



ANNUAL REPORT 2011

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 25th Annual General Meeting of Public Packages Holdings Berhad will be held at 3rd Floor, Meeting Room of Plot 468 & 482, Jalan Perusahaan Baru, Prai Industrial Estate, 13600 Prai, Penang on Monday, 28 May 2012 at 10.00 a.m. for the following purposes: -

AGENDA:

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors' and Auditors' thereon. Please refer to Explanatory Note 1
2. To re-elect the following Directors who retire by rotation in accordance with Article 80 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
 - i) Mr. Koay Chiew Poh Resolution 1
 - ii) Mr. Koay Teng Liang Resolution 2
3. To re-elect Mr. Koay Chiew Kang, a Director who retires pursuant to Article 87 of the Company's Article of Association and who, being eligible, offers himself for re-election. Resolution 3
4. To approve the payment of Directors' fees of not exceeding RM250,000 for the financial year ending 31 December 2012. Resolution 4
5. To re-appoint Messrs. Grant Thornton (AF:0042) as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. Resolution 5

As Special Business

To consider and if thought fit, to pass with or without any modifications the following resolutions: -

ORDINARY RESOLUTIONS

6. Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for listing of and quotation for the additional shares to be issued."

Resolution 6

7. Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature

"That, subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum & Articles of Association of the Company, the requirements of Bursa Malaysia Securities Berhad and/or any other regulatory authorities, approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business which are necessary for the day-to-day operations of the Company and its subsidiaries as specified in Section 2.2 of the Company's Circular to Shareholders dated 25 April 2012 ("Circular") on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders and that authority conferred by this resolution shall take effect immediately upon the passing of this resolution and the shareholders' mandate shall continue to be in full force until:

- (a) the conclusion of the next annual general meeting ("AGM") of the Company following the AGM at which the ordinary resolution for the Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Act (but 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 at a general meeting,
- whichever is the earlier:

And that, authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution.

Resolution 7

8. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Joint Company Secretaries

Penang
Dated: 25 April 2012

NOTES ON APPOINTMENT OF PROXY:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies' Act 1965 shall not apply to the Company.
2. To be valid the Proxy Form duly completed must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the meeting.
3. A holder may appoint up to two (2) proxies to attend at the same meetings.
4. Where a holder appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
5. If the appointor is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member is an exempt authorised nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.

EXPLANATORY NOTES

On Ordinary Business

1. Agenda 1 is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders of the Company and hence, Agenda 1 is not put forward for voting.

On Special Business

2. The Resolution 6, if passed, will give the Directors of the Company authority to issue shares in the Company up to an aggregate amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

The general mandate for issue of shares is a renewal and will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment, working capital and/or acquisition. As at the date of notice of meeting, no share has been issued pursuant to the general mandate granted at the last Annual General Meeting of the Company.

3. The Resolutions 7, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company, particulars of which have been disclosed in the Circular to Shareholders dated 25 April 2012 which have been dispatched together with the Company's 2011 Annual Report.

CORPORATE INFORMATION

- BOARD OF DIRECTORS**
- : Koay Chiew Poh
Executive Chairman
 - Koay Teng Liang
Executive Director
 - Koay Teng Kheong
Executive Director
 - Koay Chiew Kang
Executive Director
 - Nurjannah Binti Ali
Independent Non-Executive Director
 - Ng Thim Fook
Independent Non-Executive Director
 - Ong Eng Choon
Independent Non-Executive Director
 - Koay Chue Beng
Alternate Director to Koay Chiew Poh
- JOINT COMPANY SECRETARIES**
- : Lee Peng Loon (MACS 01258)
P'ng Chiew Keem (MAICSA 7026443)
- AUDIT COMMITTEE**
- : Nurjannah Binti Ali (Independent Non-Executive Director)
Chairman
 - Ng Thim Fook (Independent Non-Executive Director)
Committee Member
 - Ong Eng Choon (Independent Non-Executive Director)
Committee Member
- NOMINATION COMMITTEE**
- : Nurjannah Binti Ali (Independent Non-Executive Director)
Chairman
 - Ng Thim Fook (Independent Non-Executive Director)
Committee Member

- REMUNERATION COMMITTEE** : Nurjannah Binti Ali (Independent Non-Executive Director)
Chairman
- Ng Thim Fook (Independent Non-Executive Director)
Committee Member
- Koay Chiew Poh (Executive Chairman)
Committee Member
- REGISTERED OFFICE** : Wisma Public Packages
Plot 67 Lintang Kampong Jawa, Bayan Lepas Industrial Estate,
11900 Bayan Lepas, Penang.
Tel No: 04-6444888 Fax No: 04-6436699
- BUSINESS ADDRESS** : Wisma Public Packages
Plot 67 Lintang Kampong Jawa, Bayan Lepas Industrial Estate,
11900 Bayan Lepas, Penang.
Tel No: 04-6444888 Fax No: 04-6436699
- REGISTRAR** : Tricor Investor Services Sdn Bhd (Company No.118401-V)
Level 17, The Gardens North Tower, Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel No: 03-2264 3883 Fax No: 03-2282 1886
- AUDITORS** : Grant Thornton
51-8-A, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang.
- PRINCIPAL BANKERS** : Malayan Banking Berhad
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
RHB Bank Berhad
AmBank (M) Berhad
- STOCK EXCHANGE LISTING** : Main Market of Bursa Malaysia Securities Berhad
Stock Name : PPHB Stock Code : 8273
- WEBSITE** : <http://www.pph.com.my>

EXECUTIVE 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 of the Company for the financial year ended 31 December 2011.

INDUSTRY REVIEW

Packaging is an essential component of the manufacturing sector. Each year, we encounter different sets of challenges in this competitive and maturing industry. Recent global market uncertainties have caused many consumers and manufacturers to be cautious in their spending and investments. Nevertheless, Malaysia has been resilient thanks to our country's strong economic fundamentals and good domestic demand.

FINANCIAL PERFORMANCE

Total revenue increased by 4 % from RM146 million to RM151 million in 2011, while profit after tax reduced from RM8.3 million to RM7.9 million, mainly due to higher material cost.

REVIEW OF GROUP OPERATIONS

The manufacturing division remains the core business of the Group representing about 80% of total revenue or RM122 million in the year 2011. The trading division contributed the remaining 20%. Our dedicated team of staff continues to work towards providing quality products on a timely basis and at affordable prices to our customers. Hence, the Group has managed to deliver another positive result for 2011.

PROSPECTS FOR 2012

Strong performance of the manufacturing sector would be the key determinant of demand for packaging materials. Increasing awareness of environmental sustainability would also contribute to the demand for paper packaging and other paper related products. Thus, the outlook of the paper packaging industry remains reassuring. Nevertheless, the Group will closely supervise its operating environment as not to be significantly influenced by external factors.

The Group has planned at the beginning of year 2012 to increase its efficiency, productivity and profitability as well as to optimise resources such as manpower and equipment to ensure future growth and consolidate our position as one of the major packaging solutions provider in the country.

APPRECIATION

On behalf of the Board, I would like to express our deepest appreciation to our esteemed bankers, valued business associates, shareholders, government and regulatory authorities for their invaluable support and confidence in the Group. I would also like to thank the management and our entire workforce for their dedication and commitment that has ensured continued success of the Group. I sincerely hope that together we can maintain another set of satisfactory results for the year 2012.

Last but not least, my personal thanks to my fellow members of the Board for their contributions and support to the Group.

KOAY CHIEW POH
EXECUTIVE CHAIRMAN

DIRECTORS' INFORMATION

Koay Chiew Poh, a Malaysian, age 60, is the founder of Public Packages Holdings Berhad ("PPHB") and was appointed to the Board on 16 March 1991 as Executive Chairman of the Company. He is a member of the Remuneration Committee. He is an entrepreneur with more than 30 years experience in the packaging and printing industry. He served as a Sales Manager for Pan Asian Paper Product Manufacturing Sdn Bhd before he joined Federal Packages Sdn Bhd. He holds directorships in several of PPHB's subsidiaries.

He is the brother of Mr. Koay Chiew Kang, Mr. Koay Chue Beng, the father of Mr. Koay Teng Liang and Mr. Koay Teng Kheong who are members of the Board. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended all the 5 Board meetings held in the financial year ended 31 December 2011.

Koay Chiew Kang, a Malaysian, age 54, was appointed to the Board on 14 March 2012 as Executive Director. He graduated from Universiti Sains Malaysia with BSC. HBP (Hons). He has also attended the Owner / President Programme at Harvard Business School, Boston. He has been working with the Group as Manager in various departments, namely Administration, Production and Operation since the year 1985. Due to his extensive knowledge and experiences, he has been promoted to General Manager in year 1995. He also holds directorships in several of PPHB's subsidiaries.

He is the brother of Mr. Koay Chiew Poh, Mr. Koay Chue Beng, the uncle of Mr. Koay Teng Liang and Mr. Koay Teng Kheong who are members of the Board. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He does not attend any Board meeting during the year ended 31 December 2011 as he was only appointed on 14 March 2012.

Koay Chue Beng, a Malaysian, age 51, was re-designated as Alternate Director to Mr. Koay Chiew Poh on 25 March 2011. Prior to this, he was the Executive Director of the Company since 9 February 2002. He had served as senior management in several private limited companies and has extensive experience in sales and marketing, new market development, distribution, planning and control. He is also actively involved in community services. He holds directorships in several of PPHB's subsidiaries.

He is the brother of Mr. Koay Chiew Poh, Mr. Koay Chiew Kang, the uncle of Mr. Koay Teng Liang and Mr. Koay Teng Kheong who are members of the Board. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

Nurjannah Binti Ali, a Malaysian, age 53, was appointed to the Board on 5 February 1999 as an Independent Non-Executive Director. She is the Chairman of the Audit Committee and also the Chairman of the Nomination and Remuneration Committees. With an accounting background, Nurjannah has more than 15 years' experience in finance and business. She is also a Director of Asia File Corporation Berhad.

She has no family relationship with any directors and/or major shareholders of the Company. She has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

She had attended all the 5 Board meetings held in the financial year ended 31 December 2011.

Ng Thim Fook, a Malaysian, age 58, was appointed to the Board on 15 November 2002 as an Independent Non-Executive Director. He is a member of the Audit, Nomination and Remuneration Committees. He is the Managing Director of NG Technology Pty Ltd and Express Tech Pty Ltd. He has been in IT business for the last 20 years.

He has no family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended all the 5 Board meetings held in the financial year ended 31 December 2011.

Ong Eng Choon, a Malaysian, age 60, was re-designated to Independent Non-Executive Director on 25 March 2011. Prior to this, he was the Non-Independent Non-Executive Director of the Company since 23 January 2009. He graduated from Tunku Abdul Rahman College, Kuala Lumpur with a Diploma in Business Administration and has more than 30 years of working experience in the field of taxation. He is the member of Audit Committee. He spent 3 years with the Inland Revenue Department and 10 years with one of the top 4 accounting firms and he is currently the Executive Director of BDO Tax Services Sdn. Bhd. He is a Chartered Accountant (Malaysia), a Fellow Member of the Chartered Association of Certified Accountants, an Associate Member of the Institute of Chartered Secretaries and Administrators and an Associate Member of the Chartered Tax Institute of Malaysia (formerly known as Malaysian Institute of Taxation). He is also the Independent Non-Executive Director of Chin Well Holdings Berhad, and Nagamas International Berhad, of which these companies are listed on Bursa Securities.

He has no family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended all the 5 Board meetings held in the financial year ended 31 December 2011.

Koay Teng Liang, a Malaysian, age 35, was appointed to the Board as an Executive Director on 30 January 2009. Prior to the appointment, he was the Alternate Director to Mr. Koay Chiew Lee from 17 November 2003 until 23 January 2009. He graduated from University of Melbourne, Australia with a Bachelor in Commerce (Hons) and Bachelor in International Business from Flinders University, Australia. Prior to joining the Company, he was attached with Teckwah Industrial Corporation Limited, Singapore as a Program Executive. He holds directorships in several of PPHB's subsidiaries.

He is the son of Mr. Koay Chiew Poh, nephew of Mr. Koay Chiew Kang, Mr. Koay Chue Beng and brother of Mr. Koay Teng Kheong who are members of the Board. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended 4 of the 5 Board meetings held in the financial year ended 31 December 2011.

Koay Teng Kheong, a Malaysian, age 31, was appointed to the Board as an Executive Director on 25 March 2011. He graduated from Monash University, Australia with a Masters in Management and Bachelor in Information Systems from University of Melbourne, Australia. He holds directorships in Public Packages Asia (S) Pte. Ltd., a 100% owned indirect subsidiary of PPHB prior to this appointment and has actively participated and contributed towards the Group's revenue and management.

He is the son of Mr. Koay Chiew Poh, nephew of Mr. Koay Chiew Kang, Mr. Koay Chue Beng and brother of Mr. Koay Teng Liang who are members of the Board. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended 2 of the 3 Board meetings held in the financial year ended 31 December 2011 as his appointment to the Board only commenced after 25 March 2011.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors is committed to ensure that the highest standards of corporate governance are practiced throughout the Group as embodied in the Malaysian Code on Corporate Governance (“the Code”). Towards this end, the Board has taken steps to ensure that the principles of corporate governance and best practices are observed and practiced throughout the Group.

The manner and the application of Corporate Governance framework in the Group are summarized as follows: -

DIRECTORS

The Board

An effective Board leads and controls the Company. The Board meets quarterly to review its quarterly performances and discuss new policies and strategies with additional meetings as and when necessary. During the Board meeting, the Company Secretary will record the deliberations, in terms of the issues discussed, and the conclusions in discharging the Board’s duties and responsibilities. A total of 5 Board meetings were held for financial year ended 31 December 2011.

Board Balance

The Board comprises of 4 Executive Directors and 3 Independent Non-Executive Directors. The composition reflects that more than 1/3 of its members are independent. The Board considers the current composition and size of the Board as adequate. Collectively, Directors have a wide range of business and financial experiences. A brief profile of each Director is presented on pages 8 to 9 of this Annual Report.

Although all the Directors have an equal responsibility for the Company’s operations, the role of Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advice and judgment to take into account of the interests, not only of the Group but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts business.

Supply of Information

All Directors are provided with agendas and a set of Board papers prior to Board meetings. These are issued in sufficient time to enable the Directors to obtain further explanations, where necessary in order to be properly briefed before the meeting. The Board papers include, among others, the quarterly financial statements and internal audit reports.

The Board of Directors ensures that they have full and timely access to all relevant information to aid their decision-making. All Directors have access to the advice and services of the Company Secretary and may seek independent professional advice at the Company’s expense in the furtherance of their duties.

Appointments to the Board

The Nomination Committee of the Company was established on 4 April 2002. The Nomination Committee is responsible for making recommendations for any appointments to the Board.

In making these recommendations the Nomination Committee considers the candidate’s: -

- (a) skills, knowledge, expertise and experience;
- (b) professionalism;
- (c) integrity;
- (d) in the case of candidates for the position of Independent Non-Executive Director, the Nomination Committee will evaluate the candidates’ ability to discharge such responsibilities/functions as expected from Independent Non-Executive Director.

