PCCS Group Berhad

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

Annual Report 2014

• Annual Report 2014 • PCCS GROUP BERHAD (Co. No. 280929-K)

CONTENTS '14

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twentieth 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, 22 August 2014 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 2014 together with the Reports of the Directors and the Auditors thereon. **Please refer to Explanatory Note 1**

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 Chow Tek **Resolution 1**
   (b) Dato' Chan Chor Ngiak **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 RM510,000/- (Ringgit Malaysia: Five Hundred and Ten Thousand only) for the financial year ended 31 March 2014, be and is hereby approved for payment." **Resolution 4**

Notice of
Annual General Meeting

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**

6. **ORDINARY RESOLUTION NO. 3**
   - APPROVAL TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

   "THAT Mr. Tan Chuan Hock who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 4 November 1998 be and is hereby retained as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **Resolution 6**

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

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
Secretary

Kuala Lumpur
31 July 2014

Explanatory Notes to Ordinary/ Special Business:

1. **Item 1 of the Agenda**

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

2. **Payment of Directors' Fees**

   The Resolution 4, if approved, will authorise the payment of Directors' Fees pursuant to Article 106 of the Articles of Association of the Company.

3. **Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965**

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

   The 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 Nineteenth Annual General Meeting of the Company held on 23 August 2013 which will lapse at the conclusion of the Twentieth Annual General Meeting.

4. **Approval to Continue in Office as Independent Non-Executive Director**

   The Board of Directors has vide the Nomination Committee conducted an annual performance evaluation and assessment on Mr. Tan Chuan Hock ("**Mr. Tan**") who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to continue in office as an Independent Non-Executive Director based on the following justifications:-

   (i) Mr. Tan has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

   (ii) Mr. Tan does not have any conflict of interest with the Company and has not been entering/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies.

(iii) In view of his professional background as a qualified Chartered Accountant, Mr. Tan has contributed extensively in his capacity as Chairman of the Audit Committee to ensure the financial results prepared by Management be duly reviewed and adhere to the relevant financial reporting standards.

(iv) In view of his many years on the Board with incumbent knowledge on the Company as well as the Group's activities, Mr. Tan has provided invaluable input to the Board in his role as an Independent Non-Executive Director.

(v) Mr. Tan has contributed sufficient amount of time and efforts in his capacity as the Chairman of Remuneration Committee and as a member of Nomination Committee. He has attended all the meetings of the Audit Committee, Nomination Committee, Remuneration Committee as well as Board of Directors for informed and balanced decision making.

Notes:

1. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 66(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 15 August 2014. Only a depositor whose name appears on the Record of Depositors as at 15 August 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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

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

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

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

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

Corporate Structure

PCCS Group Berhad

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

- ◆ Apparel Division
- O Embroidery, Fabric Knitting & Printing Division
- ❖ Labelling Division
- ✸ Others

- ◆ 100% Perusahaan Chan Choo Sing Sdn Bhd
- ◆ 100% PCCS Garments Limited
- ◆ 100% Beauty Apparels (Cambodia) Ltd
- ◆ 100% JIT Textiles Limited
- ◆ 100% PCCS Garments (Suzhou) Ltd
  - ◆ 100% PCCS Garments Wuhan Limited
- ◆ 100% PCCS (Hong Kong) Limited
- ◆ 100% Thirty Three (Hong Kong) Limited
  - ◆ 100% Thirty Three (Shanghai) Limited
- ✸ 100% Shern Yee Garments Sdn Bhd
  - ◆ 70% Global Apparels Limited
- ✸ 100% Thirty Three Trading Sdn Bhd
  - ✸ 100% Beauty Silk Screen (M) Sdn Bhd
    - O 100% Beauty Silk Screen Limited
- ✸ 100% Jusca Garments Sdn Bhd
- O 100% Beauty Electronic Embroidering Centre Sdn Bhd
  - O 100% JIT Embroidery Limited
- O 100% Keza Sdn Bhd
  - O 100% Keza (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

JULIAN LIM WEE LIANG (Senior Independent Non-Executive Chairman), a Malaysian, aged 40, was appointed to the Board of PCCS Group Berhad **("PCCS")** as Independent Non-Executive Director on 14 November 2011. He 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.

He completed his Bachelor Degree in University of Sheffield, United Kingdom in July 1996 and joined Arthur Andersen & Co (Melaka Branch). He left Arthur Andersen & Co in January 2000 to further his studies.

He was admitted as a member of the Association of Chartered Certified Accountants (ACCA) in April 2002 and subsequently as a member of Malaysian Institute of Accountants in July 2002. He joined KY Siow & Co in January 2003 as Audit Manager. His membership with ACCA has now been transferred to Fellowship status with effect from May 2007. He does not have any directorships in other public company.

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

Chan Choo Sing

CHAN CHOO SING (Group Managing Director), a Malaysian, aged 60, was appointed to the Board of PCCS on 21 June 1995. He was appointed as the Group Managing Director of PCCS in 1995 and as Chairman of PCCS on 24 August 2004. He has been re-designated as Group Managing Director on 6 June 2014.

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.

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

He is a member of the Remuneration Committee of PCCS.

Chan Chow Tek

CHAN CHOW TEK (Executive Director), a Malaysian, aged 57, was appointed to the Board of PCCS on 21 June 1995. He leads all the marketing activities in the Group and has more than 40 years of experience in textile and apparel marketing and merchandising. He started his career in 1973 in marketing the products of Chan Trading to local departmental stores. In 1981, he successfully made the first export order for PCCSSB and has since brought the company's export sales to greater success.

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

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

Cha Peng Koi @ Chia Peng Koi

CHA PENG KOI @ CHIA PENG KOI (Executive Director), a Malaysian, aged 63, was appointed to the Board of PCCS as Independent Non-Executive Director on 21 June 1995. He was re-designated as Executive Director since 1 March 2009. He also took up the position of Chief Executive Officer for Cambodia Division since 1 April 2010.

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

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

He does not have any directorships in other public company.

Dato' Chan Chor Ngiak

DATO' CHAN CHOR NGIAK (Non-Independent Non-Executive Director), a Malaysian, aged 52, was appointed to the Board of PCCS on 21 June 1995. He started his career in 1980 assisting his father and brothers in marketing the products of Chan Trading to local departmental stores. The Sultan of Pahang on his 81st birthday conferred the "Darjah Indera Mahkota Pahang (D.I.M.P.)" to him that carries the prestigious title of Dato'.

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

Throughout his career in the industry, he has 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 and a Committee Member of the Malaysian Corrugated Carton Manufacturers' Association. He also sits on the board of several private limited companies.

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

Chan Chor Ang

CHAN CHOR ANG (Non-Independent Non-Executive Director), a Malaysian, aged 51, was appointed to the Board of PCCS on 21 June 1995. He joined PCCSSB in 1981 and was transferred to Jusca Garments Sdn. Bhd. as the Factory Manager in 1985. He has more than 25 years of experience in the textile and garment industry.

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

Tan Chuan Hock

TAN CHUAN HOCK (Independent Non-Executive Director), a Malaysian, aged 53, was appointed to the Board of PCCS on 4 November 1998.

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

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

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

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

Note:

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

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

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

Corporate Information

BOARD OF DIRECTORS

Julian Lim Wee Liang
Senior Independent Non-Executive Chairman

Chan Choo Sing
Group Managing Director

Chan Chow Tek
Executive Director

Cha Peng Koi @ Chia Peng Koi
Executive Director

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

Chan Chor Ang
Non-Independent Non-Executive Director

Tan Chuan Hock
Independent Non-Executive Director

AUDIT COMMITTEE

Tan Chuan Hock (Chairman)
Independent Non-Executive Director

Julian Lim Wee Liang
Senior Independent Non-Executive Chairman

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

NOMINATION COMMITTEE

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

Tan Chuan Hock
Independent Non-Executive Director

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

REMUNERATION COMMITTEE

Tan Chuan Hock (Chairman)
Independent Non-Executive Director

Chan Choo Sing
Group Managing Director

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

COMPANY SECRETARY

Chua Siew Chuan (MAICSA 0777689)

REGISTERED OFFICE

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

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)
- Thirty Three (Hong Kong) Limited
- Thirty Three (Shanghai) Limited
- Thirty Three Trading Sdn Bhd (391830-P)
- Keza Sdn Bhd (138288-U)
- Keza (Cambodia) Limited
- Mega Labels & Stickers Sdn Bhd (190144-X)
- Mega Label (Malaysia) Sdn Bhd (533197-U)
- Mega Labels & Stickers (Cambodia) Co., Ltd.
- Perusahaan Chan Choo Sing Sdn Bhd (70765-W)
- PCCS Garments Limited
- PCCS Garments (Suzhou) Ltd
- PCCS Garments Wuhan Ltd
- PCCS (Hong Kong) Limited
- Shern Yee Garments Sdn Bhd (206960-W)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

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 2014.

A. MEMBERSHIP

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

Tan Chuan Hock (Chairman)
Independent Non-Executive Director

Julian Lim Wee Liang
Senior Independent Non-Executive Chairman

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

B. SUMMARY OF TERMS OF REFERENCE

1. Authority

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

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

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

(c) obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it necessary.

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

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

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

2. Duties and Responsibilities

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

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

(b) To put in place the policy and procedures to assess the suitability and independence of external auditors;

(c) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved;

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

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

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

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

(g) To review the external auditors' management letter and management's response;

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

- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

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

2. Duties and Responsibilities (Cont'd)

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

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

(k) To monitor the integrity of the Company's financial statements and ensure the said financial statements are prepared in accordance to the applicable financial reporting standard;

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

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

(n) To determine the remit of the internal audit function and to review the adequacy and effectiveness of risk management, internal control and governance systems;

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

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

C. ATTENDANCE

Details of attendance at Audit Committee meetings held during the financial year ended 31 March 2014 (Total of four (4) meetings held):-

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

D. SUMMARY OF ACTIVITIES

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

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

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

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

D. SUMMARY OF ACTIVITIES (CONT'D)

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

(v) Met twice with the external auditors without the presence of executive Board members, Management and employees to discuss issue of concern to the external auditors arising from the annual statutory audit;

(vi) Reviewed the extent of the Group's compliance with the Listing Requirements on Corporate Governance and recommendations made to the Board on action plan to address the identified gaps between the Group's existing corporate governance practices and the prescribed corporate governance principles and best practices under the Malaysian Code on Corporate Governance 2012;

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

(viii) Reviewed the revised Term of Reference of the Audit Committee.

E. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to two (2) professional services firms whose primary responsibility is to independently assess and report to the Board, through the Audit Committee, the systems of internal control of the designated entities of the Group.

