PCCS GROUP BERHAD (Co. No. 280929-K)
PLO 10, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor Darul Takzim
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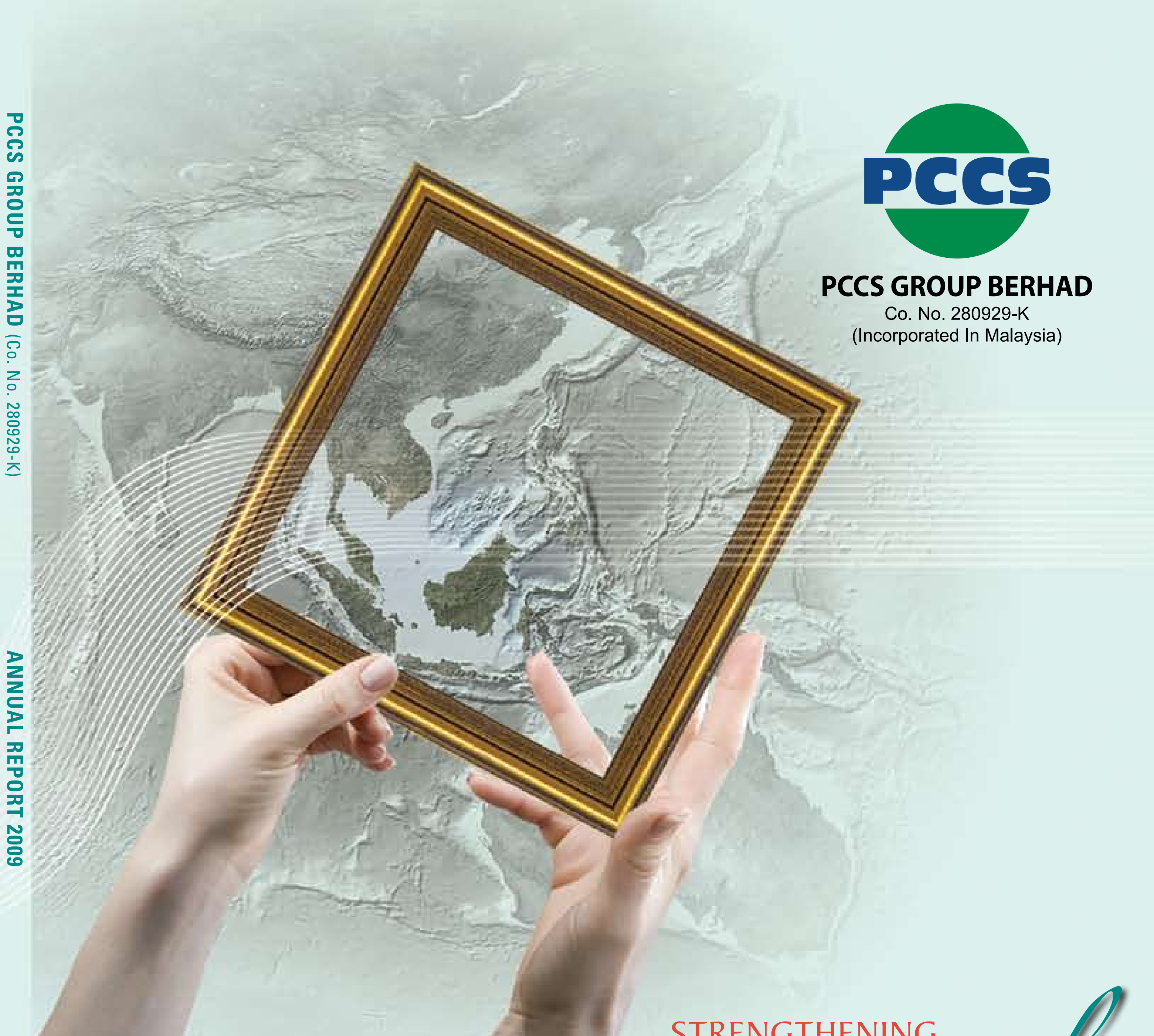
PCCS GROUP BERHAD (Co. No. 280929-K)   ANNUAL REPORT 2009



PCCS GROUP BERHAD

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

STRENGTHENING *potential*

Annual Report '09

annual report 09

contents

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth 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, 28 August 2009 at 10:00 a.m. for the following purposes: -

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2009 together with the Reports of the Directors and the Auditors thereon.

2. To approve the Directors' fees for the financial year ended 31 March 2009. **Resolution 1**

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

   (a) Mr. Chan Chor Ang **Resolution 2**
   (b) Mr. Cha Peng Koi @ Chia Peng Koi **Resolution 3**

4. To re-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 4**

5. As Special Business

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

   ORDINARY RESOLUTION NO. 1
   - 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**

5. As Special Business (cont'd)

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

"THAT pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, a shareholders' mandate be and is hereby granted to PCCS Group Berhad and its subsidiary companies (PCCS Group) to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for PCCS Group's day-to-day operations in respect of the recurrent related party transactions as set out in the Circular to Shareholders dated 31 July 2009 (the Circular) with the related parties mentioned therein PROVIDED THAT:

(a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are on terms not to the detriment of the minority shareholders; and

(b) disclosure is made in the annual report breakdown of the aggregate value of transactions conducted during the financial year pursuant to the approval hereby given;

AND THAT the authority conferred by such mandate shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting (AGM) of the Company following this AGM, at which the approval hereby given will lapse, unless by a resolution passed at an AGM whereby the approval is renewed;

(b) the expiration of the period within which the next AGM of the Company after this AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the Act) (but such period shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT, the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorized by this resolution." **Resolution 6**

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

By Order of the Board
CHUA SIEW CHUAN
MAICSA 0777689
Company Secretary

Johor Darul Takzim
31 July 2009

Explanatory Notes To Special Business:

1. Authority pursuant to Section 132D of the Companies Act, 1965

   The proposed adoption of the Ordinary Resolution No. 1 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting.

2. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   The proposed adoption of the Ordinary Resolution No. 2 is to obtain the Shareholders' Mandate to enable the Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Notes:

1. For the purpose of determining a member who shall 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 21 August 2009. Only a depositor whose name appears on the Record of Depositors as at 21 August 2009 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.

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

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.

Statement Accompanying Notice of Annual General Meeting

1. Directors Standing for Re-election

   The Directors who are standing for re-election at the Fifteenth Annual General Meeting of PCCS Group Berhad are as follows:-

   i. Mr. Chan Chor Ang (Article 94 of the Company's Articles of Association)
   ii. Mr. Cha Peng Koi @ Chia Peng Koi (Article 94 of the Company's Articles of Association)

   Their particulars can be found on pages 8 and 9 of the Annual Report.

2. Shareholdings of Directors who are Standing for Re-election

   The shareholdings of Directors standing for re-election are stated on Page 10 of the Annual Report.

CORPORATE STRUCTURE

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

- **100%** Perusahaan Chan Choo Sing Sdn Bhd
- **100%** PCCS Garments Limited
- **100%** JIT Textiles Limited
- **100%** PCCS Garments (Suzhou) Ltd
- **100%** PCCS (Hong Kong) Limited
- **100%** Shern Yee Garments Sdn Bhd
  - **70%** Global Apparels Limited
  - **100%** PCCS Mediserve Sdn Bhd (Formerly known as PCCS Capital Sdn Bhd)
- **100%** Jusca Development Sdn Bhd
  - **95%** Beauty Silk Screen (M) Sdn Bhd
    - **100%** Beauty Silk Screen Limited
- **100%** Beauty Electronic Embroidering Centre Sdn Bhd
  - **100%** JIT Embroidery Limited
- **100%** Keza Sdn Bhd
- **100%** Mega Labels & Stickers Sdn Bhd
  - **100%** Mega Labels & Stickers (Selangor) Sdn Bhd
  - **100%** China Roots Packaging Pte Ltd
  - **100%** Blopak China Private Ltd
- **100%** Jusca Garments Sdn Bhd

Apparel Division
Labelling Division
Packaging Division
Others

PROFILE OF DIRECTORS

1. **CHAN CHOO SING**
   Executive Chairman and
   Group Managing Director

2. **CHAN CHOW TEK**
   Executive Director

3. **CHAN CHOR NGIAK**
   Non-Independent Non-Executive Director

4. **CHAN CHOR ANG**
   Non-Independent Non-Executive Director

5. **CHA PENG KOI @ CHIA PENG KOI**
   Executive Director

6. **TAN CHUAN HOCK**
   Independent Non-Executive Director

7. **TEY AH TEE @ TEO AH TEE**
   Independent Non-Executive Director

PROFILE OF DIRECTORS (cont'd)

CHAN CHOO SING

CHAN CHOO SING (Non-Independent Executive Chairman and Group Managing Director), a Malaysian, aged 55, was appointed to the Board of PCCS on 21 June 1995. Mr. Chan started his career when he ventured into garment business known as Chan Trading in 1973. In 1981, he founded Perusahaan Chan Choo Sing Sdn. Bhd. ("PCCSSB"), a company primarily involved in the manufacturing of garments. His entrepreneurial skills and ability to recognize business and expansion opportunities have led to successful business ventures including the forming of a number of companies actively involved in the garment industry. PCCSSB and its associated companies were successfully listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 August 1995 as PCCS Group Berhad ("PCCS"). He was appointed as the Group Managing Director of PCCS in 1995.

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

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 Rotary Club of Batu Pahat.

Mr. Chan also sits on the board of several private limited companies. He is a member of the Remuneration Committee of PCCS.

CHAN CHOW TEK

CHAN CHOW TEK (Non-Independent Executive Director), a Malaysian, aged 52, was appointed to the Board of PCCS on 21 June 1995. He leads all the marketing activities in the Group and has more than 30 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 the company 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 was appointed to the board of HRB on 8 April 1997 and also sits on the board of several private limited companies.

CHAN CHOR NGIAK

CHAN CHOR NGIAK (Non-Independent Non-Executive Director), a Malaysian, aged 47 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.

Mr. Chan Chor Ngiak is currently the Managing Director of HRB. He was appointed to the Board of HRB on 8 April 1997. He became directly involved with Harta when he took up the position as Marketing Manager. His passion in packaging business continues to drive 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 continually established connections with many business executives in the Chamber of Commerce and Associations. He is the Honorary Chairman of the Chinese Chamber of Commerce in Batu Pahat, Chairman of the Chinese Association in Parit Raja, Batu Pahat, the Vice-Chairman of the Chinese Association in Johor State and a Committe Member of 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 46, was appointed to the Board of PCCS on 21 June 1995. He joined PCCSSB in 1981 and was transferred to Jusca Garments Sdn. Bhd. as the Factory Manager in 1985. He has more than 25 years of experience in the textile and garment industry. He is currently the Executive Director of HRB and was appointed to the Board of HRB on 8 April 1997. He was assigned to Harta as the Factory Manager in 1990. He later took charge of the training on production management, machine maintenance and productivity enhancement under various expatriate Technical Advisors from Hong Kong, Taiwan and China. He is currently the Executive Director Cum General Manager of Harta Packaging Industries Sdn. Bhd. He also sits on the board of several private limited companies.

PROFILE OF DIRECTORS (cont'd)

CHA PENG KOI @ CHIA PENG KOI

CHA PENG KOI @ CHIA PENG KOI (Executive Director), a Malaysian, aged 58, was appointed to the Board of PCCS as Non-Independent Non-Executive Director on 21 June 1995. He was re-designated as Executive Director since 1 March 2009.

Mr. Cha Peng Koi graduated with a Bachelor of Science Degree (Honours) from the University of Malaya in 1977, Diploma in Public Administration from Institute of Public Administration (INTAN) in 1981 and Masters in Business Administration majoring in Finance from 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 Ministry of Transport, Public Services Department and Ministry of Public Enterprises (Entrepreneur Development). In 1987, he joined an international productivity consulting company based in Hong Kong and subsequently became its Chief Analyst and Chairman for its Asia Pacific operations. In 1990, he founded K N Norris Sdn Bhd, a management consulting company specializing in the area of productivity and quality improvement. He has more than 20 years of experience in the fields of Finance and Operations Management.