Any new nomination received is recommended to the full Board for assessment and endorsement.

The Nomination Committee is also responsible for assessing the effectiveness of the Board as a whole, the committees of the Board and the performance and contribution of each existing Director including the Independent Non-Executive Directors. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are properly documented.

The members of the Nomination Committee are as follows:

Puan Nurjannah Binti Ali - Chairman, Independent Non-Executive Director
Mr. Ng Thim Fook - Member, Independent Non-Executive Director

Directors' Training

The Board acknowledges the importance of continuous education and training in discharging its duties and encourages its Directors and also many of its senior managers and department heads to attend forum, seminars, trade fairs (locally and internationally) and training programmes to update themselves on new developments in the business environment. Additionally, frequent site visits by the Directors and meetings with senior management are arranged for enhancement of their knowledge particularly in respect of the Group's businesses and operations.

All the Directors had attended the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities and had also completed and obtained the requisite Continuing Education Programme (CEP) points accordingly

During the financial year, the types of trainings attended by the Directors were as follows:

- (a) Koay Chiew Poh
 - Wealth & Money management
- (b) Koay Teng Liang
 - Dscoop Asia 2011 Conference
- (c) Koay Teng Kheong
 - Wealth & Money management
- (d) Nurjannah Binti Ali
 - Financial Reporting Standards Masterclass 2011
- (e) Ng Thim Fook
 - Tax Budget 2012 & Recent Developments
- (f) Ong Eng Choon
 - National Tax Conference 2011
 - Financial Reporting Standards Masterclass 2011
 - Workshop on Mastering International & Offshore Tax Planning Strategies

The Directors will continue to undergo other relevant training programmes as appropriate to further enhance their professionalism and knowledge as Directors.

Re-election of Directors

Each Director of the Company shall retire at least once every 3 years. Also, they shall be eligible to stand for re-election at the annual general meeting upon their retirement. Any new Director who is appointed by the Board shall be subjected to election by shareholders at annual general meeting held immediately after his/her appointment.

DIRECTORS' REMUNERATION

The Remuneration Committee of the Company was established on 4 April 2002. The Committee recommends to the Board, the framework of the Directors' remuneration and its cost and remuneration package for each Director. In the case of Executive Directors, the remuneration package is structured so as to link rewards to corporate and individual performance and for Non-Executive Directors the level of remuneration reflects the experience and level of responsibilities undertaken. The remuneration package of the Executive Chairman is approved by the full Board.

The Remuneration of Directors is set at levels that would enable the Company to attract and retain Directors with relevant expertise and the experience necessary to run the Group effectively.

The fees of Directors, including Non-Executive Directors, are endorsed by the Board for approval by the shareholders of the Company at the Annual General Meeting.

The members of the Remuneration Committee are as follows:

Puan Nurjannah Binti Ali - Chairman, Independent Non-Executive Director
 Mr. Ng Thim Fook - Member, Independent Non-Executive Director
 Mr. Koay Chiew Poh - Member, Executive Chairman

The aggregate remuneration of Directors for the financial year ended 31 December 2011 are as follows:

	Salary (RM)	Bonus (RM)	Others (RM)	Fees (RM)	Total (RM)
Executive	911,846	162,586	198,961	0	1,273,393
Non-Executive	0	0	0	78,000	78,000
	<u>911,846</u>	<u>162,586</u>	<u>198,961</u>	<u>78,000</u>	<u>1,351,393</u>

Number of Directors whose remuneration fall into the following bands are as follows:

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000		2
RM 50,001 to RM100,000		
RM100,001 to RM150,000		
RM150,001 to RM200,000	1	
RM200,001 to RM250,000		
RM250,001 to RM300,000		
RM300,001 to RM350,000		
RM350,001 to RM400,000	1	
RM400,001 to RM450,000		
RM450,001 to RM500,000		
RM500,001 to RM550,000		
RM550,001 to RM600,000		
RM600,001 to RM650,000		
RM650,001 to RM700,000		
RM700,001 to RM750,000	1	
	-----	-----
	3	2
	=====	=====

SHAREHOLDERS

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. The Company views that timely and equal dissemination of information to shareholders are important. It strictly adheres to the disclosure requirements of Bursa Securities.

The Board views the Annual General Meeting (AGM) as an ideal opportunity to communicate with both institutional and individual shareholders. During the AGM, the Board is prepared to respond to shareholders' questions and the external auditors are also present to assist in providing their professional and independent clarification on issues and concerns raised by the shareholders.

The Company has established a website – www.pph.com.my for shareholders and the public to access for information, including the announcements made by the Company.

Apart from the above, the Company also communicates with its shareholders by way of annual report and mandatory public announcements on the Company's significant matters, corporate developments and financial results from time to time through the Bursa Link.

Puan Nurjannah Binti Ali, Independent Non-Executive Director has been assigned as the senior to answer queries or clarify matters in relation to the Company, which may be conveyed.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is aware of its responsibilities to shareholders for presenting a balanced and understandable assessment of the Company's financial position, operations and prospects, each time it releases its quarterly and annual financial statements and reports to shareholders. In this regard, the Audit Committee on behalf of the Board assists in scrutinizing the information to be disclosed, to ensure accuracy and adequacy.

Internal Control

The Statement on Internal Control of the Group is set out in page 15 of this Annual Report.

Relationship with the Auditors

The Board and the Audit Committee established a transparent and appropriate relationship with the Company's Auditors, both internal and external. The external auditors are invited to attend meetings of the Audit Committee.

Statement on Directors' Responsibility

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year and the profit or loss of the Company and of the Group for the financial year. As required by the Act and the Listing Requirements of Bursa Securities, the financial statements have been prepared in accordance with applicable Financial Reporting Standards and the provisions of the Act.

The Directors consider that in preparing the financial statements for the financial year ended 31 December 2011, the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors have responsibility for ensuring that the Company and the Group keep accounting records, which disclose with reasonable accuracy financial position of the Company and of the Group, which also enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking steps as are reasonably open to them to safeguard the shareholders' interest and the assets of the Group and to prevent and detect fraud and other irregularities.

COMPLIANCE STATEMENT

Save and except where stated otherwise, the Board is pleased to confirm that the Company has met and substantially complied with the Best Practices set out in Part 2 of the Code.

Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries for the financial year ended 31 December 2011 other than tax penalties of RM1,256 due to underestimates.

Non-Audit Fees

There were no non-audit fees paid to the external auditors or a firm or corporation affiliated to them for the financial year ended 31 December 2011.

Material Contracts

There were no material contracts entered by the Company and its subsidiaries involving directors and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2011, or entered into since the end of the previous financial year.

Utilisation of Proceeds Raised from Corporate Proposal

The Company does not have any corporate proposal during the financial year ended 31 December 2011.

Share Buy Backs

The Company did not purchase any of its own shares and as such, there were no treasury shares maintained by the Company for share buy-backs as at 31 December 2011.

Options or Convertible Securities

The Company did not issue any options or convertible securities during the financial year ended 31 December 2011.

Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2011.

Variation in Financial Results

There were no variation of results which differ by 10% or more from the Company's unaudited results announced through Bursa Link on 24 February 2012.

Profit Guarantee

The company was not subject to any profit guarantees for the financial year ended 31 December 2011.

CORPORATE SOCIAL RESPONSIBILITIES (CSR)

(a) Community

Our directors, employees and their families have a long history of involvement with local communities and charitable organizations.

During the year, the Group has also sponsored reference books and reading materials on top of monetary assistance to aid orphanage students in their examinations, in particular students sitting for UPSR and PMR exams.

(b) Environment

The Group has an ongoing commitment in preserving the environment. Each of the Group's operating sites is pursuing specific waste reduction projects. The Group also encourages all its employees to optimise the recycling of newspapers, paperboards and other recyclable materials.

STATEMENT ON INTERNAL CONTROL

During the financial year 2011, the provision for the Internal Control Management System remains very much the same with that of year 2010. The Board of Directors of Public Packages Holdings Berhad firmly believes in the importance of the existence of a sound system of internal control within the Group. The Board acknowledges its responsibility to establish and review on a regular basis the adequacy and effectiveness of the system of internal control within the Group, in particular the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directive and guidelines. The internal control system involves each business and key management from each business, including the Board, and is designed to meet the Group's particular needs and to manage the risks to which it is exposed. This system only provides reasonable but not absolute assurance against material loss or against the Group failing to achieve its objectives. For the purpose of this statement, joint ventures are not dealt with as part of the Group.

The Board provides the following guidelines to ensure success of the corporate objectives: -

- 1) that each subsidiary is to provide to the Board for approval a comprehensive annual budget.
- 2) that the subsidiary is to monitor performance against approved budget each month.
- 3) to identify shortfalls and implement remedial measures.
- 4) to make full use of the Information Technology facilities available within the Group to optimise business processes and to enhance network communication within the Group.
- 5) to provide training for all employees to improve management proficiency at all levels.
- 6) that each subsidiary conducts a weekly inter-unit meeting to iron out daily problems.

Management of the various subsidiaries of the Group's businesses is delegated to local management, comprising of Executive Directors, General Managers, Operations Managers who are accountable for meeting the objectives and goals set by the Board vis-à-vis the performance and profitability of the subsidiaries under their respective command. Local management of the subsidiaries organizes monthly meeting to monitor the performance against the Board's approved annual budget - both financial and operational. Reasons for shortfalls are immediately identified and corrected. The Group General Manager will attend the local management meeting to discuss and share, among other things, issues and risks relating to business activities and external environment as experienced by them in their respective field from time to time. The sharing would form the basis for the local management to take pre-emptive action as part of the plan for future undertakings and appropriate systems to manage these risks.

The Group General Manager and local management teams would then meet the Board once a month to report and assess the monthly performance and controls with comprehensive financial information showing the actual results against budget for the month; to discuss corporate issues arising from the local management monthly meetings; to seek Board's decisions and solutions where needed.

Internal Operating Manuals are written for the operating units and the departments working within the units. The Manuals provide a very detailed operating system and control for all subsidiaries – the purpose of which is to ensure success in so far as risks management is concerned.

Risk Management Framework

The structure of the risk management framework is made up of the following supporting units: -

- a) the quality steering committee (QSC)
- b) the internal audit team
- c) the business development unit
- d) the administration unit
- e) the human resource management unit.

All these units in their respective fields of work assist the organization in identifying and evaluating significant exposures to risk and contribute to the improvement of risk management and control system.

The representations from these units sit at the Group Corporate meeting ("GCM") and/or Internal Corporate meeting ("ICM") once a month to present their day-to-day problems and to provide solutions to resolve them especially on risk management related issues.

STATEMENT ON INTERNAL AUDIT FUNCTION

The team of in-house internal auditors operates independently of the activities of the subsidiaries it audits. The in-house internal auditors report directly to the Audit Committee. During the year, the team of in-house internal auditors carried out 3 specific audits viz:

1. Finance and Accounts Audit
2. Administration Audit
3. Human Resource Audit.

After each audit, the findings and recommendations are submitted to the heads of the subsidiaries in which the audit was carried out. The local management of the audited subsidiary is obliged to respond to the findings and recommendations to the in-house internal auditors. Thereafter, a follow up audit is carried out to ensure that the recommendations of the in-house internal auditors are followed through.

The external auditors also meet up with the in-house internal auditors twice a year to exchange views and audit findings. The external auditors will also review the recommendations given by the in-house internal auditors to the Company or its subsidiaries in which the audit was carried out.

Once every quarter, the Head of the in-house internal auditors meets with the Audit Committee with reports of audits conducted at each audited subsidiary to review and monitor the effectiveness of the Group's internal control system.

In summary, the Board of Directors, working with the Audit Committee, carries out the ongoing process of monitoring the effective application of policies, processes and activities related to internal control and is responsible to ensure that the Group's system of internal control is in place.

During the year ended 31 December 2011, the Group has incurred RM42,054 to carry out the internal audit functions, performed by the in-house internal auditors.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

There were no outstanding sum owing and due to PPHB and its subsidiaries from Related Parties as at 31 December 2011. The breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2011 are as follows: -

PPHB/Subsidiaries Involved	Related Party	Relation -ship	Nature of Transaction	Estimated value for the year 2011 RM'000	Actual value transacted for the year 2011 RM'000
Public Packages (NT) Sdn. Bhd.	City Packaging Industry Sdn. Bhd.	**	Sale of carton boxes	500	4
PPH Display Design Sdn. Bhd.	Fame Pack Holdings Sdn. Bhd.	***	Rent of property for staff accommodation	100	22
PPH Printing & Packaging (Penang) Sdn. Bhd.	Teckwah Paper Products Sdn. Bhd.	*	Sub-contract of printing work by Teckwah Paper Products Sdn. Bhd.	500	11
PPH Printing & Packaging (Kulim) Sdn. Bhd.	City Packaging Industry Sdn. Bhd.	**	Sale of retail box	500	28
Public Packages Asia (S) Pte. Ltd.	Fame Pack Holdings Sdn Bhd	***	Rent of office lot	200	63
Public Packages Sdn. Bhd.	PPH Multimedia Network Sdn. Bhd.	****	Purchase of computers and its related parts	100	8
Public Packages Asia Sdn. Bhd.	Fame Pack Holdings Sdn. Bhd.	***	Rent of property for staff accommodation and office lot	300	72
Public Packages Asia Sdn. Bhd.	PPH Multimedia Network Sdn. Bhd.	****	Purchase of computers and its related parts	50	1
PPH Management (M) Sdn. Bhd.	PPH Multimedia Network Sdn. Bhd.	****	Purchase of computers and its related parts	50	2

Mr. Koay Chiew Poh (“KCP”) is a director and major shareholder of PPHB. Madam Ooi Siew Hong (“OSH”) is the spouse of KCP and a major shareholder of PPHB. Mr. Koay Teng Liang (“KTL”) and Mr. Koay Teng Kheong (“KTK”) are directors of PPHB, whilst Mr. Koay Chue Beng (“KCB”) is the alternate director to KCP.

The family relationship between the directors, major shareholders and persons connected to directors and/or major shareholders of PPHB are as follows: -

- (a) OSH is the spouse of KCP
- (b) KTL and KTK are the sons of KCP and OSH
- (c) KCP and KCB are brothers.

They are interested in the transactions due to the following: -

* Teckwah Paper Products Sdn. Bhd. is the wholly owned subsidiary of PPH Teckwah Value Chain Sdn. Bhd. (“PTVC”). PTVC is a 50% joint-venture company between PPHB and third parties. KCP who is a major shareholder of PPHB being the common director of PPHB and PTVC is deemed interested.

** Mr. Ooi Teong Huat is the substantial shareholder of City Packaging Industry Sdn. Bhd. and he holds 99% of the total and issued paid-up capital of City Packaging Industry Sdn. Bhd. Mr. Ooi Teong Huat is the brother of OSH, the brother-in-law of KCP and KCB, and the uncle of KTL and KTK.

Both City Packaging Industry Sdn. Bhd. and Mr. Ooi Teong Huat do not hold shares in PPHB.