Functions of the Internal Audit include major areas as follows:

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

The audit plan for the Group is presented to the Audit Committee for approval. All adverse findings and weaknesses noted during the audit visit are forwarded to management for its attention and further action. The report on the audit findings together with management's comments are reported to the Audit Committee on a quarterly basis. In this regard, the Board is pleased to report that there were no significant adverse findings during the financial year ended 31 March 2014 that would adversely affect the Group's reputation or financial position.

The total costs incurred for the internal audit function of the Group for the financial year was RM67,000.00.

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

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

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

THE BOARD OF DIRECTORS

Board Composition

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

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

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

Board Effectiveness Assessment

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

Annual Assessment of Independence

MCCG 2012 recommends that the Board should undertake assessment of 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.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Group. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of management in meeting approved goals and objectives, and monitor the risk profile of the Group's business and the reporting of monthly business performance.

The Board had evaluated and is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

THE BOARD OF DIRECTORS (CONT'D)

Tenure of Independent Director

One (1) of the recommendation of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, the Nomination Committee and the Board have determined at the annual assessment carried out that Mr. Tan Chuan Hock, who has served the Board for more than nine (9) years, remains objective and independent in expressing his views and in participating in the deliberations and decision making of the Board and the Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interest of the Company.

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

Separation of Positions of Chairman and Group Managing Director

The roles of the Chairman and Group Managing Director are separated with clearly defined responsibilities to ensure the balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Group Managing Director, together with the Executive Directors, oversees the operations of the Group and implementation of the Board's decisions, business strategies, and policies.

The Company took cognisance and in line with the MCCG 2012's recommendations to separate the roles of the Chairman and Group Managing Director, Mr. Chan Choo Sing had relinquished his position as Chairman to allow for Mr. Julian Lim Wee Liang, a Senior Independent Non-Executive Director of the Company, to be appointed as Chairman to lead the Board on 6 June 2014.

Clear Roles and Responsibilities

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

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

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

THE BOARD OF DIRECTORS (CONT'D)

Strategies Promoting Sustainability

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

Board Charter

The Board Charter 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.

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

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 Group will strive to ensure that its consultants, agents, partners, representatives and others performing works or services for or on behalf of the Group comply with the COC.

Gender Diversity

The Board affirms its commitment to boardroom diversity as a truly diversified Board can enhance the Board's creativity, efficiency and effectiveness. For any appointment of new Directors, gender diversity shall form one (1) of the main criterion for consideration by the Board.

Access of Information and Advice

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

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

Qualified and Competent Company Secretary

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

THE BOARD OF DIRECTORS (CONT'D)

Directors' Training

All the Directors have attended the Mandatory Accreditation Training Programme **("MAP")**. Directors are also aware of their duty to attend continuous education programmes. The Directors have attended seminars to keep themselves updated on the expectations of their roles and other market developments. During the financial year 2014, the seminars attended were as follows:-

- Breaking New Ground: Landmark Decisions on Reinvestment Allowance and Capital Allowance conducted by Chartered Tax Institute of Malaysia
- Seminar on Goods and Services Tax for Tax Agents conducted by Royal Malaysian Customs & MIA
- 2014 Budget Seminar conducted by Ernst & Young
- National Tax Seminar 2013 conducted by Inland Revenue Board of Malaysia
- Taxation for Property Developers and Construction Companies conducted by CPA Malaysia
- Workshop on Income from Letting Real Properties: For Investment Holding Companies and Other Investors conducted by Chartered Tax Institute of Malaysia
- Seminar on Company Tax conducted by Malaysian Association of Tax Accountants

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 Board meetings.

During the financial year ended 31 March 2014, a total of four (4) Board meetings have been held and were attended by all of the Directors. Additional meetings will be held as and when required.

Details of attendance at Board Meetings held during the financial year ended 31 March 2014 is as follows:-

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

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

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

THE BOARD OF DIRECTORS (CONT'D)

Time Commitment (Cont'd)

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

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

Audit Committee

The Audit Committee was set up on 7 February 2002 with current terms of reference adopted on 20 February 2014. The members of the Audit Committee are:-

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

The Audit Committee met four (4) times during the year. The Committee members attended all meetings. Details of their attendance are provided on page 15 of this Annual Report.

The summary of terms of reference and details of the Audit Committee are set out on pages 13 to 16 of this Annual Report.

Nomination Committee

The Nomination Committee was set up on 7 February 2002 with current terms of reference adopted on 20 February 2014. The members of the Nomination Committee are:-

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

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

THE BOARD OF DIRECTORS (CONT'D)

Nomination Committee (Cont'd)

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

The summary of activities of the Nomination Committee during the financial year are as follows:-

- Recommended the re-election of Mr. Chan Choo Sing and Mr. Tan Chuan Hock who retired pursuant to Article 94 of the Company's Articles of Association at the Nineteenth AGM held on 23 August 2013;
- Assessed the independence of Mr. Tan Chuan Hock, an Independent Director who had served for more than nine (9) cumulative years on the Board in such capacity and recommended for his retention as an Independent Director to the Board;
- Reviewed the composition of the Board of Directors;
- Evaluated the performance of the Board of Directors and Board Committees;
- Reviewed and recommended the redesignation of Mr. Julian Lim Wee Liang as Senior Independent Director and Chairman of the Nomination Committee to the Board; and
- Reviewed the revised Term of Reference of the Nomination Committee.

Re-election

In accordance with the Articles of Association of the Company, all Directors who are appointed during the year are subject to election by shareholders at the next AGM after their appointment and an election of Directors shall take place every year. One-third of the Directors for the time being, or the number nearest to one-third shall retire from office at each AGM provided always that all Directors shall retire from office at least once every three (3) years in compliance with the Listing Requirements. At the forthcoming AGM, Mr. Chan Chow Tek and Dato' Chan Chor Ngiak are due for retirement and being eligible have offered themselves for re-election.

Remuneration Committee

The Remuneration Committee was set up on 7 February 2002, with its current terms of reference adopted on 20 February 2014. The members of the Remuneration Committee are:-

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

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

Fees payable to Non-Executive Directors is recommended by the Board with the approval from the shareholders at the AGM.

THE BOARD OF DIRECTORS (CONT'D)

Directors' Remuneration

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

Aggregate remuneration for Directors of the Group categorised into appropriate components:

	Salaries and Other Emoluments RM'000	Bonus RM'000	Fees RM'000	Total RM'000
Executive Directors	2,549	425	228	3,202
Non-Executive Directors	-	-	286	286

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

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

STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

Disclosure between the Company and Analyst/Investors

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

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

Annual General Meeting

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

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

There will not be any substantive resolutions to be put forth for shareholders' approval at the forthcoming AGM. Nevertheless, the Company would conduct poll voting if demanded by shareholders at the general meeting. Nonetheless, the Chairman will inform the shareholders of their right to demand a poll vote at the commencement of the general meeting.

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

UPHOLD INTERGRITY IN FINANCIAL REPORTING

Financial Reporting

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

Internal Control

Information on the Group's internal controls is presented in the Statement on Risk Management and Internal Control laid out on page 26 to 27 of this Annual Report.

Relationship with the Auditors

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

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

UPHOLD INTERGRITY IN FINANCIAL REPORTING (CONT'D)

Assessment of Suitability and Independence of External Auditors

The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors. The Audit Committee was satisfied with Messrs. Ernst & Young's technical competency and audit independent during the financial year under review.

RECOGNISE AND MANAGE RISKS

Risk Management and Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal controls to safeguard shareholders' investment and the Group's assets. However, the Board recognises that such system is structured to manage rather than eliminate the possibility of encountering risk of failure to achieve corporate objectives. The Statement of Risk Management and Internal Control is set out on page 26 to page 27 of the Annual Report providing an overview of the state of the risk management and internal controls within the Group.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

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

Compliances Statement

The Statement on Corporate Governance is made in accordance with a resolution of the Board of Directors passed on 18 July 2013.

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 2014 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 Risk Management and Internal Control: Guidance for Directors of Public Listed Companies".

BOARD RESPONSIBILITY

The Board recognises the importance of good practice of corporate governance and is committed to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets.

However, due to the limitations that are inherent in any system of internal control, the Group's system of internal control is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, it only provides reasonable but not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

Risk management is an integral part of the Group's business operations and that the identification and management of risks will affect the achievement of the Group's business objectives. The Board confirms that there is an on-going process of identifying, evaluating, monitoring and managing risks to achieve the objectives of the Group for the financial year under review. The process is in place for the year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

The process of identifying, evaluating, monitoring and managing significant risks is embedded in the various business processes and procedures of the respective operational functions and management team. The management of risks in the daily business operation is assigned to management team and significant risks are identified and related counter measures as well as the corresponding internal control measures were deliberated at the Audit Committee and Board meeting.

INTERNAL AUDIT FUNCTION

The Group in its efforts to provide adequate and effective internal control system had appointed an independent consulting firm to undertake its internal audit function. The independent consulting firm acts as internal auditor and reports directly to the Audit Committee on quarterly basis.

Internal audit plans are reviewed and approved by the Audit Committee. During the financial year, the internal auditor 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.

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.

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's internal control includes:

- 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.
- Authority charts are established within the Group to provide a functional framework of authority in approving sales order, purchases, expenses and capital expenditure.
- 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 Board reviews the Group's financial and operational performance quarterly, which analyses the Group performance against preceding year corresponding quarter performance.
- A comprehensive "Company Manual" is developed to foster long-lasting and harmonious working relationship among the employees and set out the rules and regulations to be adhered by the employees in performing their duties. The manual is regularly reviewed to incorporate changes that will enhance working efficiency.
- "Health and Safety Manual" is developed to assist in maintaining a safe working environment for all employees.
- Regular Internal Quality Audit as specified by ISO 9001:2008 and ISO 14001:2004 Quality Management System on certain subsidiaries. This ensures that internal procedures and standard operating procedures had been implemented and documented.

ASSURANCE FROM MANAGEMENT

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

CONCLUSION

For the financial year under review and up to the date of approval of the annual report, 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

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 18 July 2013.

Statement of Directors' Responsibility
in relation to the Financial Statements

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

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

The Directors consider that in preparing the financial statements:-

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

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

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

Other Information Required

by the Listing Requirements of Bursa Malaysia Securities Berhad

Utilisation of Proceeds

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

Share Buy-backs

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

Options or Convertible Securities

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

Depository Receipt Programme

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

Imposition of Sanctions and/or Penalties

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

Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Group and by the Company for the financial year ended 31 March 2014 amounted to RM93,300.00 and RM34,600.00 respectively.

Material Contracts Involving Directors and Major Shareholders' Interest

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

Profit Estimate, Forecast or Projection

The Company did not issue any profit estimate, forecast or projection for the financial year ended 31 March 2014.

