PCCS GROUP BERHAD

CO. NO. 280929 - K
(INCORPORATED IN MALAYSIA)

Annual Report 2004

CONTENTS

FINANCIAL STATEMENT

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 2004.

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

RESULTS

	Group RM'000	Company RM'000
(Loss)/profit after taxation	(1,507)	12,003
Minority interests	1,206	-
Net (loss)/profit for the year	(301)	12,003

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

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

The amount of dividends paid by the Company since 31 March 2003 were as follows:

	RM'000
In respect of the financial year ended 31 March 2003	
A first and final tax exempt dividend of 5% paid on 12 September 2003	3,001

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 Kok Hiang @ Chan Kock Hiang
Chan Choo Sing
Chan Chow Tek
Chan Chor Ngiak
Chan Chor Ang
Cha Peng Koi @ Chia Peng Koi
Tan Chuan Hock
Halimi Bin Hussain
Tey Ah Tee @ Teo Ah Tee

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, other than as may arise from the share options granted pursuant to the Employee Share Options Scheme.

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 as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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 April 2003	Bought	Sold	31 March 2004
Direct interest -				
Chan Kok Hiang @ Chan Kock Hiang	125,333	32,000	-	157,333
Chan Choo Sing	1,078,653	433,200	-	1,511,853
Chan Chow Tek	1,572,883	372,000	300,000	1,644,883
Chan Chor Ang	1,009,550	-	-	1,009,550
Chan Chor Ngiak	329,550	-	-	329,550

	Number of Ordinary Shares of RM1 Each 1 April 2003	Bought	Sold	31 March 2004
Indirect interest -				
Chan Kok Hiang @ Chan Kock Hiang	24,000,078	-	-	24,000,078
Chan Choo Sing	26,778,117	3,000	50,000	26,731,117
Chan Chow Tek	24,000,078	-	-	24,000,078
Chan Chor Ngiak	24,000,078	-	-	24,000,078
Chan Chor Ang	24,040,078	-	-	24,040,078

	Number of Ordinary Shares of RM1 Each 1 April 2003	Granted	Exercised	Lapsed	31 March 2004
Chan Choo Sing	200,000	-	-	-	200,000
Chan Chow Tek	200,000	-	-	-	200,000

Chan Kok Hiang @ Chan Kock Hiang, Chan Choo Sing, Chan Chow Tek, 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.

ISSUE OF SHARES

During the financial year, the issued and paid up share capital of the Company was increased from 60,011,002 ordinary shares of RM1 each to 60,012,002 ordinary shares of RM1 each through the issue of 1,000 new ordinary shares of RM1 each pursuant to the Employee Stock Options Scheme at an option price of RM1.30 per ordinary share. The new ordinary shares rank pari passu in all respects with existing ordinary shares.

EMPLOYEE SHARE OPTION SCHEME

The PCCS Group Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 27 September 2001 and became effective on 7 November 2001.

The salient features and other terms of the ESOS are disclosed in Note 22 to the financial statements.
The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings which is less than 100,000 ordinary shares of RM1.00 each.

The name of employees who have been granted options above 100,000 ordinary shares of RM1.00 each during the year are as follows :

	Number of Ordinary Shares of RM1 Each			
	1 April 2003	Lapsed	Exercised	31 March 2004
Chan Choo Sing	200,000	-	-	200,000
Chan Chow Tek	200,000	-	-	200,000
Tan Kwee Kee	120,000	-	-	120,000
Chan Choo Keng	120,000	-	-	120,000
Gan Hoe Lian	120,000	-	-	120,000
Chew Seng Ker	120,000	-	-	120,000

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets 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 value 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 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 Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

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

SIGNIFICANT EVENTS

The significant events during the year are as disclosed in Note 31 to the financial statements.

SUBSEQUENT EVENT

The subsequent event is as disclosed in Note 32 to the financial statements.

AUDITORS

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

Signed on behalf of the Board
in accordance with a resolution
of the directors

CHAN CHOO SING

CHAN CHOW TEK

Melaka, Malaysia
Date: 24 July 2004

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 37 to 77 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board
in accordance with a resolution
of the directors

CHAN CHOO SING

CHAN CHOW TEK

Melaka, Malaysia
Date: 24 July 2004

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) 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 37 to 77 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	)	
above named, CHAN CHOO SING, at	)	
Melaka in the State of Melaka	)	CHAN CHOO SING
on	)	

Before me,
A. Supramaniam PIS(M018)
Commissioner for Oaths

REPORT OF THE AUDITORS TO THE MEMBERS OF PCCS GROUP BERHAD

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 37 to 77. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of :
   (i) the financial position of the Group and of the Company as at 31 March 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

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

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 12 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and, in respect of subsidiaries incorporated in Malaysia, did not include any comment required to be made under Section 174 (3) of the Act.

Ernst & Young	Lee Ah Too
AF: 0039	No. 2187/09/05(J)
Chartered Accountants	Partner

Melaka, Malaysia
Date: 24 July 2004

INCOME STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

		Group		Company	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	3	304,567	259,687	307	7,506
Cost of sales		(256,564)	(206,619)	-	-
Gross profit		48,003	53,068	307	7,506
Other operating income		1,151	1,315	-	-
Administrative expenses		(24,475)	(22,471)	(507)	(593)
Selling and marketing expenses		(15,425)	(15,774)	-	-
Profit/(loss) from operations	4	9,254	16,138	(200)	6,913
Finance costs, net	7	(1,903)	(1,465)	-	-
Share of results of associate		2,781	4,145	-	-
		10,132	18,818	(200)	6,913
(Loss)/gain on disposal of investment in an associate		(9,055)	-	12,203	-
Profit before taxation		1,077	18,818	12,003	6,913
Taxation	8	(2,584)	(3,435)	-	-
(Loss)/profit after taxation		(1,507)	15,383	12,003	6,913
Minority interests		1,206	(506)	-	-
Net (loss)/profit for the year		(301)	14,877	12,003	6,913
(Loss)/earnings per share (sen)					
Basic	9	(0.5)	24.8		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS
AS AT 31 MARCH 2004

	Note	Group 2004 RM'000	Group 2003 RM'000	Company 2004 RM'000	Company 2003 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	94,488	74,944	-	-
Investment in subsidiaries	12	-	-	44,034	44,034
Investment in associate	13	-	25,040	-	4,275
		94,488	99,984	44,034	48,309
CURRENT ASSETS					
Inventories	14	35,720	26,122	-	-
Trade receivables	15	41,556	33,856	-	-
Other receivables	16	14,680	4,715	34,760	26,272
Cash and bank balances	17	22,934	14,905	4,794	34
Tax recoverable		486	425	72	25
		115,376	80,023	39,626	26,331
CURRENT LIABILITIES					
Short term borrowings	18	47,268	31,879	-	-
Trade payables	20	24,166	14,797	-	-
Other payables	21	12,136	11,062	365	354
Dividend payable		26	21	26	21
Tax payable		-	96	-	-
		83,596	57,855	391	375
NET CURRENT ASSETS		31,780	22,168	39,235	25,956
		126,268	122,152	83,269	74,265
FINANCED BY :					
Share capital	22	60,012	60,011	60,012	60,011
Reserves		42,109	46,609	23,257	14,254
Shareholders' equity		102,121	106,620	83,269	74,265
Reserve on consolidation, net	24	9,921	8,538	-	-
Minority interests		369	235	-	-
		112,411	115,393	83,269	74,265
Long term borrowings	18	8,821	2,221	-	-
Deferred taxation	25	5,036	4,538	-	-
Non-current liabilities		13,857	6,759	-	-
		126,268	122,152	83,269	74,265