TAN CHUAN HOCK

TAN CHUAN HOCK (Independent Non-Executive Director), a Malaysian, aged 48, was appointed to the Board of PCCS on 4 November 1998. He is the executive proprietor and also the founder of William C. H. Tan & Associates, a Chartered Accountants firm. He is a member of the Malaysian Institute of Accountants and Malaysian Institute of Taxation and is a Fellow Member of the Association of Chartered Certified Accountants.

Mr. Tan has over 20 years of experience particularly in financial reporting, auditing, taxation and planning, company secretarial as well as corporate management and advisory functions. Presently, he is the Non-Independent Non-Executive Director of Grand-Flo Solution Berhad. He also sits on the board of Simat Technologies Public Company Limited, a public company listed on the Stock Exchange of Thailand.

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

TEY AH TEE @ TEO AH TEE

TEY AH TEE @ TEO AH TEE (Independent Non-Executive Director), a Malaysian, aged 64, was appointed to the Board of PCCS on 15 June 2001. He holds a Diploma in Education from the Technical Teacher's College. Being a responsible and dedicated educationist in the teaching profession spanning over 34 years, he has extensive experience in the teaching of technical subjects and English Language. A self motivated person, he presently sits on the board of a registered credit private limited company and has played an important role in overseeing the smooth running of the establishment. He does not have any directorships in other public companies.

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

Note :

1) The Board (save and except for Chan Choo Sing, Chan Chow Tek, Chan Chor Ngiak and Chan Chor Ang who are brothers and substantial shareholders of PCCS and the sons of Mr. Chan Kok Hiang @ Chan Kock Hiang, a substantial shareholder 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.

DIRECTORS STANDING FOR RE-ELECTION

Directors standing for re-election at the 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, 28 August, 2009 at 10.00 a.m.

Directors standing for re-election

- Chan Chor Ang
- Cha Peng Koi @ Chia Peng Koi

Details of attendance at Board Meetings held during the financial year ended 31 March, 2009 (Total of four (4) meetings held)

Name of Director	Date of appointment	No. of Meetings attended
Chan Choo Sing	21/06/1995	4/4
Chan Chow Tek	21/06/1995	4/4
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	3/4
Tey Ah Tee @ Teo Ah Tee	15/06/2001	4/4

Details of the Board Meetings held during the financial year ended 31 March, 2009.

Place : PCCS Group Berhad's Corporate Office, Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim.
Date : 30 May, 2008
Time : 12.25 p.m.

Place : PCCS Group Berhad's Corporate Office, Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim.
Date : 26 August, 2008
Time : 12.30 p.m.

Place : PCCS Group Berhad's Corporate Office, Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim.
Date : 27 November, 2008
Time : 11.55 a.m.

Place : PCCS Group Berhad's Corporate Office, Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim.
Date : 23 February, 2009
Time : 4.05 p.m.

AUDIT COMMITTEE REPORT

1. Membership

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

Tan Chuan Hock *(Chairman)*
Independent Non-Executive Director

Tey Ah Tee @ Teo Ah Tee
Independent Non-Executive Director

Chan Chor Ngiak
Non-Independent Non-Executive Director

2. Composition of members

The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the Audit Committee members shall be independent directors.

In this respect, the Board adopts the definition of "independent director" as defined under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must be:-

(a) a member of the Malaysian Institute of Accountant ("MIA"); or

(b) if he is not a member of MIA, he must have at least three (3) years of working experience and:

i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

ii. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

(c) fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate director of the Board shall be appointed as a member of the Audit Committee.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every two (2) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

Retirement and resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated in item (2) above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

3. Chairman

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

3. Chairman (cont'd)

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be independent director to chair the meeting.

4. Secretary

The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

5. Meetings

Details of attendance at Audit Committee meetings held during the financial year ended 31 March 2009. (Total of five (5) meetings held)

Name of Audit Committee Member	No. of Meetings attended
Tan Chuan Hock *(Chairman)*	4/5
Tey Ah Tee @ Teo Ah Tee	5/5
Chan Chor Ngiak *(Appointed wef 01/03/2009)*	0/1
Cha Peng Koi @ Chia Peng Koi *(Chairman)* *(Resigned wef 01/03/2009)*	4/4

The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.

Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman, the Chief Executive Officer, the Finance Director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

The Finance Director, the head of internal audit and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, without executive Board members or employees present whenever deemed necessary and at least twice a year with the external auditors.

Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

6. Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on each meeting to the Board.

The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

7. Quorum

The quorum for the Audit Committee meeting shall be the majority of members present whom must be independent directors.

8. Objectives

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:-

(a) evaluate the quality of the audits performed by the internal and external auditors;

(b) provide assurance that the financial information presented by management is relevant, reliable and timely;

(c) oversee compliance with laws and regulations and observance of a proper code of conduct; and

(d) determine the quality, adequacy and effectiveness of the Group's control environment.

9. Authority

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

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

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

(c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.

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

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

10. Duties and Responsibilities

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

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

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

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

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

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

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

(f) To review the external auditor's management letter and management's response;

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

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

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

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

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

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

(l) To determine the remit of the internal audit function;

10. Duties and Responsibilities (cont'd)

The duties and responsibilities of the Audit Committee are as follows:- (cont'd)

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

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

Summary of Activities

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

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

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

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

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

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

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

Internal Audit Function

The Group has also established the Internal Audit function which is performed in-house in order to assist the Audit Committee in discharging its duties in regards to the adequacy and integrity of the system of internal control. Functions of the Internal Audit include few major areas as follows:

- Perform regular review of operational compliance with the established internal control procedures and the risk profiles of the major business units of the Group. This does not include associated company where the Group has no control over the management of the Company.
- Conduct investigations on specific areas or issues directed by the Audit Committee.
- Review the risk management processes.

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 2009 that 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 RM38,000.00.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chan Choo Sing
Executive Chairman and Group Managing Director

Chan Chow Tek
Executive Director

Chan Chor Ngiak
Non-Independent Non-Executive Director

Chan Chor Ang
Non-Independent Non-Executive Director

Cha Peng Koi @ Chia Peng Koi
Executive Director

Tan Chuan Hock
Independent Non-Executive Director

Tey Ah Tee @ Teo Ah Tee
Independent Non-Executive Director

AUDIT COMMITTEE

Tan Chuan Hock (Chairman)
Independent Non-Executive Director

Tey Ah Tee @ Teo Ah Tee
Independent Non-Executive Director

Chan Chor Ngiak
Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Tan Chuan Hock (Chairman)
Independent Non-Executive Director

Tey Ah Tee @ Teo Ah Tee
Independent Non-Executive Director

Chan Chor Ngiak
Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Tan Chuan Hock (Chairman)
Independent Non-Executive Director

Chan Choo Sing
Executive Chairman and Group Managing Director

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
Tel No : 03-2084 9000
Fax No : 03-2094 9940 / 2095 0292

AUDITORS

Ernst & Young
Chartered Accountants
Lot 1, 6th Floor, Menara Pertam,
Jalan BBP 2, Taman Batu Berendam Putra,
Batu Berendam, 75350 Melaka

CORPORATE INFORMATION (cont'd)

SOLICITORS

Enolil Loo
Advocates & Solicitors
No. 3-3, Jalan 26/70A,
Desa Sri Hartamas,
50480 Kuala Lumpur

PRINCIPAL BANKERS

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

SUBSIDIARY COMPANIES

Perusahaan Chan Choo Sing Sdn Bhd (70765-W)
PCCS Garments Limited
Global Apparels Limited
PCCS Garments (Suzhou) Ltd
PCCS (Hong Kong) Limited
Beauty Electronic Embroidering Centre Sdn Bhd (102438-U)
JIT Embroidery Limited
JIT Textiles Limited
Keza Sdn Bhd (138288-U)
Beauty Silk Screen (M) Sdn Bhd (583304-X)
Beauty Silk Screen Limited
Mega Labels & Stickers Sdn Bhd (190144-X)
Mega Labels & Stickers (Selangor) Sdn Bhd (533197-U)
China Roots Packaging Pte Ltd
Blopak China Private Limited
Jusca Garments Sdn Bhd (135950-M)
Shern Yee Garments Sdn Bhd (206960-W)
Jusca Development Sdn Bhd (391830-P)
PCCS Mediserve Sdn Bhd (382952-M)
(Formerly known as PCCS Capital Sdn Bhd)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad Main Board

HOMEPAGE:

http://www.pccsgroup.net/

STATEMENT ON CORPORATE GOVERNANCE

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

The policy of the Company is to achieve best practice in its standard of business integrity in all its activities.

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

In preparing this report, the Board has considered the manner in which it has applied the Principles of the Code and the extent of its compliance with the Best Practices of the Code.

THE BOARD OF DIRECTORS

Board Composition

The Board currently has seven (7) members comprising four (4) Non-Executive Directors (two (2) of whom are independent) and three (3) Executive Directors.

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

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

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

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

Directors' Training

All the Directors have attended the Mandatory Accreditation Training Programme (MAP) prescribed by Bursatra Sdn Bhd, the training arm of Bursa Securities. Directors are also aware of their duty to attend continuous education programmes. The Directors have attended seminars to keep themselves updated on the expectations of their roles and other market developments. During the financial year 2009, the seminar attended was National Seminar on Taxation 2008 conducted by the Inland Revenue of Officers' Union and Inland Revenue Board Malaysia.

Board Meetings

During the financial year ended 31 March 2009, a total of four (4) Board meetings have been held and were attended by most of the Directors. Details of attendance are provided on page 10 of this Annual Report. Additional meetings are held as and when required.

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.

Board Meetings (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 reports and tables, among others, the following:

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

Audit Committee

The Audit Committee currently comprises three (3) members, with Mr. Tan Chuan Hock, the Independent Non-Executive Director, who is a member of the Malaysian Institute of Accountants, in the Chair. The other members are Mr. Tey Ah Tee @ Teo Ah Tee and Mr. Chan Chor Ngiak.

The Audit Committee met five (5) times during the year. The Committee members attended all meetings. Details of their attendance are provided on page 12 of this Annual Report.

The terms of reference which have been revised to comply with the Best Practices of the Code and the LR of Bursa Securities and details of the Audit Committee are set out on pages 11 to 15 of this Annual Report.

Nomination Committee

The Nomination Committee was set up on 7 February 2002 with its current terms of reference adopted on 22 February 2008. Mr. Tan Chuan Hock was appointed as the Chairman with effect from 1 March 2009 in replacement of Mr. Cha Peng Koi @ Chia Peng Koi and its other members are Mr. Tey Ah Tee @ Teo Ah Tee and Mr. Chan Chor Ngiak.

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

The Committee also regularly reviews the Board Structure, Size and Composition as well as considers the Board Succession Plan.

Remuneration Committee

The Remuneration Committee was set up on 7 February 2002, with its current terms of reference adopted on 22 February 2008. Mr. Tan Chuan Hock was appointed as the Chairman with effect from 1 March 2009 in replacement of Mr. Cha Peng Koi @ Chia Peng Koi and its other members are Mr. Chan Choo Sing and Mr. Chan Chor Ngiak.

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

Fees payable to Non-Executive Directors is determined by the Board with the approval from the shareholders at the Annual General Meeting (AGM).

Re-election

In accordance with the Memorandum and Articles of Association of the Company, an election of Directors shall take place each year. At the AGM in every year one-third of the Directors for the time being, or the number nearest to one-third shall retire from office provided always that all Directors shall retire from office at least once every three years in compliance with the LR of Bursa Securities. For the forthcoming AGM, Mr. Chan Chor Ang and Mr. Cha Peng Koi @ Chia Peng Koi have volunteered themselves for re-election.

