PCCS GROUP BERHAD

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

Suzhou, China

Guangzhou, China

Phnom Penh, Cambodia

Annual Report 2008

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth 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 Tuesday, 26 August 2008 at 10:00 a.m. for the following purposes: -

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2008 together with the Reports of the Directors and the Auditors thereon.

2. To approve the Directors' fees for the financial year ended 31 March 2008. **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 Chow Tek **Resolution 2**
   (b) Mr. Chan Chor Ngiak **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 and Special 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**

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 (Bursa Securities), 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 04 August 2008 (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**

SPECIAL RESOLUTION
- PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

"THAT the alteration, modifications, deletions and/or additions to the Articles of Association of the Company as set out in Appendix I of Part B of the Circular to Shareholders dated 04 August 2008 be and are hereby approved;

AND THAT the Directors of the Company be and are hereby authorised to assent to any condition, modification, variation and/or amendment as may be required by Bursa Malaysia Securities Berhad; AND THAT the Directors and Secretary of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the amendments as set out in Appendix I of Part B of the Circular to Shareholders."

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

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

Johor Darul Takzim
04 August 2008

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.

3. Proposed Amendments to the Articles of Association

   The proposed adoption of the Special Resolution is to enable the Company to streamline the existing Articles of Association with current developments/amendments under the Listing Requirements of Bursa Malaysia Securities Berhad and the Companies Act, 1965.

Notes:

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

2. 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.

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

4. 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.

5. 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 Fourteenth Annual General Meeting of PCCS Group Berhad are as follows:-

   i. Mr. Chan Chow Tek (Article 94 of the Company's Articles of Association)
   ii. Mr. Chan Chor Ngiak (Article 94 of the Company's Articles of Association)

   Their particulars can be found on pages 7 and 8 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.

PROFILE OF DIRECTORS

1. CHAN CHOO SING : Non-Independent Executive Chairman and Group Managing Director

2. CHAN CHOW TEK : Non-Independent 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 : Senior Independent Non-Executive Director

6. TAN CHUAN HOCK : Independent Non-Executive Director

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

CHAN CHOO SING

CHAN CHOO SING (Non-Independent Executive Chairman and Group Managing Director), a Malaysian, aged 54, 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.

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 51, 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 46 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 Hononary 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.

CHAN CHOR ANG

CHAN CHOR ANG (Non-Independent Non-Executive Director), a Malaysian, aged 45, 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 the 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.

CHA PENG KOI @ CHIA PENG KOI

CHA PENG KOI @ CHIA PENG KOI (Senior Independent Non-Executive Director), a Malaysian, aged 57, was appointed to the Board of PCCS on 21 June 1995. He is the Chairman of the Audit Committee, Remuneration Committee and Nomination Committee of PCCS.

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. He presently sits on the board of Orisoft Technology Berhad which is listed on the MESDAQ market of Bursa Securities.

TAN CHUAN HOCK

TAN CHUAN HOCK (Independent Non-Executive Director), a Malaysian, aged 47, 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 Chairman of Orisoft Technology Berhad and 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 a member 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 63, 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) does not have any family relationship with any director and/or major 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 Tuesday, 26 August, 2008 at 10.00 a.m.

Directors standing for re-election
- Chan Chow Tek
- Chan Chor Ngiak

Details of attendance at Board Meetings held during the financial year ended 31 March, 2008 (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	3/4
Chan Chor Ngiak	21/06/1995	3/4
Chan Chor Ang	21/06/1995	3/4
Cha Peng Koi @ Chia Peng Koi	21/06/1995	4/4
Tan Chuan Hock	04/11/1998	4/4
Tey Ah Tee @ Teo Ah Tee	15/06/2001	4/4

Details of the Board Meetings held during the financial year ended 31 March, 2008.

Place : PCCS Group Berhad's Corporate Office, Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim.
Date : 28 May, 2007
Time : 12.20 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 : 24 August, 2007
Time : 1.50 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 : 30 November, 2007
Time : 1.50 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 : 19 February, 2008
Time : 1.15 p.m.

1. **Membership**

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

Cha Peng Koi @ Chia Peng Koi (Chairman)
Senior Independent Non-Executive Director

Tan Chuan Hock
Independent Non-Executive Director

Tey Ah Tee @ Teo Ah Tee
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.

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 2008. (Total of four (4) meetings held)

Name of Director	Date of appointment	No. of Meetings attended
Cha Peng Koi @ Chia Peng Koi	21/06/1995	4/4
Tan Chuan Hock	04/11/1998	4/4
Tey Ah Tee @ Teo Ah Tee	21/06/2001	4/4
Chan Choo Sing (Resigned wef 28/09/2007)	21/06/1995	2/2

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;

(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 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 2008 that adversely affect the Group's reputation or financial position.

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
Senior Independent Non-Executive Director

Tan Chuan Hock
Independent Non-Executive Director

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

AUDIT COMMITTEE

Cha Peng Koi @ Chia Peng Koi (Chairman)
Senior Independent Non-Executive Director

Tan Chuan Hock
Independent Non-Executive Director

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

NOMINATION COMMITTEE

Cha Peng Koi @ Chia Peng Koi (Chairman)
Senior Independent Non-Executive Director

Tan Chuan Hock
Independent Non-Executive Director

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

REMUNERATION COMMITTEE

Cha Peng Koi @ Chia Peng Koi (Chairman)
Senior Independent Non-Executive Director

Chan Choo Sing
Executive Chairman and Group Managing Director

Tan Chuan Hock
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

SOLICITORS

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

PRINCIPAL BANKERS
HSBC Bank Malaysia Berhad (127776-V)
Malayan Banking Berhad (3813-K)
Standard Chartered Bank Malaysia Berhad (115793-P)

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 Capital Sdn Bhd (382952-M)

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 five (5) Non-Executive Directors (three (3) of whom are independent) and two (2) 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.

Mr. Cha Peng Koi @ Chia Peng Koi is the Senior Independent Non-Executive Director to whom concerns may be conveyed where it could be inappropriate for the concerns to be dealt with by the Chairman and Managing Director.

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 2008, the seminars attended were Deductible Expenses and Capital Allowances, Withholding Tax and Tax Audit and Understanding Public Rulings conducted by Malaysian Institute of Accountants.

Board Meetings

During the financial year ended 31 March 2008, 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.

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. Cha Peng Koi @ Chia Peng Koi, the Senior Independent Non-Executive Director, in the Chair. One of the remaining members is a member of the Malaysian Institute of Accountants. Further details on the composition of the Committee are found on page 11 of this Annual Report.

The Audit Committee met four (4) 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 terms of reference adopted on 20 August 2002. Mr. Cha Peng Koi @ Chia Peng Koi was appointed as the Chairman and its other members are Mr. Tey Ah Tee @ Teo Ah Tee and Mr. Tan Chuan Hock.

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 terms of reference adopted on 20 August, 2002. Mr. Cha Peng Koi @ Chia Peng Koi was appointed as the Chairman and its other members are Mr. Chan Choo Sing and Mr. Tan Chuan Hock.

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 Chow Tek and Mr. Chan Chor Ngiak 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	1,281	270	188	1,739
Non-Executive Directors	-	-	203	203

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

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
Below RM50,000	-	3
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	-	-
RM450,001 to RM500,000	-	-
RM500,001 to RM550,000	-	-
RM550,001 to RM600,000	-	-
RM600,001 to RM650,000	-	-

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

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
RM650,001 to RM700,000	-	-
RM700,001 to RM750,000	-	-
RM750,001 to RM800,000	1	-
RM800,001 to RM850,000	-	-
RM850,001 to RM900,000	-	-
RM900,001 to RM950,000	-	-
Rm950,001 to RM1,000,000	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.

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 23 and 24 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.

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 Independent 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

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

Options, Warrants or Convertible Securities
The Company has not issued any options, warrants 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 2008 amounted to RM52,770.00 and RM19,700.00 respectively.

