



# ANNUAL REPORT 2012

# CONTENTS

	PAGE
• NOTICE OF ANNUAL GENERAL MEETING	2
• CORPORATE INFORMATION	6
• EXECUTIVE CHAIRMAN'S STATEMENT	8
• DIRECTORS' INFORMATION	10
• STATEMENT OF CORPORATE GOVERNANCE	12
• STATEMENT OF INTERNAL CONTROL	21
• STATEMENT OF RISK MANAGEMENT	23
• AUDIT COMMITTEE REPORT	25
• RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE	28
• FINANCIAL STATEMENTS	
• DIRECTORS' REPORT	30
• DIRECTORS' STATEMENT	33
• STATUTORY DECLARATION	33
• INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	34
• STATEMENTS OF FINANCIAL POSITION	36
• STATEMENTS OF COMPREHENSIVE INCOME	37
• CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	38
• STATEMENT OF CHANGES IN EQUITY	39
• STATEMENTS OF CASH FLOWS	40
• NOTES TO THE FINANCIAL STATEMENTS	42
• DISCLOSURES OF REALISED AND UNREALISED PROFITS/LOSSES	94
• LIST OF PROPERTIES OWNED BY THE GROUP	95
• ANALYSIS OF SHAREHOLDINGS	98
• PROXY FORM	101

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 26<sup>th</sup> Annual General Meeting of Public Packages Holdings Berhad will be held at 3<sup>rd</sup> Floor, Meeting Room of Plot 468 & 482, Jalan Perusahaan Baru, Prai Industrial Estate, 13600 Prai, Penang on Monday, 27 May 2013 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 2012 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) Pn. Nurjannah Binti Ali Resolution 1
  - ii) Mr. Ng Thim Fook Resolution 2
3. To approve the payment of Directors' fees of not exceeding RM 250,000 for the financial year ending 31 December 2013. Resolution 3
4. 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 4

#### As Special Business

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

#### ORDINARY RESOLUTIONS

5. 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 5

6. 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 30 April 2013 (“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 6

7. Continuing in Office as Independent Non-Executive Directors

- i) “That authority be and is hereby given to Pn. Nurjannah Binti Ali who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company.”
- ii) “That authority be and is hereby given to Mr. Ng Thim Fook who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company.”

Resolution 7

Resolution 8

SPECIAL RESOLUTION

8. Proposed amendments to the Company’s Articles of Association

“THAT, the amendments to the Company’s Articles of Association as set out in under Part C of the Circular be hereby approved and that the directors be hereby authorized to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered necessary to give full effect to the Proposed Amendments to the Company’s Articles of Association.”

Resolution 9

9. 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.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 26<sup>th</sup> Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 16 May 2013. Only a depositor whose name appears on the Record of Depositors as at 16 May 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

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

Penang

Dated: 30 April 2013

#### 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 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.

#### EXPLANATORY NOTES SPECIAL BUSINESS

1. Resolution 5, 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.

2. Resolution 6, 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 30 April 2013 which have been dispatched together with the Company's 2012 Annual Report.

3. Resolutions 7 and 8, if passed, will allow the independent directors to be retained and continue to act as independent directors to fulfil the requirements of paragraph 3.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to be in line with the recommendations 3.2 and 3.3 of the Malaysian Code of Corporate Governance 2012. The details of justifications are set out in page 16 of the Company's 2012 Annual Report.
4. Resolution 9, if passed, will allow the Company's Articles of Association to be in line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and for better clarification purposes.

## 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 & REMUNERATION 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*

- 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 2012.

### **INDUSTRY REVIEW**

Despite the global economic instability, Malaysia's economy recorded a steady growth mainly brought by strong domestic demand. Packaging remains as an important component of the manufacturing sector. In year 2012, packaging industry continues to be challenging. However, the Group managed to hold its overall cost level through various cost control activities. Capability in specialised packaging and designing in different manufacturing sectors further increased the market share of the Group in the packaging industry.

### **FINANCIAL PERFORMANCE**

The Group's revenue for year 31 December 2012 was RM140 million as compared with the RM151 million in the year 2011. The lower sales experienced was mainly due to the volatility of demand and caution selection of the Group on its clientele. Contrary to the drop in revenue, the Group net profit after tax has surged to RM14 million from RM8 million in year 2011. Apart from the operation profit, the net profit came from the fair value adjustment on investment properties of RM4 million. In tandem of this, earnings per share and net asset per share of the Group were also improved to 12.90 cents (2011: 7.20 cents) and RM1.22 (2011: RM1.09) respectively.

Our balance sheet remains robust with the strong cash flow and low gearing. Cash generated from operations for the year was RM23 million and we maintained cash balance of RM12 million as at 31 December 2012.

### **REVIEW OF GROUP OPERATIONS**

The manufacturing division remains as the core business of the Group representing about 76% of total revenue or RM105 million in the year 2012. Despite of the lower revenue, the manufacturing division continuing contribute a better margin for the Group. The increased in margin was mainly attributed to the various cost control activities executed by the each operations.

The trading division contributed the remaining 24%. The increase in trading division mainly due to its successful marketing effort and strong customer goodwill build over the past year.

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 2012.

### **PROSPECTS FOR 2013**

On overall basis, the Malaysia economy in 2013 will be underpinned by the performance of global economy as well as proactive measures taken by the Malaysian Government to stimulate its various industrial sectors. Nevertheless, the Group will continue imperative to seek for value-added and higher margin opportunity in businesses. The Group will remain vigilant in keeping abreast of changing trends in customer demand and new technologies to keep the company remain robust in the industries.

The Group has planned at the beginning of year 2013 to build the Group capabilities by investing in our employee on continuous training and development in their technical and leadership skills. Lean Manufacturing System and Processes, which help the operations eliminate non-value added process were introduced and implemented in order to be more efficient, productive and competitive in the business. The Group was also investing in new digital printing technologies at beginning of this year to ensure that our solutions for our customers are completely aligned with their changing demands and needs.

The Group is dedicated to seek for new strategies whether through joint venture or investment locally and overseas, to enhance our competencies and exploits synergies to further grow our businesses.

## **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 2013.

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 61, 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 3 of the 5 Board meetings held in the financial year ended 31 December 2012.

**Koay Chiew Kang**, a Malaysian, age 55, 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 had attended 4 of the 5 Board meetings held in the financial year ended 31 December 2012 as he was only appointed on 14 March 2012.

**Koay Chue Beng**, a Malaysian, age 52, 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 54, 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 2012.

**Ng Thim Fook**, a Malaysian, age 59, 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 27 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 2012.

**Ong Eng Choon**, a Malaysian, age 61, 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 a Fellow 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, 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 2012.

**Koay Teng Liang**, a Malaysian, age 36, 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 2012.

**Koay Teng Kheong**, a Malaysian, age 32, 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 Groups 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 all the 5 Board meetings held in the financial year ended 31 December 2012.

# STATEMENT OF CORPORATE GOVERNANCE

This Corporate Governance Statement aims to provide a vital insight to the investors into the corporate governance practices of the Group. The board is fully committed in ensuring that the highest standards of corporate governance are practiced and observed throughout the Group so that the affairs of the Group are conducted in a transparent and objective manner with full accountability and integrity to safeguard shareholders' investment and ultimately enhance their value.

## 1.0 Establish clear roles and responsibilities

### **Board Charter**

The primary objective of the Company's Board Charter is to set out the clear roles and responsibilities of the Board of Directors. The Board is guided by the Charter which provides reference in relation to the Board's role, powers, duties and functions. Apart from reflecting the current best practices and the applicable rules and regulations, the Board Charter also outlines processes and procedures for the Board to be effective and efficient. It acts as a primary induction literature providing prospective and existing Board members and Management insight into the fiduciary and leadership functions of the Directors.

The Board Charter is subject to review periodically to reflect changes in regulations and best practices and to ensure its effectiveness and relevance to the Board's objectives and responsibilities. The Board shall update its Board Charter's role and responsible and made available to public soon via website, [www.pph.com.my](http://www.pph.com.my).

### **Composition of the Board**

The Board of Public Packages Holdings Berhad comprises of four (4) Executive Directors and three (3) Independent Non-Executive Directors. The composition is in compliance with paragraph 15.02 of Bursa Malaysia Listing Requirements that requires one third (1/3) of the Board members to be independent directors.

The Independent Directors play an active role in the Board's decision making process bringing with them vast experience and knowledge as well as independent and objective in their views, acting in the best interest of company and at the same time safeguarding public interest.

### **The Board and its roles and responsibilities**

The Board is responsible to the stakeholders for overseeing and protecting the long-term interests of all through effective management of the Group's businesses. It is responsible for ensuring that management maintains and updates its system of internal control that provides satisfactory assurances of its effectiveness and efficiency, in relation to operations, internal financial controls, and compliance with the laws and regulations.