Directors' Remuneration

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

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

	Salaries and Other emoluments RM'000	Bonus RM'000	Fees RM'000	Total RM'000
Executive Directors	722	-	218	940
Non-Executive Directors	-	-	176	176

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

Range of Remuneration	Number of Directors Executive	Non-Executive
Below RM50,000	1	2
RM50,001 to RM100,000	-	2
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	1	-
RM450,001 to RM500,000	-	-
RM500,001 to RM550,000	1	-

SHAREHOLDERS

Disclosure between the Company and Analyst / Investors

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

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

Annual General Meeting

The AGM is the principal form for dialogue with shareholders. Notice of the AGM and Annual Reports are sent out to shareholders at least 21 days before the date of the meeting.

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

Annual General Meeting (cont'd)

For re-election of Directors, the Board ensures that full information is disclosed through the notice of meeting regarding Directors who are retiring and who are willing to serve if 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.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy and adequacy.

Internal Control

Information on the Group's internal control is presented in the Statement on Internal Control laid out on page 22 to 23 of this Annual Report.

Relationship with the Auditors

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

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

Compliances Statement

The only area of non-compliance with the Code is the recommended disclosure of details of the remuneration of each Director. At this point, the Board is of the view that the disclosure of the remuneration bands of the Directors is sufficient to meet the objectives of the Code.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

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

BOARD RESPONSIBILITY

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

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

CONTROL ENVIRONMENT AND STRUCTURE

The Board confirms that the Group has an adequate and conducive control environment for it to accomplish its business objectives. The Group's internal control system encompasses the Board and its various Board Committees with its specific terms of reference, executive management that is accountable for all its actions and also various monitoring and review procedures that is embedded in the Group's processes. The Board reviews these control processes regularly to ensure that an effective system of internal control is maintained within the Group.

The key elements of the Group's internal control system are described below:

- The Group has a well-defined organisational structure that is aligned to its business and operation requirement. Clearly defined lines of accountability, delegation of responsibility and level of authorisation for all aspects of the business have been laid down and communicated throughout the Group.
- Authority charts are established within the Group to provide a functional framework of authority in approving revenue and capital expenditure.
- The Group's performance is monitored through an integrated budgeting system which requires all material variances to be identified, discussed and resolved by management on a scheduled and ad-hoc basis.
- The Board reviews the Group's financial and operational performance quarterly, which analyses the Group performance with comparison against previous quarter and previous corresponding quarter.
- A comprehensive "Company Manual" is developed to foster long-lasting and harmonious working relationship among the employees and set out the rules and regulations to be adhered by the employees in performing their duties. The manual is regularly reviewed to incorporate the 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 9001:2000 Quality Management System on certain subsidiaries.

RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group's business operations and that the identification and management of risks will affect the achievement of the Group's business objectives. To this end the Board has formalised for the Group a Risk Management Framework by implementing an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and has taken into account the guidance of the Malaysian Code on Corporate Governance.

RISK MANAGEMENT (cont'd)

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

Going forward, on-going process shall be carried out to ensure consistent application, effective functioning of the Risk Management Framework, continued relevance of the risk profile developed, and completion of the management action plan.

INTERNAL AUDIT FUNCTION

The Group Internal Audit Division performed regular and systematic review of the internal control system of the Group and its subsidiaries. The Audit Committee acknowledges that an independent and adequately resourced internal audit function is required to provide assurance on the effectiveness of the system of the internal control in addressing the risks identified. The Group Internal Audit Division reports directly to the Audit Committee on a quarterly basis. The Audit Committee is chaired by an Independent Non-Executive Director and its members comprise of Non-Executive Directors.

The Group Internal Audit Division primarily acts as an assurance unit highlighting significant audit findings, areas for improvement, management comment on the audit findings and subsequently monitors the implementation of its recommended corrective actions. In discharging its responsibilities, the Group Internal Audit Division develops a risk-based plan to cover key operational and financial activities that are significant to the overall performance of the Group.

CONCLUSION

For the financial year under review, the Board is of the opinion that the existing system of internal control is adequate to achieve the Group's business objectives so as to safeguard shareholders' investment and the Group's assets. The Board will continuously assess the adequacy of the Group's system of internal control and make improvements and enhancement to the system as and when necessary.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared in compliance with the 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 are 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 during the financial year and hence no proceeds were raised 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.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme
During the financial year, the Company did not sponsor any ADR or GDR programme.

Imposition of Sanctions and 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 2009 amounted to RM80,824.00 and RM21,600.00 respectively.

Material Contracts Involving Directors and Substantial Shareholders
Other than the recurrent related party transactions disclosed in Note 32 to the Financial Statements for the financial year ended 31 March 2009 on page 75, none of the Directors and substantial shareholders have any material contracts with the Company and/or its subsidiaries during the financial year under review.

Profit Estimate, Forecast or Projection
The Company did not issue any profit estimate, forecast or projection for the financial year ended 31 March 2009. There were no variances of 10% or more between the results for the financial year ended 31 March 2009 and the unaudited results previously announced.

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

Revaluation Policy On Landed Properties
The Company do not have a revaluation policy on landed properties.

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

The Group is committed to conduct its business activities in a socially, economically and environmentally sustainable manner and this is embodied in its Corporate Vision and Mission Statement.

We draw our employees from society and so everything we do with our employees need to be socially responsible, whether we are dealing with basic human rights or gender issues. Employees are expected to maintain the highest standards of integrity in all business relationships and dealings, and the Group is equaled, responsible and committed for the standard in its compliance with all applicable legal and regulatory requirements. We are also committed to ensure a healthy and safe work environment for the well being of our employees.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 March 2009.

FINANCIAL REVIEW

The financial year under review was yet another tough year for us. In fact it was tougher than the previous year, due to substantial increase in the cost of doing business. This was invariably a direct result of the hike in fuel prices which continued to be felt during the financial year under review. The Group made a loss after tax of RM17.2 million, but our revenue continued to increase with the support from our major renowned clients. Revenue increased by 23.5% to RM595.2 million against RM482.0 million achieved for the previous financial year, despite the global credit crisis.

DIVIDEND

The Board does not recommend any dividend payment for the financial year ended 31 March 2009 at the forthcoming Annual General Meeting.

CORPORATE DEVELOPMENTS

As at 30 June 2009, PCCS Group Berhad ("PCCS") has undertaken and completed the following transactions:

1. On 25 March 2009, PCCS Capital Sdn. Bhd., a wholly-owned sub-subsidiary of PCCS changed its name to PCCS Mediserve Sdn. Bhd.

2. On 25 March 2009, PCCS had undertaken an internal reorganization involving two of its subsidiary companies i.e. PCCS Garments (Suzhou) Ltd and PCCS (Hong Kong) Limited.

3. On 1 April 2009, Beauty Electronic Embroidering Centre Sdn. Bhd., a wholly-owned subsidiary of PCCS entered into a sale and purchase agreement on the disposal of an industrial leasehold land together with two (2) units of 1 ½-storey industrial buildings erected thereon, held under H.S(D) 17719, PTD 5977 Mukim Sri Gading, District of Batu Pahat, Johor and bearing postal address PLO 5, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor Darul Takzim, measuring approximately 0.4047 hectares to Harta Fleksipak Sdn. Bhd., at a sale price of RM1,800,000/=.

4. On 1 April 2009, Perusahaan Chan Choo Sing Sdn. Bhd., a wholly-owned subsidiary of PCCS entered into a sale and purchase agreement for the disposal of an industrial leasehold land together with three (3) single storey industrial buildings erected thereon, held under H.S(D) 47791, PTD 12962 Mukim Sri Gading, District of Batu Pahat, Johor and bearing postal address PLO 7, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor Darul Takzim measuring approximately 8741.9864 square meters to Harta Packaging Industries Sdn. Bhd., at a sale price of RM3,000,000/=.

5. On 4 May 2009, PCCS had undertaken an internal reorganization involving three of its subsidiary companies i.e. Blopak China Private Ltd, China Roots Packaging Pte Ltd and Mega Labels (Selangor) Sdn. Bhd.

REVIEW OF GROUP PERFORMANCE

APPAREL DIVISION

For the financial year under review the apparel division continued to register higher sales of RM505.2 million despite the tough economic situation prevailing in the market. The Cambodia and China operations are well established and will continue to spearhead the engine of growth for this segment.

The Cambodia operation presents it with the added advantage as its clients enjoy preferential tariffs for its exports to the major trading blocks around the world, whilst its operations in The People's Republic of China provides its clients with a huge domestic market.

Various cost cutting measures and significant improvement production initiatives were undertaken but it was not sufficient and its profitability was greatly affected. However, these initiatives are ongoing and there has been significant improvement in profitability.

NON-APPAREL DIVISION

The Non-apparel division continued to perform and sales grew by 12.9% to RM90.0 million from RM79.7 million for the previous financial year and out-turned better operating results.

Labeling revenue decreased by 11.35% to RM24.2 million, as compared to RM27.4 million in the previous year due to the depressed market. As a result, its operating profit declined but business remained profitable. The division has taken measures to preserve and consolidate its operation to endure the challenging period ahead so that it will be able to capitalize on the situation when the market improves.

As expected, China Roots Packaging Pte Ltd recorded an improvement in its sales and profitability and this is mainly due to the launch of new products and expansion of its business scope and clientele base. Its sales improved by 58.6% to RM54.3 million against RM34.3 million in the previous year. It achieved an operating profit of RM4.0 million against RM2.4 million in the previous year, representing an increase of 70.4%. The demand for its products and expertise remained robust but the company continued to take various measures to reinforce its competitiveness to stay and grow in the business.

OUTLOOK AND PROSPECT

Under such uncertain macroeconomic conditions, formulating an outlook may prove difficult. We anticipate an increase in revenues however our margins may not cope in the same pace but somehow improving.

Finally it is our ability to deliver products and services that meet the precise requirements of our multinational customers that will sustain our growth momentum and enable PCCS to bounce back and return to profitability.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation and gratitude to the bankers for their support, to the shareholders for their confidence and to the business associates and regulatory authorities for their support and assistance.

My sincere appreciation is also to the Management, staff and all employees of the Group for their invaluable service, undying commitment, loyalty and hard work. I am also grateful to the distinguished members of the Board for their invaluable advice, professionalism and their dedicated contribution to steer the Group towards excellence.

Indeed, our success results from the active participation of our employees, business associates and other stakeholders. Our growth could not be enumerated without the contribution of our people, both past and present.

CHAN CHOO SING
Executive Chairman
31 July 2009

financial statements

DIRECTORS' REPORT

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 2009.

Principal activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 15 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Loss for the year	(17,192)	(789)
Attributable to:		
Equity holders of the Company	(17,242)	(789)
Minority interests	50	-
	(17,192)	(789)

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 other than as disclosed in Note 2.3 to the financial statements.

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
Chan Chor Ngiak
Chan Chor Ang
Cha Peng Koi @ Chia Peng Koi
Tan Chuan Hock
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.

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 8 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.

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			
	1.4.2008	**Bought**	**Sold**	**31.3.2009**
Direct interest -				
Chan Choo Sing	2,597,953	-	-	2,597,953
Chan Chow Tek	2,509,683	452,500	(2,000)	2,960,183
Chan Chor Ang	809,550	-	-	809,550
Chan Chor Ngiak	319,550	-	-	319,550
Indirect interest -				
Chan Choo Sing	27,247,350	-	-	27,247,350
Chan Chow Tek	24,000,078	-	-	24,000,078
Chan Chor Ngiak	24,003,411	-	-	24,003,411
Chan Chor Ang	24,040,078	-	-	24,040,078

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.

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 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.

Other statutory information (cont'd)

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

Significant events

The significant events during the financial year are as disclosed in Note 33 to the financial statements.

Subsequent events

The subsequent events are as disclosed in Note 34 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 dated 21 July 2009.

Chan Choo Sing **Chan Chow Tek**

Melaka, Malaysia

STATEMENT BY DIRECTORS

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

We, Chan Choo Sing and Chan Chow Tek, being two of the directors of PCCS Group Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 36 to 83 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards 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 2009 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 dated 21 July 2009.