Material Contracts Involving Directors and Substantial Shareholders
Other than the recurrent related party transactions disclosed in Note 29 to the Financial Statements for the financial year ended 31 March 2008 on page 79, none of the Directors 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 2008. There were no variances of 10% or more between the results for the financial year ended 31 March 2008 and the unaudited results previously announced.

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

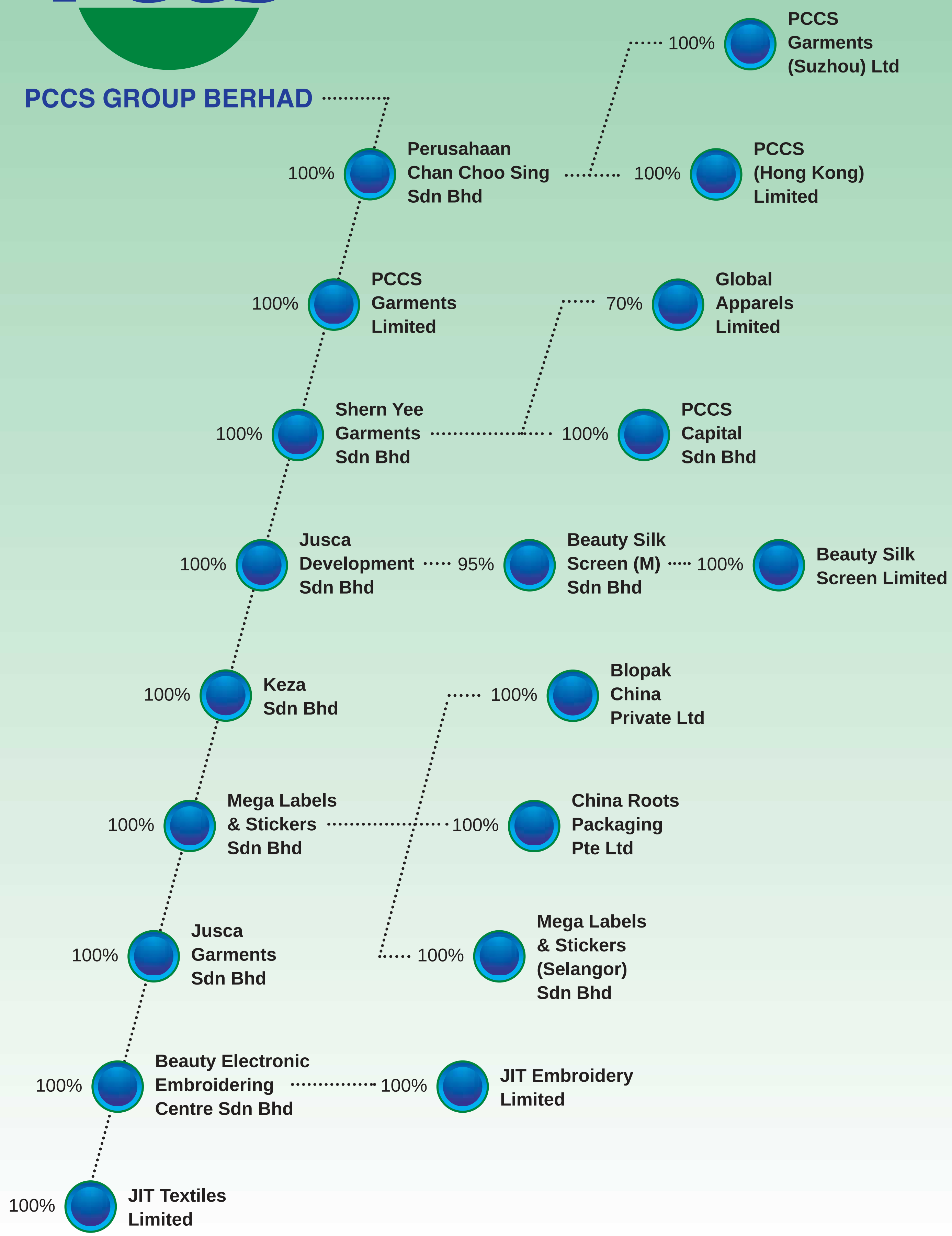
Revaluation Policy On Landed Properties
The Company does not have a revaluation policy on its landed properties.

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.

CORPORATE STRUCTURE



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 2008."

FINANCIAL REVIEW

For the financial year under review revenue grew but earnings fell sharply. The Group made an operating income of RM0.281 million. Revenue recorded an impressive growth of 15.3% from a year ago to RM481.9 million despite a global economic deceleration and a persistent weakening US dollar.

DIVIDEND

The Board does not recommend any dividend payment for the financial year ended 31 March 2008 at the fort coming Annual General Meeting.

CORPORATE DEVELOPMENTS

As at 30 June 2008, PCCS Group Berhad ("PCCS") has undertaken and completed the following transactions:

1. On 7 August 2007, Jusca Development Sdn Bhd ("Jusca"), a wholly-owned subsidiary of PCCS, had entered into a Share Purchase Agreement with Mr. Tiv Vuthy to acquire an additional 20,000 Ordinary Shares of RM1.00 each, representing 10% equity interests in Beauty Silk Screen (M) Sdn Bhd ("BSSM") for a total cash consideration of RM434,700.00 (Ringgit Malaysia: Four Hundred Thirty-Four Thousand and Seven Hundred Only) ("acquisition of shares").

   The acquisition of shares was completed on 31 August 2007. BSSM became a 95% owned subsidiary of Jusca.

2. On 3 March 2008, PCCS had invested USD1,000,000/- in JIT Textiles Limited ("JTL"), which was incorporated in Cambodia, representing 100% of the registered capital of JTL.

REVIEW OF GROUP PERFORMANCE

APPAREL DIVISION

"We delivered close to 20% more pieces of garments this year than the previous year."

For this year the apparel division registered a higher sales of RM402.3 million despite a declining US dollar. In terms of quantity it delivered close to 20% more pieces of garments in this financial year than that of the previous financial year. The China operations had contributed significantly to the growth in sales.

The Apparel division coped with inflationary costs as a result of escalating fuel oil price spiraling into the overall economic structure of the countries we operated in. It was a year where we overhauled its workforce for cost control reason and strived to reduce to an optimum level of staff without losing sight on the right retention to maintain its key strengths.

Notwithstanding such input costs escalating, the division was still able to absorb a higher production cost and performed marginally better. In the next financial year, the management will take steps to look into the components of our working capital vigorously to strengthen our cash position. We shall continue to boost productivity to add on capacity and create lower cost structure by implementing cost cutting programs.

NON-APPAREL DIVISION

"For the coming years, China Roots is expected to return double-digit revenue growth and to double its profits."

The Non-apparel division's revenue continued its growing stride by 12.2% on a year-on-year basis from RM70.9 million to RM79.7 million for this financial year. Operating result was however lower as none of our businesses were shielded from the onslaught of inflation.

The labeling business improved its sales to RM27.3 million, up 11.9% as compared to previous year of RM24.4 million. Profit was maintained at RM3.4 million despite higher operating costs. The division will continue its efforts to develop innovative labels in order to secure its orders and continue its current cost cutting program to exceed its customers' expectation.

China Roots started to reap a marginal profit of RM1.2 million this year from revenue of RM34.3 million. For the coming years, China Roots is expected to return double-digit revenue growth and to double its profits. We shall accelerate the business development with large corporate customers who are serving global markets.

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 will be 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 enables 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 to excellence.

Indeed, our success has been the success 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
04 August 2008

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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 2008.

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 13 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	(716)	(142)
Attributable to:		
Equity holders of the Company	(847)	(142)
Minority interests	131	–
	(716)	(142)

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

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

Dividends

The amount of dividend paid by the Company since 31 March 2007 was as follows:

	RM'000
In respect of the financial year ended 31 March 2007	
First and final tax exempt dividend of 3.5% paid on 11 October 2007	2,100

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 6 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 he is a member, or with a company in which he has a substantial financial interest.