The Board has discharged its fiduciary and leadership functions in the best interests of the Company in pursuit of an integrated regulatory and commercial objective. The following are among the key responsibilities of the Board:-

- a. Reviewing and approving the strategies and business plans for the Group.
- b. Overseeing the conduct and performance of the Group's business to ensure that the affairs of the Company are carried out in an ethical manner and in full compliance with the relevant laws and regulations.
- c. To identify and manage risk of the Group.
- d. Reviewing succession planning and talent management plans for the Group, and approving the appointment and compensation of the Board and senior management staff.
- e. To review the communication policy between company and shareholders.
- f. Reviewing the adequacy and integrity of the Group's internal control systems.

### **Roles and responsibilities of Executive Director and Non-executive Director**

#### Executive Director

- a. To implement of the overall design of the performance management scheme, particularly developing the strategy, defining the Key Performance Indicators and cascading them through the organization.
- b. Review the performance of the businesses, taking corrective actions and reporting them to the Board.

- c. Review the performance of the Senior Management and delivering meaningful rewards and compensation.

#### Non-Executive Director

- a. Providing independent judgment on the Group's strategy and policies.
- b. Overseeing internal control systems and the risk management processes are appropriate and effective.
- c. Reviewing the performance of the Company and the Board.
- d. Setting the right remuneration of the Board.

#### **Formalised ethical standards through Code of Ethics**

The Directors continue to adhere to the Company Directors' Code of Ethics established which is based on principles in relation to integrity, compliance with legal and regulatory requirements and company policies and accountability in order to enhance the high standards of corporate governance and behaviour.

#### **Supply of information**

The Board members are provided with the relevant agenda and Board papers containing management and financial information in advance of each Board meeting for their perusal and consideration and to enable them to obtain further clarification and information on matters to be deliberated, to facilitate informed decision making.

The Board has unrestricted access to all information pertaining to the Group's businesses and affairs to enable them to discharge their duties. The Directors will meet with Head of Finance and Head of Internal Audit for further explanation, information or updates on any aspect of the Company's operations or business concerns from them. In addition, in furtherance of their duties, the Board may obtain independent professional advice from external consultants, at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated, subject to the approval of the Chairman or the Board, depending on the quantum of the fees involved.

#### **Qualified and competent Company Secretaries**

The Company Secretaries are playing an advisory role to the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group, as well as the principles of best corporate governance practices.

During the year 2012, the Company Secretaries attended all Board meetings and ensure that the deliberations in terms of the issues discussed and decisions made thereof, were accurately and sufficiently recorded, and properly kept for the purposes of meeting statutory obligations, Bursa Malaysia Listing Requirements or other regulatory requirements. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharged of its functions.

#### **Sustainability strategy and approach**

Our goal for good sustainability performance is aligned with the Group's objective about creating values for its shareholders and stockholders. The Group's sustainability strategies ideally cover community, environment and workplace.

##### **a. Community**

The Group places the highest commitment towards conducting Corporate Social activities that support the sustainability of our surrounding communities. The Corporate Social activities include:-

- i. The Group sponsored reference books and reading materials on top of monetary assistance to aid orphanage students in their examinations, in particular students sitting for UPRS and PMR exams.
- ii. During the year, the Group has also make cash donations to the charity societies, Buddhist Tzu Chi Merit Society Malaysia and Penang First Assembly of God.

**b. Environment**

The Group committed to embed environmental responsibility throughout business operation by taking proactive steps towards reducing our environmental impact to ensure environmental and business sustainability. The activities below outlined Group initiatives:-

i. Waste reduction projects

The Group's operating sites is pursuing specific waste reduction projects. Each of the subsidiary companies has a proper chemical handling both in storage and waste discharge.

ii. Recycling

Besides, the Group also encourages all employees to optimize the recycling of newspaper, paperboards and other recyclable materials.

**c. Workplace**

The Group believes that promote safety and health at our workplace will further enhance the Company's vision and objectives and indirectly drives business performance and the development of high performance organization. The Group had embedded the culture of the 5S elements which highlight on the importance of effectiveness and efficiency organization in a workplace. Thus, employees of the Group's carried out the "Gotong-royong" activities monthly. The aim was to reinforce the merits and housekeeping practices within the factory vicinity.

2.0 Strengthen composition  
**Nominating Committee**

The Nominating Committee comprises three (3) Independent Non-Executive directors. The Nominating Committee of the Company was established on 4 April 2002. The Nominating Committee of the Company is chaired by Puan Nurjannah Binti Ali. The Nominating Committee meet once a year to carry out the activities as enshrined in its terms of reference. All assessment and evaluations carried out by the Nomination Committee in the discharge of all its functions are properly documented.

The roles and responsibilities of Nominating Committee are as below:-

**a. Recruitment or appointment of directors and annual assessment**

- i. To review annually and recommend to the Board with regard to the tenure, desirable balance and composition in board membership and committees, including required mix of skills, experience and core competencies of the Board.
- ii. Establishing a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board and reviewing the performance of the members of the Board.
- iii. To consider, review, evaluate and recommend to the Board any new board appointment, whether of executive or non-executive position, to fill board vacancies as and when they arise. The Nominating Committee shall recommend to the Board with regard to the candidate for directorship based on the following:-
  - Skills, knowledge, expertise and experience;
  - Professionalism;
  - Integrity; and
  - In the case of candidates for the position of independent non-executive directors, the committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.
- iv. Ensuring that orientation and education programmes are provided to new members of the Board.
- v. To review re-election and retirement by rotation of Directors at the Annual General Meetings.

## b. Gender diversity policy

Corporate Governance Blueprint 2011 stated that the Board should ensure women participation on board to reach 30% by year 2016. The Nomination and Remuneration Committee aims to appoint additional female representation as soon as practicable in order to reach at least 30% female representation on the Board in the near term.

## Remuneration policies and procedures

The specific responsibility of the Remuneration Committee is reviewing the remuneration framework and package for the members of the Board and recommends the same to the Board for approval. 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 in managing the Group effectively. The remuneration package is also 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 on the recommendation of the Remuneration Committee. Directors do not participate in decisions regarding their own remuneration packages. Membership of the Remuneration Committee is the same as that of the Nominating Committee.

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

The aggregate remuneration of Directors for the financial year ended 31 December 2012 are as follows:

	Salary (RM)	Bonus (RM)	Others (RM)	Fees (RM)	Total (RM)
Executive					
Non-Executive	1,588,717	262,750	359,210	0	2,210,677
	0	0	0	78,000	78,000
	<u>1,588,717</u>	<u>262,750</u>	<u>359,210</u>	<u>78,000</u>	<u>2,288,677</u>

Numbers of Directors whose remuneration falls into the following bands are as follows:

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000		2
RM 50,001 to RM200,000		
RM200,001 to RM400,000	3	
RM400,001 to RM600,000	1	
RM600,001 to RM800,000	1	
	-----	-----
	5	2
	=====	=====

### 3.0 Reinforcement Independent Annual assessment of independent

The Board, through the Nominating Committee, assesses the independent of Non-Executive Directors annually. During the assessment, individual Director's ability to exercise independent judgement and contribution towards the effective functioning of the Board will be considered.

Based on the assessment on 1 April 2013, the Board is generally satisfied with the level of independency demonstrated by all the Non-Executive Directors', and their ability in the best interest of the Company. Our two (2) Independent Non-Executive Directors, Puan Nurjannah Binti Ali and Mr. Ng Thim Fook who are due for re-election at the forthcoming 26<sup>th</sup> Annual General Meeting, the Nominating Committee is satisfied that both of them have satisfactory demonstrated that they are independent of management and free from any business dealing or other relationship with the Group that could reasonably be perceived to materially interfere with their



exercise of unfettered and independent judgment. The Board, therefore, recommends and supports their proposed re-appointment at the forthcoming 26<sup>th</sup> Annual General Meeting of the Company.

#### **Tenure of Independent Directors and shareholder's approval for the re-appointment of Non-Executive Directors**

The Code indicates that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, the Code allows retention of Independent Directors with the conditions where the Board must justify and seek for shareholders' approval during Annual General Meeting. Puan Nurjannah Binti Ali and Mr. Ng Thim Fook are among the Independent Directors of Company, which were appointed since 5 February 1999 and 8 November 2002 respectively had served more than nine-years as Independent Non-Executive Directors.

Nominating Committee had assessed, reviewed and determined that the independent of Puan Nurjannah Binti Ali and Mr. Ng Thim Fook should remain objective and independent based on the following justifications/aspects contributed by them, as a member of the Board and Board Committees:

- a. They have fulfilled the criteria under definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities of paragraph 15.09.
- b. They have actively participated in the Board deliberations, provided objectively in decision making and an independent voice to the Board.
- c. Their vast experience and skills in businesses would enable them to provide the Board with a diverse set of experience, expertise and independent judgment to better manage and run the Group.
- d. They have exercised their due care in the interest of the Company and shareholder during their tenure as the Independent Non-Executive Director of the Company.