Chan Choo Sing

Chan Chow Tek

Melaka, Malaysia

STATUTORY DECLARATION

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

I, Chan Choo Sing, being the director primarily responsible for the financial management of PCCS Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 83 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed, Chan Choo Sing,
at Melaka in the State of Melaka
on 21 July 2009

Chan Choo Sing

Before me,

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 the balance sheets as at 31 March 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements 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 36 to 83.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2009 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PCCS GROUP BERHAD

(Incorporated in Malaysia) (cont'd)

Report on other legal and regulatory requirements

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

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.

(c) We are satisfied that the accounts 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 accounts of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Lee Ah Too
2187/09/09(J)
Chartered Accountant

Melaka, Malaysia
Date: 21 July 2009

INCOME STATEMENTS

For the year ended 31 March 2009

	Note	Group 2009 RM'000	Group 2008 RM'000 (restated)	Company 2009 RM'000	Company 2008 RM'000
Continuing Operations					
Revenue	3	595,186	481,952	2,547	1,270
Cost of sales		(535,141)	(410,411)	-	-
Gross profit		60,045	71,541	2,547	1,270
Other income	4	8,553	2,998	-	-
Administrative expenses		(52,930)	(50,586)	(3,336)	(1,412)
Selling and marketing expenses		(22,909)	(15,670)	-	-
Operating (loss)/profit		(7,241)	8,283	(789)	(142)
Interest expense	5	(11,341)	(8,002)	-	-
(Loss)/profit before tax	6	(18,582)	281	(789)	(142)
Tax income/(expense)	9	1,390	(1,406)	-	-
Loss for the year		(17,192)	(1,125)	(789)	(142)
Attributable to:					
Equity holders of the Company		(17,242)	(1,256)	(789)	(142)
Minority interests		50	131	-	-
		(17,192)	(1,125)	(789)	(142)
Loss per share attributable to equity holders of the Company:					
Basic (sen)	10	(28.7)	(2.1)		
Diluted (sen)	10	(28.7)	(2.1)		

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

BALANCE SHEETS

As at 31 March 2009

	Note	Group 2009 RM'000	Group 2008 RM'000 (restated)	Company 2009 RM'000	Company 2008 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	164,902	147,785	-	-
Investment properties	13	1,540	4,962	-	-
Prepaid land lease payments	14	5,143	4,492	-	-
Investment in subsidiaries	15	-	-	74,575	54,774
Other investment		54	84	-	-
Goodwill		19	19	-	-
		171,658	157,342	74,575	54,774
Current assets					
Inventories	16	79,549	79,887	-	-
Trade receivables	17	100,006	79,182	-	-
Other receivables	18	21,074	19,274	33,395	33,744
Tax recoverable		451	792	640	400
Cash and bank balances	19	21,198	19,588	388	198
		222,278	198,723	34,423	34,342
Non-current asset classified as held for sale	20	2,294	2,400	-	-
		224,572	201,123	34,423	34,342
Total assets		396,230	358,465	108,998	89,116
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	25	60,012	60,012	60,012	60,012
Share premium		4	4	4	4
Foreign exchange reserve	26	6,463	(6,249)	-	-
Legal reserve fund	27	1,536	1,536	-	-
Retained earnings	29	56,050	73,292	18,030	18,819
Shareholders' equity		124,065	128,595	78,046	78,835
Minority interests		320	270	-	-
Total equity		124,385	128,865	78,046	78,835

BALANCE SHEETS

As at 31 March 2009 (cont'd)

	Note	Group 2009 RM'000	Group 2008 RM'000 (restated)	Company 2009 RM'000	Company 2008 RM'000
Non-current liabilities					
Borrowings	21	15,170	30,707	-	-
Deferred tax liabilities	28	1,954	3,508	-	-
Non-current liabilities		17,124	34,215	-	-
Current liabilities					
Borrowings	21	181,452	141,981	-	-
Trade payables	23	35,686	30,126	-	-
Other payables	24	37,555	23,249	30,924	10,252
Dividend payable		28	29	28	29
		254,721	195,385	30,952	10,281
Total liabilities		271,845	229,600	30,952	10,281
Total equity and liabilities		396,230	358,465	108,998	89,116

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Attributable to equity holders of the Company							
		Non-distributable			Distributable			
	Share capital (Note 25) RM'000	Share premium RM'000	Foreign exchange reserve (Note 26) RM'000	Legal reserve fund (Note 27) RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 April 2007								
(as previously stated)	60,012	4	(2,335)	1,271	76,262	135,214	659	135,873
Prior year adjustment (Note 2.3)	-	-	-	-	651	651	-	651
At 1 April 2007 (restated)	60,012	4	(2,335)	1,271	76,913	135,865	659	136,524
Foreign currency translation, representing net income recognised directly in equity	-	-	(3,914)	-	-	(3,914)	-	(3,914)
(Loss)/profit for the year	-	-	-	-	(1,256)	(1,256)	131	(1,125)
Total recognised income and expense for the year	-	-	(3,914)	-	(1,256)	(5,170)	131	(5,039)
Disposal of investment in subsidiaries	-	-	-	-	-	-	(520)	(520)
Transfer to legal reserve fund	-	-	-	265	(265)	-	-	-
Dividends (Note 11)	-	-	-	-	(2,100)	(2,100)	-	(2,100)
At 31 March 2008	60,012	4	(6,249)	1,536	73,292	128,595	270	128,865
At 1 April 2008								
(as previously stated)	60,012	4	(6,249)	1,536	73,050	128,353	270	128,623
Prior year adjustment (Note 2.3)	-	-	-	-	242	242	-	242
At 1 April 2008 (restated)	60,012	4	(6,249)	1,536	73,292	128,595	270	128,865
Foreign currency translation, representing net income recognised directly in equity	-	-	12,712	-	-	12,712	-	12,712
(Loss)/profit for the year	-	-	-	-	(17,242)	(17,242)	50	(17,192)
Total recognised income and expense for the year	-	-	12,712	-	(17,242)	(4,530)	50	(4,480)
At 31 March 2009	60,012	4	6,463	1,536	56,050	124,065	320	124,385

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained earnings (Note 29) RM'000	Total Equity RM'000
At 1 April 2007	60,012	4	21,061	81,077
Loss for the year, representing total recognised income and expense for the year	-	-	(142)	(142)
Dividends (Note 11)	-	-	(2,100)	(2,100)
At 31 March 2008	60,012	4	18,819	78,835
Loss for the year, representing total recognised income and expense for the year	-	-	(789)	(789)
At 31 March 2009	60,012	4	18,030	78,046

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

CASH FLOW STATEMENTS

For the year ended 31 March 2009

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from operating activities				
(Loss)/profit before tax	(18,582)	281	(789)	(142)
Adjustments for :				
Bad debts written off	21	32	-	-
Bad debts recovered	-	(590)	-	-
Depreciation and amortisation:				
- Property, plant and equipment	22,886	18,678	-	-
- Investment properties	78	25	-	-
- Prepaid land lease payments	110	100	-	-
Dividend income	-	-	(960)	(1,110)
Provision for doubtful debts	739	91	-	-
(Gain)/loss from disposal of:				
- Property, plant and equipment	(903)	35	-	-
- Investments properties	(1,944)	45	-	-
- Non-current asset held for sale	7	-	-	-
Impairment of:				
- Other investment	34	27	-	-
- Property, plant and equipment	1,312	-	-	-
Interest expense	11,341	8,002	-	-
Interest income	(99)	(91)	-	-
Negative goodwill written off	-	(85)	-	-
Net unrealised foreign exchange (gain)/loss	(2,813)	193	460	-
Property, plant and equipment written off	2	4	-	-
Operating profit/(loss) before working capital changes	12,189	26,747	(1,289)	(1,252)
Increase in receivables	(24,032)	(33,520)	(6)	(5)
Decrease/(increase) in inventories	338	(32,151)	-	-
Increase in payables	19,867	10,474	15	-
Cash generated from/(used in) operations	8,362	(28,450)	(1,280)	(1,257)
Interest paid	(11,341)	(8,002)	-	-
Tax refunded/(paid)	176	(1,796)	-	(11)
Net cash used in operating activities	(2,803)	(38,248)	(1,280)	(1,268)

CASH FLOW STATEMENTS

For the year ended 31 March 2009 (cont'd)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from investing activities				
Additional investment in subsidiary	-	(435)	-	-
Purchase of:				
- Property, plant and equipment	(32,683)	(34,541)	-	-
- Investment properties	-	(136)	-	-
- Prepaid land lease payments	(260)	-	-	-
Interest received	99	91	-	-
Investment in unit trust	(4)	(11)	-	-
Proceeds from disposal of:				
- Property, plant and equipment	8,976	4,324	-	-
- Investment property	5,288	500	-	-
- Non-current asset held for sale	1,167	-	-	-
Net cash used in investing activities	(17,417)	(30,208)	-	-
Cash flows from financing activities				
Repayment from subsidiaries	-	-	1,471	3,514
Dividends paid	(1)	(2,088)	(1)	(2,088)
Payments of hire purchase and finance lease liabilities	(4,106)	(5,074)	-	-
Drawdown of term loans	-	36,545	-	-
Repayment of term loans	(28,436)	(6,879)	-	-
Increase in short term borrowings	52,644	43,622	-	-
Net cash generated from financing activities	20,101	66,126	1,470	1,426
Net (decrease)/ increase in cash and cash equivalents	(119)	(2,330)	190	158
Effects of foreign exchange rate changes	685	(433)	-	-
Cash and cash equivalents at beginning of year	14,872	17,635	198	40
Cash and cash equivalents at end of year (Note 19)	15,438	14,872	388	198

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

1. Corporate information

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 principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 15. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 July 2009.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia ("FRSs"). At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared under the historical cost basis. The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Subsidiaries and basis of consolidation (cont'd)

(ii) Basis of consolidation (cont'd)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under capital work-in-progress are also not depreciated as these assets are not available for use. 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% - 5%
Plant and machinery	10%
Air conditioners	10%
Factory equipment	10%
Electrical installation	10%
Renovation	10%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	20%

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Property, plant and equipment and depreciation (cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) Impairment of non-financial assets

The carrying amounts of assets, other than investment property and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The depreciation policy for investment properties are in accordance with that for property, plant and equipment as described in Note 2.2(c).

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(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 costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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) 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) 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 net of outstanding bank overdrafts.

(ii) 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.

(iii) 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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(g) Financial instruments (cont'd)

(iv) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(v) 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.

(vi) Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

(h) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2(e)); and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance leases - the Group as lessee

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. Any initial direct costs are also added to the carrying amount of such assets.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(h) Leases (cont'd)

(ii) Finance leases - the Group as lessee (cont'd)

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 recognised in the profit or loss 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 in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

(iii) Operating leases - the Group as lessee

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

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iv) Operating leases - the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(i) Borrowing 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in period in which they are incurred.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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 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 as income or an expense and included in the profit or loss for the period, 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 the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(k) Provisions

Provisions 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, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(l) 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(m) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised net of sales taxes and discounts upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest income

Interest is recognised on an accrual basis using the effective interest method.

(iii) Dividend income

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

(iv) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees, if any, is recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Management fees

Management fees are recognised when services are rendered.

(o) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets (other than deferred tax assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2. Significant accounting policies (cont'd)

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs

On 1 April 2008, the Group and the Company adopted the following revised FRS, amendment to FRS and Interpretations :

FRS 107: Cash Flow Statements
FRS 111: Construction Contracts
FRS 112: Income Taxes
FRS 118: Revenue
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
FRS 134: Interim Financial Reporting
FRS 137: Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121: The effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operations
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste and Electronic Equipment
IC Interpretation 7: Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies
IC Interpretation 8: Scope of FRS 2

The revised FRS, amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Group and the Company except as follows:

(a) FRS 112: Income Taxes

Prior to 1 April 2008, recognition of deferred tax on assets that qualify for reinvestment or other similar allowances in excess of normal capital allowances was prohibited. The adoption of the revised FRS 112 has resulted in a change in the accounting policy whereby deferred tax is to be recognised on such unused allowances to the extent that it is probable that future taxable profit will be available against which these unused allowances can be utilised.

