



PCCS Group Berhad

Company No. 280929-K
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2010

Continuing Operations

Revenue	113,697	119,058	222,476	286,588
Cost of sales	(105,062)	(100,554)	(195,583)	(241,232)
Gross Profit	8,635	18,504	26,893	45,356
Other Income	12,358	2,248	14,183	6,775
Interest Income	57	10	66	21
Administrative expenses	(12,647)	(12,218)	(22,720)	(27,043)
Selling and marketing expenses	(5,715)	(4,909)	(11,831)	(10,968)
Finance costs	(1,827)	(2,351)	(3,284)	(4,782)
Profit before tax	861	1,284	3,307	9,359
Income tax expense	(382)	(12)	(661)	(1,486)
Profit for the period	479	1,272	2,646	7,873
Attributable to:				
Equity holders of the parent	479	1,308	2,656	7,911
Minority interest	-	(36)	(10)	(38)
	479	1,272	2,646	7,873
Earnings per share attributable to equity holders of the parent (sen):				
Basic, for profit from continuing operations	0.80	2.18	4.43	13.18
Basic, for profit for the period	0.80	2.18	4.43	13.18
Diluted, for profit for the period	Not applicable		Not applicable	

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2010

	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
	30.09.2010 RM'000	30.09.2009 RM'000	30.09.2010 RM'000	30.09.2009 RM'000
Profit for the period	479	1,272	2,646	7,873
Other comprehensive (expense)/income net of tax				
Exchange differences on translation of foreign operations	(2,984)	1,288	(2,887)	(2,048)
Total comprehensive income for the period	(2,505)	2,560	(241)	5,825
Total comprehensive income attributable to:				
Owners of the Parent	(2,525)	2,596	(251)	5,863
Minority interest	20	(36)	10	(38)
	(2,505)	2,560	(241)	5,825

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.



PCCS Group Berhad

Company No. 280929-K
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 30 SEPTEMBER 2010

	30.09.2010 RM'000 (Unaudited)	31.03.2010 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	86,983	92,783
Investment Properties	893	1,240
Prepaid lease payments	850	870
Other investment	77	77
Goodwill	19	19
	<u>88,822</u>	<u>94,989</u>
Current assets		
Inventories	49,622	51,261
Trade receivables	83,145	63,458
Other receivables	22,728	10,466
Tax Recoverable	2,071	2,024
Cash and bank balances	28,607	16,543
	<u>186,173</u>	<u>143,752</u>
Non-current asset classified as held for sale	282	451
Assets of disposal group classified as held for sale	-	72,381
	<u>186,455</u>	<u>216,584</u>
TOTAL ASSETS	<u>275,277</u>	<u>311,573</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	60,012	60,012
Share premium	4	4
Other reserves	(3,731)	(1,676)
Retained earnings	66,468	63,831
Foreign exchange reserve relating to assets classified as held for sale	-	832
	<u>122,753</u>	<u>123,003</u>
Minority interest	346	336
Total Equity	<u>123,099</u>	<u>123,339</u>
Non-Current liabilities		
Borrowings	7,635	9,646
Deferred tax liabilities	1,232	1,214
	<u>8,867</u>	<u>10,860</u>
Current liabilities		
Borrowings	101,922	106,971
Trade payables	19,125	24,364
Other payables	22,236	21,418
Tax payable	-	-
Dividends payable	28	28
	<u>143,311</u>	<u>152,781</u>
Liabilities directly associated with assets classified as held for sale	-	24,593
	<u>143,311</u>	<u>177,374</u>
Total liabilities	<u>152,178</u>	<u>188,234</u>
TOTAL EQUITY AND LIABILITIES	<u>275,277</u>	<u>311,573</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.0455	2.0496

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2010

Note	<----- Attributable to Equity Holders of the parent----->						Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share premium RM'000	Foreign Exchange Reserves RM'000	Legal Reserves RM'000	Relating to Assets Held for sale RM'000	Retained Earnings RM'000			
As at 1 April 2009	60,012	4	6,463	1,536		56,050	124,065	320	124,385
Total comprehensive income for the period	-	-	(2,048)	-		7,911	5,863	(38)	5,825
Amount recognised directly in equity relating to assets classified as held for sale	-	-	-	-	-	-	-	-	-
Dividends						-	-		-
As at 30 September 2009	<u>60,012</u>	<u>4</u>	<u>4,415</u>	<u>1,536</u>	<u>-</u>	<u>63,961</u>	<u>129,928</u>	<u>282</u>	<u>130,210</u>
As at 1 April 2010	60,012	4	(3,239)	1,563	832	63,831	123,003	336	123,339
Total comprehensive income for the period	-	-	(2,055)	-	(832)	2,636	(251)	10	(241)
Amount recognised directly in equity relating to assets classified as held for sale			-		-				
As at 30 September 2010	<u>60,012</u>	<u>4</u>	<u>(5,294)</u>	<u>1,563</u>	<u>-</u>	<u>66,467</u>	<u>122,752</u>	<u>346</u>	<u>123,098</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 2010 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED) FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2010

