



PCCS Group Berhad

Company No. 280929-K
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2008

	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
	30.09.2008 RM'000	30.09.2007 RM'000	30.09.2008 RM'000	30.09.2007 RM'000
Continuing Operations				
Revenue	130,112	137,088	287,810	251,322
Cost of sales	(118,702)	(119,551)	(257,241)	(215,512)
Gross Profit	11,410	17,537	30,569	35,810
Other Income	2,780	1,319	3,700	1,671
Interest Income	40	36	59	105
Administrative expenses	(14,299)	(12,037)	(26,259)	(24,021)
Selling and marketing expenses	(5,958)	(3,530)	(10,424)	(7,656)
Finance costs	(2,958)	(2,133)	(5,538)	(3,856)
Profit/(Loss) before tax	(8,985)	1,192	(7,893)	2,053
Income tax expense	(738)	(286)	(1,072)	(633)
Profit/(Loss) for the period	(9,723)	906	(8,965)	1,420
Attributable to:				
Equity holders of the parent	(9,728)	870	(8,977)	1,305
Minority interest	5	36	12	115
	(9,723)	906	(8,965)	1,420
Earnings per share attributable to equity holders of the parent:				
Basic, for profit from continuing operations	(16.21)	1.45	(14.96)	2.17
Basic, for profit for the period	(16.21)	1.45	(14.96)	2.17
Diluted, for profit for the period	Not applicable		Not applicable	

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) AS AT 30 SEPTEMBER 2008

	30.09.2008 RM'000 (Unaudited)	31.03.2008 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	166,052	147,785
Investment Properties	5,121	4,962
Prepaid lease payments	5,135	4,492
Other investment	84	84
Goodwill	19	19
	<u>176,411</u>	<u>157,342</u>
Current assets		
Inventories	95,229	79,887
Trade receivables	85,058	79,182
Other receivables	23,410	19,274
Tax Recoverable	1,358	792
Cash and bank balances	21,988	19,588
	<u>227,043</u>	<u>198,723</u>
Non-current asset classified as held for sale	1,354	2,400
	<u>228,397</u>	<u>201,123</u>
TOTAL ASSETS	<u>404,808</u>	<u>358,465</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	60,012	60,012
Share premium	4	4
Other reserves	2,408	(4,713)
Retained earnings	64,073	73,050
	<u>126,497</u>	<u>128,353</u>
Minority interest	<u>282</u>	<u>270</u>
Total Equity	<u>126,779</u>	<u>128,623</u>
Non-Current liabilities		
Borrowings	27,538	30,707
Deferred tax liabilities	3,765	3,750
	<u>31,303</u>	<u>34,457</u>
Current liabilities		
Borrowings	172,193	141,981
Trade payables	38,017	30,126
Other payables	36,488	23,249
Dividends payable	28	29
	<u>246,726</u>	<u>195,385</u>
Total liabilities	<u>278,029</u>	<u>229,842</u>
TOTAL EQUITY AND LIABILITIES	<u>404,808</u>	<u>358,465</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.1079	2.1388

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) AS AT 30 SEPTEMBER 2008

Note	<----- Attributable to Equity Holders of the parent----->							
	<----- Non-distributable ----->			Distributable				
	Share Capital RM'000	Share premium RM'000	Foreign Exchange Reserves RM'000	Legal Reserves RM'000	Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
As at 1 April 2007	60,012	4	(2,335)	1,271	76,262	135,214	659	135,873
Purchase shares from minority interest	-	-	-	-	52	52	(503)	(451)
Profit for the period	-	-	-	-	1,305	1,305	115	1,420
Foreign currency translation	-	-	497	-	-	497	-	497
Transfer to legal reserve	-	-	-	-	-	-	-	-
Total recognised income and expense for the period	-	-	497	-	1,357	1,854	(388)	1,466
As at 30 September 2007	<u>60,012</u>	<u>4</u>	<u>(1,838)</u>	<u>1,271</u>	<u>77,619</u>	<u>137,068</u>	<u>271</u>	<u>137,339</u>
As at 1 April 2008	60,012	4	(6,249)	1,563	73,050	128,380	270	128,650
Profit/(Loss) for the period	-	-	-	-	(8,977)	(8,977)	12	(8,965)
Foreign currency translation	-	-	7,094	-	-	7,094	-	7,094
Transfer to legal reserve	-	-	-	-	-	-	-	-
Total recognised income and expense for the period	-	-	7,094	-	(8,977)	(1,883)	12	(1,871)
As at 30 September 2008	<u>60,012</u>	<u>4</u>	<u>845</u>	<u>1,563</u>	<u>64,073</u>	<u>126,497</u>	<u>282</u>	<u>126,779</u>

The Condensed Consolidated Statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (Unaudited) FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2008

	6 months ended	
	30.09.2008	30.09.2007
	RM'000	RM'000
Net cash (used in) operating activities	(3,181)	(21,837)
Net cash (used in) investing activities	(24,501)	(20,242)
Net cash generated from financing activities	27,176	48,639
Net increase/(decrease) in cash and cash equivalents	(506)	6,560
Effects of exchange rate changes	3,040	497
Cash and cash equivalents at beginning of financial period	14,872	17,635
Cash and cash equivalents at end of financial period	<u>17,406</u>	<u>24,692</u>

Cash and cash equivalents at the end of the financial period comprise the following:

	As at	As at
	30.09.2008	30.09.2007
	RM'000	RM'000
Cash and bank balances	21,988	26,602
Bank overdrafts (included within short term borrowings)	(4,577)	(1,888)
Deposits pledged to banks	(5)	(22)
	<u>17,406</u>	<u>24,692</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.



