



PCCS Group Berhad

Company No. 280929-K
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE FIRST QUARTER ENDED 30 JUNE 2010

	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
	30.06.2010 RM'000	30.06.2009 RM'000 Restate	30.06.2010 RM'000	30.06.2009 RM'000 Restate
Continuing Operations				
Revenue	108,779	153,795	108,779	153,795
Cost of sales	(90,521)	(129,433)	(90,521)	(129,433)
Gross Profit	18,258	24,362	18,258	24,362
Other Income	1,357	4,217	1,357	4,217
Interest Income	9	2	9	2
Administrative expenses	(10,073)	(13,460)	(10,073)	(13,460)
Selling and marketing expenses	(6,116)	(5,824)	(6,116)	(5,824)
Finance costs	(1,457)	(2,122)	(1,457)	(2,122)
Profit before tax	1,978	7,175	1,978	7,175
Income tax expense	(279)	(1,241)	(279)	(1,241)
Profit for the period from continuing operations	1,699	5,934	1,699	5,934
Discontinued Operation				
Profit for the period from discontinued operation	468	667	468	667
Profit for the period	2,167	6,601	2,167	6,601
Other comprehensive (expense)/income net of tax				
Exchange differences on translation of foreign operations	97	(3,336)	97	(3,336)
Total comprehensive income for the period	2,264	3,265	2,264	3,265
Profit attributable to:				
Equity holders of the parent	2,177	6,603	2,177	6,603
Minority interest	(10)	(2)	(10)	(2)
	2,167	6,601	2,167	6,601
Total comprehensive income attributable to:				
Equity holders of the parent	2,274	3,267	2,274	3,267
Minority interest	(10)	(2)	(10)	(2)
	2,264	3,265	2,264	3,265
Earnings per share attributable to equity holders of the parent (sen):				
Basic (continuing operations)	2.83	9.89	2.83	9.89
Basic (discontinuing operation)	0.78	1.11	0.78	1.11
Basic, for profit for the period	3.61	11.00	3.61	11.00
Diluted (continuing operations)				
Diluted (discontinued operations)				
Diluted, for profit for the period	Not applicable	Not applicable	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 STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 30 JUNE 2010

	30.06.2010 RM'000 (Unaudited)	31.03.2010 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	90,215	92,783
Investment Properties	896	1,240
Prepaid lease payments	865	870
Other investment	77	77
Goodwill	19	19
	<u>92,072</u>	<u>94,989</u>
Current assets		
Inventories	58,254	51,261
Trade receivables	97,217	63,458
Other receivables	16,844	10,466
Tax Recoverable	1,287	2,024
Cash and bank balances	16,699	16,543
	<u>190,301</u>	<u>143,752</u>
Non-current asset classified as held for sale	282	451
Assets of disposal group classified as held for sale	69,949	72,381
	<u>260,532</u>	<u>216,584</u>
TOTAL ASSETS	<u>352,604</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	(1,579)	(1,676)
Retained earnings	66,009	63,831
Foreign exchange reserve relating to assets classified as held for sale	832	832
	<u>125,278</u>	<u>123,003</u>
Minority interest	325	336
Total Equity	<u>125,603</u>	<u>123,339</u>
Non-Current liabilities		
Borrowings	8,623	9,646
Deferred tax liabilities	1,240	1,214
	<u>9,863</u>	<u>10,860</u>
Current liabilities		
Borrowings	140,227	106,971
Trade payables	28,716	24,364
Other payables	25,823	21,418
Tax payable	-	-
Dividends payable	28	28
	<u>194,794</u>	<u>152,781</u>
Liabilities directly associated with assets classified as held for sale	22,344	24,593
	<u>217,138</u>	<u>177,374</u>
Total liabilities	<u>227,001</u>	<u>188,234</u>
TOTAL EQUITY AND LIABILITIES	<u>352,604</u>	<u>311,573</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.0875	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 STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE FIRST QUARTER ENDED 30 JUNE 2010

	Note	<----- Attributable to Equity Holders of the parent ----->					Retained Earnings RM'000	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				
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		-	-	(3,336)	-		6,603	3,267	(2)	3,265
Amount recognised directly in equity relating to assets classified as held for sale		-	-	-	-	-	-	-	-	-
Dividends							-	-		-
As at 30 June 2009		<u>60,012</u>	<u>4</u>	<u>3,127</u>	<u>1,536</u>	<u>-</u>	<u>62,653</u>	<u>127,332</u>	<u>318</u>	<u>127,650</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		-	-	97	-		2,178	2,275	(11)	2,264
Amount recognised directly in equity relating to assets classified as held for sale				-		-				
As at 30 June 2010		<u>60,012</u>	<u>4</u>	<u>(3,142)</u>	<u>1,563</u>	<u>832</u>	<u>66,009</u>	<u>125,278</u>	<u>325</u>	<u>125,603</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 FIRST QUARTER ENDED 30 JUNE 2010

	3 months ended	
	30.06.2010	30.06.2009
	RM'000	RM'000
Net cash generated from/(used in) operating activities	(29,872)	(12,609)
Net cash (used in)/generated from investing activities	(380)	4,537
Net cash (used in)/generated from financing activities	25,376	14,837
Net increase/(decrease) in cash and cash equivalents	<u>(4,876)</u>	<u>6,765</u>
Effects of exchange rate changes	800	2,356
Cash and cash equivalents at beginning of financial period	16,435	15,438
Cash and cash equivalents at end of financial period	<u>12,359</u>	<u>24,559</u>

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

	As at 30.06.2010 RM'000	As at 30.06.2009 RM'000
Cash and bank balances	16,699	24,591
Bank overdrafts (included within short term borrowings)	(7,708)	(2,557)
Deposits pledged to banks	(18)	(5)
Cash and bank classified as held for sale	3,386	2,530
	<u>12,359</u>	<u>24,559</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 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
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 8	Operating Segments
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 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 128	Investment in Associates
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	Interests in Joint Ventures
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
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions

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:



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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.