Directors' interests

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

	Number of ordinary shares of RM1 each			
	1.4.2007	**Bought**	**Sold**	**31.3.2008**
Direct interest –				
Chan Choo Sing	1,832,653	765,300	–	2,597,953
Chan Chow Tek	2,165,583	344,100	–	2,509,683
Chan Chor Ang	809,550	–	–	809,550
Chan Chor Ngiak	319,550	–	–	319,550
Indirect interest –				
Chan Choo Sing	26,934,450	312,900	–	27,247,350
Chan Chow Tek	24,000,078	–	–	24,000,078
Chan Chor Ngiak	24,000,078	–	–	24,000,078
Chan Chor Ang	24,040,078	–	–	24,040,078

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.

(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 30 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 28 July 2008.

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 39 to 90 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 2008 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 28 July 2008.

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 39 to 90 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 28 July 2008) Chan Choo Sing

Before me,
A. Supramanian (PIS)(MO18)
Commissionner of Oaths

We have audited the financial statements of PCCS Group Berhad, which comprise the balance sheets as at 31 March 2008 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 39 to 90.

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 2008 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

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 13 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

Wun Mow Sang
1821/12/08(J)
Chartered Accountant

Melaka, Malaysia
Date: 28 July 2008

INCOME STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Continuing Operations					
Revenue	3	**481,952**	417,052	**1,270**	3,484
Cost of sales		**(413,177)**	(348,934)	**–**	–
Gross profit		**68,775**	68,118	**1,270**	3,484
Other income		**6,239**	6,011	**–**	–
Administrative expenses		**(51,061)**	(43,912)	**(1,412)**	(592)
Selling and marketing expenses		**(15,670)**	(17,723)	**–**	–
Operating profit/(loss)		**8,283**	12,494	**(142)**	2,892
Interest expense		**(8,002)**	(5,039)	**–**	–
Profit/(loss) before tax	4	**281**	7,455	**(142)**	2,892
Income tax expense	7	**(997)**	(763)	**–**	–
(Loss)/profit for the year		**(716)**	6,692	**(142)**	2,892
Attributable to:					
Equity holders of the Company		**(847)**	5,873	**(142)**	2,892
Minority interests		**131**	819	**–**	–
		(716)	6,692	**(142)**	2,892
(Loss)/earnings per share attributable to equity holders of the Company:					
Basic (sen)	8	**(1.4)**	9.8		
Diluted (sen)	8	**(1.4)**	9.8		

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

BALANCE SHEETS
AS AT 31 MARCH 2008

	Note	Group 2008 RM'000	Group 2007 RM'000 (restated)	Company 2008 RM'000	Company 2007 RM'000
Assets					
Non-current assets					
Property, plant and equipment	10	**147,785**	137,010	**–**	–
Investment properties	11	**4,962**	1,600	**–**	–
Prepaid land lease payments	12	**4,492**	4,770	**–**	–
Investment in subsidiaries	13	**–**	–	**54,774**	51,574
Other investment		**84**	100	**–**	–
Goodwill		**19**	19	**–**	–
		157,342	143,499	**54,774**	51,574
Current assets					
Inventories	14	**79,887**	47,736	**–**	–
Trade receivables	16	**79,182**	48,116	**–**	–
Other receivables	17	**19,274**	19,053	**33,744**	40,662
Tax recoverable		**792**	274	**400**	100
Cash and bank balances	18	**19,588**	22,152	**198**	40
		198,723	137,331	**34,342**	40,802
Non-current asset classified as held for sale	15	**2,400**	–	**–**	–
		201,123	137,331	34,342	40,802
Total assets		**358,465**	280,830	**89,116**	92,376
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	23	**60,012**	60,012	**60,012**	60,012
Reserves		**68,341**	75,202	**18,823**	21,065
Shareholders' equity		**128,353**	135,214	**78,835**	81,077
Minority interests		**270**	659	**–**	–
Total equity		**128,623**	135,873	**78,835**	81,077

	Note	Group 2008 RM'000	Group 2007 RM'000 (restated)	Company 2008 RM'000	Company 2007 RM'000
Non-current liabilities					
Borrowings	19	**30,707**	23,941	**–**	–
Deferred tax liabilities	25	**3,750**	4,031	**–**	–
Non-current liabilities		**34,457**	27,972	**–**	–
Current liabilities					
Borrowings	19	**141,981**	74,067	–	–
Trade payables	21	**30,126**	31,161	**–**	–
Other payables	22	**23,249**	11,740	**10,252**	11,282
Dividend payable		**29**	17	**29**	17
		195,385	116,985	**10,281**	11,299
Total liabilities		**229,842**	144,957	**10,281**	11,299
Total equity and liabilities		**358,465**	280,830	**89,116**	92,376

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008

	Attributable to equity holders of the Company						Minority interests	Total equity
		Non-distributable			Distributable			
	Share capital (Note 23) RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Legal reserve fund (Note 26) RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
At 1 April 2007	60,012	4	(561)	896	64,158	124,509	956	125,465
Effects of adopting FRS 3	–	–	–	–	9,607	9,607	–	9,607
	60,012	4	(561)	896	73,765	134,116	956	135,072
Foreign currency translation, representing net income recognised directly in equity	–	–	(1,774)	–	–	(1,774)	–	(1,774)
Profit for the year	–	–	–	–	5,873	5,873	819	6,692
Total recognised income and expense for the year	–	–	(1,774)	–	5,873	4,099	819	4,918
Disposal of investment in subsidiaries	–	–	–	–	–	–	(1,116)	(1,116)
Transfer to legal reserve fund	–	–	–	375	(375)	–	–	–
Dividends (Note 9)	–	–	–	–	(3,001)	(3,001)	–	(3,001)
At 31 March 2007	60,012	4	(2,335)	1,271	76,262	135,214	659	135,873
Foreign currency translation, representing net income recognised directly in equity	–	–	(3,914)	–	–	(3,914)	–	(3,914)
(Loss)/Profit for the year	–	–	–	–	(847)	(847)	131	(716)
Total recognised income and expense for the year	–	–	(3,914)	–	(847)	(4,761)	131	(4,630)
Disposal of investment in subsidiaries	–	–	–	–	–	–	(520)	(520)
Transfer to legal reserve fund	–	–	–	265	(265)	–	–	–
Dividends (Note 9)	–	–	–	–	(2,100)	(2,100)	–	(2,100)
At 31 March 2008	**60,012**	**4**	**(6,249)**	**1,536**	**73,050**	**128,353**	**270**	**128,623**

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008

	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained earnings (Note 24) RM'000	Total Equity RM'000
At 1 April 2006	60,012	4	21,170	81,186
Profit for the year, representing total recognised income and expense for the year	–	–	2,892	2,892
Dividends (Note 9)	–	–	(3,001)	(3,001)
At 31 March 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 9)	–	–	(2,100)	(2,100)
At 31 March 2008	**60,012**	**4**	**18,819**	**78,835**

