PCCS

PCCS GROUP BERHAD

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

Passion
Commitment
Competitiveness
Sincerity

Annual Report 2016

CONTENTS 2016

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Second (**"22nd"**) 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, 26 August 2016 at 10:00 a.m. or at any adjournment thereof for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2016 together with the Reports of the Directors and the Auditors thereon. **Please refer to Explanatory Note B1**

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

   (a) Mr. Chan Choo Sing **Resolution 1**
   (b) Mr. Chan Chow Tek **Resolution 2**

3. 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 3**

As Special Business

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

4. **ORDINARY RESOLUTION NO. 1**
   - PAYMENT OF DIRECTORS' FEES

   "THAT the Directors' Fees amounting to RM402,000/- (Ringgit Malaysia: Four Hundred and Two Thousand only) for the financial year ended 31 March 2016, be and is hereby approved for payment." **Resolution 4**

5. **ORDINARY RESOLUTION NO. 2**
   - AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

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

NOTICE OF ANNUAL GENERAL MEETING

6. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 or the Articles of Association of the Company.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
Secretary

Kuala Lumpur
29 July 2016

Notes:

(A) Information for Shareholders/Proxies

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 19 August 2016. Only a depositor whose name appears on the Record of Depositors as at 19 August 2016 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

2. A member of the Company entitled to attend and vote at a meeting of a company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting without limitation and the provisions of Sections 149 (1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

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

4. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account.

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

6. The instrument appointing a proxy must be deposited at the Corporate Office of the Company at Lot 1376, GM127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof.

Explanatory Notes to Ordinary Business:-

(B) Audited Financial Statements for the financial year ended 31 March 2016

1. This Agenda item is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

NOTICE OF ANNUAL GENERAL MEETING

(C) Re-election of Directors

1. In determining the eligibility of the Directors to stand for re-election at the forthcoming 22nd Annual General Meeting, the Nominating Committee ("**NC**") has considered the requirements under Paragraph 2.20A of the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and recommended Mr. Chan Choo Sing and Mr. Chan Chow Tek for re-election as Directors pursuant to Article 94 of the Articles of Association of the Company ("**Retiring Directors**").

   All the Retiring Directors have consented to their re-election, and abstained from deliberation and voting in relation to their individual re-election at the NC Meeting, where applicable and Board of Directors' Meeting, respectively.

(D) Re-appointment of Auditors

1. The Audit Committee ("**AC**") have assessed the suitability and independence of the External Auditors and recommended the re-appointment of Messrs. Ernst & Young as External Auditors of the Company for the financial year ending 31 March 2017. The Board has in turn reviewed the recommendation of the AC and recommended the same be tabled to the shareholders for approval at the forthcoming 22nd Annual General Meeting of the Company under **Resolution 3**.

(E) Abstention from Voting

1. Any Director referred to in **Resolutions 1 and 2**, who is a shareholder of the Company will abstain from voting on the resolution in respect of his re-election at the 22nd Annual General Meeting of the Company.

Explanatory Notes to Special Business:

(F) Resolution 4 – Payment of Directors' Fees

1. The proposed adoption of the Ordinary Resolution No. 1 is to approve the Proposed Directors' fees for the financial year ended 31 March 2016 of RM402,000/- (2015: RM510,000/-).

   The **Resolution 4**, if approved, will authorise the payment of Directors' Fees pursuant to Article 105 (a) of the Articles of Association of the Company.

(G) Abstention from Voting

1. Any Director of the Company who is shareholder of the Company will abstain from voting on **Resolution 4** in relation to payment of Directors' fees at the 22nd Annual General Meeting of the Company.

(H) Resolution 5 – Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

1. The proposed adoption of the Ordinary Resolution No. 2 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 ten per centum (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 purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time-consuming and costly to organise a general meeting. This authority 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 Twenty-First Annual General Meeting of the Company held on 4 September 2015 which will lapse at the conclusion of the 22nd Annual General Meeting.

CORPORATE STRUCTURE

PCCS Group Berhad

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

- Apparel Division
- Embroidery & Printing Division
- Labelling Division
- Others

- **100%** Perusahaan Chan Choo Sing Sdn Bhd
- **100%** PCCS Garments Limited
- **100%** Beauty Apparels (Cambodia) Ltd
- **100%** JIT Textiles Limited
- **100%** PCCS Garments (Suzhou) Ltd
  - **100%** Yuxing Apparel Suqian Limited
  - **100%** PCCS Garments Wuhan Limited
- **100%** PCCS (Hong Kong) Limited
- **100%** Thirty Three (Hong Kong) Limited
  - **100%** Thirty Three (Shanghai) Limited
- **100%** Shern Yee Garments Sdn Bhd
  - **70%** Global Apparels Limited
- **100%** Thirty Three Trading Sdn Bhd
  - **100%** Beauty Silk Screen (M) Sdn Bhd
    - **100%** Beauty Silk Screen Limited
- **100%** Jusca Garments Sdn Bhd
- **100%** Beauty Electronic Embroidering Centre Sdn Bhd
  - **100%** JIT Embroidery Limited
- **100%** Keza Sdn Bhd
  - **100%** Keza (Cambodia) Limited
- **51%** Perfect Seamless Garments (Cambodia) Limited
- **100%** Mega Labels & Stickers Sdn Bhd
  - **100%** Mega Labels & Stickers (Cambodia) Co., Ltd.
- **100%** Mega Label (Malaysia) Sdn Bhd

PROFILE OF DIRECTORS

JULIAN LIM WEE LIANG
Senior Independent Non-Executive Chairman
Malaysian, aged 42, Male

Date of appointment as Director	:	14 November 2011
Length of service as director since appointment (as at 29 July 2016)	:	4 years 8 months Mr. Julian was appointed as Independent Non-Executive Director on 14 November 2011 and was re-designated as Senior Independent Non-Executive Director on 22 May 2013 and subsequently appointed as Senior Independent Non-Executive Chairman on 6 June 2014.
Board Committee(s) served on	:	• Member of the Audit Committee • Chairman of the Nomination Committee
Academic/Professional Qualification(s)	:	• Bachelor Degree in University of Sheffield, United Kingdom in July 1996 • Member of the Malaysian Institute of Accountants • Fellow member of the Association of Chartered Certified Accountants
Present Directorship(s) in other Public/Listed Companies	:	He does not have any directorships in other public company and listed company.
Family relationship with any Director and/or major shareholder of the Company	:	Nil
Working experience	:	Mr. Julian worked with Arthur Andersen & Co and left in January 2000 to further his studies. Subsequently, he joined KY Siow & Co in January 2003 as Audit Manager.
Time committed	:	Mr. Julian attended all the five (5) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2016.

PROFILE OF DIRECTORS

CHAN CHOO SING

Group Managing Director
Malaysian, aged 62, Male

Date of appointment as Director	: 21 June 1995
Length of service as director since appointment (as at 29 July 2016)	: 21 years 1 month Mr. Chan was appointed as the Group Managing Director of PCCS in 1995 and as Chairman of PCCS on 24 August 2004. He has relinquished his role as Chariman on 6 June 2014 but remains Group Managing Director of PCCS till today.
Board Committee(s) served on	: Member of the Remuneration Committee
Academic/Professional Qualification(s)	: Completed Malaysian Certificate of Education, equivalent to O-Level.
Present Directorship(s) in other Public/Listed Companies	: Mr. Chan sits on the board of several private limited companies. He does not have any directorships in other public company and listed company.
Family relationship with any Director and/or major shareholder of the Company	: Mr. Chan is a substantial shareholder of the Company effective from 20 June 1995. He is the brother of Mr. Chan Chow Tek, Dato' Chan Chor Ngiak and Mr. Chan Chor Ang, all of them are Directors and substantial shareholders of PCCS. Mr. Chan is husband of Madam Tan Kwee Kee, who is a substantial shareholder and has indirect interest of 34.40% in the equity of Setia Sempurna Sdn. Bhd., a major shareholder of PCCS.
Working experience	: 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 recognise business and expansion opportunities have led to successful business ventures including the forming of a number of companies actively involved in the garment industry. PCCS, the holding company of 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. 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.
Time committed	: Mr. Chan attended four (4) out of five (5) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2016.

PROFILE OF DIRECTORS

CHAN CHOW TEK
Executive Director
Malaysian, aged 59, Male

Date of appointment as Director	:	21 June 1995
Length of service as director since appointment (as at 29 July 2016)	:	21 years 1 month
Board Committee(s) served on	:	Nil
Academic/Professional Qualification(s)	:	• Completed Malaysian Certificate of Education, equivalent to O-Level • Part-completion of the Higher Certificate of Education, equivalent to A-Level
Present Directorship(s) in other Public/Listed Companies	:	Mr. Chan is a director of several private limited companies. He does not have any directorships in other public company and listed company.
Family relationship with any Director and/or major shareholder of the Company	:	Mr. Chan is a substantial shareholder of the Company effective from 20 June 1995. Mr. Chan is the brother of Mr. Chan Choo Sing, Dato' Chan Chor Ngiak and Mr. Chan Chor Ang, all of them are Directors and substantial shareholders of PCCS. Mr. Chan has indirect interest of 24.40% in the equity of Setia Sempurna Sdn. Bhd., a major shareholder of PCCS.
Working experience	:	Mr. Chan leads all the marketing activities in the Group and has more than forty (40) years of experience in textile and apparel marketing and merchandising. He started his career in 1973 in marketing the products of Chan Trading to local departmental stores. In 1981, he successfully made the first export order for Perusahaan Chan Choo Sing Sdn. Bhd. and has since brought the company's export sales to greater success. He is also responsible for the development and growth of the Group's garment business. His job includes keeping abreast with the latest development in the apparel and fashion industry by frequent overseas trips to identify new and potential markets.
Time committed	:	Mr. Chan attended all the five (5) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2016.

PROFILE OF DIRECTORS

DATO' CHAN CHOR NGIAK
Non-Independent Non-Executive Director
Malaysian, aged 54, Male

Date of appointment as Director	21 June 1995
Length of service as director since appointment (as at 29 July 2016)	21 years 1 month
Board Committee(s) served on	• Member of the Audit Committee • Member of the Remuneration Committee • Member of the Nomination Committee
Academic/Professional Qualification(s)	Completed Malaysian Certificate of Education, equivalent to O-Level
Present Directorship(s) in other Public/Listed Companies	Dato' Chan is a director of several private limited companies. He does not have any directorships in other public company and listed company.
Family relationship with any Director and/or major shareholder of the Company	Dato' Chan is a substantial shareholder of the Company effective from 20 June 1995. Dato' Chan is the brother of Mr. Chan Choo Sing, Mr. Chan Chow Tek and Mr. Chan Chor Ang, all of them are Directors and substantial shareholders of PCCS. Mr. Chan has indirect interest of 18.40% in the equity of Setia Sempurna Sdn. Bhd., a major shareholder of PCCS.
Working experience	Dato' Chan started his carreer in 1980 in marketing the products of Chan Trading to local department stores. Dato' Chan has continuously established connections with many business executives in the Chamber of Commerce and Associations. He is the Honorary Vice 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. The Sultan of Pahang on his eighty-first (81st) birthday conferred the "Darjah Indera Mahkota Pahang (D.I.M.P.)" to him that carries the prestigious title of Dato'.
Time committed	Dato' Chan attended all the five (5) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2016.

PROFILE OF DIRECTORS

CHAN CHOR ANG

Non-Independent Non-Executive Director
Malaysian, aged 53, Male

Date of appointment as Director	:	21 June 1995
Length of service as director since appointment (as at 29 July 2016)	:	21 years 1 month
Board Committee(s) served on	:	Nil
Academic/Professional Qualification(s)	:	Completed Junior Middle Three in Chinese High School
Present Directorship(s) in other Public/Listed Companies	:	Mr. Chan is a director of several private limited companies. He does not have any directorships in other public company and listed company.
Family relationship with any Director and/or major shareholder of the Company	:	Mr. Chan is a substantial shareholder of the Company effective from 20 June 1995. Mr. Chan is the brothers of Mr. Chan Choo Sing, Dato' Chan Chor Ngiak and Mr. Chan Chow Tek, all of them are Directors and substantial shareholders of PCCS. Mr. Chan has indirect interest of 14.00% in the equity of Setia Sempurna Sdn. Bhd., a major shareholder of PCCS.
Working experience	:	Mr. Chan joined Perusahaan Chan Choo Sing Sdn. Bhd. in 1981 and was transferred to Jusca Garments Sdn. Bhd. as the Factory Manager in 1985. He has more than thirty (30) years of experience in the textile and garment industry.
Time committed	:	Mr. Chan attended all the five (5) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2016.

PROFILE OF DIRECTORS

PIONG YEW PENG

Independent Non-Executive Director
Malaysian, aged 46, Male

Date of appointment as Director	:	1 April 2015
Length of service as director since appointment (as at 29 July 2016)	:	1 year 3 months
Board Committee(s) served on	:	• Chairman of the Audit Committee • Chairman of the Remuneration Committee • Member of the Nomination Committee
Academic/Professional Qualification(s)	:	• Bachelor of Business (Accounting) from RMIT University, Melbourne, Australia • Member of the Malaysian Institute of Accountants • Fellow member of the Certified Practising Accountants, Australia
Present Directorship(s) in other Public/Listed Companies	:	SWS Capital Berhad, a public listed company
Family relationship with any Director and/or major shareholder of the Company	:	Nil
Working experience	:	Mr. Piong has more than twenty (20) years of experience in providing audit services to wide range of clients. He is actively involved in assisting clients in Initial Public Offering (IPO), merger and acquisition, and other corporate exercises. He regularly provides value added services to update clients in financial reporting standards, listing requirements, and tax planning advisory.
Time committed	:	Mr. Piong attended all the five (5) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2016.

Note:

1) Other than traffic offences, if any, none of the Directors have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies for the financial year ended 31 March 2016.

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

PROFILE OF KEY SENIOR MANAGEMENT

CHAN WEE KIANG
Deputy Group General Manager
Malaysian, aged 38, Male

Date of appointment as Deputy Group General Manager	:	30 March 2008
Length of service as Deputy Group General Manager since appointment (as at 29 July 2016)	:	8 years 4 months
Academic/Professional Qualification(s)	:	Bachelor of Accounting & Finance, Monash University, Clayton Campus, Melbourne, Australia
Present Directorship(s) in other Public/Listed Companies	:	Nil
Family relationship with any Director and/or major shareholder of the Company	:	Mr. Chan is the son of Mr. Chan Choo Sing, who is a Director and substantial shareholders of PCCS, and has indirect interest of 34.40% in the equity of Setia Sempurna Sdn. Bhd., a major shareholder of PCCS.
Working experience	:	Mr. Chan started his career in Perusahaan Chan Choo Sing Sdn. Bhd. as a Marketing Executive since 2002 and subsequently being promoted as Marketing Manager in year 2003. In year 2007, Mr. Chan was appointed as Group Marketing Manager in PCCS Group Berhad and subsequently promoted as Deputy Group General Manager in year 2008.
List of convictions for offences	:	Other than traffic offences, if any, Mr. Chan does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies for the financial year ended 31 March 2016.
Conflict of Interest	:	Nil

PROFILE OF KEY SENIOR MANAGEMENT

TEO HOCK LIM

Senior General Manager for Cambodia Division
Malaysian, aged 51, Male

Date of appointment as Senior General Manager for Cambodia Division	:	16 September 2014
Length of service as Senior General Manager for Cambodia Division since appointment (as at 29 July 2016)	:	1 year 10 months
Academic/Professional Qualification(s)	:	Bachelor of Art in Accounting and Finance, University of Findlay, AICPA, USA
Present Directorship(s) in other Public/Listed Companies	:	Nil
Family relationship with any Director and/or major shareholder of the Company	:	Nil
Working experience	:	Mr. Teo started embarking on his career in year 1986 with Beltz Clothing Inc. in USA. After accumulating extensive working experience, he left Beltz Clothing Inc. and joined several companies in garment's industry in China, Indonesia, United Arab Emirates, Bangladesh, Guatemala, Malaysia and Cambodia. He has more than thirty (30) years experiance in textile and garment industry. The past working experiences of Mr. Teo were as follows:- 2010 to 2014 – Country Manager (Makalot Garments (Cambodia) Co. Ltd. & Moha Garments Co. Ltd. in Cambodia) 2007 to 2009 – Country General Manager (Ghim Li (Cambodia) Pte Ltd. in Cambodia) 2003 to 2006 – Country Manager (Estofel, SA. in Guatemala) 1999 to 2002 – Senior Factory Manager / Offshore Senior Manager (PLKL Ltd. in Bangladesh) 1999 to 1999 – Executive Marketing Manager (Findlay Industries Sdn. Bhd. in Malaysia) 1998 to 1999 – Factory & Operation Manager (Kian Lian Seng Garment Manufacturing in Singapore) 1997 to 1998 – Factory & Operation Manager (P.T. Iwan Berjaya Garment in Indonesia) 1994 to 1996 – Factory Manager (Sincerity Garment Manufacturing Co. Ltd. in United Arab Emirates) 1992 to 1994 – Factory & Operation Manager (Ben Hin (XiaMen) Readyware Co. Ltd. in China) 1990 to 1992 – Factory Manager (Beltz Clothing Inc. in USA) 1988 to 1990 – Accountant (Beltz Clothing Inc. in USA) 1986 to 1988 – Account Officer (Beltz Clothing Inc. in USA)
List of convictions for offences	:	Other than traffic offences, if any, Mr. Teo does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies during financial year ended 31 March 2016.
Conflict of Interest	:	Nil

PROFILE OF KEY SENIOR MANAGEMENT

CHAN WEE BOON

General Manager for Label and Sticker Division
Malaysian, aged 36, Male

Date of appointment as Group General Manager for Label and Sticker Division	: 1 July 2014
Length of service as Group General Manager for Label and Sticker Division since appointment (as at 29 July 2016)	: 2 years 1 month
Academic/Professional Qualification(s)	: Bachelor of Civil Engineering, Monash University, Clayton Campus, Melbourne, Australia
Present Directorship(s) in other Public/Listed Companies	: Nil
Family relationship with any Director and/or major shareholder of the Company	: Mr. Chan is the son of Mr. Chan Choo Sing, a Director and substantial shareholders of PCCS, and has indirect interest of 34.40% in the equity of Setia Sempurna Sdn. Bhd., a major shareholder of PCCS.
Working experience	: Mr. Chan started his career in China as Project Manager in 2004. In year 2010, he joined Mega Labels & Stickers Sdn. Bhd. as General Manager and subsequently being promoted as Group General Manager for Label Division in year 2014. The past working experiences of Mr. Chan were as follows:- 2014 to present – Group General Manager (Label Division) 2010 to 2014 – General Manager (Mega Labels & Stickers Sdn Bhd) 2008 to 2010 – Assistant General Manager (Trio Paper Mill Sdn. Bhd.) 2005 to 2007 – Marketing Manager, South China (Guangdong Haohe Construction Pte. Ltd.) 2004 to 2005 – Project Manager (Blopak China Private Ltd.)
List of convictions for offences	: Other than traffic offences, if any, Mr. Chan does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies during financial year ended 31 March 2016.
Conflict of Interest	: Nil

CORPORATE INFORMATION

BOARD OF DIRECTORS

Julian Lim Wee Liang
Senior Independent Non-Executive Chairman

Chan Choo Sing
Group Managing Director

Chan Chow Tek
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
(Resigned w.e.f. 1 April 2015)

Piong Yew Peng
Independent Non-Executive Director
(Appointed w.e.f. 1 April 2015)

AUDIT COMMITTEE

Piong Yew Peng (Chairman)
Independent Non-Executive Director
(Appointed w.e.f. 1 April 2015)

Julian Lim Wee Liang
Senior Independent Non-Executive Chairman

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

REMUNERATION COMMITTEE

Piong Yew Peng (Chairman)
Independent Non-Executive Director
(Appointed w.e.f. 1 April 2015)

Chan Choo Sing
Group Managing Director

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

NOMINATION COMMITTEE

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

Piong Yew Peng
Independent Non-Executive Director
(Appointed w.e.f. 1 April 2015)

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

COMPANY SECRETARY

Chua Siew Chuan (MAICSA 0777689)

REGISTERED OFFICE

LOT 1376, GM 127,
Mukim Simpang Kanan, Jalan Kluang,
83000 Batu Pahat, Johor Darul Takzim
Tel No : 07-456 8866
Fax No : 07-456 8860

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
Level 16-1, Jaya 99, Tower B,
99 Jalan Tun Sri Lanang,
75100 Melaka

SOLICITORS

Enolil Loo
Advocates & Solicitors
M-2-9 Plaza Damas,
60 Jalan Sri Hartamas 1,
Sri Hartamas,
50480 Kuala Lumpur

PRINCIPAL BANKERS

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

SUBSIDIARY COMPANIES

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

CORPORATE WEBSITE

http://www.pccsgroup.net/

AUDIT COMMITTEE REPORT

The Board of Directors of PCCS Group Berhad is pleased to present the following report on the Audit Committee and its activities during the financial year ended 31 March 2016.

