



PCCS Group Berhad

Company No. 280929-K
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016

	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Revenue	127,140	130,505	370,953	428,131
Cost of sales	(107,818)	(111,518)	(327,416)	(373,375)
Gross Profit	19,322	18,987	43,537	54,756
Other Income	498	1,005	2,033	8,030
Interest Income	28	27	75	82
Administrative expenses	(11,255)	(12,581)	(40,110)	(40,364)
Selling and marketing expenses	(3,416)	(5,014)	(8,720)	(15,417)
Finance costs	(1,347)	(1,257)	(4,025)	(3,712)
Profit/(loss) before tax	3,830	1,167	(7,210)	3,375
Income tax expense	(314)	523	(1,098)	80
Profit/(loss) for the period	3,516	1,690	(8,308)	3,455
Attributable to:				
Equity holders of the parent	(392)	1,932	(9,837)	5,078
Non-controlling interest	3,908	(242)	1,529	(1,623)
	3,516	1,690	(8,308)	3,455
Earnings per share attributable to equity holders of the parent (sen):				
Basic	5.86	2.82	(13.84)	5.76
Diluted	Not applicable		Not applicable	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.



PCCS Group Berhad

Company No. 280929-K
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016

	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Profit/(loss) for the period	3,516	1,690	(8,308)	3,455
Other comprehensive (loss)/income net of tax				
Foreign currency translation	(142)	113	(115)	3,479
Total comprehensive income/(loss) for the period	3,374	1,803	(8,423)	6,934
Total comprehensive (loss)/income attributable to:				
Owners of the Parent	(445)	2,345	(9,870)	8,557
Non-controlling interest	3,819	(542)	1,447	(1,623)
	3,374	1,803	(8,423)	6,934

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.



PCCS Group Berhad

Company No. 280929-K
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (UNAUDITED)

	31.12.2016 RM'000 (Unaudited)	31.03.2016 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	69,423	71,525
Investment Properties	10,727	10,754
Prepaid lease payments	2,884	2,920
Deferred tax assets	49	89
	<u>83,083</u>	<u>85,288</u>
Current assets		
Inventories	53,460	64,801
Trade receivables	97,993	76,971
Other receivables	3,312	3,728
Other current assets	9,447	9,765
Cash and bank balances	29,170	38,034
	<u>193,382</u>	<u>193,299</u>
TOTAL ASSETS	<u>276,465</u>	<u>278,587</u>
EQUITY AND LIABILITIES		
Equity attributable to equity owners of the parent		
Share capital	60,012	60,012
Share premium	4	4
Other reserves	7,887	7,920
Retained earnings	19,140	28,977
	<u>87,043</u>	<u>96,913</u>
Non-controlling interest	<u>1,678</u>	<u>231</u>
Total Equity	<u>88,721</u>	<u>97,144</u>
Non-Current liabilities		
Borrowings	3,485	2,026
	<u>3,485</u>	<u>2,026</u>
Current liabilities		
Borrowings	78,425	89,951
Trade payables	63,498	45,842
Other payables	41,742	38,224
Tax payables	594	5,400
	<u>184,259</u>	<u>179,417</u>
Total liabilities	<u>187,744</u>	<u>181,443</u>
TOTAL EQUITY AND LIABILITIES	<u>276,465</u>	<u>278,587</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.4504	1.6149

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016

	<----- Attributable to Equity Holders of the parent----->						Non- Controlling Interest RM'000	Total Equity RM'000
	----- Non-distributable -----			Distributable				
	Share Capital RM'000	Share premium RM'000	Foreign Exchange Reserves RM'000	Legal Reserves RM'000	Retained Earnings RM'000	Total RM'000		
As at 1 April 2015	60,012	4	6,078	326	39,232	105,652	655	106,307
Total comprehensive income/(loss) for the period	-	-	3,479	-	5,078	8,557	(1,283)	7,274
Issuance of shares of subsidiary	-	-	-	-	-	-	1,852	1,852
As at 31 December 2015	<u>60,012</u>	<u>4</u>	<u>9,557</u>	<u>326</u>	<u>44,310</u>	<u>114,209</u>	<u>1,224</u>	<u>115,433</u>
As at 1 April 2016	60,012	4	7,594	326	28,977	96,913	231	97,144
Total comprehensive (loss)/income for the period	-	-	(33)	-	(9,837)	(9,870)	1,447	(8,423)
As at 31 December 2016	<u>60,012</u>	<u>4</u>	<u>7,561</u>	<u>326</u>	<u>19,140</u>	<u>87,043</u>	<u>1,678</u>	<u>88,721</u>

The Condensed Consolidated Statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016