#### **Chairman**

The Code also recommends that the Chairman of the Board to be a non-executive member of the Board and in the event, the Chairman is not an independent director, the Board must comprise a majority of independent directors. The Company's Chairman is an executive member of the Board and is not an independent director by virtue of his substantial interest in the Group.

The Board believes that Chairman is competent to act on behalf of the shareholders in their best interest and does not recommend the necessity of nominating an Independent Non-Executive Chairman at this juncture.

#### 4.0 **Foster commitment Time commitment**

The Board is satisfied with the level of time commitment given by the Directors as stipulated in the term of reference towards fulfilling their roles and responsibilities as Directors of the Group. The following table sets out number of Board meetings held and attendance record of the Directors during the financial year 2012. The alternate director will replace those directors who were unable to attend the Board meetings.

<u>Name of Director</u>	<u>Attendance</u>
Koay Chiew Poh	3/5
Koay Teng Liang	4/5
Koay Teng Kheong	5/5
Koay Chiew Kang	4/5
Nurjannah Binti Ali	5/5
Ng Thim Fook	5/5
Ong Eng Choon	5/5

Each member of the Board must not hold more than five directorships in public listed companies. This is in compliance with the Bursa Malaysia Listing Requirements which states that directors should not sit on the boards of more than five listed companies to ensure that their commitment and have the time to focus and fulfill their roles and responsibility effectively.

To facilitate the Directors' time planning, the Board meetings as well as Board Committee meetings are scheduled and circulated to them before the beginning of every year. Special Board meetings may be convened to consider urgent proposals or matters that require expeditious decisions or deliberation by the Board.

### **Training**

The Board acknowledges the importance of continuous education and training in discharging its duties effectively. The Board on a continuous basis evaluates and determines the training needs of its directors. The Board members were encouraged to attend forum, seminars, trade fairs (locally and internationally) and industry conferences which enables themselves gaining insights on new developments in the business environment. Field trips to company operations by the Directors and meetings with senior management are arranged to gain actual knowledge of staff, factory and department.

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
  - Print Media-Drupa Fair 2012
- (b) Koay Teng Liang
  - Print Media-Drupa Fair 2012
- (c) Koay Teng Kheong
  - Food & HotelAsia 2012 Conference
  - Furnitex, Decoration + Design and Lightsource
- (d) Koay Chiew Kang
  - Trends in Mobility, Collaboration and the Future of Work
  - Critical Thinking and Analytical Skills (C. Task)
  - Bengkel Industri Kertas dan Percetakan
- (e) Nurjannah Binti Ali
  - BDO Budget 2013 Tax Seminar
- (f) Ng Thim Fook
  - BDO IFRS Masterclass 2012
- (g) Ong Eng Choon
  - National Tax Conference 2012
  - Transfer Pricing Seminar 2012
  - Seminar Percukaian Kebangsaan 2012
  - BDO Biennial Conference – Lucerne – 2012
  - BDO Tax Series Forum 2012
  - BDO IFRS Masterclass 2012

The training programmes and seminars attended by the Directors during the financial year ended 31 December 2012 are, inter-alia, on areas relating to corporate governance, risk management and sustainability.

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

5.0 Uphold integrity in financial reporting  
**Compliance with applicable financial reporting standards**

The Board ensures that the shareholders are provided with a balanced and meaningful evaluation of the Company's financial positions, operations and prospects through the issuance of annual audited Financial Statements and quarterly finance reports, and corporate announcements on significant developments to the shareholders.

Audit Committee who have vast accounting and/or financial related experience will meet on a quarterly basis, to review the integrity and reliability of the Group's financial statement. The reports will subsequently be recommended to the Board for approval and release to stakeholders.

The Board is fully aware of the changes in the accounting policies. The financial statements of the Group were prepared in accordance with Malaysian Financial Reporting Standard (MFRS) approved by Malaysian Accounting Standards Board, and has adopted the relevant MFRSs applicable for the Group's financial year 2012.

In addition to the above, the Board has overall responsibility for maintaining sound internal control systems that cover financial controls, operational and compliance controls, governance and risk management to ensure that shareholders' investments, customers' interest and the Group's assets are safeguard. The Statement of Risk Management and Internal Control of the Group are set out from pages 21 to 24 of this Annual Report.

**Assessment of suitability and independence of external auditors**

The Audit Committee and the Board place a great emphasis on the objectivity, suitability and independent of the Group's external auditor, Grant Thornton, in providing the relevant reports to shareholders. In order to ensure full disclosure of the matters, The Audit Committee met with the External Auditors at least twice a year without presence of Executive Director, management or internal auditor. During Audit Committee meetings, the External Auditors were invited to raise any matter they considered important for the Audit Committee's attention. Management report and management's respond from External Auditor together with statutory financial statements were discussed.

In this regard, the Audit Committee has on 1 April 2013, assessed the independence of Messrs Grant Thornton as external auditors of the Company. Having satisfied with their performance, technical competency and fulfilment of criteria of independent, the Audit Committee has recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the forth coming Annual General Meeting.

6.0 Recognise and manage risks  
**Framework**

The Company has established a formal policies and a framework to oversight material business risk. The Statement of Risk Management and Internal Control as set out from pages 21 to 24 of this Annual Report provides an overview of the system process of risk management and internal controls within the Group.

**Internal audit function**

The internal audit function of the Group is carried out by the Internal Audit of Public Packages Holdings Berhad where the Head of Internal Audit reports directly to the Audit Committee. Further details of the activities of the internal audit function are set out in the Statement of Internal Control of this Annual Report.

7.0 Ensure timely and high quality disclosure

The Board acknowledges the need to inform shareholders of all material business matters affecting the Company. The Company committed to provide shareholders with timely and equal dissemination of material information in order to enhance the transparency and accountability.

The Company has established a website – [www.pph.com.my](http://www.pph.com.my) for shareholder and the public to access for information, including the announcements made by the Company.

The Company aims to provide the shareholder and investors with comprehensive, accurate and quality information in accordance with the Corporate Disclosure Guide issued by the Bursa Malaysia.

8.0 Strengthen relationship between Company and shareholders  
**Encourage shareholder participation at general meetings**

The Board views that the Annual General Meetings as an ideal opportunity to communicate with both institutional and individual shareholders. The Company aspires to take steps to encourage shareholder participation at Annual General Meeting by serving notices of meeting earlier than minimum notice period of 21 days. The shareholders are encouraged to participate in the proceeding.

In line with Corporate Governance, the Company will explore the suitability and feasibility of employing electronic means for poll voting in view of its shareholder base and related logistical complexity.

**Encourage poll voting**

Before commencement of any general meetings, the chairman will inform shareholders of their right to demand a poll vote.

At the 25<sup>th</sup> Annual General Meeting of the Company held on 28 May 2012, the Directors, Company Secretaries and External Auditors has attended the meeting. All resolutions put to the meeting were unanimously approved.

**Effective communication and proactive engagement**

A brief presentation on the financial performance of the Company and the activities of the Group throughout the year were presented by Executive Chairman to the shareholders. 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 shareholders.

## **Additional Compliance Information**

The following information is provided in compliance with paragraph 9.25 of the Bursa Malaysia Requirements.

1. **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 2012 other than tax penalties of RM 8,633 due to underestimates.

2. **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 2012.

3. **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 2012, or entered into since the end of the previous financial year.

4. **Utilisation of Proceeds Raised from Corporate Proposal**

The Company does not have any corporate proposal during the financial year ended 31 December 2012.

5. **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 2012.

6. **Options or Convertible Securities**

The Company did not issue any options or convertible securities during the financial year ended 31 December 2012.

7. **Depository Receipt Programme**

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2012.

8. **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 25 February 2013.

9. **Profit Guarantee**

The company was not subject to any profit guarantees for the financial year ended 31 December 2012.

This Statement was duly reviewed and approved by the Board of Directors of Public Packages Holdings Berhad on 1 April 2013.

## STATEMENT OF INTERNAL CONTROL

The Board recognizes the importance and effective of internal control and risk management practices for good corporate governance, and acknowledges its overall responsibility for identifying principal risks within the Group and ensuring the implementation of appropriate systems to manage these risks, as well as reviewing the adequacy and integrity of the Group's system of internal control.

However, the Board acknowledges that these systems are designed to manage the risk which is exposed, rather than eliminate the risk of non-achievement of the Group's policies, goals and objectives. Therefore, these systems only provide reasonable but not absolute assurance against material loss or against the Group failing to achieve its objectives. For the purpose of these statements, joint ventures are not dealt with as part of the Group.

### **Risk Management**

Risk management is an integral part of the Group's management system. To manage risk in our activities, and ensure the activities are aligned with the Group's strategic objectives and regulatory requirements, Group's had implemented a risk management framework to identify, measure, assess and manage risks faced by the Group. This framework is reviewed periodically to ensure it is relevant and adequate to manage the organization risks, which continue to evolve along with the changing business environment. The Group strongly believes that prudent risk management is vital for business sustainability and the enhancement of shareholder value.

