PCCS GROUP BERHAD

CO. NO. 280929 - K

(INCORPORATED IN MALAYSIA)

Annual Report 2004

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of the Company will be held at **Plum Blossom Room, Level 2, Garden Hotel, No. 29, Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim on Tuesday, 24 August 2004 at 11.00 a.m.** for the following purposes: -

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2004 together with the Reports of the Directors and the Auditors thereon. **Resolution 1**

2. To approve the Directors' fees for the financial year ended 31 March 2004. **Resolution 2**

3. To accept the retirement of Mr. Chan Kok Hiang @ Chan Kock Hiang who has attained the age of 70 years pursuant to Section 129 of the Companies Act, 1965. **Resolution 3**

4. 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 Choo Sing **Resolution 4**

   (b) Mr. Tan Chuan Hock **Resolution 5**

   (c) Mr. Tey Ah Tee @ Teo Ah Tee **Resolution 6**

5. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration. **Resolution 7**

6. As Special Business

   To consider and, if thought fit, with or without any modification to pass the following resolutions as Ordinary 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 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 the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange 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 8**

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 (FORMERLY KNOWN AS MALAYSIA SECURITIES EXCHANGE BERHAD)

"THAT pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad), 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 30 July 2004 ("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 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 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 hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorized by this resolution. **Resolution 9**

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

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

Kuala Lumpur
30 July 2004

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. *Authority to grant a shareholders' mandate for recurrent related party transactions of a revenue or trading nature*

   The proposed adoption of the Ordinary Resolution No. 2 is to grant a 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.

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 Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

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

3. 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.

4. 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. The Tenth Annual General Meeting of PCCS Group Berhad will be held on Tuesday, 24 August 2004 at 11.00 a.m. at Plum Blossom Room, Level 2, Garden Hotel, No. 29, Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim.

2. The Directors who are standing for re-election at the Tenth Annual General Meeting of PCCS Group Berhad are:-
   i. Mr. Chan Choo Sing (Article 94 of the Company's Articles of Association)
   ii. Mr. Tan Chuan Hock (Article 94 of the Company's Articles of Association)
   iii. Mr. Tey Ah Tee @ Teo Ah Tee (Article 94 of the Company's Articles of Association)

Their particulars can be found on pages 5, 8 and 9 of the Annual Report. Their shareholdings in the Company are stated on Page 80 of the Annual Report.

Information on Board Meetings:-

The information on Board Meetings and attendance of the Directors can be found on Page 10 of the Annual Report.

BOARD OF DIRECTORS / PROFILE OF DIRECTORS



Chan Kok Hiang @ Chan Kock Hiang

(Non-Independent and Non-Executive Chairman), a Malaysian, aged 75 was appointed to the Board of PCCS Group Berhad ("PCCS") on 21 June 1995. He is the co-founder of the family's garment business in 1973. With more than 40 years of experience in the business sector, he is actively involve in setting up and managing the family business. His long and in-depth business experience serves as a useful guidance to the Company and the Group in deciding its corporate direction and management. He also sits on the board of several private limited companies.



Chan Choo Sing

(Non-Independent and Managing Director), a Malaysian, aged 50 was appointed to the Board of PCCS on 21 June 1995. Mr. Chan started his career when he ventured into a garment business known as Chan Trading in 1973. In 1981, he founded Perusahaan Chan Choo Sing Sdn Bhd ("PCCSSB"), which is primarily involved in the manufacturing of garments. Mr. Chan's entrepreneurial skills and his ability to recognise business and expansion opportunities have led to successful business ventures which include the forming of a number of companies actively involved in the garment industry. PCCSSB and its associate companies were successfully listed on the Main Board of BMSB 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 by HPI Group in Harta Packaging Industries (Perak) Sdn Bhd in 1992, Fibre Pak (M) Sdn Bhd in 1994, Harta Packaging Industries (Malacca) Sdn Bhd in 1998. Harta was successfully listed on the Second Board of BMSB on 30 May 1997 as HPI Resources Berhad ("HRB"). Mr. Chan is also the Executive Chairman of HRB since 8 April 1997.

He has been an exco-member of the Malaysian Textile Manufacturer Association since 1992 and Chinese Chamber of Commerce in Batu Pahat since 1994 and Chairman of Chinese Association in Parit Raja, Batu Pahat. He also sits on the board of several private limited companies.



Chan Chow Tek

(Non-Independent and Executive Director), a Malaysian, aged 47 was appointed to the Board of PCCS on 21 June 1995. He leads all the marketing activities in the Group and has more than 25 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

(Non-Independent and Non-Executive Director), a Malaysian, aged 42 was appointed to the Board of PCCS on 21 June 1995. He started his career in 1980 assisting his father and his brother in marketing the products of Chan Trading to local departmental stores. He is currently the Managing Director of HRB and was appointed to the Board of HRB on 8 April 1997. He joined Harta in 1991 as Marketing Manager. During his employment with Harta, his determination and enthusiasm had driven Harta 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 in July 1996. He oversees the Group's packaging business, as well as being responsible for identification and penetration of new and potential markets for the Group. His vast experience in marketing coupled with his good inter-personal and negotiating skills enable him to aggressively penetrate and secure new customers from different types of industries. He is the Vice-Chairman of Chinese Chamber of Commerce in Batu Pahat and Treasurer of Chinese Association in Parit Raja, Batu Pahat. He also sits on the board of several private limited companies.



Chan Chor Ang

(Non-Independent and Non-Executive Director), a Malaysian, aged 41, 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 20 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 joined Harta as the Factory Manager in 1990 and was redesignated as Maintenance Manager in 1994. His responsibilities include organising and managing the total maintenance and machinery upkeep for the packaging group of companies. He has undergone training on production management, machine maintenance and productivity enhancement under various expatriate factory managers from Hong Kong, Taiwan and China. He is currently the Purchasing Director of Harta and also oversees the daily operation of Chiga Light Industries Sdn Bhd. He also sits on the board of several private limited companies.



Cha Peng Koi @ Chia Peng Koi

(Independent and Non-Executive Director), a Malaysian, aged 53 was appointed to the Board of PCCS on 21 June 1995. He has more than 20 years of experience in the fields of Finance and Operations Management. He graduated with Bachelor of Science (Hons) from University of Malaya in 1977, Post Graduate Diploma in Public Administration (INTAN) in 1981 and Masters in Business Administration (MBA) from the University of California, Los Angeles (UCLA) in 1986. In 1990, he set up his own business consulting firm specialising in Productivity and Quality Management. Prior to setting up his own businesses, he was a government officer with the Administrative and Diplomatic Services and has served in various Ministries and Departments including The Public Enterprises Ministry and the Public Services Department. He also sits on the board of Orisoft Technology Berhad, a public listed company listed on the MESDAQ market of BMSB.



Tan Chuan Hock

(Independent and Non-Executive Director), a Malaysian, aged 43 was appointed to the Board of PCCS on 4 November 1998. He is the managing partner and also the founder of William C. H. Tan & Associates ("WTA"), a Chartered Accountants firm. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Taxation and the Fellow Member of the Association of Chartered Certified Accountants.

After obtaining his professional qualification, i.e. Association of Chartered Certified Accountants ("ACCA") in 1983, he joined a Public Accounting firm as an Audit Assistant. He then advanced to the position of Audit Manager in 1988. With his leadership and his dedication towards the profession, he finally took the challenge to establish his own professional practice, i.e. WTA in 1989.

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 services. He was appointed as director of several private limited companies. He also sits on the board of Orisoft Technology Berhad, a public listed company listed on the MESDAQ market of BMSB.



Tey Ah Tee @ Teo Ah Tee

(Independent and Non-Executive Director), a Malaysian, aged 59, was appointed to the Board of PCCS on 15 June 2001. He holds a Diploma in Education from the Technical Teacher's College. He has extensive experience in the teaching of Industrial Arts and English Language. A self motivated person, he is currently doing private tutoring. He is presently managing a registered private limited company.



Halimi Bin Hussain

(Non-Independent and Non-Executive Director), a Malaysian, aged 53, was appointed to the Board of PCCS on 15 November 2000. He graduated with Bachelor of Arts (Hons) from University Malaya in 1975 and Master in Policy Science from University of Saitama, Japan in 1989. He also obtained Certificate in Public Administration from the National Institute of Public Administration (INTAN) in 1977 and Certificate in Foreign Investment Negotiation from the Investment Negotiation Centre of Georgetown University, Washington D.C. in 1980.

Prior to his appointment to the Board of PCCS, he was with the Malaysian Administrative and Diplomatic Service since 1975 and has served as First Secretary at the Embassy of Malaysia, Tokyo in 1982-1987, Director of Intellectual Property, Ministry of Domestic Trade and Consumer Affairs in 1990, Malaysian Trade Commissioner and Counselor (Economic), Embassy of Malaysia in Manila from 1991-1997, Director of Program, Asia Pacific Economic Corporation (APEC) Secretariat in Singapore from 1997-1999, and Director of Trade Support, Ministry of International Trade and Industry in 2000.

He is active in the Malaysian Textile Manufacturer Association (MTMA) and is currently serving as its Vice President and Chairman of the International Trade Committee. He is also the Vice President of the Malaysian Textile and Apparel Centre (MATAC). At regional level, he is a council member in The ASEAN Federation of Textiles Industries (AFTEX).

In recognition of his services to the public and private sectors En. Halimi was conferred 'Ahli Mangku Negara' (AMN) by Seri Paduka Baginda Yang Di Pertuan Agong and 'Darjah Johan Negeri' (DJN) by TYT the Yang Di Pertua Negeri Pulau Pinang. At the international level, HRH Sultan of Maguindanao (in Muslim Mindanao) consented to award him with the 'Honorary Datukship of Datuk Mahkota Sultan Kudarat' (DMSK).

Note :

1) *Chan Kok Hiang @ Chan Kock Hiang is the father of Chan Choo Sing, Chan Chow Tek, Chan Chor Ngiak and Chan Chor Ang. They are all substantial shareholders of PCCS.*
2) *None of the Directors have any conviction for offences within the past ten (10) years.*
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 the Plum Blossom Room, Level 2, Garden Hotel, No. 29 Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim, Malaysia on Tuesday, 24 August, 2004 at 11.00 a.m.

Directors standing for re-election

- Chan Choo Sing
- Tan Chuan Hock
- Tey Ah Tee @ Teo Ah Tee

Details of attendance at Board Meetings held during the financial year ended 31 March, 2004 (Total of five (5) meetings held)

Name of Director	Date of appointment	No. of Meetings attended
Chan Kok Hiang @ Chan Kock Hiang	21/06/1995	4/5
Chan Choo Sing	21/06/1995	5/5
Chan Chow Tek	21/06/1995	5/5
Chan Chor Ngiak	21/0611995	4/5
Chan Chor Ang	21/06/1995	4/5
Cha Peng Koi @ Chia Peng Koi	21/06/1995	5/5
Tan Chuan Hock	04/11/1998	4/5
Halimi Bin Hussain	15/11/2000	5/5
Tey Ah Tee @ Teo Ah Tee	15/06/2001	5/5

Details of the Board Meetings held during the financial year ended 31 March, 2004.