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2004

			Non-distributable		Distributable	
			Foreign	Legal		
	Share	Share	Exchange	Reserve	Retained	
	Capital	Premium	Reserve	Fund	Profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
At 1 April 2002						
As previously stated	60,000	-	-	-	35,641	95,641
Prior year adjustment (Note 27)	-	-	-	-	(2,111)	(2,111)
At 1 April 2002 (restated)	60,000	-	-	-	33,530	93,530
Issue of share capital	11	3	-	-	-	14
Net profit for the year	-	-	-	-	14,877	14,877
Transfer to legal reserve fund (Note 26)	-	-	-	107	(107)	-
Translation gain, representing net amount not recognised in income statement	-	-	1,199	-	-	1,199
Dividends (Note 10)	-	-	-	-	(3,000)	(3,000)
At 31 March 2003	60,011	3	1,199	107	45,300	106,620
At 1 April 2003						
As previously stated	60,011	3	1,199	107	46,527	107,847
Prior year adjustment (Note 27)	-	-	-	-	(1,227)	(1,227)
At 1 April 2003 (restated)	60,011	3	1,199	107	45,300	106,620
Issue of share capital	1	1	-	-	-	2
Net loss for the year	-	-	-	-	(301)	(301)
Transfer to legal reserve fund (Note 26)	-	-	-	108	(108)	-
Realisation of foreign exchange reserve from disposal of investment in an associate	-	-	(1,199)	-	-	(1,199)
Dividends (Note 10)	-	-	-	-	(3,001)	(3,001)
At 31 March 2004	60,012	4	-	215	41,890	102,121

STATEMENTS OF CHANGES IN EQUITY (Cont'd)
FOR THE YEAR ENDED 31 MARCH 2004

	Share Capital RM'000	Non-distributable Share Premium RM'000	Distributable Retained Profits (Note 23) RM'000	Total RM'000
Company				
At 1 April 2002	60,000	-	10,338	70,338
Issue of share capital	11	3	-	14
Net profit for the year	-	-	6,913	6,913
Dividends (Note 10)	-	-	(3,000)	(3,000)
At 31 March 2003	60,011	3	14,251	74,265
Issue of share capital	1	1	-	2
Net profit for the year	-	-	12,003	12,003
Dividends (Note 10)	-	-	(3,001)	(3,001)
At 31 March 2004	60,012	4	23,253	83,269

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	1,077	18,818	12,003	6,913
Adjustments for :				
Depreciation	10,595	9,126	-	-
Bad and doubtful debts	-	208	-	-
Dividend income	-	-	(119)	(7,361)
Loss/(gain) on disposal of investment in an associate	9,055	-	(12,203)	-
Share of results in associate	(2,781)	(4,145)	-	-
Property, plant and equipment written off	18	2	-	-
Inventories written off	-	133	-	-
Interest expense	1,978	1,574	-	-
Gain on disposal of property, plant and equipment	(417)	(25)	-	-
Interest income	(75)	(109)	-	-
Operating profit/(loss) before working capital changes	19,450	25,582	(319)	(448)
Increase in receivables	(8,242)	(3,615)	-	-
Increase in inventories	(11,559)	(8,274)	-	-
Increase in payables	3,757	5,837	11	(43)
Cash generated from/(used in) operations	3,406	19,530	(308)	(491)
Interest paid	(1,978)	(1,574)	-	-
Tax paid	(1,154)	(1,558)	(14)	(10)
Net cash generated from/(used in) operating activities	274	16,398	(322)	(501)

CASH FLOW STATEMENTS (Cont'd)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from issuance of shares by subsidiaries	1,340	90	-	-
Purchase of additional shares in a subsidiary	-	(5,320)	-	(5,320)
Purchase of property, plant and equipment	(24,505)	(9,536)	-	-
Interest received	75	109	-	-
Proceeds from issuance of shares	2	14	2	14
Acquisition of a subsidiary (Note 12(a))	(3,761)	-	-	-
Withdrawal of deposits	-	1	-	-
Proceeds from disposal of investment in an associate	16,478	-	16,478	-
Proceeds from disposal of property, plant and equipment	1,707	840	-	-
Dividends received from associate	-	1,361	-	1,361
Net cash (used in)/generated from investing activities	(8,664)	(12,441)	16,480	(3,945)
CASH FLOWS FROMFINANCING ACTIVITIES				
Advances (to)/from subsidiaries	-	-	(8,402)	7,446
Dividends paid	(2,996)	(2,992)	(2,996)	(2,992)
Drawdown of hire purchase and lease financing	7,449	-	-	-
Repayment of hire purchase and lease financing	(1,395)	(433)	-	-
Drawdown of term loans	6,123	-	-	-
Repayment of term loans	(4,730)	(3,146)	-	-
Short term borrowings	12,675	2,933	-	-
Net cash generated from/ (used in) financing activities	17,126	(3,638)	(11,398)	4,454
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,736	319	4,760	8
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	14,176	13,857	34	26
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 17)	22,912	14,176	4,794	34

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2004

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 12. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Plo 10, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor.

The number of employees in the Group at the end of the year was 8,656 (2003 : 5,635).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 July 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year, the Company adopted the following MASB Standards for the first time:

MASB 25 Income Taxes
MASB 27 Borrowing Costs
MASB 29 Employee Benefits

The effects of adopting MASB 25 are disclosed in Note 27 to the financial statements. The adoption of MASB 27 and MASB 29 have not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives except that certain comparatives have been presented for the first time.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits from there activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

(ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associate is included within the carrying amount of investment in associates.

Goodwill is not amortised.

(d) Investments in Subsidiaries and Associates

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective leases which range from 50 years to 60 years. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates :

Buildings	2%
Plant and machinery	10%
Air conditioners	10%
Factory equipment	10%
Electrical installation	10%
Renovation	10%
Furniture, fittings and office equipment	10%
Motor vehicles	20%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(f) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

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

(g) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(h) Hire Purchase and Finance Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(e).

(i) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation 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 of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(j) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative consolidation.

Prior to the adoption of MASB 25 Income Taxes on 1 April 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 27.

(k) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of goods
Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) Interest income
Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(iii) Dividend income
Dividend income is recognised when the right to receive payment is established.

(iv) Rental income
Rental income is recognised on accrual basis.