### **Internal Control**

The Group internal control system encompasses controls relating to financial, operational, risk management and compliance with laws, regulation, policies and guidelines. The effectiveness and integrity of the internal controls is overseen and reviewed periodically by the Board, and operationally monitored by the management on various organization levels.

### **Key Internal Control Process**

The following statement outlines the key process of internal control that had been established to assist the Board in reviewing the adequacy and integrity of internal controls:

- Risk management system is in place to assist the Board to assess the overall risks that the Group is exposed and ensuring appropriate implementation of systems to manage those risks.
- Division Heads are responsible for implement and maintain effective controls system to ensure day to day operation or activities are in accordance with corporate objectives, strategic and compliance to litigation.
- An annual budgets and plans are submitted by the Division Heads to Chairman for reviewed, subsequently directed to the Board for approval. Chairman, Division Heads, and Senior Managers are accountable for meeting the objective and goals set by the Board vis-à-vis the performance and profitability of the division under their respective command. The Group performance is reviewed against approved annual budgets – both financial and operational on monthly basis. Reason for shortfalls are immediately identified and corrected.
- Group Corporate Meeting chaired by the Board are conducted monthly which Division Head will present monthly performance and controls with comprehensive financial information showing the actual results against budget for the month. Corporate issue, business development, risk relating to business activities and external environment in respective field are also discussed and shared during the meeting. The sharing would form the basis for the Division Head to take pre-emptive action as part of the plan for future undertaking and appropriate systems to manage these risks.
- Group quarterly financial reports are reviewed by Audit Committee to ensure the financial statements are properly drawn up in accordance with Malaysian Financial Reporting Standards, International 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 the end of financial year. The Group financial statement is presented to Board and subsequently approved before release to Bursa Malaysia.

- Internal Operating Manuals are written for the operating units and the department working within the units. The Manuals provide a very detailed operating system and control at all levels and in all functions. This includes a range of activities as diverse as approvals, authorizations, verification, reconciliations, review of operating performance, security of assets and segregation of duties. The manual is reviewed and updated on going basis to ensure compliance with internal controls, directive, law and regulations.
- The Internal Audit Division carried out ongoing review of internal control system of the Group. Internal audits are performed based on annual plan approved by Audit Committee. Head of Internal Audit will examine, evaluate and report the effectiveness and efficiency of Group's internal control system. Findings on internal audit and corrective measures are communicated to the Chairman, Division Head and Senior Manager of respective department. The audit findings, recommendations and management response will be reviewed by Audit Committee during Audit Committee Meeting. Audit Committee will subsequently directed the findings to the Board for rectification based on the recommendations for improvement.
- Yearly audit are carried out by SIRIM in relation to the ISO 9001:2008 Quality Management System (ISO9001) and ISO14001:2004 Environment Management System (ISO14001). This process ensures that product and service quality as well as environmental performance comply with international standards and are continuously improved.
- A business continuity plan is in place to ensure a continuing service or products are delivered in the event when there is a disruption. This system is reviewed annually to ensure it remains relevance for continuing operations under adverse conditions.
- Procedure has been established for hiring and termination of employees and an annual performance appraisal are in place to ensure employees are competent to carry out their respective duty. A training and development programs is exist to enhance employee knowledge, skills and abilities required for effective job performance.
- Group assets are covered with sufficient insurance to ensure assets are protected against any mishap and other perils that could result in material loss. A yearly policy renewal exercise is undertaken in which Management reviews the coverage based on the current fixed asset inventory and the respective net book values and "replacement value".

### **Review of Statement**

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the External Auditors have reviewed this statement and Risk Management Statement for inclusion in Year 2012 annual report, and believe that these Statements are inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control. These Statements were approved by the Board on 1 April 2013.

### **Conclusion**

The Board has received assurance from the Chairman that the risk management and internal control system is operating effectively in all material aspects during the year under review. The Board affirmed that the internal control and risk management that put in place is enable the Group to deal with rapidly changing economic and competitive environments, shifting customer demands and priorities, and restructuring for future growth. The Board is of the view that the systems are sound and sufficient to safeguard shareholders' investment, the interests of customer, regulators, employees and the Group's assets.

## STATEMENT OF RISK MANAGEMENT

The Management Team, which leads by Managing Director and its members, execute risk management and internal control program with the following objectives:-

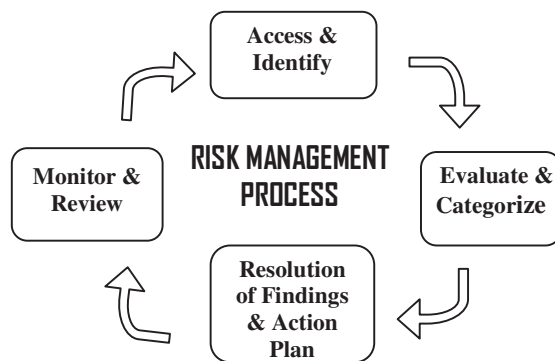
- Ensuring the continuity of its supply to customer without interruptions
- Safeguard its assets and reputation
- Preserving the safety and health of its employees
- Operation do not adversely affected by the environment
- Ensuring regulatory compliance
- Promoting a risk awareness and maintain a risk control culture

### Risk Governance Framework

There are number of factors that will affect the Group business risks, among them not all are within the Group control. The business risk exposure consists of market dynamics, risk of competition, changes in supply chain, customer behavior, corporate reputation, inadequate of internal control process, market risk, occupational health and safety, business continuity, environmental and etc. These risks are constantly being identified, classified and numbers of action plans are being derived to counter those risks.

The Board ensures, through specific delegation of responsibilities, that the management team will manage significant business risks through a combination of risk identification, analysis, evaluation, mitigation, and control so as to ensure that the risks are within limits acceptable by the Board.

The Group's risk management process can be described as below:-



Risk identification is the first step in the proactive risk management process. It involves finding, recognizing, and describing the risks that could affect the operation and hence the business. Risk management members which include Chairman, Division Heads and senior managers from all functions of the Group are entrusted to drive the risk management program will meet and discuss each risk that identified. The degree of impact on the business and the risk likelihood shall decide based on three categories:-

- Low Priority
- Medium Priority
- High Priority

Besides identifying the degree of impact and their general probability of occurrence, the risk assessment process also includes determine a proper response program for the identified risk. The Risk Matrix is used to help describing the impact and likelihood of each risk events, to identify action plans to manage and mitigate each identified risk. The Risk Matrix is shown as below:-



		<b>Impact (Effect)</b>		
		<b>Irreversible</b>	<b>Tolerable</b>	<b>Negligible</b>
<b>Likelihood</b>	<b>Very Likely</b>	High Priority	High Priority	Medium Priority
	<b>Likely</b>	High Priority	Medium Priority	Low Priority
	<b>Unlikely</b>	Medium Priority	Low Priority	Low Priority

High Priority - Contingency Plan + Standard Operating Procedure + Monitoring

Medium Priority - Standard Operating Procedure + Monitoring

Low Priority - Monitoring

The use of risk matrix in risk assessment processes would assist the Group optimally allocating the resources and appropriate action where is necessary. Risk Mitigation measurement that in place is to monitor and ensure the corrective action taken are to remedy the weaknesses or risk identified. The Group risk management system is reviewed regularly to ensure this system is adequately and remain effective.

# AUDIT COMMITTEE REPORT

## COMPOSITION AND ATTENDANCE

The details of attendances of each Audit Committee members at Audit Committee Meetings held during year 2012 are as follows:-

Name of Audit Committee Member	Attendance at Audit Committee Meetings
Puan Nurjannah Binti Ali Chairman, Independent Non-Executive Director	5
Mr. Ng Thim Fook Member, Independent Non-Executive Director	5
Mr. Ong Eng Choon Member, Independent Non-Executive Director	5

The composition of Audit Committee meets the requirement as set out under Main Market Listing Requirement of paragraph 15.09 (1) and (2).

The Board reviews the terms of office and performance of an audit committee and each of its members annually through Nominating Committee. Functions, duties and responsibilities of the audit committee were assessing in accordance with their terms of references in the Corporate Governance of the Group.

## MEETINGS

The Audit Committee held five (5) meetings in 2012 without presence of other directors and employees. The Head of Finance and Head of Internal Audit were invited to all Audit Committee Meetings to facilitate direct communication and to provide clarification on the operations of the Group. Management reports based on internal audit reports were invited to brief the Audit Committee on the specific issues arising from relevant audit reports.

The Audit Committee met with the External Auditors at least twice a year without presence of Executive Director, management or internal auditor. At this meeting, the Audit Committee enquired about management's cooperation with the External Auditors, sharing of information, proficiency and adequacy of resources in financial reporting functions. During Audit Committee Meetings, the External Auditors were invited to raise any matter they considered important for the Audit Committee's attention. Management report and management's respond from External Auditors together with statutory financial statements were also discussed.