*** Fame Pack Holdings Sdn. Bhd. is a major shareholder of PPHB of which KCP and OSH who are major shareholders of PPHB have interest. KCP is also a director of PPHB.

**** KTL is a director and major shareholder of PPH Multimedia Network Sdn. Bhd. KTL holds 40% of the total paid up capital of PPH Multimedia Network Sdn. Bhd.

Whist, Koay Boon Pee Holding Sdn. Bhd. (“KBPH”) is a major shareholder of PPH Multimedia Network Sdn. Bhd. of which KCP and KCB are directors and shareholders of KBPH.

AUDIT COMMITTEE REPORT

COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

Puan Nurjannah Binti Ali - Chairman, Independent Non-Executive Director
Mr. Ng Thim Fook - Member, Independent Non-Executive Director
Mr. Ong Eng Choon - Member, Independent Non-Executive Director

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. COMPOSITION

- (a) The Audit Committee shall be appointed by the Directors amongst its members of no fewer than 3 Non-Executive members, a majority of whom being Independent Directors. An independent director shall be the one who fulfils the requirements as provided in the Listing Requirements of Bursa Securities.
- (b) At least one of the Audit Committee members must be either a member of the Malaysian Institute of Accountants or if he/she is not a member of the Malaysian Institute of Accountants he/she must have:
 - i. At least 3 years' working experience and passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - ii. At least 3 years' working experience and is a member of one of the association of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - iii. A degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or
 - iv. Such other requirements as prescribed or approved by the Bursa Securities.
- (c) All the members of the Audit Committee should be financially literate and that no Alternate Director shall be appointed as a member of the Audit Committee.
- (d) The members of the Audit Committee shall elect from among their number a Chairman who is an Independent Director.
- (e) If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below 3, the Board shall, within 3 months of the event, appoint such number of new members as may be required to make up the minimum number of 3 members.
- (f) The Board shall review the terms of office and performance of Audit Committee members at least once every 3 years.

2. AUTHORITY

The Audit Committee is authorized by the Board, in accordance with the procedure to be determined by the Board of Directors and at the cost of the Company, to:

- investigate any activity within the Audit Committee's terms of reference;
- have resources which are reasonably required to enable it to perform its duties;
- have full and unrestricted access to any information pertaining to the Company or the Group;
- have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary;

- attend the quarterly operation and management meeting and through the meetings, relevant issues affecting the Company can be brought to the attention of the audit committee in a timely manner;
- convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

3. DUTIES

The duties and responsibilities of the Audit Committee shall be:

(a) to review:-

- with the external auditor, the audit plan;
- with the external auditor, his evaluation of the system of internal controls;
- with the external auditor, his audit report;
- the assistance given by the employees of the Company to the external auditor;
- the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - changes in or implementation of major accounting policy;
 - significant and unusual events;
 - compliance with accounting standards and other legal requirements;
- any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- any letter of resignation from the external auditors and senior staff of internal auditors of the Company;
- whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for reappointment,
- review and verify the allocation of options pursuant to the Employee Share Option Scheme of the Company;

(b) to do the following in relation to the internal audit function :

- to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- to review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- to review any appraisal or assessment of the performance of members of the internal audit function;
- to approve any appointment or termination of senior staff members of the internal audit function; and
- to take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(c) to recommend the nomination of a person or persons as External Auditors; and

(d) to carry out such other functions as may be agreed to by the Audit Committee and the Board of Directors.

4. **OVERSEEING THE INTERNAL AUDIT FUNCTION**

- (a) The Audit Committee shall oversee all internal audit functions which is independent of the activities it audits and is authorized to commission investigations to be conducted by internal audit, as it deems fit.
- (b) The Head of Internal Audit shall report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee.

5. **PROCEDURES**

- (a) The Audit Committee may regulate its own procedures and in particular, the calling of the meetings, the notice given of such meetings, the voting and the proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.
- (b) The Secretary shall circulate the minutes of the meeting of the Audit Committee to all members of the Board.

6. **ATTENDANCE AT MEETINGS**

- (a) A quorum of the Audit Committee shall be 2 members. The majority of the members present must be independent.
- (b) The Head of Finance and The Head of Internal Audit shall normally attend the meetings of the Audit Committee. The External Auditors shall have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee.
- (c) The Audit Committee should meet with the External Auditors without Executive Board members present at least twice a year.
- (d) The Chairman of the Audit Committee should engage on a continuous basis with the Senior Management, such as the Executive Chairman, the Chief Executive Officer, the Finance Director, the head of the Internal Audit and the External Auditors in order to be kept informed of matters affecting the Company.
- (e) The Company Secretary shall be the Secretary of the Audit Committee.

7. **FREQUENCY OF MEETINGS**

Meetings shall be held not less than 4 times a year. The external auditors may request a meeting if they consider necessary to table any matter the external auditors wish to bring to the attention of the Directors or shareholders of the Company.

AUDIT COMMITTEE MEETINGS

A total of 5 Audit Committee meetings were held during the financial year ended 31 December 2011.

The attendances of Audit Committee members at Audit Committee meetings are as follows: -

Name of Audit Committee Members	No. of Audit Committee Meetings Attended
Mr. Ng Thim Fook	5
Puan Nurjannah Binti Ali	5
Mr. Ong Eng Choon	5

SUMMARY OF ACTIVITIES

The activities of the Audit Committee for the financial year were summarised as below:

1. Reviewed draft audited financial statements together with external auditors.
2. Reviewed unaudited quarterly financial statements prior to recommendation to the Board for approval.
3. Reviewed internal audit plans/reports and discuss findings and recommendations made by the internal auditors.
4. Discussed and reviewed with the external auditors the external audit plan and approach, results of their examinations, auditors report and management letters relating to audit and updates on new developments on accounting standards.
5. Verified the allocation of options pursuant to the Employee Share Option Scheme (“ESOS”) of the Company.

The Audit Committee noted that the Company has a total of 5,234,000 shares available under the Company’s ESOS to the Executive Directors and employees of the Company and the options have not been exercised as at 31 December 2011. The exercise price for the ESOS shares is RM0.64 and the ESOS is valid until 17 June 2012.

6. Reviewed and recommend to the Board the re-appointment of the external auditors.
7. Reviewed the quarterly reports on Recurrent Related Party Transactions of a Revenue or Trading Nature.

INTERNAL AUDIT FUNCTION

The Audit Committee has been instrumental in the establishment of an internal audit function, which reports directly to the Audit Committee. Its responsibilities include the provision of reasonable assurance to all levels of management concerning the overall control over assets and the effectiveness of the system of internal control in achieving the Company’s overall objectives. The Internal Audit function also includes various internal audits on all operating units of its subsidiaries and to submit its findings and recommendations to the Committee and senior management of the subsidiaries.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION FOR THE YEAR 2011

The Group’s Internal Audit Department reports to the Audit Committee on its activities based on the annual Audit Plan. It verify the activities of the organization, evaluates the operational efficiency, adequacy and effectiveness of the Group’s internal controls to mitigate material risks identified.

Internal Audit Department independently present audit reports to Audit Committee in Audit Committee Meeting on internal control system, risk and significant facts arising in key processes, non compliances with Group’s policies and procedures inclusive statutory requirements, audit recommendations and management responses. The Audit Committee will be updated on the implementation or rectification status of audit highlights to ensure appropriate and timely actions have been taken on agreed action plan.

**DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITY

The principal activities of the Company are investment holding and the provision of financial, administrative and advisory services.

The principal activities of its subsidiaries are stated in Note 6 to the financial statements.

There have been no significant changes in these principal activities during the financial year.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit after taxation for the year	<u>7,929</u>	<u>3,428</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIVIDENDS

Since the end of the previous financial year, the Company has paid a first and final tax exempt dividend of 2.5 sen per share amounting to RM2,747,412 for the financial year ended 31 December 2010, as proposed in the directors' report of that year.

The directors do not recommend any dividend payment for the financial year.

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

EMPLOYEES SHARE OPTION SCHEME ("ESOS")

The Company's ESOS is governed by the By-Laws which were approved by the shareholders at an Extraordinary General Meeting held on 17 June 2002. The ESOS was implemented on 27 June 2002 and is to be in force for a period of

10 years. The details of options over unissued shares of the Company granted under the ESOS during the financial year are as follows :

----- Options over ordinary shares of RM0.50 each -----

Grant date	Exercise price	Balance at 1.1.11	Granted and Accepted	Exercised	Lapsed due to resignation	Balance at 31.12.11
5.1.04	RM0.64	5,262,000	-	-	(28,000)	5,234,000

The salient features of the ESOS are disclosed in the notes to the financial statements.

Details of options granted to directors are disclosed in the section on Directors' Interests in this report.

DIRECTORS

The directors who served since the date of the last report are as follows :

Koay Chiew Poh
 Koay Chiew Kang (appointed on 14.3.12)
 Koay Teng Liang
 Koay Teng Kheong
 Nurjannah Binti Ali
 Ng Thim Fook
 Ong Eng Choon
 Koay Chue Beng (alternate director to Koay Chiew Poh)

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares and options of the Company and its related corporations during the financial year are as follows :

----- Number of ordinary shares of RM0.50 each -----

	Balance at 1.1.11	Bought	Sold	Balance at 31.12.11
Direct Interest :				
Koay Chiew Poh	4,226,480	-	-	4,226,480
Koay Chue Beng	358,692	-	-	358,692
Koay Teng Liang	46,664	-	-	46,664
Deemed Interest :				
Koay Chiew Poh	49,167,670	-	-	49,167,670
Koay Chue Beng	3,935,000	-	-	3,935,000

-- Number of options over ordinary shares of RM0.50 each --

	Balance at 1.1.11	Granted	Exercised	Balance at 31.12.11
Koay Chiew Poh	1,134,000	-	-	1,134,000
Koay Chue Beng	340,000	-	-	340,000

The remaining directors in office at the end of the financial year do not have any interest in shares and options in the Company.

By virtue of his shareholding in the Company, Mr. Koay Chiew Poh is also deemed interested in the shares of all the subsidiaries of the Company, to the extent that the Company has interests.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share options granted under the Company's ESOS.

OTHER STATUTORY INFORMATION

Before the financial statements 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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance 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.

At the date of this report, the directors are not aware of any circumstances :

- (i) that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, and
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and
- (iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist :

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, and
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

AUDITORS

The auditors, Grant Thornton, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors :

.....
Koay Chiew Poh

.....
Koay Teng Liang

Penang,

Date : 26 March 2012

DIRECTORS' STATEMENT

We, Koay Chiew Poh and Koay Teng Liang, being two of the directors of Public Packages Holdings Berhad state that in the opinion of the directors, the financial statements set out on pages 29 to 84 are properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the directors :

.....
Koay Chiew Poh

.....
Koay Teng Liang

Date : 26 March 2012

STATUTORY DECLARATION

I, Ooi Siew Hong, the officer primarily responsible for the financial management of Public Packages Holdings Berhad do solemnly and sincerely declare that the financial statements set out on pages 29 to 84 are to the best of my knowledge and belief, 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 abovenamed at Penang, this 26)
day of March 2012)
)

.....
Ooi Siew Hong

Before me,

.....
Name : Goh Suan Bee
No. : P125
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PUBLIC PACKAGES HOLDINGS BERHAD

Report on the Financial Statements

We have audited the financial statements of Public Packages Holdings Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and their statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 84.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,
- (b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, as disclosed in Note 6 to financial statement,
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PUBLIC PACKAGES HOLDINGS BERHAD (Cont'd)**

Other Reporting Responsibilities

The supplementary information set out in Note 39 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Grant Thornton
No. AF : 0042
Chartered Accountants

John Lau Tiang Hua, DJN
No. 1107/03/12 (J)
Chartered Accountant

Penang

Date : 26 March 2012

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	NOTE	GROUP		COMPANY	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	84,151	83,097	2	4
Investment properties	4	8,301	7,860	-	-
Land held for development	5	20,175	19,995	-	-
Investment in subsidiaries	6	-	-	49,884	49,884
Investment in joint ventures	7	16,427	17,348	7,200	7,200
Other investments	8	398	405	*	*
Goodwill on consolidation	9	675	675	-	-
		130,127	129,380	57,086	57,088
Current assets					
Inventories	10	22,373	19,533	-	-
Trade receivables	11	34,738	36,059	-	-
Other receivables, deposits and prepayments	12	1,861	2,251	6	708
Amount due from subsidiaries	13	-	-	40,714	42,347
Tax recoverable		1,735	1,443	519	540
Fixed deposits with licensed banks	14	217	217	-	-
Cash and bank balances	15	10,785	6,450	2,326	1,527
		71,709	65,953	43,565	45,122
TOTAL ASSETS		201,836	195,333	100,651	102,210
EQUITY AND LIABILITIES					
Share capital	16	54,949	54,949	54,949	54,949
Share premium		1,295	1,295	1,295	1,295
Revaluation reserve	17	16,106	16,106	29,345	29,345
Fair value adjustment reserve		208	215	-	-
Foreign translation reserve	18	(25)	(132)	-	-
Retained profits	19	46,778	41,596	10,521	9,840
Total equity		119,311	114,029	96,110	95,429
Non-current liabilities					
Finance lease liabilities	20	5,746	3,767	-	-
Borrowings	21	5,183	6,844	2,189	3,955
Deferred tax liabilities	22	10,526	10,976	-	-
		21,455	21,587	2,189	3,955
Current liabilities					
Trade payables	23	8,585	10,221	-	-
Other payables and accruals	24	5,366	4,268	19	12
Finance lease liabilities	20	1,890	1,342	-	-
Borrowings	21	44,617	43,718	2,333	2,814
Provision for taxation		612	168	-	-
		61,070	59,717	2,352	2,826
Total liabilities		82,525	81,304	4,541	6,781
TOTAL EQUITY AND LIABILITIES		201,836	195,333	100,651	102,210

* Represents RM1

The notes set out on pages 35 to 84 form an integral part of these financial statements.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	NOTE	GROUP		COMPANY	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	25	151,306	145,949	5,762	2,689
Cost of sales		<u>(117,505)</u>	<u>(120,519)</u>	<u>-</u>	<u>-</u>
Gross profit		33,801	25,430	5,762	2,689
Other income		1,028	1,300	-	9
Selling and distribution expenses		<u>(11,461)</u>	<u>(5,222)</u>	<u>-</u>	<u>-</u>
Administrative expenses		<u>(11,358)</u>	<u>(10,260)</u>	<u>(1,631)</u>	<u>(262)</u>
Profit from operations		12,010	11,248	4,131	2,436
Finance costs		<u>(2,841)</u>	<u>(2,933)</u>	<u>(223)</u>	<u>(266)</u>
Share of results of joint ventures		<u>1,081</u>	<u>2,410</u>	<u>-</u>	<u>-</u>
Profit before taxation	26	10,250	10,725	3,908	2,170
Taxation	27	<u>(2,321)</u>	<u>(2,418)</u>	<u>(480)</u>	<u>(310)</u>
Profit for the year		7,929	8,307	3,428	1,860
Other comprehensive income, net of tax :					
Fair value adjustment on available-for-sale financial assets		(7)	10	-	-
Foreign currency translation differences for foreign operations		107	19	-	-
Other comprehensive income for the year, net of tax		<u>100</u>	<u>29</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year, attributable to owners of the parent		<u>8,029</u>	<u>8,336</u>	<u>3,428</u>	<u>1,860</u>
Earnings per share attributable to owners of the parent (sen per share)					
Basic earnings per share	28	<u>7.2</u>	<u>7.6</u>		