(v) Revenue from services
Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(l) Foreign Currencies

(i) Foreign currency transactions

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the date of transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

(ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the date of the transactions with respect to the income statement. All resulting translation differences are recognised in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follow

	2004	2003
	RM	RM
Hong Kong Dollar	0.49	0.49
United States Dollar	3.80	3.80
Singapore Dollar	2.24	2.19
Chinese Renminbi	0.46	-
Sterling Pound	7.12	-
Euro Dollar	4.76	-

(m) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(n) 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 of the Group. 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

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(iii) Equity compensation benefits

The PCCS Group Berhad ESOS allows the Group's employees to acquire ordinary shares of the Company. No compensation cost or obligation is recognised when the options are exercised, equity is increased by the amount of the proceeds received.

(o) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(ii) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iii) Interest-Bearing Borrowings

Interest-bearing loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset.

For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawdown from that borrowing facility.

All other borrowing costs are recognised as an expense in the income statement as an expense in that period in which they are incurred.

(iv) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(v) Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements on inception.

Forward foreign exchange contracts

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rates and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains or losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

3. REVENUE

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Sales of goods	302,187	255,849	-	-
Commission income	2,380	3,838	-	-
Dividend income	-	-	119	7,361
Management fee	-	-	145	145
Interest income	-	-	43	-
	304,567	259,687	307	7,506

4 PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations is stated after charging/(crediting) :

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Staff costs (Note 5)	63,587	53,915	200	200
Auditors' remuneration				
- Statutory audits	97	89	27	27
- Other services	104	138	18	80
Bad and doubtful debts	-	208	-	-
Property, plant and equipment written off	18	2	-	-
Depreciation	10,595	9,126	-	-
Rental expenses	2,654	1,837	-	-
Inventories written off	-	133	-	-
Quota charges	1,045	3,715	-	-
(Gain)/loss on foreign exchange - realised	(3)	47	-	-
Gain on disposal of property, plant and equipment	(417)	(25)	-	-
Dividend income	-	-	(119)	(7,361)
Management fee	-	-	(145)	(145)
Rental income	(244)	(192)	-	-

5. STAFF COSTS

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	58,309	49,855	200	200
Annual leave	109	384	-	-
Social security costs	358	292	-	-
Pension costs				
-defined contribution plan	2,806	2,555	-	-
Other staffs related expenses	2,005	829	-	-
	63,587	53,915	200	200

* Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM1,050,000 (2003 : RM940,000) and RM125,000 (2003 : RM125,000) respectively as further disclosed in Note 6.

6. DIRECTORS' REMUNERATION

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive :				
Salaries and other emoluments	710	547	-	-
Fees	125	125	125	125
Bonus	40	80	-	-
Benefits-in-kind	52	46	-	-
	927	798	125	125
Non-Executive :				
Fees :				
- current year's provision	111	111	111	111
- overprovision in prior year	-	(4)	-	(4)
	111	107	111	107
Other Directors				
Executive :				
Salaries and other emoluments	163	164	-	-
Bonus	12	24	-	-
	175	188	-	-
Total excluding benefits-in-kind	1,161	1,047	236	232

7. FINANCE COSTS, NET

	Group	
	2004	2003
	RM'000	RM'000
Interest expense	1,978	1,574
Interest income	(75)	(109)
	1,903	1,465

8. TAXATION

	Group	
	2004	2003
	RM'000	RM'000
Income tax :		
Malaysian income tax	1,022	1,817
Foreign tax	37	135
	1,059	1,952
Overprovided in prior years in respect of Malaysian income tax	(62)	(52)
	997	1,900
Deferred tax (Note 25) :		
Relating to origination and reversal of temporary difference	474	607
Underprovided in prior years	24	-
	498	607
Share of taxation of associates	1,089	928
	2,584	3,435

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003 : 28%) of the estimated assessable profit for the year. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows :

	2004	2003
	RM'000	RM'000
Group		
Profit before taxation	1,077	18,818

	2004 RM'000	2003 RM'000
Group		
Taxation at Malaysian statutory tax rate of 28%	302	5,269
Tax saving for small and medium scale company	(161)	(33)
Effect of different tax rates in other countries	278	38
Tax exempted under tax holiday in foreign country	(605)	-
Income not subject to tax	(75)	(678)
Loss on disposal of investment not deductible for tax purposes	2,535	-
Expenses not deductible for tax purposes	478	662
Utilisation of current year's reinvestment allowances	(892)	(213)
Utilisation of current year's increased export allowances	-	(264)
Utilisation of previously unrecognised tax losses	(174)	(18)
Utilisation of previously unrecognised unabsorbed capital allowances	-	(97)
Utilisation of previously unrecognised unutilised reinvestment allowance	(912)	(1,372)
Underprovision of deferred tax in prior year	24	-
Overprovision of income tax in prior years	(62)	(52)
Deferred tax assets not recognised during the year	1,848	193
Tax expense for the year	2,584	3,435
Company		
Profit before taxation	12,003	6,913
Taxation at Malaysian statutory tax rate of 28%	3,361	1,936
Income not subject to tax	(3,417)	(2,031)
Expenses not deductible for tax purposes	55	95
Deferred tax assets not recognised during the year	1	-
Tax expense for the year	-	-

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net (loss)/profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2004	2003
Net (loss)/profit for the year (RM '000)	(301)	14,877
Weighted average number of ordinary shares in issue ('000)	60,012	60,008
Basic (loss)/earnings per share (sen)	(0.5)	24.8

The comparative basic earnings per share has been restated to take into account the effect of the change in accounting policy (Note 2(j) and Note 27) on the net profit for the year.

(b) Diluted

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares.

10. DIVIDENDS

	Amount		Net Dividends per Share	
	2004	2003	2004	2003
	RM'000	RM'000	Sen	Sen
Group and Company				
First and final tax exempt dividend of 5% (2003 : 5%)	3,001	3,000	5	5

11. PROPERTY, PLANT AND EQUIPMENT

Group	* Land and buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture, fittings, office equipment RM'000	Motor vehicles RM'000	Capital work- in-progress RM'000	Total RM'000
Cost						
At 1 April 2003	28,711	69,518	12,957	6,116	921	118,223
Acquisition of a subsidiary	-	14,366	888	96	-	15,350
Additions	4,172	15,881	3,756	1,276	-	25,085
Disposals	(652)	(1,323)	(158)	(501)	-	(2,634)
Reclassification	-	-	921	-	(921)	-
Written off	-	-	(38)	-	-	(38)
At 31 March 2004	32,231	98,442	18,326	6,987	-	155,986
Accumulated Depreciation						
At 1 April 2003	2,629	32,052	4,809	3,789	-	43,279
Acquisition of a subsidiary	-	8,532	369	87	-	8,988
Depreciation charge for the year (Note 4)	379	7,749	1,515	952	-	10,595
Disposals	(101)	(774)	(125)	(344)	-	(1,344)
Written off	-	-	(20)	-	-	(20)
At 31 March 2004	2,907	47,559	6,548	4,484	-	61,498
Net Book Value						
At 31 March 2004	29,324	50,883	11,778	2,503	-	94,488
At 31 March 2003	26,082	37,466	8,148	2,327	921	74,944