Place : PCCS Group Berhad PLO 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor Darul Takzim.
Date : 19 May, 2003
Time : 12.00 noon

Place : Narcissus Room, Level 2, Garden Hotel, No. 29, Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim.
Date : 5 August, 2003
Time : 1.00 p.m.

Place : PCCS Group Berhad PLO 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor Darul Takzim.
Date : 25 August, 2003
Time : 12.10 p.m.

Place : PCCS Group Berhad PLO 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor Darul Takzim.
Date : 20 November, 2003
Time : 12.50 p.m.

Place : PCCS Group Berhad PLO 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor Darul Takzim.
Date : 23 February, 2004
Time : 12.30 p.m.

AUDIT COMMITTEE REPORT

1. Membership

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

Cha Peng Koi @ Chia Peng Koi
Chairman / Independent Non-Executive Director
Chan Choo Sing
Group Managing 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 elect the Audit Committee members from amongst themselves, comprising no fewer than three (3) directors, where the majority shall be independent directors. The term of office of the audit committee is 2 years and may be re-nominated and appointed by the Board of Directors.

In this respect, the Board adopts the definition of "independent director" as defined under the Listing Requirements of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) ("BMSB").

At least one 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 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 by the Exchange.

No alternate director of the Board shall be appointed as a member of the Audit Committee.

Retirement and resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member with the result that the number of members is reduced below three (3), 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 Chairman of the Audit Committee, elected from amongst the Audit Committee members, shall be an independent director. The Chairman of the Committee shall be approved by the Board of Directors.

4. Secretary

The Secretary of the Audit Committee shall be the Company Secretary.

The Secretary shall be responsible for drawing up the agenda with concurrence of the Chairman and circulating it, supported by explanatory documentation to members of the Audit Committee prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, circulating them to members of the Audit Committee and to the other members of the Board of Directors and for following up outstanding matters.

5. Meetings

The Audit Committee meetings shall be conducted

at least four (4) times annually, or more frequently as circumstances dictate. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Details of attendance at Audit Committee Meetings held during the financial year ended 31 March 2004. (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
Chan Choo Sing	21/06/1995	4/4
Tan Chuan Hock	04/11/1998	3/4
Tey Ah Tee @ Teo Ah Tee	21/06/2001	4/4

In the absence of the Chairman, the other independent director shall be the Chairman for that meeting.

The members of the Audit Committee, General Manager (Corporate Affairs, Finance and Administration), Finance Manager and the head of internal audit will normally be in attendance at the meetings. Representatives of the external auditors are to be in attendance at meeting where matters relating to the audit of the statutory accounts and/or external auditors are to be discussed.

Other directors, officers and employees of the Company and/or Group may be invited to attend, except for those portions of the meetings where their presence is considered inappropriate, as determined by the Audit Committee. However, at least once a year the Audit Committee shall meet with the external auditors without any executive board member present.

Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and also to the other members of the Board of Directors. The Audit Committee Chairman shall report on each meeting to the Board of Directors.

6. Quorum

The quorum for the Audit Committee meeting shall be the majority of members present whom must be independent directors.

7. Reporting

The Audit Committee shall report to the Board of Directors, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Audit Committee shall report to the Board of Directors on any specific matters referred to it by the Board for investigation and report.

8. Objectives

The principal objectives of the Audit Committee is to assist the Board of Directors 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:

- evaluate the quality of the audits performed by the internal and external auditors;
- provide assurance that the financial information presented by management is relevant, reliable and timely;
- oversee compliance with laws and regulations and observance of a proper code of conduct; and
- 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 of Directors and at the expense of the Company,

(a) authorise to investigate any activity within its terms of reference. 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, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

(d) be able to convene meetings with the external auditors, without the attendance of the executive members of the Audit Committee, whenever deemed necessary.

(e) be able to make relevant reports when necessary to the relevant authorities if a breach of the Listing Requirements occurred.

10. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:-

- To review the maintenance and control of an effective accounting system;
- To review the Group's public accountability and compliance with the law;
- To ensure the adequacy of internal and external audit procedures;
- To evaluate the quality of external auditors and make recommendations concerning their appointment and remuneration and to consider the nomination of a person or persons as external auditors;
- To provide liaison between the external auditors, the management and the Board of Directors and also to review the assistance given by the management to the external auditors;
- To review the findings of the internal and external auditors;
- To review the quarterly results and financial statements and annual report prior to submission to the Board of Directors;
- To monitor 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 disadvantageous to the Group;
- To report its findings on the financial and management performance, and other material matters to the Board of Directors;
- To act in line with the directions of the Board of Directors; and
- 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 BMSB 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 Code; and
(vi) Established and formalised Risk Management Framework and action plan to manage the risk identified on an ongoing 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 the management for its attention and further action. The report on the audit findings together with management 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 2004 that adversely affect the Group's reputation or financial position.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Chan Kok Hiang @ Chan Kock Hiang
Chairman
Chan Choo Sing
Group Managing Director
Chan Chow Tek
Executive Director
Chan Chor Ngiak
Chan Chor Ang
Halimi Bin Hussain
Cha Peng Koi @ Chia Peng Koi
Tan Chuan Hock
Tey Ah Tee @ Teo Ah Tee

AUDIT COMMITTEE
Cha Peng Koi @ Chia Peng Koi
Chairman, Independent Non-Executive Director
Chan Choo Sing
Group Managing Director
Tan Chuan Hock
Independent Non-Executive Director
Tey Ah Tee @ Teo Ah Tee
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: 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: 03-2094 9940 / 2095 0292

AUDITORS
Ernst & Young
Chartered Accountants
Graha Maju, Bangunan PKNM,
Tingkat 10, Lot 1, Jalan Graha Maju,
75300 Melaka

SOLICITORS
Enolil Loo
Advocates & Solicitors
Unit 1627 Block A, Damansara Intan,
No. 1, Jalan SS20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.

PRINCIPAL BANKERS
Citibank Berhad (297089-M)
HSBC Bank Malaysia Berhad (127776-V)
Malayan Banking Berhad (3813-K)
OCBC Bank (Malaysia) Berhad (295400-W)
Standard Chartered Bank Malaysia Berhad (115793 P)
United Overseas Bank (Malaysia) Bhd (271809K)

SUBSIDIARY COMPANIES
Perusahaan Chan Choo Sing Sdn Bhd (70765-W)
Jusca Garments Sdn Bhd (135950-M)
Beauty Electronic Embroidering Centre Sdn Bhd (102438-U)
Mega Labels & Stickers Sdn Bhd (190144-X)
Mega Labels & Stickers (Selangor) Sdn Bhd (533197-W)
Keza Sdn Bhd (138288-U)
Shern Yee Garments Sdn Bhd (206960-W)
PCCS Garments Limited
E. M. I. Embroidery Sdn Bhd (411070-V)
PCCS Capital Sdn Bhd (382952-M)
Cross Creek Distribution Sdn Bhd (293746-U)
Jusca Development Sdn Bhd (391830-P)
Beauty Silk Screen (M) Sdn Bhd (583304-X)
Beauty Silk Screen Limited
Jusca Garments (Cambodia) Limited
PCCS Marketing Sdn Bhd (612578-V)
Blopak China Private Ltd
Top Cheer Sdn Bhd (632767-A)
China Roots Packaging Pte Ltd

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad Main Board

HOMEPAGE:
http://www.pccsgroup.net/

STATEMENT ON CORPORATE GOVERNANCE

The Code

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 pursuant to paragraph 15.26 of the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) (BMSB).

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 practising the highest standards of corporate governance throughout the Group as a basis of discharging their fiduciary duties and responsibilities to protect and enhance shareholder 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 nine members comprising of seven Non-Executive Directors (three of whom are independent) and two Executive Directors.

All members of the Board have attended the Mandatory Accreditation Training Programme (MAP) prescribed by Bursa Malaysia Training Sdn Bhd, the training arm of BMSB. Directors are also aware of their duty to attend continuous education programmes (CEP) as prescribed by BMSB. Most of the Directors have attended seminars to keep themselves updated on the expectations of their roles and other market developments.

Together, the 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 are 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.

However, 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.

Board Meetings

During the financial year ended 31 March 2004, a total of five 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 each provided with written reports together with supporting information before the Meetings and in sufficient time 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 of four members, with Mr. Cha Peng Koi @ Chia Peng Koi, an Independent Non-Executive Director, in the Chair. One of the remaining members is a member of the Malaysian Institute of Accountants. Fuller details of the composition of the Committee are found on page 11 of this Annual Report.

The Audit Committee met four times during the year. A majority of the Committee members attended all meetings. Details of their attendance are provided on page 12 of this Annual Report.

The terms and reference and details of the Audit Committee are set out on pages 11 to 14 of this Annual Report, have been amended to comply with the Best Practices of the Code.

Re-election

In accordance with the amended Memorandum and Articles of Association of the Company, an election of Directors shall take place each year. At the Annual General Meeting 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 once at least every three years in compliance with the Code. For the forthcoming Annual General Meeting, Mr. Chan Choo Sing, Mr. Tan Chuan Hock and Mr. Tey Ah Tee @ Teo Ah Tee have volunteered themselves for re-election.

Nomination Committee

The Nomination Committee was set up on 7 February 2002. Mr. Chan Kok Hiang @ Chan Kock Hiang was appointed as the Chairman and its other members are Mr. Cha Peng Koi @ Chia Peng Koi and Mr. Tan Chuan Hock, all of whom are Non-Executive Directors. Its terms of reference was adopted on 20 August, 2002.

The Nomination Committee is responsible for making recommendations for any appointments to the Board including those of subsidiaries and associated companies. 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 consider 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.

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	925	52	125	1,102
Non-Executive Directors	-	-	111	111

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	-	5
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 toRM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	-	-
RM350,001 to RM400,000	2	-

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.

Shareholders

Disclosure Between the Company and Analyst / Investors

Regular discussions were held among the Company's Managing Director, the Executive Director, the Deputy 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 BMSB.

In addition, any other extensive information about the Company are available on http://www.pccsgroup.net/.

Annual General Meeting

The Annual General Meeting ("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 Chairman, and where appropriate, the 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 evalution 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 20 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 Board's attention.

STATEMENT ON INTERNAL CONTROL

The Board of Directors (the Board) recognises that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. This is to provide shareholders with a return on their investment that is consistent with a responsible assessment and management of risk.

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. The concept of reasonable assurance recognises that the cost of controls should not exceed the expected benefits.

Internal Control and Control Environment

The Board has put in place an organisation structure with formally defined lines of responsibility and delegation of authority. There are also adequate procedures manuals equipped for all management and staff in performing their jobs. These manuals are being updated from time to time to incorporate the changes that will enhance working efficiency.

