min Choong	188,000	0.31
24.	Chia Siew Lee	182,400	0.30
25.	Ho Wei-Hua	181,700	0.30
26.	Yeo Eck Liong	166,100	0.28
27.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yong Chew Keat*	161,800	0.27
28.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tong Lain Chai*	135,400	0.23
29.	Go Hout Hing	135,366	0.23
30.	Chan Wee Boon	131,000	0.22
		44,386,280	**73.95**

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PCCS GROUP BERHAD
Co. No. 280929-K
(Incorporated In Malaysia)

Form of Proxy

(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 Eighteenth 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, 24 August 2012 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 2012 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 2012. **(Resolution 1)**		
3(a)	To re-elect Mr. Chan Chor Ang in accordance with Article 94 of the Company's Articles of Association. **(Resolution 2)**		
3(b)	To re-elect Mr. Cha Peng Koi @ Chia Peng Koi in accordance with Article 94 of the Company's Articles of Association. **(Resolution 3)**		
4.	To re-elect Mr. Julian Lim Wee Liang, the Director who retire pursuant to Article 100 of the Company's Articles of Association. **(Resolution 4)**		
5.	To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorize the Directors to fix their remuneration. **(Resolution 5)**		
6.	As Special Business Ordinary Resolution Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 **(Resolution 6)**		

* Strike out whichever not applicable

Signed this ______________ day of ______________ 2012

____
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 15 August 2012. Only a depositor whose name appears on the Record of Depositors as at 15 August 2012 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 the Meeting is entitled to appoint one (1) or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Sections 149(1) (a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
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 ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
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 adjourned Meeting.

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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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