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, 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		3 months ended	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	RM'000	RM'000	RM'000	RM'000
		Restate		Restate
Segment Revenue				
Revenue from continuing operations:				
Apparels	168,045	237,198	168,045	237,198
Non-apparels	29,719	13,646	29,719	13,646
Total revenue before eliminations	197,764	250,844	197,764	250,844
Discontinued operation The People's Republic of China	14,631	13,735	14,631	13,735
Eliminations	(88,985)	(97,049)	(88,985)	(97,049)
Total	123,410	167,530	123,410	167,530
Segment Result				
Result from continuing operations:				
Apparels	1,341	6,173	1,341	6,173
Non-apparels	1,315	1,529	1,315	1,529
	2,656	7,702	2,656	7,702
Discontinued operation The People's Republic of China	639	900	639	900
Eliminations	(678)	(527)	(678)	(527)
Total	2,617	8,075	2,617	8,075

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

The Company had on 26 April 2010 entered into a Shares Transfer Agreement with Roots Investment Holding Private Limited ("RIH") for the transfer of the entire registered capital of China Roots Packaging Pte Ltd ("CRP") to RIH resulting in CRP becoming a wholly-owned subsidiary of RIH.

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 June 2010 is as follows :

Approved and contracted for RM83 thousand.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no other contingent liabilities or contingent assets, except for corporate guarantee amounting RM175 million given to licensed banks in respect of bank facilities granted to subsidiaries during the three months financial period ended 30 June 2010.

13. SUBSEQUENT EVENTS

Save as disclosed below, there were no sales of unquoted investment and properties of the Group during quarter under review and financial year to-date:

1. The Company had on 1 July 2010 entered into an amendment to the Share Sale Agreement dated 2 April 2010 to vary certain terms of the Disposal. Pursuant to the Variation, China Roots Packaging Pte Ltd, Guangzhou Hongwu Labels and Stickers Co. Ltd., and Chan Choo Keng had on 1 July 2010 entered into a Label Printing Business Transfer agreement to facilitate the sale and transfer of the Label Printing Business for a consideration of RMB2,400,000 which is equivalent to approximately RM1,146,960.



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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 June 2010, the Group recorded a lower turnover of RM108.8 million compared to RM153.8 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 RM7.2 million achieved in the corresponding financial period ended 30 June 2009 to a pre-tax profit of RM1.98 million recorded for the period under review.

15. COMMENT ON MATERIAL CHANGE IN THE QUARTERLY RESULTS

Total turnover increased from RM99.3 million recorded in the preceding quarter to RM108.8 million achieved in the current quarter. The pre-tax profit of the Group recorded at RM2.0 million compared to a pre-tax loss RM3.7 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 3 months ended	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Malaysian income tax	103	591	103	591
Foreign income tax	176	650	176	650
Total income tax expense	<u>279</u>	<u>1,241</u>	<u>279</u>	<u>1,241</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.



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19. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

Save as disclosed below, there were no sales of unquoted investment and properties of the Group during quarter under review and financial year to-date:

The Company had on 2 April 2010, entered into a share sale agreement with Graham Packaging Company LP ("SSA") for the disposal of 10,000 ordinary shares of HKD1.00 each in Roots Investment Holding Private Limited ("RIH"), representing the entire equity interest in RIH for an indicative disposal consideration of RMB166.0 million (equivalent to approximately RM81.34 million, based on an exchange rate of RM1.00:RMO.49) (subject to adjustments as provided in the terms of the SSA) to be wholly satisfied by cash.

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 June 10 RM'000	As at 30 June 09 RM'000
Short term borrowings		
- Bank overdrafts	7,708	2,557
- Bankers' acceptance	30,610	44,146
- Trade loan/Trust receipts/Export bill financing	69,074	86,261
- Term loans	13,382	19,527
- Revolving credit	17,960	22,150
- Hire purchase and lease payables	1,493	4,022
	<u>140,227</u>	<u>178,663</u>
	As at 30 June 10 RM'000	As at 30 June 09 RM'000
Long term borrowings		
- Hire purchase and lease payables	2,264	3,650
- Term loans	6,359	7,148
	<u>8,623</u>	<u>10,798</u>
Total	<u>148,850</u>	<u>189,461</u>



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Borrowings denominated in foreign currency:

	'000	Ringgit Equivalent RM'000
- United States Dollars ("USD")	17,980	58,975
- Hong Kong Dollars ("HKD")	54,057	22,704
- Chinese, Yuan Renminbi ("RMB")	37,217	17,864
		<u>99,543</u>

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 June 2010 (30 June 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 June 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 23 August 2010.

By Order of the Board

CHUA SIEW CHUAN(MAICSA 0777689)
Company Secretary
23 August 2010