Minutes of the Audit Committee Meetings were tabled for confirmation at the following Audit Committee Meeting and subsequently presented to the Board for notation. The chairman conveyed to the Board matters of significant concern as and when raised by the External Auditors or Internal Auditor.

## SUMMARY OF ACTIVITIES

### 1. FINANCIAL REPORTING

- (a) In overseeing Bursa Malaysia's financial statements reporting, the Audit Committee reviewed first, second, third and fourth quarters of 2012 which were prepared in compliance with the MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Bursa Requirement on 28 May 2012, 17 August 2012, 26 November 2012 and 25 February 2013. The audited financial statements for year 2011 was also reviewed on 23 March 2012. The Audit Committee's recommendations were presented to the respective Board meetings held subsequently for approval.
- (b) The Head of Finance presented to the Audit Committee for review the impact of the proposed changes and options available arising from one-off transition from the FRS framework to the MFRS framework for annual periods beginning on or after 1 January 2011.

## **2. EXTERNAL AUDIT**

- (a) The Audit Committee reviewed the External Auditor's report at its meeting on 23 March 2012 with regard to the relevant disclosures in the annual audited financial statements for year 2011. Management letter and management respond were also discussed during the meeting.
- (b) On 26 November 2012, the Audit Committee reviewed their External Auditor's 2012 Audit Plan outlining their scope of work, recent development in the Group and financial reporting updates and proposed fees for statutory audit for 2012. The Audit Committee further resolved to recommend the proposed fees to Board for approval.
- (c) On 23 March 2012, the Audit Committee assessed and reviewed performances of the External Auditor functions and make recommendation to the Board of Directors on their appointment and removal.

## **3. INTERNAL AUDIT**

- (a) The Head of Internal Audit conducted the audit activities as plan in 2012 Internal Audit Plan approved by the Audit Committee on 24 February 2012. The Head of Internal Audit presented the internal audit reports at Audit Committee Meeting during the year which reports on status and progress of internal audit assignments, including summaries of audit reports, audit recommendation provided by the Internal Auditors and Management's response to those recommendations. Audit Committee reviewed the results of the Group based on the Internal Audit Reports. Where appropriate, the Audit Committee directed the Management to rectify based on the internal audit's recommendations for improvement.
- (b) On 23 March 2012, the Audit Committee appraised and reviewed the performance of the Internal Auditors functions and make recommendations to the Board of Directors on their appointment.
- (c) At the meeting on 25 February 2013, the Audit Committee considered the adequacy of scope and comprehensive coverage of the Group's activities and approved the Internal Audit Plan for year 2013.

## **4. RECURRENT RELATED PARTY TRANSACTIONS (RRPT)**

- (a) On 23 March 2012, the circular in relation to the Proposed Renewal of Shareholders' Mandate for RRPT of a Revenue or Trading nature of the Company were reviewed and approved.
- (b) The Audit Committee reviewed and assessed the transacted amount of RRPT of revenue and trading nature was within the limits approved by shareholders during every meetings.

## **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.

## **ACTIVITIES OF INTERNAL AUDIT FUNCTION**

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

- (a) Finance and Account Audit
- (b) Administrative Audit
- (c) Human Resources 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 finding 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 Internal Audit 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, carry out the outgoing process monitoring the effective application of policies, processes and activities related to internal control and are responsible to ensure that the Group's internal control system is in place.

During the year ended 31 December 2012, the Group has incurred RM46,642 to carry out the internal audit function 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 2012. The breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2012 are as follows: -

PPHB/Subsidiaries Involved	Related Party	Relation -ship	Nature of Transaction	Estimated Value for the Year 2012 RM'000	Actual Value Transacted for the Year 2012 RM'000
Public Packages (NT) Sdn. Bhd.	City Packaging Industry Sdn. Bhd.	*	Sale of carton boxes	500	5
PPH Displays Design Sdn. Bhd.	Fame Pack Holdings Sdn. Bhd.	**	Rent of property for staff accommodation	100	22
PPH Printing & Packaging (Kulim) Sdn. Bhd.	PPH Multimedia Network Sdn. Bhd	***	Purchase of computers and its related parts	50	1
PPH Printing & Packaging (Kulim) Sdn. Bhd.	City Packaging Industry Sdn. Bhd.	*	Sale of retail box	500	38
Public Packages Asia (S) Pte. Ltd.	Fame Pack Holdings Sdn Bhd	**	Rent of office lot	200	65
Public Packages Asia Sdn. Bhd.	Fame Pack Holdings Sdn. Bhd.	**	Rent of property for staff accommodation and office lot	300	162
PPH Management (M) Sdn. Bhd.	PPH Multimedia Network Sdn. Bhd.	***	Purchase of computers and its related parts	50	1

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"), and Mr. Koay Chiew Kang ("KCK") 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, KCK and KCB are brothers.

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

- \* 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, KCK 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 directors and major shareholders of PPHB have interests.

- \*\*\* 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.

Whilst, 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.

## **DIRECTORS' REPORT**

### **FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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 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.

#### **RESULTS**

	<b>GROUP RM'000</b>	<b>COMPANY RM'000</b>
Profit after taxation for the year	<b>14,218</b>	<b>7,324</b>

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 2012** 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**

No dividend have been declared or paid by the Company since the end of the previous financial year.

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

#### **RESERVES AND PROVISIONS**

All material transfer to or from reserves and provisions during the financial year are as disclosed in the financial statement.

#### **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 ESOS had expired on 17 June 2012.

## DIRECTORS

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

**Koay Chiew Poh**  
**Koay Chiew Kang**  
**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 1.1.12	Bought	Sold	Balance at 31.12.12
<b>Direct Interest :</b>				
Koay Chiew Poh	4,226,480	-	-	4,226,480
Koay Chiew Kang	1,069,896	-	-	1,069,896
Koay Chue Beng	358,692	-	-	358,692
Koay Teng Liang	46,664	-	-	46,664
<b>Deemed Interest :</b>				
Koay Chiew Poh	49,167,670	-	-	49,167,670
Koay Chiew Kang	4,038,664	-	-	4,038,664
Koay Chue Beng	3,935,000	-	-	3,935,000

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

	Balance at 1.1.12	Granted/ Exercised	Expired	Balance at 31.12.12
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**

**Penang,**

**Date : 1 April 2013**

.....  
**Koay Teng Liang**

## 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 36 to 94 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2012** and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out on Note 42 on page 94 to the financial statements has been complied with the Bursa Malaysia Securities Berhad Listing Requirements in relation to the disclosure of the breakdown of realised and unrealised profits or losses, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors :

.....  
**Koay Chiew Poh**

.....  
**Koay Teng Liang**

**Date : 1 April 2013**

## 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 36 to 94 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 1<sup>st</sup> )  
day of **April 2013**. )

)  
.....  
**Ooi Siew Hong**

**Before me,**

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

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

**Company No. 162413-K**  
(Incorporated In Malaysia)

## **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 2012** 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 36 to 94.

## **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 Malaysian Financial Reporting Standards, International 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 Malaysian Financial Reporting Standards, International 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 2012** 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 accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to financial statements,

# **Independent Auditors' Report To The Members Of Public Packages Holdings Berhad (cont'd)**

**Company No. 162413-K**  
(Incorporated In Malaysia)

- (c) We are satisfied that the accounts 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 audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

## **Other Reporting Responsibilities**

The supplementary information set out in Note 42 on page 94 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**

- (i) As stated in Note 41 to the financial statements, Public Packages Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as at 31 December 2012 and financial performance and cash flows for the financial year then ended.
- (ii) 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. 1107/03/14 (J)**  
**Chartered Accountant**