Variation in Results

There were no variances of 10% or more between the audited results for the financial year ended 31 March 2014 and the unaudited results previously announced.

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

The RRPTs were disclosed in Note 31 to the Financial Statements for the financial year ended 31 March 2014 on page 93.

Profit Guarantee

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

Corporate Social Responsibility (CSR)

The Group is committed to conduct its business activities in a socially, economically and environmentally sustainable manner. Our commitment toward our social responsibility is reflected through the following exercise:-

a. Workplace and Human Capital

We aim to remain as an employer of choice by providing our employees with continuous training and development. We promote 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 March 2014, we had organised a teambuilding programme - "Staying ahead with one team…one goal Programme" for employees to look beyond themselves to achieve cooperation and collaboration in the organisation.

The Group places high emphasis on health and safety policy at the work place for maximising the well-being of all our employees and aims to maintain its excellence in Occupational Safety and Health standards. During the year, firefighting exercise was carried out to instil sense of awareness amongst employees.

The Group recruits students for its internship initiative where students from technical schools and universities are selected for industrial and practical training in the Group's operation. This practical training program is created on a day-to-day mentor and mentee basis which give student hands-on experience before going into actual work place.

b. Community

We are committed to provide continuous support to various activities carried out by local charities and organisations. In 2013, donation was made to schools in Batu Pahat. The Group also sponsors in Local Leadership Development Seminar **("LLDs")** for International Association of Students in Economic and Commercial Sciences **("AIESEC")** of University of Nottingham Malaysia Campus. The LLDs is aim to provide training to both the junior and senior members.

In March 2014, we have also engaged in a blood donation campaign with the local general hospital in Batu Pahat. It helps to relieve the issue of insufficient blood supply in the said hospital's blood bank.

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 March 2014.

FINANCIAL REVIEW

The Group's consolidated turnover increased by 24.19% to RM377.9 million as compared to RM304.3 million achieved in the previous financial year due to the increase in apparel orders by manufacturing plants in China and Cambodia, respectively.

The Group made a profit after taxation of RM5.2 million in the financial year ended 31 March 2014 as compared to a loss after taxation of RM6.9 million recorded in the previous financial year. The profit was attributed to the other income received in Cambodia apparel division.

DIVIDEND

The Board does not recommend any dividend payment for the financial year ended 31 March 2014.

CORPORATE DEVELOPMENTS

There was no new business development in the Group except for the utilisation of certain earlier approved capital expenditure during the financial year. 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 RM327.9 million from RM258.4 million recorded in the previous year. This increase in revenue was mainly attributed to significant increase in orders received by the manufacturing plants in China and Cambodia, respectively.

The Apparel Division recorded an operating profit of RM9.5 million as compared to an operating loss of RM0.386 million recorded in the previous financial year. The profit was attributed to the other income generated by the Cambodia's Apparel Division.

Label and Other Division

The Label Division has continued to grow rapidly, achieving strong year-on-year revenue and profit 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 12.9% to RM32.3 million from RM28.6 million recorded in the previous year with an operating profit of RM2.4 million.

The business of elastic, embroidering and printing had increased by RM0.4 million during the financial year from RM17.2 million to RM17.6 million. The main reason for this was the higher turnover achieved in Cambodia.

OUTLOOK AND PROSPECT

The Board expects next financial year to be another challenging year for its Apparel Division as the cost of direct labour in Cambodia and China has been on an increasing trend, respectively. As a mitigating measure, the Label Division will be expanded with some new machines purchased.

The Group will undertake stringent cost control measures and continuous improvement in production efficiencies in order to achieve better result.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to conduct its business activities in a socially, economically and environmentally sustainable manner, please refer to page 30 of the Other Information Required 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.

I would like to acknowledge the immense contributions of my predecessor, Mr. Chan Choo Sing, who was the Chairman of the Board for the past ten (10) years from August 2004. As a member of the pioneering team at PCCS Group Berhad ("**PCCS**"), he has contributed immensely to the Group and I believe he will continue to do so in his capacity as the Group Managing Director of the Company.

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
31 July 2014

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 2014.

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
Profit/(loss) net of tax	**5,230**	**(9,332)**
Profit/(loss) attributable to:		
Owners of the parent	**4,707**	**(9,332)**
Non-controlling interests	**523**	**-**
	5,230	**(9,332)**

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

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

DIVIDENDS

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

DIRECTORS

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

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

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			
	1.4.2013	Bought	Sold	31.3.2014
Direct interest -				
Chan Choo Sing	2,643,220	-	-	**2,643,220**
Chan Chow Tek	3,005,450	-	-	**3,005,450**
Dato' Chan Chor Ngiak	339,817	-	-	**339,817**
Chan Chor Ang	809,550	-	-	**809,550**
Indirect interest -				
Chan Choo Sing	28,377,382	30,000	-	**28,407,382**
Chan Chow Tek	24,000,078	-	-	**24,000,078**
Dato' Chan Chor Ngiak	24,001,411	-	-	**24,001,411**
Chan Chor Ang	24,040,078	-	-	**24,040,078**

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

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

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

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

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

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

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

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

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

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

(e) At the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet 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.

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 18 July 2014.

Chan Choo Sing **Chan Chow Tek**

Statement by Directors

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

We, Chan Choo Sing and Chan Chow Tek, being two of the directors of PCCS Group Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 41 to 107 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 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 39 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 July 2014.

Chan Choo Sing **Chan Chow Tek**

Statutory Declaration

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

I, Chan Choo Sing, being the director primarily responsible for the financial management of PCCS Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 108 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 18 July 2014

Chan Choo Sing

Before me,

Ng Swee Chiang (J236)
Commissioner of Oaths

Independent Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of PCCS Group Berhad, which comprise statements of financial position of the Group and of the Company as at 31 March 2014, 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 41 to 107.

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 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 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 39 on page 108 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

Wun Mow Sang
1821/12/14(J)
Chartered Accountant

Melaka, Malaysia
Date: 18 July 2014

Statements of Comprehensive Income

For the Financial Year Ended 31 March 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue	8	**377,859**	304,260	**4,510**	4,616
Cost of sales		**(321,826)**	(256,855)	**-**	-
Gross profit		**56,033**	47,405	**4,510**	4,616
Other items of income					
Interest income		**31**	30	**20**	1
Other income	9	**15,656**	4,014	**5,519**	238
Other items of expense					
Administrative expenses		**(52,516)**	(41,532)	**(19,331)**	(12,416)
Selling and marketing expenses		**(9,724)**	(10,256)	**-**	-
Operating profit/ (loss)		**9,480**	(339)	**(9,282)**	(7,561)
Finance costs	10	**(4,111)**	(4,040)	**-**	-
Profit/(loss) before tax	11	**5,369**	(4,379)	**(9,282)**	(7,561)
Income tax expense	14	**(139)**	(2,559)	**(50)**	(28)
Profit/(loss), net of tax		**5,230**	(6,938)	**(9,332)**	(7,589)
Other comprehensive income:					
Foreign currency translation		**1,166**	157	**-**	-
Other comprehensive income for the year, net of tax		**1,166**	157	**-**	-
Total comprehensive income/(loss) for the year		**6,396**	(6,781)	**(9,332)**	(7,589)
Profit/(loss) attributable to:					
Owners of the parent		**4,707**	(6,938)	**(9,332)**	(7,589)
Non-controlling interests		**523**	-	**-**	-
		5,230	(6,938)	**(9,332)**	(7,589)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**5,889**	(6,781)	**(9,332)**	(7,589)
Non-controlling interests		**507**	-	**-**	-
		6,396	(6,781)	**(9,332)**	(7,589)
Earnings/(loss) per share attributable to owners of the parent (sen per share)					
Basic and dilluted	15	**7.8**	(11.6)		

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

Statements of Financial Position

As at 31 March 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Assets					
Non-current assets					
Property, plant and equipment	16	**76,912**	85,490	**-**	-
Investment properties	17	**3,009**	880	**-**	-
Land use rights	18	**2,652**	2,600	**-**	-
Investment in subsidiaries	19	**-**	-	**61,482**	52,592
Investment securities	20	**70**	70	**-**	-
		82,643	89,040	**61,482**	52,592
Current assets					
Inventories	21	**45,821**	52,674	**-**	-
Trade and other receivables	22	**61,387**	61,839	**8,688**	27,472
Other current assets	23	**6,790**	5,467	**27**	27
Tax recoverable		**658**	2,452	**932**	2,348
Cash and bank balances	24	**29,229**	18,989	**6,453**	1,832
		143,885	141,421	**16,100**	31,679
Total assets		**226,528**	230,461	**77,582**	84,271
Equity and liabilities					
Current liabilities					
Loans and borrowings	25	**62,501**	64,594	**-**	-
Trade and other payables	26	**39,701**	44,103	**11,037**	8,394
		102,202	108,697	**11,037**	8,394
Net current assets		**41,683**	32,724	**5,063**	23,285
Non-current liabilities					
Loans and borrowings	25	**3,868**	7,322	**-**	-
Deferred tax liabilities	27	**231**	611	**-**	-
		4,099	7,933	**-**	-
Total liabilities		**106,301**	116,630	**11,037**	8,394
Net assets		**120,227**	113,831	**66,545**	75,877

Statements of Financial Position

As at 31 March 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Equity attributable to owners of the parent					
Share capital	28	**60,012**	60,012	**60,012**	60,012
Share premium		**4**	4	**4**	4
Foreign exchange reserve	29(a)	**2,681**	1,499	**-**	-
Legal reserve fund	29(b)	**326**	326	**-**	-
Retained earnings	30	**56,697**	51,990	**6,529**	15,861
Shareholders' equity		**119,720**	113,831	**66,545**	75,877
Non-controlling interests		**507**	-	**-**	-
Total equity		**120,227**	113,831	**66,545**	75,877
Total equity and liabilities		**226,528**	230,461	**77,582**	84,271

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 2014

		Attributable to owners of the parent							
			Non-distributable		Distributable	Non-distributable			
Group	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Foreign exchange reserve RM'000	Legal reserve fund RM'000	Non-controlling interests RM'000
2014									
Opening balance at 1 April 2013	113,831	113,831	60,012	4	51,990	1,825	1,499	326	-
Total comprehensive income	6,396	5,889	-	-	4,707	1,182	1,182	-	507
Closing balance at 31 March 2014	**120,227**	**119,720**	**60,012**	**4**	**56,697**	**3,007**	**2,681**	**326**	**507**
2013									
Opening balance at 1 April 2012	120,612	120,612	60,012	4	59,038	1,558	1,342	216	-
Total comprehensive loss	(6,781)	(6,781)	-	-	(6,938)	157	157	-	-
Transaction with owners									
Transfer to legal reserve fund	-	-	-	-	(110)	110	-	110	-
Closing balance at 31 March 2013	113,831	113,831	60,012	4	51,990	1,825	1,499	326	-

