



PCCS Group Berhad

Company No. 280929-K
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) FOR THE THIRD QUARTER ENDED 31 DECEMBER 2010

| | CURRENT QUARTER 3 MONTHS ENDED | | CUMULATIVE QUARTER 9 MONTHS ENDED | |
|---|-----------------------------------|----------------------|--------------------------------------|----------------------|
| | 31.12.2010 RM'000 | 31.12.2009 RM'000 | 31.12.2010 RM'000 | 31.12.2009 RM'000 |
| Continuing Operations | | | | |
| Revenue | 101,639 | 107,110 | 320,411 | 393,698 |
| Cost of sales | (88,250) | (87,824) | (283,833) | (329,056) |
| Gross Profit | 13,389 | 19,286 | 36,578 | 64,642 |
| Other Income | 2,995 | (1,546) | 17,178 | 5,229 |
| Interest Income | 22 | 144 | 88 | 165 |
| Administrative expenses | (12,517) | (10,730) | (35,237) | (37,773) |
| Selling and marketing expenses | (1,944) | (4,506) | (10,071) | (15,474) |
| Finance costs | (1,216) | (1,795) | (4,500) | (6,577) |
| Profit before tax | 729 | 853 | 4,036 | 10,212 |
| Income tax expense | (199) | 79 | (860) | (1,407) |
| Profit for the period | 530 | 932 | 3,176 | 8,805 |
| Attributable to: | | | | |
| Equity holders of the parent | 507 | 913 | 3,163 | 8,824 |
| Non-controlling interest | 23 | 19 | 13 | (19) |
| | 530 | 932 | 3,176 | 8,805 |
| Earnings per share attributable to equity holders of the parent (sen): | | | | |
| Basic, for profit from continuing operation: | 0.84 | 1.52 | 5.27 | 14.70 |
| Basic, for profit for the period | 0.84 | 1.52 | 5.27 | 14.70 |
| 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 THIRD QUARTER ENDED 31 DECEMBER 2010

| | CURRENT QUARTER 3 MONTHS ENDED | | CUMULATIVE QUARTER 9 MONTHS ENDED | |
|--|-----------------------------------|----------------------|--------------------------------------|----------------------|
| | 31.12.2010 RM'000 | 31.12.2009 RM'000 | 31.12.2010 RM'000 | 31.12.2009 RM'000 |
| Profit for the period | 530 | 932 | 3,176 | 8,805 |
| Other comprehensive (expense)/income net of tax | | | | |
| Exchange differences on translation of foreign operations | 439 | (3,263) | (2,448) | (5,311) |
| Total comprehensive income for the period | 969 | (2,331) | 728 | 3,494 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Parent | 1,315 | (2,350) | 1,064 | 3,513 |
| Non-controlling interest | (346) | 19 | (336) | (19) |
| | 969 | (2,331) | 728 | 3,494 |

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 31 DECEMBER 2010

| | 31.12.2010 RM'000 (Unaudited) | 31.03.2010 RM'000 (Audited) |
|---|-------------------------------------|-----------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 88,519 | 92,783 |
| Investment Properties | 890 | 1,240 |
| Prepaid lease payments | 878 | 870 |
| Other investment | 77 | 77 |
| Goodwill | 19 | 19 |
| | <u>90,383</u> | <u>94,989</u> |
| Current assets | | |
| Inventories | 38,200 | 51,261 |
| Trade receivables | 81,390 | 63,458 |
| Other receivables | 15,515 | 10,466 |
| Tax Recoverable | 2,095 | 2,024 |
| Cash and bank balances | 33,127 | 16,543 |
| | <u>170,327</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>170,609</u> | <u>216,584</u> |
| TOTAL ASSETS | <u>260,992</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 | (2,944) | (1,676) |
| Retained earnings | 66,995 | 63,831 |
| Foreign exchange reserve relating to assets classified as held for sale | - | 832 |
| | <u>124,067</u> | <u>123,003</u> |
| Minority interest | <u>-</u> | <u>336</u> |
| Total Equity | <u>124,067</u> | <u>123,339</u> |
| Non-Current liabilities | | |
| Borrowings | 6,653 | 9,646 |
| Deferred tax liabilities | 1,226 | 1,214 |
| | <u>7,879</u> | <u>10,860</u> |
| Current liabilities | | |
| Borrowings | 103,056 | 106,971 |
| Trade payables | 13,974 | 24,364 |
| Other payables | 11,988 | 21,418 |
| Tax payable | - | - |
| Dividends payable | 28 | 28 |
| | <u>129,046</u> | <u>152,781</u> |
| Liabilities directly associated with assets classified as held for sale | - | 24,593 |
| | <u>129,046</u> | <u>177,374</u> |
| Total liabilities | <u>136,925</u> | <u>188,234</u> |
| TOTAL EQUITY AND LIABILITIES | <u>260,992</u> | <u>311,573</u> |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | 2.0674 | 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.