A. MEMBERSHIP

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

Piong Yew Peng (Chairman)
Independent Non-Executive Director

Julian Lim Wee Liang
Senior Independent Non-Executive Chairman

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

B. ATTENDANCE

The Audit Committee held a total of five (5) meetings during the financial year ended 31 March 2016.

The details of attendance at Audit Committee meetings held during the financial year under review were as follows:-

Name of Audit Committee Member	No. of Meetings attended
Piong Yew Peng (Chairman)	5/5
Julian Lim Wee Liang	5/5
Dato' Chan Chor Ngiak	5/5

C. SUMMARY OF WORK

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

(1) Overview of Financial Performance and Reporting

- Reviewed the unaudited quarterly financial results for the quarter ended 30 June 2015, 30 September 2015, 31 December 2015 and 31 March 2016 and recommend the same to the Board of Directors for approval;
- Reviewed the draft audited financial statements for the financial year ended 31 March 2015 and recommend the same to the Board of Directors for approval; and
- Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements.

AUDIT COMMITTEE REPORT

C. SUMMARY OF WORK (CONT'D)

(2) Oversight of External Auditors

- Reviewed the suitability and independence of the External Auditors vide a formalised "Assessment on External Auditors" and upon reviewed and being satisfied with the results of the said assessment, the same has been recommended to the Board of Directors for approval;
- Discussed and reviewed with the External Auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board, and the scope of work and audit plan for the financial year ended 31 March 2016, including any significant issues and concerns arising from the audit;
- Met twice with the External Auditors without the presence of the Executive Board/Employees to discuss issue of concern to the External Auditors arising from the annual statutory audit;
- Reviewed the revised Terms of Reference of the Audit Committee; and
- Reviewed the audit fees prior to the Board of Directors for approval.

(3) Oversight of Internal Audit ("IA")

- Reviewed the IA Reports for the financial year ended 31 March 2016 and assessed the Internal Auditors' findings and the management's responses and made the necessary recommendations to the Board of Directors for approval;
- Reviewed the adequacy and performance of the IA function and its comprehensive coverage of the Group's activities; and
- Reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced Internal Auditors and that they have the necessary authority to carry out their work.

(4) Oversight of Risk Management Working Group and Function

- Monitored the formation of Risk Management Working Group and the progress of updating the Risk Registry.

(5) Review of Related Party Transactions

- Reviewed any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the questions on management integrity.

(6) Oversight of Internal Control Matters

- Reviewed and confirmed the minutes of the Audit Committee Meetings; and
- Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control to be included in the Annual Report 2016.

AUDIT COMMITTEE REPORT

D. IA FUNCTION

(1) Appointment

The Group has appointed an outsourced IA service provider to carry out the IA function, namely Sterling Business Alignment Consulting Sdn. Bhd. ("**Sterling**"). The outsourced Internal Auditors report directly to the Audit Committee, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the IA function. The purpose of the IA function is to provide the Board, through the Audit Committee, assurance of the effectiveness of the system of internal control of the designated entities of the Group.

(2) IA Activities

The IA reporting format can broadly be segregated into four (4) main areas as follow:-

(a) IA Plan of the Group

At the beginning of the financial year, the IA Plan of the Group is presented to the Audit Committee by Sterling for discussion and approval. The Audit Committee would then recommended the same to the Board of Directors for adoption.

(b) Regular IA Reports

IA reports are reviewed and adopted by the Audit Committee on a quarterly basis. During the financial year under review, Sterling has reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the major subsidiaries and recommended possible improvements to the internal control process. This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group.

For the financial year ended 31 March 2016, the following subsidiaries of the Group were audited by Sterling:-

Name of Entities audited by Sterling	Date of IA Report
JIT Textiles Limited	29 May 2015
JIT Textiles Limited	21 August 2015
Apparel Division in Cambodia	18 November 2015
JIT Textiles Limited	19 February 2016

(c) Follow-up Reports

In addition, the Internal Auditors followed-up on the implementation of recommendations from previous cycles of IA and updated the Audit Committee on the status of Management-agreed action plan.

AUDIT COMMITTEE REPORT

D. IA FUNCTION (CONT'D)

(2) IA Activities (Cont'd)

(c) Follow-up Reports (Cont'd)

For the financial year ended 31 March 2016, Sterling has presented their status report: follow-up actions on previously reported audited findings in respect of the following subsidiaries of the Group:-

Name of Entities followed-up by Sterling	Date of IA Status Report
JIT Textiles Limited	29 May 2015
Apparels Division in Cambodia	29 May 2015
PCCS Garments (SuZhou) Limited	29 May 2015
JIT Textiles Limited	21 August 2015
JIT Embroidery Limited	21 August 2015
Apparel Division in Cambodia	21 August 2015
JIT Textiles Limited	18 November 2015
JIT Embroidery Limited	18 November 2015
Apparel Division in Cambodia	19 February 2016
JIT Embroidery Limited	19 February 2016
JIT Textiles Limited	19 February 2016

(3) Total costs incurred for the financial year

The total costs incurred for the IA function of the Group for the financial year ended 31 March 2016 was RM56,000/-.

(4) Review of IA Function

For the financial year ended 31 March 2016, the Audit Committee noted that the IA function is independent and Sterling has performed their audit assignments with impartiality, proficiency and due professional care.

STATEMENT ON CORPORATE GOVERNANCE

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

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

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

This statement also serves as a compliance with Paragraph 15.25 of the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

(1) Clear Functions Reserved for the Board and those Delegated to Management

Board of Directors ("Board")

The Board is responsible for the leadership, oversight and the long-term success of the Group. The Board has established a Board Charter to provide guidance and clarity for Directors and Management with regard to the role of the Board and its committees. In addition, the Board will also agrees with the Management, the corporate objectives, which include performance targets during the review of yearly budget, to be met by the Management.

The Board has reserved a formal schedule of matters for its decision making to ensure that the direction and control of the Group is firmly in its hands. This includes strategic issues and planning, material acquisition and disposal of assets, capital expenditure, Risk Management policies, appointment of auditors and review of the financial statements, financing and borrowing activities, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls.

The Board has also delegated certain responsibilities to other Board Committees, which operate within clearly defined terms and reference. Standing committees of the Board include the Audit Committee ("**AC**"), Nomination Committee ("**NC**") and Remuneration Committee ("**RC**"). The Board receives reports at the Board Meeting from the Chairman of each committee on current activities and it is the general policy of the Company that all major decisions be considered by the Board as whole.

STATEMENT ON CORPORATE GOVERNANCE

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(1) Clear Functions Reserved for the Board and those Delegated to Management (Cont'd)

Senior Management Team

The Board is duly assisted by the Management of the Company, namely the Senior Management Team. The Senior Management Team consists of senior employees holding the following positions:-

(i) Group Managing Director ("**MD**") – Mr. Chan Choo Sing;
(ii) Executive Director – Mr. Chan Chow Tek;
(iii) Deputy Group General Manager – Mr. Chan Wee Kiang;
(iv) Senior General Manager for Cambodia Division – Mr. Teo Hock Lim; and
(v) General Manager for Label and Sticker Division – Mr. Chan Wee Boon.

The individual profile of the Key Senior Management Team is available for viewing at Pages 12 to 14 of this Annual Report.

The principal responsibilities of the Senior Management Team are as follows:-

- Developing, co-ordinating and implementing business and corporate strategies for the approval of the Board;
- Implementing the policies and decisions of the Board;
- Overseeing the day-to-day operations of the Group;
- To participates in various management committees or working committees for the effective discharge of duties and functions;
- Relevant member(s) of the Senior Management Team will be invited to attend Board and/or Board Committees meetings to advise and furnish the Board and/or Board Committees with information, report, clarifications as and when required on the agenda items to be tabled to the Board and/or Board Committees, to enable the Board and/or Board Committees to arrive at a decision.

(2) Clear Roles and Responsibilities of the Board

The Board is overall responsible for corporate governance, strategic direction, establishing corporate goals and monitoring the achievement of these goals. It provides effective leadership and manages overall control of the Company and its subsidiary companies the Group's affairs through the discharge of the following principal duties and responsibilities during the financial year ended 31 March 2016:-

(a) Reviewing and adopting a strategic plan for the Company

The Board reviewed the sustainability, effectiveness and implementation of the strategic plans for the year and provided guidance and input to the Management.

<u>Strategic Planning – New Investments</u>

The Company had on 7 July 2015 entered into a joint venture with Mr. Huang Wei to incorporate a subsidiary company in Cambodia under the name of Perfect Seamless Garments (Cambodia) Limited ("**PSG**") and the principal activity of PSG is establish accessory of garment factory.

The subsidiary of Company, PCCS Garments (Suzhou) Limited, had also on 13 June 2016, incorporated a wholly-owned subsidiary company in China under the name of Yuxing Apparel Suqian Limited ("**YASL**") and the principal activity of YASL is manufacturing and trading of apparels, fashion accessories, fabric materials and other products.

STATEMENT ON CORPORATE GOVERNANCE

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(2) Clear Roles and Responsibilities of the Board (Cont'd)

(b) Overseeing the conduct of the Company's business

The Senior Management Team are responsible for the day-to-day management and operation of the Company and the Group.

The Board monitors the performance of Management on a regular basis vide the insertion of the following permanent agenda items in the Board Meetings:-

- "To review the Group's performance for the quarterly financial period"; and
- "To discuss the report on the Group's latest business developments."

Any enquiries/concerns raised by the Board members in relation to the abovementioned agenda items would be clarified by a member of the Senior Management Team.

(c) Identification of principal risks and implementation of appropriate internal controls and mitigation measures

The AC has been entrusted by the Board to identify, evaluate, monitor and manage any relevant major risk faced by the Group so that the Group will achieve its business objectives. However, the Board as a whole remains responsible for all the actions of the AC with regard to the execution of the delegated role and this includes the outcome of the review and disclosure on key risks and internal control in the Company's annual reports.

As at the date of the Annual Report, the Board vide the AC has formed a Risk Management Working Group ("**RMWG**") and Performance Management Review Team ("**PMRT**") to discharge the Risk Management function of the Group on behalf on the Board.

The Board has reviewed Registry of Risk for the PCCS Corporate Level, Apparels Division (Malaysia, Cambodia and China) and Labels & Stickers (Malaysia and Cambodia) to ensure the major risks and risk owners be identified, and the relevant risk mitigation measures be taken to minimise and/or address the risks concerned.

(d) Succession Planning

The Board has formalised a Succession Planning Policy to ensure the Group's continuity in leadership for all key positions.

The Board recognises that succession planning is an ongoing process designed to ensure that the Group identifies and develops a talent pool of employees through mentoring, training and job rotation for high level management positions that become vacant due to retirement, resignation, death or disability and/or new business opportunities.

As part of the agenda item of "To discuss the report on the Group's latest business development", the Group MD would brief on the Group Human Resources ("**HR**") updates, in particular, the impending appointments and/or resignations/retirements of senior management staff, including overseas subsidiaries, to ensure all succession issue in respect to any vacant of senior management positions be addressed.

A copy of the Succession Planning Policy is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.

STATEMENT ON CORPORATE GOVERNANCE

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(2) Clear Roles and Responsibilities of the Board (Cont'd)

(e) Overseeing the development and implementation of a shareholder communications policy for the company

The Board is aware of commitment to enhance long term shareholder's value through regular communication with all its shareholders, regardless of individual or institutional investors.

However, the Board has yet to formalise a Shareholder Communication Policy in view that Clause 6 of the Board Charter which governs the "Board-Shareholders' Relationship", has, to a certain extent, serves as guide to the Board on the strategy to communicate the Corporate's vision and mission, strategies, development, financial plans and prospects to shareholders.

(f) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems

The Board has established key control processes to ensure there is a sound framework of reporting on internal controls and regulatory compliance. Details pertaining to the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control in this Annual Report.

The AC has been delegated by the Board to review the adequacy and integrity of the Group's internal control systems and management information systems. The AC has in turn entrusted the outsourced Internal Auditors, namely Sterling Business Alignment Consulting Sdn. Bhd. ("**Sterling**"), to carry out such tasks and the same be incorporated as part of the Internal Audit Plan of the year to be adopted. The Internal Auditors are required to report to the AC with their findings and recommendations on the status of the internal control system of the Group on a quarterly basis.

(3) Code of Conduct

The Group has in place a Group's Code of Conduct ("**COC**") that is applicable to all its Directors and employees. In the course of establishing the COC, the Board recognises the importance to promote and reinforce ethical standards throughout the Group. Moving forward, the Company will continuously support, promote and ensure compliance to the COC. The COC will not only apply to every employee of the Group, but also to every Director (executive and non-executive). Furthermore, the Company will strive to ensure that our consultants, agents, partners, representatives and others performing works or services for or on behalf of the Company comply with the COC.

Whistle Blowing Policy

Whistleblowing is a specific means by which an employee/officer or stakeholder can report or disclose through the following established channels, concerns about any violation of the Code of Ethics and Conduct, unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place/has taken place/may take place in future.

STATEMENT ON CORPORATE GOVERNANCE

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(3) Code of Conduct (Cont'd)

Whistle Blowing Policy (Cont'd)

The Board had reviewed and adopted a Whistle Blowing Policy with the following objectives:-

a) Provide an avenue for all employees and member of the public to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interest of stakeholders;

b) Provide proper internal reporting channel to disclose any improper or unlawful conduct in accordance with the procedures as provided for under the Whistle Blowing Policy;

c) Address a disclosure in an appropriate and timely manner;

d) Provide protection for the whistleblower from reprisal as a direct consequence of making a disclosure and to safeguard such person's confidentiality; and

e) Treat both the whistleblower and the alleged wrongdoer fairly.

Report(s) can be made verbal or in writing and forwarded in a sealed envelope to the following contact person(s) labelling with a legend such as "To be opened by the AC Chairman/Senior Independent Non-Executive Chairman/Deputy Group General Manager ("**DGM**") or Head of Human Resources only (where applicable):-

For matters relating to financial reporting, unethical or illegal conduct, one (1) can report directly to the following designated person:

(1) AC Chairman

Mr. Piong Yew Peng at piongyewpeng@gmail.com; or

(2) Senior Independent Non-Executive Chairman

Mr. Julian Lim Wee Liang at julianlim@pccsgroup.net; or

(3) Group MD

Mr. Chan Choo Sing at cschan@pccsgroup.net.

For Employment-related concerns, one (1) can report directly to the following designated person:

(1) Head of Human Resources

Mr. Teo Bee San at mattteo@pccsgroup.net; or

(2) DGM

Mr. Chan Wee Kiang at davidchan@pccsgroup.net.

STATEMENT ON CORPORATE GOVERNANCE

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(4) Promote Sustainability

The Board views the commitment to sustainability and Environmental, Social and Governance ("**ESG**") performance as part of its broader responsibility to clients, shareholders and the communities in which it operates.

The Board also recognises the importance of its corporate and social responsibility whilst pursuing its corporate goals.

(a) Environmental Aspect – ***Occupational Safety, Health, and Environmental ("OSHE") Policy***

The Board has established an OSHE Policy to ensure the Group operates its business activities with full commitment in achieving environmental, occupational safety and health excellence. The Board believes that a workplace that is ecologically harmless and accident-free would promote physical and emotional health. In return, the Board envisages enhancement in employees' productivity, efficiency and quality.

(b) Social Aspect – *Corporate Responsibility ("CR")*

The Board recognises the importance of CR whilst pursuing its corporate goals.

A summary of the CR activities undertaken for the financial year ended 31 March 2016 is set out in the Corporate Responsibility Statement in this Annual Report.

(c) Governance Aspect – *Quality Certifications*

The Board strongly believes in maintaining the quality of its products and services, and the safety of its processes. As such, the Group has documented its standard operating procedures, which encompass all work processes.

Mega Labels & Stickers Sdn. Bhd. and Mega Label (Malaysia) Sdn. Bhd., the key subsidiaries under the Group's Labels Printing Division have both obtained dual quality certifications as follow:-

Certification	Scope of work
ISO 9001:2008	Production & Printing of Labels, Stickers and Related Products
ISO 14001:2004	Production & Printing of Labels, Stickers and Related Products

(d) Group Sustainability

The Board recognises the importance of its corporate and social responsibility whilst pursuing its corporate goals.

The Group has adopted the "Group Believes - that Skilled is a Valuable Asset" that would underpin the sustainability as well as future success of the Group.

The Group continues to invest in its staff through continuous trainings to develop in-house capability and also maintaining a united workforce that would assist the Group in realising its goals and objectives.

STATEMENT ON CORPORATE GOVERNANCE

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(5) Access to Information and Advice

All Directors can have full access to information and are also entitled to obtain full disclosure by the 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.

For Board Meeting, all Directors are provided with sufficient notices and board papers for each Board Meeting on a timely manner (at least one week in advance) to allow the Directors to have ample time to peruse, obtain additional information and where applicable, to seek further clarification on the matters to be tabled at the Meeting.

The Directors may also interact directly with, or request further explanation, information or updates, on any aspect of the Company's operations or business concerns from the Management to enable the Board to discharge its duties in relation to the matters being deliberated.

Protocol for seeking of professional advisory services

Where applicable, the Directors whether as a full Board or in their individual capacity, are encouraged to seek independent professional advice from the following parties:-

- For corporate and/or governance matters, the external Company Secretary;
- For audit and/or audit-related matters, any representatives of the audit engagement team of the External Auditors or the outsourced Internal Auditors;
- For any other specific issues where professional advice is required to enable the Board to discharge its duties in connection with specific matters, the Board may proceed to do so, upon the approval of the Chairman, in relation to the quantum of fees to be incurred.

For the financial year ended 31 March 2016, other than the external Company Secretary, outsourced Internal Auditors and the External Auditors, the Board has not sought any other independent professional advices.

The Board recognises that the Senior Independent Non-Executive Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.

The Directors have unrestricted access to independent professional advice as well as the advice and services of the Company Secretary and External Auditors and, may seek advice from the Management on issue under their respective purview.

(6) Qualified and Competent Company Secretary

The appointment and removal of the Company Secretary is a matter for the Board. All Directors have access to the advice and services of the Company Secretary, who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Also, the Company Secretary ensure that the deliberations at the Board meetings are well captured and minuted. The Company Secretary also play a key role to facilitate communication between the Board and Management.

STATEMENT ON CORPORATE GOVERNANCE

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(6) Qualified and Competent Company Secretary (Cont'd)

In performing her duties, the Company Secretary carry out, amongst others, the following tasks:-

- Statutory duties as required under the Companies Act, 1965, Main LR of Bursa Securities, Capital Market and Services Act, 2007;
- Facilitating and attending Board and Board Committees Meetings;
- Ensuring that Board and Board Committees Meetings are properly convened and the proceedings are properly recorded;
- Ensuring timely communications of the Board level decisions to the Management for further action;
- Ensuring that all appointments to the Board and/or Board Committees are properly made in accordance with the relevant regulations and/or legislations;
- Maintaining records for the purpose of meeting statutory obligations;
- Facilitating the provision of information as may be requested by the Directors from time to time on timely manner and ensuring adherence to Board policies and procedures;
- Facilitating the conduct of the assessment to be undertaken by the Board and/or Board Committees as well as to compile the results of the assessments for the Board and/or Board Committees' notation;
- Assisting the Board with the preparation of announcements for release to Bursa Securities and Securities Commission; and
- Rendering advice and support to the Board and Management.

The appointed Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**") and is qualified to act as company secretary under Section 139A of the Companies Act, 1965. The brief profile of the Company Secretary is as follows:-

Ms. Chua Siew Chuan, FCIS

Ms. Chua has been elected as a Fellow Member of the MAICSA since 1997. She has more than thirty-five (35) years of experience in handling corporate secretarial matters, with working knowledge of many industries and government services. She is currently the President of MAICSA.

Ms. Chua is a Chartered Secretary by profession. She is the MD of Securities Services (Holdings) Sdn. Bhd., a prominent corporate secretarial service provider in Malaysia. Ms. Chua is also the named company secretary for a number of public listed companies, public companies, private limited companies and societies.

Ms. Chua has been appointed as Company Secretary of the Company since 20 June 1995.

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its roles and responsibility. The Company Secretary play an advisory role to the Board on the Company's contribution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations.

STATEMENT ON CORPORATE GOVERNANCE

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(7) Board Charter

The Board Charter of the Company is in place and posted on the Company's website. In the course of establishing a Board Charter, the Board recognises the importance to set out the key values and principles of the Company, as policies and strategy development are based on these considerations.

The Board Charter includes the division of responsibilities and powers between the Board and Management as well as the different Committees established by the Board.

The Board Charter acts as a source of reference for Board members and Management, and the same is accessible to the public on the Company's corporate website. The Board Charter entails the following:-

- Board Governance Process
- Role of the Board and Board Committees
- Board-Management Relationship
- Board-Shareholders Relationship
- Stakeholders Relationship
- Commitment on Corporate Governance

The Board Charter is to be regularly reviewed by the Board as and when required.

A full copy of the Board Charter is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.

(II) STRENGTHEN COMPOSITION

(1) Board Committees

The Board has in place the following Board Committees to assist in carrying out its fiduciary duties:-

(a) AC;
(b) NC; and
(c) RC.

All of these Committees have written Terms of Reference ("**TOR**") clearly outlining their objectives, duties and power. The final decision on all matters are determined by the Board as a whole.