The Group has developed it authority chart for all its capital and revenue expenditure. Yearly budget for the Group are prepared for monitoring the performance of the respective business units. All material variances identified are explained in the monthly financial reports reviewed by the management team. Besides, the management team analysed the quarterly group performance with comparison with previous quarter and previous corresponding quarter. The performance analysis is then reported to the Board.

A comprehensive "Company Manual" is developed to foster long-lasting and harmonious working relationship among the employees and setting out the rules and regulations to be adhered by all employees in performing their duties. The Vision of the Group is clearly spelled in the Manual and well communicated to all levels of employees. "Healthy and Safety Manual" is also developed to assist in maintaining a safe working environment for all employees and acts as a guideline to protect the Group's assets.

The Board has assigned the Audit Committee with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. The Audit Committee receives reports from the internal auditors.

Regular reviews are conducted by internal auditors to monitor compliance with the established internal control procedures and the risk profiles of the major business units of the Group. The external auditors form an opinion on the financial statements of the Group based on their annual statutory audit. Further, any areas for improvement identified during the course of the statutory audit by the external auditor are brought to the attention of the Audit Committee.

Where appropriate, certain subsidiaries have ISO 9001:2000 certifications for their operational processes. Internal procedures and standard operating procedures had been properly documented and surveillance audits are conducted yearly by assessors of the ISO certification body to ensure that the system is implemented as per ISO 9001:2000 requirement.

Risk Management Framework

A risk assessment exercise was conducted in March 2002 to identify, evaluate and manage the significant risks faced by the Group. Subsequently, a risk management policy and risk management framework was put in place. A Risk Management Committee was set up to ensure the processes is conducted in accordance to the "Statement on Internal Control: Guidance For Directors of Public Listed Companies" issued by the Bursa Malaysia Securities Berhad. During the financial year, the Board continued its ongoing process of identifying, evaluating and managing the significant risk faced by the Group.

Based on the above, the Board is of the opinion that the current system of internal control within the Group is adequate.

Statement made in accordance with the resolution of Board of the Directors dated 24 July 2004.

STATEMENT OF DIRECTOR'S RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared in compliance with the Listing Requirements of BMSB.

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 BMSB

Share Buybacks

During the financial year, the Company did not enter into any share buyback transactions.

Options or Warrants

Other than as disclosed in Note 22 to the Financial Statements for the year ended 31 March 2004 on page 67, no options or warrants were exercised 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 amounted to RM104,000 and RM18,000 respectively.

Material Contracts Involving Directors and Substantial Shareholders

Other than the recurrent related party transactions disclosed in Note 30 to the Financial Statements for the year ended 31 March 2004 on page 72, 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 audited net loss for the year was RM301,000 compared to the unaudited net loss of RM223,000 announced on 27 May 2004. The difference was mainly due to debit note issued after the financial year end by customers on sales by a subsidiary.

Profit Guarantee

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

CORPORATE STRUCTURE



- PCCS
  - 100% → MEGA LABELS & STICKERS SDN BHD
    - 100% → CHINA ROOTS PACKAGING PTE LTD
    - 100% → BLOPAK CHINA PRIVATE LTD
    - 100% → MEGA LABELS & STICKERS (SELANGOR) SDN BHD
  - 100% → KEZA SDN BHD
  - 100% → BEAUTY ELECTRONIC EMBROIDERING CENTRE SDN BHD
    - 90% → E.M.I. EMBROIDERY SDN BHD
  - 100% → PCCS GARMENTS LIMITED
  - 100% → SHERN YEE GARMENTS SDN BHD
    - 70% → JUSCA GARMENTS (CAMBODIA) LIMITED
    - 100% → PCCS CAPITAL SDN BHD
  - 100% → JUSCA GARMENTS SDN BHD
  - 100% → PERUSAHAAN CHAN CHOO SING SDN BHD
  - 100% → CROSS CREEK DISTRIBUTION SDN BHD
    - 100% → PCCS MARKETING SDN BHD
    - 60% → TOP CHEER SDN BHD
  - 100% → JUSCA DEVELOPMENT SDN BHD
    - 55% → BEAUTY SILK SCREEN (M) SDN BHD
      - 100% → BEAUTY SILK SCREEN LIMITED

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 March 31,2004.

FINANCIAL REVIEW

The Group recorded a higher turnover of RM304.567 million in the financial year ended 31 March 2004 over the previous year's RM259.687 million. Despite the increase in the Group's turnover, pre-tax profit of the Group decreased from RM18.818 million to RM1.077 million. The decline was mainly attributed to the loss on disposal of the associate company, Tex Line Associates Pte. Ltd. and the loss incurred by the new factory, Jusca Garments (Cambodia) Ltd that has yet to achieve the required efficiency and production capacity.

DIVIDEND

The Board does not recommend any dividend payment for the financial year ended 31 March 2004 at the forthcoming Annual General Meeting.

CORPORATE DEVELOPMENTS

As at 2 July 2004, PCCS Group Berhad ("PCCS") has undertaken and completed the following transactions:

1. On July 16, 2003, through its wholly-owned subsidiary, Mega Labels & Stickers Sdn. Bhd., PCCS had entered into a Sale & Purchase Ownership Interest Agreement with Oriental Pacific Industries Ltd for the acquisition of 100% of the registered capital of USD3,540,000.00 in Blopak China Private Ltd. at a total consideration of the sum of USD equivalent to RM4,106,264.00, resulting in PCCS being the ultimate holding company of Blopak China Private Ltd.

2. On December 4, 2003, PCCS had entered into an Agreement with Tex Line Pte. Ltd. for the disposal of 630,000 ordinary shares of SGD1.00 each representing the balance of its 45% equity interest in Tex Line Associates Pte. Ltd. The entire disposal proceeds of SGD7,462,204.00 (equivalent to RM16,478,038.86) have been utilized to settle short term borrowings of certain subsidiaries.

3. On February 9, 2004, through its wholly-owned subsidiary, Cross Creek Distribution Sdn. Bhd., PCCS had subscribed for 300,000 ordinary shares of RM1/- each in the capital of Top Cheer Sdn. Bhd., representing 60% of its total paid-up capital, resulting in PCCS being the ultimate holding company of Top Cheer Sdn. Bhd. The total consideration for this acquisition was RM300,000.00



4. On April 5, 2004, Mega Labels & Stickers Sdn. Bhd. (Mega), a wholly-owned subsidiary of PCCS, had invested USD1,201,000.00 in China Roots Packaging Pte Ltd (incorporated in The People's Republic of China) (China Roots), representing 100% of the initial registered capital of China Roots. The Authority of The People's Republic of China had granted approval for Mega to invest in the manufacturing and sale of value adding plastic packaging material and label stickers up to a maximum of USD14,000,000.00 in total investment. This investment represents part of our business diversification strategies as well as to benefit from business opportunities available in China, and take advantage of the tax incentives.

   On July 1, 2004, Mega had invested an additional USD1,000,000.00/- in China Roots, a wholly-owned subsidiary of Mega.

REVIEW OF GROUP PERFORMANCE

APPAREL DIVISION

During the financial year ended 31 March 2004, the apparel division recorded a higher turnover as compared to the previous corresponding financial year.

The management of PCCS recognizes that with the increasing of international competition in the textile and apparel industry over the last few years, PCCS has been operating in an increasingly challenging business environment. New challenges are being posed daily, typically with the perpetual increased in the stringent demand in quality, complicated styles and designs, shorter production lead-time and fierce price competition.

The management also acknowledges the fact that Jusca Garments (Cambodia) Limited started its operation in July 2003 and the newly hired employees requires training in order to meet the required production capacity and efficiency, thus largely caused the decline in the overall Group profit performance. A number of factors had been identified for the low performance in Jusca Garments (Cambodia) Limited and significant steps are being taken to improve productivity, efficiency and exceed customer satisfaction.

To offer more value-added services, react faster to changes and exceed perpetual increase in the customer product standards, the management has therefore taken measures to strengthen the marketing and merchandising department, both in its staffing and process management. In addition, the existing sample room was enlarged to provide higher flexibility and agility in making samples and small runs.





A new hostel located at Lot 1376, GM127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor that can cater for 1,000 workers was built and completed in June 2004. This new facility adjacent to the factory is expected to produce saving on hostel rental expenses and workers transportation cost.

To enhance the operational efficiency and achieve more robust information management capability, the newly in-house developed ERP software system was fully implemented. Data interchange capability permitting paperless, file interchange enable customers and suppliers to interface electronically with our CAD/ CAM systems on product designs and material requirements.

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EMBROIDERY DIVISION

The overall performance of the Group's Embroidery Division dropped as compared to the previous year.

Orders from existing major customers are on upward trend. However, orders received from the Group's Apparel Division declined. The increase in operating expenses caused negative impact on the pre-tax margin.

To provide its existing and potential customers with a wider range of high value-added embroidery services, the Division had replaced two sets of older model embroidery machines with a new unit of AMAYA Embroidery CAM System machine. Equipped with 16 living colors, laser eye for tracing and positioning, thread break monitor and safety grabber, the machine offers high speed pantograph and excellent economic efficiency.

The Division is constantly making efforts to enhance product quality and productivity, shorten delivery time, developing new embroidery techniques to establish a production system that exceeds customers' demand and make its products distinctive.

FABRIC KNITTING DIVISION

The period under review saw a slight decline in both turnover and pre-tax profit for the Fabric Knitting Division.

The Division has recently experienced the impact of uncertainties in yarn prices. Fabric and elastic orders received from existing customers remained the same. On the other hand, fabrics supplied to the Group's Apparel Division have dropped.

As part of the Division's business expansion to capture better market share, Keza Sdn Bhd had set up a branch to produce socks in Semenyih, Selangor. This operation is equipped with fourteen units of socks knitting machines, one unit of toe closing machine and one unit of socks setting machine. The operation had started end of February 2004.



The Division continues to strive for improvement in customer service, prompt delivery, and better quality to ensure buyers' satisfaction .

LABELLING AND PLASTIC PACKAGING DIVISION

The overall performance of the Labelling Division improved over the previous corresponding period with higher turnover and pre-tax profit.

Sales of labels and stickers had increased during the year with more orders received mainly from the garment, food, edible oils, consumer products and electronic sector.

Mega Labels & Stickers Sdn Bhd ventured into China by acquiring Blopak China Private Limited ("Blopak") in Guangzhou, China. Blopak's principal activities are manufacturing, value adding and sale of plastic packaging materials. The diversity provides a portfolio effect that limits the overall impact of downturns in a specific industry, if any. More importantly, the new investment is a reflection of the opportunities to go beyond the boundary, capturing lower labor costs and potential for further positive returns in the long term.

SILK SCREEN DIVISION

The Group recently set up a silk-screen factory in Cambodia to cater for the demand from the Group's Apparel Division and the local market in Cambodia. Production started in April 2003 but has yet to achieve the desired capacity and profitability.