Statements of Changes in Equity

For the Financial Year Ended 31 March 2014

Company	Equity, total RM'000	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained earnings RM'000
2014				
Opening balance at 1 April 2013	**75,877**	**60,012**	**4**	**15,861**
Total comprehensive loss	**(9,332)**	**-**	**-**	**(9,332)**
Closing balance at 31 March 2014	**66,545**	**60,012**	**4**	**6,529**
2013				
Opening balance at 1 April 2012	83,466	60,012	4	23,450
Total comprehensive loss	(7,589)	-	-	(7,589)
Closing balance at 31 March 2013	75,877	60,012	4	15,861

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 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating activities				
Profit/(loss) before tax	**5,369**	(4,379)	**(9,282)**	(7,561)
Adjustments for:				
Bad debts written off	**307**	4	**-**	-
Depreciation and amortisation:				
- Property, plant and equipment	**11,968**	13,804	**-**	-
- Investment properties	**72**	15	**-**	-
- Land use rights	**58**	36	**-**	-
Dividend income	**-**	-	**(3,660)**	(2,616)
(Gain)/loss on disposal of:				
- Property, plant and equipment	**(77)**	43	**-**	-
- Non-current asset classified as held for sale	**-**	20	**-**	-
Gain on winding up of a subsidiary	**-**	(465)	**-**	-
Goodwill written off	**-**	19	**-**	-
Impairment loss on:				
- Investment in subsidiaries	**-**	-	**-**	6,459
- Trade and other receivables	**4,005**	530	**14,948**	1,268
Interest expense	**4,111**	4,040	**-**	-
Interest income	**(31)**	(30)	**(20)**	(1)
Net unrealised foreign exchange gain	**(2,163)**	(553)	**-**	-
Reversal of allowance for impairment of investment in subsidiaries	**-**	-	**(4,561)**	-
Property, plant and equipment written off	**1,374**	44	**-**	-
Total adjustments	**19,624**	17,507	**6,707**	5,110
Operating cash flows before changes in working capital	**24,993**	13,128	**(2,575)**	(2,451)
Changes in working capital				
Decrease/(increase) in inventories	**6,853**	(15,418)	**-**	-
(Increase)/decrease in trade and other receivables	**(2,743)**	9,366	**(52)**	53
(Increase)/decrease in other current assets	**(1,323)**	785	**-**	5
(Decrease)/increase in trade and other payables	**(4,402)**	16,271	**(31)**	66
Total changes in working capital	**(1,615)**	11,004	**(83)**	124
Cash flows from/(used in) operations	**23,378**	24,132	**(2,658)**	(2,327)
Interest paid	**(4,111)**	(4,040)	**-**	-
Tax refunded/(paid)	**1,283**	(1,517)	**2,282**	(15)
	(2,828)	(5,557)	**2,282**	(15)
Net cash flows from/(used in) operating activities	**20,550**	18,575	**(376)**	(2,342)

Statements of Cash Flows

For the Financial Year Ended 31 March 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Investing activities				
Interest received	**31**	30	**20**	1
Additional investment in subsidiary	**-**	-	**(4,329)**	-
Purchase of property, plant and equipment	**(4,206)**	(15,553)	**-**	-
Purchase of land use rights	**-**	(1,802)	**-**	-
Placement of deposit pledged with bank	**(19)**	(348)	**-**	-
Proceeds from disposal of:				
- Property, plant and equipment	**407**	3,264	**-**	-
- Non-current asset classified as held for sale	**-**	240	**-**	-
Proceeds from winding up of a subsidiary	**-**	465	**-**	-
Dividend received	**-**	-	**2,744**	1,962
Net cash flows (used in)/from investing activities	**(3,787)**	(13,704)	**(1,565)**	1,963
Financing activities				
Advances to subsidiaries	**-**	-	**6,562**	667
Payments of hire purchase and finance lease liabilities	**(1,988)**	(2,472)	**-**	-
Drawdown of term loans	**-**	3,105	**-**	-
Repayment of term loans	**(2,303)**	(4,224)	**-**	-
Decrease in short term borrowings	**(1,422)**	(2,667)	**-**	-
Net cash flows (used in)/from financing activities	**(5,713)**	(6,258)	**6,562**	667
Net increase/(decrease) in cash and cash equivalents	**11,050**	(1,387)	**4,621**	288
Effects of foreign exchange rate changes	**(935)**	(55)	**-**	-
Cash and cash equivalents at 1 April	**17,908**	19,350	**1,832**	1,544
Cash and cash equivalents at 31 March (Note 24)	**28,023**	17,908	**6,453**	1,832

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

1. CORPORATE INFORMATION

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

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 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 2014. 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.

3. BASIS OF CONSOLIDATION (CONT'D)

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.

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.

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

4.1 Business combinations and goodwill (Cont'd)

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.

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.

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.

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.

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.

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

4.6 Revenue recognition (Cont'd)

(c) Management fees

Management fees are recognised when services are rendered.

(d) Dividend income

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

(e) Rental income

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

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.

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

4.9 Taxes (Cont'd)

(a) Current income tax (Cont'd)

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

(b) Deferred tax

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

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

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

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

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.

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

4.9 Taxes (Cont'd)

(b) Deferred tax (Cont'd)

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.

(c) Sales tax

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

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

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

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

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.

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

4.10 Property, plant and equipment (Cont'd)

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

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

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

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

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

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.

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

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in 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.

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

4.18 Financial assets (Cont'd)

(b) Subsequent measurement (Cont'd)

(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 2013 and 2014.

(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.

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.

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)

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.

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 the statement of 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 the statement of profit or loss.

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

4.18 Financial assets (Cont'd)

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

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

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

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.

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

4.19 Financial liabilities (Cont'd)

(b) Subsequent measurement (Cont'd)

(ii) Loans and borrowings

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

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

This category generally applies to interest-bearing loans and borrowings.

(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 expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 six 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The following new and amended standards and interpretations, which became effective during the year, are applied for the first time:

MFRS 1	Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Government Loans)
MFRS 1	Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009 - 2011 Cycle)
MFRS 3	MFRS 3 Business Combinations (IFRS 3 issued by IASB in March 2004)
MFRS 7	Amendments to MFRS 7 Financial Instruments: Disclosures (Offsetting Financial Assets and Financial Liabilities)
MFRS 10	Consolidated Financial Statements
MFRS 10	Amendments to MFRS 10 Consolidated Financial Statements (Transition Guidance)
MFRS 11	Joint Arrangements
MFRS 11	Amendments to MFRS 11 Joint Arrangements (Transition Guidance)
MFRS 12	Disclosure of Interests in Other Entities
MFRS 12	Amendments to MFRS 12 Disclosure of Interests in Other Entities (Transition Guidance)
MFRS 13	Fair Value Measurement
MFRS 101	Amendments to MFRS 101 Presentation of Financial Statements (Presentation of Items of Other Comprehensive Income)
MFRS 101	Amendments to MFRS 101 Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONT'D)

MFRS 116	Amendments to MFRS 116 Property, Plant and Equipment (Annual Improvements 2009 - 2011 Cycle)
MFRS 119	Employee Benefits
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 132	Amendments to MFRS 132 Financial Instruments: Presentation (Annual Improvements 2009 - 2011 Cycle)
MFRS 134	Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements 2009 - 2011 Cycle)
IC Int. 2	Amendments to IC Int. 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009 - 2011 Cycle)
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009 - 2011 Cycle)

These amendments clarify whether an entity can apply MFRS 1 if it meets the criteria for applying MFRS 1 and has applied (a) MFRS 1 in a previous reporting period or (b) MFRSs in a previous reporting period when MFRS 1 did not exist.

The amendments also address the treatment of borrowing cost previously capitalised and the accounting treatment after the transition date for borrowings costs that relate to qualifying assets under construction at transition date.

These amendments further provide clarification on the requirements for comparative information (consequential amendment to MFRS 101).

MFRS 12 Disclosures of Interests in Other Entities

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

MFRS 13 Fair Value Measurement

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

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONT'D)

Amendments to MFRS 101: Presentation of Financial Statements (Presentation of Items of Other Comprehensive Income)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments affect presentation only and have no impact on the Group's financial position and performance.

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

These amendments clarify the requirements for comparative information for the statement of financial position when an equity (a) changes accounting policies or makes retrospective restatements or reclassification; and (b) provides financial statements beyond the minimum comparative information requirements.

MFRS 127 Separate Financial Statements

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

6. NEW AND AMENDED STANDARDS ISSUED BUT NOT YET EFFECTIVE

New and amended standards issued but not yet effective up to the date of issuance of these financial statements are as follows:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 10 Consolidated Financial Statements (Investment Entities)	1 January 2014
Amendments to MFRS 12 Disclosure of Interests in Other Entities (Investment Entities)	1 January 2014
Amendments to MFRS 127 Consolidated and Separate Financial Statements (Investment Entities)	1 January 2014
Amendments to MFRS 132 Financial Instruments: Presentation (Offsetting Financial Assets and Financial Liabilities)	1 January 2014
Amendments to MFRS 136 Recoverable Amount Disclosures for Non- Financial Assets	1 January 2014
Amendments to MFRS 139 (Novation of Derivatives and Continuation of Hedge Accounting)	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions	1 July 2014

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

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

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:

MFRS 9 Financial Instruments

MFRS 9, as issued, reflects the first phase of the work on replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the financial assets, but will not have an impact on classification and measurements of the financial liabilities. The effect will be quantified in conjunction with the other phases, when the final standard including all phases is issued.

Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. No derivatives were novated during the current period. However, these amendments would be considered for future novation.

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 not made any critical judgments, apart from those involving estimations, which significantly affect the amounts recognised in these financial statements.

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

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) 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 22. If the present value of estimated future cash flows varies by 10% from management's estimates, the Group's allowance for impairment will increase/decrease by RM5,555,000 (2013: RM5,137,000).

(c) 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.

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

7.2 Estimates and assumptions (Cont'd)

(d) 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 27.