11. 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	Capital work- in-progress RM'000	Total RM'000
Depreciation charge for 2003	405	6,583	1,190	948	-	9,126

* LAND AND BUILDINGS

	Freehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 April 2003	8,440	2,222	18,049	28,711
Additions	28	-	4,144	4,172
Disposals	(214)	-	(438)	(652)
At 31 March 2004	8,254	2,222	21,755	32,231
Accumulated Depreciation				
At 1 April 2003	-	354	2,275	2,629
Charge for the year	-	31	348	379
Disposals	-	-	(101)	(101)
At 31 March 2004	-	385	2,522	2,907
Net Book Value				
At 31 March 2004	8,254	1,837	19,233	29,324
At 31 March 2003	8,440	1,868	15,774	26,082
Depreciation charge for 2003	-	47	358	405

(a) Net book values of property, plant and equipment held under hire purchase are as follows :

	Group	
	2004	2003
	RM'000	RM'000
Plant and machinery	6,273	-
Motor vehicles	1,456	1,330
	7,729	1,330

(b) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM25,085,000 (2003 : RM9,676,000) of which RM580,000 (2003 : RM140,000) were acquired by means of hire purchase.

(c) Certain assets of the Group were subject to negative pledge in relation to banking facilities granted to the subsidiaries of the Company.

(d) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use with the following costs:

	Group	
	2004	2003
	RM'000	RM'000
Plant and machinery, air-conditioners, factory equipment, and electrical installation	3,917	2,751
Renovation, furniture, fittings, office equipment	908	777
Motor vehicles	1,856	1,463
	6,681	4,991

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2004	2003
	RM'000	RM'000
Unquoted shares, at cost	44,799	44,799
Less : Provision for diminution in value	(765)	(765)
	44,034	44,034

12. INVESTMENT IN SUBSIDIARIES (Cont'd)

Detail of the subsidiaries are as follows:

Name of Subsidiaries	Country of incorporation	Effective Equity Interest Held (%) 2004	2003	Principal Activities
Subsidiaries of the Company				
Perusahaan Chan Choo Sing Sdn. Bhd.	Malaysia	100	100	Manufacturing of apparels
Beauty Electronic Embroidering Centre Sdn. Bhd.	Malaysia	100	100	Embroidering of logos and emblems
Jusca Garments Sdn. Bhd.	Malaysia	100	100	Temporarily ceased operations
Keza Sdn. Bhd. *	Malaysia	100	100	Fabric-knitting and manufacturing of elastic bands and socks
Mega Labels & Stickers Sdn. Bhd. *	Malaysia	100	100	Printing of labels and stickers
Cross Creek Distribution Sdn. Bhd. *	Malaysia	100	100	Marketing and retailing of golf apparels
Shern Yee Garments Sdn. Bhd. *	Malaysia	100	100	Renting of fleets and motor vechicles
Jusca Development Sdn. Bhd. *	Malaysia	100	100	Temporarily ceased operations
PCCS Garments Limited	Cambodia	100	100	Manufacturing of apparels

Name of Subsidiaries	Country of incorporation	Effective Equity Interest Held (%) 2004	2003	Principal Activities
Subsidiary of Beauty Electronic Embroidering Centre Sdn. Bhd.				
E.M.I. Embroidery Sdn. Bhd. *	Malaysia	90	90	Embroidering of logos and emblems
Subsidiaries of Mega Labels & Stickers Sdn. Bhd.				
Mega Labels & Stickers (Selangor) Sdn. Bhd. *	Malaysia	100	100	Printing of labels and stickers
Blopak China Private Ltd*	The People's Republic of China	100	-	Manufacturing, value adding and sale of plastic packaging materials
Subsidiaries of Shern Yee Garments Sdn. Bhd.				
PCCS Capital Sdn. Bhd.*	Malaysia	100	100	Dormant
Jusca Garments (Cambodia) Ltd.	Cambodia	70	-	Manufacturing of apparels
Subsidiaries of Cross Creek Distribution Sdn. Bhd.				
PCCS Marketing Sdn. Bhd.*	Malaysia	100	-	Marketing and retailing of sport apparels and products
Top Cheer Sdn. Bhd.*	Malaysia	60	-	Dormant
Subsidiary of Jusca Development Sdn. Bhd.				
Beauty Silk Screen (M) Sdn. Bhd.*	Malaysia	55	55	Marketing of silk screen printing products
Subsidiary of Beauty Silk Screen (M) Sdn. Bhd.				
Beauty Silk Screen Limited	Cambodia	55	55	Printing of silk screen products

* Audited by firms of auditors other than Ernst & Young.

(a) Acquisition of subsidiaries:
On 16 July 2003, the Company, through its wholly-owned subsidiary, Mega Label & Stickers Sdn. Bhd. ("Mega"), had entered into a Sale and Purchase Ownership Interest Agreement with Oriental Pacific Industries Ltd for the acquisition of 100% registered capital of USD3,540,000 of Blopak China Private Ltd ("BCPL") for a total consideration of USD equivalent to RM4,106,264. On 17 November 2003, the acquisition of BCPL was completed and resulting in the Company becoming the ultimate holding company of BCPL.

The acquisition had the following effect on the Group's financial results for the year:

	RM'000
Revenue	6,224
Profit from operations	181
Net profit for the year	60

The effect of the acquisition on the financial position of the Group as at 31 March 2004 is as follows:

	RM'000
Property, plant and equipment	9,624
Inventories	2,345
Trade and other receivables	4,697
Cash and bank balances	2,691
Trade and other payables	(3,813)
Short term borrowings	(7,122)
Group's share of net assets	8,422

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiary were as follows:

	17.11.2003 RM'000
Net assets acquired:	
Property, plant and equipment	6,362
Inventories	1,356
Trade and other receivables	6,100
Cash and bank balances	345
Trade and other payables	(6,680)
Borrowings	(1,994)
Fair value of total net assets	5,489
Reserve on acquisition (Note 24)	(1,383)
Total consideration	4,106
Purchase consideration satisfied by:	
Cash	4,106
Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash	4,106
Cash and bank balances of subsidiary acquired	(345)
Net cash outflow of the Group	3,761

13. INVESTMENT IN ASSOCIATE

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Outside Malaysia :				
Unquoted investment at cost	-	4,275	-	4,275
Share of post acquisition reserves	-	20,765	-	-
	-	25,040	-	4,275
Represented by:				
Share of net assets	-	20,446		
Share of goodwill in associate	-	2,341		
	-	22,787		
Goodwill on acquisition	-	2,253		
	-	25,040		

Details of the associate are as follows :

Name of Associate	Country of incorporation	Effective Equity Interest Held (%)		Principal Activities
		2004	2003	
Tex Line Associates Pte. Ltd.	Singapore	-	45	Export buying house and marketing agent

14. INVENTORIES

	Group	
	2004	2003
	RM'000	RM'000
At cost :		
Raw materials	17,236	12,921
Work-in-progress	6,447	5,532
Finished goods	7,575	5,551
	31,258	24,004
At net realisable value :		
Raw materials	2,243	888
Finished goods	2,219	1,230
	35,720	26,122

15. TRADE RECEIVABLES

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except for 3 (2003 : 3) debtors which accounted for 60% (2003 : 58%) of total trade receivables as at balance sheet date.