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from operating activities				
Profit/(loss) before tax	**281**	7,455	**(142)**	2,892
Adjustments for:				
Bad debts written off	**32**	60	**–**	–
Bad debts recovered	**(590)**	(947)	**–**	–
Depreciation and amortisation:				
– Property, plant and equipment	**18,678**	17,169	**–**	–
– Investment properties	**25**	25	**–**	–
– Prepaid land lease payments	**100**	106	**–**	–
Dividend income	**–**	–	**(1,110)**	(3,047)
Provision for doubtful debts	**91**	593	**–**	–
Loss/(gain) from disposal of:				
– Property, plant and equipment	**35**	(3,537)	**–**	–
– Investments properties	**45**	–	**–**	–
Impairment of other investment	**27**	–	**–**	–
Interest expense	**8,002**	5,039	**–**	–
Interest income	**(91)**	(229)	**–**	–
Gain arising from accretion	**(85)**	(112)	**–**	–
Net unrealised foreign exchange losses	**193**	–	**–**	–
Property, plant and equipment written off	**4**	43	**–**	–
Operating profit/(loss) before working capital changes	**26,747**	25,665	**(1,252)**	(155)
Increase in receivables	**(33,520)**	(298)	**(5)**	(22)
Increase in inventories	**(32,151)**	(9,191)	**–**	–
Increase in payables	**10,474**	2,328	**–**	99
Cash (used in)/generated from operations	**(28,450)**	18,504	**(1,257)**	(78)
Interest paid	**(8,002)**	(5,039)	**–**	–
Tax (paid)/refunded	**(1,796)**	(2,595)	**(11)**	9
Net cash (used in)/generated from operating activities	**(38,248)**	10,870	**(1,268)**	(69)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from investing activities				
Additional investment in subsidiary	(435)	(900)	–	–
Purchase of property, plant and equipment	(34,541)	(25,517)	–	–
Purchase of investment property	(136)	–	–	–
Interest received	91	229	–	–
Investment in unit trust	(11)	–	–	–
Withdrawal of deposits	–	8	–	–
Proceeds from disposal of:				
– Property, plant and equipment	4,324	6,853	–	–
– Investment property	500	–	–	–
Net cash used in investing activities	(30,208)	(19,327)	–	–
Cash flows from financing activities				
Repayment from subsidiaries	–	–	3,514	3,077
Dividends paid	(2,088)	(2,992)	(2,088)	(2,992)
Repayment of hire purchase and finance lease liabilities	(5,074)	(3,812)	–	–
Drawdown of term loans	36,545	10,234	–	–
Repayment of term loans	(6,879)	(8,658)	–	–
Increase/(decrease) in short term borrowings	43,622	(222)	–	–
Net cash generated from/(used in) financing activities	66,126	(5,450)	1,426	85
Net (decrease)/ increase in cash and cash equivalents	(2,330)	(13,907)	158	16
Effects of foreign exchange rate changes	(433)	(653)	–	–
Cash and cash equivalents at beginning of year	17,635	32,195	40	24
Cash and cash equivalents at end of year (Note 18)	14,872	17,635	198	40

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 13. 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 28 July 2008.

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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

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

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%

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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(d) Impairment of non-financial assets (cont'd)

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.

(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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(g) Financial instruments (cont'd)

(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.

(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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(h) Leases (cont'd)

(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.

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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(h) Leases (cont'd)

(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.

(j) Income tax

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised 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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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").

(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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(m) Foreign currencies (cont'd)

(ii) Foreign currency transactions (cont'd)

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.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 April 2007 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 April 2007 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

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

The Malaysian Accounting Standards Board ("MASB") has issued the following new and revised FRSs and amendments to FRSs which are effective for accounting periods beginning on or after 1 October 2006 and 1 January 2007:

(i) FRS 6 – Exploration for and Evaluation of Mineral Resources
(ii) FRS 117 – Leases
(iii) FRS 124 – Related Party Disclosures
(iv) Amendment to FRS 119_{2004} – Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

The new and revised FRSs and amendments to FRSs above do not have any other significant impact on the financial statements of the Group and the Company, except as follows:

(a) FRS 117: Leases

Prior to 1 April 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are now 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 purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated 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.

The change in accounting policy has been applied retrospectively and as disclosed in Note 2.3(b), certain comparatives have been restated. There were no effect on the consolidated income statement for the year ended 31 March 2008 and the Company's financial statements. The effects on the consolidated balance sheet as at 31 March 2008 are as follows:

	RM'000
Balance Sheet	
Decrease in property, plant and equipment	(4,492)
Increase in prepaid land lease payments	4,492

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 new and revised FRSs:

Description of change	Previously stated RM'000	Effect of FRS 117 RM'000	Restated RM'000
At 31 March 2007			
Group			
Property, plant and equipment	141,780	(4,770)	137,010
Prepaid land lease payments	–	4,770	4,770

2.4 Standards and interpretations issued but not yet effective

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

(i) FRS 107: Cash Flow Statements
(ii) FRS 111: Construction Contracts
(iii) FRS 112: Income Taxes
(iv) FRS 118: Revenue
(v) FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
(vi) FRS 134: Interim Financial Reporting
(vii) FRS 137: Provisions, Contingent Liabilities and Contingent Assets
(viii) FRS 139: Financial Instruments: Recognition and Measurement
(ix) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
(x) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
(xi) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
(xii) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
(xiii) IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
(xiv) IC Interpretation 7: Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies
(xv) IC Interpretation 8: Scope of FRS 2

The above FRSs, amendments to FRSs and Interpretations, except for FRS 139, will become effective for financial periods beginning on or after 1 July 2007 and except as disclosed below, are expected to have no significant impact on the financial statements of the Group and Company upon their initial application. The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139, the effective date of which has been deferred.

2. Significant accounting policies (cont'd)

2.4 Standards and interpretations issued but not yet effective (cont'd)

Under FRS 112, the prohibition on recognition of deferred tax on assets that qualify for re-investment or other similar allowances in excess of the normal capital allowances under FRS 112_{2004} has been removed and entities with such unused allowances will now have to recognise deferred tax asset on these unused allowances to the extent that it is probable that future taxable profit will be available against which these allowances can be utilised. Any change in policy is required to be accounted for retrospectively.

Had the revised FRS 112 been applied in this financial year, the effect on the consolidated income statement and balance sheet would have been as follows:

	Currently reported RM'000	Effect of FRS 112 RM'000	Proforma RM'000
2008			
Income Statement			
Income tax expense	**(997)**	**(500)**	**(1,497)**
Loss for the year	**(716)**	**(500)**	**(1,216)**
Balance Sheet			
Deferred tax liabilities	**3,750**	**(441)**	**3,309**
Retained earnings	**73,050**	**441**	**73,491**
2007			
Income Statement			
Income tax expense	(763)	941	178
Profit for the year	6,692	941	7,633
Balance Sheet			
Deferred tax liabilities	4,031	(941)	3,090
Retained earnings	76,262	941	77,203

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.

2. Significant accounting policies (cont'd)

2.5 Significant accounting estimates and judgements (cont'd)

(a) Critical judgements made in applying accounting policies (cont'd)

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 2008 were RM147,785,000 (2007: RM137,010,000).

3. Revenue

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sales of goods	**481,952**	417,052	**–**	–
Dividend income	**–**	–	**1,110**	3,047
Management fee	**–**	–	**160**	437
	481,952	417,052	**1,270**	3,484

4. Profit/(loss) before tax

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

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Auditors' remuneration				
– Statutory audit				
Company's auditors	115	106	27	27
Other auditors	40	40	–	–
Overprovision in prior year	–	(3)	–	–
– Other services				
Company's auditors	43	86	20	14
Bad debts written off	32	60	–	–
Bad debts recovered	(590)	(947)	–	–
Depreciation and amortisation:				
– Property, plant and equipment	18,678	17,169	–	–
– Investment properties	25	25	–	–
– Prepaid land lease payments	100	106	–	–
Provision for doubtful debts	91	593	–	–
Employee benefits expense (Note 5)	116,850	93,556	931	188
Loss/(gain) from disposal of:				
– Property, plant and equipment	35	(3,537)	–	–
– Investments properties	45	–	–	–
Impairment of other investment	27	–	–	–
Interest income	(91)	(229)	–	–
Minimum operating lease payments:				
– Plant and machinery	195	292	–	–
– Buildings	5,524	4,039	–	–
Gain arising from accretion	(85)	(112)	–	–
Net foreign exchange (gains)/losses:				
– Realised	(641)	1,025	–	–
– Unrealised	193	–	–	–
Non-executive directors' emoluments (Note 6)	203	202	203	202
Property, plant and equipment written off	4	43	–	–
Rental income	(418)	(275)	–	–

5. Employee benefits expense

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Executive directors (Note 6)				
Executive directors of the Company	**1,700**	1,700	**490**	188
Executive directors of subsidiaries	**220**	227	**–**	–
	1,920	1,927	**490**	188
Other staff				
Wages and salaries	**105,896**	84,030	**381**	–
Defined contribution plan	**2,350**	2,477	**44**	–
Other related costs	**6,684**	5,122	**16**	–
	114,930	91,629	**441**	–
	116,850	93,556	**931**	188