**Penang**

**Date : 1 April 2013**

**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012**

	NOTE	----- GROUP -----			----- COMPANY -----		
		31.12.12 RM'000	(Restated) 31.12.11 RM'000	(Restated) 1.1.11 RM'000	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	3	81,540	84,151	83,097	1	2	4
Investment properties	4	12,567	8,301	7,860	-	-	-
Land held for development	5	20,218	20,175	19,995	-	-	-
Investment in subsidiaries	6	-	-	-	49,884	49,884	49,884
Investment in joint ventures	7	14,812	16,427	17,348	7,200	7,200	7,200
Other investments	8	393	398	405	*	*	*
Goodwill on consolidation	9	675	675	675	-	-	-
		<b>130,205</b>	<b>130,127</b>	<b>129,380</b>	<b>57,085</b>	<b>57,086</b>	<b>57,088</b>
<b>Current assets</b>							
Inventories	10	19,343	22,373	19,533	-	-	-
Trade receivables	11	32,892	34,738	36,059	-	-	-
Other receivables, deposits and prepayments	12	3,691	1,861	2,251	6	6	708
Amount due from subsidiaries	13	-	-	-	38,099	40,714	42,347
Tax recoverable		1,564	1,735	1,443	415	519	540
Short term funds with licensed financial institutions	14	6,610	-	-	6,310	-	-
Fixed deposits with licensed banks	15	205	217	217	-	-	-
Cash and bank balances	16	11,970	10,785	6,450	4,244	2,326	1,527
		<b>76,275</b>	<b>71,709</b>	<b>65,953</b>	<b>49,074</b>	<b>43,565</b>	<b>45,122</b>
<b>TOTAL ASSETS</b>		<b>206,480</b>	<b>201,836</b>	<b>195,333</b>	<b>106,159</b>	<b>100,651</b>	<b>102,210</b>
<b>EQUITY AND LIABILITIES</b>							
Share capital	17	54,949	54,949	54,949	54,949	54,949	54,949
Share premium		1,295	1,295	1,295	1,295	1,295	1,295
Revaluation reserve	18	386	386	386	29,345	29,345	29,345
Fair value adjustment reserve	19	203	208	215	-	-	-
Foreign translation reserve	20	108	1	-	-	-	-
Retained profits	21	76,690	62,472	57,184	17,845	10,521	9,840
<b>Total equity</b>		<b>133,631</b>	<b>119,311</b>	<b>114,029</b>	<b>103,434</b>	<b>96,110</b>	<b>95,429</b>
<b>Non-current liabilities</b>							
Finance lease liabilities	22	4,569	5,746	3,767	-	-	-
Borrowings	23	4,087	5,183	6,844	1,437	2,189	3,955
Deferred tax liabilities	24	10,528	10,526	10,976	-	-	-
		<b>19,184</b>	<b>21,455</b>	<b>21,587</b>	<b>1,437</b>	<b>2,189</b>	<b>3,955</b>
<b>Current liabilities</b>							
Trade payables	25	8,817	8,585	10,221	-	-	-
Other payables and accruals	26	4,679	5,366	4,268	32	19	12
Finance lease liabilities	22	1,802	1,890	1,342	-	-	-
Borrowings	23	38,227	44,617	43,718	1,256	2,333	2,814
Provision for taxation		140	612	168	-	-	-
		<b>53,665</b>	<b>61,070</b>	<b>59,717</b>	<b>1,288</b>	<b>2,352</b>	<b>2,826</b>
<b>Total liabilities</b>		<b>72,849</b>	<b>82,525</b>	<b>81,304</b>	<b>2,725</b>	<b>4,541</b>	<b>6,781</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>206,480</b>	<b>201,836</b>	<b>195,333</b>	<b>106,159</b>	<b>100,651</b>	<b>102,210</b>

\* Represents RM1

The notes set out on pages 42 to 94 form an integral part of these financial statements.

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	NOTE	----- GROUP -----		---- COMPANY ----	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	27	139,568	151,306	7,761	5,762
Cost of sales		<u>(103,136)</u>	<u>(117,505)</u>	<u>-</u>	<u>-</u>
<b>Gross profit</b>		<b>36,432</b>	33,801	<b>7,761</b>	5,762
Other income		5,438	1,028	-	-
Selling and distribution expenses		<u>(11,676)</u>	<u>(11,461)</u>	<u>-</u>	<u>-</u>
Administrative expenses		<u>(10,606)</u>	<u>(11,358)</u>	<u>(220)</u>	<u>(1,631)</u>
<b>Profit from operations</b>		<b>19,588</b>	12,010	<b>7,541</b>	4,131
Finance costs		<u>(2,469)</u>	<u>(2,841)</u>	<u>(146)</u>	<u>(223)</u>
Share of results of joint ventures		<u>981</u>	<u>1,081</u>	<u>-</u>	<u>-</u>
<b>Profit before taxation</b>	28	<b>18,100</b>	10,250	<b>7,395</b>	3,908
Taxation	29	<u>(3,882)</u>	<u>(2,321)</u>	<u>(71)</u>	<u>(480)</u>
<b>Profit for the year</b>		<b>14,218</b>	7,929	<b>7,324</b>	3,428
<b>Other comprehensive income, net of tax :</b>					
Fair value adjustment on available-for-sale financial assets		(5)	(7)	-	-
Foreign currency translation differences for foreign operations		107	1	-	-
Transfer of foreign currency translation to retained profits		-	106	-	-
<b>Other comprehensive income for the year, net of tax</b>		<u>102</u>	<u>100</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year, attributable to owners of the parent</b>		<u><b>14,320</b></u>	<u>8,029</u>	<u><b>7,324</b></u>	<u>3,428</u>
<b>Earnings per share attributable to owners of the parent (sen per share)</b>					
Basic earnings per share	30	<u>12.9</u>	<u>7.2</u>		

The notes set out on pages 42 to 94 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	Attributable to Owners of the Parent						Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Fair Value Adjustment Reserve RM'000	Foreign Translation Reserve RM'000	Retained Profits RM'000	
<b>2012</b>							
Balance at beginning	54,949	1,295	386	208	1	62,472	119,311
Total comprehensive income for the year	-	-	-	(5)	107	14,218	14,320
Balance at end	54,949	1,295	386	203	108	76,690	133,631
<b>2011</b>							
Balance at beginning	54,949	1,295	386	215	-	57,184	114,029
Total comprehensive income for the year	-	-	-	(7)	1	8,035	8,029
Dividend	31	-	-	-	-	(2,747)	(2,747)
Balance at end	54,949	1,295	386	208	1	62,472	119,311

The notes set out on pages 42 to 94 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

NOTE	--- Non-distributable ---			- Distributable -	
	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Revaluation Reserve RM'000</b>	<b>Retained Profits RM'000</b>	<b>Total Equity RM'000</b>
<b>2012</b>					
Balance at beginning	54,949	1,295	29,345	10,521	96,110
Total comprehensive income for the year	-	-	-	7,324	7,324
Balance at end	<u>54,949</u>	<u>1,295</u>	<u>29,345</u>	<u>17,845</u>	<u>103,434</u>
<b>2011</b>					
Balance at beginning	54,949	1,295	29,345	9,840	95,429
Total comprehensive income for the year	-	-	-	3,428	3,428
Dividend	-	-	-	(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>

The notes set out on pages 42 to 94 form an integral part of these financial statements.



**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	----- GROUP -----		---- COMPANY ----	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	18,100	10,250	7,395	3,908
Adjustments for :				
Bad debts	7	707	-	693
Depreciation	5,212	5,018	1	2
Deposit forfeited	-	70	-	-
Dividend income from quoted investments	(86)	(26)	-	-
Dividend income from unquoted subsidiaries	-	-	(7,251)	(5,192)
Dividend income from other investments	(9)	-	(9)	-
Fair value adjustment on investment properties	(3,747)	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	(74)	298	-	-
Loss on deconsolidation of subsidiaries	-	4	-	-
Interest expense	2,469	2,841	146	223
Interest income from fixed deposits and others	(35)	(3)	(501)	(570)
Investment in a joint venture written off	51	-	-	-
Penalty	6	-	-	-
Property, plant and equipment written off	78	69	-	-
(Reversal of)/Additions impairment loss on receivables	(14)	700	-	700
Share of results of joint ventures	(981)	(1,081)	-	-
Unrealised (gain)/loss on foreign exchange	(65)	211	-	-
Operating profit/(loss) before working capital changes	<u>20,912</u>	<u>19,058</u>	<u>(219)</u>	<u>(236)</u>
Increase in land held for development	(43)	(180)	-	-
Decrease/(Increase) in inventories	3,033	(2,840)	-	-
Decrease/(Increase) in receivables	56	245	-	(691)
(Decrease)/Increase in payables	<u>(474)</u>	<u>(537)</u>	<u>13</u>	<u>7</u>
Cash generated from/(used in) operations	23,484	15,746	(206)	(920)
Dividend received	2,595	2,024	7,260	4,800
Interest paid	(2,469)	(2,841)	(146)	(223)
Interest received	35	3	501	570
Income tax paid	(4,618)	(2,617)	(27)	(135)
Income tax refund	<u>435</u>	<u>-</u>	<u>60</u>	<u>-</u>
Net cash from operating activities	<u>19,462</u>	<u>12,315</u>	<u>7,442</u>	<u>4,092</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
* Acquisition of property, plant and equipment	(3,399)	(5,866)	-	-
Acquisition of investment properties	(519)	(441)	-	-
Proceeds from disposal of property, plant and equipment	976	1,919	-	-
Proceeds from investment in a joint venture written off	86	-	-	-
Repayment from subsidiaries	-	-	2,615	1,701
Withdrawal of fixed deposit	12	-	-	-
Net cash (used in)/from investing activities	<u>(2,844)</u>	<u>(4,388)</u>	<u>2,615</u>	<u>1,701</u>
Balance carried forward	<u>16,618</u>	<u>7,927</u>	<u>10,057</u>	<u>5,793</u>