The notes set out on pages 35 to 84 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Attributable to Owners of the Parent		Non-distributable		Distributable		Total
	Share Capital	Share Premium	Revaluation Reserve	Fair Value Adjustment Reserve	Foreign Translation Reserve	Retained Profits	
NOTE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2011							
Balance at beginning	54,949	1,295	16,106	215	(132)	41,596	114,029
Total comprehensive income for the year	-	-	-	(7)	107	7,929	8,029
Dividend	-	-	-	-	-	(2,747)	(2,747)
Balance at end	54,949	1,295	16,106	208	(25)	46,778	119,311
2010							
Balance at beginning	54,949	1,295	16,106	-	(151)	36,036	108,235
Effect of adopting FRS 139	-	-	-	205	-	-	205
As restated	54,949	1,295	16,106	205	(151)	36,036	108,440
Total comprehensive income for the year	-	-	-	10	19	8,307	8,336
Dividend	-	-	-	-	-	(2,747)	(2,747)
Balance at end	54,949	1,295	16,106	215	(132)	41,596	114,029

The notes set out on pages 35 to 84 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

		Share Capital RM'000	--- Non-distributable --- Share Premium RM'000	Revaluation Reserve RM'000	- Distributable - Retained Profits RM'000	Total Equity RM'000
	NOTE					
2011						
Balance at beginning		54,949	1,295	29,345	9,840	95,429
Total comprehensive income for the year		-	-	-	3,428	3,428
Dividend	29	-	-	-	(2,747)	(2,747)
Balance at end		<u>54,949</u>	<u>1,295</u>	<u>29,345</u>	<u>10,521</u>	<u>96,110</u>
2010						
Balance at beginning		54,949	1,295	29,345	10,727	96,316
Total comprehensive income for the year		-	-	-	1,860	1,860
Dividend	29	-	-	-	(2,747)	(2,747)
Balance at end		<u>54,949</u>	<u>1,295</u>	<u>29,345</u>	<u>9,840</u>	<u>95,429</u>

The notes set out on pages 35 to 84 form an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	10,250	10,725	3,908	2,170
Adjustments for :				
Bad debts	707	-	693	-
Depreciation	5,018	4,755	2	2
Deposit forfeited	70	-	-	-
Dividend income from quoted investments	(26)	(27)	(5,192)	(2,083)
Gain on disposal of investment property	-	(53)	-	-
Impairment loss on receivables	700	8	700	-
Interest expense	2,841	2,933	223	266
Interest income from fixed deposits and others	(3)	(5)	(570)	(606)
Loss/(Gain) on deconsolidation of subsidiaries	4	(3)	-	-
Loss on disposal of property, plant and equipment	298	14	-	-
Property, plant and equipment written off	69	-	-	-
Share of results of joint ventures	(1,081)	(2,410)	-	-
Unrealised loss on foreign exchange	211	-	-	-
	19,058	15,937	(236)	(251)
Operating profit/(loss) before working capital changes	(180)	(78)	-	-
Increase in land held for development	(2,840)	(2,354)	-	-
Increase in inventories	245	(939)	(691)	-
Decrease/(Increase) in receivables	(537)	(3,216)	7	1
(Decrease)/Increase in payables				
Cash generated from/(used in) operations	15,746	9,350	(920)	(250)
Dividend received	2,024	23	4,800	1,850
Interest paid	(2,841)	(2,933)	(223)	(266)
Interest received	3	5	570	606
Income tax paid	(2,617)	(2,950)	(135)	(135)
Income tax refund	-	625	-	563
Net cash from operating activities	12,315	4,120	4,092	2,368
CASH FLOWS FROM INVESTING ACTIVITIES				
*Acquisition of property, plant and equipment	(5,866)	(6,345)	-	-
Acquisition of investment properties	(441)	(675)	-	-
Investment in joint ventures	-	-	-	(7,200)
Proceeds from disposal of property, plant and equipment	1,919	50	-	-
Proceeds from disposal of investment properties	-	80	-	-
Repayment from subsidiaries	-	-	1,701	7,009
Net cash (used in)/from investing activities	(4,388)	(6,890)	1,701	(191)
Balance carried forward	7,927	(2,770)	5,793	2,177

The notes set out on pages 35 to 84 form an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Balance brought forward	7,927	(2,770)	5,793	2,177
CASH FLOWS FROM FINANCING ACTIVITIES				
**Cash flows from deconsolidation of a subsidiary	(5)	-	-	-
Dividend paid	(2,747)	(2,747)	(2,747)	(2,747)
Drawdown of finance lease	1,790	-	-	-
Drawdown of murabahah financing	5,645	-	-	-
Drawdown of term loan	670	-	-	-
Payment of bills payable	(1,092)	(1,477)	-	-
Repayment of finance lease liabilities	(1,759)	(190)	-	-
Repayment of term loans	(3,151)	(2,118)	(2,623)	(3,000)
Net cash used in financing activities	(649)	(6,532)	(5,370)	(5,747)
Effects of changes in exchange rates	113	33	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,391	(9,269)	423	(3,570)
Effects of changes in exchange rates on cash and cash equivalents	(222)	(8)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING	(1,807)	7,470	967	4,537
CASH AND CASH EQUIVALENTS AT END	5,362	(1,807)	1,390	967
Represented by :				
Cash and bank balances	10,785	6,450	2,326	1,527
Bank overdrafts	(5,423)	(8,257)	(936)	(560)
	5,362	(1,807)	1,390	967
*Acquisition of property, plant and equipment				
Total acquisition	8,362	10,047	-	-
Acquired under finance lease	(2,496)	(3,702)	-	-
Total cash acquisition	5,866	6,345	-	-
**Cash flows from deconsolidation of a subsidiary				
Cash and bank balances	5	-	-	-
Payables	(1)	-	-	-
Share of net assets	4	-	-	-
Deemed loss on deconsolidation of a subsidiary	(4)	-	-	-
	-	-	-	-
Less : Cash and cash equivalents	(5)	-	-	-
Cash outflow from deconsolidation of a subsidiary	(5)	-	-	-

The notes set out on pages 35 to 84 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

General

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 March 2012.

Principal Activities

The principal activities of the Company are investment holding and the provision of financial, administrative and advisory services.

The principal activities of its subsidiaries are stated in Note 6 to the financial statements.

There have been no significant changes in these principal activities during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

2.1 Basis of Preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies below and in accordance with applicable Financial Reporting Standards (“FRSs”) and the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Group and the Company have adopted new and revised FRSs which are mandatory for the reporting period as described fully in Note 2.3.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Group’s and the Company’s functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand (RM’000).

2.2 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.2.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

2.2.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :

(i) **Useful lives of depreciable assets**

The depreciable costs of property, plant and equipment are allocated on the straight line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 52 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets. Therefore future depreciation charges could be revised.

(ii) **Impairment of property, plant and equipment**

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the property, plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.

(iii) **Impairment of goodwill**

The Group determines whether goodwill is impaired at least once a year or more frequently if events or changes in circumstances indicate that the goodwill may be impaired. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 9.

(iv) **Net realisable values of inventories**

The management reviews for damage, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

(v) **Impairment of loans and receivables**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

(vi) **Fair value of investment properties**

The management had carried out a survey by reference to market evidence of transaction prices for similar properties to arrive at the estimate fair value of the Group's investment properties instead of formal valuation. Based on this survey, the carrying amount as at the end of the reporting period approximate the fair value.

2.3 **Adoption of Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations (“IC Int”) and Amendments to IC Int**

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial year except for the adoption of the following revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int that are mandatory for the current financial year :

Revised FRSs

FRS 1	First-time adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements

Amendments/Improvements to FRSs

FRS 1	Limited Exemption from Comparative FRS 7. Disclosure for First-time Adopters
FRS 2	Group Cash-settled Share-based Payment Transactions
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Improving Disclosures about Financial Instruments
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Presentation
FRS 134	Interim Financial Reporting
FRS 138	Intangible Assets
FRS 139	Financial Instruments : Recognition and Measurement

IC Int

IC Int 4	Determining Whether an Arrangement contains a Lease
IC Int 12	Services Concession Arrangements
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distributions of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers

Amendments to IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 13	Customer Loyalty Programmes

Initial application of the above standards, amendments and interpretations did not have any material impact on the financial statements of the Group and of the Company except for the following :

FRS 3 Business Combinations (Revised) and Amendments to FRS 127 Consolidated and Separate Financial Statements (Revised)

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 January 2011. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with non-controlling interests.

2.4 Standards Issued But Not Yet Effective

New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards

To converge with International Financial Reporting Standards (“IFRSs”) in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRSs”), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (“Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional one year. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013. However, the Group and the Company do not qualify as Transitioning Entities and are therefore required to adopt the MFRSs for the financial period beginning on or after 1 January 2012.

Below are the lists of MFRSs and IC Int issued but not yet effective and have not been early adopted by the Group and by the Company :

MFRSs effective on 1 January 2012

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 4	Insurance Contracts
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 7	Financial Instruments : Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events After the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investments in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economies
MFRS 131	Interests in Joint Ventures
MFRS 132	Financial Instruments : Presentation
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments : Recognition and Measurement
MFRS 140	Investment Property
MFRS 141	Agriculture

MFRSs effective on 1 January 2012 (cont'd)

IC Int 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int 4	Determining whether an Arrangement contains a Lease
IC Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Int 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 12	Service Concession Arrangements
IC Int 13	Customer Loyalty Programmes
IC Int 14	MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int 15	Agreements for the Construction of Real Estate
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distributions of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int 107	Introduction of the Euro
IC Int 110	Government Assistance – No Specific Relation to Operating Activities
IC Int 112	Consolidation – Special Purpose Entities
IC Int 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
IC Int 115	Operating Leases – Incentives
IC Int 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
IC Int 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int 129	Service Concession Arrangements : Disclosures
IC Int 131	Revenue – Barter Transactions Involving Advertising Services
IC Int 132	Intangible Assets – Web Site Costs

Amendments to MFRSs effective on 1 March 2012

MFRS 7	Mandatory Effective Date of MFRS 9 and Transition Disclosures. Amendments to MFRS 9 (International Financial Reporting Standards (“IFRS”) 9 issued by International Accounting Standards Board (“IASB”) in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7
MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures. Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7.

Amendments to MFRS effective on 1 July 2012

MFRS 101	Presentation of Financial Statement. Amendments in relation to Presentation of Items of Other Comprehensive Income.
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MFRSs effective on 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (International Accounting Standard (“IAS”) 19 as amended by IASB in June 2011)
MFRS 12	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to MFRS effective on 1 January 2013

MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
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Amendments to MFRS effective on 1 January 2014

MFRS 132 Offsetting Financial Assets and Financial Liabilities

MFRSs effective on 1 January 2015

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)

The Group and the Company have not selected which optional exemption from the retrospective application to be applied under MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards. As such, the Directors are unable to anticipate the effects of the adoption of these new MFRSs and IC Int on the financial statements.

A number of new standards, amendments to standards and IC Int are effective for annual periods beginning after 1 January 2013. The Group and the Company do not expect the adoption of these new standards, amendments to standards and IC Int to have a significant effect on the financial statements of the Group and of the Company, except for the followings

:

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)

MFRS 9 replaces the parts of FRS 139 that relate to the classification and measurement of financial instruments. It addresses the classification, measurement and recognition of financial assets and financial liabilities with only two classification categories: fair value and amortised cost.

The Group and the Company expect changes to arise from the adoption of MFRS in terms of the classification and measurement of the financial assets. However, the extent of the impact has not been determined.

MFRS 10 Consolidated Financial Statements

MFRS 10 supersedes the requirements relating to consolidated financial statements in FRS 127 Consolidated and Separate Financial Statements and IC Int 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

MFRS 11 Joint Arrangements

MFRS 11 supersedes the FRS 131 Interest in Joint Ventures. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, FRS 131's option of using proportionate consolidation for joint ventures has been eliminated. MFRS 11 now requires the use of the equity accounting method, which is currently used for investment in associates.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

MFRS 13 Fair Value Measurement

MFRS 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced the disclosures about fair value measurements. The enhanced disclosure requirements are similar to those in MFRS 7 Financial Instruments: Disclosures, but apply to all assets and liabilities measured at fair value, not just financial ones.

MFRS 127 Separate Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

MFRS 127 now only deals with separate financial statements, whereby the consolidated financial statements have been included in the new MFRS 10. MFRS 128 includes investments in associates and investments in joint ventures, to be equity accounted following the issue of MFRS 11.

2.5 Subsidiaries and Basis of Consolidation

Subsidiaries

Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over their financial and operating policies so as to obtain benefits therefrom.

Investment in subsidiaries which is eliminated on consolidation is stated at cost less accumulated impairment losses.

Upon the disposal of investment in subsidiaries, the difference between the net disposal proceeds and their carrying amount is included in profit or loss.

Basis of Consolidation

The financial statements of the Group include the audited financial statements of the Company and its subsidiaries made up to the end of the financial year. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied throughout the Group.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisition of subsidiaries is accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.6 **Property, Plant and Equipment**

Property, plant and equipment are stated at cost except for land and certain buildings which are stated at valuation, less accumulated depreciation and accumulated impairment losses.

Land and buildings shown at valuation are based on valuation reports by external independent valuers. Revaluations are performed at least once in every five years.

Surpluses arising on revaluation are credited to asset revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the asset revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is included in profit or loss.

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates :

Buildings and apartments	2%
Short leasehold land	Amortised over lease period of 42 - 52 years
Plant and machinery	2.9% - 20%
Motor vehicles	5% - 14%
Furniture, fittings and office equipment	10% - 20%
Electrical installations	10%
Renovations	5% - 20%

Freehold land is not depreciated as it has an infinite life.

Depreciation is provided in the month following the acquisition and to the month of disposal.

Depreciation on capital expenditure in progress commences when the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each financial period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss and the attributable portion of the revaluation surplus if any, is taken directly to retained profits.

2.7 **Investment Properties**

Investment properties are properties which are held either to earn rental or for capital appreciation or for both. Such properties are measured initially at cost, including transaction cost. Subsequent to initial recognition, investment properties are carried at fair value. Fair value of the investment properties is determined by comparing its current value with recent sale of similar properties in the vicinity with appropriate adjustments made to different location, floor area and other relevant factors before arriving to the fair value of the investment properties.

Gains or losses arising from changes in the fair value of such properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment properties, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.6 up to the date of change in use.

2.8 **Land Held for Development**

Land held for development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at surrogate carrying amount.

Land held for development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

2.9 **Investment in Joint Ventures**

A joint venture is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the entities require the unanimous consent of the parties sharing control. The Company's interests in jointly controlled entities are brought to account in the consolidated financial statements using the equity accounting method.