	9 months ended	
	31.12.2016	31.12.2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation from:		
- Continuing operations	(7,210)	3,375
Adjustment for: -		
Non-cash items	83	(3,679)
Non-operating items (which are investing/financing)	8,775	8,476
Interest expense	4,025	3,712
Interest income	(75)	(82)
Operating profit before changes in working capital	<u>5,598</u>	<u>11,802</u>
Changes in working capital		
Net change in current assets	(9,030)	(67,288)
Net change in current liabilities	21,174	32,317
Interest paid	(4,025)	(3,712)
Tax paid	(5,865)	(1,565)
Net cash flows from/(used in) operating activities	<u>7,852</u>	<u>(28,446)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(7,221)	(12,092)
- Proceeds from issuance of shares of subsidiary	-	1,852
- Proceeds from disposal of property, plant and equipment	2,576	4,224
- Interest received	75	82
Net cash flows used in investing activities	<u>(4,570)</u>	<u>(5,934)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
- Repayment of hire purchase & lease financing	(473)	(970)
- Repayment of term loans	(1,713)	(2,601)
- (Decrease) / increase in short term borrowings	(13,325)	52,758
- Drawdown of HP & lease financing	3,170	1,116
Net cash flows (used in) / from financing activities	<u>(12,341)</u>	<u>50,303</u>
Net (decrease) / increase in cash and cash equivalents	(9,059)	15,923
Effects of exchange rate changes	(2,079)	(2,806)
Cash and cash equivalents at beginning of financial period	36,852	15,940
Cash and cash equivalents at end of financial period	<u>25,714</u>	<u>29,057</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	29,170	30,506
Bank overdrafts	(2,985)	(964)
Deposits pledged to banks	(471)	(485)
	<u>25,714</u>	<u>29,057</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.



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PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

These condensed consolidated interim financial statements, for the period ended 31 December 2016, have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2016. The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2016, except for the adoption of the following Amendments: -

Effective for annual periods beginning on or after 1 January 2016

Annual Improvements to MFRSs 2012-2014 Cycle

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and 141 Agriculture: Bearer Plants

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Amendments to MFRS 101: Disclosure Initiatives

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

MFRS 14: Regulatory Deferral Accounts

The adoption of the above mentioned Amendments to MFRSs did not have any material impact on the financial statements of the Group.

Standards issued but not yet effective

At the date of authorization of these interim financial statements, the followings standards were issued but not yet effective and have not been applied by the Group.

MFRS 15 Revenue from Contracts with Customers	Effective 1 January 2018
MFRS 9 Financial Instruments	Effective 1 January 2018
MFRS 16 Leases	Effective 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

2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 March 2016 was not qualified



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3. SEGMENTAL INFORMATION

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Apparels	143,902	170,895	434,535	563,615
Labellings	14,393	12,995	38,865	37,888
Others	5,512	7,422	16,367	22,557
Total revenue before eliminations	163,807	191,312	489,767	624,060
Eliminations	(36,667)	(60,807)	(118,814)	(195,929)
Total	127,140	130,505	370,953	428,131
Segment Result				
Result from continuing operations:				
Apparels	16,796	(1,138)	4,268	(759)
Labellings	1,257	1,867	2,920	3,637
Others	(13,011)	884	(13,959)	(2,880)
	5,042	1,613	(6,771)	(2)
Eliminations	(1,212)	(446)	(439)	3,377
Total	3,830	1,167	(7,210)	3,375

Apparels segment:

The apparels segment's revenue for the quarter ended 31 December 2016 decreased by 15.8% or RM27.0 million to RM143.9 million from RM170.9 million recorded in the preceding year corresponding quarter. The decrease was due to the reduced of Cambodia factories' sales orders.

Labelling segment:

The labelling segment's revenue for the quarter ended 31 December 2016 increased by 10.8% or RM1.4 million to RM14.4 million from RM13.0 million recorded in the preceding year corresponding quarter. The increase was due to the increase of sales orders from Malaysia labelling business.

Others segment:

The others segment's revenue for the quarter ended 31 December 2016 decreased by 25.7% or RM1.9 million to RM5.5 million from RM7.4 million recorded in the preceding year corresponding quarter. The decrease was due to the decrease of sales orders from printing and embroidering business.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter.



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5. CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in the prior financial years that have a material effect in the current quarter.

6. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's performance is not affected by any major seasonal or cyclical factors.

7. DIVIDENDS PAID

There were no dividends paid for the current quarter.

8. CARRYING AMOUNT OF REVALUED ASSETS

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 March 2016.

9. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter and financial year to date.

10. CHANGES IN COMPOSITION OF THE GROUP

Save as disclosed below, there were no changes in composition of the group during the current quarter.

The Company had on 14 December 2016, entered into a Share Sale Agreement with Mr. Law Keng Hu and Mr. Kerk Chu Tung for the disposal of 350,000 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Shern Yee Garments Sdn. Bhd. ("SYG"), the wholly-owned subsidiary, at a total purchase consideration of RM1.00. Consequently, the 70% owned subsidiary of SYG, Global Apparels Limited ("GAL"), will also ceased to be a sub-subsiary of the Company.

11. CAPITAL COMMITMENTS

There were no material capital commitments as at 31 December 2016.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no other contingent liabilities or contingent assets, except for corporate guarantee amounting RM85 million given to licensed banks in respect of bank facilities granted to subsidiaries during the nine months financial period ended 31 December 2016.

13. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the period that have not been reflected in this quarterly report.



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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. PERFORMANCE REVIEW

During the current quarter ended 31 December 2016, the Group recorded lower revenue of RM127.1 million as compared to RM130.5 million in the previous corresponding quarter. This was mainly due to the decrease in revenue from the Cambodia Apparels Division. Accordingly, the pre-tax profit of the Group for the quarter under review was higher at RM3.8 million as compared to pre-tax profit of RM1.2 million in the previous corresponding quarter. The higher profit was mainly due to the improvement in margin controls.

On a year-to-year basis, the Group recorded lower revenue of RM371.0 million as compared to RM428.1 million achieved in the previous corresponding period as the Group continued to streamline and consolidate its Cambodia apparel operations, which caused the decline in revenue of Apparels Division. The pre-tax loss of the Group for the period under review recorded at RM7.2 million as compared to pre-tax profit of RM3.4 million recorded for the corresponding period. As mentioned in the preceding paragraph, this was mainly due to the consolidation of Cambodia apparel factories.

15. COMMENT ON MATERIAL CHANGE IN THE QUARTERLY RESULTS

Total revenue increased from RM118.4 million recorded in the preceding quarter to RM127.1 million for the current quarter. The pre-tax profit of the Group recorded at RM3.8 million as compared to a pre-tax loss RM7.5 million recorded for the preceding quarter mainly due to better cost control in China Apparels Division.

16. COMMENTARY ON PROSPECTS

With the cloudy outlook for Cambodia Apparel Division amid global uncertainties, the management has taken necessary measures in the interest of the Group to streamline and consolidate the operation in Cambodia and focus the business in Labelling and China Apparel Divisions which have been growing all the time. The management would expect further streamlining and consolidation activities to be implemented and completed by end of financial year 31 March 2017 for the Cambodia Apparels Division.

17. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable to the Group as no profit forecast or profit guarantee was published.



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18. NOTES TO THE STATEMENTS OF COMPREHENSIVE INCOME

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Included in the profit/(loss) before tax are the following items:				
Interest income	(28)	(27)	(75)	(82)
Interest expenses	1,347	1,257	4,025	3,712
Depreciation	2,465	2,914	7,349	8,823
Fixed assets written off	11	15	209	15
Bad debts written off	(13)	-	-	-
Gain on disposal of property, plant and equipment	(22)	(102)	(101)	(361)
Foreign exchange gain	711	(1,022)	83	(3,665)
Impairment loss on fixed assets	(1,119)	-	1,318	-

19. INCOME TAX EXPENSE

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Malaysian income tax	312	(25)	1,039	(5)
Foreign income tax	2	(498)	59	(75)
Total income tax expense	<u>314</u>	<u>(523)</u>	<u>1,098</u>	<u>(80)</u>

The tax provided in the current period is mainly in respect of certain subsidiaries reporting taxable profit.

20. CORPORATE PROPOSALS

a) Status of Corporate Proposals

The Group does not have any corporate proposal which have not been completed as at the date of this announcement.

b) Status of Utilisation of Proceeds

Not applicable.



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21. GROUP BORROWINGS

	As at 31 Dec 16 RM'000	As at 31 Dec 15 RM'000
Short term borrowings		
- Bank overdrafts	2,985	964
- Bankers' acceptance	2,893	2,980
- Trade loan/Trust receipts/Export bill financing	47,363	74,388
- Term loans	1,010	3,175
- Revolving credit	23,083	27,908
- Hire purchase and lease payables	1,091	566
	<u>78,425</u>	<u>109,981</u>
Long term borrowings		
- Hire purchase and lease payables	2,889	937
- Term loans	596	1,715
	<u>3,485</u>	<u>2,652</u>
Total	<u>81,910</u>	<u>112,633</u>

Borrowings denominated in foreign currency:

	'000	Ringgit Equivalent RM'000
- United States Dollars ("USD")	8,143	33,631
- Chinese, Yuan Renminbi ("RMB")	54,051	33,511
		<u>67,142</u>

22. REALISED AND UNREALISED EARNINGS OR LOSSES DISCLOSURE

The retained earnings as at 31 December 2016 is analysed as follows:

	As at 31 Dec 16 RM'000	As at 31 Dec 15 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	(3,279)	17,760
- Unrealised	23	309
	<u>(3,256)</u>	<u>18,069</u>
Add: Consolidation adjustments	22,396	26,241
Total group retained earnings as per consolidated financial statements	<u>19,140</u>	<u>44,310</u>

23. CHANGES IN MATERIAL LITIGATION

There was no pending material litigation as at the date of this announcement.



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24. DIVIDEND PAYABLE

No interim dividend has been declared for the financial period ended 31 December 2016 (31 December 2015: Nil).

25. EARNINGS PER SHARE

a Basic

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue of 60,012,002 during the reporting year.

b Diluted

There is no dilution in earnings per share as there was no dilutive potential ordinary shares as at 31 December 2016.

26. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors on the date set forth below.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
Company Secretary
28 February 2017