The notes set out on pages 42 to 94 form an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	----- GROUP -----		---- COMPANY ----	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Balance brought forward	16,618	7,927	10,057	5,793
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
** Cash flows from deconsolidation of a subsidiary	-	(5)	-	-
Dividend paid	-	(2,747)	-	(2,747)
Drawdown of finance lease	555	1,790	-	-
Drawdown of murabahah financing	-	5,645	-	-
Drawdown of term loan	470	670	-	-
Payment of bills payable	(6,337)	(1,092)	-	-
Repayment of finance lease liabilities	(2,002)	(1,759)	-	-
Repayment of term loans	(2,074)	(3,151)	(1,520)	(2,623)
Net cash used in financing activities	(9,388)	(649)	(1,520)	(5,370)
Effects of changes in exchange rates	45	113	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>7,275</b>	<b>7,391</b>	<b>8,537</b>	<b>423</b>
<b>Effects of changes in exchange rates on cash and cash equivalents</b>	<b>65</b>	<b>(222)</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<b>5,362</b>	<b>(1,807)</b>	<b>1,390</b>	<b>967</b>
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>12,702</b>	<b>5,362</b>	<b>9,927</b>	<b>1,390</b>
<b>Represented by :</b>				
Short term funds with licensed financial institutions	6,610	-	6,310	-
Cash and bank balances	11,970	10,785	4,244	2,326
Bank overdrafts	(5,878)	(5,423)	(627)	(936)
	<b>12,702</b>	<b>5,362</b>	<b>9,927</b>	<b>1,390</b>
<b>* Acquisition of property, plant and equipment</b>				
Total acquisition	3,581	8,362	-	-
Acquired under finance lease	(182)	(2,496)	-	-
Total cash acquisition	<b>3,399</b>	<b>5,866</b>	<b>-</b>	<b>-</b>
<b>** Cash flows from deconsolidation of a subsidiary</b>				
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	<b>-</b>	<b>(5)</b>	<b>-</b>	<b>-</b>

The notes set out on pages 42 to 94 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

### 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 registered office and principal place of business of the Company is located at Wisma Public Packages, Plot 67, Lintang Kampong Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 1 April 2013.

#### 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

#### 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 Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRS”) and the Companies Act, 1965 in Malaysia.

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 First-time Adoption of MFRSs

In the previous years, the financial statements of the Group and of the Company was prepared in accordance with Financial Reporting Standards (“FRSs”). These are the Group’s and the Company’s first financial statements prepared in accordance with MFRSs and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

The explanation and financial impact on transition to MFRSs are disclosed in Note 41.

#### 2.3 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following MFRSs and IC Interpretations (“IC Int”) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective :

##### Amendments to MFRS effective 1 July 2012 :

MFRS 101	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
----------	--

MFRSs effective 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 International Accounting Standards Board (“IASB”) in June 2011)
MFRS 127	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 of A Surface Mine

Amendments to MFRSs effective 1 January 2013 :

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance respectively
Annual Improvements 2009 – 2011 Cycle	issued in July 2012

Amendments to MFRS effective 1 January 2014 :

MFRS 10, 12 and 127	Consolidated Financial Statements, Disclosure of Interest in Other Entities and Separate Financial Statements: Investment Entities respectively
MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

MFRSs effective 1 January 2015 :

MFRS 7	Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)

MFRS 10 and IC Interpretation 20 are not applicable to the Group’s and the Company’s operations.

The initial application of the above standards which is not expected to have any financial impacts to the financial statements upon the first adoption, except for :

MFRS 9 Financial Instruments

MFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement. MFRS 9 requires financial assets to be classified into two measurement categories: fair value and amortised cost, determined at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Most of the requirements for financial liabilities are retained, except for cases where the fair value option is taken, the part of a fair value change due to an entity’s own risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

The adoption of MFRS 9 will result in a change in accounting policy. The Group and the Company is currently examining the financial impact of adopting MFRS 9.

## MFRS 10 Consolidated Financial Statements

MFRS 10 introduces a new single control model to determining which investees should be consolidated. MFRS 10 supersedes MFRS 127 Consolidated and Separate Financial Statements and IC Interpretation 112 Consolidation - Special Purpose Entities. There are three elements to the definition of control in MFRS 10: (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor's involvement with the investee, and (iii) investor's ability to affect those returns through its power over the investee.

## MFRS 13 Fair Value Measurement

MFRS 13 does not affect which items are required to be fair-value, but clarifies the definition of fair value and provides related guidance and enhance disclosures about fair value measurements. It replaces the existing fair value guidance in different MFRSs.

The adoption of MFRS 13 will result in a change in accounting policy for the items measured at fair value in the financial statements. The Group and the Company is currently examining the financial impact of adopting MFRS 13.

### **2.4 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.

#### **2.4.1 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.

#### **2.4.2 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.

## 2.5 **Subsidiaries and Business Combinations**

### **Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting right that presently are exercisable are taken into account.

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 recognised in profit or loss.

### **Business Combinations**

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

#### ***Acquisition on or after 1 January 2011***

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less

- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

#### ***Acquisitions before 1 January 2011***

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill arising from acquisitions before 1 January 2011 has been carried forward from the previous FRS framework as at the date of transition.

#### **Acquisitions of non-controlling interests**

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

#### **Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for sale financial asset depending on the level of influence retained.

#### **Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

#### **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### **2.6 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.

## 2.7 **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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%

Short leasehold land refers to land with remaining lease period of less than 50 years determined as at the end of the reporting period.

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.



## 2.8 **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 2.7 up to the date of change in use.

## 2.9 **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.

## 2.10 **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.

## 2.11 **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.

2.12 **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.

2.13 **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**

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

### 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 **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**

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial 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.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised 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 MFRS 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.

The ESOS expired on 17 June 2012.

### **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 or substantively 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**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company’s functional currency.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currency) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, foreign currency monetary items are translated into functional currency on the exchange rates ruling at that date. All exchange gains or losses are recognised in profit or loss.

The financial statements of the foreign subsidiary are translated into RM at the approximate rate of exchange ruling at the end of the reporting period for assets and liabilities and at the approximate average rate of exchange ruling on transaction dates for income and expenses. Exchange differences due to such currency translations are taken directly to exchange translation reserve.

#### **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.

Share capital represents the nominal value of shares that have been issued. Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of unappropriated profits and recognised as a liability 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**

	Freehold land and buildings RM'000	Short leasehold land RM'000	Apartments RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Electrical installations RM'000	Renovations RM'000	Capital expenditure in progress RM'000	Total RM'000
<b>At cost</b>										
Balance at 1 January 2011	32,731	12,121	565	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	2,290	-	-	4,632	-	-	-	-	(6,922)	-
Foreign currency translation	-	-	-	(174)	(1)	154	-	-	-	(21)
Balance at 31 December 2011	35,165	12,121	565	83,422	7,625	9,712	552	1,957	382	151,501
Additions	182	-	-	2,054	35	221	86	246	758	3,582
Disposals	-	-	-	(3,469)	(396)	(222)	-	-	-	(4,087)
Written off	-	-	-	(266)	(146)	(25)	-	(37)	-	(474)
Reclassification	-	-	-	848	-	-	-	-	(848)	-
Adjustment	-	-	-	(1)	-	-	-	-	-	(1)
Foreign currency translation	-	-	-	2	(55)	2	-	-	-	(51)
Balance at 31 December 2012	35,347	12,121	565	82,590	7,063	9,688	638	2,166	292	150,470
<b>Accumulated depreciation</b>										
Balance at 1 January 2011	1,625	1,994	36	53,018	3,629	8,266	499	1,097	-	70,164
Current charge	569	256	12	3,234	443	367	17	120	-	5,018
Disposals	-	-	-	(7,545)	(11)	-	-	-	-	(7,556)
Written off	-	-	-	(85)	(65)	-	(25)	(84)	-	(259)
Foreign currency translation	-	-	-	(169)	(1)	153	-	-	-	(17)
Balance at 31 December 2011	2,194	2,250	48	48,453	3,995	8,786	491	1,133	-	67,350
Current charge	615	256	12	3,293	557	288	26	165	-	5,212
Disposals	-	-	-	(2,756)	(374)	(55)	-	-	-	(3,185)
Written off	-	-	-	(266)	(81)	(21)	-	(28)	-	(396)
Foreign currency translation	-	-	-	156	(54)	(153)	-	-	-	(51)
Balance at 31 December 2012	2,809	2,506	60	48,880	4,043	8,845	517	1,270	-	68,930
<b>Carrying amount</b>										
Balance at 1 January 2011	31,106	10,127	529	33,741	2,109	1,021	69	676	3,719	83,097
Balance at 31 December 2011	32,971	9,871	517	34,969	3,630	926	61	824	382	84,151
Balance at 31 December 2012	32,538	9,615	505	33,710	3,020	843	121	896	292	81,540



**COMPANY**

	<b>Furniture, fittings and office equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>At cost</b>			
Balance at 1 January 2011	171	422	593
Addition/Disposal	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2011	171	422	593
Addition/Disposal	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2012	<u>171</u>	<u>422</u>	<u>593</u>
<b>Accumulated depreciation</b>			
Balance at 1 January 2011	167	422	589
Current charge	<u>2</u>	<u>-</u>	<u>2</u>
Balance at 31 December 2011	169	422	591
Current charge	<u>1</u>	<u>-</u>	<u>1</u>
Balance at 31 December 2012	<u>170</u>	<u>422</u>	<u>592</u>
<b>Carrying amount</b>			
Balance at 1 January 2011	<u>4</u>	<u>-</u>	<u>4</u>
Balance at 31 December 2011	<u>2</u>	<u>-</u>	<u>2</u>
Balance at 31 December 2012	<u>1</u>	<u>-</u>	<u>1</u>

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

	<b>31.12.12</b>	<b>GROUP</b>	
	RM	31.12.11	1.1.11
		RM	RM
Plant and machinery	<b>9,403,269</b>	11,234,226	6,880,262
Motor vehicles	<b>2,576,899</b>	3,151,335	1,108,546
	<b>11,980,168</b>	14,385,561	7,988,808

Leased assets are pledged as security for the related finance lease liabilities (Note 22).