Adjustments are made in the Group's consolidated financial statements to eliminate the Company's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entity.

The financial statements of the joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

In the Company's statement of financial position, investments in jointly controlled entities are stated at cost less impairment losses. Upon the disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

2.10 **Leases**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments for the right to use an asset for an agreed period of time.

(i) **Finance lease**

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Title may or may not eventually be transferred.

Plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

(ii) **Operating Leases**

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are credited or charged to profit or loss on a straight line basis over the period of the lease.

2.11 **Goodwill**

Goodwill represents the excess of the cost of acquisition of subsidiaries and jointly controlled entities over the Group's interest in the fair value of the identifiable net assets at the date of acquisition.

Goodwill arising on the acquisition of subsidiaries is presented separately in the statement of financial position while goodwill arising on the joint ventures is included within the carrying amount of investment in joint ventures.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. Impairment losses on goodwill are not reversed.

For the purpose of the impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

2.12 **Impairment of Non-Financial Assets**

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment of goodwill is not reversed in a subsequent period.

2.13 **Financial Instruments**

2.13.1 **Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2.13.2 **Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows :

Financial assets

(a) **Loans and receivables**

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

(b) **Available-for-sale financial assets**

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost, except for trading liabilities and liabilities designated at fair value which are held at fair value through profit or loss.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories : financial liabilities classified as held-for-trading, and financial liabilities designated at fair value through profit or loss upon initial recognition. The Group does not have any non-derivative financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated as hedging instruments.

(b) Financial liabilities at amortised cost

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost.

2.13.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2.13.4 Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to :

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2.13.5 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.14 Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default in receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.15 **Inventories**

Inventories comprising raw materials, work-in-progress, finished goods and other consumables are carried at the lower of cost and net realisable value. Inventories that are damaged and obsolete are written off. Cost is determined on the first-in, first-out basis. Cost of raw materials and other consumables includes purchase price and other incidental costs. Cost of work-in-progress and finished goods include cost of raw materials, direct labour and attributable production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sales.

2.16 **Cash and Cash Equivalents**

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

2.17 **Provisions**

Provisions 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 end of the reporting period 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.

2.18 **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.19 **Income Recognition**

- (i) Revenue from sale of goods is recognised when the risks and rewards of the ownership of goods sold have been transferred to the customers.
- (ii) Interest on fixed deposits is recognised on a time apportionment basis.
- (iii) Dividend income is recognised when the right to receive payment is established.
- (iv) Financial, administrative and advisory fee is recognised when the services is rendered.
- (v) Revenue from lease rental is recognised on a straight line basis over the lease period.

2.20 **Employee Benefits**

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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in the profit or loss as incurred. Some of the Group’s foreign subsidiaries also make contributions to their respective country’s statutory pension schemes.

Share-Based Compensation

The Company’s Employees Share Option Scheme (“ESOS”), an equity-settled, share-based compensation plan, allows the Group’s employees to acquire ordinary shares of the Company. The fair value of the employees services received in exchange for the grant of the share options is recognised as an expense in profit or loss over the vesting periods of the grant with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share option granted, excluding the impact of any non-market vesting conditions.

At the end of each reporting period, the Group revises the estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Pursuant to the transitional provisions of FRS 2 Share-based Payment, the share options of the Company had not been fair valued as the share options were granted before 31 December 2004.

2.21 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 by the end of the reporting period.

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting period 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 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 by the end of the reporting period. Deferred tax is recognised in the profit or loss, 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 the amount of any excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2.22 **Foreign Currency Translations**

Transactions in foreign currencies are translated into functional currency at the approximate exchange rates ruling at the dates of the transactions. Assets and liabilities in foreign currencies are translated into functional currency at the approximate exchange rates prevailing at the end of the reporting period. All gains and losses on exchange are recognised in profit or loss.

The results and financial position of foreign subsidiaries and joint ventures are accounted for as foreign entities and translated into presentation currency ("RM") using the following procedures :

- (i) assets and liabilities of the foreign entities are translated into presentation currency at exchange rates ruling at the end of the reporting period;
- (ii) income and expenses are translated at the approximate average exchange rates ruling on the transaction dates; and
- (iii) all exchange translation differences are dealt with in the foreign currency translation reserve.

Any goodwill and fair value adjustments arising on the acquisition of a foreign entity will be treated as assets and liabilities of the foreign entity and translated at the closing rate.

Upon disposal of a foreign entity, the cumulative amount of exchange differences in the translation reserve will be recognised in profit or loss as part of gain or loss on disposal of that foreign subsidiary.

2.23 **Share Capital and Share Issuance Expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

2.24 **Segment Reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Directors, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2.25 **Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP

	At valuation		At cost						Capital expenditure in progress	Total	
	Freehold land and buildings	Apartment	Short leasehold land	Buildings	Plant and machinery	Motor vehicles	Furniture, fittings and office equipment	Electrical installations			Renovations
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2011											
At cost/valuation											
Balance at beginning	32,708	565	12,121	23	86,759	5,738	9,287	568	1,773	3,719	153,261
Additions	144	-	-	-	2,045	1,978	271	28	311	3,585	8,362
Disposals	-	-	-	-	(9,748)	(25)	-	-	-	-	(9,773)
Written off	-	-	-	-	(92)	(65)	-	(44)	(127)	-	(328)
Reclassification	2,313	-	-	(23)	4,632	-	-	-	-	(6,922)	-
Foreign currency translation	-	-	-	-	(174)	(1)	154	-	-	-	(21)
Balance at end	35,165	565	12,121	-	83,422	7,625	9,712	552	1,957	382	151,501
Accumulated depreciation											
Balance at beginning	1,621	36	1,994	4	53,018	3,629	8,266	499	1,097	-	70,164
Current charge	569	12	256	-	3,234	443	367	17	120	-	5,018
Disposals	-	-	-	-	(7,545)	(11)	-	-	-	-	(7,556)
Written off	-	-	-	-	(85)	(65)	-	(25)	(84)	-	(259)
Reclassification	4	-	-	(4)	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	(169)	(1)	153	-	-	-	(17)
Balance at end	2,194	48	2,250	-	48,453	3,995	8,786	491	1,133	-	67,350
Carrying amount	32,971	517	9,871	-	34,969	3,630	926	61	824	382	84,151

	At valuation		At cost							Total	
	Freehold land and buildings	Apartment	Short leasehold land	Buildings	Plant and machinery	Motor vehicles	Furniture, fittings and office equipment	Electrical installations	Renovations	Capital expenditure in progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At cost/valuation											
Balance at beginning	32,705	565	12,104	23	81,734	4,629	9,118	568	1,757	131	143,334
Additions	3	-	-	-	4,601	1,210	141	-	16	4,076	10,047
Disposals	-	-	-	-	-	(101)	-	-	-	(14)	(115)
Reclassification	-	-	17	-	427	-	30	-	-	(474)	-
Foreign currency translation	-	-	-	-	(3)	-	(2)	-	-	-	(5)
Balance at end	32,708	565	12,121	23	86,759	5,738	9,287	568	1,773	3,719	153,261
Accumulated depreciation											
Balance at beginning	1,098	24	1,738	2	49,910	3,361	7,867	481	982	-	65,463
Current charge	523	12	256	2	3,110	319	400	18	115	-	4,755
Disposals	-	-	-	-	-	(51)	-	-	-	-	(51)
Foreign currency translation	-	-	-	-	(2)	-	(1)	-	-	-	(3)
Balance at end	1,621	36	1,994	4	53,018	3,629	8,266	499	1,097	-	70,164
Carrying amount	31,087	529	10,127	19	33,741	2,109	1,021	69	676	3,719	83,097

COMPANY

	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
2011			
At cost			
Balance at beginning/end	<u>171</u>	<u>422</u>	<u>593</u>
Accumulated depreciation			
Balance at beginning	167	422	589
Current charge	<u>2</u>	<u>-</u>	<u>2</u>
Balance at end	<u>169</u>	<u>422</u>	<u>591</u>
Carrying amount	<u>2</u>	<u>-</u>	<u>2</u>
2010			
At cost			
Balance at beginning/end	<u>171</u>	<u>422</u>	<u>593</u>
Accumulated depreciation			
Balance at beginning	165	422	587
Current charge	<u>2</u>	<u>-</u>	<u>2</u>
Balance at end	<u>167</u>	<u>422</u>	<u>589</u>
Carrying amount	<u>4</u>	<u>-</u>	<u>4</u>

- (a) The carrying amount of property, plant and equipment of the Group held under finance lease are as follows :

	GROUP	
	2011	2010
	RM	RM
Plant and machinery	11,234,226	6,880,262
Motor vehicles	3,151,335	1,108,546
	14,385,561	7,988,808

Leased assets are pledged as security for the related finance lease liabilities (Note 20).

- (b) In addition to assets held under finance lease, the Group's freehold land and buildings and short leasehold land with carrying amount of **RM34,683,838** (2010 : RM36,115,542) are charged to local financial institutions for term loan facilities granted to the Company.
- (c) The carrying amount of plant and machinery amounting to **RM1,114,474** (2010 : RM1,155,247) are charged to a licensed bank as security for banking facilities granted to a subsidiary.
- (d) The landed properties of the Group carried at valuation were revalued in November 2007 based on professional independent valuations using the open market value basis.

The carrying amount of the revalued properties had the properties been carried at cost less accumulated depreciation are as follows :

	GROUP	
	2011	2010
	RM'000	RM'000
Freehold land and buildings	15,021	17,016
Apartments	309	318
Short leasehold land	4,241	3,960
	19,571	21,294

4. INVESTMENT PROPERTIES

	GROUP	
	2011	2010
	RM'000	RM'000
Balance at beginning	7,860	7,212
Additions	441	675
Disposal	-	(27)
Balance at end	8,301	7,860
Represented by :		
Freehold land	5,810	5,745
Buildings	2,491	2,115
	8,301	7,860

Investment properties are stated at fair value, which has been determined based on managements' estimation by reference to market evidence of transaction prices for similar properties and are approximately the same value as previous year.

The analysis of the income and direct expenses of the investment properties are as follows :

	GROUP	
	2011	2010
	RM'000	RM'000
Rental income	510	83
Direct expenses	77	62

Investment properties of **RM5,745,241** (2010 : RM5,745,241) are charged to a financial institution for banking facilities granted to that subsidiary.

5. **LAND HELD FOR DEVELOPMENT**

	GROUP	
	2011	2010
	RM'000	RM'000
(a) Land held for development comprises :		
Freehold land, at surrogate carrying amount	15,465	15,465
Development expenditure	4,710	4,530
	20,175	19,995
(b) Movement in development expenditure is as follows :		
Balance at beginning	4,530	4,452
Additions during the year	180	78
Balance at end	4,710	4,530

The development properties carried at surrogate carrying amount were revalued in 2002 based on independent professional valuations using the open market value basis.

Freehold land with carrying amount of **RM Nil** (2010 : RM15,465,000) is pledged to a financial institution as security for banking facilities extended to that subsidiary.

Note : In prior years, land held for development was described as property development.

6. **INVESTMENT IN SUBSIDIARIES**

	COMPANY	
	2011	2010
	RM'000	RM'000
At valuation :		
Unquoted shares	49,884	49,884

The details of the subsidiaries, all of which are incorporated in Malaysia, except where indicated are as follows :

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2011	2010	
Direct subsidiaries			
Public Packages Sdn. Bhd.	100%	100%	Manufacturing and retailing of corrugated cartons and packing materials.
PPH Printing & Packaging (Penang) Sdn. Bhd.	100%	100%	Manufacturing of offset printed display boxes.
PPH Printing & Packaging (Kulim) Sdn. Bhd.	100%	100%	Manufacturing of gift and display boxes.
Public Packages Properties Sdn. Bhd.	100%	100%	Property investment.
PPASIA Media Packaging Sdn. Bhd. (formerly known as PPH Paper Products Sdn. Bhd.)	100%	100%	Design and sale of paper products.
PPH Plaza Sdn. Bhd.	100%	100%	Property development.
PPH Resources Sdn. Bhd.	100%	100%	Investment holding.
PPH Management (M) Sdn. Bhd.	100%	100%	Provision of management services.
Indirect subsidiaries			
Public Packages (NT) Sdn. Bhd.	100%	100%	Manufacturing of corrugated cartons.
Public Packages (Kelantan) Sdn. Bhd.	-	100%	Inactive.
Public Packages (Prai) Sdn. Bhd.	100%	100%	Manufacturing and retailing of corrugated cartons and packing materials.
Tharco Container (Malaysia) Sdn. Bhd.	100%	100%	Retailing of corrugated cartons, display boxes and packing materials.

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2011	2010	
Top Matrix Portfolio Sdn. Bhd.	70%	70%	Investment holding.
NT Industrial Park (M) Sdn. Bhd.	100%	100%	Property development and civil construction works.
* Public Packages Philippines, Inc. (Incorporated in Philippines)	-	70%	Inactive.
Public Packages (Shah Alam) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated cartons and packing materials.
PPH Display Design Sdn. Bhd.	100%	100%	Trading of paper products.
* Public Packages Asia Sdn. Bhd.	100%	100%	Manufacturing of paper products and packaging materials.
* Public Packages Asia (S) Pte. Ltd. (Incorporated in Singapore)	100%	100%	Total packaging solution provider.
* Public Packages Asia (Thailand) Company Limited (Incorporated in Thailand)	100%	100%	Manufacturing of paper boxes and packing material.
* Subsidiaries not audited by Grant Thornton.			

2011

- (i) On 29 June 2011, the Group through PPH Resources Sdn. Bhd. had applied to Companies Commission of Malaysia to strike off Public Packages (Kelantan) Sdn. Bhd.
- (ii) On 9 December 2011, the Group through Top Matrix Portfolio Sdn. Bhd. had disposed of its 100% equity interest in Public Packages Philippines, Inc. for a total cash consideration of RM2 and this disposal did not have a material effect on the financial results and position of the Group for the financial year ended 31 December 2011.

7. INVESTMENT IN JOINT VENTURES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unquoted shares, at cost	9,311	9,311	7,200	7,200
Share of results	9,157	8,076	-	-
Share of foreign exchange reserves	(41)	(39)	-	-
	18,427	17,348	7,200	7,200
Less : Dividend received	(2,000)	-	-	-
	16,427	17,348	7,200	7,200

2010

The Company has acquired 50% equity interest in PPH Teckwah Value Chain Sdn. Bhd. from its wholly-owned subsidiary, namely PPH Paper Products Sdn. Bhd. for a total cash consideration of RM7,200,000.

The details of joint ventures are as follows :

Name of Company	Effective Equity Interest		Principal Activities
	2011	2010	
^ PPH Teckwah Value Chain Sdn. Bhd. (Incorporated in Malaysia)	50%	50%	Investment holding and the provision of management services to related companies.
^ PT PPH Display Design (Incorporated in Indonesia)	60%	60%	Dormant.
^ Not audited by Grant Thornton.			