(2) AC

The AC was set up on 7 February 2002 with current terms of reference adopted on 29 April 2016.

The membership of the AC are stated in the AC Report of this Annual Report. A summary of works of the AC during the financial year, including an evaluation of the independent audit process, is set out in the AC Report of this Annual Report.

A copy of the TOR of the AC is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.

STATEMENT ON CORPORATE GOVERNANCE

(II) STRENGTHEN COMPOSITION (CONT'D)

(3) NC

The NC was set up on 7 February 2002 with current terms of reference adopted on 29 April 2016. The NC comprises exclusively of Non-Executive Directors, majority being Independent Non-Executive Directors, i.e. two (2) Independent Non-Executive Director and one (1) Non-Independent Non-Executive Directors as follows:-

NC	Position	Directorate	Number of NC Meeting attended / held in the financial year ended 31 March 2016
Mr. Julian Lim Wee Liang	Chairman	Senior Independent Non-Executive Chairman	1/1
Dato' Chan Chor Ngiak	Member	Non-Independent Non-Executive Director	1/1
Mr. Piong Yew Peng	Member	Independent Non-Executive Director	1/1

The Chairman of the NC is the Senior Independent Non-Executive Chairman of the Company. The NC is governed by its TOR of NC which outlines its remit, duties and responsibilities. In accordance with the TOR, the NC is responsible for making recommendations for any appointments to the Board, chief executive and chief financial officer. In making these recommendations, the NC will consider the required mix of skills, character, experience, integrity, competence and time contributions/commitment of the Directors. The NC also regularly reviews the Board structure, size and composition as well as considers the Board Succession Plan.

A copy of the TOR of the NC is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.

(a) Activities conducted during the financial year

During the financial year under review, one (1) Meeting was held and attended by all members. Pursuant to Paragraph 15.08A(3) of Main LR of Bursa Securities, the summary of activities of the NC during the financial year under review were disclosed as follows:-

- Review and confirmed the minutes of the NC Meeting held in financial year ended 31 March 2015;
- Recommended the re-election of Mr. Chan Chor Ang and Mr. Julian Lim Wee Liang who retired pursuant to Article 94 of the Company's Articles of Association at the Twenty-First Annual General Meeting held on 4 September 2015 ("**21st AGM**");
- Recommended the re-election of Mr. Piong Yew Peng, who retired pursuant to Article 100 of the Company's Articles of Association at the 21st AGM;
- Reviewed and recommended to the Board, the adoption of "Declaration by Independent Directors" to confirm the "Independence" of the Independent Directors on an annual basis;
- Reviewed the effectiveness, composition and balance of the Board of Directors; and
- Evaluated the effectiveness and contribution of the Board of Directors and Board Committees.

(II) STRENGTHEN COMPOSITION (CONT'D)

(3) NC (Cont'd)

(b) Develop, maintain and review criteria for recruitment and annual assessment of Directors

Appointment of Directors

The appointment of Directors is under the purview of the NC, which is to assist the Board on all new Board and Board Committees' appointments and to provide a formal and transparent procedure for such appointments including obtaining a commitment from the candidate that sufficient time will be devoted to carry out the responsibilities as a Director.

The policies and procedures for recruitment and appointment of Directors are set out in the Board Charter.

Pursuant to the TOR of NC, the NC is tasked to identify and select potential new Directors and to make recommendations to the Board for the appointment of Directors.

The NC reviews candidates for appointment as Directors based on the following criteria:-

- qualifications;
- skills and competence;
- functional knowledge;
- experience;
- background and character;
- integrity and professionalism;
- time commitment; and
- in the case of candidates for the position of Independent Non-Executive Directors, whether the test of independence under the Main LR of Bursa Securities is satisfied.

In its review of the potential candidates, the NC also considered the following additional criteria:-

- Prevailing government policies such as gender diversity;
- Overall composition of the Board;
- Board dynamics;
- The combination of skills possessed by existing Directors to ensure the selected candidate would help close any possible gaps in the Board; and
- Financial health of the Group.

As part of its evaluation procedures, representative(s) of the NC will conduct an informal interview with the potential candidate(s).

Upon review, the NC shall make its recommendations to the Board of Directors for consideration and approval.

The Board is entitled to the services of the Company Secretary who ensures that all appointments are properly made, that all necessary information is obtained from Directors, both for the internal records and for the purposes of meeting statutory obligations, as well as obligations arising from Main LR of Bursa Securities or other regulatory requirements.

The Directors observe the recommendation of MCCG 2012, that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

STATEMENT ON CORPORATE GOVERNANCE

(II) STRENGTHEN COMPOSITION (CONT'D)

(3) NC (Cont'd)

(b) Develop, maintain and review criteria for recruitment and annual assessment of Directors (Cont'd)

Appointment of Directors (Cont'd)

For the financial year ended 31 March 2016, the Chairman has not received any such notification from any Directors.

During the financial year under review, Mr. Piong Yew Peng was appointed as Independent Non-Executive Director on 1 April 2015. Mr. Piong also be appointed as the Chairman of the Audit Committee and Remuneration Committee and a Member of the Nomination Committee on 1 April 2015.

Re-election of Directors

In accordance with the Article 94 of the Company's Articles of Association, one-third (1/3) of the Directors for the time being, or the number nearest to one-third (1/3) shall retire from office at each AGM provided always that all Directors shall retire from office at least once every three (3) years in compliance with the Paragraph 7.26 (2) of Main LR of Bursa Securities.

At the forthcoming AGM, Mr. Chan Choo Sing and Mr. Chan Chow Tek were due for retirement and being eligible have offered themselves for re-election.

The NC were satisfied with the performance of the abovementioned Directors and recommended their re-election to the Board for approval. The Board has in turn, recommended the same to be considered by the shareholders at the forthcoming Twenty-Second ("**22nd**") AGM of the Company.

Re-appointment of Directors

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are or over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the conclusion of the next AGM.

There is no Director subject to re-appointment under the abovementioned conditions at the forthcoming 22nd AGM of the Company.

Board Effectiveness Assessment

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

The NC conducted the following assessments annually:-

(i) <u>Directors' self-assessment and Peer assessment survey</u>

In conducting the Survey, the following main criteria were adopted by the NC:-

(i) Contribution to interaction;
(ii) Quality of Input; and
(iii) Understanding of Role.

Based on the Survey conducted for the financial year ended 31 March 2016, the NC was satisfied with the performance of the individual Board of Directors.

STATEMENT ON CORPORATE GOVERNANCE

(II) STRENGTHEN COMPOSITION (CONT'D)

(3) NC (Cont'd)

(b) Develop, maintain and review criteria for recruitment and annual assessment of Directors (Cont'd)

Board Effectiveness Assessment (Cont'd)

(ii) Evaluation on the effectiveness of the Board as a Whole

In conducting the Evaluation, the following main criteria were adopted by the NC:-

- Establish clear roles and responsibilities;
- Strengthen composition;
- Reinforce independence;
- Foster commitment;
- Uphold integrity in financial reporting;
- Recognise and manage risks;
- Ensure timely and high quality disclosure;
- Strengthen relationship between company and shareholders

Based on the Evaluation conducted for the financial year ended 31 March 2016, the NC was satisfied with the performance of the Board as a whole.

(C) Board Diversity Policy

The Board affirms its commitment to boardroom diversity as a truly diversified Board can enhance the Board's creativity, efficiency and effectiveness to thrive in good times and weather thought times. Female representation will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aims of selecting the best candidate to support the achievement of the Company's strategic objectives.

Currently, the Board does not have any gender or ethnicity diversity policy. The NC does not set any target on gender or ethnicity diversity but endeavour to include any member who will improve the Board's overall composition balance. The age profile of the Directors were ranging from forties to sixties years of age, which underlies the Board's commitment to age diversity at the Board level appointment.

(4) RC

The RC was set up on 7 February 2002, with its current TOR adopted on 20 February 2014. The RC comprises two (2) Independent Non-Executive Director and one (1) MD and the composition of the RC is as follows:-

RC	Position	Directorate	Number of RC Meeting attended / held in the financial year ended 31 March 2016
Mr. Piong Yew Peng	Chairman	Independent Non-Executive Director	1/1
Mr. Chan Choo Sing	Member	Group MD	1/1
Dato' Chan Chor Ngiak	Member	Non-Independent Non-Executive Director	1/1

During the financial year under review, one (1) Meeting was held and attended by all members.

STATEMENT ON CORPORATE GOVERNANCE

(II) STRENGTHEN COMPOSITION (CONT'D)

(4) RC (Cont'd)

The RC is governed by its TOR of RC which outlines its remit, duties and responsibilities. The principal duties of the RC are to set up a policy framework and to make recommendations to the Board on remuneration packages and benefits extended to the Executive Directors. The RC is also responsible for drawing from outside advice whenever necessary prior to making the relevant recommendations to the Board such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Company successfully. In its review, the RC considers various factors including the Directors' fiduciary duties, time commitments expected of them and the Company's performance.

(a) Activities conducted during the financial year

The following activities were undertaken by the RC during the financial year under review:-

(a) Reviewed and confirmed the minutes of the RC Meeting held in financial year ended 31 March 2016;
(b) Deliberated on the remuneration packages of the Executives Directors and recommended the same to the Board for approval; and
(c) Reviewed the Directors' fees and recommended the same for the Board for approval.

(b) Directors' Remuneration

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

For the financial year ended 31 March 2016, the aggregate remuneration received/receivable by the Directors of the Company from the Company and the subsidiaries categorised into appropriate components are as follows:

Directors' Remuneration	Fees* (RM'000)	Salaries and Other emoluments (RM'000)	Bonus (RM'000)	Total (RM'000)
Executive Directors received from:				
- Company	156	-	-	156
- Subsidiaries	-	1,290	106	1,396
Non-Executive Directors received from:				
- Company	246	-	-	246
- Subsidiaries	-	-	-	-

* *Subject to the approval by shareholders at the 22nd AGM*

The details of remuneration for Directors of the Company received/receivable for the financial year ended 31 March 2016 by category and within the following bands:-

Remuneration Bands	No. of Directors	
	Executive	Non-Executive
RM50,001 to RM100,000	-	4
RM650,001 to RM700,000	1	-
RM850,001 to RM900,000	1	-

STATEMENT ON CORPORATE GOVERNANCE

(II) STRENGTHEN COMPOSITION (CONT'D)

(4) RC (Cont'd)

(c) Directors' Remuneration Policy

The remuneration of each Director reflects the level of responsibility and commitment, which goes with Board membership. The full Board determines the remuneration of each Director.

The Board has adopted a Director Remuneration Policy to set the remuneration of its Group MD and Executive Directors. The compensation system takes into account the performance of the Group MD and each Executive Director and the competitive environment in which the Group operates.

The objective of the Director Remuneration Policy are as follows:-

- Determine the level of remuneration package of Directors and Group MD/DGM;
- Attract, develop and retain high performing and motivated Executive Directors and Group MD/DGM with a competitive remuneration package;
- Provide a remuneration such that the Directors and Group MD/DGM are paid a remuneration commensurate with the responsibilities of their position; and
- Encourage value creation for the Company and its Stakeholders.

It is the Board's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully. Remuneration package of the Group MD and 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.

A copy of the Director Remuneration Policy is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.

(d) Directors' Fees

The Directors Fees are at RM48,000/- per Non Independent Director per annum and RM36,000/- per Independent Director per annum. In view of the onerous duties assumed, the Chairman of the AC is accorded an additional RM12,000/- per annum while the Chairman of the RC & NC is also entitled to RM12,000/- per annum respectively.

For the financial year ended 31 March 2016, a total Directors' Fees of RM402,000/- have been recommended to the shareholders for approval at the forthcoming 22nd AGM of the Company.

(III) REINFORCE INDEPENDENCE

(1) Annual Assessment of Independence of Directors

The Board principally adhered to the concept of independence in tandem with the definition of Independent Director in Paragraph 1.01 of the Main LR of Bursa Securities through the assistance of the NC. The Board has conducted assessment on its Independent Directors annually. To be in line with such recommendation, the Board has put in place proper policies and procedures to ensure effectiveness of the Independent Non-Executive Directors on the Board.

(III) REINFORCE INDEPENDENCE (CONT'D)

(1) Annual Assessment of Independence of Directors (Cont'd)

The Board considers that its Independent Directors provide an objective and independent views on various issues dealt with at the Board and Board Committees level. All Independent Non-Executive Directors are independent of management and free from any relationship. The Board is of the view that the current composition of Independent Directors fairly reflects the interest of minority shareholder in the Company through the Board representation.

The Board noted that Letters of Declaration has been executed by the following Independent Non-Executive Directors of the Company, confirming their independence pursuant to Main LR of Bursa Securities as well as the MCCG 2012 and the Independent Non-Executive Directors have undertaken to inform the Company immediately should there be any change which could interfere with the exercise of their independent judgement or ability to act in the best interest of the Company:-

- Mr. Julian Lim Wee Liang
- Mr. Piong Yew Peng

Based on the outcome of the Board Performance Evaluation and Self Performance Evaluation Forms completed by each Directors and the Board as a whole, the Board is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

The Board considers that its Independent Non-Executive Directors provide an objective and independent views on various issues dealt with at the Board and Board Committee level. All Independent Non-Executive Director are independent of management and free from any business or other relationship. The Board is of the view that the current composition of Independent Directors fairly reflects the interest of minority shareholders in the Company through the Board representation.

(2) Tenure of Independence of Directors

MCCG 2012 recommended that the tenure of an Independent Director should not exceed a cumulative terms of nine (9) years. Upon completion of the nine (9) years' terms, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

The Board shall provide justifications and seek shareholder's approval in the event it proposes to retain an Independent Director who has served the Board in that capacity for more than nine (9) years, upon the prior review and relevant recommendation from the NC.

The Board noted that none of its Independent Directors have attained such tenure as at the date of this Statement. Therefore, there is no such need for the Company to seek for shareholders' approval on the said purpose at the forthcoming 22nd AGM.

(3) Separation of Positions of Chairman and Group MD

The Board recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority.

The separation of positions of the role of Chairman and Group MD also facilitates the division of responsibilities between them. Mr. Julian Lim Wee Liang, the Senior Independent Non-Executive Chairman, primarily responsible for the orderly conduct and working of the Board whilst Mr. Chan Choo Sing, the Group MD, together with the Executive Directors, oversees the operations of the Group and implementation of the Board's decisions, business strategies, and policies.

The role of Chairman as well as the role of the Group MD have been clearly outlined in the Board Charter.

STATEMENT ON CORPORATE GOVERNANCE

(III) REINFORCE INDEPENDENCE (CONT'D)

(4) Board Composition and Balance

The Board currently has six (6) members comprising one (1) Senior Independent Non-Executive Chairman, one (1) Independent Non-Executive Director, two (2) Non-Independent Non-Executive Directors and two (2) Executive Directors. The Independent Directors represent compliance with the requirement for one-third (1/3) Independent Directors on the Board, pursuant to Paragraph 15.02(1) of the Main LR of Bursa Securities and the adoption of the best practices set out in the MCCG 2012.

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. The mix of industry-specific knowledge with broad business and commercial experience provides the strength that is needed to lead the Company to meet its objectives and to provide effective leadership to the Company. A brief description on the background of each Directors is presented separately in the Directors' Profile of 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. The Board is of the view that the current composition of the Board is appropriate, where no individual shall dominate the Board's decision making. It reflects fairly the investment in the Company by the shareholders at large even though four (4) of the Board members namely, Mr. Chan Choo Sing, Mr. Chan Chow Tek, Dato' Chan Chor Ngiak and Mr. Chan Chor Ang are the substantial shareholders via their indirect interests in the shareholdings of the major shareholder, Setia Sempurna Sdn. Bhd. in the Company. In that respect, the interests of investors including the Company's minority shareholders and the public are adequately served and protected.

(5) Senior Independent Non-Executive Chairman

The Board has designated Mr. Julian Lim Wee Liang as Senior Independent Non-Executive Chairman to whom concerns from shareholders/stakeholders may be conveyed.

Shareholders/Stakeholders may address their concerns to the Senior Independent Non-Executive Chairman in the following manners:-

- By Letter – to be forwarded in a sealed envelope labelling with a legend of "***To be opened by the Senior Independent Non-Executive Chairman only***"; or
- By Email – to be forwarded vide secure email with the heading of "***For the eyes of the Senior Independent Non-Executive Chairman only***".

<u>**Senior Independent Non-Executive Chairman**</u>

Mr. Julian Lim Wee Liang

Postal Address:-

PCCS Group Berhad
Lot 1376, GM 127, Mukim Simpang Kanan,
Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.

Email Address:-

<u>**julianlim@pccsgroup.net**</u>

STATEMENT ON CORPORATE GOVERNANCE

(III) REINFORCE INDEPENDENCE (CONT'D)

(5) Senior Independent Non-Executive Chairman (Cont'd)

The above said information can also be found at the "Investor Relations" Section of the Company's corporate website at **http://www.pccsgroup.net/html/list_903.html**

For financial year ended 31 March 2016, Mr. Julian Lim informed that he has not received any concerns from shareholders/stakeholders, be it written or verbal.

(IV) FOSTER COMMITMENT

(1) Time Commitment

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company, and to use their best endeavour to attend meetings.

For the financial year ended 31 March 2016, the Board had convened a total of five (5) Board Meetings for the purposes of deliberating on the Company's quarterly financial results at the end of every quarter and discussing important matters which demanded immediate attention and decision-making. During the Board Meetings, the Board reviewed the operation and performance of the Company and other strategic issues that may affect the Company's business. Relevant staff were invited to attend some of the Board Meetings to provide the Board with their views and clarifications on issues raised by the Directors.

(a) Review of attendance by the NC

The NC has been tasked to review the attendance of the Directors at Board and/or Board Committee Meetings. Upon review, the NC noted the Board members have devoted sufficient time and effort to attend Board and/or Board Committee meetings for the financial year ended 31 March 2016.

Details of attendance at Board Meetings held during the financial year ended 31 March 2016 is as follows:-

Directors	Attendance	% of Attendance
Chan Choo Sing	4 out of 5	80
Chan Chow Tek	5 out of 5	100
Dato' Chan Chor Ngiak	5 out of 5	100
Chan Chor Ang	5 out of 5	100
Julian Lim Wee Liang	5 out of 5	100
Piong Yew Peng	5 out of 5	100

The Board will also meet on an ad-hoc basis to deliberate urgent issues and matters that require expeditious Board direction or approval. In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approval can be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

Meeting papers were prepared to provide relevant facts, analysis and recommendations for supporting the proposals to enable informed decision-making by the Board. The agenda and papers for meetings were furnished to the Director and Board Committees' member in advance (at least one week in advance) to enable them to prepare for the meetings.

STATEMENT ON CORPORATE GOVERNANCE

(IV) FOSTER COMMITMENT (CONT'D)

(1) Time Commitment (Cont'd)

(a) Review of attendance by the NC (Cont'd)

The Board encourages constructive and healthy debate at all meetings. The Directors are given the chance to freely express their opinions or share information with their peers in the course of deliberation as a participative Board. Any Director/Board Committees' member who has direct or indirect interest in the subject matter to be deliberate shall abstain from deliberation and voting on the same during the meeting.

The Secretary would ensure a quorum is present for all meetings and that such meetings are convened in accordance with the Company's Articles of Association or relevant Board Committee's TOR. The Secretary record the proceedings of all meetings include pertinent issues, the substance of inquiries, if any, and responses thereto, members' suggestion and the decision made, as well as the rationale for those decisions. The Board is therefore able to perform its fiduciary duties and fulfil its oversight role towards instituting a culture of transparency and accountability in the Company.

(b) Annual Meeting Timetable

In facilitating the schedule of the Directors, the Company Secretary will prepare and circulate in advance an annual meeting timetable, which includes all the proposed meeting dates for Board and Board Committee Meetings, as well as the AGM. Upon the concurrence by all the Board members, the annual meeting timetable will be adopted for the applicable financial year.

The Annual Meeting Schedule for year 2015 was approved and adopted by the Board at the Board Meeting held on 27 November 2014.

The Annual Meeting Schedule for year 2016 was approved and adopted by the Board at the Board Meeting held on 18 November 2015.

(c) Prior Notification to the Board vide Chairman and/or Secretary

As a matter of protocol, as stipulated under Clause 4.12.3 of the Board Charter, prior to the acceptance of new Board appointment(s) in other companies, the Directors should notify the Chairman of the Board and/or the Secretary in writing. The said notification should include an indication of time that will be spent on the new appointment.

For the financial year ended 31 March 2016, there is no written notification received from the Directors.

(2) Directors' Training

The Board acknowledges the importance of continuous education and training to equip themselves for the effective discharge of its duties.

The Board has cultivated the following best practices:-

(a) All newly appointed Directors are required to attend the Mandatory Accreditation Training Programme (MAP) as prescribed by Bursa Securities within the stipulated timeframe;

(b) All Directors are encouraged to attend talks, training programmes and seminars to update their knowledge on the latest regulatory and business environment;

STATEMENT ON CORPORATE GOVERNANCE

(IV) FOSTER COMMITMENT (CONT'D)

(2) Directors' Training (Cont'd)

(c) The Directors may be requested to attend additional training courses according to their individual needs as a Director/Board Committee's member on which they serve; and

(d) The Directors are briefed by the Secretary on the letters issued by Bursa Securities at the Board Meeting.