	6 months ended	
	30.09.2010	30.09.2009
	RM'000	RM'000
Net cash (used in)/generated from operating activities	(37,572)	30,305
Net cash generated from/(used in) investing activities	54,987	(2,474)
Net cash used in financing activities	(7,686)	(14,559)
Net increase in cash and cash equivalents	<u>9,729</u>	<u>13,272</u>
Effects of exchange rate changes	(1,153)	(383)
Cash and cash equivalents at beginning of financial period	16,435	15,438
Cash and cash equivalents at end of financial period	<u>25,011</u>	<u>28,327</u>

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

	As at	As at
	30.09.2010	30.09.2009
	RM'000	RM'000
Cash and bank balances	28,607	30,895
Bank overdrafts (included within short term borrowings)	(3,578)	(2,563)
Deposits pledged to banks	(18)	(5)
Cash and bank classified as held for sale	-	-
	<u>25,011</u>	<u>28,327</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 March 2010 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 Main Market 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 2010. 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 2010, except that the Group has adopted the new/revised FRS and Issues Committee ("IC") Interpretations mandatory for annual periods beginning on or after 1 January 2010 as follows:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segment
FRS 101	Presentation of Financial Statement (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS 2	Share Based Payment – Vesting Conditions and Cancellations
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Financial Instruments - Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 101	Presentation of Financial Statement
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 117	Leases
Amendment to FRS 119	Employee Benefits
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 138	Intangible Assets
Amendment to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Amendment to FRS 140	Investment Property
Amendment to FRSs 'Improvements to FRSs (2009)'	
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions

The adoption of the above standards did not result in any significant changes in the accounting policies and presentations of the financial results of the Group except for the following:

a) FRS 8 : Operating Segments

FRS 8 requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. As the Group's chief operating decision maker, the Group's Board of Directors, relies on internal reports that are similar to those currently disclosed externally, no further segmental information disclosures will be necessary.



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b) FRS 101 : Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements.

With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

c) FRS 117 : Leases

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payments in the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie. The Group has concluded to remain the existing leasehold land as operating lease.

d) FRS 139 : Financial Instruments : Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognized on their settlement dates. Outstanding derivatives at the balance sheet date were not recognized. With the adoption of FRS 139, all derivative financial instruments held by the Group will be recognized as assets or liabilities in the balance sheets, and will be classified as financial assets or financial liabilities at fair value through profit and loss. When derivative financial instruments are recognised initially, there are measured at fair value. Subsequent to initial recognition, derivative financial instruments are measured at fair value. Any gains or losses from changes in fair value of the derivatives financial instruments will be recognized in profit and loss.

2. AUDITORS' REPORT ON PROCEEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 March 2010 was not qualified.



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3. SEGMENTAL INFORMATION

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Apparels	142,212	158,317	310,257	395,515
Non-apparels	14,762	26,562	44,481	53,943
Total revenue before eliminations	156,974	184,879	354,738	449,458
Eliminations	(43,277)	(65,821)	(132,262)	(162,870)
Total	113,697	119,058	222,476	286,588
Segment Result				
Result from continuing operations:				
Apparels	(10,053)	(2,622)	(8,712)	3,551
Non-apparels	11,336	3,230	13,119	5,659
	1,283	608	4,407	9,210
Eliminations	(422)	676	(1,100)	149
Total	861	1,284	3,307	9,359

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.

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 2010.



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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

Save as disclosed below, there were no changes in composition of the group during the current quarter.