The summarised financial information of the jointly controlled entity is as follows :

	2011 RM'000	2010 RM'000
Assets and liabilities		
Current assets	13,837	12,262
Non-current assets	5,158	8,150
Total assets	18,995	20,412
Current liabilities	(2,030)	(2,350)
Non-current liabilities	(535)	(714)
Total liabilities	(2,565)	(3,064)
Results		
Income	18,340	21,053
Expenses (including taxation)	7,364	7,389

The above summarised financial information is based on the audited financial statements of the jointly controlled entity for the financial year ended 31 December 2011.

8. **OTHER INVESTMENTS**

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Available-for-sale financial assets				
Unquoted investments				
in Malaysia				
- at valuation	10,286	10,286	10,286	10,286
- at cost	510	510	-	-
Impairment	(10,796)	(10,796)	(10,286)	(10,286)
Carrying amount	*	*	*	*
Investments quoted in Malaysia				
- at cost	405	817	-	-
Impairment	-	(627)	-	-
	405	190	-	-
Effect of adopting FRS 139	-	205	-	-
	405	395	-	-
Current year adjustment	(7)	10	-	-
Carrying amount	398	405	-	-
Total carrying amount	398	405	*	*
Market value of quoted investments	398	405	-	-

* Represents RM1

9. **GOODWILL ON CONSOLIDATION**

	GROUP	
	2011 RM'000	2010 RM'000
Balance at beginning/end	675	675

Impairment test on goodwill

Goodwill acquired through business combinations has been allocated to its business segment as its cash generating unit ("CGU").

For annual impairment testing purposes, the recoverable amount of the CGU is determined based on its value-in-use, which applies a discounted cash flow model using cash flow projections based on financial budget and projections approved by management.

No impairment loss is required for the goodwill as its recoverable amount is in excess of its carrying amount.

The key assumptions on which the management has based on for the computation of value-in-use are as follows :

- (i) Cash flow projections and growth rate
The five-year cash flow projections are based on the most recent budget approved by the management and extrapolated using a steady growth rate for the subsequent years.

(ii) Discount rate

The discount rate applied to the cash flow projections is based on the weighted average cost of capital rate of the Group.

10. **INVENTORIES**

	GROUP	
	2011	2010
	RM'000	RM'000
At cost :		
Raw materials	13,075	11,622
Work-in-progress	2,641	1,564
Finished goods	5,709	5,297
Other consumables	948	1,050
	22,373	19,533

The cost of inventories recognised in profit or loss for the financial year amounted to **RM116,615,234** (2010 : RM120,357,858).

11. **TRADE RECEIVABLES**

	GROUP	
	2011	2010
	RM'000	RM'000
Trade receivables	35,660	37,062
Less : Allowance for impairment		
Balance at beginning	(1,003)	(995)
Current year	-	(8)
Written off	81	-
	(922)	(1,003)
Balance at end	34,738	36,059

The trade receivables are non-interest bearing and are generally on **30 to 120 days** (2010 : 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The foreign currency profile of trade receivables are as follows :

	GROUP	
	2011	2010
	RM'000	RM'000
Ringgit Malaysia	29,310	34,299
US Dollar	4,371	454
Singapore Dollar	1,130	1,570
Thai Baht	849	739
	35,660	37,062

12. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total amount	3,443	3,571	1,506	1,509
Less : Allowance for impairment				
Balance at beginning	(1,320)	(2,836)	(801)	(2,317)
Current year	(700)	-	(700)	-
Written off	438	1,516	1	1,516
Balance at end	(1,582)	(1,320)	(1,500)	(801)
	1,861	2,251	6	708
Represented by :				
Other receivables	213	725	1	701
Deposits	229	441	2	2
Golf club membership	156	156	-	-
Prepayments	1,263	929	3	5
	1,861	2,251	6	708

	GROUP	
	2011 RM'000	2010 RM'000
The golf club membership can be analysed as :		
At cost	201	201
Less : Impairment loss	(45)	(45)
	156	156

The foreign currency profile of other receivables, deposits and prepayments are as follows :

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	1,749	2,251	6	708
Singapore Dollar	14	-	-	-
Thai Baht	98	-	-	-
	1,861	2,251	6	708

13. **AMOUNT DUE FROM SUBSIDIARIES**

COMPANY

Loans to subsidiaries amounting to **RM9,117,529** (2010 : RM9,117,529) bear interest at **6.25%** (2010 : 6.25%) per annum. The remaining amount due from subsidiaries are non-interest bearing, unsecured and are repayable on demand.

14. **FIXED DEPOSITS WITH LICENSED BANKS**

GROUP

The fixed deposits of the Group are charged to local banks as security for bank guarantee facility granted to certain subsidiaries.

The effective interest rates and maturities as at the end of the reporting period is **4.14%** (2010 : 3.00%) per annum and **12 months** (2010 : 12 months) respectively.

15. **CASH AND BANK BALANCES**

The foreign currency profile of cash and bank balances are as follows :

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	7,680	3,828	2,326	1,527
US Dollar	908	1,486	-	-
Singapore Dollar	1,518	345	-	-
Thai Baht	679	791	-	-
	10,785	6,450	2,326	1,527

16. **SHARE CAPITAL**

	Number of ordinary shares of RM0.50 each		Amount	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
Authorised	200,000	200,000	100,000	100,000
Issued and fully paid	109,896	109,896	54,949	54,949

Employees Share Option Scheme ("ESOS")

The main features of the ESOS are as follows :

- The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- The total number of shares to be offered under the ESOS shall not exceed 10% of the issued share capital of the Company at any point of time during the existence of the ESOS which shall be in force for a period of ten years.
- The exercise price for each share option shall be based on the 5 days weighted average market price of the Company's shares as quoted on the Bursa Malaysia immediately preceding the date of offer at a discount of not more than ten per centum (10%) or at par value, whichever is higher.
- No option shall be granted for less than 1,000 shares to any eligible employee.

No option was exercised during the financial year under review.

17. **REVALUATION RESERVE**

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-distributable				
Revaluation reserve				
- properties	16,106	16,106	-	-
- investment in subsidiaries	-	-	29,345	29,345
	16,106	16,106	29,345	29,345

18. **FOREIGN TRANSLATION RESERVE**

GROUP

This is in respect of foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

19. **RETAINED PROFITS**

COMPANY

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances.

Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act, 2007.

As at end of the reporting period, the Company has sufficient credit under the 108 balance to frank all of its retained profits if paid out as dividends.

20. **FINANCE LEASE LIABILITIES**

	GROUP	
	2011 RM'000	2010 RM'000
Non-current liabilities		
Within one year	2,295	1,627
More than one year and less than two years	1,998	1,420
More than two years and less than five years	4,285	2,713
More than five years	43	76
Balance carried forward	8,621	5,836

	GROUP	
	2011	2010
	RM'000	RM'000
Balance brought forward	8,621	5,836
Finance charges	(985)	(727)
	<hr/>	<hr/>
Carrying amount at end	7,636	5,109
Amount due within one year included under current liabilities	(1,890)	(1,342)
	<hr/>	<hr/>
	5,746	3,767
	<hr/>	<hr/>
Current liabilities	1,890	1,342
	<hr/>	<hr/>

The effective interest rates for finance lease liabilities range from **2.48% to 3.70%** (2010 : 2.47% to 7.44%) per annum and are secured over the leased assets (Note 3 (a)). The maturities of finance lease liabilities are disclosed in Note 35.2.

21. **BORROWINGS**

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Secured :				
Term loans	5,183	6,844	2,189	3,955
	<hr/>	<hr/>	<hr/>	<hr/>
Current liabilities				
Secured :				
Bank overdrafts	5,423	8,257	936	560
Bill payables	31,602	32,694	-	-
Term loans	1,947	2,767	1,397	2,254
Murabahah financing	5,645	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	44,617	43,718	2,333	2,814
	<hr/>	<hr/>	<hr/>	<hr/>
Total	49,800	50,562	4,522	6,769
	<hr/>	<hr/>	<hr/>	<hr/>

The foreign currency profile of borrowings are as follows :

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	49,342	50,562	4,522	6,769
US Dollar	458	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	49,800	50,562	4,522	6,769
	<hr/>	<hr/>	<hr/>	<hr/>

The borrowings are secured against the land and building and plant and machinery belonging to certain subsidiaries and assignment of all proceeds from future sale of assets of certain subsidiaries.

The term loans are repayable as follows :

- (i) Term loan I - monthly instalment of RM16,891 over 7 years commencing May 2009 and the monthly instalments was revised to RM17,010 each commencing June 2011.
- (ii) Term loan II - quarterly instalment of RM267,857 over 7 years commencing July 2005.
- (iii) Term loan III - quarterly instalment of RM285,714 over 7 years commencing June 2006.
- (iv) Term loan IV - quarterly instalment of RM179,000 over 7 years commencing January 2009.
- (v) Term loan V - monthly instalments of RM23,488 over 7 years commencing September 2009 and the monthly instalments was revised to RM23,663 commencing June 2011.
- (vi) Term loan VI - monthly instalments of RM22,416 commencing April 2010 and the monthly instalments was revised to RM22,759 commencing June 2011.
- (vii) Term loan VII of RM1,504,000 is repayable by 83 equal monthly instalments of RM17,905 each and final instalment of RM17,885 commencing full release of the loan. As at the end of the reporting period, the amount released was RM657,991.

A summary of the effective interest rates and the maturities of the borrowings are as follows :

	Average effective interest rate per annum (%)	Total RM'000	Within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	More than five years RM'000
GROUP						
2011						
Bank overdrafts	7.80 to 8.35	5,423	5,423	-	-	-
Bill payables	2.65 to 5.15	31,602	31,602	-	-	-
Term loans	4.89 to 7.91	7,130	1,947	1,218	3,522	443
Murabahah financing	6.90	5,645	5,645	-	-	-
2010						
Bank overdrafts	7.55 to 8.50	8,257	8,257	-	-	-
Bill payables	2.99 to 7.70	32,694	32,694	-	-	-
Term loans	3.75 to 7.80	9,611	2,767	1,965	3,699	1,180
COMPANY						
2011						
Bank overdraft	8.10	936	936	-	-	-
Term loans	4.89	3,586	1,397	623	1,566	-
2010						
Bank overdraft	7.80	560	560	-	-	-
Term loans	3.75 to 4.54	6,209	2,254	1,413	1,743	799

22. **DEFERRED TAX LIABILITIES**

	GROUP	
	2011	2010
	RM'000	RM'000
Balance at beginning	10,976	11,404
Transfer to profit or loss	(446)	(199)
	10,530	11,205
Over provision in prior year	(4)	(229)
Balance at end	10,526	10,976

The deferred tax liabilities/(assets) are represented by temporary differences arising from :

- Property, plant and equipment	6,788	7,144
- Reinvestment allowance	(238)	(218)
- Revaluation, net of related depreciation	3,981	4,068
- Unabsorbed capital allowances	(5)	(18)
	10,526	10,976

The following deferred tax (assets)/liabilities have not been recognised in the financial statements and the comparative figures have been restated to reflect the revised deductible and taxable temporary differences.

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Arising from property, plant and equipment	21	32	-	-
Unabsorbed tax losses	(1,231)	(1,259)	-	-
Unabsorbed capital allowances	(44)	(38)	(52)	(52)
	(1,254)	(1,265)	(52)	(52)

23. **TRADE PAYABLES**

GROUP

The trade payables are non-interest bearing and are normally settled on **30 to 90 days** (2010 : 30 to 90 days) term.

The foreign currency profile of trade payables are as follows :

	GROUP	
	2011 RM'000	2010 RM'000
Ringgit Malaysia	8,222	10,120
US Dollar	363	69
Thai Baht	-	32
	8,585	10,221

24. **OTHER PAYABLES AND ACCRUALS**

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other payables	2,534	1,468	1	4
Accruals	2,669	2,696	18	8
Deposits received	163	104	-	-
	5,366	4,268	19	12

The foreign currency profile of other payables and accruals are as follows :

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	4,626	4,182	19	12
Singapore Dollar	616	46	-	-
Philippine Peso	-	27	-	-
Thai Baht	124	13	-	-
	5,366	4,268	19	12

GROUP

Included in other payables is an amount due to a director amounting to **RM3,092** (2010 : RM Nil). It is unsecured, non-interest bearing and is repayable on demand.

25. **REVENUE**

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sale of goods	150,720	145,352	-	-
Rental income	560	569	-	-
Interest income	-	1	570	606
Dividend income	26	27	5,192	2,083
	151,306	145,949	5,762	2,689

26. **PROFIT BEFORE TAXATION**

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
After charging :				
Audit fee				
- Company's auditors				
- current year	97	80	15	15
- under provision in prior year	8	-	7	-
- Other auditors	16	17	-	-
Bad debts	707	-	693	-
Depreciation	5,018	4,755	2	2
Deposit forfeited	70	-	-	-
Directors' fee for non-executive directors	78	78	78	78
Hire of equipment and machinery	105	139	-	-
Impairment loss on receivables	700	8	700	-
** Interest expense	2,841	2,933	223	266
Loss on deconsolidation of a subsidiary	4	-	-	-
Loss on disposal of property, plant and equipment	298	14	-	-
Property, plant and equipment written off	69	-	-	-
Realised loss on foreign exchange	225	516	-	-
Rental of premises	560	393	-	-
Rental of land	48	46	-	-
Unrealised loss on foreign exchange	211	-	-	-
*** Staff costs	28,635	25,965	-	-
And crediting :				
Interest income	3	5	570	606
Gain on deconsolidation of subsidiaries	-	3	-	-
Gain on disposal of investment property	-	53	-	-
Gain on disposal of investment in a subsidiary	*	-	-	-
Gross dividend from				
- unquoted subsidiaries	-	-	5,192	2,083
- Malaysian quoted shares	26	27	-	-
Lease rental income	181	136	-	-
Realised gain on foreign exchange	3	113	-	5
Rental income	1,113	607	-	-

* Represents RM1

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
** Interest expense				
- Bank overdraft	436	1,055	17	5
- Bill payables	1,154	1,018	-	-
- Finance lease	428	147	-	-
- Term loans	472	712	206	261
- Murabahah profit	350	-	-	-
- Others	1	1	-	-
	2,841	2,933	223	266
*** Staff costs				
- Salaries, wages, overtimes allowance and bonus	26,188	24,048	-	-
- EPF	2,220	1,917	-	-
- SOCSO	227	-	-	-
	28,635	25,965	-	-

Directors' emoluments

Included in the Group's staff costs is directors' emoluments as shown below :

	GROUP	
	2011 RM'000	2010 RM'000
Executive directors of the Company :		
- Salaries, bonus and wages	1,074	1,203
- EPF and SOCSO	199	224
	1,273	1,427
- Benefit-in-kind	-	3
	1,273	1,430
Executive directors of subsidiaries :		
- Salaries, bonus and wages	1,443	1,420
- EPF and SOCSO	250	241
	1,693	1,661
	2,966	3,091

27. **TAXATION**

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Based on results for the year				
- Current tax	(2,738)	(2,487)	(486)	(302)
- Deferred tax	446	199	-	-
	(2,292)	(2,288)	(486)	(302)
(Under)/Over provision in prior year				
- Current tax	(33)	(359)	6	(8)
- Deferred tax	4	229	-	-
	(29)	(130)	6	(8)
	(2,321)	(2,418)	(480)	(310)

The reconciliation of tax expense of the Group and of the Company is as follows :

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before taxation	10,250	10,725	3,908	2,170
Less : Share of results of joint ventures	(1,081)	(2,410)	-	-
	9,169	8,315	3,908	2,170
Income tax at Malaysian statutory tax rate of 25%	(2,292)	(2,079)	(977)	(543)
Income not subject to tax	499	338	906	288
Different tax rates in other countries	59	70	-	-
Double deduction of expenses for tax purposes	19	-	-	-
Expenses not deductible for tax purposes	(893)	(1,026)	(415)	(47)
Deferred tax movement not provided	(39)	(15)	-	-
Reinvestment allowance claimed	218	270	-	-
Annual crystallisation of deferred tax on revaluation reserves	87	87	-	-
Utilisation of tax losses and capital allowances	50	6	-	-
Reduced income tax for small and medium scale company	-	61	-	-
	(2,292)	(2,288)	(486)	(302)
(Under)/Over provision in prior year	(29)	(130)	6	(8)
	(2,321)	(2,418)	(480)	(310)

The amount and future availability of unabsorbed tax losses, capital allowances and reinvestment allowance are as follows :

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unabsorbed tax losses	4,925	5,036	-	-
Unabsorbed capital allowances	467	471	205	205
Unabsorbed reinvestment allowance	954	1,188	-	-

These unabsorbed tax losses, capital allowances and reinvestment allowance are available to be carried forward for set off against future assessable income of the Company and its subsidiaries of a nature and amount sufficient for the tax losses, capital allowances and reinvestment allowance to be utilised.