All Directors have attended the MAP prescribed by Bursa Securities, the Directors have attended seminars to keep themselves updated on the expectations of their roles and other market developments and the trainings attended were as follows:-

Directors	Training(s) Attended
Julian Lim Wee Liang	• 2016 Budget Seminar conducted by Ernst & Young • Preparing to Transit form PERS to MPERS conducted by Malaysian Institute of Accountants • Briefing by the Company Secretary on the Amendments to the Main LR of Bursa Securities
Chan Choo Sing	• Nautical Vendor Summit 2015 conducted by VF Asia Limited • 2016 Budget Seminar conducted by Malaysia Institute of Accountants • Puma Trade Agreement Seminar conducted by World Cat Limited • Briefing by the Company Secretary on the Amendments to the Main LR of Bursa Securities
Chan Chow Tek	• 2016 Budget Seminar conducted by Malaysia Institute of Accountants • Briefing by the Company Secretary on the Amendments to the Main LR of Bursa Securities
Dato' Chan Chor Ngiak	• Monthly Tax Deduction (MTD) Briefing conducted by Lembaga Hasil Dalam Negeri • Briefing by the Company Secretary on the Amendments to the Main LR of Bursa Securities
Chan Chor Ang	• Briefing by the Company Secretary on the Amendments to Main LR of Bursa Securities
Piong Yew Peng	• Mastering the Structural Shift in the Malaysian Tax System conducted by Crowe Horwath • Focus Group Session for Board of Directors on Strengthening Corporate Governance Disclosure amongst the Listed Issues conducted by Bursa Malaysia Berhad • Briefing by the Company Secretary on the Amendments to Main LR of Bursa Securities

Upon review, the Board concluded that the Directors' Trainings for the financial year ended 31 March 2016 were adequate.

<u>2017 Directors' Training</u>

Upon review of the training needs of the Directors for the financial year ending 31 March 2017 and recognising the need to keep abreast with the fast changing business environment, the Board has requested the Management to arrange for training courses to be organised either in-house or externally-held as part of the Directors' continuing education programmes for the financial year ending 31 March 2017.

STATEMENT ON CORPORATE GOVERNANCE

(V) UPHOLD INTEGRITY IN FINANCIAL REPORTING

(1) Compliance with Applicable Financial Reporting Standards

The AC assist the Board to oversee the financial reporting process and the quality of its financial reporting by reviewing the information to be disclosed, to ensure completeness, accuracy and adequacy prior to endorsing the same to the Board for release to Bursa Securities and Securities Commission Malaysia.

The AC has received assurance that the financial statements of the Group and of the Company for the financial year ended 31 March 2016 had been prepared in accordance with Malaysian Financial Reporting Standards ("**MFRSs**"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. Consequently, the AC has recommended the audited financial statement for the financial year ended 31 March 2016 of the Company to the Board for approval and the Board upon its review, has approved the same vide a Directors' Circular Resolution In Writing dated 20 July 2016.

During the financial year ended 31 March 2016, the engagement partner of the External Auditors have briefed the AC on the revised timeframe for issuance of period financial information by listed issuers following the revision in the Main LR by Bursa Securities and the AC has in turn briefed the Board on the same.

The Board ensures that shareholders are presented with a clear, balanced, meaningful assessment of the Company's financial performance and prospects through the issuance of the audited financial statements and quarterly announcements of financial results and vide corporate announcements on significant development in accordance with the Main LR of Bursa Securities on a timely basis and in compliance with the applicable financial reporting standards.

(2) Assessment of Sustainability and Independence of External Auditors

For the financial year ended 31 March 2016, the AC has formalised the procedures to assess the suitability and independence of External Auditors vide an annual assessment of the suitability and independence of the External Auditors, namely Messrs. Ernst & Young.

In its assessment, the AC considered, inter alia, the following factors:-

- The External Auditors have the adequate resources, skills, knowledge and experience to perform their duties with professional competence and due care in accordance with approved professional auditing standards and applicable regulatory and legal requirements;
- To the knowledge of the Audit Committee, the External Auditors do not have any record of disciplinary actions taken against them for unprofessional conduct by the Malaysian Institute of Accountants ("**MIA**") which has not been reversed by the Disciplinary Board of MIA;
- The engagement partner has not served for a continuous period of more than five (5) years with the Company;
- The external audit firm has the geographical coverage required to audit the Company;
- The external audit firm advises the AC on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis;
- The external audit firm consistently meets the deadlines set by the Company;
- The level of quality control procedures in the external audit firm, including the audit review procedures;
- The AC receives written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
- The external audit scope is adequate to cover the key financial and operational risks of the Company.

STATEMENT ON CORPORATE GOVERNANCE

(V) UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

(2) Assessment of Sustainability and Independence of External Auditors (Cont'd)

The AC noted for the financial year ended 31 March 2016, Messrs. Ernst & Young, the External Auditors of the Company confirmed that the engagement quality control reviewer and members of the engagement team in the course of their audits were and had been independent for the purpose of the audit in accordance with the terms of relevant professional and regulatory requirements.

The AC also noted the having served the requisite years, the engagement partner of Messrs. Ernst & Young has been rotated during the financial year ended 31 March 2016.

Upon completion of its assessment, the AC was satisfied with Messrs. Ernst & Young's technical competency and audit independence during the financial year under review and recommended to the Board the re-appointment of Messrs. Ernst & Young as External Auditors for the financial year ending 31 March 2017. The Board has in turn, has recommended the same for shareholders' approval at the forthcoming 22nd AGM of the Company.

(VI) RECOGNISE AND MANAGE RISKS

(1) Sound Framework to Manage Risks

The Board affirms the importance of maintaining a sound system of internal controls and risk management practices to good corporate governance. The AC has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The activities of the outsourced Internal Auditors are reported regularly to the AC which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's internal control systems. It acknowledges its overall responsibility in this area and also the need to review its effectiveness regularly.

The Board has approved and adopted a Risk Management Handbook since 23 August 2013. The Risk Management Handbook entails the following chapters:-

(1) Risk Management – Type of Risks and Benefits of Risk Management;
(2) Terms of Reference and Reporting Structure;
(3) Roles and Responsibilities;
(4) Risk Management Framework;
(5) Risk Measurement (Labels & Stickers Division);
(6) Risk Measurement (Garment Division); and
(7) Implementing Risk Management Process.

In conjunction with the adoption of the Risk Management Handbook, a PMRT comprising selected key management personnel has been established to review, highlight and report significant risks to the AC.

As at the date of the Annual Report, the Board vide the AC has formed a RMWG together with PMRT to discharge the Risk Management function of the Group on behalf on the Board. The RMWG is reporting to PMRT in respect of the identified risks and PMRT will report directly to the AC.

The Statement on Risk Management and Internal Control of the Group as set out in this Annual Report provides an overview of the state of Risk Management and internal controls within the Group.

STATEMENT ON CORPORATE GOVERNANCE

(VI) RECOGNISE AND MANAGE RISKS (CONT'D)

(2) Internal Audit Function

The Board has outsourced its internal audit function to a professional internal audit service provider, namely, Sterling. The outsourced Internal Auditors report directly to the AC.

The principal consultant of Sterling, Ms. So Hsien Ying, MBA, has twenty-three (23) years of relevant experience, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the Internal Audit function.

The functions of the internal audit include major areas as follows:

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

The internal controls are tested for effectiveness and efficiency by Sterling. The report of the internal audit is tabled for AC's review and comments, and the audit findings will then be communicated to the Board. The outsourced internal auditor's representative met up four (4) times with the AC for the financial year ended 31 March 2016.

The internal audit review of the Group's operations encompasses an independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement.

Formal Assessment of Internal Auditors

For the financial year under review, the AC has formalised the procedures to assess the performance of Internal Auditors vide an annual assessment of suitability of the Internal Auditors.

In its assessment, the AC considered, inter alia, the following factors:-

- Understanding;
- Charter and structure;
- Skills and experiences;
- Communication; and
- Performance.

Upon completion of its assessment, the AC was satisfied with the outsourced Internal Auditor, Sterling's technical competency and audit independence during the financial year under review.

(VII) ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

(1) Corporate Disclosure Policy

The Board recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations.

The Company has in place a Corporate Disclosure Policy on confidentiality to ensure that confidential information is handled properly by the Directors, employees and relevant parties to avoid improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately to Bursa Securities.

STATEMENT ON CORPORATE GOVERNANCE

(VII) ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (CONT'D)

(1) Corporate Disclosure Policy (Cont'd)

The Board is committed to ensure communications to the investing public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

A copy of the Corporate Disclosure Policy is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.

(2) Leverage on Information Technology for Effective Dissemination of Information

The Company's website at www.pccsgroup.net provides a plethora of information to the public, which includes, inter alia, corporate information, business activities, corporate governance matters, latest press releases, annual reports, financial results, and etc.

The Company has created the following dedicated sections to ensure more effective dissemination of information:-

(a) A dedicated "**Investor Relations**" section which provides all relevant information on the Company and is accessible by the public. It includes the announcements made by the Company and Annual Reports. The Board discloses to the public all material information necessary for informed investment and takes reasonable steps to ensure that all shareholders enjoy equal access to such information. The Investor Relations section comprises the following specific information:-

- Stock information
- Financial reporting
- Meet the Directors (with personal photograph of each Director)

(b) A dedicated "**Media Centre**" section which provides access to various editions of the PCCS Group Press **(成報).** Published since the year 2009 in bi-lingual language of English and Chinese, the PCCS Group Press serves an internal communication channel for the Group in view of the Group subsidiaries' diverse location around the globe.

Copies of the PCCS Group Press is available at the Company's corporate website under the banner of "Media Centre" at http://www.pccsgroup.net/html/list_895.html.

(c) A dedicated "**Contact Us**" section with the listing of contact particulars of all the subsidiaries of the Group, including telephone numbers, facsimile as well as email address of the respective person-in-charge for ease of communication by stakeholders.

STATEMENT ON CORPORATE GOVERNANCE

(VIII) STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

(1) Shareholders' Participation at General Meetings

The Company communicates regularly with the shareholders and investors through Annual Reports, quarterly financial reports and various announcements made to Bursa Securities as the Board acknowledges the importance of accurate and timely dissemination of information to its shareholders, potential investors and the public in general.

Several channels are used to disseminate information on a timely basis, such as:-

The AGM which is used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company;

Annual Report, quarterly financial results and various announcements made to Bursa Securities; and

The corporate websites www.pccsgroup.net which provide corporate information of the Group.

The notice of AGM together with the Annual Report is dispatched to shareholders at least twenty-one (21) days prior to the meeting date.

(2) Poll Voting

The Board noted that pursuant to the Paragraph 8.29A of Main LR of Bursa Securities, the Company must ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may be properly be moved and is intended to be moved at any general meeting, is voted by poll. Also, the Recommendation 8.2 of MCCG 2012 states that the Board should encourage poll voting.

In line with the Main LR of Bursa Securities and MCCG 2012, the Chairman will inform the shareholders that all the resolutions to be passed on the 22nd AGM, are to be voted by way of poll, at the commencement of the said meeting.

Where feasible and within the financial means of the Company, the Board will consider and explore the suitability and feasibility of adopting electronic voting in coming years to facilitate greater shareholders participation at general meeting(s).

(3) Shareholders' Communication and Investor Relations

The Company is committed to on-going communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports and the AGM and timely dissemination of information on significant company developments and price sensitive information in accordance with the Main LR of Bursa Securities. All the Directors were present at the Twenty-First AGM of the Company held on 4 September 2015 to engage with the shareholders personally and proactively.

The Company's AGM not only deals with the formal business of the Company, but represents the principal forum for dialogue and interaction with shareholders, providing an opportunity for the Board to communicate directly with shareholders and vice versa. Shareholders are invited to ask questions and express their views about the Company's business at the meeting. The Company presents to shareholders an overview of the Group's performance during the year at the AGM.

STATEMENT ON CORPORATE GOVERNANCE

(VIII) STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONT'D)

(3) Shareholders' Communication and Investor Relations (Cont'd)

All Directors abstained from voting on the resolution concerning their remuneration. The results of all the resolutions set out in the Notice of the 22nd AGM will be announced on the same day to Bursa Securities, which is accessible on the Bursa Securities' website.

The Board ensures that full information of the Directors who are retiring at the forthcoming 22nd AGM and willing to serve if re-elected are disclosed in the Notice of the 22nd AGM.

The explanatory notes facilitating full understanding and evaluation of issues involved in the proposed resolutions accompanying each item of special business is included in the Notice of the 22nd AGM.

Conclusion

The Board is satisfied that for the financial year ended 31 March 2016, it complies substantially with the principles and recommendations of the MCCG 2012.

The Statement on Corporate Governance is made in accordance with a resolution of the Board of Directors passed on 20 July 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("**the Board**") is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 31 March 2016 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Main LR**"), Malaysian Code on Corporate Governance 2012 ("**MCCG 2012**") and "*Statement on Internal Control and Risk Management: Guidelines for Directors of Listed Issuers*".

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's risk management and internal control system to safeguard shareholders' investment and the Group's assets as well as reviewing its effectiveness, adequacy and integrity on a regular basis.

The system of internal control covers governance, risk management, financial, organisational, operational and compliance controls. However, due to the limitations that are inherent in any system of internal control, the Group's system of internal control is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, it only provides reasonable but not absolute assurance against material misstatement or losses.

The Board, through the Audit Committee, ensures that the risk management and internal control practices are adequately implemented within the Group. Management is required to apply good judgement in assessing the risks faced by the Group, identifying PCCS's ability to reduce the incidence and impact of risks, and ensuring the benefits outweigh the costs of operating the controls.

RISK MANAGEMENT

The Board acknowledges its overall responsibility for the Group's system of risk management and internal control, and for reviewing its adequacy and effectiveness. The risk management system is designed to manage the Group's risks within an acceptable risk profile, rather than to totally avoid or eliminate the risks that are inherent to the Group's activities.

As at the date of the Annual Report, the Board vide the Audit Committee has formed a Risk Management Working Group ("**RMWG**") and Performance Management Review Team ("**PMRT**") to discharge the Risk Management function of the Group on behalf on the Board. The RMWG is reporting to PMRT in respect of the identified risks and PMRT will report directly to the Audit Committee. The RMWG has been delegated to implement the risk management framework and control framework, to update the Risk Registry and perform ongoing risk management implementation. PMRT is tasked to set performance measures, review Risk Registry and to assess effectiveness risk management framework.

As at the date of the Annual Report, the Audit Committee and the Board had received and reviewed the Risk Registry of the PCCS for Corporate Level, Apparels Division (Malaysia, Cambodia and China) and Labels & Stickers Division (Malaysia and Cambodia). The risk factors identified and deliberated were assigned to the respective heads of subsidiary and risk owner to implement the risk control actions. The Board would ensure that the risk control actions are taken accordingly.

The Board is in the opinion that the role of Management is to implement the Board's policies and guidelines on risks and controls, to identify and evaluate the risks faced by the Group, and to operate a suitable system of internal controls to manage these risks.

The Board has received assurances from Management that the Group's system of Risk Management and Internal Control is operating adequately and effectively throughout the financial year under review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The Group in its efforts to provide adequate and effective internal control system had appointed an independent consulting firm namely, Sterling Business Alignment Consulting Sdn. Bhd. ("**Sterling**") as Internal Auditors to undertake its internal audit function. Sterling acts as internal auditor and reports directly to the Audit Committee on quarterly basis.

Based on their internal audit reviews, observations were presented by Sterling, together with Management's response and proposed action plans, to the Audit Committee for review. In addition, the Internal Auditors followed up on the implementation of recommendations from previous cycles of internal audit and updated the Audit Committee on the status of Management-agreed action plan.

During the financial year under review, Sterling has reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the major subsidiaries and recommended possible improvements to the internal control process. This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group.

For the financial year ended 31st March 2016, three (3) internal audit reviews were carried out and follow up status were reported by Sterling to the Audit Committee:-

Audit Period	Reported in	Audited Areas

1st Quarter (Apr 2015 – Jun 2015)	Aug 2015	• Finance and Account functions of JIT Textiles Limited
		• Follow up status update on:
		  • JIT Textiles Limited (Quality Assurance and Quality Control and Sample Development)
		  • JIT Embroidery Limited
		  • Apparels Division in Cambodia

2nd Quarter (Jul 2015 – Sep 2015)	Nov 2015	• Sales & Marketing and Merchandising functions of Apparels Division in Cambodia
		• Follow up status update on:
		  • JIT Textiles Limited (Finance and Account functions, Quality Assurance and Quality Control, Sample Development)
		  • JIT Embroidery Limited (Operation Review)

3rd Quarter (Oct 2015 – Dec 2015)	Feb 2016	• Closing Stock of JIT Textiles Limited
		• Follow up status update on:
		  • Apparel Division in Cambodia (Sales and Marketing, Merchandising, Sales and Marketing and Marketing Department – Control Environment)
		  • JIT Embroidery Limited
		  • JIT Textiles Ltd (Finance and Account functions, Quality Assurance and Quality Control and Sample Development)

4th Quarter (Jan 2016 – Mar 2016)	May 2016	• Follow up status update on:
		  • JIT Textiles Limited (Closing Stock, Finance and Account functions, Quality Assurance and Quality Control and Sample Development)
		  • Apparels Division in Cambodia (Sales & Marketing and Merchandising functions)

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS OF INTERNAL CONTROL

The following sets out the key elements of the Group's internal control, which have been in place throughout the financial year ended 31 March 2016, and up to 20 July 2016, being the date of this Statement:-

- **Organisational Structure**

  The Group has a well-defined organisational structure that is aligned to its business and operation requirements. 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.

- **Limits of Authority**

  Authority charts have been established within the Group to provide a functional framework of authority in approving sales order, purchases, expenses and capital expenditure.

- **Review of Financial and Operational Performance**

  The Group's performance is monitored through a budgeted system which requires all material variances to be identified, discussed and reviewed by Management on a regular basis.

  The Group Finance and Accounts ("**GFA**") Manager would table the same to the Audit Committee and the Board for review and comments at the quarterly held Audit Committee and Board Meeting, respectively.

  The Board reviews the Group's financial and operational performance quarterly, which analyses the Group performance against preceding year corresponding quarter performance.

- **Company Manual**

  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 to by the employees in performing their duties. The manual is regularly reviewed to incorporate changes that will enhance working efficiency.

- **Standard Operating Policies and Procedures ("SOPP")**

  Numerous SOPPs have been established to serve as a general management guide for daily operations. These policies and procedures are reviewed on a regularly basis to reflect changing risks or to resolve any operational deficiencies. It is also to promote efficiency and accountability for the Group.

- **Health and Safety Manual**

  "Health and Safety Manual" is developed to assist in maintaining a safe working environment for all employees.

- **Staff Training and Development Programmes**

  Training and development programmes are established to ensure that staff is constantly kept up-to-date with the constant technological changing environment in order to be competent in the industry in line with achieving the Group's business objectives.

- **Internal Quality Audits**

  Regular Internal Quality Audit are conducted as required by the ISO 9001:2008 and ISO 14001:2004 Quality Management System on certain subsidiaries. This ensures that internal procedures and standard operating procedures had been implemented and documented.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Group Managing Director and GFA Manager that the Group's risk management and internal control system were operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group, for the financial year ended 31 March 2016, and up to 20 July 2016, being the date of this Statement.

CONCLUSION

For the financial year under review and up to 20 July 2016, being the date of this Statement, the Board is of the opinion that there is an ongoing process of identifying, evaluating, and managing significant risks faced by the Group. The Board continues to take appropriate action plans to strengthen the risk management and internal control systems to meet the Group's objectives.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's risk management and internal control system.

This Statement of Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors dated 20 July 2016.

STATEMENT OF DIRECTORS' RESPONSIBILITY

in relation to the Financial Statements

This statement is prepared in compliance with the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Main LR of Bursa Securities**") and the applicable approved accounting policies.

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 financial 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 have relied on the system of Internal Controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records are accurate and reliable.

The Directors are responsible for ensuring that the Company maintains accounting records which 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 provision of the Companies Act, 1965, the Main LR of Bursa Securities, and the applicable approved Malaysian Accounting Standard Board approved accounting standard in Malaysia.

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

This statement on Directors' Responsibility in relation to the Financial Statements is made in accordance with the resolution of the Board of Directors dated 20 July 2016.

OTHER INFORMATION REQUIRED

by the Main Market 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.

Audit and Non-Audit Fees

For the financial year ended 31 March 2016, Messrs. Ernst & Young, its affiliates, and Messrs. T.C. Chew (for certain subsidiaries only), the External Auditors have rendered certain audit and non-audit services to the Company and the Group. A breakdown of fees paid were listed as below for information:-

	Company (RM)	Group (RM)
Audit services rendered	**32,000.00**	**278,502.00**
Non-audit services rendered		
(1) Tax Services	3,600.00	55,345.00
(2) Review of the Statement of Risk Management and Internal Control	5,000.00	5,000.00
(3) Certify the stock statements and increased export application form	-	7,440.00
(4) Audit Review	16,000.00	16,000.00
Total	**56,600.00**	**362,287.00**

Material Contracts Involving Directors, Chief Executive and Major Shareholders' Interest

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

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

The RRPTs were disclosed in Note 30 to the Financial Statements for the financial year ended 31 March 2016 on pages 118 and 119.