PCCS Group Berhad

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 | - | - | (5,311) | - | | 8,824 | 3,513 | (19) | 3,494 |
| As at 31 December 2009 | <u>60,012</u> | <u>4</u> | <u>1,152</u> | <u>1,536</u> | <u>-</u> | <u>64,874</u> | <u>127,578</u> | <u>301</u> | <u>127,879</u> |
| As at 1 April 2010 | 60,012 | 4 | (3,240) | 1,563 | 832 | 63,832 | 123,003 | 336 | 123,339 |
| Total comprehensive income for the period | - | - | (1,267) | - | (832) | 3,163 | 1,064 | | 1,064 |
| Acquisition of non-controlling interest | - | - | | - | | - | - | (336) | (336) |
| As at 31 December 2010 | <u>60,012</u> | <u>4</u> | <u>(4,507)</u> | <u>1,563</u> | <u>-</u> | <u>66,995</u> | <u>124,067</u> | <u>-</u> | <u>124,067</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 THIRD QUARTER ENDED 31 DECEMBER 2010

| | 9 months ended | |
|--|----------------------|----------------------|
| | 31.12.2010 | 31.12.2009 |
| | RM'000 | RM'000 |
| Net cash (used in)/generated from operating activities | (30,039) | 34,332 |
| Net cash generated from/(used in) investing activities | 49,578 | (1,296) |
| Net cash used in financing activities | (9,647) | (19,611) |
| Net increase in cash and cash equivalents | <u>9,892</u> | <u>13,425</u> |
| Effects of exchange rate changes | 1,090 | (1,233) |
| Cash and cash equivalents at beginning of financial period | <u>16,435</u> | <u>15,438</u> |
| Cash and cash equivalents at end of financial period | <u><u>27,417</u></u> | <u><u>27,630</u></u> |

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

| | As at | As at |
|---|----------------------|----------------------|
| | 31.12.2010 | 31.12.2009 |
| | RM'000 | RM'000 |
| Cash and bank balances | 33,127 | 33,596 |
| Bank overdrafts (included within short term borrowings) | (5,710) | (5,949) |
| Deposits pledged to banks | - | (17) |
| | <u><u>27,417</u></u> | <u><u>27,630</u></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.



PCCS Group Berhad

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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 | | 9 months ended | |
| | 31.12.2010 | 31.12.2009 | 31.12.2010 | 31.12.2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment Revenue | | | | |
| Revenue from continuing operations: | | | | |
| Apparels | 157,798 | 138,167 | 468,055 | 533,682 |
| Non-apparels | 15,591 | 29,528 | 60,072 | 83,471 |
| Total revenue before eliminations | 173,389 | 167,695 | 528,127 | 617,153 |
| Eliminations | (71,750) | (60,585) | (207,716) | (223,455) |
| Total | 101,639 | 107,110 | 320,411 | 393,698 |
| Segment Result | | | | |
| Result from continuing operations: | | | | |
| Apparels | (2,232) | (436) | (10,944) | 3,115 |
| Non-apparels | 1,745 | 2,995 | 14,864 | 8,654 |
| | (487) | 2,559 | 3,920 | 11,769 |
| Eliminations | 1,216 | (1,706) | 116 | (1,557) |
| Total | 729 | 853 | 4,036 | 10,212 |

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.