This change in accounting policy has been accounted for retrospectively and as disclosed in Note 2.3(b), certain comparatives have been restated. There were no effect on the Company's financial statements. The effects on the consolidated balance sheet as at 31 March 2009 and the consolidated income statement for the year ended 31 March 2009 are as follows:

	Decrease RM'000
Balance sheet	
Deferred taxation	(281)
Income statement	
Income tax expense	(40)
Loss for the year	(40)

2. Significant accounting policies (cont'd)

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs (cont'd)

(b) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting the revised FRS 112:

	Previously stated RM'000	Increase/ (decrease) RM'000	Restated RM'000
Description of change			
Consolidated balance sheet			
Deferred taxation	3,750	(242)	3,508
Retained earnings			
At 1 April 2007	76,262	651	76,913
At 31 March 2008	73,050	242	73,292
Consolidated Income statement			
Income tax expense	997	409	1,406
Loss for the year	716	409	1,125

2.4 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRS and interpretations	Effective for financial periods beginning on or after
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 123: Borrowing Costs	1 January 2010
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

The new FRS and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 8.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

2. Significant accounting policies (cont'd)

2.5 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Classification between investment properties and property, plant and equipment

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

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

(b) Key sources of estimation uncertainty

(i) Depreciation 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 garment and textiles 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.

(ii) Impairment of property, plant and equipment

The Group carried out the impairment test based on a variety of estimation including the value-in-use of the CGU to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment of the Group as at 31 March 2009 were RM164,902,000 (2008: RM147,785,000).

(iii) Provision for doubtful debts

The Group makes provision for doubtful debts based on management's assessment of the recoverability of receivables. Provisions are made where events and changes in circumstances indicate that the carrying amounts may not recoverable. In assessing the extent of irrecoverable debts, the management has given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Where the expectation is different from the original estimate, such difference will impact the carrying amount of the receivables.

3. Revenue

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sales of goods	595,186	481,952	-	-
Dividend income	-	-	960	1,110
Management fee	-	-	1,587	160
	595,186	481,952	2,547	1,270

4. Other income

	Group	
	2009 RM'000	2008 RM'000
Bad debts recovered	-	590
Gain from disposal of:		
- Property, plant and equipment	903	23
- Investment properties	1,944	-
Negative goodwill written off	-	85
Interest income	99	91
Rental income	558	418
Sales of stock lots	455	839
Sundry income	820	311
Foreign exchange gain:		
- Realised	961	641
- Unrealised	2,813	-
	8,553	2,998

5. Interest expense

	Group	
	2009 RM'000	2008 RM'000
Interest expense on:		
Bank borrowings	10,896	7,742
Hire purchase and finance lease liabilities	445	260
	11,341	8,002

6. (Loss)/profit before tax

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Auditors' remuneration				
- Statutory audit				
Company's auditors	129	115	27	27
Other auditors	45	40	-	-
Underprovision in prior year	1	-	-	-
- Other services				
Company's auditors	71	43	22	20
Bad debts written off	21	32	-	-
Depreciation and amortisation:				
- Property, plant and equipment	22,886	18,678	-	-
- Investment properties	78	25	-	-
- Prepaid land lease payments	110	100	-	-
Direct operating expenses of investment properties :				
- revenue generating during the year	20	16	-	-
Employee benefits expense (Note 7)	133,445	116,850	2,053	931
Impairment of:				
- Other investment	34	27	-	-
- Property, plant and equipment	1,312	-	-	-
Loss from disposal of:				
- Property, plant and equipment	-	58	-	-
- Investments properties	-	45	-	-
- Non-current assets held for sale	7	-	-	-
Minimum operating lease payments:				
- Plant and machinery	172	195	-	-
- Buildings	5,912	5,524	-	-
Non-executive directors' emoluments (Note 8)	176	203	172	203
Provision for doubtful debts	739	91	-	-
Property, plant and equipment written off	2	4	-	-
Unrealised foreign exchange losses	-	193	460	-

7. Employee benefits expense

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Executive directors (Note 8)				
Executive directors of the Company	940	1,700	940	490
Executive directors of subsidiaries	431	220	67	-
	1,371	1,920	1,007	490

7. Employee benefits expense (cont'd)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other staff				
Wages and salaries	123,043	105,493	910	381
Defined contribution plan	3,947	4,062	93	44
Other related costs	5,084	5,375	43	16
	132,074	114,930	1,046	441
	133,445	116,850	2,053	931

8. Directors' remuneration

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors of the Company				
Executive :				
- Salaries and other emoluments	722	1,242	722	302
- Fees	218	188	218	188
- Bonus	-	270	-	-
- Benefits-in-kind	30	39	-	-
	970	1,739	940	490
Non-Executive :				
- Fees	176	203	172	203
Directors of Subsidiaries				
Executive :				
- Salaries and other emoluments	431	203	67	-
- Bonus	-	17	-	-
- Benefits-in-kind	-	-	-	-
	431	220	67	-
Total excluding benefits-in-kind	1,547	2,123	1,179	693
Estimated money value of benefits-in-kind	30	39	-	-
Total including benefits-in-kind	1,577	2,162	1,179	693
Analysis of directors' remuneration:				
Executive directors, excluding benefits-in-kind (Note 7)	1,371	1,920	1,007	490
Non-executive directors (Note 6)	176	203	172	203
Total excluding benefits-in-kind	1,547	2,123	1,179	693

9. Tax (income)/expense

	Group 2009 RM'000	Group 2008 RM'000
Current income tax :		
Malaysian income tax	319	850
Foreign tax	181	470
Real property gains tax	-	7
	500	1,327
Overprovision of Malaysian income tax in prior years	(336)	(49)
	164	1,278
Deferred tax (Note 28) :		
Relating to origination and reversal of temporary difference	(1,157)	36
Relating to changes in tax rate	(126)	(183)
Underprovided in prior years	(271)	275
	(1,554)	128
	(1,390)	1,406

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In the prior year, certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income : 20%
In excess of RM500,000 of chargeable income : 26%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, these subsidiaries no longer qualify for the above preferential tax rates.

A reconciliation of income tax expense applicable to (loss)/profit before tax 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:

	2009 RM'000	2008 RM'000
Group		
(Loss)/profit before tax	(18,582)	281
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	(4,645)	73
Effect of income subject to tax rate of 20%	-	(111)
Effect of different tax rates in other countries	709	217
Effect of income subject to real property gains tax	-	7
Tax exempted under tax holiday in foreign country	(87)	(914)
Effect of income not subject to tax	(829)	(317)

9. Tax (income)/expense (cont'd)

Group (cont'd)	2009 RM'000	2008 RM'000
Effect of decrease in Malaysian income tax rate on opening balance of deferred tax	(126)	(183)
Effect of expenses not deductible for tax purposes	950	714
Utilisation of current year's reinvestment allowances	(155)	(140)
Utilisation of previously unrecognised tax losses	(1,135)	(328)
Deferred tax assets recognised in respect of current year unutilised reinvestment allowances	(96)	-
Deferred tax assets not recognised in respect of current year's unutilised tax losses	4,631	2,162
Underprovision of deferred tax in prior years	(271)	275
Overprovision of tax expense in prior years	(336)	(49)
Tax (income)/expense for the year	(1,390)	1,406
Company		
Loss before tax	(789)	(142)
Taxation at Malaysian statutory tax rate of 25% (2008 : 26%)	(197)	(37)
Effect of expenses not deductible for tax purposes	164	37
Deferred tax assets not recognised in respect of current year's unutilised tax losses	33	-
Tax expense for the year	-	-

Deferred tax assets have not been recognised by the Group in respect of unused tax losses amounting to RM44,414,000 (2008: RM24,075,000) as the subsidiaries concerned have recent history of losses.

10. Loss per share

Basic loss per share is calculated by dividing loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2009 RM'000	2008 RM'000
Loss for the year attributable to ordinary equity holders of the Company (RM '000)	(17,242)	(1,256)
Weighted average number of ordinary shares in issue ('000)	60,012	60,012
Basic loss per share (sen)	(28.7)	(2.1)

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

The comparative basic loss per share has been restated to take into account the effect of the changes in accounting policies (Note 2.3) on loss for the year.

11. Dividends

	Dividends in respect of year		Dividends recognised in Year	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Recognised during the year:				
First and final tax exempt dividend of 3.5%, paid on 11 October 2007 (3.5 sen per ordinary share)	-	2,100	-	2,100
	-	2,100	-	2,100

12. 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
At 31 March 2009						
Cost						
At 1 April 2008	45,589	155,589	40,190	8,412	1,091	250,871
Additions	8,480	15,652	5,438	161	5,740	35,471
Disposals	(2,135)	(5,868)	(909)	(257)	-	(9,169)
Written off	-	(11)	-	-	-	(11)
Reclassification	6,785	139	1	-	(6,925)	-
Reclassified as held for sale (Note 20)	(1,730)	-	-	-	-	(1,730)
Exchange differences	3,441	14,844	4,107	451	193	23,036
At 31 March 2009	60,430	180,345	48,827	8,767	99	298,468
Accumulated depreciation and impairment losses						
At 1 April 2008	5,481	76,310	15,623	5,672	-	103,086
Depreciation charge for the year	1,265	14,465	6,170	986	-	22,886
Disposals	(161)	(643)	(49)	(243)	-	(1,096)
Written off	-	(9)	-	-	-	(9)
Impairment losses	-	-	1,312	-	-	1,312
Reclassified as held for sale (Note 20)	(662)	-	-	-	-	(662)
Exchange differences	310	6,113	1,381	245	-	8,049
At 31 March 2009	6,233	96,236	24,437	6,660	-	133,566
Net carrying amount	54,197	84,109	24,390	2,107	99	164,902

12. Property, plant and equipment (cont'd)

Group (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
At 31 March 2008						
Cost						
At 1 April 2007	49,327	142,308	30,099	8,556	580	230,870
Additions	117	27,071	11,384	1,044	1,192	40,808
Disposals	-	(10,476)	(151)	(763)	-	(11,390)
Written off	-	(8)	-	-	-	(8)
Reclassified as investment properties	(3,911)	-	-	-	-	(3,911)
Reclassification	148	524	4	5	(681)	-
Exchange differences	(92)	(3,830)	(1,146)	(430)	-	(5,498)
At 31 March 2008	45,589	155,589	40,190	8,412	1,091	250,871
Accumulated depreciation						
At 1 April 2007	4,356	71,676	12,312	5,516	-	93,860
Depreciation charge for the year	1,175	12,716	3,780	1,007	-	18,678
Disposals	-	(6,511)	(46)	(474)	-	(7,031)
Written off	-	(4)	-	-	-	(4)
Reclassified as investment properties	(115)	-	-	-	-	(115)
Exchange differences	65	(1,567)	(423)	(377)	-	(2,302)
At 31 March 2008	5,481	76,310	15,623	5,672	-	103,086
Net carrying amount	40,108	79,279	24,567	2,740	1,091	147,785

12. Property, plant and equipment (cont'd)

*** Land and buildings**

	Freehold land RM'000	Buildings RM'000	Total RM'000
At 31 March 2009			
Cost			
At 1 April 2008	3,992	41,597	45,589
Additions	-	8,480	8,480
Disposals	(576)	(1,559)	(2,135)
Reclassification	-	6,785	6,785
Reclassified as held for sale (Note 20)	-	(1,730)	(1,730)
Exchange differences	12	3,429	3,441
At 31 March 2009	3,428	57,002	60,430
Accumulated depreciation			
At 1 April 2008	-	5,481	5,481
Depreciation charge for the year	-	1,265	1,265
Disposals	-	(161)	(161)
Reclassified as held for sale (Note 20)	-	(662)	(662)
Exchange differences	-	310	310
At 31 March 2009	-	6,233	6,233
Net carrying amount	3,428	50,769	54,197
At 31 March 2008			
Cost			
At 1 April 2007	4,232	45,095	49,327
Additions	-	117	117
Reclassified as investment properties	(316)	(3,595)	(3,911)
Reclassification	-	148	148
Exchange differences	76	(168)	(92)
At 31 March 2008	3,992	41,597	45,589
Accumulated depreciation			
At 1 April 2007	-	4,356	4,356
Depreciation charge for the year	-	1,175	1,175
Reclassified as investment properties	-	(115)	(115)
Exchange differences	-	65	65
At 31 March 2008	-	5,481	5,481
Net carrying amount	3,992	36,116	40,108

12. Property, plant and equipment (cont'd)

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

	Group	
	2009 RM'000	2008 RM'000
Plant and machinery	13,661	11,391
Motor vehicles	373	668
	14,034	12,059

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate costs of RM35,471,000 (2008: RM40,808,000) of which RM2,788,000 (2008 : RM6,267,000) were acquired by means of hire purchase arrangements.