MARKETING AND DISTRIBUTION

The Division had recorded a higher turnover for the financial year ended 31 March 2004.

Sales to existing corporate clients have been on an upward trend. To secure new corporate accounts, Cross Creek Distribution Sdn. Bhd. ("Cross Creek") is continuously promoting brand awareness and widening its brand exposure especially to the corporate sector via golf sponsoring events and the mass media.

Apart from Cross Creek, PCCS Marketing Sdn. Bhd. marketed other brands of sportswear and accessories such as Tour Club and Buitoni. Top Cheer Sdn. Bhd. was set up to serve as the marketing arm for socks produced by Keza Sdn. Bhd.

PROSPECT

The strategic agenda of the Group has been steering towards becoming a more diversified business to take advantage of the business opportunities available from time to time. This is more so viewing against background of the dynamism and challenges of globalization.



Revenue earned from its core business of garment manufacturing is expected to grow further while the new investment in China is expected to contribute significantly in the medium and long run.

Barring any unforeseen circumstances, the Board anticipates that the performance of the current financial year will be very much better compared to the previous year.

APPRECIATION

On behalf of the Board, I wish to express our sincere appreciation and acknowledgement with gratitude to the bankers for their support, to the shareholders for their confidence and to the business associates and regulatory authorities for their supports and assistance.

My sincere appreciation is also extended to the Management, staff and all employees of the Group for their invaluable contribution, commitment, loyalty and hard work. Special mention must be made of the entrepreneurial skills and vision of our Group Managing Director for the wisdom in developing new business venture.

I am also grateful to the distinguished members of the Board for their invaluable advice and guidance.

CHAN KOK HIANG @ CHAN KOCK HIANG
Chairman
30 July, 2004



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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 2004.

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 12 to the financial statements.
There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group	Company
	RM'000	RM'000
(Loss)/profit after taxation	(1,507)	12,003
Minority interests	1,206	-
Net (loss)/profit for the year	(301)	12,003

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

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 dividends paid by the Company since 31 March 2003 were as follows:

	RM'000
In respect of the financial year ended 31 March 2003	
A first and final tax exempt dividend of 5% paid on 12 September 2003	3,001

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 Kok Hiang @ Chan Kock Hiang
Chan Choo Sing
Chan Chow Tek
Chan Chor Ngiak
Chan Chor Ang
Cha Peng Koi @ Chia Peng Koi
Tan Chuan Hock
Halimi Bin Hussain
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, other than as may arise from the share options granted pursuant to the Employee Share Options Scheme.

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 as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) 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 April 2003	Bought	Sold	31 March 2004
Direct interest -				
Chan Kok Hiang @ Chan Kock Hiang	125,333	32,000	-	157,333
Chan Choo Sing	1,078,653	433,200	-	1,511,853
Chan Chow Tek	1,572,883	372,000	300,000	1,644,883
Chan Chor Ang	1,009,550	-	-	1,009,550
Chan Chor Ngiak	329,550	-	-	329,550

	Number of Ordinary Shares of RM1 Each			
	1 April 2003	Bought	Sold	31 March 2004
Indirect interest -				
Chan Kok Hiang @ Chan Kock Hiang	24,000,078	-	-	24,000,078
Chan Choo Sing	26,778,117	3,000	50,000	26,731,117
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

	Number of Ordinary Shares of RM1 Each				
	1 April 2003	Granted	Exercised	Lapsed	31 March 2004
Chan Choo Sing	200,000	-	-	-	200,000
Chan Chow Tek	200,000	-	-	-	200,000

Chan Kok Hiang @ Chan Kock Hiang, 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.

ISSUE OF SHARES

During the financial year, the issued and paid up share capital of the Company was increased from 60,011,002 ordinary shares of RM1 each to 60,012,002 ordinary shares of RM1 each through the issue of 1,000 new ordinary shares of RM1 each pursuant to the Employee Stock Options Scheme at an option price of RM1.30 per ordinary share. The new ordinary shares rank pari passu in all respects with existing ordinary shares.

EMPLOYEE SHARE OPTION SCHEME

The PCCS Group Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 27 September 2001 and became effective on 7 November 2001.

The salient features and other terms of the ESOS are disclosed in Note 22 to the financial statements.
The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings which is less than 100,000 ordinary shares of RM1.00 each.

The name of employees who have been granted options above 100,000 ordinary shares of RM1.00 each during the year are as follows :

	Number of Ordinary Shares of RM1 Each			
	1 April 2003	Lapsed	Exercised	31 March 2004
Chan Choo Sing	200,000	-	-	200,000
Chan Chow Tek	200,000	-	-	200,000
Tan Kwee Kee	120,000	-	-	120,000
Chan Choo Keng	120,000	-	-	120,000
Gan Hoe Lian	120,000	-	-	120,000
Chew Seng Ker	120,000	-	-	120,000

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 value 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 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 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 year are as disclosed in Note 31 to the financial statements.

SUBSEQUENT EVENT

The subsequent event is as disclosed in Note 32 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

CHAN CHOO SING CHAN CHOW TEK

Melaka, Malaysia
Date: 24 July 2004

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 37 to 77 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2004 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

CHAN CHOO SING CHAN CHOW TEK

Melaka, Malaysia
Date: 24 July 2004

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) 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 37 to 77 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)
above named, CHAN CHOO SING, at)
Melaka in the State of Melaka) CHAN CHOO SING
on)

Before me,
A. Supramaniam PIS(M018)
Commissioner for Oaths

REPORT OF THE AUDITORS TO THE MEMBERS OF
PCCS GROUP BERHAD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 37 to 77. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of :
   (i) the financial position of the Group and of the Company as at 31 March 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 12 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements 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.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and, in respect of subsidiaries incorporated in Malaysia, did not include any comment required to be made under Section 174 (3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Lee Ah Too
No. 2187/09/05(J)
Partner

Melaka, Malaysia
Date: 24 July 2004

INCOME STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

	Note	Group		Company	
		2004	2003	2004	2003
		RM'000	RM'000	RM'000	RM'000
Revenue	3	304,567	259,687	307	7,506
Cost of sales		(256,564)	(206,619)	-	-
Gross profit		48,003	53,068	307	7,506
Other operating income		1,151	1,315	-	-
Administrative expenses		(24,475)	(22,471)	(507)	(593)
Selling and marketing expenses		(15,425)	(15,774)	-	-
Profit/(loss) from operations	4	9,254	16,138	(200)	6,913
Finance costs, net	7	(1,903)	(1,465)	-	-
Share of results of associate		2,781	4,145	-	-
		10,132	18,818	(200)	6,913
(Loss)/gain on disposal of investment in an associate		(9,055)	-	12,203	-
Profit before taxation		1,077	18,818	12,003	6,913
Taxation	8	(2,584)	(3,435)	-	-
(Loss)/profit after taxation		(1,507)	15,383	12,003	6,913
Minority interests		1,206	(506)	-	-
Net (loss)/profit for the year		(301)	14,877	12,003	6,913
(Loss)/earnings per share (sen)					
Basic	9	(0.5)	24.8		

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

BALANCE SHEETS
AS AT 31 MARCH 2004

	Note	Group		Company	
		2004	2003	2004	2003
		RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	94,488	74,944	-	-
Investment in subsidiaries	12	-	-	44,034	44,034
Investment in associate	13	-	25,040	-	4,275
		94,488	99,984	44,034	48,309
CURRENT ASSETS					
Inventories	14	35,720	26,122	-	-
Trade receivables	15	41,556	33,856	-	-
Other receivables	16	14,680	4,715	34,760	26,272
Cash and bank balances	17	22,934	14,905	4,794	34
Tax recoverable		486	425	72	25
		115,376	80,023	39,626	26,331
CURRENT LIABILITIES					
Short term borrowings	18	47,268	31,879	-	-
Trade payables	20	24,166	14,797	-	-
Other payables	21	12,136	11,062	365	354
Dividend payable		26	21	26	21
Tax payable		-	96	-	-
		83,596	57,855	391	375
NET CURRENT ASSETS		31,780	22,168	39,235	25,956
		126,268	122,152	83,269	74,265
FINANCED BY :					
Share capital	22	60,012	60,011	60,012	60,011
Reserves		42,109	46,609	23,257	14,254
Shareholders' equity		102,121	106,620	83,269	74,265
Reserve on consolidation, net	24	9,921	8,538	-	-
Minority interests		369	235	-	-
		112,411	115,393	83,269	74,265
Long term borrowings	18	8,821	2,221	-	-
Deferred taxation	25	5,036	4,538	-	-
Non-current liabilities		13,857	6,759	-	-
		126,268	122,152	83,269	74,265

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2004

		Non-distributable			Distributable	
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Reserve RM'000	Legal Reserve Fund RM'000	Retained Profits RM'000	Total RM'000
Group						
At 1 April 2002						
As previously stated	60,000	-	-	-	35,641	95,641
Prior year adjustment (Note 27)	-	-	-	-	(2,111)	(2,111)
At 1 April 2002 (restated)	60,000	-	-	-	33,530	93,530
Issue of share capital	11	3	-	-	-	14
Net profit for the year	-	-	-	-	14,877	14,877
Transfer to legal reserve fund (Note 26)	-	-	-	107	(107)	-
Translation gain, representing net amount not recognised in income statement	-	-	1,199	-	-	1,199
Dividends (Note 10)	-	-	-	-	(3,000)	(3,000)
At 31 March 2003	60,011	3	1,199	107	45,300	106,620
At 1 April 2003						
As previously stated	60,011	3	1,199	107	46,527	107,847
Prior year adjustment (Note 27)	-	-	-	-	(1,227)	(1,227)
At 1 April 2003 (restated)	60,011	3	1,199	107	45,300	106,620
Issue of share capital	1	1	-	-	-	2
Net loss for the year	-	-	-	-	(301)	(301)
Transfer to legal reserve fund (Note 26)	-	-	-	108	(108)	-
Realisation of foreign exchange reserve from disposal of investment in an associate	-	-	(1,199)	-	-	(1,199)
Dividends (Note 10)	-	-	-	-	(3,001)	(3,001)
At 31 March 2004	60,012	4	-	215	41,890	102,121

STATEMENTS OF CHANGES IN EQUITY (Cont'd)
FOR THE YEAR ENDED 31 MARCH 2004

	Share Capital RM'000	Non-distributable Share Premium RM'000	Distributable Retained Profits (Note 23) RM'000	Total RM'000
Company				
At 1 April 2002	60,000	-	10,338	70,338
Issue of share capital	11	3	-	14
Net profit for the year	-	-	6,913	6,913
Dividends (Note 10)	-	-	(3,000)	(3,000)
At 31 March 2003	60,011	3	14,251	74,265
Issue of share capital	1	1	-	2
Net profit for the year	-	-	12,003	12,003
Dividends (Note 10)	-	-	(3,001)	(3,001)
At 31 March 2004	60,012	4	23,253	83,269