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PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding to the changes in the financial position and performance of the Group since the year ended 31 March 2008.

2. AUDITORS' REPORT ON PROCEEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 March 2008 was not qualified.

3. SEGMENTAL INFORMATION

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.09.2008 RM'000	30.09.2007 RM'000	30.09.2008 RM'000	30.09.2007 RM'000
Segment Revenue				
Revenue from continuing operations:				
Apparels	164,404	177,733	369,074	337,772
Non-apparels	35,016	25,711	64,668	50,122
Total revenue before eliminations	199,420	203,444	433,742	387,894
Eliminations	(69,308)	(66,356)	(145,932)	(136,572)
Total	130,112	137,088	287,810	251,322
Segment Result				
Result from continuing operations:				
Apparels	(9,601)	217	(10,524)	(68)
Non-apparels	114	997	1,703	1,657
	(9,487)	1,214	(8,821)	1,589
Eliminations	502	(22)	928	464
Total	(8,985)	1,192	(7,893)	2,053

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

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



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5. CHANGES IN ESTIMATES

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

6. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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

7. DIVIDENDS PAID

There were no dividends paid for the current quarter.

8. CARRYING AMOUNT OF REVALUED ASSETS

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 March 2008.

9. DEBT AND EQUITY SECURITIES

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

10. CHANGES IN COMPOSITION OF THE GROUP

There is no changes in the composition of the Group during the current quarter.

11. CAPITAL COMMITMENTS

The amount of commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 30 September 2008 is as follows :

Approved and contracted for RM1.3 million.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no other contingent liabilities or contingent assets, except for corporate guarantee amounting RM207 million given to licensed banks in respect of bank facilities granted to subsidiaries during the six months financial period ended 30 September 2008.

13. SUBSEQUENT EVENTS

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



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

14. PERFORMANCE REVIEW

During the period ended 30 September 2008, the Group recorded a higher turnover of RM287.8 million compared to RM251.3 million achieved in the last financial period. The pre-tax profit of the Group decreased from RM2.1 million achieved in the last financial period ended 30 September 2007 to a pre-tax loss of RM7.9 million recorded for the period under review. Losses were mainly attributed by prices committed to buyers from previous buying seasons and the inflationary effects on our wages and energy-related costs.

15. COMMENT ON MATERIAL CHANGE IN THE QUARTERLY RESULTS

Total turnover decreased from RM157.7 million recorded in the preceding quarter to RM130.1 million achieved in the current quarter. The pre-tax loss of the Group recorded at RM8.9 million compared to a pre-tax profit RM1.1 million recorded for the preceding quarter. The reasons for the losses were partly due to the normal low buying season that coincides with our current quarter and reinforced by the factors described above.

16. COMMENTARY ON PROSPECTS

The Group is in the midst of consolidating its action plans in maintaining its working capital, which will be crucial to tide over this volatility period and concurrently, reviewing its operational process to further improve efficiency and productivity. Total revenue from its core business of garments manufacturing and other divisions are expected to be maintained albeit on tight margins under the current operating environment which will remain tough till the end of the financial year.

17. PROFIT FORECAST OR PROFIT GUARANTEE

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

18. INCOME TAX EXPENSE

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.09.2008 RM'000	30.09.2007 RM'000	30.09.2008 RM'000	30.09.2007 RM'000
Malaysian income tax	119	97	390	444
Foreign income tax	619	189	682	189
Total income tax expense	<u>738</u>	<u>286</u>	<u>1,072</u>	<u>633</u>

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



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19. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investment and properties of the Group during quarter under review and financial year to-date.

20. QUOTED SECURITIES

There were no purchases and disposals of quoted securities during the quarter under review and financial year-to-date.

21. CORPORATE PROPOSALS

a) Status of Corporate Proposals

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

b) Status of Utilisation of Proceeds

Not applicable.

22. GROUP BORROWINGS

	As at 30 Sept 08 RM'000	As at 31 Mar 08 RM'000
Short term borrowings		
- Bank overdrafts	5,314	4,699
- Bankers' acceptance	57,668	47,863
- Trade loan/Trust receipts/Export bill financing	45,382	38,366
- Term loans	22,428	30,268
- Revolving credit	36,284	15,963
- Hire purchase and lease payables	5,116	4,822
	<u>172,192</u>	<u>141,981</u>
Long term borrowings		
- Hire purchase and lease payables	4,751	5,531
- Term loans	22,788	25,176
	<u>27,539</u>	<u>30,707</u>
Total	<u>199,731</u>	<u>172,688</u>

Borrowings denominated in foreign currency:

	'000	Ringgit Equivalent RM'000
- United States Dollars ("USD")	21,117	71,588
- Hong Kong Dollars ("HKD")	14,648	6,445
- Chinese, Yuan Renminbi ("RMB")	93,314	46,657
		<u>124,690</u>



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23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group has entered into the following outstanding foreign currency contract.

USD/MYR Target Redemption Forward for USD500,000 per bi-weekly.

Reference Period : 12 May 2008 to 15 Mar 2010

Strike Rate : 3.31

Outstanding Target Redemption Value : 910 basis points

The contract is used to hedge against confirm export proceeds in foreign currencies.

24. CHANGES IN MATERIAL LITIGATION

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

25. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 30 September 2008 (30 September 2007 : Nil).

26. EARNINGS PER SHARE

a Basic

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

b Diluted

There is no dilution in earnings per share as there was no dilutive potential ordinary shares as at 30 September 2008.

28. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 27 November 2008.

By Order of the Board

CHUA SIEW CHUAN(MAICSA 0777689)
Company Secretary
27 November 2008