(c) The net carrying amounts of property, plant and equipment of the Group amounting to RM34,691,000 (2008: RM27,549,000) are pledged as securities for borrowings as disclosed in Note 21. Certain assets of the Group with net carrying amounts of RM111,770,000 (2008: RM107,979,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 21.

13. Investment properties

	Group	
	2009 RM'000	2008 RM'000
Cost		
At 1 April	5,420	1,940
Addition	-	136
Transfer from property, plant and equipment	-	3,911
Disposal	(3,481)	(567)
At 31 March	1,939	5,420
Accumulated depreciation		
At 1 April	458	340
Depreciation charge for the year	78	25
Transfer from property, plant and equipment	-	115
Disposal	(137)	(22)
At 31 March	399	458
Net carrying amount	1,540	4,962

13. Investment properties (cont'd)

In prior year, the investment properties with net carrying amounts of RM3,830,000 are pledged to banks for credit facilities granted to certain subsidiaries. All other investment properties are subject to negative pledge in relation to banking facilities granted to the Group as described in Note 21.

Fair value is arrived at by reference to market evidence of transaction prices for similar properties or based on offers received for a particular investment property and no valuation has been performed by registered independent valuers. The fair value of the investment properties determined by the directors as at 31 March 2009 is approximately RM2,749,000 (2008 : RM7,600,000).

14. Prepaid land lease payments

	Group	
	2009 RM'000	**2008 RM'000**
At 1 April	4,492	4,770
Addition	260	-
Amortised for the year	(110)	(100)
Exchange differences	501	(178)
At 31 March	5,143	4,492

This is in respect of short-term leasehold land. The prepaid land lease payments with net carrying amounts of RM3,276,000 (2008: RM Nil) are pledged to banks for credit facilities granted to certain subsidiaries. All other prepaid land lease payments are subject to negative pledge in relation to banking facilities granted to the Group as described in Note 21.

15. Investment in subsidiaries

	Company	
	2009 RM'000	**2008 RM'000**
Unquoted shares, at cost	74,840	55,039
Less : Accumulated impairment losses	(265)	(265)
	74,575	54,774

15. Investment in subsidiaries (cont'd)

Details of the subsidiaries are as follows :

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest (%) 2009	2008
Subsidiaries of the Company				
Perusahaan Chan Choo Sing Sdn. Bhd.	Malaysia	Manufacturing 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 of labels and stickers	100	100
Shern Yee Garments Sdn. Bhd. *	Malaysia	Temporarily ceased operations	100	100
Jusca Development Sdn. Bhd. *	Malaysia	Temporarily ceased operations	100	100
PCCS Garments Limited	Cambodia	Manufacturing of apparels	100	100
JIT Textiles Limited	Cambodia	Manufacturing of apparels and providing sub-contracting services	100	100
PCCS Garments (Suzhou) Ltd. *	The People's Republic of China	Manufacturing of apparels	100	-
PCCS (Hong Kong) Limited *	Hong Kong	Marketing of apparels	100	-
Subsidiaries of Perusahaan Chan Choo Sing Sdn. Bhd.				
PCCS Garments (Suzhou) Ltd. *	The People's Republic of China	Manufacturing of apparels	-	100
PCCS (Hong Kong) Limited *	Hong Kong	Marketing of apparels	-	100

15. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest (%) 2009	2008
Subsidiary of Beauty Electronic Embroidering Centre Sdn. Bhd.				
JIT Embroidery Limited	Cambodia	Embroidering of logos, emblems and printing of silk screen products	100	100
Subsidiaries of Mega Labels & Stickers Sdn. Bhd.				
Mega Labels & Stickers (Selangor) Sdn. Bhd.	Malaysia	Printing and sale of labels and stickers	100	100
Blopak China Private Ltd.*	The People's Republic of China	Temporarily ceased operations	100	100
China Roots Packaging Pte. Ltd.*	The People's Republic of China	Manufacturing, value adding and sale of plastic packaging materials	100	100
Subsidiaries of Shern Yee Garments Sdn. Bhd.				
PCCS Mediserve Sdn. Bhd.* (formerly known as PCCS Capital Sdn. Bhd.)	Malaysia	Trading of apparels	100	100
Global Apparels Limited	Cambodia	Manufacturing of apparels	70	70
Subsidiary of Jusca Development Sdn. Bhd.				
Beauty Silk Screen (M) Sdn. Bhd.*	Malaysia	Marketing of silk screen printing products	95	95
Subsidiary of Beauty Silk Screen (M) Sdn. Bhd.				
Beauty Silk Screen Limited	Cambodia	Printing of silk screen products	95	95

* Audited by firms other than Ernst & Young.

16. Inventories

	Group 2009 RM'000	Group 2008 RM'000
Cost		
Raw materials	37,966	34,007
Work-in-progress	28,183	28,782
Finished goods	6,945	7,324
	73,094	70,113
Net realisable value		
Raw materials	2,360	3,717
Work-in-progress	-	943
Finished goods	4,095	5,114
	79,549	79,887

17. Trade receivables

	Group 2009 RM'000	Group 2008 RM'000
Trade receivables	100,771	79,238
HPI Resources Berhad and its subsidiaries #	30	35
	100,801	79,273
Less : Provision for doubtful debts	(795)	(91)
	100,006	79,182

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 significant concentration of credit risk that may arise from exposures to a trade debtor who accounted for 31% (2008: 35%) of total trade receivables as at balance sheet date.

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

18. Other receivables

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Due from subsidiaries	-	-	33,372	33,727
Receivable arising from disposal of freehold land	-	39	-	-
Sundry receivables, deposits and prepayments	21,109	19,235	23	17
	21,109	19,274	33,395	33,744
Less : Provision for doubtful debts	(35)	-	-	-
	21,074	19,274	33,395	33,744

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

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

19. Cash and cash equivalents

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Cash on hand and at banks	21,176	19,566	388	198
Deposits with licensed banks	22	22	-	-
Cash and bank balances	21,198	19,588	388	198

Deposits with licensed banks of the Group amounting to RM17,000 (2008: RM17,000) are pledged to banks for bank guarantee facilities granted to certain subsidiaries.

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

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Cash and bank balances	21,198	19,588	388	198
Less: Bank overdrafts (Note 21)	(5,743)	(4,699)	-	-
	15,455	14,889	388	198
Less: Deposits pledged to banks	(17)	(17)	-	-
Cash and cash equivalents	15,438	14,872	388	198

The weighted average effective interest rates and average maturities of deposits at the balance sheet date were 2.52% (2008: 3.38%) per annum and 319 days (2008: 365 days) respectively.

20. Non-current asset classified as held for sale

	Group 2009 RM'000	Group 2008 RM'000
Residential houses	1,226	2,400
Factory buildings (Note 12)	1,068	-
	2,294	2,400

21. Borrowings

	Group 2009 RM'000	Group 2008 RM'000
Short term borrowings		
Unsecured :		
Bank overdrafts	5,743	3,896
Short term revolving credit	31,849	5,607
Bankers' acceptances	42,816	43,236
Trade loans	19,073	11,724
Trust receipts	21,833	9,155
Export bill financing	13,932	12,422
Term loans	11,830	26,976
	147,076	113,016
Secured :		
Bank overdrafts	-	803
Short term revolving credit	18,082	10,356
Bankers' acceptances	7,251	4,627
Trust receipts	-	5,065
Term loans	4,311	3,292
Hire purchase and finance lease liabilities (Note 22)	4,732	4,822
	34,376	28,965
	181,452	141,981
Long term borrowings		
Unsecured :		
Term loans	4,879	19,005
Secured :		
Term loans	5,988	6,171
Hire purchase and finance lease liabilities (Note 22)	4,303	5,531
	15,170	30,707

21. Borrowings (cont'd)

	Group 2009 RM'000	Group 2008 RM'000
Total borrowings		
Bank overdrafts (Note 19)	5,743	4,699
Short term revolving credit	49,931	15,963
Bankers' acceptances	50,067	47,863
Trade loans	19,073	11,724
Trust receipts	21,833	14,220
Export bill financing	13,932	12,422
Term loans	27,008	55,444
Hire purchase and finance lease liabilities (Note 22)	9,035	10,353
	196,622	172,688
Maturity of borrowings (excluding hire purchase and finance lease liabilities)		
Within one year	176,720	137,159
More than 1 year and less than 2 years	7,955	15,312
More than 2 years and less than 5 years	2,912	9,864
	187,587	162,335

The weighted average effective interest rates as at the balance sheet date for borrowings, excluding hire purchase and finance lease liabilities, were as follows:

	Group 2009 %	Group 2008 %
Bank overdrafts	6.3	8.9
Bankers' acceptances	3.5	4.1
Short term revolving credit	6.2	7.2
Trade loans	2.4	4.5
Trust receipts	5.9	6.1
Export bill financing	2.8	4.0
Term loans	6.4	6.0

The unsecured borrowings of the Group are guaranteed by the Company and with negative pledges over certain assets of the Group as disclosed in Note 12, Note 13 and Note 14.

The secured borrowings are secured by certain land and buildings of the Group as disclosed in Note 12, Note 13 and Note 14.

22. Hire purchase and finance lease liabilities

	Group 2009 RM'000	Group 2008 RM'000
Future minimum and lease payments :		
Not later than 1 year	5,142	5,357
Later than 1 year and not later than 2 years	2,119	4,244
Later than 2 years and not later than 5 years	2,818	1,727
	10,079	11,328
Less : Future finance charges	(1,044)	(975)
Present value of finance lease liabilities	9,035	10,353
Present value of finance lease liabilities:		
Not later than 1 year	4,732	4,822
Later than 1 year and not later than 2 years	1,883	3,978
Later than 2 years and not later than 5 years	2,420	1,553
	9,035	10,353
Analysed as:		
Due within 12 months (Note 21)	4,732	4,822
Due after 12 months (Note 21)	4,303	5,531
	9,035	10,353

The hire purchase bore interest at the balance sheet date of between 2.30% to 4.05% (2008: 2.30% to 4.20%) per annum.

23. Trade payables

Trade payables are non-interest bearing and the normal trade terms 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 2009 RM'000	Group 2008 RM'000
HPI Resources Berhad and its subsidiaries #	4,118	630

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

24. Other payables

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Due to subsidiaries	-	-	30,483	9,826
Due to a director	336	-	-	-
Due to supplier of property, plant and equipment	-	286	-	-
Other payables and accruals	37,219	22,963	441	426
	37,555	23,249	30,924	10,252

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

	Group	
	2009 RM'000	2008 RM'000
HPI Resources Berhad and its subsidiaries #	975	833
Other companies	76	-
	1,051	833

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

25. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2009 '000	2008 '000	2009 RM'000	2008 RM'000
Authorised	100,000	100,000	100,000	100,000
Issued and fully paid	60,012	60,012	60,012	60,012

26. Foreign exchange reserve

The foreign currency translation reserve is used to record 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. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

27. Legal reserve fund

In accordance to the Memorandum and Articles of Association of PCCS Garments Limited ("PGL") and Beauty Silk Screen Limited ("BSSL"), subsidiaries of the Group, PGL and BSSL shall set aside five (5) percent of their profit as 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 the respective subsidiaries.