8. REVENUE

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Sales of goods	**377,859**	304,260	**-**	-
Dividend income	**-**	-	**3,660**	2,616
Management fee	**-**	-	**850**	2,000
	377,859	304,260	**4,510**	4,616

9. OTHER INCOME

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Claims received from suppliers and buyers	**-**	262	**-**	-
Gain on disposal of property, plant and equipment	**77**	-	**-**	-
Gain on winding up of a subsidiary	**-**	465	**-**	-
Surplus on capital distribution by a subsidiary	**-**	-	**-**	238
Rental income	**176**	558	**-**	-
Reversal of allowance for impairment of investment in subsidiaries	**-**	-	**4,561**	-
Sales of stock lots	**1,601**	1,257	**-**	-
Sales commission income	**9,984**	-	**-**	-
Sundry income	**448**	919	**-**	-
Realised foreign exchange gain	**1,207**	-	**150**	-
Unrealised foreign exchange gain	**2,163**	553	**808**	-
	15,656	4,014	**5,519**	238

10. FINANCE COSTS

	Group	
	2014 RM'000	2013 RM'000
Interest expense on:		
- Bank loans and bank overdrafts	**3,976**	3,749
- Obligations under finance leases	**135**	291
Total finance costs	**4,111**	4,040

11. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Auditors' remuneration				
- Statutory audit				
Company's auditors	**190**	180	**32**	32
Other auditors	**55**	55	**-**	-
(Over)/underprovision in prior year	**(6)**	9	**(2)**	3
- Other services				
Company's auditors	**84**	135	**35**	31
Bad debts written off	**307**	4	**-**	-
Depreciation and amortisation:				
- Property, plant and equipment (Note 16)	**11,968**	13,804	**-**	-
- Investment properties (Note 17)	**72**	15	**-**	-
- Land use rights (Note 18)	**58**	36	**-**	-
Direct operating expenses of investment properties:				
- revenue generating during the year	**17**	8	**-**	-
Employee benefits expense (Note 12)	**100,027**	88,721	**3,307**	3,448
Goodwill written off	**-**	19	**-**	-
Impairment loss on:				
- Trade and other receivables (Note 22)	**4,005**	530	**14,948**	1,268
- Investment in subsidiaries	**-**	-	**-**	6,459
Loss on disposal of:				
- Property, plant and equipment	**-**	43	**-**	-
- Non-current asset classified as held for sale	**-**	20	**-**	-
Minimum operating lease payments:				
- Land and buildings	**5,101**	5,413	**-**	-
- Machinery	**31**	2	**-**	-
Non-executive directors' emoluments (Note 13)	**286**	286	**282**	282
Property, plant and equipment written off	**1,374**	44	**-**	-
Foreign exchange loss - realised	**-**	310	**-**	34

12. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Executive directors (Note 13)				
Executive directors of the Company	**2,409**	2,388	**2,089**	2,079
Executive directors of subsidiaries	**793**	524	**334**	228
	3,202	2,912	**2,423**	2,307
Other staff				
Wages and salaries	**92,075**	82,657	**649**	990
Defined contribution plans	**2,510**	1,063	**121**	120
Other related costs	**2,240**	2,089	**114**	31
	96,825	85,809	**884**	1,141
	100,027	88,721	**3,307**	3,448

13. DIRECTORS' REMUNERATION

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors of the Company				
Executive:				
- Salaries and other emoluments	**2,181**	2,160	**1,861**	1,851
- Fees	**228**	228	**228**	228
	2,409	2,388	**2,089**	2,079
Non-Executive:				
- Fees	**282**	282	**282**	282
Directors of Subsidiaries				
Executive:				
- Salaries and other emoluments	**793**	524	**334**	228
Non-Executive:				
- Fees	**4**	4	**-**	-
Total directors' remuneration	**3,488**	3,198	**2,705**	2,589
Analysis of directors' remuneration:				
Executive directors (Note 12)	**3,202**	2,912	**2,423**	2,307
Non-executive directors (Note 11)	**286**	286	**282**	282
Total directors' remuneration	**3,488**	3,198	**2,705**	2,589

14. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2014 and 2013 are:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	**770**	364	**-**	-
- Foreign tax	**451**	1,201	**-**	-
- (Over)/under provision in respect of prior years	**(702)**	948	**50**	28
	519	2,513	**50**	28
Deferred tax (Note 27):				
- Origination and reversal of temporary difference	**(406)**	(429)	**-**	-
- Under provision in prior years	**26**	475	**-**	-
	(380)	46	**-**	-
Income tax expense recognised in profit or loss	**139**	2,559	**50**	28

Reconciliation between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 March 2014 and 2013 are as follows:

	2014 RM'000	2013 RM'000
Group		
Profit/(loss) before tax	**5,369**	(4,379)
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	**1,342**	(1,095)
Different tax rates in other countries	**(305)**	(87)
Adjustments:		
Effect of income not subject to tax	**(489)**	(154)
Effect of expenses not deductible for tax purposes	**179**	545
Utilisation of previously unrecognised tax losses	**(1,312)**	(288)
Deferred tax assets recognised in respect of current year's unutilised reinvestment allowances	**(117)**	(135)
Deferred tax assets recognised on increased export allowance	**(808)**	-
Deferred tax assets not recognised in respect of unutilised capital allowances, reinvestment allowances and tax losses	**2,325**	2,350
Under provision of deferred tax in prior years	**26**	475
(Over)/under provision of tax expense in prior years	**(702)**	948
Income tax expense recognised in profit or loss	**139**	2,559

14. INCOME TAX EXPENSE (CONT'D)

Reconciliation between tax expense and accounting profit/(loss) (Cont'd)

	2014 RM'000	2013 RM'000
Company		
Loss before tax	**(9,282)**	(7,561)
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	**(2,321)**	(1,890)
Adjustments:		
Effect of income not subject to tax	**(1,342)**	(59)
Effect of expenses not deductible for tax purposes	**3,663**	1,949
Underprovision of tax expense in prior years	**50**	28
Income tax expense recognised in profit or loss	**50**	28

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit/(loss) for the year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective from year of assessment 2016. The computation of deferred tax as at 31 March 2014 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. EARNINGS/(LOSS) PER SHARE

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

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

	Group 2014	Group 2013
Profit/(loss) net of tax attributable to owners of the parent (RM'000)	**4,707**	(6,938)
Weighted average number of ordinary shares in issue ('000)	**60,012**	60,012
Basic earnings/(loss) per share (sen)	**7.8**	(11.6)

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

16. PROPERTY, PLANT AND EQUIPMENT

	* Land and buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture, fittings, office equipment RM'000	Motor vehicles RM'000	Total RM'000
Group					
Cost					
At 1 April 2012	35,996	130,394	48,380	6,753	221,523
Additions	10,173	3,172	1,785	523	15,653
Disposals	(120)	(8,515)	(9,486)	(773)	(18,894)
Written off	-	-	(70)	-	(70)
Reclassification	-	(1,282)	1,265	17	-
Exchange differences	-	757	192	21	970
At 31 March and 1 April 2013	46,049	124,526	42,066	6,541	219,182
Additions	-	1,392	2,327	547	4,266
Transfer to investment properties	(2,349)	-	-	-	(2,349)
Disposals	(17)	(5,207)	258	(577)	(5,543)
Written off	-	(4,983)	(653)	-	(5,636)
Reclassification	-	939	(939)	-	-
Exchange differences	1,490	3,263	1,856	219	6,828
At 31 March 2014	**45,173**	**119,930**	**44,915**	**6,730**	**216,748**

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

	* Land and buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture, fittings, office equipment RM'000	Motor vehicles RM'000	Total RM'000
Group					
Accumulated depreciation and impairment losses					
At 1 April 2012	5,484	89,079	35,820	4,483	134,866
Depreciation charge for the year (Note 11)	700	8,409	4,141	554	13,804
Disposals	(33)	(7,112)	(7,709)	(733)	(15,587)
Written off	-	-	(26)	-	(26)
Reclassification	-	(1,469)	1,403	66	-
Exchange differences	-	487	130	18	635
At 31 March and 1 April 2013	6,151	89,394	33,759	4,388	133,692
Depreciation charge for the year (Note 11)	815	7,452	3,094	607	11,968
Transfer to investment properties	(148)	-	-	-	(148)
Disposals	-	(4,526)	(147)	(540)	(5,213)
Written off	-	(3,815)	(447)	-	(4,262)
Reclassification	(32)	1,013	(981)	-	-
Exchange differences	94	2,103	1,504	98	3,799
At 31 March 2014	**6,880**	**91,621**	**36,782**	**4,553**	**139,836**
Net carrying amount:					
At 31 March 2013	39,898	35,132	8,307	2,153	85,490
At 31 March 2014	**38,293**	**28,309**	**8,133**	**2,177**	**76,912**

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
Group				
Cost				
At 1 April 2012	4,584	31,412	-	35,996
Additions	-	3,688	6,485	10,173
Disposals	-	(120)	-	(120)
At 31 March and 1 April 2013	4,584	34,980	6,485	46,049
Transfer to investment properties	-	(2,349)	-	(2,349)
Disposals	-	(17)	-	(17)
Reclassification	-	7,015	(7,015)	-
Exchange differences	-	960	530	1,490
At 31 March 2014	**4,584**	**40,589**	**-**	**45,173**
Accumulated depreciation				
At 1 April 2012	-	5,484	-	5,484
Depreciation charge for the year	-	700	-	700
Disposals	-	(33)	-	(33)
At 31 March and 1 April 2013	-	6,151	-	6,151
Depreciation charge for the year	-	815	-	815
Reclassification	-	(32)	-	(32)
Transfer to investment properties	-	(148)	-	(148)
Exchange differences	-	94	-	94
At 31 March 2014	**-**	**6,880**	**-**	**6,880**
Net carrying amount				
At 31 March 2013	4,584	28,829	6,485	39,898
At 31 March 2014	**4,584**	**33,709**	**-**	**38,293**

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

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

	Group	
	2014 RM'000	**2013 RM'000**
Plant and machinery	**4,622**	4,482
Motor vehicles	**684**	883
	5,306	5,365

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate costs of RM4,266,000 (2013: RM15,653,000) of which RM60,000 (2013: RM100,000) were acquired by means of hire purchase arrangements.

(c) The Group's certain land and buildings with net carrying amounts of RM4,296,000 (2013: RM4,359,000) are pledged to secure the Group's bank borrowings as disclosed in Note 25. Certain property, plant and equipment of the Group with net carrying amounts of RM24,374,000 (2013: RM30,912,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 25.

17. INVESTMENT PROPERTIES

	Group	
	2014 RM'000	**2013 RM'000**
Cost		
At 1 April	**1,115**	1,115
Transfer from property, plant and equipment	**2,349**	-
At 31 March	**3,464**	1,115
Accumulated depreciation		
At 1 April	**235**	220
Depreciation charge for the year (Note 11)	**72**	15
Transfer from property, plant and equipment	**148**	-
At 31 March	**455**	235
Net carrying amount	**3,009**	880
Fair value of investment properties (Note 34)	**3,947**	1,445

Certain investment properties of the Group with net carrying amounts of RM744,000 (2013: RM756,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 25.