16. OTHER RECEIVABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Due from subsidiaries	-	-	34,754	26,266
Due from a shareholder of a subsidiary, Go Hout Hing	1,140	-	-	-
Sundry receivables	950	29	-	-
Deposits and prepayments	5,375	4,686	6	6
Payment for subscription of share (Note 32)	4,564	-	-	-
Deposits and prepayments for acquisition of properties	2,651	-	-	-
	14,680	4,715	34,760	26,272

The amounts due from subsidiaries and a shareholder of a subsidiary are unsecured, interest-free and have no fixed terms of repayment. Subsequent to the and of the financial year, the amount due from the shareholder has been fully settled.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash on hand and at banks	17,163	14,883	44	34
Deposits with licensed banks	5,771	22	4,750	-
Cash and bank balances	22,934	14,905	4,794	34
Less: Bank overdrafts (Note 18)	-	(707)	-	-
	22,934	14,198	4,794	34
Less : Deposits pledged to banks	(22)	(22)	-	-
	22,912	14,176	4,794	34

Deposits with licensed banks of the Group are pledged to banks for banking facilities granted to certain subsidiaries as referred to in Note 18.

The weighted average effective interest rates and average maturities of deposits at the balance sheet date were 3.8% (2003 : 3.9%) and 365 days (2003 : 365 days) respectively.

18. BORROWINGS

	Group	
	2004	2003
	RM'000	RM'000
Short Term Borrowings		
Unsecured:		
Bank overdrafts	-	707
Short term revolving credit	5,332	-
Export credit refinancing	5,000	4,000
Bankers' acceptances	16,303	11,495
Trade loans	13,895	12,912
Trust receipts	804	252
Term loans	3,521	2,191
Hire purchase and lease payables (Note 19)	35	34
	44,890	31,591
Secured:		
Term loans	138	-
Hire purchase and lease payables (Note 19)	2,240	288
	2,378	288
	47,268	31,879
Long Term Borrowings		
Term loans - unsecured	3,714	2,101
Secured :		
Term loans	306	-
Hire purchase and lease payables (Note 19)	4,801	120
	8,821	2,221

	Group 2004 RM'000	Group 2003 RM'000
Total Borrowings		
Bank overdrafts (Note 17)	-	707
Short term revolving credit	5,332	-
Export credit refinancing	5,000	4,000
Bankers' acceptances	16,303	11,495
Trade loans	13,895	12,912
Trust receipts	804	252
Term loans	7,679	4,292
Hire purchase and lease payables (Note 19)	7,076	442
	56,089	34,100
Maturity of borrowings (excluding hire purchase and lease payables)		
Within one year	44,993	31,595
More than 1 year and less than 2 years	2,790	1,660
More than 2 years and less than 5 years	1,230	403
	49,013	33,658

The weighted average effective interest rates during the financial year for borrowings, excluding hire purchase and finance lease payables, were as follows:

	Group 2004 %	Group 2003 %
Bank overdrafts	7.5	7.7
Bankers' acceptances	3.6	4.0
Short term revolving credit	3.2	-
Export credit refinancing	3.3	3.3
Trade loans	2.5	3.2
Trust receipts	2.5	3.2
Term loans	6.1	8.2

The unsecured short term borrowings and term loans of the Group are guaranteed by the Company.

The secured term loans are secured by shophouses registered in third party's name of which the title deeds are in the process of being transferred to a subsidiary.

19. HIRE PURCHASE AND LEASE PAYABLES

	Group	
	2004	2003
	RM'000	RM'000
Minimum hire purchase and lease payments :		
Not later than 1 year	2,659	364
Later than 1 year and not later than 2 years	2,623	120
Later than 2 years and not later than 5 years	2,732	17
	8,014	501
Less : Future finance charges	(938)	(59)
Present value of hire purchase and lease liabilities	7,076	442
Present value of hire purchase and lease liabilities:		
Not later than 1 year	2,275	322
Later than 1 year and not later than 2 years	2,336	120
Later than 2 years and not later than 5 years	2,465	-
	7,076	442
Analysed as:		
Due within 12 months (Note 18)	2,275	322
Due after 12 months (Note 18)	4,801	120
	7,076	442

The hire purchase bore interest at the balance sheet date of between 3.05% to 5.90% (2003: 4.60% to 7.90%) per annum.

20. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 90 days.

Included in trade payables are amounts due to companies in which certain directors have interests as follows :

	Group	
	2004	2003
	RM'000	RM'000
HPI Resources Berhad and its subsidiaries #	102	99

A group substantially owned by certain directors, namely Chan Choo Sing, Chan Chor Ngiak, Chan Chow Tek, Chan Chor Ang and Chan Kok Hiang @ Chan Kock Hiang.

21. OTHER PAYABLES

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Other payables and accruals	11,898	10,819	127	111
Due to directors	238	243	238	243
	12,136	11,062	365	354

Included in other payables are amounts due to companies in which certain directors have interests as follows :

	Group	
	2004	2003
	RM'000	RM'000
HPI Resources Berhad and its subsidiaries #	-	252
Other companies	102	23
	102	275

The amounts due to directors and companies in which certain directors have interests are unsecured, interest free and have no fixed terms of repayment.

22. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Group and Company				
Authorised	100,000	100,000	100,000	100,000
Issued and fully paid :				
At 1 April	60,011	60,000	60,011	60,000
Employee Share Options exercised during the year	1	11	1	11
At 31 March	60,012	60,011	60,012	60,011

The new ordinary shares rank pari passu in all respects with existing ordinary shares.

Employee Share Option Scheme

The PCCS Group Berhad Employee Share Options Scheme (“ESOS”) is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 27 September 2001 and became effective on 7 November 2001.

The main features of the ESOS are as follows:

(a) The number of new shares to be offered under the ESOS shall be subject to a maximum of 10% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS. Furthermore, not more than 50% of the shares available under the ESOS scheme should be allocated, in aggregate to directors and senior management and not more than 10% of the shares available under the ESOS scheme should be allocated to any individual director or employee who either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up share capital of the Company;

(b) Any Malaysian employee (including Executive Directors) employed full time by the Company or its subsidiaries (excluding dormant companies) shall be eligible to participate in the ESOS if he or she has been confirmed after two years of service with the Group;

(c) ESOS granted may be exercised on any working day over a period of 5 years from 7 November 2001 until 6 November 2006;

(d) The exercise price for each ordinary share price under the ESOS shall be the weighted average market price as shown in the daily Official List issued by the Bursa Malaysia Securities Berhad for the five market days immediately preceding the date on which the options are offered with a discount of not more than 10% or at the par value of the shares whichever is higher; and

(e) The options granted do not confer any right to the parties concerned to participate in any share issue of any other company.