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	1,077	18,818	12,003	6,913
Adjustments for :				
Depreciation	10,595	9,126	-	-
Bad and doubtful debts	-	208	-	-
Dividend income	-	-	(119)	(7,361)
Loss/(gain) on disposal of investment in an associate	9,055	-	(12,203)	-
Share of results in associate	(2,781)	(4,145)	-	-
Property, plant and equipment written off	18	2	-	-
Inventories written off	-	133	-	-
Interest expense	1,978	1,574	-	-
Gain on disposal of property, plant and equipment	(417)	(25)	-	-
Interest income	(75)	(109)	-	-
Operating profit/(loss) before working capital changes	19,450	25,582	(319)	(448)
Increase in receivables	(8,242)	(3,615)	-	-
Increase in inventories	(11,559)	(8,274)	-	-
Increase in payables	3,757	5,837	11	(43)
Cash generated from/(used in) operations	3,406	19,530	(308)	(491)
Interest paid	(1,978)	(1,574)	-	-
Tax paid	(1,154)	(1,558)	(14)	(10)
Net cash generated from/(used in) operating activities	274	16,398	(322)	(501)

CASH FLOW STATEMENTS (Cont'd)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from issuance of shares by subsidiaries	1,340	90	-	-
Purchase of additional shares in a subsidiary	-	(5,320)	-	(5,320)
Purchase of property, plant and equipment	(24,505)	(9,536)	-	-
Interest received	75	109	-	-
Proceeds from issuance of shares	2	14	2	14
Acquisition of a subsidiary (Note 12(a))	(3,761)	-	-	-
Withdrawal of deposits	-	1	-	-
Proceeds from disposal of investment in an associate	16,478	-	16,478	-
Proceeds from disposal of property, plant and equipment	1,707	840	-	-
Dividends received from associate	-	1,361	-	1,361
Net cash (used in)/generated from investing activities	(8,664)	(12,441)	16,480	(3,945)
CASH FLOWS FROMFINANCING ACTIVITIES				
Advances (to)/from subsidiaries	-	-	(8,402)	7,446
Dividends paid	(2,996)	(2,992)	(2,996)	(2,992)
Drawdown of hire purchase and lease financing	7,449	-	-	-
Repayment of hire purchase and lease financing	(1,395)	(433)	-	-
Drawdown of term loans	6,123	-	-	-
Repayment of term loans	(4,730)	(3,146)	-	-
Short term borrowings	12,675	2,933	-	-
Net cash generated from/ (used in) financing activities	17,126	(3,638)	(11,398)	4,454
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,736	319	4,760	8
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	14,176	13,857	34	26
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 17)	22,912	14,176	4,794	34

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2004

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 12. There have been no significant changes in the nature of the principal activities during the financial year.

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 number of employees in the Group at the end of the year was 8,656 (2003 : 5,635).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 July 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year, the Company adopted the following MASB Standards for the first time:

MASB 25	Income Taxes
MASB 27	Borrowing Costs
MASB 29	Employee Benefits

The effects of adopting MASB 25 are disclosed in Note 27 to the financial statements. The adoption of MASB 27 and MASB 29 have not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives except that certain comparatives have been presented for the first time.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits from there activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

(ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associate is included within the carrying amount of investment in associates.

Goodwill is not amortised.

(d) Investments in Subsidiaries and Associates

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective leases which range from 50 years to 60 years. 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%
Plant and machinery	10%
Air conditioners	10%
Factory equipment	10%
Electrical installation	10%
Renovation	10%
Furniture, fittings and office equipment	10%
Motor vehicles	20%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(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 raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

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) 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 and which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(h) Hire Purchase and Finance Leases

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.

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 charged to the income statement 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 consistent with that for depreciable property, plant and equipment as described in Note 2(e).

(i) Provisions for Liabilities

Provisions for liabilities 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, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(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 in the income statement, 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 negative consolidation.

Prior to the adoption of MASB 25 Income Taxes on 1 April 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 27.

(k) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of goods
Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) Interest income
Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(iii) Dividend income
Dividend income is recognised when the right to receive payment is established.

(iv) Rental income
Rental income is recognised on accrual basis.

(v) Revenue from services
Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(l) Foreign Currencies

(i) Foreign currency transactions

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the date of transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

(ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the date of the transactions with respect to the income statement. All resulting translation differences are recognised in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follow

	2004	2003
	RM	RM
Hong Kong Dollar	0.49	0.49
United States Dollar	3.80	3.80
Singapore Dollar	2.24	2.19
Chinese Renminbi	0.46	-
Sterling Pound	7.12	-
Euro Dollar	4.76	-

(m) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(n) 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 of the Group. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(iii) Equity compensation benefits

The PCCS Group Berhad ESOS allows the Group's employees to acquire ordinary shares of the Company. No compensation cost or obligation is recognised when the options are exercised, equity is increased by the amount of the proceeds received.

(o) 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.

(i) 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.

(ii) 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.

(iii) Interest-Bearing Borrowings

Interest-bearing loans and overdrafts are recorded at the amount of proceeds received, net of transaction 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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset.

For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawdown from that borrowing facility.

All other borrowing costs are recognised as an expense in the income statement as an expense in that period in which they are incurred.

(iv) 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.

(v) Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements on inception.

Forward foreign exchange contracts

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rates and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains or losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

3. REVENUE

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Sales of goods	302,187	255,849	-	-
Commission income	2,380	3,838	-	-
Dividend income	-	-	119	7,361
Management fee	-	-	145	145
Interest income	-	-	43	-
	304,567	259,687	307	7,506

4 PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations is stated after charging/(crediting) :

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Staff costs (Note 5)	63,587	53,915	200	200
Auditors' remuneration				
- Statutory audits	97	89	27	27
- Other services	104	138	18	80
Bad and doubtful debts	-	208	-	-
Property, plant and equipment written off	18	2	-	-
Depreciation	10,595	9,126	-	-
Rental expenses	2,654	1,837	-	-
Inventories written off	-	133	-	-
Quota charges	1,045	3,715	-	-
(Gain)/loss on foreign exchange - realised	(3)	47	-	-
Gain on disposal of property, plant and equipment	(417)	(25)	-	-
Dividend income	-	-	(119)	(7,361)
Management fee	-	-	(145)	(145)
Rental income	(244)	(192)	-	-

5. STAFF COSTS

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	58,309	49,855	200	200
Annual leave	109	384	-	-
Social security costs	358	292	-	-
Pension costs				
-defined contribution plan	2,806	2,555	-	-
Other staffs related expenses	2,005	829	-	-
	63,587	53,915	200	200

* Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM1,050,000 (2003 : RM940,000) and RM125,000 (2003 : RM125,000) respectively as further disclosed in Note 6.

6. DIRECTORS' REMUNERATION

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive :				
Salaries and other emoluments	710	547	-	-
Fees	125	125	125	125
Bonus	40	80	-	-
Benefits-in-kind	52	46	-	-
	927	798	125	125
Non-Executive :				
Fees :				
- current year's provision	111	111	111	111
- overprovision in prior year	-	(4)	-	(4)
	111	107	111	107
Other Directors				
Executive :				
Salaries and other emoluments	163	164	-	-
Bonus	12	24	-	-
	175	188	-	-
Total excluding benefits-in-kind	1,161	1,047	236	232

7. FINANCE COSTS, NET

	Group	
	2004	2003
	RM'000	RM'000
Interest expense	1,978	1,574
Interest income	(75)	(109)
	1,903	1,465

8. TAXATION

	Group	
	2004	2003
	RM'000	RM'000
Income tax :		
Malaysian income tax	1,022	1,817
Foreign tax	37	135
	1,059	1,952
Overprovided in prior years in respect of Malaysian income tax	(62)	(52)
	997	1,900
Deferred tax (Note 25) :		
Relating to origination and reversal of temporary difference	474	607
Underprovided in prior years	24	-
	498	607
Share of taxation of associates	1,089	928
	2,584	3,435

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003 : 28%) of the estimated assessable profit for the year. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before taxation 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 :

	2004	2003
	RM'000	RM'000
Group		
Profit before taxation	1,077	18,818

	2004 RM'000	2003 RM'000
Group		
Taxation at Malaysian statutory tax rate of 28%	302	5,269
Tax saving for small and medium scale company	(161)	(33)
Effect of different tax rates in other countries	278	38
Tax exempted under tax holiday in foreign country	(605)	-
Income not subject to tax	(75)	(678)
Loss on disposal of investment not deductible for tax purposes	2,535	-
Expenses not deductible for tax purposes	478	662
Utilisation of current year's reinvestment allowances	(892)	(213)
Utilisation of current year's increased export allowances	-	(264)
Utilisation of previously unrecognised tax losses	(174)	(18)
Utilisation of previously unrecognised unabsorbed capital allowances	-	(97)
Utilisation of previously unrecognised unutilised reinvestment allowance	(912)	(1,372)
Underprovision of deferred tax in prior year	24	-
Overprovision of income tax in prior years	(62)	(52)
Deferred tax assets not recognised during the year	1,848	193
Tax expense for the year	2,584	3,435
Company		
Profit before taxation	12,003	6,913
Taxation at Malaysian statutory tax rate of 28%	3,361	1,936
Income not subject to tax	(3,417)	(2,031)
Expenses not deductible for tax purposes	55	95
Deferred tax assets not recognised during the year	1	-
Tax expense for the year	-	-

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net (loss)/profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2004	2003
Net (loss)/profit for the year (RM '000)	(301)	14,877
Weighted average number of ordinary shares in issue ('000)	60,012	60,008
Basic (loss)/earnings per share (sen)	(0.5)	24.8

The comparative basic earnings per share has been restated to take into account the effect of the change in accounting policy (Note 2(j) and Note 27) on the net profit for the year.

(b) Diluted

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares.