6. Directors' remuneration

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Directors of the Company				
Executive:				
– Salaries and other emoluments	**1,242**	1,242	**302**	–
– Fees	**188**	188	**188**	188
– Bonus	**270**	270	**–**	–
– Benefits-in-kind	**39**	16	**–**	–
	1,739	1,716	**490**	188
Non-Executive:				
– Fees	**203**	202	**203**	202
Directors of Subsidiaries				
Executive :				
– Salaries and other emoluments	**203**	209	**–**	–
– Bonus	**17**	18	**–**	–
– Benefits-in-kind	**–**	54	**–**	–
	220	281	**–**	–
Total excluding benefits-in-kind	**2,123**	2,129	**693**	390
Estimated money value of benefits-in-kind	**39**	70	**–**	–
Total including benefits-in-kind	**2,162**	2,199	**693**	390

6. Directors' remuneration (cont'd)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Analysis of directors' remuneration:				
Executive directors, excluding benefits-in-kind (Note 5)	**1,920**	1,927	**490**	188
Non-executive directors (Note 4)	**203**	202	**203**	202
Total excluding benefits-in-kind	**2,123**	2,129	**693**	390

7. Income tax expense

	Group	
	2008 RM'000	2007 RM'000
Current income tax:		
Malaysian income tax	**850**	1,333
Foreign tax	**470**	557
Real property gains tax	**7**	201
	1,327	2,091
(Over)/underprovision in prior years:		
Malaysian income tax	**(49)**	278
Foreign tax	**–**	(719)
	1,278	1,650
Deferred tax (Note 25) :		
Relating to origination and reversal of temporary difference	**(550)**	(607)
Relating to changes in tax rate	**(183)**	(322)
Underprovided in prior years	**452**	42
	(281)	(887)
	997	763

Domestic current income tax is calculated at the Malaysian statutory tax rate of 26% (2007 : 27%) of the estimated assessable profit for the year. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The domestic statutory tax rate will be reduced to 25% from the current year's tax rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 31 March 2008 has reflected these changes.

7. Income tax expense (cont'd)

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

	2008 RM'000	2007 RM'000
Group		
Profit before tax	**281**	7,455
Taxation at Malaysian statutory tax rate of 26% (2007 : 27%)	**73**	2,013
Effect of income subject to tax rate of 20%	**(111)**	(198)
Effect of different tax rates in other countries	**217**	(1,203)
Effect of income subject to real property gains tax	**7**	201
Tax exempted under tax holiday in foreign country	**(914)**	(580)
Effect of income not subject to tax	**(317)**	(1,113)
Effect of decrease in Malaysian income tax rate on opening balance of deferred tax	**(183)**	(322)
Effect of expenses not deductible for tax purposes	**714**	501
Utilisation of current year's reinvestment allowances	**(523)**	(433)
Utilisation of previously unrecognised tax losses	**(328)**	–
Utilisation of previously unrecognised unutilised reinvestment allowances	**(203)**	–
Deferred tax assets not recognised in respect of current year's unutilised tax losses	**2,162**	2,296
Underprovision of deferred tax in prior years	**452**	42
Overprovision of tax expense in prior years	**(49)**	(441)
Income tax expense for the year	**997**	763
Company		
(Loss)/profit before tax	**(142)**	2,892
Taxation at Malaysian statutory tax rate of 26% (2007 : 27%)	**(37)**	781
Effect of income not subject to tax	**–**	(806)
Effect of expenses not deductible for tax purposes	**37**	25
Income tax expense for the year	**–**	–

Deferred tax assets have not been recognised by the Group in respect of unused tax losses amounting to RM24,075,000 (2007: RM18,932,000). The unused tax losses is available for offset against future taxable profits. Deferred tax assets have not been recognised on the unused tax losses as the subsidiaries concerned have recent history of losses.

8. (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing (loss)/profit 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	
	2008	2007
(Loss)/profit for the year attributable to ordinary equity holders of the Company (RM '000)	**(847)**	5,873
Weighted average number of ordinary shares in issue ('000)	**60,012**	60,012
Basic (loss)/earnings per share (sen)	**(1.4)**	9.8

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

9. Dividends

	Dividends in respect of Year		Dividends recognised in Year	
	2007 RM'000	2006 RM'000	2008 RM'000	2007 RM'000
Recognised during the year:				
First and final tax exempt dividend of 5%, paid on 9 November 2006 (5.0 sen per ordinary share)	**–**	3,001	**–**	3,001
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	3,001	**2,100**	3,001

10. Property, plant and equipment

	* Land and buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture, fittings, office equipment RM'000	Motor vehicles RM'000	Capital work- in-progress RM'000	Total RM'000
Group						
At 31 March 2008						
Cost						
At 1 April 2007 (restated)	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 (restated)	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**

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

	* Land and buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture, fittings, office equipment RM'000	Motor vehicles RM'000	Capital work- in-progress RM'000	Total RM'000
Group (cont'd)						
At 31 March 2007						
Cost						
At 1 April 2006 (restated)	44,793	129,518	28,023	9,006	4,889	216,229
Additions	5,575	17,796	4,042	695	3,567	31,675
Disposals	(5,008)	(1,873)	(10)	(1,006)	–	(7,897)
Reclassification	4,290	3,478	–	–	(7,768)	–
Written off	–	(3,671)	(1,156)	(41)	–	(4,868)
Exchange differences	(323)	(2,940)	(800)	(98)	(108)	(4,269)
At 31 March 2007 (restated)	49,327	142,308	30,099	8,556	580	230,870
Accumulated depreciation						
At 1 April 2006	3,330	65,563	10,681	5,141	–	84,715
Depreciation charge for the year	1,078	11,949	2,980	1,162	–	17,169
Disposals	(48)	(1,080)	(3)	(707)	–	(1,838)
Written off	–	(3,671)	(1,113)	(41)	–	(4,825)
Exchange differences	(4)	(1,085)	(233)	(39)	–	(1,361)
At 31 March 2007 (restated)	4,356	71,676	12,312	5,516	–	93,860
Net carrying amount (restated)	**44,971**	**70,632**	**17,787**	**3,040**	**580**	**137,010**

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

*** Land and buildings**

	Freehold land RM'000	Buildings RM'000	Total RM'000
At 31 March 2008			
Cost			
At 1 April 2007 (restated)	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 (restated)	–	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**
At 31 March 2007			
Cost			
At 1 April 2006 (restated)	6,952	37,841	44,793
Additions	666	4,909	5,575
Disposals	(3,386)	(1,622)	(5,008)
Reclassification	–	4,290	4,290
Exchange differences	–	(323)	(323)
At 31 March 2007 (restated)	4,232	45,095	49,327
Accumulated depreciation			
At 1 April 2006 (restated)	–	3,330	3,330
Depreciation charge for the year	–	1,078	1,078
Disposals	–	(48)	(48)
Exchange differences	–	(4)	(4)
At 31 March 2007 (restated)	–	4,356	4,356
Net carrying amount (restated)	**4,232**	**40,739**	**44,971**

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

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

	Group 2008 RM'000	Group 2007 RM'000
Plant and machinery	**11,391**	9,334
Motor vehicles	**668**	1,881
	12,059	11,215

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate costs of RM40,808,000 (2007 : RM31,675,000) of which RM6,267,000 (2007 : RM6,158,000) were acquired by means of hire purchase arrangements.

(c) The net carrying amounts of property, plant and equipment of the Group amounting to RM27,549,000 (2007 : RM7,791,000) are pledged as securities for borrowings as disclosed in Note 19. Certain assets of the Group with net carrying amounts of RM43,115,000 (2007 : RM45,701,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 19.

11. Investment properties

	Group 2008 RM'000	Group 2007 RM'000
Cost		
At 1 April	**1,940**	1,940
Addition	**136**	–
Transfer from property, plant and equipment	**3,911**	–
Disposal	**(567)**	–
At 31 March	**5,420**	1,940
Accumulated depreciation		
At 1 April	**340**	315
Depreciation charge for the year	**25**	25
Transfer from property, plant and equipment	**115**	–
Disposal	**(22)**	–
At 31 March	**458**	340
Net carrying amount	**4,962**	1,600

11. Investment properties (cont'd)

The investment properties with net carrying amounts of RM3,830,000 (2007 : RM445,000) 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 19.