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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.

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.

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.

11. CAPITAL COMMITMENTS

The amount of commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 31 December 2010 is as follows :

Approved and contracted for RM3.9 million.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no other contingent liabilities or contingent assets, except for corporate guarantee amounting RM114 million given to licensed banks in respect of bank facilities granted to subsidiaries during the nine months financial period ended 31 December 2010.

13. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the financial quarter under review up to the date of the interim financial 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 31 December 2010, the Group recorded a lower turnover of RM320.4 million compared to RM393.7 million achieved in the previous corresponding period due to the Group had disposed Plastic Packaging Division and the buyers' orders from Apparels Division had decreased. The pre-tax profit of the Group reduced from profit RM10.2 million achieved in the corresponding financial period ended 31 December 2009 to a pre-tax profit of RM4.0 million recorded for the period under review.

15. COMMENT ON MATERIAL CHANGE IN THE QUARTERLY RESULTS

Total turnover reduced from RM113.7 million recorded in the preceding quarter to RM101.6 million achieved in the current quarter. The pre-tax profit of the Group recorded at RM729 thousand compared to a pre-tax profit RM861 thousand 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.

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 9 months ended | |
|--------------------------|-----------------------------------|----------------------|--------------------------------------|----------------------|
| | 31.12.2010 RM'000 | 31.12.2009 RM'000 | 31.12.2010 RM'000 | 31.12.2009 RM'000 |
| Malaysian income tax | 262 | 210 | 454 | 771 |
| Foreign income tax | (63) | (289) | 406 | 636 |
| Total income tax expense | <u>199</u> | <u>(79)</u> | <u>860</u> | <u>1,407</u> |

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

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 31 Dec 10 RM'000 | As at 31 Mar 10 RM'000 |
|---|------------------------------|------------------------------|
| Short term borrowings | | |
| - Bank overdrafts | 5,710 | 2,952 |
| - Bankers' acceptance | 8,764 | 29,596 |
| - Trade loan/Trust receipts/Export bill financing | 63,454 | 41,639 |
| - Term loans | 5,052 | 9,286 |
| - Revolving credit | 18,975 | 21,595 |
| - Hire purchase and lease payables | 1,101 | 1,903 |
| | <u>103,056</u> | <u>106,971</u> |
| | | |
| | As at 31 Dec 10 RM'000 | As at 31 Mar 10 RM'000 |
| Long term borrowings | | |
| - Hire purchase and lease payables | 1,737 | 2,440 |
| - Term loans | 4,916 | 7,206 |
| | <u>6,653</u> | <u>9,646</u> |
| | | |
| Total | <u>109,709</u> | <u>116,617</u> |

Borrowings denominated in foreign currency:

| | '000 | Ringgit Equivalent RM'000 |
|----------------------------------|--------|---------------------------------|
| - United States Dollars ("USD") | 13,433 | 42,583 |
| - Hong Kong Dollars ("HKD") | 64,099 | 26,280 |
| - Chinese, Yuan Renminbi ("RMB") | 43,891 | 20,629 |
| | | <u>89,492</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. REALISED AND UNREALISED EARNINGS OR LOSSES DISCLOSURE

The retained earnings as at 31 December 2010 is analysed as follows:

| | As at 31 Dec'10 RM'000 | As at 30 Sep'10 RM'000 |
|--|------------------------------|------------------------------|
| Total retained earnings of the Company and its subsidiaries: | | |
| - Realised | 88,551 | 89,244 |
| - Unrealised | <u>(1,328)</u> | <u>(1,328)</u> |
| | 87,223 | 87,916 |
| Less: Consolidation adjustments | <u>(20,228)</u> | <u>(21,448)</u> |
| Total group retained earnings as per consolidated financial statements | <u>66,995</u> | <u>66,468</u> |

25. CHANGES IN MATERIAL LITIGATION

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

26. DIVIDEND PAYABLE

No interim dividend has been declared for the financial period ended 31 December 2010 (31 December 2009: Nil).

27. 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 31 December 2010.

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 28 February 2011.



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By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
Company Secretary
28 February 2011