18. LAND USE RIGHTS

	Group 2014 RM'000	Group 2013 RM'000
At 1 April	**2,600**	834
Additions	**-**	1,802
Amortised for the year (Note 11)	**(58)**	(36)
Exchange differences	**110**	-
At 31 March	**2,652**	2,600

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

19. INVESTMENT IN SUBSIDIARIES

	Company 2014 RM'000	Company 2013 RM'000
Unquoted shares, at cost	**79,353**	75,024
Less: Accumulated impairment losses	**(17,871)**	(22,432)
	61,482	52,592

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2014	Proportion (%) of ownership interest 2013
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

19. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2014	2013
Subsidiaries of the Company (Cont'd)				
Mega Label (Malaysia) Sdn. Bhd. (Formerly known as Mega Labels & Stickers (Selangor) Sdn. Bhd.)	Malaysia	Printing and sale of labels and stickers	**100**	100
Shern Yee Garments Sdn. Bhd. *	Malaysia	Temporarily ceased operations	**100**	100
Thirty Three Trading Sdn. Bhd. *	Malaysia	Temporarily ceased operations	**100**	100
PCCS Garments Limited	Cambodia	Temporarily ceased operations	**100**	100
JIT Textiles Limited	Cambodia	Manufacturing and sale of apparels	**100**	100
PCCS Garments (Suzhou) Ltd. *	The People's Republic of China	Manufacturing and sale of apparels	**100**	100
PCCS (Hong Kong) Limited *	Hong Kong	Trading of apparels	**100**	100
Beauty Apparels (Cambodia) Ltd.	Cambodia	Manufacturing of garments	**100**	100
Thirty Three (Hong Kong) Ltd.*	Hong Kong	Investment holding	**100**	100
Subsidiary of Beauty Electronic Embroidering Centre Sdn. Bhd.				
JIT Embroidery Limited	Cambodia	Embroidering of logos, emblems and printing of silk screen products	**100**	100
Subsidiary of Shern Yee Garments Sdn. Bhd.				
Global Apparels Limited	Cambodia	Manufacturing and sale of apparels	**70**	70
Subsidiary of Thirty Three Trading Sdn. Bhd.				
Beauty Silk Screen (M) Sdn. Bhd.*	Malaysia	Temporarily ceased operations	**100**	100

19. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2014	2013
Subsidiary of Beauty Silk Screen (M) Sdn. Bhd.				
Beauty Silk Screen Limited	Cambodia	Printing of silk screen products	**100**	100
Subsidiary of PCCS Garments (Suzhou) Ltd.				
PCCS Garments Wuhan Ltd. *	The People's Republic of China	Property holding	**100**	100
Subsidiary of Thirty Three (Hong Kong) Ltd.				
Thirty Three (Shanghai) Ltd. *	The People's Republic of China	Trading of apparels and accessories	**100**	100
Subsidiary of Mega Labels & Stickers Sdn. Bhd.				
Mega Labels & Stickers (Cambodia) Co., Ltd.	Cambodia	Printing and sale of labels and stickers	**100**	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. INVESTMENT SECURITIES

	Group 2014 RM'000	2013 RM'000
Non-current		
Fair value through profit or loss		
Equity instruments - Quoted in Malaysia		
Carrying amount	**70**	70
Market value of quoted investments (Note 34)	**70**	70

21. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000
Cost		
Raw materials	**15,968**	20,969
Work-in-progress	**10,385**	9,332
Finished goods	**18,072**	20,306
	44,425	50,607
Net realisable value		
Raw materials	**1,062**	203
Finished goods	**334**	1,864
	45,821	52,674

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables				
Third parties	**58,091**	51,905	**-**	-
Less: Allowance for impairment	**(2,536)**	(531)	**-**	-
Trade receivables, net	**55,555**	51,374	**-**	-
Other receivables				
Due from subsidiaries	**-**	-	**24,798**	28,686
Refundable deposits	**1,094**	1,076	**2**	2
Sundry receivables	**6,795**	9,389	**104**	52
	7,889	10,465	**24,904**	28,740
Less: Allowance for impairment	**(2,057)**	-	**(16,216)**	(1,268)
	5,832	10,465	**8,688**	27,472
	61,387	61,839	**8,688**	27,472
Total trade and other receivables	**61,387**	61,839	**8,688**	27,472
Add: Cash and bank balances (Note 24)	**29,229**	18,989	**6,453**	1,832
Total loans and receivables	**90,616**	80,828	**15,141**	29,304

(a) Trade receivables

The Group's normal trade credit term ranges from 30 to 90 (2013: 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 RM2,800,000 (2013: RM3,714,000) are pledged to bank as securities for borrowings as disclosed in Note 25.

22. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Ageing analysis of trade receivables

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

	Group	
	2014 RM'000	2013 RM'000
Neither past due nor impaired	**43,214**	34,884
1 to 30 days past due not impaired	**10,300**	13,548
31 to 60 days past due not impaired	**1,518**	1,764
61 to 90 days past due not impaired	**307**	457
91 to 120 days past due not impaired	**201**	687
More than 121 days past due not impaired	**15**	34
	12,341	16,490
Impaired	**2,536**	531
	58,091	51,905

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 RM12,341,000 (2013: RM16,490,000) 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	
	2014 RM'000	2013 RM'000
Trade receivable - nominal amounts	**2,536**	531
Less: Allowance for impairment	**(2,536)**	(531)
	-	-

22. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Receivables that are impaired (Cont'd)

Movement in allowance accounts:

	Group	
	2014 RM'000	2013 RM'000
At 1 April	**531**	15
Charge for the year (Note 11)	**1,965**	530
Written off	**(2)**	(15)
Exchange difference	**42**	1
At 31 March	**2,536**	531

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.

(c) Other receivables

Other receivables that are impaired

Movement in allowance accounts:

	Group	
	2014 RM'000	2013 RM'000
At 1 April	**-**	-
Charge for the year (Note 11)	**2,040**	-
Exchange difference	**17**	-
At 31 March	**2,057**	-

23. OTHER CURRENT ASSETS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Prepaid operating expenses	**4,253**	3,989	**27**	27
Value added tax recoverable	**2,537**	1,478	**-**	-
	6,790	5,467	**27**	27

24. CASH AND BANK BALANCES

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash on hand and at banks	**25,248**	18,604	**2,844**	1,832
Deposits with banks	**3,981**	385	**3,609**	-
Cash and bank balances	**29,229**	18,989	**6,453**	1,832
Bank overdrafts (Note 25)	**(839)**	(733)	**-**	-
Less: Deposit pledged with bank	**(367)**	(348)	**-**	-
Cash and cash equivalents	**28,023**	17,908	**6,453**	1,832

Deposits with banks of the Group amounting to RM367,000 (2013: RM348,000) are pledged to bank for credit facility granted to the Group as disclosed in Note 25.

Deposit with a bank amounting to RM5,000 (2013: RM5,000) is held under the directors' name on behalf of the Company.

Bank balances of the Group amounting to RM9,000 (2013: RM9,000) 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 2014	Group 2013	Company 2014	Company 2013
Weighted average effective interest rates (%)	**2.85**	2.47	**3.10**	-
Average maturities (days)	**45**	168	**31**	-

25. LOANS AND BORROWINGS

	Maturity	Group 2014 RM'000	Group 2013 RM'000
Current			
Unsecured:			
Bank overdrafts (Note 24)	On demand	**839**	733
Revolving credit at 7.28% (2013: 7.24%) p.a.	2015	**26,274**	23,848
Bankers' acceptances at 4.61% (2013: 3.77%) p.a.	2015	**3,407**	3,254
Trade loan at 2.17% (2013: 2.21%) p.a.	2015	**9,443**	9,045
Trust receipts at 7.59% (2013: 7.54%) p.a.	2015	**9,836**	7,407
Export bill financing at 1.64% (2013: 1.47%) p.a.	2015	**8,826**	15,215
Bank loans:			
- RM loan at BLR + 1.0% p.a.	2015	**745**	1,300
- 2.59% p.a. fixed rate RM loan	2015	**360**	346
- RM loan at COF + 2.0% p.a.	2015	**776**	776
		60,506	61,924

25. LOANS AND BORROWINGS (CONT'D)

	Maturity	Group 2014 RM'000	Group 2013 RM'000
Current			
Secured:			
Bank loan - HKD loan at 3.85% p.a.	2015	**724**	690
Obligations under finance lease (Note 32 (c))	2015	**1,021**	1,980
Trade loan at 3.72% (2013: 3.88%) p.a.	2015	**250**	-
		1,995	2,670
		62,501	64,594
Non-current			
Unsecured:			
Bank loans:			
- RM loan at BLR + 1.0% p.a.	2015	**-**	745
- 2.59% p.a. fixed rate RM loan	2016 - 2017	**510**	869
- RM loan at COF + 2.0% p.a.	2016 - 2017	**801**	1,578
		1,311	3,192
Secured:			
Bank loan - HKD loan at 3.85% p.a.	2016 - 2017	**1,810**	2,415
Obligations under finance lease (Note 32 (c))	2015 - 2016	**747**	1,715
		3,868	7,322
Total loans and borrowings		**66,369**	71,916

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

	Group 2014 RM'000	Group 2013 RM'000
On demand or within one year	**62,501**	64,594
More than 1 year and less than 2 years	**2,555**	4,034
More than 2 years and less than 5 years	**1,313**	3,288
	66,369	71,916

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 2.49% to 4.00% (2013: 2.49% to 4.32%) per annum.

25. LOANS AND BORROWINGS (CONT'D)

Bank overdrafts

Bank overdrafts denominated in RM, bear interest range from BLR + 1.0% p.a. to BLR + 1.5% p.a. (2013: range from BLR + 1.0% 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. (2013: Bank's best lending rate + 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 22 and Note 24.

* BLR : Base lending rate

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Trade payables				
Third parties	**25,090**	28,123	**-**	-
	25,090	28,123	**-**	-
Other payables				
Due to subsidiaries	**-**	-	**10,458**	7,784
Other payables and accruals	**14,611**	15,980	**579**	610
	14,611	15,980	**11,037**	8,394
Total trade and other payables	**39,701**	44,103	**11,037**	8,394
Add: Loans and borrowings (Note 25)	**66,369**	71,916	**-**	-
Total financial liabilities carried at amortised cost	**106,070**	116,019	**11,037**	8,394

(a) Trade payables

Trade payables are non-interest bearing and the normal trade terms granted to the Group ranges from 30 to 90 (2013: 30 to 90) days.