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 2008 is approximately RM7,600,000 (2007: RM4,980,000).

12. Prepaid land lease payments

	Group	
	2008	**2007**
	RM'000	**RM'000**
At 1 April	**4,770**	4,942
Amortised for the year	**(100)**	(106)
Exchange differences	**(178)**	(66)
At 31 March	**4,492**	4,770

This is in respect of short-term leasehold land, which are subject to negative pledge in relation to banking facilities granted to the Group as described in Note 19.

13. Investment in subsidiaries

	Company	
	2008	**2007**
	RM'000	**RM'000**
Unquoted shares, at cost	**55,039**	51,839
Less : Accumulated impairment losses	**(265)**	(265)
	54,774	51,574

13. Investment in subsidiaries (cont'd)

Details of the subsidiaries are as follows :

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest (%) 2008	2007
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	Not commenced operations	**100**	–
Subsidiaries of Perusahaan Chan Choo Sing Sdn. Bhd.				
PCCS Garments (Suzhou) Ltd. *	The People's Republic of China	Manufacturing of apparels	**100**	100
PCCS (Hong Kong) Limited *	Hong Kong	Marketing of apparels	**100**	100
Subsidiaries of Beauty Electronic Embroidering Centre Sdn. Bhd.				
JIT Embroidery Limited	Cambodia	Embroidering of logos, emblems and printing of silk screen products	**100**	100

13. Investment in subsidiaries (cont'd)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest (%) 2008	2007
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 Pte. 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 Capital Sdn. Bhd.*	Malaysia	Dormant	**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**	85
Subsidiary of Beauty Silk Screen (M) Sdn. Bhd.				
Beauty Silk Screen Limited	Cambodia	Printing of silk screen products	**95**	85

* Audited by firms other than Ernst & Young.

14. Inventories

	Group 2008 RM'000	Group 2007 RM'000
Cost		
Raw materials	**34,007**	21,383
Work-in-progress	**28,782**	16,521
Finished goods	**7,324**	4,630
	70,113	42,534
Net realisable value		
Raw materials	**3,717**	2,398
Work-in-progress	**943**	–
Finished goods	**5,114**	2,804
	79,887	47,736

15. Non-current asset classified as held for sale

	Group 2008 RM'000	Group 2007 RM'000
Residential houses	**2,400**	–

16. Trade receivables

	Group 2008 RM'000	Group 2007 RM'000
Trade receivables	**79,238**	48,649
HPI Resources Berhad and its subsidiaries #	**35**	60
	79,273	48,709
Less : Provision for doubtful debts	**(91)**	(593)
	79,182	48,116

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 35% (2007 : 32%) 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.

17. Other receivables

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Due from subsidiaries	–	–	33,727	40,650
Receivable arising from disposal of freehold land	39	3,124	–	–
Sundry receivables, deposits and prepayments	19,235	15,929	17	12
	19,274	19,053	33,744	40,662

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.

18. Cash and cash equivalents

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash on hand and at banks	19,566	22,135	198	40
Deposits with licensed banks	22	17	–	–
Cash and bank balances	19,588	22,152	198	40

Deposits with licensed banks of the Group amounting to RM17,000 (2007: 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 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash and bank balances	19,588	22,152	198	40
Less: Bank overdrafts (Note 19)	(4,699)	(4,500)	–	–
	14,889	17,652	198	40
Less: Deposits pledged to banks	(17)	(17)	–	–
Cash and cash equivalents	14,872	17,635	198	40

The weighted average effective interest rates and average maturities of deposits at the balance sheet date were 3.38% (2007 : 3.75%) per annum and 365 days (2007 : 365 days) respectively.

19. Borrowings

	Group 2008 RM'000	Group 2007 RM'000
Short Term Borrowings		
Unsecured :		
Bank overdrafts	**3,896**	4,500
Short term revolving credit	**5,607**	17,662
Export credit refinancing	**–**	5,369
Bankers' acceptances	**43,236**	15,513
Trade loans	**11,724**	18,407
Trust receipts	**9,155**	1,619
Export bill financing	**12,422**	–
Term loans	**26,976**	6,849
	113,016	69,919
Secured :		
Bank overdrafts	**803**	–
Short term revolving credit	**10,356**	–
Bankers' acceptances	**4,627**	–
Trust receipts	**5,065**	–
Term loans	**3,292**	–
Hire purchase and finance lease liabilities (Note 20)	**4,822**	4,148
	28,965	4,148
	141,981	74,067
Long Term Borrowings		
Unsecured :		
Term loans	**19,005**	18,929
Secured :		
Term loans	**6,171**	–
Hire purchase and finance lease liabilities (Note 20)	**5,531**	5,012
	30,707	23,941
Total Borrowings		
Bank overdrafts (Note 18)	**4,699**	4,500
Short term revolving credit	**15,963**	17,662
Export credit refinancing	**–**	5,369
Bankers' acceptances	**47,863**	15,513
Trade loans	**11,724**	18,407
Trust receipts	**14,220**	1,619
Export bill financing	**12,422**	–
Term loans	**55,444**	25,778
Hire purchase and finance lease liabilities (Note 20)	**10,353**	9,160
	172,688	98,008

19. Borrowings (cont'd)

	Group 2008 RM'000	Group 2007 RM'000
Maturity of borrowings (excluding hire purchase and finance lease liabilities)		
Within one year	**137,159**	69,919
More than 1 year and less than 2 years	**15,312**	8,502
More than 2 years and less than 5 years	**9,864**	10,427
	162,335	88,848

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 2008 %	Group 2007 %
Bank overdrafts	**8.9**	6.4
Bankers' acceptances	**4.1**	4.3
Short term revolving credit	**7.2**	6.3
Export credit refinancing	**–**	4.3
Trade loans	**4.5**	6.4
Trust receipts	**6.1**	7.1
Export bill financing	**4.0**	–
Term loans	**6.0**	6.7

The unsecured short term borrowings and term loans of the Group are guaranteed by the Company and with negative pledges over certain assets of the Group as disclosed in Note 10, Note 11 and Note 12.

The secured term loans are secured by certain land and buildings of the Group as disclosed in Note 10 and Note 11.

20. Hire purchase and finance lease liabilities

	Group 2008 RM'000	Group 2007 RM'000
Future minimum and lease payments:		
Not later than 1 year	**5,357**	4,736
Later than 1 year and not later than 2 years	**4,244**	3,202
Later than 2 years and not later than 5 years	**1,727**	2,114
	11,328	10,052
Less : Future finance charges	**(975)**	(892)
Present value of finance lease liabilities	**10,353**	9,160

20. Hire purchase and finance lease liabilities (cont'd)

	Group 2008 RM'000	Group 2007 RM'000
Present value of finance lease liabilities:		
Not later than 1 year	**4,822**	4,148
Later than 1 year and not later than 2 years	**3,978**	2,954
Later than 2 years and not later than 5 years	**1,553**	2,058
	10,353	9,160
Analysed as:		
Due within 12 months (Note 19)	**4,822**	4,148
Due after 12 months (Note 19)	**5,531**	5,012
	10,353	9,160

The hire purchase bore interest at the balance sheet date of between 2.30% to 4.20% (2007 : 2.40% to 4.10%) per annum.

21. 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 2008 RM'000	Group 2007 RM'000
HPI Resources Berhad and its subsidiaries #	**630**	248

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

22. Other payables

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Due to subsidiaries	**–**	–	**9,826**	10,856
Due to supplier of property, plant and equipment	**286**	–	**–**	–
Other payables and accruals	**22,963**	11,740	**426**	426
	23,249	11,740	**10,252**	11,282

22. Other payables (cont'd)

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

	Group 2008 RM'000	Group 2007 RM'000
HPI Resources Berhad and its subsidiaries #	**833**	1,205
Other companies	**–**	65
	833	1,270

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

23. Share capital

	Number of Ordinary Shares of RM1 Each		Amount	
	2008 '000	2007 '000	2008 RM'000	2007 RM'000
Authorised	**100,000**	100,000	**100,000**	100,000
Issued and fully paid	**60,012**	60,012	**60,012**	60,012

24. 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 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 March 2008, the Company has sufficient tax credit in the 108 balance to pay franked dividends amounting to RM5,848,000 (2006 : RM5,662,000) 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.