- a) On 31 August 2010, PCCS through a wholly-owned subsidiary, PCCS Garments (Suzhou) Ltd ("SGL") incorporated a wholly-owned subsidiary company in Wuhan, China under the name of PCCS Garments Wuhan Limited ("WGL"), with a paid-up capital of RMB1,000,000.00 (equivalent to RM460,000). The principal activities of WGL is wholesale trading of apparel, accessories and fabric materials, import and export of apparel, and investment holding.
- b) On 9 September 2010, PCCS incorporated a wholly-owned subsidiary company in Hong Kong under the name of Thirty Three (Hong Kong) Limited (TTHK) with the registered share capital of 20,000 ordinary shares of HK\$1.00 each. The principal activities of TTHK is investment holding.

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 2010 is as follows :

Approved and contracted for RM4.4 million.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no other contingent liabilities or contingent assets, except for corporate guarantee amounting RM117 million given to licensed banks in respect of bank facilities granted to subsidiaries during the six months financial period ended 30 September 2010.

13. SUBSEQUENT EVENTS

On 14 October 2010, Jusca Development Sdn Bhd ("JUSCA"), a wholly-owned subsidiary of PCCS, had entered into a share purchase agreement with Mr. Chua Yong Wah to acquire an additional 10,000 ordinary shares of RM1.00 each, representing 5% equity interests in Beauty Silk Screen (M) Sdn Bhd (BSSM) for a total cash consideration of RM226,300/-. With the acquisition of shares, BSSM becomes a wholly-owned subsidiary of JUSCA.



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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 2010, the Group recorded a lower turnover of RM222.5 million compared to RM286.6 million achieved in the previous corresponding period due to the buyers' orders from Apparels Division had decreased. The pre-tax profit of the Group reduced from profit RM9.4 million achieved in the corresponding financial period ended 30 September 2009 to a pre-tax profit of RM3.3 million recorded for the period under review.

15. COMMENT ON MATERIAL CHANGE IN THE QUARTERLY RESULTS

Total turnover increased from RM108.8 million recorded in the preceding quarter to RM113.7 million achieved in the current quarter. The pre-tax profit of the Group recorded at RM861 thousand compared to a pre-tax profit RM2.45 million recorded for the preceding quarter.

16. COMMENTARY ON PROSPECTS

The Group will continue to implement action plans for growth by improving efficiency and productivity. Total revenue earned from its core business of garments manufacturing and other divisions are expected to be enhanced. The Group is thus reasonably optimistic on the overall performance of the next quarterly results.

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	
	30.09.2010 RM'000	30.09.2009 RM'000	30.09.2010 RM'000	30.09.2009 RM'000
Malaysian income tax	89	(30)	192	561
Foreign income tax	293	42	469	925
Total income tax expense	<u>382</u>	<u>12</u>	<u>661</u>	<u>1,486</u>

The tax provided in the current period is mainly in respect of certain subsidiaries reporting taxable profits and provision for deferred tax arising from reversal of temporary differences.

19. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investment and properties of the Group during quarter under review.



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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 other than as disclosed in note 13.

b) Status of Utilisation of Proceeds

Not applicable.

22. GROUP BORROWINGS

	As at 30 Sep 10 RM'000	As at 31 Mar 10 RM'000
Short term borrowings		
- Bank overdrafts	3,578	2,952
- Bankers' acceptance	10,266	29,596
- Trade loan/Trust receipts/Export bill financing	52,333	41,639
- Term loans	9,924	9,286
- Revolving credit	24,565	21,595
- Hire purchase and lease payables	1,256	1,903
	<u>101,922</u>	<u>106,971</u>
	As at 30 Sep 10 RM'000	As at 31 Mar 10 RM'000
Long term borrowings		
- Hire purchase and lease payables	2,001	2,440
- Term loans	5,634	7,206
	<u>7,635</u>	<u>9,646</u>
Total	<u>109,557</u>	<u>116,617</u>

Borrowings denominated in foreign currency:

	'000	Ringgit Equivalent RM'000
- United States Dollars ("USD")	12,137	37,988
- Hong Kong Dollars ("HKD")	59,320	23,728
- Chinese, Yuan Renminbi ("RMB")	53,737	24,719
		<u>86,435</u>



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23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not enter into any off balance sheet financial instruments as at the date of this announcement.

24. CHANGES IN MATERIAL LITIGATION

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

25. DIVIDEND PAYABLE

No interim dividend has been declared for the financial period ended 30 September 2010 (30 September 2009: 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 2010.

27. 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 16 November 2010.

By Order of the Board

CHUA SIEW CHUAN(MAICSA 0777689)
Company Secretary
16 November 2010