The foreign subsidiary in Thailand has been granted certain privileges on exemption of income tax for a period of 8 years effective from 2004.

28. EARNINGS PER SHARE

The basic earnings per share for the financial year has been calculated based on the Group's profit for the year attributable to owners of the parent of **RM7,928,995** (2010 : RM8,307,154) over the weighted average number of ordinary shares in issue of **109,896,498** (2010 : 109,896,498).

Diluted earnings per share has not been computed as the effect of the share options under ESOS is anti-dilutive in nature.

29. DIVIDEND

	2011 RM'000	2010 RM'000
First and final tax exempt dividend of 2.5 sen per share in respect of the financial year ended 31 December 2010	2,747	-
First and final tax exempt dividend of 2.5 sen per share in respect of the financial year ended 31 December 2009	-	2,747
	2,747	2,747

30. CAPITAL COMMITMENT

Capital expenditure not provided for in the financial statement is as follows :

	GROUP	
	2011 RM'000	2010 RM'000
Approved and contracted for :		
- Property, plant and equipment	-	3,294
- Investment properties	829	-

31. **CONTINGENT LIABILITIES (UNSECURED)**

	COMPANY	
	2011	2010
	RM	RM
Corporate guarantee extended by the Company to financial institutions for banking facilities granted to certain subsidiaries		
- Limit	98,386,160	92,973,460
	<hr/>	<hr/>
- Utilised as at the end of the reporting period	50,834,305	47,292,813
	<hr/>	<hr/>

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the banks requiring parent's guarantees as a pre-condition for approving the banking facilities granted to subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiaries. As such, there is no value on the corporate guarantees to be recognised in the financial statements.

32. **SEGMENTAL INFORMATION**

Segmental information is presented in respect of the Group's business and geographical segments. The primary format and business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business Segments

The operations of the Group are organised into the following main business segments :

- | | | |
|-------|---------------|--|
| (i) | Investment | Investment holding and provision of financial, administrative and advisory services. |
| (ii) | Manufacturing | Manufacturing and relating of corrugated cartons, packing materials, gift and display box. |
| (iii) | Property | Property investment and property developers. |
| (iv) | Trading | Trading of paper products, design and sale of paper. |

	Investment RM'000	Manufacturing RM'000	Property RM'000	Trading RM'000	Eliminations RM'000	Note	Total RM'000
2011							
Revenue							
External sales	-	122,050	561	28,695	-		151,306
Inter-segment	4,777	15,632	430	111	(20,950)	A	-
	<u>4,777</u>	<u>137,682</u>	<u>991</u>	<u>28,806</u>	<u>(20,950)</u>		<u>151,306</u>
Result							
Segment results	(1,295)	10,262	27	2,762	251		12,007
Interest income							3
Interest expense							(2,841)
Share of results of joint ventures	1,081	-	-	-	-		<u>1,081</u>
Profit before taxation							<u>10,250</u>
Taxation							<u>(2,321)</u>
Profit for the year							<u>7,929</u>
Assets							
Segment assets	85,432	163,102	37,779	13,281	(115,920)		183,674
Investment in joint ventures	16,290	-	-	137	-		16,427
Tax recoverable							<u>1,735</u>
Total assets							<u>201,836</u>
Liabilities							
Segment liabilities	145	12,478	181	1,147	-		13,951
Finance lease liabilities							7,636
Borrowings							49,800
Deferred tax liabilities							10,526
Provision for taxation							<u>612</u>
Total liabilities							<u>82,525</u>
Other information							
Capital expenditure	9	7,392	621	961	-	B	8,983
Depreciation	6	4,774	26	212	-		5,018
Non-cash expenses other than depreciation	316	658	-	4	-	C	978

	Investment RM'000	Manufacturing RM'000	Property RM'000	Trading RM'000	Eliminations RM'000	Note	Total RM'000
2010							
Revenue							
External sales	1	117,625	569	27,754	-		145,949
Inter-segment	5,101	46,652	430	730	(52,913)	A	-
	<u>5,102</u>	<u>164,277</u>	<u>999</u>	<u>28,484</u>	<u>(52,913)</u>		<u>145,949</u>
Result							
Segment results	1,083	9,477	98	442	143		11,243
Interest income							5
Interest expense							(2,933)
Share of results of joint ventures	2,410	-	-	-	-		2,410
Profit before taxation							10,725
Taxation							(2,418)
Profit for the year							<u>8,307</u>
Assets							
Segment assets	86,148	156,408	36,596	10,757	(113,367)		176,542
Investment in joint ventures	17,348	-	-	-	-		17,348
Tax recoverable							1,443
Total assets							<u>195,333</u>
Liabilities							
Segment liabilities	153	12,811	457	1,068	-		14,489
Finance lease liabilities							5,109
Borrowings							50,562
Deferred tax liabilities							10,976
Provision for taxation							168
Total liabilities							<u>81,304</u>
Other information							
Capital expenditure	-	9,752	675	695	(400)	B	10,722
Depreciation	7	4,571	27	150	-		4,755
Non-cash (income)/expense other than depreciation	(2,413)	22	(53)	-	-	C	(2,444)

Notes to segment information :

A Inter-segment revenue are eliminated on consolidation.

B Additions to non-current assets consist of :

	2011 RM'000	2010 RM'000
Property, plant and equipment	8,362	10,047
Investment properties	441	675
Land held for development	180	-
	<u>8,983</u>	<u>10,722</u>

C Other material non-cash expenses/(income) consist of the following items as presented in Note 26 to the financial statements :

	2011	2010
	RM'000	RM'000
Bad debts	707	-
Deposit forfeited	70	-
Gain on disposal of investment property	-	(53)
Impairment loss on receivables	700	8
Loss/(Gain) on deconsolidation of subsidiaries	4	(3)
Loss on disposal of property, plant and equipment	298	14
Property, plant and equipment written off	69	-
Share of results of joint ventures	(1,081)	(2,410)
Unrealised loss on foreign exchange	211	-
	978	(2,444)

Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows :

	Revenue		Non-current assets	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Malaysia	138,897	133,532	129,511	128,747
Thailand	7,227	7,406	174	180
Singapore	5,182	5,011	44	48
	151,306	145,949	129,729	128,975

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2011	2010
	RM	RM
Property, plant and equipment	84,151	83,097
Investment properties	8,301	7,860
Land held for development	20,175	19,995
Investment in joint ventures	16,427	17,348
Goodwill on consolidation	675	675
	129,729	128,975

Major Customers

Total revenue from major customers which individually contributed more than 10% of the Group revenue amounted to **RM47,034,820** (2010 : RM40,438,325).

33. RELATED PARTY DISCLOSURES

(i) Transactions with subsidiaries

	COMPANY	
	2011	2010
	RM'000	RM'000
Interest income from subsidiaries	570	606

(ii) **Transactions with parties**

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Sales to a related party				
- City Packaging Industry Sdn. Bhd.	32	11	-	-
Purchases from related parties				
- Teckwah Paper Products Sdn. Bhd.	11	16	-	-
- PPH Multimedia Network Sdn. Bhd.	11	21	-	-
Rental of property for staff accommodation				
- Fame Pack Holdings Sdn. Bhd.	75	76	-	-
Rental of office lot				
- Fame Pack Holdings Sdn. Bhd.	82	60	-	-
Professional fee paid to related parties				
- BDO Tax Services Sdn. Bhd.	36	-	3	-
- Taxnet Consultants Sdn. Bhd.	-	29	-	2

(iii) **Compensation of key management personnel**

The remuneration of directors and other members of key management during the financial year was as follows :

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Salaries and other short-term employee benefits	3,469	3,356	78	78

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

Related party relationship :

Related party	Relationship
City Packaging Industry Sdn. Bhd. :	A company in which person connected to certain directors of the Company, namely Messrs. Koay Chiew Poh, Koay Chue Beng, Koay Teng Liang and Koay Teng Kheong, has substantial financial interest.
Techwah Paper Products Sdn. Bhd. :	Subsidiary of joint venture.

Related party	Relationship
PPH Multimedia Network Sdn. Bhd.	: A company in which a director of the Company Mr. Koay Teng Liang and person connected to certain directors of the Company, namely Messrs. Koay Chiew Poh, Koay Chue Beng, Koay Teng Liang and Koay Teng Kheong, has substantial financial interest.
Fame Pack Holdings Sdn. Bhd.	: A substantial shareholder of the Company and connected to Mr. Koay Chiew Poh.
BDO Tax Services Sdn. Bhd.	: A company in which a director of the Company, Mr. Ong Eng Choon has substantial financial interest.
Taxnet Consultants Sdn. Bhd.	: A company in which a director of the Company, Mr. Ong Eng Choon has substantial financial interest.

34. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows :

- (i) Loans and receivables (“L&R”);
- (ii) Available-for-sale financial assets (“AFS”); and
- (iii) Financial liabilities measured at amortised cost (“FL”).

	Carrying amount RM’000	AFS RM’000	L&R RM’000	FL RM’000
2011				
GROUP				
Financial assets				
Other investments (Note 8)	398	398	-	-
Trade receivables (Note 11)	34,738	-	34,738	-
Other receivables and deposits (Note 12)	598	-	598	-
Fixed deposits with licensed banks (Note 14)	217	-	217	-
Cash and bank balances (Note 15)	10,785	-	10,785	-
	46,736	398	46,338	-
Financial liabilities				
Finance lease liabilities (Note 20)	7,636	-	-	7,636
Borrowings (Note 21)	49,800	-	-	49,800
Trade payables (Note 23)	8,585	-	-	8,585
Other payables and accruals (Note 24)	5,366	-	-	5,366
	71,387	-	-	71,387
COMPANY				
Financial assets				
Other investment (Note 8)	*	*	-	-
Other receivables and deposits (Note 12)	3	-	3	-
Amount due from subsidiaries (Note 13)	40,714	-	40,714	-
Cash and bank balances (Note 15)	2,326	-	2,326	-
	43,043	-	43,043	-
Financial liabilities				
Borrowings (Note 21)	4,522	-	-	4,522
Other payables and accruals (Note 24)	19	-	-	19
	4,541	-	-	4,541

* Represents RM1

	Carrying amount RM'000	AFS RM'000	L&R RM'000	FL RM'000
2010				
GROUP				
Financial assets				
Other investments (Note 8)	405	405	-	-
Trade receivables (Note 11)	36,059	-	36,059	-
Other receivables and deposits (Note 12)	1,322	-	1,322	-
Fixed deposits with licensed banks (Note 14)	217	-	217	-
Cash and bank balances (Note 15)	6,450	-	6,450	-
	<u>44,453</u>	<u>405</u>	<u>44,048</u>	<u>-</u>
Financial liabilities				
Finance lease liabilities (Note 20)	5,109	-	-	5,109
Borrowings (Note 21)	50,562	-	-	50,562
Trade payables (Note 23)	10,221	-	-	10,221
Other payables and accruals (Note 24)	4,268	-	-	4,268
	<u>70,160</u>	<u>-</u>	<u>-</u>	<u>70,160</u>
COMPANY				
Financial assets				
Other investment (Note 8)	*	*	-	-
Other receivables and deposits (Note 12)	703	-	703	-
Amount due from subsidiaries (Note 13)	42,347	-	42,347	-
Cash and bank balances (Note 15)	1,527	-	1,527	-
	<u>44,577</u>	<u>*</u>	<u>44,577</u>	<u>-</u>
Financial liabilities				
Borrowings (Note 21)	6,769	-	-	6,769
Other payables and accruals (Note 24)	12	-	-	12
	<u>6,781</u>	<u>-</u>	<u>-</u>	<u>6,781</u>

* Represents RM1

35. FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and market risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

35.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given.

35.1.1 Trade receivables

The Group gives existing customers credit terms that range between 30 to 120 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit

verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

GROUP

The ageing of trade receivables as at the end of the reporting period is as follows :

	Gross RM'000	Impairment RM'000	Net RM'000
2011			
Not past due	21,503	-	21,503
1 to 30 days past due	4,414	-	4,414
31 to 60 days past due	1,946	-	1,946
61 to 90 days past due	4,905	-	4,905
Past due more than 90 days	2,892	(922)	1,970
	14,157	(922)	13,235
	35,660	(922)	34,738
2010			
Not past due	22,594	-	22,594
1 to 30 days past due	5,149	-	5,149
31 to 60 days past due	2,263	-	2,263
61 to 90 days past due	4,779	-	4,779
Past due more than 90 days	2,277	(1,003)	1,274
	14,468	(1,003)	13,465
	37,062	(1,003)	36,059

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group.

Total impairment loss relates to customers that have financial difficulties and have defaulted in repayment even after legal actions have been taken.

The Group has trade receivables amounting to **RM13,235,000** (2010 : RM13,465,000) that are past due at the end of the reporting period but management is of the view that these past due amounts will be collected in due course and no impairment is necessary.

As at the end of the reporting period, the Group has no significant concentration of credit risks.