The terms of share options outstanding as at the end of the financial year are as follows:

	Number of Options over Ordinary Shares of RM1 Each				
	1 April 2003	**Granted**	***Lapsed**	**Exercised**	**31 March 2004**
Options at a price of RM1.30 per share expiring on 6 November 2006	4,214,000	-	(191,000)	(1,000)	4,022,000

* Options lapsed due to resignation of the entitled individuals.

Information with respect to the number of options granted under the ESOS is as follows:

	Number of Share Options	
	2004	2003
At 1 April	4,214,000	4,400,000
Exercised	(1,000)	(11,000)
Lapsed	(191,000)	(175,000)
At 31 March	4,022,000	4,214,000

Details of share options exercised during the financial year and the fair value, at exercise date of ordinary shares issued are as follows:

	Exercise Price RM	Fair value of Ordinary Shares RM	Number of Share Options RM	Consideration Received RM
Exercised date				
2004				
July 2003	1.30	1.40	1,000	1,300
Less: Par value of ordinary shares				(1,000)
Share premium				300
2003				
May 2002 to June 2002	1.30	1.47 - 1.53	11,000	14,300
Less: Par value of ordinary shares				(11,000)
Share premium				3,300

23. RETAINED PROFITS

As at 31 March 2004, the Company has tax exempt profits available for distribution of approximately RM17,382,000 (2003 : RM17,349,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit in the tax exempt account and under Section 108 of the Income Tax Act 1967 to frank the payment of dividends out of its entire retained profits as at 31 March 2004.

24. RESERVE ON CONSOLIDATION, NET

	Group	
	2004	2003
	RM'000	RM'000
At 1 April	8,538	7,623
Purchase of additional shares in a subsidiary	-	915
Acquisition of a subsidiary (Note 12(a))	1,383	-
At 31 March	9,921	8,538
Reserve arising from acquisition of subsidiaries	9,941	8,558
Goodwill arising from acquisition of subsidiaries	(20)	(20)
	9,921	8,538

25. DEFERRED TAXATION

	Group	
	2004	2003
	RM'000	RM'000
At 1 April	4,538	3,931
Transfer from income statement (Note 8)	498	607
At 31 March	5,036	4,538

The deferred taxation provided in the financial statements is mainly in respect of temporary differences arising between the amounts attributed to property, plant and equipment for tax purposes and their carrying amounts in the financial statements.

26. LEGAL RESERVE FUND

In accordance to the Memorandum and Articles of Association of PCCS Garments Limited ("PGL"), a wholly owned subsidiary of the Company, PGL shall set apart a five (5) percent of PGL profit as the legal reserve fund. This five (5) percent allocation shall cease when the legal reserve fund has reached ten (10) percent of the registered capital of PGL.

27. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT

During the financial year, the Group applied new MASB Standards and accordingly modified certain accounting policies. The change in accounting policy which resulted in prior year adjustment are discussed below:

(a) Changes in Accounting Policy

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation to their realisation.

(b) Prior Year Adjustment

The change in accounting policy has been applied retrospectively and comparatives have been restated. The effects of changes in accounting policies are as follows:

	Group	
	2004 RM'000	2003 RM'000
Effect on retained profits:		
At 1 April, as previously stated	46,527	35,641
Effects of adopting MASB 25	(1,227)	(2,111)
At 1 April, as restated	45,300	33,530
Effect on net profit for the year:		
Net profit before changes in accounting policy	(301)	13,993
Effects of adopting MASB 25	-	884
Net profit for the year	(301)	14,877

Comparatives amounts as at 31 March 2003 have been restated as follows:

	Previously Stated RM'000	Adjustments RM'000	Restated RM'000
Deferred tax liabilities	3,311	1,227	4,538

28. COMMITMENTS

	Group	
	2004	2003
	RM'000	RM'000
Capital expenditure :		
Approved and contracted for	370	6,630

29. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2004	2003
	RM'000	RM'000
Corporate guarantee issued to financial institutions for credit facilities utilised by subsidiaries	48,569	33,658

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Management fees received from subsidiaries	-	-	145	145
Dividend income received from subsidiaries and associate	-	-	119	7,361
Transactions with HPI Resources Berhad and its subsidiaries *				
- Carriage outwards	303	187	-	-
- Packaging materials purchased	1,446	1,364	-	-
- Security charges	49	229	-	-

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

* A group in which certain directors, Chan Kok Hiang @ Chan Kock Hiang, Chan Choo Sing, Chan Chow Tek, Chan Chor Ang and Chan Chor Ngiak have interests.

31. SIGNIFICANT EVENTS

(i) On 27 May 2003, the Company through its wholly owned subsidiary, Shern Yee Garments Sdn. Bhd. subscribed 700 shares of USD1,000 each representing 70% equity interest in Jusca Garments (Cambodia) Ltd. ("JGC"), a company incorporated in Cambodia, for a total consideration of USD700,000 or approximately RM2,660,000 resulting in the Company became the ultimate holding company of JGC.

(ii) On 20 June 2003, the Company through its wholly-owned subsidiary, Cross Creek Distribution Sdn. Bhd. acquired 100,000 shares of RM1.00 each representing 100% equity interest in PCCS Marketing Sdn. Bhd. ("PMSB"), a company incorporated in Malaysia, for a total consideration of RM100,000 resulting in the Company became the ultimate holding company of PMSB.

(iii) On 16 July 2003, the Company, through its wholly-owned subsidiary, Mega Labels & Stickers Sdn. Bhd. ("Mega"), had entered into a Sale and Purchase Ownership Interest Agreement with Oriental Pacific Industries Ltd for the acquisition of 100% registered capital of USD3,540,000 of Blopak China Private Ltd ("BCPL") for a total consideration of USD equivalent to RM4,106,264. On 17 November 2003, the acquisition of BCPL was completed resulting in the Company became the ultimate holding company of BCPL.

(iv) On 4 December 2003, the Company had entered into an agreement with Tex Line Pte. Limited for the disposal of the entire investment in Tex Line Associates Pte. Ltd. ("TLA") representing 45% of the effective equity interest held of TLA for a total cash consideration of Singapore Dollar $7,462,204 or approximately RM16,478,039. The disposal has been completed on 20 January 2004.

(v) On 9 February 2004, the Company through its wholly-owned subsidiary, Cross Creek Distribution Sdn. Bhd., subscribed 300,000 shares of RM1.00 each, representing 60% equity interest in Top Cheer Sdn. Bhd. ("TCSB") a company incorporated in Malaysia, for a total consideration of RM300,000, resulting in the Company became the ultimate holding company of TCSB.

32. SUBSEQUENT EVENT

On 5 April 2004, the Company through its wholly owned subsidiary, Mega Labels & Stickers Sdn. Bhd., had invested USD1,201,000 or approximately RM4,563,800 which representing 100% equity interest in China Roots Packaging Pte. Ltd. ("CRPL"), a company incorporated in The People's Republic of China, resulting in the Company became the ultimate holding company of CRPL.