25. Deferred tax liabilities

	Group	
	2008 RM'000	2007 RM'000
At 1 April	**4,031**	4,918
Recognised in the income statement (Note 7)	**(281)**	(887)
At 31 March	**3,750**	4,031

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

26. Legal reserve fund

In accordance to the Memorandum and Articles of Association of PCCS Garments Limited ("PGL") and Beauty Silk Screen Limited ("BSSL"), subsidiaries of the Company, 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.

27. Commitments

(a) Capital commitments

	Group	
	2008 RM'000	2007 RM'000
Capital expenditure:		
Approved and contracted for	**10,283**	1,678

(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 the leases.

27. Commitments (cont'd)

(b) Operating lease commitments (cont'd)

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	
	2008	**2007**
	RM'000	**RM'000**
Future minimim rentals payables:		
Not later than 1 year	**4,203**	3,523
Later than 1 year and not later than 2 years	**3,951**	3,050
Later than 2 years and not later than 5 years	**8,836**	7,952
Later than 5 years	**21,626**	25,538
	38,616	40,063

28. Contingent liabilities – unsecured

	Company	
	2008	**2007**
	RM'000	**RM'000**
Corporate guarantee issued to financial institutions for credit facilities utilised by subsidiaries	**171,714**	98,008

29. Related party disclosures

(a) The directors are of the opinion that all the following transactions have been entered into 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")
- Keza Sdn. Bhd. ("Keza")
- Mega Labels & Stickers Sdn. Bhd. ("Mega")
- Beauty Silk Screen Limited. ("BSSL")
- Beauty Silk Screen (M) Sdn. Bhd. ("BSSM")
- Jusca Garments Sdn. Bhd. ("JGSB")

29. Related party disclosures (cont'd)

(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	
	2008	**2007**
	RM'000	**RM'000**
Transactions with HPIRB:		
Purchases of packing materials	**4,678**	4,948
Sales of labels and stickers	**166**	187
Carriage and transport charges	**222**	134

	Company	
	2008	**2007**
	RM'000	**RM'000**
Transactions with fellow subsidiaries:		
Management fees received from:		
– Keza	**–**	62
– Mega	**160**	160
– BEEC	**–**	79
– BSSL	**–**	119
– BSSM	**–**	17
Dividend income received from:		
– PCCSSB	**–**	3,047
– JGSB	**1,110**	–
Payment received from:		
– BSSM	**17**	–
– Mega	**500**	250
– PCCSSB	**–**	3,496
Payment to BSSM	**–**	275
Transfer of fund from PCCSSB	**2,295**	–
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 6.

30. Significant events

(i) On 7 August 2007, the Company through its wholly-owned subsidiary, Jusca Development Sdn. Bhd. completed the acquisition of 20,000 ordinary shares of RM1 each in Beauty Silk Screen (M) Sdn. Bhd. ("BSSM"), representing a 10% equity interest in BSSM for a total cash consideration of RM434,700 resulting in BSSM to become a 95% owned subsidiary of the Company.

(ii) On 3 March 2008, the Company had invested in a 100% equity interest in JIT Textiles Limited ("JTL"), a company incorporated in Cambodia, resulting in JTL to become a wholly owned subsidiary of the Company at a total cost of USD 1,000,000 or approximately RM 3,200,000. The intended principal activity of JTL is manufacturing of apparels.

31. 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 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.

31. 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	Hong Kong Dollars RM'000	Singapore Dollars RM'000	Total RM'000
Functional Currency of Group Companies						
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)**
At 31 March 2007						
Ringgit Malaysia	–	(4)	(8,025)	(375)	(464)	(8,868)
Chinese Renminbi	–	(14)	(8,915)	–	–	(8,929)
United States Dollars	(211)	–	–	28	–	(183)
Hong Kong Dollars	–	–	6,011	–	–	6,011
	(211)	(18)	(10,929)	(347)	(464)	(11,969)

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

		Notional Amount 2008 RM'000	Notional Amount 2007 RM'000
Forwards used to hedge trade receivables – United States Dollars	Maturity within 1 year	**9,563**	8,675

31. 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	
	2008 RM'000	2007 RM'000
Net unrealised (losses)/gains	**(315)**	50

(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 16. 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.

Previously, certain customers settled their debts via letter of credit. During the financial year, the terms were revised to extended credit preiod of 30 days for these customers. The directors expect the sales to increase consequently.

31. Financial instruments (cont'd)

(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 2008:			
Hire purchase and finance lease liabilities	**20**	**10,353**	**10,440**
Forward foreign exchange contracts	**31(c)**	**–**	**15**
As at 31 March 2007:			
Hire purchase and finance lease liabilities	20	9,160	9,216
Forward foreign exchange contracts	31(c)	–	(98)

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.

32. 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 2008

	Malaysia RM'000	Cambodia RM'000	The People's Republic of China RM'000	Others 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
Results						
Operating profit/(loss)	7,090	786	1,927	(1,520)	–	8,283
Interest expense						(8,002)
Profit before tax						281
Income tax expense						(997)
Loss for the year						(716)
Assets						
Segment assets	162,324	76,469	117,302	2,370	–	358,465
Consolidated total assets						358,465
Liabilities						
Segment liabilities	115,372	31,646	72,743	10,081	–	229,842
Consolidated total liabilities						229,842

32. Segmental information (cont'd)

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

31 March 2008 (cont'd)

	Malaysia RM'000	Cambodia RM'000	The People's Republic of China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
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 I lease payments	**38**	**–**	**62**	**–**	**–**	**100**

31 March 2007

	Malaysia RM'000	Cambodia RM'000	The People's Republic of China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	365,171	5,554	42,296	4,031	–	417,052
Inter-segment sales	18,789	237,894	–	1,347	(258,030)	–
Total revenue	383,960	243,448	42,296	5,378	(258,030)	417,052
Result						
Operating profit/(loss)	9,589	10,245	(5,419)	(1,921)	–	12,494
Interest expense						(5,039)
Profit before tax						7,455
Income tax expense						(763)
Profit for the year						6,692
Assets						
Segment assets	131,606	66,985	76,956	5,283	–	280,830
Consolidated total assets						280,830

32. Segmental information (cont'd)

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

31 March 2007 (cont'd)

	Malaysia RM'000	Cambodia RM'000	The People's Republic of China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Liabilities						
Segment liabilities	86,103	17,234	36,764	4,856	–	144,957
Consolidated total liabilities						144,957
Other segment information						
Capital expenditure	12,259	10,109	5,335	3,972	–	31,675
Depreciation and amortisation:						
– Property, plant and equipment	6,979	5,526	4,582	82	–	17,169
– Investment properties	25	–	–	–	–	25
– Prepaid land lease payments	44	–	62	–	–	106

(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.