35.1.2 Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries as detailed in Note 31. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment

35.1.3 Intercompany advances

The Company provides advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

35.2 Liquidity risk

Liquidity risk is the risk the Group will encounter difficulty in meeting financial obligations due to shortage of funds. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents and bank facilities to ensure that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the reporting date based on undiscounted contractual payments :

	Carrying amount RM'000	Contractual cash flows RM'000	Within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	More than five years RM'000
2011						
GROUP						
Finance lease liabilities	7,636	8,621	2,295	1,998	4,285	43
Interest bearing borrowings	49,800	50,686	44,966	1,690	4,030	-
Trade payables and other payables	13,951	13,951	13,951	-	-	-
	71,387	73,258	61,212	3,688	8,315	43
COMPANY						
Interest bearing borrowings	4,522	4,849	2,473	716	1,660	-
Other payables	19	19	19	-	-	-
	4,541	4,868	2,492	716	1,660	-

	Carrying amount RM'000	Contractual cash flows RM'000	Within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	More than five years RM'000
2010						
GROUP						
Finance lease liabilities	5,109	5,836	1,627	1,420	2,713	76
Interest bearing borrowings	50,562	50,562	43,718	1,965	3,699	1,180
Trade payables and other payables	14,489	14,489	14,489	-	-	-
	<u>70,160</u>	<u>70,887</u>	<u>59,834</u>	<u>3,385</u>	<u>6,412</u>	<u>1,256</u>
COMPANY						
Interest bearing borrowings	6,769	6,769	2,814	1,413	1,743	799
Other payables	12	12	12	-	-	-
	<u>6,781</u>	<u>6,781</u>	<u>2,826</u>	<u>1,413</u>	<u>1,743</u>	<u>799</u>

35.3 Interest rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on the carrying amount as at the end of the reporting period is as follows :

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fixed rate instruments				
Financial assets	217	217	-	-
Financial liabilities	7,636	5,109	-	-
	<u>7,853</u>	<u>5,326</u>	<u>-</u>	<u>-</u>
Floating rate instruments				
Financial assets	-	-	9,118	9,118
Financial liabilities	49,800	50,562	4,522	6,769
	<u>49,800</u>	<u>50,562</u>	<u>13,640</u>	<u>15,887</u>

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have (decreased)/increased profit before taxation by the amount shown below and a decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(Decrease)/Increase in profit before taxation	(120)	(58)	12	(6)

35.4 Foreign currency risk

The objectives of the Group's foreign exchange policy are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD") and Singapore Dollar ("SGD").

The Group's exposure to foreign currency risk based on carrying amounts as at the end of the reporting period is as follows :

	USD RM'000	SGD RM'000	OTHERS RM'000
GROUP			
2011			
Trade receivables	4,371	79	-
Cash and bank balances	908	-	-
Trade payables	(363)	-	-
Other payables	-	(400)	-
Borrowings	(458)	-	-
Net exposure	4,458	(321)	-
2010			
Trade receivables	454	1,570	739
Cash and bank balances	1,486	345	791
Trade payables	(69)	-	(32)
Other payables	-	(46)	(40)
Net exposure	1,871	1,869	1,458

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates against Ringgit Malaysia, with all other variables held constant, on the Group's profit before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have reduced profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect.

	GROUP	
	2011	2010
	RM'000	RM'000
USD	446	187
SGD	(32)	187
Others	-	146
	<hr/>	<hr/>
Reduce in profit before taxation	414	520
	<hr/>	<hr/>

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets (other than investments in unquoted shares) and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The unquoted shares are carried at cost as it is not practicable to reasonably estimate the fair values due to lack of comparable quoted market prices and available market data for valuation. Therefore, these investments are carried at their original costs less any allowance for diminution in value

37.1 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1	Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
GROUP				
2011				
Financial assets				
Investment in quoted shares	398	-	-	398

Certain comparative figures have not been presented for 31 December 2010 by virtue of the exemption given in paragraph 44G(a) of FRS 7.

38. **MATERIAL LITIGATION**

A civil suit had been filed in the year 2008 by Public Packages Sdn. Bhd. (“PPSB”), a wholly-owned subsidiary of the Company, to recover a trade debt of RM1,815,527 due from Flextronics Technology (Penang) Sdn. Bhd. PPSB has filed an application for summary judgement which was heard on 10 March 2010. On 14 April 2010, the Court dismissed PPSB’s application for summary judgement and set the matter for full trial. The case was set for case management on 7 July 2010, but was vacated due to public holiday in Penang on that day. The matter is fixed for further management on 8 April 2011 by the Deputy Registrar and the case management is further rescheduled to 22 June 2011. The Court has fixed this matter for mediation on 15 September 2011 and this matter is further fixed for trial on 29 March 2012.

39. **DISCLOSURES OF REALISED AND UNREALISED PROFITS/LOSSES**

Bursa Malaysia Securities Berhad has, on 25 March 2010 and 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of retained profits or accumulated losses into realised and unrealised on group and company basis, as the case may be, in quarterly reports and annual audited financial statements.

The breakdown of retained profits as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants are as follows :

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total retained profits of the Company and its subsidiaries :				
- Realised	62,107	55,513	10,521	9,840
- Unrealised	(10,737)	(11,312)	-	-
	51,370	44,201	10,521	9,840
Total share of retained profits from joint ventures :				
- Realised	9,157	8,076	-	-
	60,527	52,277	10,521	9,840
Less : Consolidation adjustments	(13,749)	(10,681)	-	-
	46,778	41,596	10,521	9,840

**LIST OF PROPERTIES OWNED BY
PUBLIC PACKAGES HOLDINGS BERHAD AND ITS SUBSIDIARIES
AS AT 31 DECEMBER 2011**

Location	Title	Existing Use	Date of last revaluation	Age of Building (years)	Land area / Built-up area (sq.foot)	CA as at 31.12.11 RM
PUBLIC PACKAGES SDN. BHD.						
Plot 72 Lintang Kampung Jawa Bayan Lepas Industrial Estate Penang	Leasehold 2.10.2047	Factory building	28.11.2007	22	22,509 / 11,516	1,452,006
Plot 96(A) Lintang Kampung Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 22.5.2050	Factory building	28.11.2007	22	32,356 / 5,688	1,738,065
Plot 96(B) Lintang Kampung Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 5.7.2054	Factory building	28.11.2007	15	16,985 / 9,979	601,630
Plot 67 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 14.8.2047	Factory and office building	28.11.2007	23	44,083 / 94,249	3,325,632
Plot 116 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 18.10.2055	Factory and office building	28.11.2007	17	84,183 / 7,317	2,469,670
Block F95 Taman Pelangi, Prai (10 units)	Leasehold 22.4.2092	Hostel	28.11.2007	15	- / 500 (per unit)	433,000

Location	Title	Existing Use	Date of last revaluation	Age of Building (years)	Land area / Built-up area (sq.feet)	CA as at 31.12.11 RM
PUBLIC PACKAGES (NT) SDN. BHD.						
Lot 5632 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang	Freehold	Factory Building	28.11.2007	17	- / 112,400	8,866,104
PPH PRINTING & PACKAGING (PENANG) SDN BHD						
Plot 482 Jalan Perusahaan Baru, Prai Industrial Estate, Penang	Leasehold 23.2.2049	Factory and office building	28.11.2007	22	43,738 / 38,474	2,168,820
A-1-3 Kelisa Apartment Lorong Kikik Satu, Taman Inderawasih, Seberang Perai	Freehold	Hostel	28.11.2007	19	- / 726	82,800
Block F95 Taman Pelangi, Prai (10 units)	Leasehold 22.4.2092	Hostel	28.11.2007	15	- / 500 (per unit)	452,647
Plot 468 Jalan Perusahaan Baru Prai Industrial Estate Penang	Leasehold 19.4.2049	Factory and office building	28.11.2007	22	93,329 / 77,727	4,974,943
PUBLIC PACKAGES (PRAI) SDN BHD						
Plot 60 P.T. No: 2941 Prai Industrial Estate Phase 4 Mukim 11 Seberang Perai Tengah Penang	Leasehold 29.6.2052	Factory and office building	28.11.2007	17	261,361 / 140,924	7,948,574
PPH PRINTING & PACKAGING (KULIM) SDN BHD						
Plot 75 Kulim Industrial Estate Kulim, Kedah	Leasehold 21.9.2049	Factory and office building	28.11.2007	21	52,272 / 54,140	2,517,514

Location	Title	Existing Use	Date of last revaluation	Age of Building (years)	Land area / Built-up area (sq.feet)	CA as at 31.12.11 RM
PUBLIC PACKAGES PROPERTIES SDN BHD						
Lot 5631 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang	Freehold	Vacant land	28.11.2007	-	522,253/ -	5,810,216
Lot 5632 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang	Freehold	Rental	28.11.2007	-	511,877/ -	6,578,000
84 Lebuhraya Kapal, Penang	Freehold	Rental	28.11.2007	27	1,389 / 2,800	250,000
5-2-4 Edgecumbe Court, Penang	Freehold	Rental	28.11.2007	23	- / 700	175,000
Unit SB15 Block A, No. 1 Persiaran Gurney	Freehold	Rental	28.11.2007	26	- / 1,815	540,000
Unit I-4-3 Taman Desa Relau Penang	Freehold	Rental	28.11.2007	20	- / 700	135,000
Unit 368-2-04 Belisa Row Jalan Burma, Penang	Freehold	Rental	28.11.2007	17	- / 1,055	340,000
No. A-17-02, Verticas Residensi, off Jalan Ceylon, Kuala Lumpur	Freehold	Development In Progress	-	2	- / 2,111	1,050,742
PPH PLAZA SDN BHD						
Lot 741, 742 & 743 Section 23 Bandar Georgetown Daerah Timur Laut, Penang	Freehold	Project development	23.12.2002	-	56,230	15,465,000
						<u>67,375,363</u>

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 30 March 2012

Authorised Capital	:	RM100,000,000
Issued and Fully Paid Up Capital	:	RM54,948,249
Classes of shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One vote per ordinary share
No. of Shareholders	:	2,459

SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustees) as at 30 March 2012

Name	<u>No. of Ordinary Shares Held</u>			
	Direct Interest	%	Indirect Interest	%
1. Fame Pack Holdings Sdn. Bhd.	45,232,670	41.16	-	-
2. Multiple Accomplishments Sdn. Bhd.	8,804,410	8.01	-	-
3. Koay Chiew Poh	4,226,480	3.85	49,167,670 *	44.74
4. Ooi Siew Hong	-	-	49,167,670 *	44.74

Note:

* Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Fame Pack Holdings Sdn. Bhd. and Koay Boon Pee Holding Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS as at 30 March 2012

Name	<u>No of Ordinary Shares Held</u>			
	Direct Interest	%	Indirect Interest	%
1. Koay Chiew Poh	4,226,480	3.85	49,167,670 (a)	44.74
2. Koay Chue Beng	358,692	0.33	3,935,000 (b)	3.58
3. Koay Teng Liang	46,664	0.04	-	-
4. Koay Teng Kheong	-	-	-	-
5. Nurjannah Binti Ali	-	-	-	-
6. Ng Thim Fook	-	-	-	-
7. Ong Eng Choon	-	-	-	-
8. Koay Chiew Kang	1,069,896	0.97	4,038,664	3.67

Notes:

- Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Fame Pack Holdings Sdn. Bhd. and Koay Boon Pee Holding Sdn. Bhd.
- Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Koay Boon Pee Holding Sdn. Bhd.
- Deemed interested by virtue of Section 6A and Section 134(12)(c) of the Companies Act, 1965

DISTRIBUTION OF SHAREHOLDERS as at 30 March 2012

Holdings	No. of Holders	%	No. of Shares	%
Less than 100	176	7.16	8,131	0.01
100 - 1,000	158	6.43	68,292	0.06
1,001 - 10,000	1,431	58.19	8,656,163	7.88
10,001 - 100,000	616	25.05	18,977,284	17.27
100,001 - 5,494,823	76	3.09	28,149,548	25.61
5,494,824 and above	2	0.08	54,037,080	49.17
TOTAL	2,459	100.00	109,896,498	100.00

THIRTY LARGEST SHAREHOLDERS as at 30 March 2012

No.	Name	No. of Shares	%
1.	Fame Pack Holdings Sdn. Bhd	45,232,670	41.16
2.	Multiple Accomplishments Sdn Bhd	8,804,410	8.01
3.	Koay Chiew Poh	4,226,480	3.85
4.	Koay Boon Pee Holding Sdn Bhd	3,935,000	3.58
5.	Koay Chew Guan	1,552,480	1.41
6.	HLG Nominee (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Goh Eng Hoe	1,000,000	0.91
7.	Song Kim Lee	1,000,000	0.91
8.	Koay Chiew Kang	796,564	0.72
9.	Koay Chew Kooi	675,000	0.61
10.	Koay Chew Huat @ Koay Chiew Huat	670,320	0.61
11.	Yap Wing Chun	635,012	0.58
12.	Leng Bee Bee	559,000	0.51
13.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Eng Cheang	546,500	0.50
14.	George Lee Sang Kian	449,200	0.41
15.	Ng Sai Heok	440,000	0.40
16.	Leong Ngak Keong	387,000	0.35
17.	Koay Chue Beng	358,692	0.33
18.	Tok Ley Siang	353,332	0.32
19.	PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd	345,000	0.31
20.	Lim Hui Huat @ Lim Hooi Chang	295,000	0.27
21.	Koay Chiew Lee	293,332	0.27
22.	Siu Soon Chye	291,900	0.27
23.	Ch'ng Chan Seng	280,000	0.25
24.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Choon Pow	279,000	0.25
25.	Koay Chiew Kang	273,332	0.25
26.	Foo Men @ Foo Chiow Men	270,000	0.25
27.	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Thuang Sin (T Mutiara-CL)	265,600	0.24
28.	Teoh Ewe Seng	262,460	0.24
29.	George Lee Sang Kian	242,500	0.22
30.	Leau Kim Pun @ Liau Kim Pun	240,000	0.22
		-----	-----
		74,959,784	68.21
		=====	=====

PUBLIC PACKAGES HOLDINGS BERHAD

(Company No. 162413-K)

PROXY FORM

* I/We.....
(Full Name in Block Letters)

of
(Address)

being * a member/members of Public Packages Holdings Berhad, hereby appoint
.....
(Full Name in Block Letters)

of.....
(Address)

or failing him, the Chairman of the meeting, as *my/our proxy to vote for *me/us on *my/our behalf at the 25th Annual General Meeting of the Company, to be held at 3rd Floor, Meeting Room of Plot 468 & 482, Jalan Perusahaan Baru, Prai Industrial Estate, 13600 Prai, Penang on Monday, 28 May 2012 at 10.00 a.m. and at any adjournment thereof.

ORDINARY RESOLUTION	1	2	3	4	5	6	7
FOR							
AGAINST							

Please indicate with an "X" in the appropriate box provided on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he thinks fit.

The proportion of my holding to be represented by my proxies are as follows:-

First proxy	"A"	%
Second proxy	"B"	%
	<u> </u>	100%

In case of vote taken by a show of hand *first proxy "A"/second proxy "B" shall vote on my behalf.

No. of Shares Held: _____

Signature of Member(s)

Signed this day of2012

Notes:-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid this form duly completed must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the meeting.
3. A holder may appoint up to two proxies to attend at the same meeting.
4. Where a holder appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member is an exempt authorised nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.

* Strike out whichever not desired

AFFIX
STAMP



PUBLIC PACKAGES HOLDINGS BERHAD
(Company No. 162413-K)

Wisma Public Packages
Plot 67 Lintang Kampong Jawa
Bayan Lepas Industrial Estate
11900 Bayan Lepas, Penang

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