33. COMPARATIVE FIGURES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted as a result of changes in accounting policy as disclosed in Note 2(a) and Note 27.

34. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Company had no substantial long-term interest-bearing assets as at 31 March 2004.

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.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar and Singapore Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

At the balance sheet date, the Group has six outstanding open forward contracts with banks to sell United States Dollars used to hedge anticipated sales with settlement date of one month. The local currency amounts to be received and the corresponding contracted rates of the above outstanding contracts were RM53,107,623 at USD1 = RM3.8123 (2003 : RM34,603,826 at USD 1 = RM3.8078).

(d) Liquidity Risk

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

(e) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments except as disclosed in Note 15. To mitigate this risk, 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.

(f) Fair Values

There are no material differences between the book value and the fair value of the Company's financial assets and liabilities.

35. SEGMENTAL INFORMATION

(a) Primary reporting segment - Geographical segments

The Group operates in three principal geographical areas of the world and is primarily involved in textiles industry.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

31 March 2004

	Malaysia RM'000	Cambodia RM'000	China RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	295,963	2,380	6,224	-	304,567
Inter-segment sales	-	38,553	-	(38,553)	-
Total revenue	295,963	40,933	6,224	(38,553)	304,567
Result					
Profit/(loss) from operations	13,335	(4,224)	181	(38)	9,254
Finance costs, net					(1,903)
Loss on disposal investment in an associate					(9,055)
Share of results of associate					2,781
Taxation					(2,584)
Loss after taxation					(1,507)
Minority interests					1,206
Net loss for the year					(301)
Assets					
Segment assets	155,852	34,932	19,080		209,864
Consolidated total assets					209,864
Liabilities					
Segment liabilities	82,234	4,278	10,941		97,453
Consolidated total liabilities					97,453
Other information					
Capital expenditure	11,190	10,241	3,654		25,085
Depreciation	6,632	3,571	392		10,595

31 March 2003

	Malaysia RM'000	Cambodia RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sales	255,849	3,838	-	259,687
Inter-segment sales	-	27,418	(27,418)	-
Total revenue	255,849	31,256	(27,418)	259,687
Result				
Profit from operations	18,426	1,178	(3,466)	16,138
Finance costs, net				(1,465)
Share of results of associate				4,145
Taxation				(3,435)
Profit after taxation				15,383
Minority interests				(506)
Net profit for the year				14,877
Assets				
Segment assets	130,380	24,587		154,967
Investment in associate	25,040	-		25,040
Consolidated total assets				180,007
Liabilities				
Segment liabilities	55,460	9,154		64,614
Consolidated total liabilities				64,614
Other information				
Capital expenditure	6,023	3,653		9,676
Depreciation	6,372	2,754		9,126

(b) Secondary reporting segment -Business segments

As the Group is principally involved in textiles industry, segment reporting by business segment is not prepared.

GROUP PROPERTIES

AS AT 31 MARCH 2004

Location	Description & 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. Plo 7, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor, Malaysia.	3 Blocks Office & Factory Buildings	Leasehold expiring 7.9.2050	87,120 (46,684)	13	1,982,058	13/8/1993*
2. No. 18, Jalan Keris Naga, Taman Pasifik Selatan, 83000 Batu Pahat, Johor, Malaysia.	4 Storey Building Complex	Freehold	6,056 (13,946)	11	860,300	4/4/1994*
3. Nos 8 & 10, Jalan Perdana 2, Taman Kota Yong Peng, 83700 Yong Peng, Batu Pahat, Johor, Malaysia.	Office and Factory Block	Freehold	6,000 (7,800)	12	351,230	4/4/1994*
4. No. 5, 7, 9, 11, Jalan Perdana 1, Taman Kota Yong Peng, 83700 Yong Peng, Yong Peng, Batu Pahat, Malaysia.	Office and Factory Block	Freehold	12,000 (15,600)	12	1,101,012	21/8/1995
5. No. 16, Jalan Pisang, Taman Maju, Parit Raja, 86400 Batu Pahat, Johor, Malaysia.	Single Storey Semi-Detached House	Freehold	24,001 (1,414)	11	59,659	4/4/1994*
6. No. 5, Jalan TP 7/3, Seksyen 26, Shah Alam, 40000 Selangor, Malaysia.	1 1/2 Storey Office and Factory Block	Freehold	3,000 (3,000)	8	570,623	4/10/1996
7. Plo 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor, Malaysia.	3 Blocks Office and Factory Buildings	Leasehold expiring 10.9.2051	114,127 (82,720)	8	5,808,608	21/4/1995
8. Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	Office And Factory Building	Freehold	185,130# (88,000)	6	9,771,823	12/12/1997
9. Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	2 Blocks of Four Storeys Hostel Building	Freehold	74,104 (148,844)	1	4,177,362	31/03/2004
Beauty Electronic Embroidering Centre Sdn Bhd						
10. Plo 5, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor, Malaysia.	2 Blocks Detached Factory And Ancillary Building	Leasehold expiring 1.3.2043	43,560 (30,292)	19	981,680	4/4/1994*
11. No. 5, Jalan B, Dahlia 9, Senai, Johor, Malaysia.	Single Storey Terrance House	Freehold	1,200	17	108,000	22/9/1998
Mega Labels & Stickers Sdn Bhd						
12. No 20, Jalan Tupai Terbang, Taman Sri Saga, 83000 Batu Pahat, Johor, Malaysia.	3 Storeys Office And Factory Block	Freehold	1,540 (4,378)	18	211,149	4/4/1994*
13. Nos 21, 21A & B, Jalan Tupai Terbang, Taman Sir Saga, 83000 Batu Pahat, Johor, Malaysia.	3 Storeys Office And Factory Block	Freehold	1,981 (5,635)	18	221,502	4/4/1994*
Jusca Garments Sdn Bhd						
14. C.T. 3875 Lot 6061; HS(D) 19630 PTD 15722; HS(D) 19631 15723 Mukim of Tangkak, District fo Muar, Johor, Malaysia.	Vacant Land	Freehold	756,796	N/A	3,118,530	1/12/1996

Including 74,104 sq ft for Hostel - item 9

ANALYSIS OF SHAREHOLDINGS
AS AT 7 JULY, 2004

Authorised Share Capital	:	RM100,000,000
Issued and Paid Up Capital	:	RM60,012,002
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting rights	:	One Vote Per Ordinary Share

DISTRIBUTION OF SHAREHOLDERS AS AT 7 JULY, 2004

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	92	2.49	4,926	0.01
100 – 1,000	363	9.84	326,444	0.54
1,001 – 10,000	2,856	77.42	10,194,569	16.99
10,001 –100,000	344	9.33	8,678,716	14.46
100,001 to 3,000,599 (*)	33	0.89	16,807,269	28.01
3,000,600 and above (**)	1	0.03	24,000,078	39.99
TOTAL	3,689	100.00	60,012,002	100.00