10. DIVIDENDS

	Amount		Net Dividends per Share	
	2004	2003	2004	2003
	RM'000	RM'000	Sen	Sen
Group and Company				
First and final tax exempt dividend of 5% (2003 : 5%)	3,001	3,000	5	5

11. PROPERTY, PLANT AND EQUIPMENT

Group	* 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
Cost						
At 1 April 2003	28,711	69,518	12,957	6,116	921	118,223
Acquisition of a subsidiary	-	14,366	888	96	-	15,350
Additions	4,172	15,881	3,756	1,276	-	25,085
Disposals	(652)	(1,323)	(158)	(501)	-	(2,634)
Reclassification	-	-	921	-	(921)	-
Written off	-	-	(38)	-	-	(38)
At 31 March 2004	32,231	98,442	18,326	6,987	-	155,986
Accumulated Depreciation						
At 1 April 2003	2,629	32,052	4,809	3,789	-	43,279
Acquisition of a subsidiary	-	8,532	369	87	-	8,988
Depreciation charge for the year (Note 4)	379	7,749	1,515	952	-	10,595
Disposals	(101)	(774)	(125)	(344)	-	(1,344)
Written off	-	-	(20)	-	-	(20)
At 31 March 2004	2,907	47,559	6,548	4,484	-	61,498
Net Book Value						
At 31 March 2004	29,324	50,883	11,778	2,503	-	94,488
At 31 March 2003	26,082	37,466	8,148	2,327	921	74,944

11. 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
Depreciation charge for 2003	405	6,583	1,190	948	-	9,126

* LAND AND BUILDINGS

	Freehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 April 2003	8,440	2,222	18,049	28,711
Additions	28	-	4,144	4,172
Disposals	(214)	-	(438)	(652)
At 31 March 2004	8,254	2,222	21,755	32,231
Accumulated Depreciation				
At 1 April 2003	-	354	2,275	2,629
Charge for the year	-	31	348	379
Disposals	-	-	(101)	(101)
At 31 March 2004	-	385	2,522	2,907
Net Book Value				
At 31 March 2004	8,254	1,837	19,233	29,324
At 31 March 2003	8,440	1,868	15,774	26,082
Depreciation charge for 2003	-	47	358	405

(a) Net book values of property, plant and equipment held under hire purchase are as follows :

	Group	
	2004	2003
	RM'000	RM'000
Plant and machinery	6,273	-
Motor vehicles	1,456	1,330
	7,729	1,330

(b) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM25,085,000 (2003 : RM9,676,000) of which RM580,000 (2003 : RM140,000) were acquired by means of hire purchase.

(c) Certain assets of the Group were subject to negative pledge in relation to banking facilities granted to the subsidiaries of the Company.

(d) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use with the following costs:

	Group	
	2004	2003
	RM'000	RM'000
Plant and machinery, air-conditioners, factory equipment, and electrical installation	3,917	2,751
Renovation, furniture, fittings, office equipment	908	777
Motor vehicles	1,856	1,463
	6,681	4,991

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2004	2003
	RM'000	RM'000
Unquoted shares, at cost	44,799	44,799
Less : Provision for diminution in value	(765)	(765)
	44,034	44,034

12. INVESTMENT IN SUBSIDIARIES (Cont'd)

Detail of the subsidiaries are as follows:

Name of Subsidiaries	Country of incorporation	Effective Equity Interest Held (%) 2004	2003	Principal Activities
Subsidiaries of the Company				
Perusahaan Chan Choo Sing Sdn. Bhd.	Malaysia	100	100	Manufacturing of apparels
Beauty Electronic Embroidering Centre Sdn. Bhd.	Malaysia	100	100	Embroidering of logos and emblems
Jusca Garments Sdn. Bhd.	Malaysia	100	100	Temporarily ceased operations
Keza Sdn. Bhd. *	Malaysia	100	100	Fabric-knitting and manufacturing of elastic bands and socks
Mega Labels & Stickers Sdn. Bhd. *	Malaysia	100	100	Printing of labels and stickers
Cross Creek Distribution Sdn. Bhd. *	Malaysia	100	100	Marketing and retailing of golf apparels
Shern Yee Garments Sdn. Bhd. *	Malaysia	100	100	Renting of fleets and motor vechicles
Jusca Development Sdn. Bhd. *	Malaysia	100	100	Temporarily ceased operations
PCCS Garments Limited	Cambodia	100	100	Manufacturing of apparels

Name of Subsidiaries	Country of incorporation	Effective Equity Interest Held (%) 2004	2003	Principal Activities
Subsidiary of Beauty Electronic Embroidering Centre Sdn. Bhd.				
E.M.I. Embroidery Sdn. Bhd. *	Malaysia	90	90	Embroidering of logos and emblems
Subsidiaries of Mega Labels & Stickers Sdn. Bhd.				
Mega Labels & Stickers (Selangor) Sdn. Bhd. *	Malaysia	100	100	Printing of labels and stickers
Blopak China Private Ltd*	The People's Republic of China	100	-	Manufacturing, value adding and sale of plastic packaging materials
Subsidiaries of Shern Yee Garments Sdn. Bhd.				
PCCS Capital Sdn. Bhd.*	Malaysia	100	100	Dormant
Jusca Garments (Cambodia) Ltd.	Cambodia	70	-	Manufacturing of apparels
Subsidiaries of Cross Creek Distribution Sdn. Bhd.				
PCCS Marketing Sdn. Bhd.*	Malaysia	100	-	Marketing and retailing of sport apparels and products
Top Cheer Sdn. Bhd.*	Malaysia	60	-	Dormant
Subsidiary of Jusca Development Sdn. Bhd.				
Beauty Silk Screen (M) Sdn. Bhd.*	Malaysia	55	55	Marketing of silk screen printing products
Subsidiary of Beauty Silk Screen (M) Sdn. Bhd.				
Beauty Silk Screen Limited	Cambodia	55	55	Printing of silk screen products

* Audited by firms of auditors other than Ernst & Young.

(a) Acquisition of subsidiaries:

On 16 July 2003, the Company, through its wholly-owned subsidiary, Mega Label & Stickers Sdn. Bhd. ("Mega"), had entered into a Sale and Purchase Ownership Interest Agreement with Oriental Pacific Industries Ltd for the acquisition of 100% registered capital of USD3,540,000 of Blopak China Private Ltd ("BCPL") for a total consideration of USD equivalent to RM4,106,264. On 17 November 2003, the acquisition of BCPL was completed and resulting in the Company becoming the ultimate holding company of BCPL.

The acquisition had the following effect on the Group's financial results for the year:

	RM'000
Revenue	6,224
Profit from operations	181
Net profit for the year	60

The effect of the acquisition on the financial position of the Group as at 31 March 2004 is as follows:

	RM'000
Property, plant and equipment	9,624
Inventories	2,345
Trade and other receivables	4,697
Cash and bank balances	2,691
Trade and other payables	(3,813)
Short term borrowings	(7,122)
Group's share of net assets	8,422

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiary were as follows:

	17.11.2003 RM'000
Net assets acquired:	
Property, plant and equipment	6,362
Inventories	1,356
Trade and other receivables	6,100
Cash and bank balances	345
Trade and other payables	(6,680)
Borrowings	(1,994)
Fair value of total net assets	5,489
Reserve on acquisition (Note 24)	(1,383)
Total consideration	4,106
Purchase consideration satisfied by:	
Cash	4,106
Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash	4,106
Cash and bank balances of subsidiary acquired	(345)
Net cash outflow of the Group	3,761

13. INVESTMENT IN ASSOCIATE

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Outside Malaysia :				
Unquoted investment at cost	-	4,275	-	4,275
Share of post acquisition reserves	-	20,765	-	-
	-	25,040	-	4,275
Represented by:				
Share of net assets	-	20,446		
Share of goodwill in associate	-	2,341		
	-	22,787		
Goodwill on acquisition	-	2,253		
	-	25,040		

Details of the associate are as follows :

Name of Associate	Country of incorporation	Effective Equity Interest Held (%)		Principal Activities
		2004	2003	
Tex Line Associates Pte. Ltd.	Singapore	-	45	Export buying house and marketing agent

14. INVENTORIES

	Group	
	2004	2003
	RM'000	RM'000
At cost :		
Raw materials	17,236	12,921
Work-in-progress	6,447	5,532
Finished goods	7,575	5,551
	31,258	24,004
At net realisable value :		
Raw materials	2,243	888
Finished goods	2,219	1,230
	35,720	26,122

15. TRADE RECEIVABLES

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 no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except for 3 (2003 : 3) debtors which accounted for 60% (2003 : 58%) of total trade receivables as at balance sheet date.

16. OTHER RECEIVABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Due from subsidiaries	-	-	34,754	26,266
Due from a shareholder of a subsidiary, Go Hout Hing	1,140	-	-	-
Sundry receivables	950	29	-	-
Deposits and prepayments	5,375	4,686	6	6
Payment for subscription of share (Note 32)	4,564	-	-	-
Deposits and prepayments for acquisition of properties	2,651	-	-	-
	14,680	4,715	34,760	26,272

The amounts due from subsidiaries and a shareholder of a subsidiary are unsecured, interest-free and have no fixed terms of repayment. Subsequent to the and of the financial year, the amount due from the shareholder has been fully settled.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash on hand and at banks	17,163	14,883	44	34
Deposits with licensed banks	5,771	22	4,750	-
Cash and bank balances	22,934	14,905	4,794	34
Less: Bank overdrafts (Note 18)	-	(707)	-	-
	22,934	14,198	4,794	34
Less : Deposits pledged to banks	(22)	(22)	-	-
	22,912	14,176	4,794	34

Deposits with licensed banks of the Group are pledged to banks for banking facilities granted to certain subsidiaries as referred to in Note 18.

The weighted average effective interest rates and average maturities of deposits at the balance sheet date were 3.8% (2003 : 3.9%) and 365 days (2003 : 365 days) respectively.

18. BORROWINGS

	Group	
	2004	2003
	RM'000	RM'000
Short Term Borrowings		
Unsecured:		
Bank overdrafts	-	707
Short term revolving credit	5,332	-
Export credit refinancing	5,000	4,000
Bankers' acceptances	16,303	11,495
Trade loans	13,895	12,912
Trust receipts	804	252
Term loans	3,521	2,191
Hire purchase and lease payables (Note 19)	35	34
	44,890	31,591
Secured:		
Term loans	138	-
Hire purchase and lease payables (Note 19)	2,240	288
	2,378	288
	47,268	31,879
Long Term Borrowings		
Term loans - unsecured	3,714	2,101
Secured :		
Term loans	306	-
Hire purchase and lease payables (Note 19)	4,801	120
	8,821	2,221

	Group	
	2004	2003
	RM'000	RM'000
Total Borrowings		
Bank overdrafts (Note 17)	-	707
Short term revolving credit	5,332	-
Export credit refinancing	5,000	4,000
Bankers' acceptances	16,303	11,495
Trade loans	13,895	12,912
Trust receipts	804	252
Term loans	7,679	4,292
Hire purchase and lease payables (Note 19)	7,076	442
	56,089	34,100
Maturity of borrowings (excluding hire purchase and lease payables)		
Within one year	44,993	31,595
More than 1 year and less than 2 years	2,790	1,660
More than 2 years and less than 5 years	1,230	403
	49,013	33,658

The weighted average effective interest rates during the financial year for borrowings, excluding hire purchase and finance lease payables, were as follows:

	Group	
	2004	2003
	%	%
Bank overdrafts	7.5	7.7
Bankers' acceptances	3.6	4.0
Short term revolving credit	3.2	-
Export credit refinancing	3.3	3.3
Trade loans	2.5	3.2
Trust receipts	2.5	3.2
Term loans	6.1	8.2

The unsecured short term borrowings and term loans of the Group are guaranteed by the Company.

The secured term loans are secured by shophouses registered in third party's name of which the title deeds are in the process of being transferred to a subsidiary.