CORPORATE RESPONSIBILITY STATEMENT

PCCS Group Berhad ("**PCCS**" or "**the Company**") and Group ("**the Group**") recognises the importance of Corporate Responsibility ("**CR**") activities forms the basis of good corporate citizenship and upholds the highest level of corporate governance.

Aligned with the Group's business strategy, the Group endeavour to manage its business in a socially responsible manner. The Group strive to look after the interests of its key stakeholders – ranging from shareholders, investors, customers, suppliers to employees, as well as the local community where the Group operates.

Bursa Malaysia Berhad ("**Bursa Malaysia**") has defined "Corporate Social Responsibility ("**CSR**") as "*open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders. It is designed to deliver sustainable value to society at large.*"

The Group has adopted the Bursa Malaysia's CSR Framework which was launched in 2006 as a set of guidelines for Malaysian public listed companies who wish to practice CSR. The Group's CSR framework covers the following four (4) areas:-

Workplace ✓ Training and development ✓ Workplace diversity ✓ Healthy and safe working environment ✓ Employees' well being	**Community** ✓ Cultural Event in Cambodia and Malaysia ✓ Donations to Non-profit organisations ✓ Blood Donation Campaign
Environment ✓ Reduce carbon footprint ✓ Environmental-friendly practices	**Marketplace** ✓ Whistleblowing ✓ Corporate disclosure practices ✓ Dedicated sections at corporate website

(1) WORKPLACE

At PCCS, the Group recognises that employees are the most valuable assets due to their ideas, initiatives, contributions and decisions that drive the continuous growth of the Group. It is therefore imperative that the Group continues to invest in human resource field.

(a) Training and development

The Group aims to remain as an employer of choice by providing its employees with continuous training and development. The Group promotes lifelong learning in the pursuit of personal development of our employees. Incentives are provided to staff upon attainment of work related qualification to promote professionalism and excellence amongst employees. In addition, structured on-the-job training is provided to new and unskilled employees by the production supervisors and team leaders.

Malaysia's government implement the Goods and Services Tax ("**GST**") on 1st April 2015, so the Group had arranged employees to attend seminars and series of training on GST to create awareness of this new tax regime.

During the year, the Group had conducted several in house trainings on Customs – Trade Partnership Against Terrorism ("**C-TPAT**") and Business Social Compliance Initiative ("**BSCI**") for relevant staffs.

The Group recruits students for its internship initiative where students from universities are selected for industrial and practical training in the Group's operation. This practical training programme is created on a day-to-day mentor and mentee basis which give student hands-on experience before turning to a real workplace.

CORPORATE RESPONSIBILITY STATEMENT

(1) WORKPLACE (CONT'D)

(b) Workplace Diversity

To achieve the needs of diverse customer base, diversity provides PCCS with a competitive advantage and the promise of a more sustainable future.

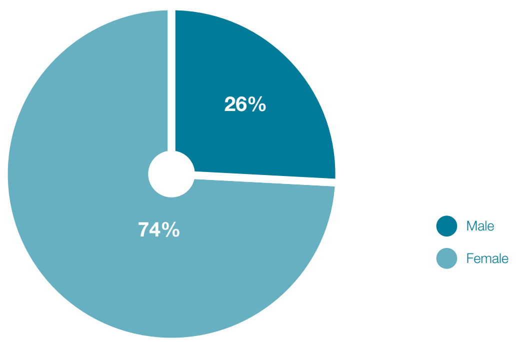
The Group embraces diversity at workplace and strictly disallow any form of discrimination practice against people of different gender, age, ethnicity, nationality or marital status.

By employing a diverse workforce, the Group is able to have a better understanding of today's dynamic market demographics. It has also enable the Group to tap into a pool of people from diverse background who can provide unique market insights or generate creative solutions, thereby increasing the Group's competitiveness in today's globalised and challenging economy.

Gender diversity

As at 30 June 2016, the Group's female to male employee ratio shows a distribution of 74:26 in the workforce, well exceeded the government's initiative to achieve 30% women participation in the workplace. The Group is committed to recruit and retain women who are keen to re-enter the workforce.

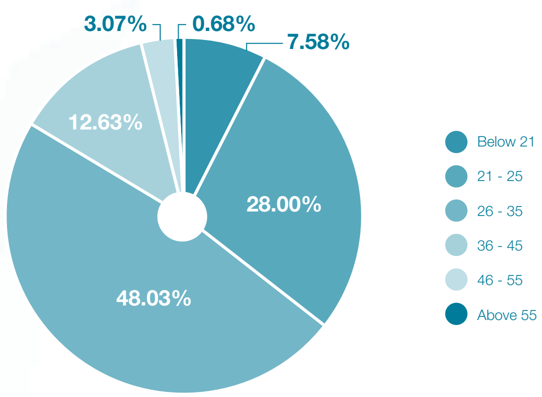
Workforce In Terms of Gender in PCCS Group



Age diversity

As at 30 June 2016, 48% of the Group's employees belong to the age group of between 26 to 35 with the second largest age group being those aged between 21 to 25 (28%). The Group's age demographics broadly reflected the general age demographics of the developing countries where younger age employees form the majority of the workforce.

Workforce In Terms of Age in PCCS Group



CORPORATE RESPONSIBILITY STATEMENT

(1) WORKPLACE (CONT'D)

(b) Workplace Diversity (Cont'd)

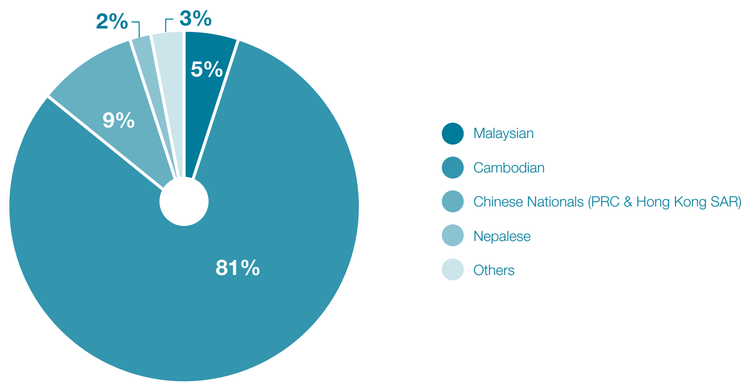
Nationality diversity

As at 30 June 2016, employees of Non-Malaysian Citizens ethnicity constituted the largest workforce of the Group at 95%. Operating a business in a way that respects the differences between cultures is an essential factor for a company to achieve highly diverse composition of our workplace. As a result, the Group's Human Resources Department is encouraged to have a well balancing recruitment.

Within the Group, the mainly active subsidiaries located in Cambodia and China, respectively, the nationality of the Group's employees broadly reflected as such, in line with the Group's local hiring practices.

As at 30 June 2016, employees of Cambodian nationality constituted the largest workforce of the Group at 81%, while Chinese nationals from the Peoples' Republic of China and Hong Kong Special Administrative Region formed the next largest workforce at 9%. Malaysian constituted the third largest workforce at 5%.

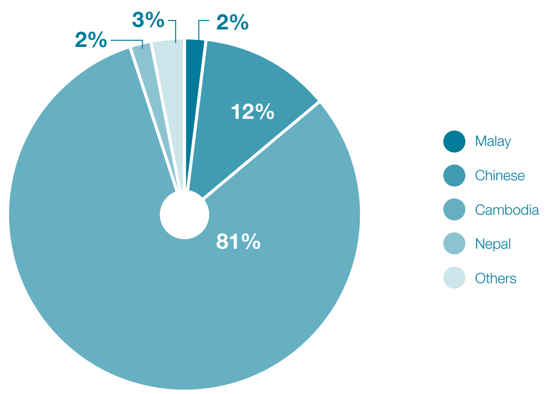
Workforce In Terms of Nationality in PCCS Group



Ethnicity diversity

As at 30 June 2016, employees of Cambodia ethnicity forms the largest workforce of the Group at 81%, with the next largest Group in terms of ethnicity were the Chinese nationals at 12%. Notwithstanding so, the Group's Human Resources Department has been instructed to ensure a well balance hiring of staff during their recruitment process.

Workforce In Terms of Ethnicity in PCCS Group



CORPORATE RESPONSIBILITY STATEMENT

(1) WORKPLACE (CONT'D)

(c) Healthy and safe working environment

The Group places high emphasis on health and safety policy at the work place for maximising the well-being of all its employees and aims to maintain its excellence in Occupational Safety and Health standards.

Occupational Safety, Health and Environment ("OSHE") Committee

An OSHE Committee has been established since year 1996 to oversee the adherence to the Occupational Safety and Health standards. To ensure the effectiveness in implementing the OSHE standards, the OSHE Committee has undertaken the following initiatives:-

(1) Adoption of an Emergency Response Plan with periodic review;
(2) Adoption of OSHE Manual since January 1998 with periodic review;
(3) Formation of a Emergency Response Team;
(4) Formation of a First Aid Team; and
(5) Formation of an Internal Compliance Audit Team.

Activities undertaken by OSHE Committee

During the financial year under review, the OSHE Committee has organised the following activities:-

- Periodic internal meetings to ensure all OSHE updates were well disseminated;
- Review of feedbacks and recommendations from all levels of employees, local authorities and buyers' vendor compliance auditors;
- Firefighting and safety drill were exercised to instil sense of awareness amongst employees; and
- Emphasis on usage of safety gears and equipment.
- Provide First Aid Training program support First Aid Team members to develop first aid techniques and knowledge in order to perform during an emergency with minimal equipment or material until appropriate medical personnel arrived.

(d) Employees' well being

The Group has strive to increase the motivation of its employees through various initiatives for the financial year ended 31 March 2016:-

Annual Dinner & Award

The Group has held Annual Dinner as an appreciation to all staff. At the Annual Dinner, awards would be given for long-serving employees as well as best employees in different divisions.

(2) ENVIRONMENT

The Group is committed to conducting a moral and social responsibility in reducing the carbon footprint, contributing towards a greener environment.

Automation and Clean Technology

In pursuit of technological advancement, the Group has annual budget for capital expenditures where the Group would identify and acquire the latest machineries that could reduce minimise labour errors and efficient power consumption. By reducing the material wastage and power consumption in the manufacturing process, the Group has in turn contributed to a greener environment by reducing its carbon footprint.

CORPORATE RESPONSIBILITY STATEMENT

(2) ENVIRONMENT (CONT'D)

Environmental-friendly Practices

Being one (1) of the major local employer in Cambodia, the Group has undertaken the opportunity to promote and/or embark on the following environmental-friendly practices at its premises:-

- Proper Waste Management system;
- Full utilisation of well-arranged sanitary system; and
- Energy conservation efforts.

(3) COMMUNITY

Moving ahead to realise its vision of becoming an international leader in apparel and labelling industries, the Group believes that it is only with sharing its benefits with the community in which its employees reside, PCCS can continue to grow and be successful.

Cultural Event in Cambodia and Malaysia

For the financial year ended 31 March 2016, the Group's subsidiaries in Cambodia, namely Global Apparel Limited ("**GAL**") and JIT Embroidery Limited ("**JIT**") have celebrated "Pchum Ben" at GAL's factory premises, one (1) of the most important festival in the Buddhist-majority Cambodia. "Pchum Ben", also known as Ancestors' Festival or Hungry Ghosts Festival, bores similarity with the Christian's All Souls Day, where offerings were made to the past souls in afterlife. Simultaneously, the Group also celebrated the "Zhong Yuen" Festival in Malaysia, which bores similarity to the "Pchum Ben" Festival in Cambodia.

Donations to Non-profit organisations

As part of its contributions to the local community in Batu Pahat, where the headquarter of the Group is located, the Group has been providing financial contributions to various activities carried out by local non-profit organisations.

For the financial year ended 31 March 2016, donations were made to selected schools in the vicinity of Batu Pahat as well as the Batu Pahat Basketball Association.

Blood Donation Campaign

In August 2016, the Group has organised a blood donation campaign with Batu Pahat General Hospital to assist in the replenishment of blood supply in the blood bank of the said hospital

(4) MARKETPLACE

As a listed entity as well as an employer, the Group has an obligation to its shareholders and statutory obligations to the relevant authorities. The Group has instituted several responsible marketplace practices to maintain the highest standards of integrity, fairness and transparency in our conduct of business.

(a) Corporate Disclosure Practices

The Group recognises the importance of timely and thorough dissemination of accurate and useful information relating to our operations to stakeholders. In this regard, we strictly adhere to the disclosure requirements of Bursa Securities and the Malaysian Accounting Standards Board. In fact, this Annual Report contains comprehensive information pertaining to the Group, while various disclosures on financial results provide stakeholders with the latest financial information on the Group.

CORPORATE RESPONSIBILITY STATEMENT

(4) MARKETPLACE (CONT'D)

(b) Dedicated sections at corporate website

The Group has been using its corporate website at http://www.pccsgroup.net/ to communicate its Group Believe, developments, overview of the Group, announcements, introducing its Board of Directors and etc. provides the public with convenient and timely access to business updates, and financial and non-financial information. Furthermore, stakeholders are able to direct queries to the Group via this website.

The Company has created three (3) dedicated sections/ notices to ensure more effective dissemination of information:-

- **"Investor Relations"** section;
- **"Media Centre"** section; and
- **"Contact Us"** section.

Listing of Contact Persons

In view of the diverse locations of the Group's subsidiaries around the globe, each operating subsidiary has identify contact persons whereby stakeholders may direct their enquiries to them directly. Full address, telephone number, facsimile, and email address (where available) are duly listed at http://www.pccsgroup.net/html/list_896.html.

CONCLUSION

The Group noted that Bursa Malaysia has always advocated CR as key to sustainability.

Similarly, the Group strongly believe that workplace that is ecologically-harmless and accident-free would cultivate good physical and emotional health, which in turn would enhance the employees' productivity, efficiency and work quality.

Besides, the Group also recognises the important of sustainability and its increasing impact to the business. The Group is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2016 ("**FY2016**").

Overview of Textiles Industry in Malaysia

In year 2015, Malaysia exports on textiles and apparel were amounting to RM12.63 billion, showing an increase of 8.70 per centum as compared with RM11.62 billion recorded in the same period last year. Exports of textiles were amounted RM7.03 billion and accounting to 55.60 per centum market shares, while clothing and apparels had accounted 44.4 per centum with value of RM5.6 billion. Major export items of apparel were knitted garments, jerseys & pullovers, tee-shirts, over vests and baby clothes.

The main destinations country of export from Malaysia were the USA, Japan, China, Turkey and Indonesia. The USA was the biggest export destination which recorded a value of RM2.41 billion, with 19.10 per centum of market share over total exports of this industry. Second largest was Japan, which had 8.00 per centum in the market share. Third largest was China (6.20 per centum), and followed by Turkey and Indonesia which had 5.90 per centum and 4.90 per centum in the market share respectively.

Ahead of the signing of the Trans-Pacific Partnership ("**TPP**"), Malaysian textile manufacturers are optimistic that the industry can grow by at least 30.00 per centum once the agreements comes into effect. Malaysian export-based manufacturers will see a tariff reduction between 70-90 per centum from the TPP members. The USA, which is the largest trading partner of Malaysia would reduce 73.7 per centum of tariff. More buyers and investors will come to Malaysia because of this benefit.

The challenges faced by Malaysia's textile and apparel industry is to get sufficient labour force for the industry to increase capacity and also to face fierce competition from low-cost suppliers in Asia.

[Source: Data from MATRADE - The Official Portal of Malaysia External Trade Development Corporation, News from Fibre2fashion.com (January 2016) & New Straits Times Online (January 2016)]

Overview of Textiles Industry in Cambodia

In year 2015, Cambodia garment exports had increased to USD3.27 million, representing 9.95 per centum. Cambodia's garment export market share in the European Union ("**EU**") was 3.64 per centum, which is 0.19 per centum higher than Vietnam. According to the statistics of VITAS, Cambodia's apparel market share in the EU in 2010 was half of Vietnam's. As Cambodia's exports have steadily grown over the years, the country caught up with Vietnam in 2014.

Additionally, it has also been noted that employment in the garment and footwear sectors of Cambodia has gone up by 42,000 people over the first six (6) months of year 2015, with total employment in registered factories reaching 607,000 people in mid-2015.

Even though Cambodia had increased their exports in 2015, but as the same year, the Commerce Ministry of Cambodia reported that Cambodia had 130 garment factories closed down as compared with 982 garment factories that were registered with the Ministry.

CHAIRMAN'S STATEMENT

The main reason for the closing down of many garment factories in Cambodia was the increase in the minimum wages from USD128.0 to USD140.0 with effect from 1 January 2016, resulting a higher cost of recruitment as compared to African nations, Myanmar and other Asian country. Secondly, Cambodia is not a member of TPP and could not enjoy the benefits from the TPP. Thirdly, falling productivity and rising infrastructure cost within Cambodia's garment industry caused disadvantage as compared with the garment industry in Vietnam, Bangladesh and Myanmar. According to data from the International Labour Organisation, labour productivity in Cambodia's garment and footwear sector fell by 14.00 per centum between year 2011 to 2014, and this decline has continued to 2016.

Despite the above disadvantage factors, the garment industry is still one (1) of the most important pillar industry of Cambodia, garment exports accounted for more than half of the country's total exports.

[Source: Extracted from News from apparelresources.com (December 2015, May 2016), News from just-style.com (May 2016)]

Overview of Textiles Industry in China

China's textile exports fell by 5.00 per centum to USD286.8 billion in 2015. Textile exports had been growing for past six (6) years, except in 2009, in the wake of the global financial crisis. The decline was partly due to a slowdown in Europe and Southeast Asia's sluggish growth, rising labour costs in China as well as an increase in overseas investment.

For January to October in 2015, the textile industry saw positive growth in exports to the USA, Africa and South Korea. Yet exports to other markets dropped, export to Japan reached USD18.8 billion, dropping 12.00 per centum, and the exports to Asean countries hit USD29.03 billion, slipping by 1.7 per centum.

Despite the devaluation of Chinese Renminbi ("**RMB**"), rising raw material and labour costs, and slower growth in market, China will still on track to surpass the USA to become the world's largest textile and apparel manufacturing base in the robust next few years. Many Chinese apparel companies, serving the domestic market alone would enable them to upgrade from low-value added manufacturing to higher-value added functions such as design, branding and distribution to boost exports.

Also, China's Ministry of Industry and Information Technology is expected to release its development plan for the textile industry soon and the 13th Five-Year Plan period (2016-2020) which can help to improve and increase growth in their textile industry.

[Source: Extracted from News from apparelresources.com (September 2015, January 2016), news from chinadaily.com.cn (January 2016), news from Nikkei Asian Review (April 2016)]

Overview of Label Industry

The global print label market is estimated to witness moderate growth to reach USD43.57 billion by 2020 at a compound annual growth rate ("**CAGR**") of 5.91% during the forecast period from 2015 to 2020. Labels play an important part in the marketing of a product, product identification, brand promotion and logistics, thereby representing as the key element of the packaging in all industries.

Asia is the largest regional producer of labels and its share will continue to grow to more than 41.00 per centum of the global value by 2019. In terms of end user market, food remains the largest category of labels, making up 47.00 per centum of the total in 2014. Including beverages, this figure rises to 63.9 per centum. Global packaging print market will continued growth because of the rise in consumer spending, population growth, increased urbanization and emerging markets.

CHAIRMAN'S STATEMENT

Label production was traditionally dominated by offset and flexography, requiring skills in pre-press, plate making and press operation. However, the increased demand for shorter runs has shifted production towards digital print technologies as analogue printing processes are no longer conductive to efficient short run production or to minimize material waste.

[Source: Extracted from articles from printmalaysia.com (2015), News from modernintelligence.com/industry-reports (December 2015)]

FINANCIAL REVIEW

The challenging business environment in Cambodia had affected the Group's financial result in the financial year ("**FY**") 2016.

The Group's consolidated turnover increased by 49.1 per centum to RM532.9 million as compared to RM357.4 million achieved in the previous financial year due to the increase in apparel orders received by manufacturing plants in China.

The Group made a loss after taxation of RM12.7 million in the financial year ended 31 March 2016 as compared to a loss after taxation of RM17.4 million recorded in the previous financial year. The loss was attributed to the higher cost of sales and poor productivity in the Apparel division of Cambodia.

DIVIDEND

In view of the less than stellar financial performance of the Group, the Board does not recommend any dividend payment for the FY2016.

CORPORATE DEVELOPMENTS

During the FY2016, the Management had initiated some group restructuring plans, including shut down of the operation in Beauty Apparels (Cambodia) Ltd in December 2015. Furthermore, the Management had decided to shut down another loss making subsidiary, i.e. Global Apparels Limited by end of October 2016. Some additional expenses were expected to be incurred for this closure exercise.