28. Deferred tax liabilities

	Group	
	2009 RM'000	**2008 RM'000 (restated)**
At 1 April	3,508	3,380
Recognised in the income statement (Note 9)	(1,554)	128
At 31 March	1,954	3,508

Presented after appropriate as follows:

	2009 RM'000	**2008 RM'000**
Deferred tax assets	(1,980)	(602)
Deferred tax liabilities	3,934	4,110
	1,954	3,508

The components and movements of deferred tax liabilities/(assets) during the financial year are as follows:

	Unutilised reinvestment allowances, tax losses and unabsorbed capital allowances RM'000	**Others RM'000**	**Property, plant and equipment RM'000**	**Total RM'000**
At 1 April 2007	(650)	(159)	4,297	3,488
Recognised in the income statement	110	97	(187)	20
At 31 March 2008	(540)	(62)	4,110	3,508
Recognised in the income statement	(1,440)	246	(360)	(1,554)
At 31 March 2009	(1,980)	184	3,750	1,954

29. Retained earnings

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

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 March 2009 and 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 March 2009 and 2008, the Company has sufficient tax credit in the 108 balance to pay franked dividends amounting to RM5,848,000 (2008: RM5,910,000) out of its retained earnings. If the balance of the retained earnings were to be distributed as dividend, the Company may distribute such dividends under the single tier system.

30. Commitments

(a) Capital commitments

	Group	
	2009 RM'000	2008 RM'000
Capital expenditure :		
Approved and contracted for	4,007	10,283

(b) Operating lease commitments

The Group has entered into a non-cancellable operating lease agreement for the use of land and buildings. The lease is for a period of 5 to 70 years with a renewal option included in the contract. There are no restrictions placed upon the Group by entering into these leases.

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

	Group	
	2009 RM'000	2008 RM'000
Future minimum rentals payables:		
Not later than 1 year	3,711	4,203
Later than 1 year and not later than 2 years	3,974	3,951
Later than 2 years and not later than 5 years	6,906	8,836
Later than 5 years	23,440	21,626
	38,031	38,616

31. Contingent liabilities - unsecured

	Company	
	2009	**2008**
	RM'000	**RM'000**
Corporate guarantee issued to financial institutions for credit facilities utilised by subsidiaries	196,374	171,714

32. Related party disclosures

(a) The following transactions have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

(i) Subsidiaries:

- Perusahaan Chan Choo Sing Sdn. Bhd. ("PCCSSB")
- Beauty Electronic Embroidering Centre Sdn. Bhd. ("BEEC")
- Jusca Garments Sdn. Bhd. ("JGSB")
- Keza Sdn. Bhd. ("Keza")
- Mega Labels & Stickers Sdn. Bhd. ("Mega")
- Mega Labels & Stickers (Selangor) Sdn. Bhd. ("Mega Selangor")
- PCCS Garments Limited ("PGL")
- Global Apparels Limited ("GAL")
- Beauty Silk Screen Limited. ("BSSL")
- Beauty Silk Screen (M) Sdn. Bhd. ("BSSM")
- China Roots Packaging Pte. Ltd. ("CRPPL")
- JIT Embroidery Limited ("JEL")
- JIT Textiles Limited ("JTL")

(ii) Companies in which certain directors have interests:

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

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

	Group	
	2009	**2008**
	RM'000	**RM'000**
Transactions with HPIRB:		
Purchases of packing materials	6,595	4,678
Sales of labels and stickers	140	166
Carriage and transport charges	117	222

32. Related party disclosures (cont'd)

	Company 2009 RM'000	Company 2008 RM'000
Transactions with subsidiaries:		
Management fees received from:		
- BEEC	16	-
- Keza	39	-
- Mega	106	160
- Mega Selangor	34	-
- PGL	693	-
- GAL	257	-
- BSSL	186	-
- BSSM	5	-
- CRPPL	213	-
- JEL	30	-
- JTL	8	-
Dividend income received from JGSB	960	1,110
Payment received from:		
- BSSM	-	17
- Mega	300	50
Transfer of fund from:		
- PCCSSB	434	2,295
- Mega	1,600	450
- JGSB	770	-
Purchase of subsidiaries from PCCSSB	19,801	-
Payment on behalf for PCCSSB	1,555	-
Received on behalf of PCCSSB	-	863

(b) Compensation of key management personnel

The remuneration of key management personnel comprising solely executive directors as disclosed in Note 8.

33. Significant events

On 25 March 2009, the Company entered into two sale and purchase agreements with its subsidiary, Perusahaan Chan Choo Sing Sdn. Bhd. ("PCCSSB") for the acquisition of the entire issued and paid up share capital of PCCS Garments (Suzhou) Ltd. ("SGL") and PCCS (Hong Kong) Limited ("PHKL") for a total consideration of RM19,801,000. The internal reorganisation resulting in SGL and PHKL became 100% owned subsidiaries of the Company.

34. Subsequent events

(a) On 1 April 2009, the Group through its subsidiaries namely PCCSSB and BEEC, entered into two sale and purchase agreements with HPI Resources Berhad's subsidiaries ("HPIRB"), companies in which certain directors, Chan Choo Sing, Chan Chow Tek, Chan Chor Ang and Chan Chor Ngiak have interests, for the disposal of two pieces of industrial leasehold land and industrial buildings erected thereon for a total consideration of RM4,800,000. The disposals had resulted in a gain of approximately RM3,088,000 to the Group.

(b) On 4 May 2009, the Company entered into three sale and purchase agreements with its subsidiary, Mega Labels & Stickers Sdn. Bhd. ("Mega") for the acquisition of the entire issued and paid up share capital of Mega Labels & Stickers (Selangor) Sdn. Bhd. ("Mega Selangor"), Blopak China Pte. Ltd. ("Blopak") and China Roots Packaging Pte. Ltd. ("CRP") for a total consideration of RM34,571,000. The internal reorganisation resulting in Mega Selangor, Blopak and CRP became 100% owned subsidiaries of the Company.

35. 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 risk, foreign currency risk, liquidity risk 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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

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

(c) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars, Singapore Dollars, Hong Kong Dollars, Euro, Cambodia Reils and Chinese Renminbi. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transactions exposures are hedged, mainly with the derivative financial instruments such as forward foreign exchange contracts.

35. Financial instruments (cont'd)

(c) Foreign currency risk (cont'd)

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

	Net financial assets/(liabilities) held in non-functional currencies					
	Ringgit Malaysia RM'000	Euro RM'000	United States Dollars RM'000	Cambodia Reils RM'000	Singapore Dollars RM'000	Total RM'000
Functional currency of Group companies						
At 31 March 2009						
Ringgit Malaysia	-	-	(21,235)	13	(112)	(21,334)
Chinese Renminbi	-	(18)	(6,035)	-	-	(6,053)
United States Dollars	(1,092)	(205)	-	849	-	(448)
Hong Kong Dollars	-	-	3,104	-	-	3,104
	(1,092)	(223)	(24,166)	862	(112)	(24,731)

	Ringgit Malaysia RM'000	Euro RM'000	United States Dollars RM'000	Hong Kong Dollars RM'000	Singapore Dollars RM'000	Total RM'000
At 31 March 2008						
Ringgit Malaysia	-	(19)	1,501	(593)	(397)	492
Chinese Renminbi	-	(350)	(22,836)	-	-	(23,186)
United States Dollars	(1,460)	(80)	-	33	(9)	(1,516)
Hong Kong Dollars	-	-	900	-	-	900
	(1,460)	(449)	(20,435)	(560)	(406)	(23,310)

As at balance sheet date, the Group entered into forward foreign exchange contracts with the following notional amount and maturity :

		Notional Amount 2009 RM'000	Notional Amount 2008 RM'000
Forwards used to hedge trade receivables - United States Dollars	Maturity within 1 year	83,881	9,563

35. Financial instruments (cont'd)

(c) Foreign currency risk (cont'd)

The net unrecognised (losses)/gains as at balance sheet date on forward contracts used to hedge anticipated sales which are expected to occur during the next twelve months and are deferred until the related sales occur, at which time they will be included in the measurement of the sales is as follows:

	Group	
	2009 RM'000	2008 RM'000
Net unrealised (losses)/gains	(7,751)	315

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group 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 at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. 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 and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty except for the amounts due from a debtor as disclosed in Note 17. The directors believe that this will not create significant problems for the Group in view of the length of relationship and because 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

The carrying amounts of financial assets and liabilities of the Group at the balance sheet date approximated their fair values in view of their relatively short maturity periods except for the followings:

		Group	
	Note	Carrying Amount RM'000	Fair Value RM'000
As at 31 March 2009:			
Hire purchase and finance lease liabilities	22	9,035	9,888
Forward foreign exchange contracts	35(c)	-	8,580
As at 31 March 2008:			
Hire purchase and finance lease liabilities	22	10,353	10,440
Forward foreign exchange contracts	35(c)	-	15

The fair value of a forward foreign currency contract is estimated based on the amount that would be payable or receivable on termination of the outstanding position arising and is determined by obtaining quotes from brokers.

36. 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 negotiated and mutually agreed basis.

31 March 2009

	Malaysia RM'000	Cambodia RM'000	The People's Republic of China RM'000	Hong Kong RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	295,634	4,608	173,652	121,292	-	595,186
Inter-segment sales	20,075	313,412	-	2,673	(336,160)	-
Total revenue	315,709	318,020	173,652	123,965	(336,160)	595,186
Results						
Operating (loss)/profit	(818)	(20,252)	8,388	5,441	-	(7,241)
Interest expense						(11,341)
Loss before tax						(18,582)
Income tax expense						1,390
Loss for the year						(17,192)
Assets						
Segment assets	109,961	103,225	153,332	29,261	-	395,779
Unallocated assets						451
Consolidated total assets						396,230
Liabilities						
Segment liabilities	89,853	45,532	84,471	27,364	-	247,220
Unallocated liabilities						24,625
Consolidated total liabilities						271,845
Other segment information						
Capital expenditure	2,337	12,904	19,603	627	-	35,471
Depreciation and amortisation:						
- Property, plant and equipment	5,908	8,196	8,616	166	-	22,886
- Investment properties	29	-	-	49	-	78
- Prepaid land lease payments	41	-	69	-	-	110
Other significant non-cash expenses:						
- Provision for doubtful debts	168	571	-	-	-	739
- Impairment of property, plant and equipment	-	1,312	-	-	-	1,312

36. Segmental information (cont'd)

(a) Primary reporting segment - Geographical segments (cont'd)

31 March 2008

	Malaysia RM'000	Cambodia RM'000	The People's Republic of China RM'000	Hong Kong RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	359,970	109	108,657	13,216	-	481,952
Inter-segment sales	14,402	249,592	-	3,823	(267,817)	-
Total revenue	374,372	249,701	108,657	17,039	(267,817)	481,952
Result						
Operating profit/ (loss)	7,090	786	1,927	(1,520)	-	8,283
Interest expense						(8,002)
Profit before tax						281
Income tax expense						(1,406)
Loss for the year						(1,125)
Assets						
Segment assets	145,350	90,818	115,017	6,488	-	357,673
Unallocated assets						792
Consolidated total assets						358,465
Liabilities						
Segment liabilities	95,327	31,646	61,503	10,663	-	199,139
Unallocated liabilities						30,461
Consolidated total liabilities						229,600
Other segment information						
Capital expenditure	5,489	17,891	17,175	253	-	40,808
Depreciation and amortisation:						
- Property, plant and equipment	6,092	6,531	5,861	194	-	18,678
- Investment properties	25	-	-	-	-	25
- Prepaid land lease payments	38	-	62	-	-	100

36. Segmental information (cont'd)

(b) Secondary reporting segment - Business segments

The Group is organised into three major significant business segments:
(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.