32. 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						(997)
Loss for the year						(716)
Assets						
Segment assets	242,512	(2,443)	56,121	62,275	–	358,465
Consolidated total assets						358,465
Liabilities						
Segment liabilities	187,424	10,980	21,482	9,956	–	229,842
Consolidated total liabilities						229,842

32. Segmental information (cont'd)

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

31 March 2008 (cont'd)

	Apparel RM'000	Labelling RM'000	Packaging RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
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**

31 March 2007

	Apparel RM'000	Labelling RM'000	Packaging RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	346,112	21,768	19,789	29,383	–	417,052
Inter-segment sales	232,997	2,722	–	22,311	(258,030)	–
Total revenue	579,109	24,490	19,789	51,694	(258,030)	417,052
Results						
Operating profit	4,823	3,753	(3,326)	7,244	–	12,494
Interest expense						(5,039)
Profit before tax						7,455
Income tax expense						(763)
Profit for the year						6,692
Assets						
Segment assets	171,827	23,287	56,180	29,536	–	280,830
Consolidated total assets						280,830

32. Segmental information (cont'd)

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

31 March 2007 (cont'd)

	Apparel RM'000	Labelling RM'000	Packaging RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Liabilities						
Segment liabilities	100,706	12,533	19,307	12,411	–	144,957
Consolidated total liabilities						144,957
Other segment information						
Capital expenditure	17,230	7,053	4,781	2,611	–	31,675
Depreciation and amortisation:						
– Property, plant and equipment	10,180	1,837	4,012	1,140	–	17,169
– Investment properties	23	–	–	2	–	25
– Prepaid land lease payments	44	–	62	–	–	106

GROUP PROPERTIES AS AT 31 MARCH 2008

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 07/09/2050	87,120 (46,684)	17	1,785,396	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)	15	814,003	'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)	16	327,899	04/04/1994*
4	No. 16, Jalan Pisang, Taman Maju, Parit Raja, 86400 Batu Pahat, Johor, Malaysia.	Single Storey Semi–Detached House	Freehold	24,001 (1,414)	15	53,523	04/04/1994*
5	No. 5, Jalan TP 7/3, Seksyen 26, Shah Alam, 40000 Selangor, Malaysia.	1 1/2 Storey Office and Factory Block	Freehold	3,000 (3,000)	12	537,863	04/10/1996
6	Plo 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor, Malaysia.	3 Blocks Office and Factory Buildings	Leasehold expiring 10/09/2051	114,127 (82,720)	12	5,269,475	21/04/1995
7	Lot 1376, GM 127, Mukim Simpang, Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	Office and Factory Building	Freehold	185,130# (88,000)	10	9,189,752	12/12/1997
8	Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	2 Blocks of Hostel Building	Freehold	74,104 (148,844)	5	4,555,955	31/03/2004
9	No. 32, Jalan Ikhtiari 2, Taman Ikhtiari, 84900 Tangkak, Muar, Johor, Malaysia.	Double Storey Terrace House	Freehold	4,864 (3,080)	2	195,920	01/03/2006
10	No. 8 to 15, Jalan Ikhtiari 1, Taman Ikhtiari, 84900 Tangkak, Muar, Johor, Malaysia.	8 Units of Double Storey Shophouses	Freehold	14,880 (14,080)	2	1,468,413	01/03/2006
11	No. 2, Jalan Ikhtiari 1, Taman Ikhtiari, 84900 Tangkak, Muar, Johor, Malaysia	1 Unit of Double Storey Shophouses	Freehold	1,760 (3,520)	4	172,793	21/11/2003
	# Inculding 74,104 sq ft for Hostel – Item 8						

GROUP PROPERTIES AS AT 31 MARCH 2008
(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*
	Beauty Electronic Embroidering Centre Sdn Bhd						
12	Plo 5, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor, Malaysia.Building	2 Blocks Detached Factory and Ancillary	Leasehold expiring 01/03/2043	43,560 (30,292)	23	874,616	04/04/1994*
13	No. 53, Jalan Bunga Dahlia 9, Taman Aman, 81400 Senai, Johor, Malaysia.	Single Storey Terrace House	Freehold	1,200	21	98,400	22/09/1998
	Keza Sdn Bhd						
14	No. 11A, Jalan 3, Tmn. Perindustrian Sinaran, 86000 Kluang, Johor	Factory Building	Freehold	2,002	9	138,133	04/09/2007
	China Roots Packaging Pte Ltd						
15	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)	3	20,686,241	05/04/2005
	PCCS (Hong Kong) Limited						
16	450, Shanghai Cao Yang Road, 1301,1302,1303, The One Building, Pu Tuo Qu, Chang Shou Lu Jie Dao, 122 Jie Fang 9/3 Qiu, Shanghai, China.	Office Building	Leasehold expiring 25/03/2055	4,853 (4,853)	2	3,393,959	28/12/2006

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	204	6.78	10,457	0.02
100 – 1,000	257	8.56	219,976	0.37
1,001 – 10,000	2,200	73.24	7,765,348	12.94
10,001 – 100,000	303	10.09	7,923,645	13.20
100,001 – 3,000,599 (*)	39	1.30	20,092,498	33.48
3,000,600 and above (**)	1	0.03	24,000,078	39.99
TOTAL	3,004	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	2,765,583	4.61	24,000,078 (2)	39.99
Chan Chor Ngiak	319,550	0.53	24,000,078 (3)	39.99
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.

(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 Kian's shareholding in PCCS.

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

LIST OF DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of PCCS based on the Register of Directors' Shareholdings of the Company are as follows:

Directors	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %
Chan Choo Sing	2,597,953	4.33	27,247,350 (1)	45.40
Chan Chow Tek	2,765,583	4.61	24,000,078 (2)	39.99
Chan Chor Ngiak	319,550	0.53	24,000,078 (3)	39.99
Chan Chor Ang	809,550	1.35	24,040,078 (4)	40.06
Cha Peng Koi @ Chia Peng Koi	–	–	–	–
Tan Chuan Hock	–	–	–	–
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.

(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 Kian'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*	1,419,000	2.36
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.	Ng Choon Fatt	851,733	1.42
8.	Chan Chor Ang	809,550	1.35
9.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Chow Tek*	734,600	1.22
10.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohd Radzuan Bin Ab Halim*	661,666	1.10
11.	Lim Poh Teot	642,466	1.07
12.	Ng Cheu Peng	549,500	0.92
13.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledge Securities Account for Chan Chow Tek*	504,000	0.84
14.	Yap Nyet Yune	468,333	0.78
15.	Wetex Industries Sdn Bhd	441,000	0.73
16.	CitiGroup Nominees (Asing) Sdn Bhd *CitiGroup GM Inc for SC Fundamental Value Fund LP*	330,186	0.55
17.	Tan Kim Kee @ Tan Kee	323,300	0.54
18.	Chan Chor Ngiak	319,550	0.53
19.	Chan Wee Kiang	285,233	0.48
20.	Gan Surt Neo	282,900	0.47
21.	Yung Lay Kiang	256,666	0.43
22.	Kwan Chee Tong	255,129	0.43
23.	CitiGroup Nominees (Asing) Sdn Bhd *CitiGroup GM Inc for SC Asian Opportunity Fund, L.P.*	235,800	0.39
24.	Chan Kok Hiang @ Chan Kock Hiang	226,333	0.38
25.	Tan Poay Jong	217,500	0.36
26.	CitiGroup Nominees (Asing) Sdn Bhd *CitiGroup GM Inc for SC Fundamental Value BVI Ltd*	209,414	0.35
27.	Wong Shak On	208,000	0.35
28.	Tan Hock Seng	200,000	0.33
29.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Loo Huck Siew*	200,000	0.33
30.	Yeo Eck Liong	166,666	0.28
		42,847,927	71.39

PCCS GROUP BERHAD

Company No. 280929-K
(Incoporated 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 Fourteenth 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 Tuesday, 26 August 2008 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.

1.	To receive the Audited Financiall Statements for the financial year ended 31 March 2008 together with the Reports of the Directors and the Auditors thereon.		
	Resolution	**For**	**Against**
2.	To approve the Directors' fees for the financial year ended 31 March 2008. (Resolution 1)		
3(a)	To re-elect Mr. Chan Chow Tek in accordance with Article 94 of the Company's Articles of Association. (Resolution 2)		
3(b)	To re-elect Mr. Chan Chor Ngiak 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 <u>Ordinary Resolution No. 1</u> Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 (Resolution 5)		
6.	As Special Business <u>Ordinary Resolution No. 2</u> 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)		
7.	As Special Business <u>Special Resolution</u> Proposed Amendments to the Articles of Association of the Company. (Resolution 7)		

* Strike out whichever not applicable

Signed this .... day of 2008

....
Signature of Member/Common Seal

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Sections 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
2. 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.
3. Where a holder appoints two or more proxies, he shall specify the proportions of his shareholdings to be represented by each proxy.
4. 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.
5. 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.