19. HIRE PURCHASE AND LEASE PAYABLES

	Group	
	2004	2003
	RM'000	RM'000
Minimum hire purchase and lease payments :		
Not later than 1 year	2,659	364
Later than 1 year and not later than 2 years	2,623	120
Later than 2 years and not later than 5 years	2,732	17
	8,014	501
Less : Future finance charges	(938)	(59)
Present value of hire purchase and lease liabilities	7,076	442
Present value of hire purchase and lease liabilities:		
Not later than 1 year	2,275	322
Later than 1 year and not later than 2 years	2,336	120
Later than 2 years and not later than 5 years	2,465	-
	7,076	442
Analysed as:		
Due within 12 months (Note 18)	2,275	322
Due after 12 months (Note 18)	4,801	120
	7,076	442

The hire purchase bore interest at the balance sheet date of between 3.05% to 5.90% (2003: 4.60% to 7.90%) per annum.

20. TRADE PAYABLES

The normal trade credit term 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	
	2004	2003
	RM'000	RM'000
HPI Resources Berhad and its subsidiaries #	102	99

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

21. OTHER PAYABLES

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Other payables and accruals	11,898	10,819	127	111
Due to directors	238	243	238	243
	12,136	11,062	365	354

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

	Group	
	2004	2003
	RM'000	RM'000
HPI Resources Berhad and its subsidiaries #	-	252
Other companies	102	23
	102	275

The amounts due to directors and companies in which certain directors have interests are unsecured, interest free and have no fixed terms of repayment.

22. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Group and Company				
Authorised	100,000	100,000	100,000	100,000
Issued and fully paid :				
At 1 April	60,011	60,000	60,011	60,000
Employee Share Options exercised during the year	1	11	1	11
At 31 March	60,012	60,011	60,012	60,011

The new ordinary shares rank pari passu in all respects with existing ordinary shares.

Employee Share Option Scheme

The PCCS Group Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 27 September 2001 and became effective on 7 November 2001.

The main features of the ESOS are as follows:

(a) The number of new shares to be offered under the ESOS shall be subject to a maximum of 10% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS. Furthermore, not more than 50% of the shares available under the ESOS scheme should be allocated, in aggregate to directors and senior management and not more than 10% of the shares available under the ESOS scheme should be allocated to any individual director or employee who either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up share capital of the Company;

(b) Any Malaysian employee (including Executive Directors) employed full time by the Company or its subsidiaries (excluding dormant companies) shall be eligible to participate in the ESOS if he or she has been confirmed after two years of service with the Group;

(c) ESOS granted may be exercised on any working day over a period of 5 years from 7 November 2001 until 6 November 2006;

(d) The exercise price for each ordinary share price under the ESOS shall be the weighted average market price as shown in the daily Official List issued by the Bursa Malaysia Securities Berhad for the five market days immediately preceding the date on which the options are offered with a discount of not more than 10% or at the par value of the shares whichever is higher; and

(e) The options granted do not confer any right to the parties concerned to participate in any share issue of any other company.

The terms of share options outstanding as at the end of the financial year are as follows:

	Number of Options over Ordinary Shares of RM1 Each				
	1 April 2003	Granted	*Lapsed	Exercised	31 March 2004
Options at a price of RM1.30 per share expiring on 6 November 2006	4,214,000	-	(191,000)	(1,000)	4,022,000

* Options lapsed due to resignation of the entitled individuals.

Information with respect to the number of options granted under the ESOS is as follows:

	Number of Share Options	
	2004	2003
At 1 April	4,214,000	4,400,000
Exercised	(1,000)	(11,000)
Lapsed	(191,000)	(175,000)
At 31 March	4,022,000	4,214,000

Details of share options exercised during the financial year and the fair value, at exercise date of ordinary shares issued are as follows:

	Exercise Price	Fair value of Ordinary Shares	Number of Share Options	Consideration Received
	RM	RM	RM	RM
Exercised date				
2004				
July 2003	1.30	1.40	1,000	1,300
Less: Par value of ordinary shares				(1,000)
Share premium				300
2003				
May 2002 to June 2002	1.30	1.47 - 1.53	11,000	14,300
Less: Par value of ordinary shares				(11,000)
Share premium				3,300

23. RETAINED PROFITS

As at 31 March 2004, the Company has tax exempt profits available for distribution of approximately RM17,382,000 (2003 : RM17,349,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit in the tax exempt account and under Section 108 of the Income Tax Act 1967 to frank the payment of dividends out of its entire retained profits as at 31 March 2004.

24. RESERVE ON CONSOLIDATION, NET

	Group	
	2004	2003
	RM'000	RM'000
At 1 April	8,538	7,623
Purchase of additional shares in a subsidiary	-	915
Acquisition of a subsidiary (Note 12(a))	1,383	-
At 31 March	9,921	8,538
Reserve arising from acquisition of subsidiaries	9,941	8,558
Goodwill arising from acquisition of subsidiaries	(20)	(20)
	9,921	8,538

25. DEFERRED TAXATION

	Group	
	2004	2003
	RM'000	RM'000
At 1 April	4,538	3,931
Transfer from income statement (Note 8)	498	607
At 31 March	5,036	4,538

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"), a wholly owned subsidiary of the Company, PGL shall set apart a five (5) percent of PGL profit as the 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 PGL.

27. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT

During the financial year, the Group applied new MASB Standards and accordingly modified certain accounting policies. The change in accounting policy which resulted in prior year adjustment are discussed below:

(a) Changes in Accounting Policy

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation to their realisation.

(b) Prior Year Adjustment

The change in accounting policy has been applied retrospectively and comparatives have been restated. The effects of changes in accounting policies are as follows:

	Group	
	2004	2003
	RM'000	RM'000
Effect on retained profits:		
At 1 April, as previously stated	46,527	35,641
Effects of adopting MASB 25	(1,227)	(2,111)
At 1 April, as restated	45,300	33,530
Effect on net profit for the year:		
Net profit before changes in accounting policy	(301)	13,993
Effects of adopting MASB 25	-	884
Net profit for the year	(301)	14,877

Comparatives amounts as at 31 March 2003 have been restated as follows:

	Previously Stated	Adjustments	Restated
	RM'000	RM'000	RM'000
Deferred tax liabilities	3,311	1,227	4,538

28. COMMITMENTS

	Group	
	2004	2003
	RM'000	RM'000
Capital expenditure :		
Approved and contracted for	370	6,630

29. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2004	2003
	RM'000	RM'000
Corporate guarantee issued to financial institutions for credit facilities utilised by subsidiaries	48,569	33,658

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Management fees received from subsidiaries	-	-	145	145
Dividend income received from subsidiaries and associate	-	-	119	7,361
Transactions with HPI Resources Berhad and its subsidiaries *				
- Carriage outwards	303	187	-	-
- Packaging materials purchased	1,446	1,364	-	-
- Security charges	49	229	-	-

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

* A group in which certain directors, Chan Kok Hiang @ Chan Kock Hiang, Chan Choo Sing, Chan Chow Tek, Chan Chor Ang and Chan Chor Ngiak have interests.

31. SIGNIFICANT EVENTS

(i) On 27 May 2003, the Company through its wholly owned subsidiary, Shern Yee Garments Sdn. Bhd. subscribed 700 shares of USD1,000 each representing 70% equity interest in Jusca Garments (Cambodia) Ltd. ("JGC"), a company incorporated in Cambodia, for a total consideration of USD700,000 or approximately RM2,660,000 resulting in the Company became the ultimate holding company of JGC.

(ii) On 20 June 2003, the Company through its wholly-owned subsidiary, Cross Creek Distribution Sdn. Bhd. acquired 100,000 shares of RM1.00 each representing 100% equity interest in PCCS Marketing Sdn. Bhd. ("PMSB"), a company incorporated in Malaysia, for a total consideration of RM100,000 resulting in the Company became the ultimate holding company of PMSB.

(iii) On 16 July 2003, the Company, through its wholly-owned subsidiary, Mega Labels & Stickers Sdn. Bhd. ("Mega"), had entered into a Sale and Purchase Ownership Interest Agreement with Oriental Pacific Industries Ltd for the acquisition of 100% registered capital of USD3,540,000 of Blopak China Private Ltd ("BCPL") for a total consideration of USD equivalent to RM4,106,264. On 17 November 2003, the acquisition of BCPL was completed resulting in the Company became the ultimate holding company of BCPL.

(iv) On 4 December 2003, the Company had entered into an agreement with Tex Line Pte. Limited for the disposal of the entire investment in Tex Line Associates Pte. Ltd. (“TLA”) representing 45% of the effective equity interest held of TLA for a total cash consideration of Singapore Dollar $7,462,204 or approximately RM16,478,039. The disposal has been completed on 20 January 2004.

(v) On 9 February 2004, the Company through its wholly-owned subsidiary, Cross Creek Distribution Sdn. Bhd., subscribed 300,000 shares of RM1.00 each, representing 60% equity interest in Top Cheer Sdn. Bhd. ("TCSB") a company incorporated in Malaysia, for a total consideration of RM300,000, resulting in the Company became the ultimate holding company of TCSB.

32. SUBSEQUENT EVENT

On 5 April 2004, the Company through its wholly owned subsidiary, Mega Labels & Stickers Sdn. Bhd., had invested USD1,201,000 or approximately RM4,563,800 which representing 100% equity interest in China Roots Packaging Pte. Ltd. ("CRPL"), a company incorporated in The People's Republic of China, resulting in the Company became the ultimate holding company of CRPL.

33. COMPARATIVE FIGURES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted as a result of changes in accounting policy as disclosed in Note 2(a) and Note 27.

34. 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, foreign exchange, liquidity 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

The Group's primary interest rate risk relates to interest-bearing debt, as the Company had no substantial long-term interest-bearing assets as at 31 March 2004.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar and Singapore Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

At the balance sheet date, the Group has six outstanding open forward contracts with banks to sell United States Dollars used to hedge anticipated sales with settlement date of one month. The local currency amounts to be received and the corresponding contracted rates of the above outstanding contracts were RM53,107,623 at USD1 = RM3.8123 (2003 : RM34,603,826 at USD 1 = RM3.8078).

(d) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent 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 of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments except as disclosed in Note 15. To mitigate this risk, 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.

(f) Fair Values

There are no material differences between the book value and the fair value of the Company's financial assets and liabilities.