(b) Other payables

Other payables are non-interest bearing and the normal trade terms granted to the Group ranges from 30 to 90 (2013: 30 to 90) days.

(c) Amounts due to subsidiaries

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

27. DEFERRED TAX LIABILITIES

	Group 2014 RM'000	Group 2013 RM'000
At 1 April	**611**	565
Recognised in profit or loss (Note 14)	**(380)**	46
At 31 March	**231**	611

Presented after appropriate offsetting as follows:

	Group 2014 RM'000	Group 2013 RM'000
Deferred tax assets	**(2,662)**	(2,476)
Deferred tax liabilities	**2,893**	3,087
	231	611

The components and movements of deferred tax liabilities/(assets) 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 2012	(2,644)	(62)	3,271	565
Recognised in profit or loss	244	(14)	(184)	46
At 31 March 2013	(2,400)	(76)	3,087	611
Recognised in profit or loss	(200)	14	(194)	(380)
At 31 March 2014	**(2,600)**	**(62)**	**2,893**	**231**

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

	Group 2014 RM'000	Group 2013 RM'000
Unutilised tax losses	**57,716**	61,136
Unutilised reinvestment allowances	**1,525**	867
Unabsorbed capital allowances	**477**	438
Unutilised allowance for increased exports	**3,666**	-

28. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2014	**2013**	**2014**	**2013**
	'000	**'000**	**RM'000**	**RM'000**
Authorised:				
1 April 2012/2013; 31 March 2013/2014	**100,000**	100,000	**100,000**	100,000
Issued and fully paid:				
1 April 2012/2013; 31 March 2013/2014	**60,012**	60,012	**60,012**	60,012

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

29. OTHER RESERVES

(a) Foreign currency translation reserve

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

(b) Legal reserve fund

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

30. RETAINED EARNINGS

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

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 March 2013, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM5,847,000 out of its retained earnings. The balance of the retained earnings as at 31 March 2013 and the entire retained earnings as at 31 March 2014 may be distributed as dividends under the single tier system.

31. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

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

Subsidiaries:

- Perusahaan Chan Choo Sing Sdn. Bhd. ("PCCSSB")
- Beauty Electronic Embroidering Centre Sdn. Bhd. ("BEEC")
- Jusca Garments Sdn. Bhd. ("JGSB")
- Keza Sdn. Bhd. ("Keza")
- Mega Labels & Stickers Sdn. Bhd. ("Mega")
- Mega Label (Malaysia) Sdn. Bhd. ("Megam") (Formerly known as Mega Labels & Stickers (Selangor) Sdn. Bhd.)
- 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")

	Company	
	2014	**2013**
	RM'000	**RM'000**
Transactions with subsidiaries:		
Management fees received from:		
- PCCSSB	**95**	228
- BEEC	**6**	14
- Keza	**26**	58
- Mega	**69**	185
- Megam	**40**	115
- GAL	**137**	338
- BSSL	**10**	19
- JEL	**27**	45
- JTL	**408**	968
- BAL	**10**	30
- KEZAC	**3**	-
- MEGAC	**19**	-
Gross dividend received from:		
- JGSB	**1,680**	1,560
- Mega	**1,980**	1,056
Rental of premises paid to a director	**2**	-

(b) Compensation of key management personnel

The remuneration of key management personnel comprising solely executive directors as disclosed in Note 13.

32. 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 10 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	
	2014 RM'000	**2013 RM'000**
Future minimum rentals payables:		
Not later than 1 year	**3,075**	2,951
Later than 1 year and not later than 2 years	**2,760**	2,152
Later than 2 years and not later than 5 years	**2,708**	4,925
Later than 5 years	**150**	18,779
	8,693	28,807

(b) Finance lease commitments

	Group	
	2014 RM'000	**2013 RM'000**
Minimum lease payments:		
Not later than 1 year	**1,119**	2,178
Later than 1 year and not later than 2 years	**746**	1,081
Later than 2 years and not later than 5 years	**13**	743
	1,878	4,002
Less : Amounts representing finance charges	**(110)**	(307)
Present value of minimum lease payments	**1,768**	3,695
Present value of payments:		
Not later than 1 year	**1,021**	1,980
Later than 1 year and not later than 2 years	**735**	980
Later than 2 years and not later than 5 years	**12**	735
	1,768	3,695
Analysed as:		
Due within 12 months (Note 25)	**1,021**	1,980
Due after 12 months (Note 25)	**747**	1,715
	1,768	3,695

33. 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 would be on the Group's statement of financial position if all set-off rights were excercised.

		Amounts not offset	
	Gross assets RM'000	Financial instruments RM'000	Net RM'000
Group			
Financial assets			
As at 31 March 2014			
Restricted cash	367	(367)	-
Trade receivables	55,555	(2,800)	52,755
	55,922	**(3,167)**	**52,755**

		Amounts not offset		
	Gross liabilities RM'000	Financial instruments RM'000	Cash collateral pledged RM'000	Net RM'000
Financial liabilities				
As at 31 March 2014				
Loans and borrowings	**66,369**	**(2,800)**	**(367)**	**63,202**

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

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

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

	Note
Trade and other receivables (current)	22
Trade and other payables (current)	26
Loans and borrowings (current)	25

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

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

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

Determination of fair value (Cont'd)

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (Cont'd)

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

Quoted equity instruments

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

Fair value hierarchy

The 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 2014				
Assets measured at fair value:				
Quoted investments at fair value through profit or loss (Note 20)	**70**	**70**	**-**	**-**
Assets for which fair values are disclosed:				
Investment properties (Note 17)	**3,947**	**3,947**	**-**	**-**
As at 31 March 2013				
Assets measured at fair value:				
Quoted investments at fair value through profit or loss (Note 20)	70	70	-	-
Assets for which fair values are disclosed:				
Investment properties (Note 17)	1,445	-	-	1,445

For investment properties under Level 3, the Group used the fair value which has been determined based on valuation performed on 2 March 2008 and 19 May 2011. The valuation techniques is based on open market value basis.

During the reporting period ended 31 March 2014 and 2013, there were no transfers between the various fair value measurements.

35. 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.

(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.

Exposure to credit risk

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

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

- A nominal amount of RM66,675,000 (2013: RM72,681,000) relating to a corporate guarantee provided by the Company to financial institutions for credit facilities granted to subsidiaries.

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

(b) Credit risk (Cont'd)

Credit risk concentration profile

At the reporting date, the Group has significant concentration of credit risk that may arise from exposure three (2013: two) trade receivables who accounted for 45% (2013: 41%) of total trade receivables. The directors believe that this will not create significant problems for the Group in view of the length of relationship and the Group works closely with its customers to provide customer satisfaction through timely delivery and the provision of high quality products and services at competitive cost.

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 99% (2013: 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.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

(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.

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

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

(c) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2014 RM'000		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities:			
Trade and other payables	**39,701**	**-**	**39,701**
Loans and borrowings	**62,599**	**3,880**	**66,479**
Total undiscounted financial liabilities	**102,300**	**3,880**	**106,180**
Company			
Financial liabilities:			
Trade and other payables, excluding financial guarantees *	**11,037**	**-**	**11,037**
Total undiscounted financial liabilities	**11,037**	**-**	**11,037**

	2013 RM'000		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities:			
Trade and other payables	44,103	-	44,103
Loans and borrowings	64,792	7,431	72,223
Total undiscounted financial liabilities	108,895	7,431	116,326
Company			
Financial liabilities:			
Trade and other payables, excluding financial guarantees *	8,394	-	8,394
Total undiscounted financial liabilities	8,394	-	8,394

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

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

(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 RM74,000 (2013: RM75,000) 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, Hong Kong Dollars ("HKD"), Chinese Renminbi ("RMB") and United States Dollars ("USD"). Such transactions are kept to an acceptable level.

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

	Net financial assets/(liabilities) held in non-functional currencies		
	Ringgit Malaysia RM'000	United States Dollars RM'000	Total RM'000
Functional currency of Group companies			
Group			
At 31 March 2014			
Ringgit Malaysia	**-**	**8,953**	**8,953**
Chinese Renminbi	**-**	**5,620**	**5,620**
United States Dollars	**(781)**	**-**	**(781)**
Hong Kong Dollars	**-**	**(2,766)**	**(2,766)**
	(781)	**11,807**	**11,026**

35. 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 2013			
Ringgit Malaysia	-	3,879	3,879
Chinese Renminbi	-	2,174	2,174
United States Dollars	(907)	-	(907)
Hong Kong Dollars	-	237	237
	(907)	6,290	5,383

	United States Dollars RM'000	Chinese Renminbi RM'000	Total RM'000
Functional currency of Company			
Company			
At 31 March 2014			
Ringgit Malaysia	**(6,057)**	**4,659**	**(1,398)**
At 31 March 2013			
Ringgit Malaysia	12,954	9,094	22,048

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

(e) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
	Profit before tax		Profit before tax	
USD/RM				
- strengthened 5% (2013: 5%)	**448**	193	**(303)**	648
- weakened 5% (2013: 5%)	**(448)**	(193)	**303**	(648)
RMB/RM				
- strengthened 5% (2013: 5%)	**-**	-	**233**	455
- weakened 5% (2013: 5%)	**-**	-	**(233)**	(455)
USD/RMB				
- strengthened 5% (2013: 5%)	**281**	109	**-**	-
- weakened 5% (2013: 5%)	**(281)**	(109)	**-**	-
USD/HKD				
- strengthened 5% (2013: 5%)	**(138)**	12	**-**	-
- weakened 5% (2013: 5%)	**138**	(12)	**-**	-
RM/USD				
- strengthened 5% (2013: 5%)	**(39)**	(45)	**-**	-
- weakened 5% (2013: 5%)	**39**	45	**-**	-

36. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2014 and 31 March 2013.