On 13 June 2016, PCCS Garments (Suzhou) Limited had incorporated a 100%-owned subsidiary company in China under the name of Yuxing Apparel Suqian Limited ("**YASL**") with a registered capital of RMB12,000,000. The principal activity of YASL would be manufacturing and trading of apparels, fashion accessories, fabric materials and other products.

Other than the aforementioned, there were no new business development in the Group. The Group had chosen to focus on cost control measurement and worked on enhancement of products and equipment throughout the financial year.

GROUP PERFORMANCE REVIEW

Apparel Division

The turnover of the Apparel Division for the current financial year increased to RM479.0 million from RM306.4 million recorded in the previous year. This increase in revenue was mainly contributed by significant increase in orders received by the manufacturing plants in China.

CHAIRMAN'S STATEMENT

The Apparel Division recorded an operating loss of RM12.8 million as compared to an operating loss of RM14.9 million recorded in the previous financial year. The loss was attributed to the lower sales order and higher cost of sales in Cambodia.

Label and other division

The Label Division has continued to grow rapidly, achieving strong year-on-year revenue growth despite challenging market conditions. The Group maintains a continued focus on customer service, exploiting evolving market opportunities and delivering further cost savings. The revenue had increased by 9.7 per centum to RM42.5 million from RM35.1 million recorded in the previous year.

As a supporting unit to the Apparel Division, the decrease of turnover in the Cambodia Apparel Division has the cascading effect on the business of elastic, embroidering and printing had decreased by RM4.6 million during the financial year from RM15.9 million to RM11.3 million.

OUTLOOK AND PROSPECT

The Board expects next financial year to be another challenging year for its Apparel Division as the cost of direct labour is increasing in Cambodia and China. The label business will be expanded with some new machines purchased.

The Board will operate cautiously through cost control measures and continuous improvement in production efficiencies to achieve better result.

CORPORATE SOCIAL RESPONSIBILITY

The Group has adopted the Bursa Malaysia Berhad ("**Bursa Malaysia**")'s Corporate Social Responsibility Framework which covers the four (4) areas, namely Workplace, Community, Environment and Marketplace. The Group is committed to conduct its business activities in a socially, economically and environmentally sustainable manner. The details of the Corporate Responsibility activities were disclosed in page 53 of the Corporate Responsibility Statement for details.

ACKNOWLEDGEMENT

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

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

JULIAN LIM WEE LIANG
Senior Independent Non-Executive Chairman
29 July 2016

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 2016.

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

RESULTS

	Group RM'000	Company RM'000
(Loss)/profit net of tax	(12,716)	978
(Loss)/profit attributable to:		
Owners of the parent	(10,255)	978
Non-controlling interests	(2,461)	-
	(12,716)	978

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
Julian Lim Wee Liang
Piong Yew Peng

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 13 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 30 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			
	1.4.2015	**Bought**	**Sold**	**31.3.2016**
Direct interest -				
Chan Choo Sing	2,643,220	-	-	**2,643,220**
Chan Chow Tek	2,272,750	-	-	**2,272,750**
Dato' Chan Chor Ngiak	339,817	-	-	**339,817**
Chan Chor Ang	542,350	-	-	**542,350**
Indirect interest -				
Chan Choo Sing	28,385,382	110,000	-	**28,495,382**
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 its obligations when they fall due; and

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

DIRECTORS' REPORT

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 20 July 2016.

Chan Choo Sing **Chan Chow Tek**

STATEMENT BY DIRECTORS

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

We, Chan Choo Sing and Chan Chow Tek, being two of the directors of PCCS Group Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 71 to 130 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of their financial performance and cash flows for the year then ended.

The information set out in Note 38 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 20 July 2016.

Chan Choo Sing

Chan Chow Tek

STATUTORY DECLARATION

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

I, Chan Choo Sing, being the director primarily responsible for the financial management of PCCS Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 71 to 131 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed, Chan Choo Sing
at Batu Pahat in the State of Johor
on 20 July 2016

Chan Choo Sing

Before me,

CHIANG EE CHIN (J247)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of PCCS Group Berhad, which comprise statements of financial position of the Group and of the Company as at 31 March 2016, and 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 71 to 130.

Directors' responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(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 19 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 38 on page 131 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information has been prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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
2187/09/17(J)
Chartered Accountant

Melaka, Malaysia
Date: 20th July 2016

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	8	**532,871**	357,376	**1,500**	3,491
Cost of sales		**(472,336)**	(320,344)	**-**	-
Gross profit		**60,535**	37,032	**1,500**	3,491
Other items of income					
Interest income		**104**	81	**87**	73
Other income	9	**5,498**	7,745	**4,233**	1,536
Other items of expense					
Administrative expenses		**(54,412)**	(45,863)	**(4,842)**	(11,885)
Selling and marketing expenses		**(18,342)**	(11,850)	**-**	-
Operating (loss)/profit		**(6,617)**	(12,855)	**978**	(6,785)
Finance costs	10	**(5,885)**	(4,055)	**-**	-
(Loss)/profit before tax	11	**(12,502)**	(16,910)	**978**	(6,785)
Income tax expense	14	**(214)**	(485)	**-**	(84)
(Loss)/profit, net of tax		**(12,716)**	(17,395)	**978**	(6,869)
Other comprehensive income:					
Foreign currency translation		**1,701**	3,475	**-**	-
Other comprehensive income for the year, net of tax		**1,701**	3,475	**-**	-
Total comprehensive (loss)/income for the year		**(11,015)**	(13,920)	**978**	(6,869)
(Loss)/profit attributable to:					
Owners of the parent		**(10,255)**	(17,465)	**978**	(6,869)
Non-controlling interests		**(2,461)**	70	**-**	-
		(12,716)	(17,395)	**978**	(6,869)
Total comprehensive (loss)/ income attributable to:					
Owners of the parent		**(8,739)**	(14,068)	**978**	(6,869)
Non-controlling interests		**(2,276)**	148	**-**	-
		(11,015)	(13,920)	**978**	(6,869)
Loss per share attributable to owners of the parent (sen per share)					
Basic and diluted	15	**(17.1)**	(29.1)		

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

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Assets					
Non-current assets					
Property, plant and equipment	16	**71,525**	73,250	**70**	88
Investment properties	17	**10,754**	11,004	**-**	-
Land use rights	18	**2,920**	2,877	**-**	-
Investment in subsidiaries	19	**-**	-	**59,803**	54,413
Deferred tax assets	26	**89**	412	**-**	-
		85,288	87,543	**59,873**	54,501
Current assets					
Inventories	20	**64,801**	53,926	**-**	-
Trade and other receivables	21	**80,699**	71,889	**3,637**	9,786
Other current assets	22	**9,765**	7,106	**27**	13
Tax recoverable		**-**	-	**45**	83
Cash and bank balances	23	**38,034**	19,755	**5,761**	7,949
		193,299	152,676	**9,470**	17,831
Total assets		**278,587**	240,219	**69,343**	72,332
Equity and liabilities					
Current liabilities					
Loans and borrowings	24	**89,951**	60,446	**-**	-
Trade and other payables	25	**84,066**	67,022	**8,689**	12,656
Tax payable		**5,400**	2,193	**-**	-
		179,417	129,661	**8,689**	12,656
Net current assets		**13,882**	23,015	**781**	5,175
Non-current liabilities					
Loans and borrowings	24	**2,026**	4,251	**-**	-
		2,026	4,251	**-**	-
Total liabilities		**181,443**	133,912	**8,689**	12,656
Net assets		**97,144**	106,307	**60,654**	59,676
Equity attributable to owners of the parent					
Share capital	27	**60,012**	60,012	**60,012**	60,012
Share premium	28(a)	**4**	4	**4**	4
Foreign exchange reserve	28(b)	**7,594**	6,078	**-**	-
Legal reserve fund	28(c)	**326**	326	**-**	-
Retained earnings/(accumulated losses)	29	**28,977**	39,232	**638**	(340)
Shareholders' equity		**96,913**	105,652	**60,654**	59,676
Non-controlling interests		**231**	655	**-**	-
Total equity		**97,144**	106,307	**60,654**	59,676
Total equity and liabilities		**278,587**	240,219	**69,343**	72,332

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 2016

		Attributable to owners of the parent							
			Non-distributable		Distributable	Non-distributable			
Group 2016	**Equity, total RM'000**	**Equity attributable to owners of the parent, total RM'000**	**Share capital RM'000**	**Share premium RM'000**	**Retained earnings RM'000**	**Other reserves, total RM'000**	**Foreign exchange reserve RM'000**	**Legal reserve fund RM'000**	**Non-controlling interests RM'000**
Opening balance at 1 April 2015	**106,307**	**105,652**	**60,012**	**4**	**39,232**	**6,404**	**6,078**	**326**	**655**
Issuance of shares of subsidiary	**1,852**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,852**
Total comprehensive loss	**(11,015)**	**(8,739)**	**-**	**-**	**(10,255)**	**1,516**	**1,516**	**-**	**(2,276)**
Closing balance at 31 March 2016	**97,144**	**96,913**	**60,012**	**4**	**28,977**	**7,920**	**7,594**	**326**	**231**
2015									
Opening balance at 1 April 2014	120,227	119,720	60,012	4	56,697	3,007	2,681	326	507
Total comprehensive loss	(13,920)	(14,068)	-	-	(17,465)	3,397	3,397	-	148
Closing balance at 31 March 2015	106,307	105,652	60,012	4	39,232	6,404	6,078	326	655

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2016

	Equity, total RM'000	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained earnings/ (accumulated losses) RM'000
Company				
2016				
Opening balance at 1 April 2015	**59,676**	**60,012**	**4**	**(340)**
Total comprehensive profit	**978**	**-**	**-**	**978**
Closing balance at 31 March 2016	**60,654**	**60,012**	**4**	**638**
2015				
Opening balance at 1 April 2014	66,545	60,012	4	6,529
Total comprehensive loss	(6,869)	-	-	(6,869)
Closing balance at 31 March 2015	59,676	60,012	4	(340)

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 2016

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Operating activities				
(Loss)/profit before tax	**(12,502)**	(16,910)	**978**	(6,785)
Adjustments for:				
Bad debts written off	**13**	2,008	**-**	-
Depreciation and amortisation:				
- Property, plant and equipment	**10,670**	10,463	**25**	24
- Investment properties	**261**	222	**-**	-
- Land use rights	**69**	60	**-**	-
Loss/(gain) on disposal of:				
- Property, plant and equipment	**(282)**	422	**-**	-
Gain on disposal of investment securities	**-**	(6)	**-**	-
Impairment loss on:				
- Investment in subsidiaries	**-**	-	**-**	7,069
- Trade and other receivables	**19**	56	**2,178**	1,060
Write-down of inventories	**170**	3,016	**-**	-
Interest expense	**5,885**	4,055	**-**	-
Interest income	**(104)**	(81)	**(87)**	(73)
Net unrealised foreign exchange (gain)/loss	**(460)**	(4,313)	**688**	-
Reversal of allowance for impairment of investment in subsidiaries	**-**	-	**(3,461)**	-
Property, plant and equipment written off	**511**	30	**-**	1
Total adjustments	**16,752**	15,932	**(657)**	8,081
Operating cash flows before changes in working capital	**4,250**	(978)	**321**	1,296
Changes in working capital				
Increase in inventories	**(11,045)**	(11,121)	**-**	-
(Increase)/decrease in trade and other receivables	**(5,002)**	(9,986)	**3,971**	(2,261)
(Increase)/decrease in other current assets	**(2,659)**	(316)	**(14)**	14
Increase/(decrease) in trade and other payables	**17,044**	28,571	**(4,655)**	1,619
Total changes in working capital	**(1,662)**	7,148	**(698)**	(628)
Cash flows from /(used in) operations	**2,588**	6,170	**(377)**	668
Interest paid	**(5,885)**	(4,055)	**-**	-
Tax refunded	**812**	314	**38**	765
	(5,073)	(3,741)	**38**	765
Net cash flows (used in)/ from operating activities	**(2,485)**	2,429	**(339)**	1,433

STATEMENTS OF CASH FLOWS

For the financial year ended 31 March 2016

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Investing activities				
Interest received	**104**	81	**87**	73
Additional investment in subsidiary	**-**	-	**(1,928)**	-
Purchase of property, plant and equipment	**(7,458)**	(9,998)	**(8)**	(10)
Placement of deposit pledged with bank	**(20)**	(54)	**-**	-
Proceeds from disposal of:				
- Property, plant and equipment	**964**	626	**-**	-
Proceeds from issuance of shares of subsidiary	**1,852**	-	**-**	-
Proceeds from winding up of a subsidiary securities	**-**	76	**-**	-
Net cash flows (used in)/ from investing activities	**(4,558)**	(9,269)	**(1,849)**	63
Financing activities				
Payments of hire purchase and finance lease liabilities	**(1,126)**	(678)	**-**	-
Repayment of term loans	**(3,618)**	(791)	**-**	-
Increase/(decrease) in short term borrowings	**33,626**	(3,024)	**-**	-
Net cash flows from/(used in) financing activities	**28,882**	(4,493)	**-**	-
Net increase/(decrease) in cash and cash equivalents	**21,839**	(11,333)	**(2,188)**	1,496
Effects of foreign exchange rate changes	**(927)**	(750)	**-**	-
Cash and cash equivalents at 1 April	**15,940**	28,023	**7,949**	6,453
Cash and cash equivalents at 31 March (Note 23)	**36,852**	15,940	**5,761**	7,949

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 2016

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 Lot 1376, GM127, Mukim Simpang Kanan, Jalan Kluang, 83000 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 19. There have been no significant changes in the nature of the principal activities during the financial year.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the requirements of the Companies Act, 1965 in Malaysia.

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

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

3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at 31 March 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

3. BASIS OF CONSOLIDATION (CONT'D)

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Business combinations and goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

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

4.1 Business combinations and goodwill (Cont'd)

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

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

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

4.2 Current versus non-current classification

Assets and liabilities in statement of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

4.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

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

4.3 Fair value measurement (Cont'd)

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Company. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.4 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.

4.5 Foreign currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

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

4.5 Foreign currencies (Cont'd)

(b) Transactions and balances (Cont'd)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(c) Group companies

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

4.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group or the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group and the Company have concluded that they are the principals in all of its revenue arrangements since they are the primary obligors in all the revenue arrangements, have pricing latitude and are also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

(a) Sale of goods

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

(b) Interest income

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

(c) Management fees

Management fees are recognised when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

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

4.6 Revenue recognition (Cont'd)

(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.

4.7 Employee benefits

(i) Short term benefits

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

(ii) 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. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

4.8 Borrowing costs

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

4.9 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

4.9 Taxes (Cont'd)

(b) Deferred tax

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

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

(i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

(i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

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

4.9 Taxes (Cont'd)

(c) Goods and Services Tax ("GST")

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

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

(ii) Receivables and payables that are stated with the amount of GST included.

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

4.10 Property, plant and equipment

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

4.11 Investment properties

Investment properties are initially measured 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 4.10.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 4.10 up to the date of change in use.

4.12 Leases

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

(a) As lessee

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

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

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

(b) As lessor

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

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

4.13 Land use rights

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

4.14 Investment in subsidiaries

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

Investments in subsidiaries are accounted for at cost less impairment losses.

4.15 Inventories

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

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

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

4.16 Impairment of non-financial assets

At each reporting date, an assessment is made as to whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("**CGU**") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment calculation are based on detailed budgets and forecast calculations, which are prepared separately for each CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

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

Goodwill is tested for impairment annually at reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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

4.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.18 Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

4.18 Financial assets (Cont'd)

(b) Subsequent measurement (Cont'd)

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

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

The Group has not designated any financial assets at fair value through profit or loss.

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

The Group did not have any held-to-maturity investments during the years ended 31 March 2015 and 2016.

(iv) Available-for-sale ("AFS") financial investments

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

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

4.18 Financial assets (Cont'd)

(b) Subsequent measurement (Cont'd)

(iv) Available-for-sale ("AFS") financial investments (Cont'd)

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the statements of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

(d) Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

4.18 Financial assets (Cont'd)

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

Financial assets carried at amortised cost

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

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.

Available-for-sale ("**AFS**") investments

For AFS financial investments, an assessment is made at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

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

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

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

4.19 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and financial guarantee contracts.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Group has not designated any financial liability at fair value through profit or loss.

(ii) Other financial liabilities

The Group'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 rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method ("**EIR**") amortisation process.

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

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

4.19 Financial liabilities (Cont'd)

(c) Financial guarantee contracts

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

(d) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expired. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(e) Offsetting of financial instruments

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

4.20 Derivative financial instruments

Derivative financial instruments, such as forward currency contracts is used to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under MFRS 139 are recognised in profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

4.21 Cash and short-term deposits

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

4.22 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments and are recorded at the proceeds received, net of directly attributable incremental transaction costs.

4.23 Cash dividend and non-cash distribution to equity holders of the Group

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders and a corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in profit or loss.

4.24 Provisions

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

4.25 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 occurance or non-occurance of uncertain future event(s) not wholly within the control of the Group.

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

4.26 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 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

5. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2015, the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 July 2014.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014

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

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

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

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

7. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

7.1 Judgments made in applying accounting policies

In the process of applying the above accounting policies, management has made the following judgments, apart from those involving estimations, which significantly affect the amounts recognised in these financial statements.

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

The Group has developed certain criteria based on MFRS 140 in making judgment whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

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

7.2 Estimates and assumptions

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

(a) Useful lives of plant and machinery

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

(b) Fair value of investment properties

The Group carried out the impairment test of investment properties based on fair value of investment properties. The Group engaged independent valuation specialists to determine fair value as at 31 March 2016 based on the comparison method.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

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

7.2 Estimates and assumptions (Cont'd)

(c) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 21. If the financial conditions of the receivables of the Group were to deteriorate, additional provision may be required.

(d) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(e) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the company's domicile. As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

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

The amount of deferred tax assets recognised in respect of unutilised tax losses, capital allowances, reinvestment allowances, and allowance for increased exports and the amounts of such losses and allowances for which deferred tax assets were not recognised are disclosed in Note 26.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

8. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sales of goods	**532,871**	357,376	**-**	-
Management fee	**-**	-	**1,500**	3,491
	532,871	357,376	**1,500**	3,491

9. OTHER INCOME

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Bad debts recovered	**12**	-	**-**	-
Gain on disposal of property, plant and equipment	**282**	-	**-**	-
Gain on disposal of investment securities	**-**	6	**-**	-
Rental income	**257**	261	**-**	-
Reversal of allowance for impairment of investment in subsidiaries	**-**	-	**3,461**	-
Sales of stock lots	**361**	1,438	**-**	-
Sundry income	**1,433**	1,158	**-**	-
Realised foreign exchange gain	**2,693**	569	**772**	-
Unrealised foreign exchange gain	**460**	4,313	**-**	1,536
	5,498	7,745	**4,233**	1,536

10. FINANCE COSTS

	Group	
	2016 RM'000	2015 RM'000
Interest expense on:		
- Bank loans and bank overdrafts	**5,834**	4,028
- Obligations under finance leases	**51**	27
Total finance costs	**5,885**	4,055

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

11. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration				
- Statutory audit				
Company's auditors	**217**	203	**32**	32
Other auditors	**71**	55	**-**	-
Overprovision in prior year	**(10)**	(1)	**-**	-
- Other services				
Company's auditors	**76**	60	**25**	35
Bad debts written off	**13**	2,008	**-**	-
Depreciation and amortisation:				
- Property, plant and equipment (Note 16)	**10,670**	10,463	**26**	24
- Investment properties (Note 17)	**261**	222	**-**	-
- Land use rights (Note 18)	**69**	60	**-**	-
Employee benefits expense (Note 12)	**150,716**	113,475	**887**	2,931
Impairment loss on:				
- Trade and other receivables (Note 21)	**19**	56	**2,178**	1,060
- Investment in subsidiaries	**-**	-	**-**	7,069
Write-down of inventories	**170**	3,016	**-**	-
Loss on disposal of property, plant and equipment	**-**	422	**-**	-
Minimum operating lease payments:				
- Land and buildings	**5,700**	4,603	**-**	-
- Machinery	**70**	79	**6**	-
Non-executive directors' emoluments (Note 13)	**250**	286	**246**	282
Unrealised foreign exchange loss	**-**	-	**688**	-
Property, plant and equipment written off	**511**	30	**-**	1

12. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive directors (Note 13)				
Executive directors of the Company	**1,552**	2,025	**156**	1,760
Executive directors of subsidiaries	**819**	738	**-**	258
	2,371	2,763	**156**	2,018

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

12. EMPLOYEE BENEFITS EXPENSE (CONT'D)

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Other staff				
Wages and salaries	**141,963**	102,768	**634**	798
Defined contribution plans	**3,610**	3,005	**78**	98
Other related costs	**2,772**	4,939	**19**	17
	148,345	110,712	**731**	913
	150,716	113,475	**887**	2,931

13. DIRECTORS' REMUNERATION

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

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
- Salaries and other emoluments	**1,396**	1,641	**-**	1,376
- Defined contribution plans	**-**	156	**-**	156
- Fees	**156**	228	**156**	228
	1,552	2,025	**156**	1,760
Non-Executive:				
- Fees	**246**	282	**246**	282
Directors of Subsidiaries				
Executive:				
- Salaries and other emoluments	**819**	738	**-**	258
Non-Executive:				
- Fees	**4**	4	**-**	-
Total directors' remuneration	**2,621**	3,049	**402**	2,300
Analysis of directors' remuneration:				
Executive directors (Note 12)	**2,371**	2,763	**156**	2,018
Non-executive directors (Note 11)	**250**	286	**246**	282
Total directors' remuneration	**2,621**	3,049	**402**	2,300

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

14. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2016 and 2015 are:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	**27**	843	**-**	-
- Foreign tax	**8**	185	**-**	-
- (Over)/under provision in respect of prior years	**(144)**	100	**-**	84
	(109)	1,128	**-**	84
Deferred tax (Note 26):				
- Origination and reversal of temporary difference	**901**	(441)	**-**	-
- Over provision in respect of prior years	**(578)**	(202)	**-**	-
	323	(643)	**-**	-
Income tax expense recognised in profit or loss	**214**	485	**-**	84

Reconciliation between tax expense and accounting (loss)/profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 March 2016 and 2015 are as follows:

	2016 RM'000	2015 RM'000
Group		
Loss before tax	**(12,502)**	(16,910)
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	**(3,000)**	(4,228)
Different tax rates in other countries	**906**	905
Adjustments:		
Effect of income not subject to tax	**(1,625)**	(497)
Effect of expenses not deductible for tax purposes	**2,513**	217
Utilisation of previously unrecognised tax losses	**(256)**	(841)
Deferred tax assets recognised in respect of current year's unutilised reinvestment allowances	**(43)**	(310)
Deferred tax assets recognised on increased export allowance	**607**	(359)
Deferred tax assets not recognised in respect of unutilised capital allowances, reinvestment allowances and tax losses	**1,834**	5,700
Over provision of deferred tax in prior years	**(578)**	(202)
(Over)/under provision of tax expense in prior years	**(144)**	100
Income tax expense recognised in profit or loss	**214**	485

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

14. INCOME TAX EXPENSE (CONT'D)

	2016 RM'000	2015 RM'000
Company		
Profit/(loss) before tax	**978**	(6,785)
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	**235**	(1,696)
Adjustments:		
Effect of income not subject to tax	**(1,016)**	(384)
Effect of expenses not deductible for tax purposes	**760**	2,080
Deferred tax assets not recognised on unutilised current year business loss	**21**	-
Underprovision of tax expense in prior years	**-**	84
Income tax expense recognised in profit or loss	**-**	84

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable (loss)/profit for the year. Year of assessment 2016 onwards, the domestic statutory tax rate will be remain 24%. The computation of deferred tax as at 31 March 2016 has reflected these changes.