35. 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 terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

31 March 2004

	Malaysia RM'000	Cambodia RM'000	China RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	295,963	2,380	6,224	-	304,567
Inter-segment sales	-	38,553	-	(38,553)	-
Total revenue	295,963	40,933	6,224	(38,553)	304,567
Result					
Profit/(loss) from operations	13,335	(4,224)	181	(38)	9,254
Finance costs, net					(1,903)
Loss on disposal investment in an associate					(9,055)
Share of results of associate					2,781
Taxation					(2,584)
Loss after taxation					(1,507)
Minority interests					1,206
Net loss for the year					(301)
Assets					
Segment assets	155,852	34,932	19,080		209,864
Consolidated total assets					209,864
Liabilities					
Segment liabilities	82,234	4,278	10,941		97,453
Consolidated total liabilities					97,453
Other information					
Capital expenditure	11,190	10,241	3,654		25,085
Depreciation	6,632	3,571	392		10,595

31 March 2003

	Malaysia RM'000	Cambodia RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sales	255,849	3,838	-	259,687
Inter-segment sales	-	27,418	(27,418)	-
Total revenue	255,849	31,256	(27,418)	259,687
Result				
Profit from operations	18,426	1,178	(3,466)	16,138
Finance costs, net				(1,465)
Share of results of associate				4,145
Taxation				(3,435)
Profit after taxation				15,383
Minority interests				(506)
Net profit for the year				14,877
Assets				
Segment assets	130,380	24,587		154,967
Investment in associate	25,040	-		25,040
Consolidated total assets				180,007
Liabilities				
Segment liabilities	55,460	9,154		64,614
Consolidated total liabilities				64,614
Other information				
Capital expenditure	6,023	3,653		9,676
Depreciation	6,372	2,754		9,126

(b) Secondary reporting segment -Business segments

As the Group is principally involved in textiles industry, segment reporting by business segment is not prepared.

GROUP PROPERTIES
AS AT 31 MARCH 2004

Location	Description & 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 & Factory Buildings	Leasehold expiring 7.9.2050	87,120 (46,684)	13	1,982,058	13/8/1993*
2. No. 18, Jalan Keris Naga, Taman Pasifik Selatan, 83000 Batu Pahat, Johor, Malaysia.	4 Storey Building Complex	Freehold	6,056 (13,946)	11	860,300	4/4/1994*
3. Nos 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)	12	351,230	4/4/1994*
4. No. 5, 7, 9, 11, Jalan Perdana 1, Taman Kota Yong Peng, 83700 Yong Peng, Yong Peng, Batu Pahat, Malaysia.	Office and Factory Block	Freehold	12,000 (15,600)	12	1,101,012	21/8/1995
5. No. 16, Jalan Pisang, Taman Maju, Parit Raja, 86400 Batu Pahat, Johor, Malaysia.	Single Storey Semi-Detached House	Freehold	24,001 (1,414)	11	59,659	4/4/1994*
6. 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)	8	570,623	4/10/1996
7. Plo 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor, Malaysia.	3 Blocks Office and Factory Buildings	Leasehold expiring 10.9.2051	114,127 (82,720)	8	5,808,608	21/4/1995
8. Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	Office And Factory Building	Freehold	185,130# (88,000)	6	9,771,823	12/12/1997
9. Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	2 Blocks of Four Storeys Hostel Building	Freehold	74,104 (148,844)	1	4,177,362	31/03/2004
Beauty Electronic Embroidering Centre Sdn Bhd						
10. Plo 5, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor, Malaysia.	2 Blocks Detached Factory And Ancillary Building	Leasehold expiring 1.3.2043	43,560 (30,292)	19	981,680	4/4/1994*
11. No. 5, Jalan B, Dahlia 9, Senai, Johor, Malaysia.	Single Storey Terrance House	Freehold	1,200	17	108,000	22/9/1998
Mega Labels & Stickers Sdn Bhd						
12. No 20, Jalan Tupai Terbang, Taman Sri Saga, 83000 Batu Pahat, Johor, Malaysia.	3 Storeys Office And Factory Block	Freehold	1,540 (4,378)	18	211,149	4/4/1994*
13. Nos 21, 21A & B, Jalan Tupai Terbang, Taman Sir Saga, 83000 Batu Pahat, Johor, Malaysia.	3 Storeys Office And Factory Block	Freehold	1,981 (5,635)	18	221,502	4/4/1994*
Jusca Garments Sdn Bhd						
14. C.T. 3875 Lot 6061; HS(D) 19630 PTD 15722; HS(D) 19631 15723 Mukim of Tangkak, District fo Muar, Johor, Malaysia.	Vacant Land	Freehold	756,796	N/A	3,118,530	1/12/1996

Including 74,104 sq ft for Hostel - item 9

ANALYSIS OF SHAREHOLDINGS
AS AT 7 JULY, 2004

Authorised Share Capital	:	RM100,000,000
Issued and Paid Up Capital	:	RM60,012,002
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting rights	:	One Vote Per Ordinary Share

DISTRIBUTION OF SHAREHOLDERS AS AT 7 JULY, 2004

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	92	2.49	4,926	0.01
100 – 1,000	363	9.84	326,444	0.54
1,001 – 10,000	2,856	77.42	10,194,569	16.99
10,001 –100,000	344	9.33	8,678,716	14.46
100,001 to 3,000,599 (*)	33	0.89	16,807,269	28.01
3,000,600 and above (**)	1	0.03	24,000,078	39.99
TOTAL	3,689	100.00	60,012,002	100.00

REMARK : * Less than 5% of issued shares
** 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 7 JULY, 2004

The substantial shareholders of PCCS (holding 5% or more of the capital) based on the Record of Depositors from the Bursa Malaysia Depository Sdn. Bhd. (formerly known as Malaysian Central Depository Sdn. Bhd) (BMD) and their respective shareholdings are as follows:

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chan Choo Sing	1,530,153	2.55	26,731,117(1)	44.54
Chan Chow Tek	2,004,083	3.34	24,000,078(2)	39.99
Chan Chor Ngiak	329,550	0.55	24,000,078(3)	39.99
Chan Chor Ang	1,009,550	1.68	24,040,078(4)	40.06
Chan Kok Hiang @ Chan Kock Hiang	213,333	0.36	24,000,078(5)	39.99
Setia Sempurna Sdn Bhd	24,000,078	39.99	-	-

Notes:

(1) Deemed interested by virtue of his interest of 27.0% in the equity of Setia Sempurna Sdn Bhd and 4.55% of his spouse, Madam Tan Kwee Kee's shareholdings in PCCS.

(2) Deemed interested by virtue of his interest of 20.0% in the equity of Setia Sempurna Sdn Bhd.

(3) Deemed interested by virtue of his interest of 14.0% in the equity of Setia Sempurna Sdn.

(4) Deemed interested by virtue of his interest of 14.0% in the equity of Setia Sempurna Sdn Bhd and 0.07% of his spouse, Madam Chia Lee Kean's shareholdings in PCCS.

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

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 7 JULY, 2004

The Directors' Shareholdings of PCCS based on the Record of Depositors from the BMD are as follows:

Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chan Choo Sing	1,530,153	2.55	26,731,117(1)	44.54
Chan Chow Tek	2,004,083	3.34	24,000,078(2)	39.99
Chan Chor Ngiak	329,550	0.55	24,000,078(3)	39.99
Chan Chor Ang	1,009,550	1.68	24,040,078(4)	40.06
Chan Kok Hiang @ Chan Kock Hiang	213,333	0.36	24,000,078(5)	39.99
Cha Peng Koi @ Chia Peng Koi	-	-	-	-
Tan Chuan Hock	-	-	-	-
Halimi Bin Hussain	-	-	-	-
Tey Ah Tee @ Teo Ah Tee	-	-	-	-

Notes:

(1) Deemed interested by virtue of his interest of 27.0% in the equity of Setia Sempurna Sdn Bhd and 4.55% of his spouse, Madam Tan Kwee Kee's shareholdings in PCCS.

(2) Deemed interested by virtue of his interest of 20.0% in the equity of Setia Sempurna Sdn Bhd.

(3) Deemed interested by virtue of his interest of 14.0% in the equity of Setia Sempurna Sdn Bhd.

(4) Deemed interested by virtue of his interest of 14.0% in the equity of Setia Sempurna Sdn Bhd and 0.07% of his spouse, Madam Chia Lee Kean's shareholdings in PCCS.

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

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	2,731,039	4.55
3.	Chan Choo Sing	1,530,153	2.55
4.	Amanah Raya Nominees (Tempatean) Sdn Bhd *Skim Amanah Saham Bumiputra*	1,327,766	2.21
5.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Choon Fatt (AmFinance)*	1,100,000	1.83
6.	Chan Chor Ang	1,009,550	1.68
7.	Yap Song Yung	674,333	1.12
8.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Chow Tek*	673,000	1.12
9.	Chan Chow Tek	672,883	1.12
10.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohd Radzuan Bin Ab Halim*	666,666	1.11
11.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Chow Tek*	658,200	1.10
12.	Lim Poh Teot	642,466	1.07
13.	Yap Shing @ Yap Sue Kim	625,733	1.04
14.	Amanah Raya Nominees (Tempatan) Sdn Bhd *Amanah Saham Johor*	576,000	0.96
15.	Yap Nyet Yune	468,333	0.78
16.	Wetex Industries Sdn Bhd	441,000	0.73
17.	Chan Chor Ngiak	329,550	0.55
18.	Gan Surt Neo	285,900	0.48
19.	Yung Lay Kiang	256,666	0.43
20.	Go Hout Hing	221,666	0.37
21.	Chan Kok Hiang @ Chan Kock Hiang	213,333	0.36
22.	Yeo Eck Liong	166,666	0.28
23.	Ho, Wei-Hua	166,000	0.28
24.	Bin Bin Knitwear Manufacturer Sdn Bhd	160,000	0.27
25.	Tan Poay Jong	135,000	0.22
26.	Ling Hua Ee	134,000	0.22
27.	Chan Wee Boon	131,000	0.22
28.	Hong Bee Lan	130,000	0.22
29.	Ong Beng Kee	130,000	0.22
30.	Wong Shak On	119,700	0.20
		40,376,681	67.28

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PCCS Group Berhad
(CO. NO. 280929-K)
(Incorporated in Malaysia)

FORM OF PROXY

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 Tenth Annual General Meeting of the Company to be held at ***Plum Blossom Room, Level 2, Garden Hotel, No. 29, Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim*** on Tuesday, 24 August 2004 at ***11.00 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.

No.	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 March 2004 together with the Reports of the Directors and the Auditors thereon.		
2.	To approve the Directors' fees for the financial year ended 31 March 2004.		
3.	To accept the retirement of Mr. Chan Kok Hiang @ Chan Kock Hiang pursuant to Section 129 of the Companies Act, 1965.		
4.	To re-elect the Director, Mr. Chan Choo Sing who retires pursuant to Article 94 of the Company's Articles of Association.		
5.	To re-elect the Director, Mr. Tan Chuan Hock who retires pursuant to Article 94 of the Company's Articles of Association.		
6.	To re-elect the Director, Mr. Tey Ah Tee @ Teo Ah Tee who retires pursuant to Article 94 of the Company's Articles of Association.		
7.	To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorize the Directors to fix their remuneration.		
8.	As Special Business Ordinary Resolution No. 1 Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965		
9.	As Special Business 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 (formerly known as Malaysia Securities Exchange Berhad)		

* Strike out whichever not applicable

Signed this ..... day of 2004

.....
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 Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

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

3. 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.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at PLO 10, Kawasan Perindustrian Parit Raja, 83000 Batu Pahat, Johor Darul Takzim not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.