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

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 7 JULY, 2004

The substantial shareholders of PCCS (holding 5% or more of the capital) based on the Record of Depositors from the Bursa Malaysia Depository Sdn. Bhd. (formerly known as Malaysian Central Depository Sdn. Bhd) (BMD) and their respective shareholdings are as follows:

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chan Choo Sing	1,530,153	2.55	26,731,117(1)	44.54
Chan Chow Tek	2,004,083	3.34	24,000,078(2)	39.99
Chan Chor Ngiak	329,550	0.55	24,000,078(3)	39.99
Chan Chor Ang	1,009,550	1.68	24,040,078(4)	40.06
Chan Kok Hiang @ Chan Kock Hiang	213,333	0.36	24,000,078(5)	39.99
Setia Sempurna Sdn Bhd	24,000,078	39.99	-	-

Notes:

(1) Deemed interested by virtue of his interest of 27.0% in the equity of Setia Sempurna Sdn Bhd and 4.55% of his spouse, Madam Tan Kwee Kee's shareholdings in PCCS.

(2) Deemed interested by virtue of his interest of 20.0% in the equity of Setia Sempurna Sdn Bhd.

(3) Deemed interested by virtue of his interest of 14.0% in the equity of Setia Sempurna Sdn.

(4) Deemed interested by virtue of his interest of 14.0% in the equity of Setia Sempurna Sdn Bhd and 0.07% of his spouse, Madam Chia Lee Kean's shareholdings in PCCS.

(5) Deemed interested by virtue of his interest of 22.0% in the equity of Setia Sempurna Sdn Bhd.

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 7 JULY, 2004

The Directors' Shareholdings of PCCS based on the Record of Depositors from the BMD are as follows:

Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chan Choo Sing	1,530,153	2.55	26,731,117(1)	44.54
Chan Chow Tek	2,004,083	3.34	24,000,078(2)	39.99
Chan Chor Ngiak	329,550	0.55	24,000,078(3)	39.99
Chan Chor Ang	1,009,550	1.68	24,040,078(4)	40.06
Chan Kok Hiang @ Chan Kock Hiang	213,333	0.36	24,000,078(5)	39.99
Cha Peng Koi @ Chia Peng Koi	-	-	-	-
Tan Chuan Hock	-	-	-	-
Halimi Bin Hussain	-	-	-	-
Tey Ah Tee @ Teo Ah Tee	-	-	-	-

Notes:

(1) Deemed interested by virtue of his interest of 27.0% in the equity of Setia Sempurna Sdn Bhd and 4.55% of his spouse, Madam Tan Kwee Kee's shareholdings in PCCS.

(2) Deemed interested by virtue of his interest of 20.0% in the equity of Setia Sempurna Sdn Bhd.

(3) Deemed interested by virtue of his interest of 14.0% in the equity of Setia Sempurna Sdn Bhd.

(4) Deemed interested by virtue of his interest of 14.0% in the equity of Setia Sempurna Sdn Bhd and 0.07% of his spouse, Madam Chia Lee Kean's shareholdings in PCCS.

(5) Deemed interested by virtue of his interest of 22.0% in the equity of Setia Sempurna Sdn Bhd.

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	2,731,039	4.55
3.	Chan Choo Sing	1,530,153	2.55
4.	Amanah Raya Nominees (Tempatean) Sdn Bhd	1,327,766	2.21
	Skim Amanah Saham Bumiputra		
5.	Amsec Nominees (Tempatan) Sdn Bhd	1,100,000	1.83
	Pledged Securities Account for Ng Choon Fatt (AmFinance)		
6.	Chan Chor Ang	1,009,550	1.68
7.	Yap Song Yung	674,333	1.12
8.	Amsec Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Chan Chow Tek	673,000	1.12
9.	Chan Chow Tek	672,883	1.12
10.	Kenanga Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Mohd Radzuan Bin Ab Halim	666,666	1.11
11.	Amsec Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Chan Chow Tek	658,200	1.10
12.	Lim Poh Teot	642,466	1.07
13.	Yap Shing @ Yap Sue Kim	625,733	1.04
14.	Amanah Raya Nominees (Tempatan) Sdn Bhd	576,000	0.96
	Amanah Saham Johor		
15.	Yap Nyet Yune	468,333	0.78
16.	Wetex Industries Sdn Bhd	441,000	0.73
17.	Chan Chor Ngiak	329,550	0.55
18.	Gan Surt Neo	285,900	0.48
19.	Yung Lay Kiang	256,666	0.43
20.	Go Hout Hing	221,666	0.37
21.	Chan Kok Hiang @ Chan Kock Hiang	213,333	0.36
22.	Yeo Eck Liong	166,666	0.28
23.	Ho, Wei-Hua	166,000	0.28
24.	Bin Bin Knitwear Manufacturer Sdn Bhd	160,000	0.27
25.	Tan Poay Jong	135,000	0.22
26.	Ling Hua Ee	134,000	0.22
27.	Chan Wee Boon	131,000	0.22
28.	Hong Bee Lan	130,000	0.22
29.	Ong Beng Kee	130,000	0.22
30.	Wong Shak On	119,700	0.20
		40,376,681	67.28

This page had left blank intentionally.

PCCS Group Berhad

(CO. NO. 280929-K)
(Incorporated in Malaysia)

FORM OF PROXY

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

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

of ______________________________
(Full Address)

being a *Member/Members of PCCS GROUP BERHAD, do hereby appoint ______________________________
(Full Name In Capital Letters)

of ______________________________
(Full Address)

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

of ______________________________
(Full Address)

or failing *him/her, the CHAIRMAN OF THE MEETING, as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Tenth Annual General Meeting of the Company to be held at ***Plum Blossom Room, Level 2, Garden Hotel, No. 29, Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim*** on Tuesday, 24 August 2004 at ***11.00 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.

No.	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 March 2004 together with the Reports of the Directors and the Auditors thereon.		
2.	To approve the Directors' fees for the financial year ended 31 March 2004.		
3.	To accept the retirement of Mr. Chan Kok Hiang @ Chan Kock Hiang pursuant to Section 129 of the Companies Act, 1965.		
4.	To re-elect the Director, Mr. Chan Choo Sing who retires pursuant to Article 94 of the Company's Articles of Association.		
5.	To re-elect the Director, Mr. Tan Chuan Hock who retires pursuant to Article 94 of the Company's Articles of Association.		
6.	To re-elect the Director, Mr. Tey Ah Tee @ Teo Ah Tee who retires pursuant to Article 94 of the Company's Articles of Association.		
7.	To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorize the Directors to fix their remuneration.		
8.	As Special Business Ordinary Resolution No. 1 Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965		
9.	As Special Business Ordinary Resolution No. 2 Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad)		

* Strike out whichever not applicable

Signed this .... day of 2004

....
Signature of Member/Common Seal

Notes:-

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

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

3. 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.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at PLO 10, Kawasan Perindustrian Parit Raja, 83000 Batu Pahat, Johor Darul Takzim not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.