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.

15. LOSS PER SHARE

Basic earnings per share amounts are calculated by dividing 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 loss per share for the years ended 31 March:

	Group	
	2016	2015
Loss net of tax attributable to owners of the parent (RM'000)	**(10,255)**	(17,465)
Weighted average number of ordinary shares in issue ('000)	**60,012**	60,012
Basic loss per share (sen)	**(17.1)**	(29.1)

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as the Company does not have any potential dilutive ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

16. PROPERTY, PLANT AND EQUIPMENT

Group	* Land and buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture, fittings, office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 April 2014	45,173	119,930	44,915	6,730	216,748
Additions	1,223	6,828	1,438	776	10,265
Transfer to investment properties	(8,074)	-	-	-	(8,074)
Disposals	-	(5,675)	(33)	(386)	(6,094)
Written off	-	(876)	(1,345)	(1)	(2,222)
Reclassification	-	(914)	914	-	-
Exchange differences	2,847	8,233	4,256	429	15,765
At 31 March and 1 April 2015	41,169	127,526	50,145	7,548	226,388
Additions	1,927	4,536	1,439	608	8,510
Disposals	-	(9,513)	(105)	(545)	(10,163)
Written off	-	(3,182)	(3,926)	-	(7,108)
Exchange differences	200	3,114	764	130	4,208
At 31 March 2016	**43,296**	**122,481**	**48,317**	**7,741**	**221,835**
Accumulated depreciation and impairment losses					
At 1 April 2014	6,880	91,621	36,782	4,553	139,836
Depreciation charge for the year (Note 11)	673	6,904	2,169	717	10,463
Transfer to investment properties	(153)	-	-	-	(153)
Disposals	-	(4,710)	(29)	(307)	(5,046)
Written off	-	(853)	(1,338)	(1)	(2,192)
Reclassification	(89)	(178)	267	-	-
Exchange differences	233	6,152	3,559	286	10,230
At 31 March and 1 April 2015	7,544	98,936	41,410	5,248	153,138
Depreciation charge for the year (Note 11)	749	6,819	2,272	830	10,670
Disposals	-	(8,943)	(64)	(473)	(9,480)
Written off	-	(2,902)	(3,695)	-	(6,597)
Exchange differences	(7)	2,053	459	74	2,579
At 31 March 2016	**8,286**	**95,963**	**40,382**	**5,679**	**150,310**
Net carrying amount:					
At 31 March 2015	33,625	28,590	8,735	2,300	73,250
At 31 March 2016	**35,010**	**26,518**	**7,935**	**2,062**	**71,525**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

* Land and buildings

	Freehold land RM'000	Buildings RM'000	Capital work in progress RM'000	Total RM'000
Cost				
At 1 April 2014	4,584	40,589	-	45,173
Additions	-	161	1,062	1,223
Transfer to investment properties	-	(8,074)	-	(8,074)
Exchange differences	-	2,847	-	2,847
At 31 March and 1 April 2015	4,584	35,523	1,062	41,169
Additions	-	288	1,639	1,927
Reclassification	-	2,711	(2,711)	-
Exchange differences	-	190	10	200
At 31 March 2016	**4,584**	**38,712**	**-**	**43,296**
Accumulated depreciation				
At 1 April 2014	-	6,880	-	6,880
Depreciation charge for the year	-	673	-	673
Reclassification	-	(89)	-	(89)
Transfer to investment properties	-	(153)	-	(153)
Exchange differences	-	233	-	233
At 31 March and 1 April 2015	-	7,544	-	7,544
Depreciation charge for the year	-	749	-	749
Exchange differences	-	(7)	-	(7)
At 31 March 2016	**-**	**8,286**	**-**	**8,286**
Net carrying amount				
At 31 March 2015	4,584	27,979	1,062	33,625
At 31 March 2016	**4,584**	**30,426**	**-**	**35,010**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

	Air-conditioners, and computer RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
Company				
Cost				
At 1 April 2014	41	65	47	153
Additions	-	10	-	10
Written off	-	(2)	-	(2)
At 31 March and 1 April 2015	41	73	47	161
Additions	-	8	-	8
At 31 March 2016	**41**	**81**	**47**	**169**
Accumulated depreciation				
At 1 April 2014	4	32	14	50
Depreciation charge for the year (Note 11)	4	12	8	24
Written off	-	(1)	-	(1)
At 31 March and 1 April 2015	8	43	22	73
Depreciation charge for the year (Note 11)	5	13	8	26
At 31 March 2016	**13**	**56**	**30**	**99**
Net carrying amount				
At 31 March 2015	33	30	25	88
At 31 March 2016	**28**	**25**	**17**	**70**

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

	Group 2016 RM'000	Group 2015 RM'000
Plant and machinery	**2,364**	5,117
Motor vehicles	**312**	475
	2,676	5,592

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

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

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate costs of RM8,510,000 (2015: RM10,265,000) of which RM1,051,000 (2015: RM267,000) were acquired by means of hire purchase arrangements.

(c) The Group's certain land and buildings with net carrying amounts of RM5,346,000 (2015: RM4,233,000) are pledged to secure the Group's bank borrowings as disclosed in Note 24. Certain property, plant and equipment of the Group with net carrying amounts of RM18,635,000 (2015: RM22,080,229) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 24.

17. INVESTMENT PROPERTIES

	Group	
	2016	**2015**
	RM'000	**RM'000**
Cost		
At 1 April	**11,886**	3,464
Transfer from property, plant and equipment	**-**	8,074
Exchange differences	**7**	348
At 31 March	**11,893**	11,886
Accumulated depreciation		
At 1 April	**882**	455
Depreciation charge for the year (Note 11)	**261**	222
Transfer from property, plant and equipment	**-**	153
Exchange differences	**(4)**	52
At 31 March	**1,139**	882
Net carrying amount	**10,754**	11,004
Fair value of investment properties (Note 33)	**13,982**	14,384

Certain investment properties of the Group with net carrying amounts of RM721,000 (2015: RM733,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 24.

18. LAND USE RIGHTS

	Group	
	2016	**2015**
	RM'000	**RM'000**
At 1 April	**2,877**	2,652
Amortised for the year (Note 11)	**(69)**	(60)
Exchange differences	**112**	285
At 31 March	**2,920**	2,877

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 24. The land use rights have a remaining tenure ranging from 35 years to 46 years (2015: 36 years to 47 years).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

19. INVESTMENT IN SUBSIDIARIES

	Company 2016 RM'000	Company 2015 RM'000
Unquoted shares, at cost	**81,281**	79,353
Less: Accumulated impairment losses	**(21,478)**	(24,940)
	59,803	54,413

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2016	Proportion (%) of ownership interest 2015
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 Label (Malaysia) Sdn. Bhd.	Malaysia	Printing and sale of labels and stickers	**100**	100
Shern Yee Garments Sdn. Bhd. *	Malaysia	Temporarily ceased operations	**100**	100
Thirty Three Trading Sdn. Bhd. *	Malaysia	Temporarily ceased operations	**100**	100
PCCS Garments Limited	Cambodia	Temporarily ceased operations	**100**	100
JIT Textiles Limited	Cambodia	Manufacturing and sale of apparels	**100**	100
PCCS Garments (Suzhou) Ltd. *	The People's Republic of China	Manufacturing and sale of apparels	**100**	100
PCCS (Hong Kong) Limited *	Hong Kong	Trading of apparels	**100**	100

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

19. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2016	2015
Subsidiaries of the Company (Cont'd)				
Beauty Apparels (Cambodia) Ltd.	Cambodia	Manufacturing of garments	**100**	100
Thirty Three (Hong Kong) Ltd.*	Hong Kong	Investment holding	**100**	100
Perfect Seamless Garments (Cambodia) Ltd.	Cambodia	Manufacturing of seamless bonding	**51**	-
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	Embroidering of logos, emblems and printing of silk screen products	**100**	100
Subsidiary of PCCS Garments (Suzhou) Ltd.				
PCCS Garments Wuhan Ltd. *	The People's Republic of China	Property holding	**100**	100

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

19. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2016	Proportion (%) of ownership interest 2015
Subsidiary of Thirty Three (Hong Kong) Ltd.				
Thirty Three (Shanghai) Ltd. *	The People's Republic of China	Trading of apparels and accessories	**100**	100
Subsidiary of Mega Labels & Stickers Sdn. Bhd.				
Mega Labels & Stickers (Cambodia) Co., Ltd.	Cambodia	Printing and sale of labels and stickers and manufacturing of elastic bands and related products	**100**	100
Subsidiary of Keza Sdn. Bhd.				
Keza (Cambodia) Limited	Cambodia	Manufacturing of elastic bands and related products	**100**	100

* Audited by firms other than Ernst & Young

20. INVENTORIES

	Group 2016 RM'000	Group 2015 RM'000
Cost		
Raw materials	**17,277**	16,312
Work-in-progress	**13,908**	10,995
Finished goods	**31,923**	25,720
	63,108	53,027
Net realisable value		
Raw materials	**1,361**	807
Finished goods	**332**	92
	64,801	53,926

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	**77,019**	68,460	**-**	-
Less: Allowance for impairment	**(48)**	(86)	**-**	-
Trade receivables, net	**76,971**	68,374	**-**	-
Other receivables				
Due from subsidiaries	**-**	-	**23,085**	27,056
Refundable deposits	**1,599**	1,542	**6**	6
Sundry receivables	**3,788**	3,605	**-**	-
	5,387	5,147	**23,091**	27,062
Less: Allowance for impairment	**(1,659)**	(1,632)	**(19,454)**	(17,276)
	3,728	3,515	**3,637**	9,786
	80,699	71,889	**3,637**	9,786
Total trade and other receivables	**80,699**	71,889	**3,637**	9,786
Add: Cash and bank balances (Note 23)	**38,034**	19,755	**5,761**	7,949
Total loans and receivables	**118,733**	91,644	**9,398**	17,735

(a) Trade receivables

The Group's normal trade credit term ranges from 15 to 120 (2015: 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 RM949,000 (2015: RM3,400,000) are pledged to bank as securities for borrowings as disclosed in Note 24.

Ageing analysis of trade receivables

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

	Group	
	2016	2015
	RM'000	RM'000
Neither past due nor impaired	**53,809**	51,791
1 to 30 days past due not impaired	**19,209**	10,231
31 to 60 days past due not impaired	**2,535**	4,779
61 to 90 days past due not impaired	**387**	694
91 to 120 days past due not impaired	**429**	604
More than 121 days past due not impaired	**602**	275
	23,162	16,583
Impaired	**48**	86
	77,019	68,460

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

21. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

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 RM23,162,000 (2015: RM16,583,000) 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	
	2016	2015
	RM'000	RM'000
Trade receivable - nominal amounts	**48**	86
Less: Allowance for impairment	**(48)**	(86)
	-	-

Movement in allowance accounts:

	Group	
	2016	2015
	RM'000	RM'000
At 1 April	**86**	2,536
Charge for the year (Note 11)	**19**	56
Written off	**(61)**	(2,573)
Exchange difference	**4**	67
At 31 March	**48**	86

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

21. TRADE AND OTHER RECEIVABLES (CONT'D)

(c) Other receivables

Other receivables that are impaired

Movement in allowance accounts:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 April	**1,632**	2,057	**17,276**	16,216
Charge for the year (Note 11)	**-**	-	**2,178**	1,060
Written off	**-**	(164)	**-**	-
Exchange difference	**27**	(261)	**-**	-
At 31 March	**1,659**	1,632	**19,454**	17,276

22. OTHER CURRENT ASSETS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Prepaid operating expenses	**4,910**	3,881	**27**	13
Value added tax recoverable	**4,855**	3,225	**-**	-
	9,765	7,106	**27**	13

23. CASH AND BANK BALANCES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash on hand and at banks	**35,389**	16,346	**3,562**	4,987
Deposits with banks	**2,645**	3,409	**2,199**	2,962
Cash and bank balances	**38,034**	19,755	**5,761**	7,949
Bank overdrafts (Note 24)	**(741)**	(3,394)	**-**	-
Less: Deposit pledged with bank	**(441)**	(421)	**-**	-
Cash and cash equivalents	**36,852**	15,940	**5,761**	7,949

Deposits with banks of the Group amounting to RM441,000 (2015: RM421,000) are pledged to bank for credit facility granted to the Group as disclosed in Note 24.

Deposit with a licensed bank amounting to RM5,000 (2015: RM5,000) is registered in trust by a director.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

23. CASH AND BANK BALANCES (CONT'D)

Bank balances of the Group amounting to RM9,000 (2015: RM29,000) are held under trust by managerial staff of the Group.

The weighted average effective interest rates and average maturities of deposits at the reporting date were as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
Weighted average effective interest rates (%)	**2.82**	2.77	**3.30**	3.10
Average maturities (days)	**57**	53	**31**	32

24. LOANS AND BORROWINGS

		Group	
		2016	**2015**
	Maturity	**RM'000**	**RM'000**
Current			
Unsecured:			
Bank overdrafts (Note 23)	On demand	**741**	3,394
Revolving credit at 6.23% (2015: 7.67%) p.a.	2017	**25,358**	25,639
Bankers' acceptances at 4.85% (2015: 5.09%) p.a.	2017	**2,841**	2,854
Trade loan at 2.33% (2015: 1.63%) p.a.	2017	**6,597**	8,421
Trust receipts at 5.17% (2015: 7.90%) p.a.	2017	**26,167**	6,694
Export bill financing at 2.26% (2015: 2.14%) p.a.	2017	**4,808**	8,349
Bank loans:			
- 2.59% p.a. fixed rate RM loan	2017	**150**	360
- RM loan at COF + 2.0% p.a.	2017	**83**	736
- RM loan at fixed profit rate of 5% p.a.	2017	**262**	250
- USD loan at COF + 2.0% p.a.	2017	**1,294**	1,519
		68,301	58,216
Secured:			
Bank loan - HKD loan at COF + 3% p.a.	2017	**862**	827
Obligations under finance lease (Note 31 (b))	2017	**479**	906
Trade loan at 2.33% (2015: 3.78%) p.a.	2017	**20,309**	497
		21,650	2,230
		89,951	60,446
Non-current			
Unsecured:			
Bank loans:			
- 2.59% p.a. fixed rate RM loan	2018	**-**	150
- RM loan at COF + 2.0% p.a.	2018	**-**	65
- USD loan at COF + 2.0% p.a.	2017	**-**	1,292
- RM loan at fixed profit rate of 5% p.a.	2016 - 2020	**792**	1,052
		792	2,559

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

24. LOANS AND BORROWINGS (CONT'D)

		Group	
		2016	2015
	Maturity	RM'000	RM'000
Non-current			
Secured:			
Bank loan - HKD loan at COF + 3% p.a.	2018	**431**	1,241
Obligations under finance lease (Note 31 (b))	2019	**803**	451
		2,026	4,251
Total loans and borrowings		**91,977**	64,697

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

	Group	
	2016	2015
	RM'000	RM'000
On demand or within one year	**89,951**	60,446
More than 1 year and less than 2 years	**1,138**	2,839
More than 2 years and less than 5 years	**888**	1,412
	91,977	64,697

Obligations under finance leases

Those obligations are secured by a charge over the leased assets (Note 16). These obligations bore interest at the reporting date of between 2.58% to 3.17% (2015: 2.53% to 3.09%) per annum.

Bank overdrafts

Bank overdrafts denominated in RM, bear interest range from BLR + 1.00% p.a. to BLR + 1.5% p.a. (2015: range from BLR + 1.25% p.a. to BLR + 1.5% p.a.).

Bank overdrafts denominated in HKD, bear interest at bank's best lending rate + 1.75% p.a. (2015: Bank's best lending rate + 1.75% p.a.).

Bank overdrafts denominated in USD, bear interest at COF + 1.75% p.a. (2015: COF + 1.75% 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 16, Note 17 and Note 18.

The secured loans and borrowings are secured by certain assets of the Group as disclosed in Note 16, Note 17, Note 18, Note 21 and Note 23.

* BLR : Base lending rate is 6.95% p.a. (2015: 6.85% p.a.)
COF : Cost of fund ranged from 0.33% p.a. to 6.15% p.a. (2015: 0.33% p.a. to 6.15% p.a.)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables				
Third parties	**45,842**	41,765	**-**	-
Other payables				
Due to subsidiaries	**-**	-	**4,617**	8,453
Other payables and accruals	**38,224**	25,257	**4,072**	4,203
	38,224	25,257	**8,689**	12,656
Total trade and other payables	**84,066**	67,022	**8,689**	12,656
Add: Loans and borrowings (Note 24)	**91,977**	64,697	**-**	-
Total financial liabilities carried at amortised cost	**176,043**	131,719	**8,689**	12,656

(a) Trade payables

Trade payables are non-interest bearing and the normal trade terms granted to the Group ranges from 30 to 90 (2015: 30 to 90) days.

(b) Other payables

Other payables are non-interest bearing and the normal trade terms granted to the Group and the Company ranges from 30 to 90 (2015: 30 to 90) days.

(c) Amounts due to subsidiaries

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

26. DEFERRED TAXATION

	Group	
	2016	2015
	RM'000	RM'000
At 1 April	**(412)**	231
Recognised in profit or loss (Note 14)	**323**	(643)
At 31 March	**(89)**	(412)

Presented after appropriate offsetting as follows:

	Group	
	2016	2015
	RM'000	RM'000
Deferred tax assets	**(2,002)**	(2,986)
Deferred tax liabilities	**1,913**	2,574
	(89)	(412)

NOTES TO THE FINANCIAL STATEMENTS
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26. DEFERRED TAXATION (CONT'D)

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

	Unutilised reinvestment allowances, allowance for increased exports, tax losses and unabsorbed capital allowances RM'000	Others RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 April 2014	(2,600)	(62)	2,893	231
Recognised in profit or loss	(386)	215	(472)	(643)
At 31 March 2015	(2,986)	153	2,421	(412)
Recognised in profit or loss	1,192	(361)	(508)	323
At 31 March 2016	**(1,794)**	**(208)**	**1,913**	**(89)**

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

	Group 2016 RM'000	Group 2015 RM'000
Unutilised tax losses	**12,483**	17,668
Unutilised reinvestment allowances	**1,525**	2,594
Unabsorbed capital allowances	**2,711**	7,356
Unutilised allowance for increased exports	**7,971**	8,002

27. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised:				
1 April 2014/2015; 31 March 2015/2016	**100,000**	100,000	**100,000**	100,000
Issued and fully paid:				
1 April 2014/2015; 31 March 2015/2016	**60,012**	60,012	**60,012**	60,012

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

28. OTHER RESERVES

(a) Share premium

This reserve comprise the premium paid on subscription of shares in the Company over and above the par value of the shares.