36. CAPITAL MANAGEMENT (CONT'D)

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

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loans and borrowings	25	**66,369**	71,916	**-**	-
Trade and other payables	26	**39,701**	44,103	**11,037**	8,394
Less: - Cash and bank balances	24	**(29,229)**	(18,989)	**(6,453)**	(1,832)
Net debt		**76,841**	97,030	**4,584**	6,562
Total capital		**120,227**	113,831	**66,545**	75,877
Capital and net debt		**197,068**	210,861	**71,129**	82,439
Gearing ratio		**39%**	46%	**6%**	8%

37. SEGMENTAL INFORMATION

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

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

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

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

37. SEGMENTAL INFORMATION (CONT'D)

	Apparel RM'000	Labelling RM'000	Packaging RM'000	Others RM'000	Adjustments and elimination RM'000	Notes	Per consolidated financial statements RM'000
31 March 2014							
Revenue:							
External sales	327,917	32,308	-	17,634	-		377,859
Inter-segment sales	260,896	4,207	-	17,377	(282,480)	A	-
Total revenue	588,813	36,515	-	35,011	(282,480)		377,859
Results:							
Interest income	499	-	-	20	(488)		31
Depreciation and amortisation:							
- Property, plant and equipment	8,128	2,962	-	1,036	(158)		11,968
- Investment properties	9	24	-	3	36		72
- Land use rights	21	37	-	-	-		58
Segment profit/ (loss)	9,484	2,355	-	(9,861)	7,502	B	9,480
Assets:							
Additions to non-current assets	3,193	596	-	477	-	C	4,266
Segment assets	223,426	55,148	-	141,723	(193,769)	D	226,528
Segment liabilities	172,236	24,109	-	33,649	(123,693)	E	106,301

37. SEGMENTAL INFORMATION (CONT'D)

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

37. SEGMENTAL INFORMATION (CONT'D)

A Inter-segment revenues are eliminated on consolidation.

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

	2014 RM'000	2013 RM'000
Dividend income from inter-segment	**(3,660)**	(2,616)
Goodwill written off	**-**	19
Impairment loss on investment in subsidiaries	**-**	6,459
Impairment loss on trade and other receivables	**14,947**	1,268
Reversal of allowance for impairment of investment in subsidiaries	**(4,561)**	-
Surplus on capital distribution by a subsidiary	**-**	(238)
Profit from inter-segment sales	**776**	942
	7,502	5,834

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

Additions to non-current assets consist of:

	2014 RM'000	2013 RM'000
Property, plant and equipment	**4,266**	15,653
Land use rights	**-**	1,802
	4,266	17,455

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 assets respectively are as follows:

	Revenue		Non-current assets	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysia	**177,587**	117,482	**35,414**	38,997
Cambodia	**38,017**	26,754	**23,916**	27,233
The People's Republic of China	**77,476**	59,869	**23,075**	22,672
Hong Kong	**84,779**	100,155	**238**	138
	377,859	304,260	**82,643**	89,040

37. SEGMENTAL INFORMATION (CONT'D)

Geographical information (Cont'd)

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

	2014 RM'000	2013 RM'000
Property, plant and equipment	**76,912**	85,490
Investment properties	**3,009**	880
Land use rights	**2,652**	2,600
Investment securities	**70**	70
	82,643	89,040

Information about a major customer

Revenue from one major customer amounted to RM76,087,000 (2013: RM100,919,000), arising from sales by the apparel segment.

38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2014 were authorised for issue in accordance with a resolution of the directors on 18 July 2014.

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

The breakdown of the retained earnings of the Group and of the Company as at 31 March 2014 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	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Total retained earnings of the PCCS Group Berhad and its subsidiaries:				
- Realised	**51,054**	55,165	**7,337**	15,862
- Unrealised	**(2,394)**	(611)	**(808)**	(1)
	48,660	54,554	**6,529**	15,861
Less: Consolidated adjustment	**8,037**	(2,564)	**-**	-
Total Group's retained earnings as per consolidated accounts	**56,697**	51,990	**6,529**	15,861

Group Properties

As at 31 March 2014

No.	Location	Description and Existing Use	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM	Date of Acquisition/ Revaluation*
	Perusahaan Chan Choo Sing Sdn Bhd						
1	No. 18, Jalan Keris Naga, Taman Pasifik Selatan, 83000 Batu Pahat, Johor, Malaysia.	4 Storey Building Complex	Freehold	6,056 (13,946)	21	744,517	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)	18	4,460,775	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)	16	8,316,646	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)	11	3,789,633	31/03/2004
	# Including 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)	15	121,333	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)	3	4,296,267	28/12/2010

Group Properties

As at 31 March 2014

No.	Location	Description and Existing Use	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM	Date of Acquisition/ Revaluation*
	PCCS Garments (Suzhou) Ltd						
7	North Side of Road 318, Jin Xing Village, Zhen Ze Town Development Zone, 215231 Zhen Ze, Wu Jiang City, Jiang Su Province, China.	Office and Factory Building	Leasehold expiring 3/11/2052	162,497 (117,044)	12	6,217,242	28/08/2008
		1 Block of Dormitory	27/7/2058	23,509 (28,710)	6	1,626,710	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)	1	6,881,498	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)	10	2,143,345	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)	2	4,473,362	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.	Vacant	Leasehold expiring 12/9/2062	56,145	0	882,739	12/9/2012

Analysis of Shareholdings

As at 30 June 2014

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	249	9.63	12,304	0.02
100 – 1,000	196	7.58	160,591	0.27
1,001 – 10,000	1,759	67.99	6,509,509	10.85
10,001 – 100,000	348	13.45	10,071,951	16.78
100,001 – 3,000,599 (*)	33	1.28	15,534,030	25.88
3,000,600 and above (**)	2	0.08	27,723,617	46.20
TOTAL	**2,587**	**100.00**	**60,012,002**	**100.00**

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

LIST OF SUBSTANTIAL SHAREHOLDERS

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

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chan Choo Sing	2,643,220	4.40	28,385,382 (1)	47.30
Chan Chow Tek	2,394,450	3.99	24,000,078 (2)	39.99
Dato' Chan Chor Ngiak	339,817	0.57	24,001,411 (3)	39.99
Chan Chor Ang	809,550	1.35	24,040,078 (4)	40.06
Setia Sempurna Sdn. Bhd.	24,000,078	39.99	-	-

Notes:
(1) Deemed interested by virtue of his direct interest of 34.4% in the equity of Setia Sempurna Sdn. Bhd., by virtue of his spouse, Madam Tan Kwee Kee's shareholding in PCCS and by virtue of his sons, Mr. Chan Wee Kiang's and Mr. Chan Wee Boon's shareholdings in PCCS.
(2) Deemed interested by virtue of his direct interest of 24.4% in the equity of Setia Sempurna Sdn. Bhd.
(3) Deemed interested by virtue of his direct interest of 18.4% in the equity of Setia Sempurna Sdn. Bhd. and by virtue of his spouse, Madam Mok Gwa Nang's shareholding in PCCS.
(4) Deemed interested by virtue of his direct interest of 14.0% in the equity of Setia Sempurna Sdn. Bhd. and by virtue of his spouse, Madam Chia Lee Kean's shareholding in PCCS.

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	28,385,382 (1)	47.30
Chan Chow Tek	2,394,450	3.99	24,000,078 (2)	39.99
Dato' Chan Chor Ngiak	339,817	0.57	24,001,411 (3)	39.99
Chan Chor Ang	809,550	1.35	24,040,078 (4)	40.06
Cha Peng Koi @ Chia Peng Koi	-	-	-	-
Tan Chuan Hock	-	-	-	-
Julian Lim Wee Liang	-	-	-	-

Notes:
(1) Deemed interested by virtue of his direct interest of 34.4% in the equity of Setia Sempurna Sdn. Bhd., by virtue of his spouse, Madam Tan Kwee Kee's shareholding in PCCS and by virtue of his sons, Mr. Chan Wee Kiang's and Mr. Chan Wee Boon's shareholdings in PCCS.
(2) Deemed interested by virtue of his direct interest of 24.4% in the equity of Setia Sempurna Sdn. Bhd.
(3) Deemed interested by virtue of his direct interest of 18.4% in the equity of Setia Sempurna Sdn. Bhd. and by virtue of his spouse, Madam Mok Gwa Nang's shareholding in PCCS.
(4) Deemed interested by virtue of his direct interest of 14.0% in the equity of Setia Sempurna Sdn. Bhd. and by virtue of his spouse, Madam Chia Lee Kean's shareholding in PCCS.

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.	Chan Chow Tek	2,349,183	3.91
5.	Pam Yoon Eng	1,416,833	2.36
6.	Siow Kok Chian	1,005,000	1.67
7.	Ng Choon Fatt	851,733	1.42
8.	Chan Chor Ang	809,550	1.35
9.	Lim Poh Teot	642,466	1.07
10.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohd Radzuan Bin Ab Halim	626,866	1.04
11.	Yap Shing @ Yap Sue Kim	577,666	0.96
12.	Chan Wee Kiang	480,765	0.80
13.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Chee Ming	448,700	0.75
14.	Chan Chor Ngiak	319,550	0.53
15.	Yap Nyet Yune	312,933	0.52
16.	Tang Boon Heng	225,600	0.38
17.	Yung Lay Kiang	216,666	0.36
18.	Go Hout Hing	216,066	0.36
19.	Chong Keng Yip	200,000	0.33
20.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yong Chew Keat	191,400	0.32
21.	Tew Kok Keong	185,000	0.31
22.	Ho, Wei-Hua	181,700	0.30
23.	Chew Lim Cheong @ Hong Thiam Soon	170,000	0.28
24.	Yeo Eck Liong	166,100	0.28
25.	Tan Hock Seng	150,000	0.25
26.	Chan Wee Boon	131,000	0.22
27.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tong Lain Chai	125,400	0.21
28.	Ng Faai @ Ng Yoke Pei	124,000	0.21
29.	Chua Cheng Lang	115,300	0.19
30.	Tan Pean Khoon	113,333	0.19
		42,719,647	**71.19**

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Form of Proxy

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

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

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

*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 Twentieth 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, 22 August 2014 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
2(a)	To re-elect Mr. Chan Chow Tek as Director.	**(Resolution 1)**		
2(b)	To re-elect Dato' Chan Chor Ngiak as Director.	**(Resolution 2)**		
3.	To re-appoint Messrs. Ernst & Young as Auditors of the Company.	**(Resolution 3)**		
4.	**As Special Business** Ordinary Resolution No. 1 Payment of Directors' Fees.	**(Resolution 4)**		
5.	**As Special Business** Ordinary Resolution No. 2 Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965.	**(Resolution 5)**		
6.	**As Special Business** Ordinary Resolution No. 3 Approval to Continue in Office as Independent Non-Executive Director.	**(Resolution 6)**		

* Strike out whichever not applicable

Signed this ____________________ day of ____________________ 2014

____
Signature of Member/Common Seal

Notes:

1. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 66(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 15 August 2014. Only a depositor whose name appears on the Record of Depositors as at 15 August 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
2. A member of the Company entitled to attend and vote at a meeting of a company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting without limitation and the provisions of Sections 149 (1)(a), (b), (c) and (d) of the Act shall not apply. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. Where a holder appoints two (2) or more proxies, he shall specify the proportions of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company at PLO 10, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor Darul Takzim not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

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AFFIX
STAMP

PCCS Group Berhad **Co. No. 280929-K**

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

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PCCS GROUP BERHAD 280929-K

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

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

www.pccsgroup.net