31 March 2009

	Apparel RM'000	Labelling RM'000	Packaging RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	505,172	21,543	54,279	14,192	-	595,186
Inter-segment sales	301,786	2,630	-	31,744	(336,160)	-
Total revenue	806,958	24,173	54,279	45,936	(336,160)	595,186
Results						
Operating (loss)/profit	(15,803)	3,500	4,025	1,037	-	(7,241)
Interest expense						(11,341)
Loss before tax						(18,582)
Income tax expense						1,390
Loss for the year						(17,192)
Assets						
Segment assets	276,696	22,984	72,581	23,518	-	395,779
Unallocated assets						451
Consolidated total assets						396,230
Liabilities						
Segment liabilities	209,523	3,226	22,323	12,148	-	247,220
Unallocated liabilities						24,625
Consolidated total liabilities						271,845
Other segment information						
Capital expenditure	24,248	1,973	8,882	368	-	35,471
Depreciation and amortisation:						
- Property, plant and equipment	13,926	2,206	5,169	1,585	-	22,886
- Investment properties	52	-	-	26	-	78
- Prepaid land lease payments	41	-	69	-	-	110
Other significant non-cash expenses:						
- Provision for doubtful debts	125	33	-	581	-	739
- Impairment of property, plant and equipment	1,312	-	-	-	-	1,312

36. Segmental information (cont'd)

(b) Secondary reporting segment - Business segments (cont'd)

31 March 2008

	Apparel RM'000	Labelling RM'000	Packaging RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	402,324	24,300	34,320	21,008	-	481,952
Inter-segment sales	243,708	3,078	-	21,031	(267,817)	-
Total revenue	646,032	27,378	34,320	42,039	(267,817)	481,952
Results						
Operating profit/(loss)	4,925	4,609	2,904	(4,155)	-	8,283
Interest expense						(8,002)
Profit before tax						281
Income tax expense						(1,406)
Loss for the year						(1,125)
Assets						
Segment assets	240,292	24,190	59,437	33,754	-	357,673
Unallocated assets						792
Consolidated total assets						358,465
Liabilities						
Segment liabilities	167,596	3,516	16,225	11,802	-	199,139
Unallocated liabilities						30,461
Consolidated total liabilities						229,600
Other segment information						
Capital expenditure	20,451	3,348	4,174	12,835	-	40,808
Depreciation and amortisation:						
- Property, plant and equipment	10,378	2,122	4,352	1,826	-	18,678
- Investment properties	23	-	-	2	-	25
- Prepaid land lease payments	38	-	62	-	-	100

GROUP PROPERTIES

As at 31 March 2009

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	Plo 7, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor, Malaysia.	3 Blocks Office and Factory Buildings	Leasehold expiring 01/04/2051	87,120 (46,684)	18	1,736,231	13/08/1993*
2	No. 18, Jalan Keris Naga, Taman Pasifik Selatan, 83000 Batu Pahat, Johor, Malaysia.	4 Storey Building Complex	Freehold	6,056 (13,946)	16	802,428	04/04/1994*
3	No. 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)	17	322,067	04/04/1994*
4	No. 16, Jalan Pisang, Taman Maju, Parit Raja, 86400 Batu Pahat, Johor, Malaysia.	Single Storey Semi-Detached House	Freehold	2,400 (1,414)	16	51,989	04/04/1994*
5	Plo 10, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor, Malaysia.	3 Blocks Office and Factory Buildings	Leasehold expiring 10/09/2051	114,127 (82,720)	13	5,134,692	21/04/1995
6	Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	Office and Factory Building	Freehold	185,130# (88,000)	11	9,044,234	12/12/1997
7	Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	2 Blocks of Hostel Building	Freehold	74,104 (148,844)	6	4,403,676	31/03/2004
8	No. 32, Jalan Ikhtiari 2, Taman Ikhtiari, 84900 Tangkak, Muar, Johor, Malaysia.	Double Storey Terrace House	Freehold	4,864 (3,080)	3	193,659	01/03/2006
9	No. 14, Jalan Ikhtiari 1, Taman Ikhtiari, 84900 Tangkak, Muar, Johor, Malaysia.	Double Storey Shophouse	Freehold	14,880 (14,080)	3	178,742	01/03/2006
	# Inculding 74,104 sq ft for Hostel - Item 7						
	Beauty Electronic Embroidering Centre Sdn Bhd						
10	Plo 5, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor, Malaysia.	2 Blocks Detached Factory and Ancillary Building	Leasehold expiring 01/03/2043	43,560 (30,292)	24	847,850	04/04/1994*
11	No. 53, Jalan Bunga Dahlia 9, Taman Aman, 81400 Senai, Johor, Malaysia.	Single Storey Terrace House	Freehold	1,200	22	96,000	22/09/1998

GROUP PROPERTIES

As at 31 March 2009 (cont'd)

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*
	Keza Sdn Bhd						
12	No. 11A, Jalan 3, Tmn. Perindustrian Sinaran, 86000 Kluang, Johor	Factory Building	Freehold	2,002	10	135,333	04/09/2007
	China Roots Packaging Pte Ltd						
13	Lot JGQ-C2, East Zone of Guangzhou Economic Development Zone, Guangzhou, Guangdong Province P.R.C.	1 Block Detached Factory and 1 Ancillary Building	Leasehold expiring 26/03/2054	321,141 (179,940)	4	30,312,866	05/04/2005
	PCCS Garments (Suzhou) Ltd						
14	North Side of Road 318, Jin Xing Village, Zhen Ze Town Development Zone, 215231 Zhen Ze ,Wu Jiang City, Jiang Su Province, China.	2 Blocks of factory building 1 Block of dormitory	Leasehold expiring 3/11/2052 27/7/2058	15,097 2,184	7 1	6,856,229 1,832,008	28/08/2008 21/08/2008

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2009

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	214	7.22	10,953	0.02
100 – 1,000	245	8.27	210,744	0.35
1,001 – 10,000	2,164	73.06	7,648,348	12.74
10,001 – 100,000	300	10.13	7,755,481	12.92
100,001 - 3,000,599 (*)	38	1.28	20,386,398	33.97
3,000,600 and above (**)	1	0.03	24,000,078	39.99
TOTAL	2,962	100.00	60,012,002	100.00

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

LIST OF SUBSTANTIAL SHAREHOLDERS

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

	Direct Interest		Indirect Interest	
Substantial Shareholders	No. of Shares	%	No. of Shares	%
Chan Choo Sing	2,597,953	4.33	27,247,350 [(1)]	45.40
Chan Chow Tek	2,960,183	4.93	24,000,078 [(2)]	39.99
Chan Chor Ngiak	319,550	0.53	24,003,411 [(3)]	40.00
Chan Chor Ang	809,550	1.35	24,040,078 [(4)]	40.06
Chan Kok Hiang @ Chan Kock Hiang	226,333	0.38	24,000,078 [(5)]	39.99
Setia Sempurna Sdn Bhd	24,000,078	39.99	-	-

Notes:

(1) Deemed interested by virtue of his direct interest of 27.0% 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 20.0% in the equity of Setia Sempurna Sdn Bhd.

(3) 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 Mok Gwa Nang's shareholding of 0.01% in PCCS.

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

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

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2009 (cont'd)

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	2,597,953	4.33	27,247,350 [1]	45.40
Chan Chow Tek	2,960,183	4.93	24,000,078 [2]	39.99
Chan Chor Ngiak	319,550	0.53	24,003,411 [3]	40.00
Chan Chor Ang	809,550	1.35	24,040,078 [4]	40.06
Cha Peng Koi @ Chia Peng Koi	-	-	-	-
Tan Chuan Hock	-	-	-	-
Tey Ah Tee @ Teo Ah Tee	-	-	-	-

Notes:

(1) Deemed interested by virtue of his direct interest of 27.0% 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 20.0% in the equity of Setia Sempurna Sdn Bhd.

(3) 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 Mok Gwa Nang's shareholding of 0.01% 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	2,781,039	4.63
3.	Chan Choo Sing	2,597,953	4.33
4.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Chow Tek*	1,823,883	3.04
5.	Yap Shing @ Yap Sue Kim	1,342,566	2.24
6.	Amanah Raya Nominees (Tempatan) Sdn Bhd *Skim Amanah Saham Bumiputera*	1,327,766	2.21
7.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Chow Tek*	1,136,300	1.89
8.	Ng Choon Fatt	851,733	1.42
9.	Chan Chor Ang	809,550	1.35

THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No.	Shareholders	Number of Shares	Percentage of Issued Capital
10.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohd Radzuan Bin Ab Halim*	661,666	1.10
11.	Ng Cheu Peng	657,400	1.10
12.	Lim Poh Teot	642,466	1.07
13.	Yap Nyet Yune	468,333	0.78
14.	Wetex Industries Sdn Bhd	441,000	0.73
15.	Tan Kim Kee @ Tan Kee	323,300	0.54
16.	Chan Chor Ngiak	319,550	0.53
17.	CitiGroup Nominees (Asing) Sdn Bhd *CitiGroup GM Inc for SC Fundamental Value Fund LP*	300,718	0.50
18.	Chan Wee Kiang	285,233	0.48
19.	Gan Surt Neo	282,900	0.47
20.	Yung Lay Kiang	256,666	0.43
21.	Kwan Chee Tong	253,129	0.42
22.	Yeo Eck Liong	234,666	0.39
23.	Chan Kok Hiang @ Chan Kock Hiang	226,333	0.38
24.	Wong Shak On	208,000	0.35
25.	CitiGroup Nominees (Asing) Sdn Bhd *CitiGroup GM Inc for SC Asian Opportunity Fund, L.P.*	202,986	0.34
26.	Tan Hock Seng	200,000	0.33
27.	CitiGroup Nominees (Asing) Sdn Bhd *CitiGroup GM Inc for SC Fundamental Value BVI Ltd*	176,996	0.29
28.	Yeo Eck Liong	166,100	0.28
29.	Tan Poay Jong	165,400	0.28
30.	Ho, Wei-Hua	163,500	0.27
		43,307,210	72.16

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

FORM OF PROXY

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

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

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

of ____
(Full Address)

being a *Member/Members of PCCS GROUP BERHAD, do hereby appoint ____

____
(Full Name In Capital Letters)

of ____
(Full Address)

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

of ____
(Full Address)

or failing *him/her, the CHAIRMAN OF THE MEETING, as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Fifteenth 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, 28 August 2009 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.

			For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 March 2009 together with the Reports of the Directors and the Auditors thereon.			
	Resolutions		**For**	**Against**
2.	To approve the Directors' fees for the financial year ended 31 March 2009.	**(Resolution 1)**		
3(a)	To re-elect Mr. Chan Chor Ang in accordance with Article 94 of the Company's Articles of Association.	**(Resolution 2)**		
3(b)	To re-elect Mr. Cha Peng Koi @ Chia Peng Koi in accordance with Article 94 of the Company's Articles of Association.	**(Resolution 3)**		
4.	To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorize the Directors to fix their remuneration.	**(Resolution 4)**		
5.	As Special Business Ordinary Resolution No. 1 Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965	**(Resolution 5)**		
6.	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	**(Resolution 6)**		

* Strike out whichever not applicable

Signed this ______________ day of ____________________ 2009

____
Signature of Member/Common Seal

Notes:

1. For the purpose of determining a member who shall 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 21 August 2009. Only a depositor whose name appears on the Record of Depositors as at 21 August 2009 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.

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

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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Stamp

THE COMPANY SECRETARY

PCCS GROUP BERHAD
(280929-K)
PLO 10, Kawasan Perindustrian Parit Raja,
86400 Batu Pahat, Johor Darul Takzim

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