(b) 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.

(c) Legal reserve fund

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

29. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 March 2016 and 31 March 2015 under the single tier system.

30. 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 Company and related parties took place at terms agreed between the parties during the financial year:

Subsidiaries:

- Perusahaan Chan Choo Sing Sdn. Bhd. ("PCCSSB")
- Beauty Electronic Embroidering Centre Sdn. Bhd. ("BEEC")
- Keza Sdn. Bhd. ("Keza")
- Mega Labels & Stickers Sdn. Bhd. ("Mega")
- Mega Label (Malaysia) Sdn. Bhd. ("Megam")
- Beauty Apparels (Cambodia) Ltd ("BAL")
- Global Apparels Limited ("GAL")
- Beauty Silk Screen Limited. ("BSSL")
- JIT Embroidery Limited ("JEL")
- JIT Textiles Limited ("JTL")
- Keza (Cambodia) Limited ("KEZAC")
- Mega Labels & Stickers (Cambodia) Co., Ltd. ("MEGAC")

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

30. RELATED PARTY TRANSACTIONS (CONT'D)

	Company	
	2016	**2015**
	RM'000	**RM'000**
Transactions with subsidiaries:		
Management fees received from:		
- PCCSSB	**600**	462
- BEEC	**-**	22
- Keza	**-**	86
- Mega	**-**	286
- Megam	**600**	178
- GAL	**-**	409
- BSSL	**100**	43
- JEL	**-**	76
- JTL	**200**	1,753
- BAL	**-**	40
- KEZAC	**-**	30
- MEGAC	**-**	106
Rental of premises paid to a director	**-**	5

(b) Compensation of key management personnel

The remuneration of key management personnel comprising solely executive directors is disclosed in Note 13.

31. COMMITMENTS

(a) 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 2 to 5 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 reporting date but not recognised as liabilities are as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Future minimum rentals payables:		
Not later than 1 year	**3,541**	3,069
Later than 1 year and not later than 2 years	**1,277**	2,155
Later than 2 years and not later than 5 years	**710**	2,098
Later than 5 years	**-**	78
	5,528	7,400

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

31. COMMITMENTS (CONT'D)

(b) Finance lease commitments

	Group 2016 RM'000	Group 2015 RM'000
Minimum lease payments:		
Not later than 1 year	**536**	1,016
Later than 1 year and not later than 2 years	**482**	266
Later than 2 years and not later than 5 years	**419**	234
	1,437	1,516
Less: Amounts representing finance charges	**(155)**	(159)
Present value of minimum lease payments	**1,282**	1,357
Present value of payments:		
Not later than 1 year	**479**	906
Later than 1 year and not later than 2 years	**431**	242
Later than 2 years and not later than 5 years	**372**	209
	1,282	1,357
Analysed as:		
Due within 12 months (Note 24)	**479**	906
Due after 12 months (Note 24)	**803**	451
	1,282	1,357

32. OFFSETTING OF FINANCIAL INSTRUMENTS

The following table presents the recognised financial instruments that are subject to enforceable master netting arrangements and similar agreements but not offset and the impact on the Group's statement of financial position if all set-off rights were exercised.

	Gross assets RM'000	Amounts not offset Financial instruments RM'000	Net RM'000
Group			
Financial assets			
As at 31 March 2016			
Restricted cash	**441**	**(441)**	**-**
Trade receivables	**76,971**	**(949)**	**76,022**
	77,412	**(1,390)**	**76,022**
As at 31 March 2015			
Restricted cash	421	(421)	-
Trade receivables	68,374	(3,400)	64,974
	68,795	(3,821)	64,974

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

32. OFFSETTING OF FINANCIAL INSTRUMENTS (CONT'D)

	Gross liabilities RM'000	Amounts not offset: Financial instruments RM'000	Amounts not offset: Cash collateral pledged RM'000	Net RM'000
Financial liabilities				
As at 31 March 2016				
Loans and borrowings	**91,977**	**(949)**	**(441)**	**90,587**
As at 31 March 2015				
Loans and borrowings	64,697	(3,400)	(421)	60,876

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

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

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

	Note
Trade and other receivables (current)	21
Trade and other payables (current)	25
Loans and borrowings (current)	24

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 2016

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

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at reporting date:

	Total RM'000	Quoted prices in active market (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
Group				
As at 31 March 2016				
Assets for which fair values are disclosed:				
Investment properties (Note 17)	**13,982**	**-**	**11,570**	**2,412**
As at 31 March 2015				
Assets for which fair values are disclosed:				
Investment properties (Note 17)	14,384	-	11,770	2,614

During the reporting period ended 31 March 2016 and 2015, there were no transfers between the various fair value measurements.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's and the Company's operations and to provide guarantees to support its operations. Financial assets include trade and other receivables and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks and ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by senior management who have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and foreign exchange currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

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

(b) 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.

<u>Exposure to credit risk</u>

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

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

- A nominal amount of RM94,729,000 (2015: RM80,789,000) relating to a corporate guarantee provided by the Company to financial institutions for credit facilities granted to subsidiaries.

<u>Credit risk concentration profile</u>

At the reporting date, the Group has significant concentration of credit risk that may arise from exposure two (2015: three) trade receivables who accounted for 72% (2015: 50%) of total trade receivables. The directors believe that this will not create significant credit risk for the Group in view of the length of relationship with these customers 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.

At the reporting date, the Company has significant concentration of credit risk that may arise from exposures to amounts due from its subsidiaries which account for 100% (2015: 100%) of the gross receivables of the Company. The directors believe that this does not create significant impact for the Group in view of the fact that the directors have direct participation and influential power in the management of these counterparties.

<u>Financial assets that are neither past due nor impaired</u>

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

<u>Financial assets that are either past due or impaired</u>

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

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

(c) Liquidity risk (Cont'd)

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

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.

	2016 RM'000		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities:			
Trade and other payables	**84,066**	**-**	**84,066**
Loans and borrowings	**90,041**	**2,202**	**92,243**
Total undiscounted financial liabilities	**174,107**	**2,202**	**176,309**
Company			
Financial liabilities:			
Trade and other payables, excluding financial guarantees *	**8,689**	**-**	**8,689**
Total undiscounted financial liabilities	**8,689**	**-**	**8,689**

	2015 RM'000		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities:			
Trade and other payables	67,022	-	67,022
Loans and borrowings	60,649	4,425	65,074
Total undiscounted financial liabilities	127,671	4,425	132,096
Company			
Financial liabilities:			
Trade and other payables, excluding financial guarantees *	12,656	-	12,656
Total undiscounted financial liabilities	12,656	-	12,656

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

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

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

Based on the utilisation of floating rate loans and borrowings throughout the reporting period, if interest rates had been 10 basis point lower/higher, will all other variables held constant, the Group's profit before tax would have been RM109,000 (2015: RM62,000) 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.

(e) 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			
Group			
At 31 March 2016			
Ringgit Malaysia	-	10,725	10,725
Chinese Renminbi	-	5,780	5,780
United States Dollars	(90)	-	(90)
Hong Kong Dollars	-	(20,802)	(20,802)
	(90)	(4,297)	(4,387)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

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

(e) Foreign currency risk (Cont'd)

	Net financial assets/(liabilities) held in non-functional currencies		
	Ringgit Malaysia RM'000	United States Dollars RM'000	Total RM'000
Functional currency of Group companies (Cont'd)			
Group			
At 31 March 2015			
Ringgit Malaysia	-	4,738	4,738
Chinese Renminbi	-	6,558	6,558
United States Dollars	(174)	-	(174)
Hong Kong Dollars	-	(2,081)	(2,081)
	(174)	9,215	9,041

	United States Dollars RM'000	Chinese Renminbi RM'000	Total RM'000
Functional currency of Company			
Company			
At 31 March 2016			
Ringgit Malaysia	**2,079**	**1,137**	**3,216**
At 31 March 2015			
Ringgit Malaysia	7,100	6,953	14,053

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 RMB exchange rate at the reporting date against the functional currency of the Group entities, with all other variables held constant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

(e) Foreign currency risk (Cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
	Profit before tax		Profit before tax	
USD/RM				
- strengthened 5% (2014: 5%)	**620**	237	**138**	355
- weakened 5% (2014: 5%)	**(620)**	(237)	**(138)**	(355)
USD/RMB				
- strengthened 5% (2014: 5%)	**289**	328	**-**	-
- weakened 5% (2014: 5%)	**(289)**	(328)	**-**	-
USD/HKD				
- strengthened 5% (2014: 5%)	**(1,040)**	(104)	**-**	-
- weakened 5% (2014: 5%)	**1,040**	104	**-**	-
RM/USD				
- strengthened 5% (2014: 5%)	**(5)**	(9)	**-**	-
- weakened 5% (2014: 5%)	**5**	9	**-**	-
RMB/RM				
- strengthened 5% (2014: 5%)	**1**	-	**1**	348
- weakened 5% (2014: 5%)	**(1)**	-	**(1)**	(348)

35. 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 2016 and 31 March 2015.

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.

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loans and borrowings	24	**91,977**	64,697	**-**	-
Trade and other payables	25	**84,066**	67,022	**8,689**	12,656
Less: - Cash and bank balances	23	**(38,034)**	(19,755)	**(5,761)**	(7,949)
Net debt		**138,009**	111,964	**2,928**	4,707
Total capital		**97,144**	106,307	**60,654**	59,676
Capital and net debt		**235,153**	218,271	**63,582**	64,383
Gearing ratio		**59%**	51%	**5%**	7%

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

36. 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) Others - investment holding and provision for management services, manufacturing of seamless bonding, 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.

	Apparel RM'000	Labelling RM'000	Others RM'000	Adjustments and elimination RM'000	Notes	Per consolidated financial statements RM'000
31 March 2016						
Revenue:						
External sales	479,043	42,503	11,325	-		532,871
Inter-segment sales	212,727	7,155	17,966	(237,848)	A	-
Total revenue	691,770	49,658	29,291	(237,848)		532,871
Results:						
Interest income	1,176	-	86	(1,158)		104
Finance cost	5,390	475	20	-		5,885
Depreciation and amortisation:						
- Property, plant and equipment	6,745	2,912	1,118	(105)		10,670
- Investment properties	256	30	3	(28)		261
- Land use rights	22	47	-	-		69
Segment (loss)/profit	(12,765)	6,701	(1,299)	746	B	(6,617)
Assets:						
Additions to non-current assets	2,793	7,243	1,730	(3,256)	C	8,510
Segment assets	266,253	76,342	138,299	(202,307)	D	278,587
Segment liabilities	248,997	40,367	47,153	(155,074)	E	181,443

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

36. SEGMENTAL INFORMATION (CONT'D)

	Apparel RM'000	Labelling RM'000	Others RM'000	Adjustments and elimination RM'000	Notes	Per consolidated financial statements RM'000
31 March 2015						
Revenue:						
External sales	306,363	35,149	15,864	-		357,376
Inter-segment sales	157,690	5,555	15,490	(178,735)	A	-
Total revenue	464,053	40,704	31,354	(178,735)		357,376
Results:						
Interest income	381	-	73	(373)		81
Finance cost	400	230	55	(234)		4,055
Depreciation and amortisation:						
- Property, plant and equipment	6,535	3,189	921	(182)		10,463
- Investment properties	157	25	3	37		222
- Land use rights	21	39	-	-		60
Segment (loss)/profit	(14,852)	(621)	(10,150)	12,768	B	(12,855)
Assets:						
Additions to non-current assets	4,087	3,998	2,180	-	C	10,265
Segment assets	247,519	61,168	137,655	(206,123)	D	240,219
Segment liabilities	213,124	31,206	48,366	(158,784)	E	133,912

A Inter-segment revenues are eliminated on consolidation.

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

	2016 RM'000	2015 RM'000
Impairment loss on investment in subsidiaries	**1,573**	12,695
Impairment loss on trade and other receivables	**5,434**	1,060
Reversal of allowance for impairment of investment in subsidiaries	**(6,441)**	(1,196)
Profit from inter-segment sales	**180**	209
	746	12,768

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

Additions to non-current assets consist of:

	2016 RM'000	2015 RM'000
Property, plant and equipment	**8,510**	10,265

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

36. SEGMENTAL INFORMATION (CONT'D)

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

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

Geographical information

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

	Revenue		Non-current assets	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysia	**170,242**	196,411	**32,612**	34,691
Cambodia	**81,124**	62,056	**27,416**	26,964
The People's Republic of China	**184,137**	82,541	**25,125**	25,718
Hong Kong	**97,368**	16,368	**135**	170
	532,871	357,376	**85,288**	87,543

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

	2016 RM'000	2015 RM'000
Property, plant and equipment	**71,525**	73,250
Investment properties	**10,754**	11,004
Land use rights	**2,920**	2,877
Deferred tax assets	**89**	412
	85,288	87,543

Information about a major customer

Revenue from one major customer amounted to RM183,586,000 (2015: RM104,061,000), arising from sales by the apparel segment.

37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 20 July 2016.

SUPPLEMENTARY INFORMATION

38. 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 2016 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	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the PCCS Group Berhad and its subsidiaries:				
- Realised	**5,032**	23,820	**(50)**	1,196
- Unrealised	**(460)**	(4,313)	**688**	(1,536)
	4,572	19,507	**638**	(340)
Less: Consolidated adjustment	**24,405**	19,725	**-**	-
Total Group's retained earnings as per consolidated accounts	**28,977**	39,232	**638**	(340)

GROUP PROPERTIES

As at 31 March 2016

No.	Location	Description and Existing Use	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM'000	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)	23	721	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)	20	4,191	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)	18	8,026	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)	13	3,601	31/03/2004
	# Inculding 74,104 sq ft for Hostel - Item 4						
	Keza Sdn Bhd						
5	No. 11A, Jalan 3, Taman Perindustrian Sinaran, 86000 Kluang, Johor, Malaysia.	Factory Building	Freehold	2,002 (2,000)	17	116	04/09/2007
	Mega Label (Malaysia) Sdn Bhd						
6	No. 4, Jalan Palam 34/18A, Seksyen 34, 40470 Shah Alam, Selangor Darul Ehsan.	2 Storey Office cum 1 Storey Factory	Freehold	22,593 (14,936)	5	4,170	28/12/2010

GROUP PROPERTIES

As at 31 March 2016

No.	Location	Description and Existing Use	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM'000	Date of Acquisition/ Revaluation*
	PCCS Garments (Suzhou) Ltd						
7	North Side of Road 318, Jin Xing Village, Zhen Ze Town Development Zone, 215231 Zhen Ze, Wu Jiang City, Jiang Su Province, China.	Office and Factory Building	Leasehold expiring 3/11/2052	162,497 (128,325)	14	8,508	28/08/2008
		1 Block of Dormitory	Leasehold expiring 27/7/2058	23,509 (28,710)	8	1,778	21/08/2008
8	Room 203, 205 & 206, 2nd Floor, Shanghai Western Business District C-2, No. 31, Lot 1555, Jing Sha Jiang Xi Road, Jia Ding Area, Shanghai, China 201803	3 units Office Lot cum 3 units Car Park	Leasehold expiring 13/9/2056	10,570 (9,462)	3	7,585	30/4/2013
	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 (1,939)	12	2,332	09/09/2010
	Mega Labels & Stickers (Cambodia) Co. Ltd.						
10	P2-067, Phnom Penh Special Economic Zone, Sangkat Kantouk, Sangkat Phleung Chhe Rotes, and Sangkat Beung Thom, Khan Por Senchey, Phnom Penh, Cambodia.	2 Blocks of 2 Storey Office and Factory Building	Leasehold expiring 22/7/2062	61,785 (42,614)	4	5,143	23/7/2012
11	P2-068, Phnom Penh Special Economic Zone, Sangkat Kantouk, Sangkat Phleung Chhe Rotes, and Sangkat Beung Thom, Khan Por Senchey, Phnom Penh, Cambodia.	Factory Building	Leasehold expiring 12/9/2062	56,145 (25,663)	1	2,514	12/9/2012

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2016

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	252	10.54	12,438	0.02
100 – 1,000	188	7.87	150,001	0.25
1,001 – 10,000	1,606	67.20	5,891,159	9.82
10,001 – 100,000	308	12.89	9,103,556	15.17
100,001 – 3,000,599 (*)	34	1.42	17,131,231	28.55
3,000,600 and above (**)	2	0.08	27,723,617	46.20
TOTAL	**2,390**	**100.00**	**60,012,002**	**100.00**

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

LIST OF SUBSTANTIAL SHAREHOLDERS

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

	Direct Interest		Indirect Interest	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Chan Choo Sing	2,643,220	4.40	28,495,382 (1)	47.48
Chan Chow Tek	2,272,750	3.79	24,000,078 (2)	39.99
Dato' Chan Chor Ngiak	339,817	0.57	24,001,411 (3)	39.99
Chan Chor Ang	542,350	0.90	24,040,078 (4)	40.06
Tan Kwee Kee	3,833,539	6.39	27,305,063 (5)	45.50
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.

(5) Deemed interested by virtue of her spouse, Mr. Chan Choo Sing's shareholding in PCCS and by virtue of her sons, Mr. Chan Wee Kiang's and Mr. Chan Wee Boon's shareholdings in PCCS.

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2016

LIST OF DIRECTORS' SHAREHOLDINGS

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

	Direct Interest		Indirect Interest	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Chan Choo Sing	2,643,220	4.40	28,495,382 [(1)]	47.48
Chan Chow Tek	2,272,750	3.79	24,000,078 [(2)]	39.99
Dato' Chan Chor Ngiak	339,817	0.57	24,001,411 [(3)]	39.99
Chan Chor Ang	542,350	0.90	24,040,078 [(4)]	40.06
Julian Lim Wee Liang	-	-	-	-
Piong Yew Peng	-	-	-	-

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 30 June 2016

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.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Chee Ming	2,464,000	4.11
5.	Chan Chow Tek	2,272,750	3.79
6.	Pam Yoon Eng	1,329,833	2.22
7.	Siow Kok Chian	1,005,000	1.67
8.	Lim Poh Teot	642,466	1.07
9.	Ng Choon Fatt	624,733	1.04
10.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohd Radzuan bin Ab Halim	544,866	0.91
11.	Chan Chor Ang	542,350	0.90
12.	Chan Wee Kiang	480,765	0.80
13.	Stanley Tan Jik Shuen	400,000	0.67
14.	Chan Chor Ngiak	319,550	0.53
15.	Ching Gek Lee	300,000	0.50
16.	Low Hing Noi	250,000	0.42
17.	Tang Boon Heng	245,600	0.41
18.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tay Ley Chee	242,200	0.40
19.	Go Hout Hing	216,066	0.36
20.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yong Chew Keat	211,400	0.35
21.	Chew Lim Cheong @ Hong Thiam Soon	200,000	0.33
22.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Looi Boon Han	200,000	0.33
23.	Yung Lay Kiang	196,666	0.33
24.	Yap Nyet Yune	180,933	0.30
25.	Ho, Wei-Hua	167,200	0.28
26.	Yeo Eck Liong	166,100	0.28
27.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Mooi Kim	154,700	0.26
28.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Oon Eng Kiat	152,200	0.25
29.	Seow Ching Yuen @ Khoo Sau Chun	152,000	0.25
30.	Chan Wee Boon	131,000	0.22
		44,159,215	**73.58**

Form of Proxy

PCCS

PCCS Group Berhad

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

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

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

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

of ____
(Full Address)

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

____
(Full Name In Capital Letters)

of ____
(Full Address)

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

of ____
(Full Address)

or failing *him/her, the CHAIRMAN OF THE MEETING, as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Twenty-Second (**"22nd"**) 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, 26 August 2016 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.

	Resolutions		**For**	**Against**
1.	To re-elect Mr. Chan Choo Sing as Director *(Article 94)*.	(Resolution 1)		
2.	To re-elect Mr. Chan Chow Tek as Director *(Article 94)*.	(Resolution 2)		
3.	To re-appoint Messrs. Ernst & Young as Auditors of the Company.	(Resolution 3)		
	As Special Business			
4.	Ordinary Resolution No. 1 - Payment of Directors' Fees	(Resolution 4)		
5.	Ordinary Resolution No. 2 Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965.	(Resolution 5)		

* Strike out whichever not applicable

Signed this ____________ day of ____________ 2016

____
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 19 August 2016. Only a depositor whose name appears on the Record of Depositors as at 19 August 2016 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

2. A member of the Company entitled to attend and vote at a meeting of a company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting without limitation and the provisions of Sections 149 (1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

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

4. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account.

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

6. The instrument appointing a proxy must be deposited at the Corporate Office of the Company at Lot 1376, GM127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof.

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AFFIX
STAMP

PCCS Group Berhad **Co. No. 280929-K**

LOT 1376, GM 127,
Mukim Simpang Kanan, Jalan Kluang,
83000 Batu Pahat, Johor Darul Takzim

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www.pccsgroup.net

PCCS GROUP BERHAD 280929-K

Lot 1376, GM 127,
Mukim Simpang Kanan,
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Johor Darul Takzim

Tel No: 07-456 8866
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