- (b) In addition to assets held under finance lease, the Group's freehold land and buildings and short leasehold land with carrying amount of **RM27,340,785** (31.12.11 : RM34,683,838; 1.1.11 : RM36,115,542) are charged to local financial institutions for term loan facilities granted to the Company and certain subsidiaries.
- (c) The carrying amount of plant and machinery amounting to **RM4,368,638** (31.12.11 : RM1,114,474; 1.1.11 : RM1,155,247) are charged to a licensed bank as security for banking facilities granted to a subsidiary.

#### 4. INVESTMENT PROPERTIES

	<b>31.12.12</b>	<b>GROUP</b>	
	RM'000	31.12.11	1.1.11
		RM'000	RM'000
At fair value :			
Balance at beginning	<b>8,301</b>	7,860	7,212
Additions	<b>519</b>	441	675
Fair value adjustment recognised in profit or loss	<b>3,747</b>	-	-
Disposal	<b>-</b>	-	(27)
Balance at end	<b>12,567</b>	8,301	7,860
Represented by :			
Freehold land	<b>8,971</b>	5,810	5,745
Buildings	<b>3,596</b>	2,491	2,115
	<b>12,567</b>	8,301	7,860

The investment properties were revalued during the financial year by a firm of registered valuers based on the open market value basis. In the previous financial year, the fair value was derived from management's estimation based on evidence of transaction price for similar properties.

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

	<b>GROUP</b>	
	<b>2012</b>	2011
	<b>RM'000</b>	RM'000
Rental income	<b>95</b>	510
Direct expenses		
- Rental generating	<b>8</b>	9
- Non-rental generating	<b>55</b>	68

Investment properties of **RM7,700,000** (31.12.11 : RM5,745,241; 1.1.11: RM5,745,241) are charged to a financial institution for banking facilities granted to that subsidiary.

#### 5. LAND HELD FOR DEVELOPMENT

	<b>31.12.12</b>	<b>GROUP</b>	
	<b>RM'000</b>	31.12.11	1.1.11
		RM'000	RM'000
(a) Land held for development comprises :			
Freehold land, at surrogate carrying amount	<b>15,465</b>	15,465	15,465
Development expenditure	<b>4,753</b>	4,710	4,530
	<b>20,218</b>	20,175	19,995

(b) Movement in development expenditure is as follows :

	<b>31.12.12</b>	<b>GROUP</b>	
	<b>RM'000</b>	31.12.11	1.1.11
		RM'000	RM'000
Balance at beginning	<b>4,710</b>	4,530	4,452
Additions	<b>43</b>	180	78
Balance at end	<b>4,753</b>	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** (31.12.11 : RM Nil; 1.1.11 : RM15,465,000) is pledged to a financial institution as security for banking facilities extended to the subsidiary that owns the said land.

#### 6. INVESTMENT IN SUBSIDIARIES

	<b>31.12.12</b>	<b>COMPANY</b>	
	<b>RM'000</b>	31.12.11	1.1.11
		RM'000	RM'000
At valuation :			
Unquoted shares	<b>49,884</b>	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
	31.12.12	31.12.11	1.1.11	
<b>Direct subsidiaries</b>				
Public Packages Sdn. Bhd.	100%	100%	100%	Manufacturing and retailing of corrugated cartons and packing materials.
PPH Printing & Packaging (Penang) Sdn. Bhd.	100%	100%	100%	Manufacturing of offset printed display boxes.
PPH Printing & Packaging (Kulim) Sdn. Bhd.	100%	100%	100%	Manufacturing of gift and display boxes.
Public Packages Properties Sdn. Bhd.	100%	100%	100%	Property investment.
PPASIA Media Packaging Sdn. Bhd.	100%	100%	100%	Design and sale of paper products.
PPH Plaza Sdn. Bhd.	100%	100%	100%	Property development.
PPH Resources Sdn. Bhd.	100%	100%	100%	Investment holding.
PPH Management (M) Sdn. Bhd.	100%	100%	100%	Provision of management services.
New Merit Development Sdn. Bhd.	100%	-	-	Investment holding.
<b>Indirect subsidiaries</b>				
Public Packages (NT) Sdn. Bhd.	100%	100%	100%	Manufacturing of corrugated cartons.
Public Packages (Kelantan) Sdn. Bhd.	-	-	100%	Inactive.
Public Packages (Prai) Sdn. Bhd.	100%	100%	100%	Manufacturing and retailing of corrugated cartons and packing materials.
Tharco Container (Malaysia) Sdn. Bhd.	100%	100%	100%	Retailing of corrugated cartons, display boxes and packing materials.
Top Matrix Portfolio Sdn. Bhd.	70%	70%	70%	Investment holding.
Quay Hotel Sdn. Bhd. (formerly known as NT Industrial Park (M) Sdn. Bhd.)	100%	100%	100%	Dormant.
Public Packages (Shah Alam) Sdn. Bhd.	100%	100%	100%	Manufacturing and sale of corrugated cartons and packing materials.
PPH Display Design Sdn. Bhd.	100%	100%	100%	Trading of paper products.

Name of Subsidiaries	Effective Equity Interest			Principal Activities
	31.12.12	31.12.11	1.1.11	
* Public Packages Philippines, Inc. (Incorporated in Philippines)	-	-	70%	Inactive.
* Public Packages Asia Sdn. Bhd.	100%	100%	100%	Manufacturing of paper products and packaging materials.
* Public Packages Asia (S) Pte. Ltd. (Incorporated in Singapore)	100%	100%	100%	Total packaging solution provider.
* Public Packages Asia (Thailand) Company Limited (Incorporated in Thailand)	100%	100%	100%	Manufacturing of paper boxes and packing material.
* Subsidiaries not audited by Grant Thornton.				

### 31.12.12

- (i) On 9 July 2012, the Company had acquired 2 ordinary shares of RM1 each, representing 100% equity interest in New Merit Development Sdn. Bhd. for a total cash consideration of RM2. This acquisition did not have a material effect on the financial results and position of the Group for the financial year ended 31 December 2012.

### 31.12.11

- (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

	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
<b>GROUP</b>			
Unquoted shares, at cost	9,174	9,311	9,311
Share of results	8,138	9,157	8,076
Share of foreign exchange reserves	-	(41)	(39)
	<b>17,312</b>	18,427	17,348
Less : Dividend received	<b>(2,500)</b>	(2,000)	-
	<b>14,812</b>	16,427	17,348
<b>COMPANY</b>			
Unquoted shares, at cost	<b>7,200</b>	7,200	7,200

The details of joint ventures are as follows :

Name of Company	Effective Equity Interest			Principal Activities
	31.12.12	31.12.11	1.1.11	
^ PPH Teckwah Value Chain Sdn. Bhd. (Incorporated in Malaysia)	50%	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 :

	GROUP		
	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
<b>Assets and liabilities</b>			
Non-current assets	3,817	5,158	8,150
Current assets	13,073	13,837	12,262
Total assets	<b>16,890</b>	18,995	20,412
Non-current liabilities	(372)	(535)	(714)
Current liabilities	(2,005)	(2,030)	(2,350)
Total liabilities	<b>(2,377)</b>	(2,565)	(3,064)
<b>Results</b>			
Income	14,935	18,340	21,053
Expenses (including taxation)	6,260	7,364	7,389

The above summarised financial information is based on the audited financial statements of the jointly controlled entity for the same reporting period as the Company.

### 31.12.12

On 22 May 2012, PPASIA Media Packaging Sdn. Bhd., a wholly-owned subsidiary of the Company, had applied to the authority of the Republic of Indonesia to wind up PT PPH Display Design and approval was obtained on 28 May 2012.

## 8. OTHER INVESTMENTS

	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
<b>GROUP</b>			
<b>Available-for-sale financial assets</b>			
Unquoted investments in Malaysia			
- at valuation	10,286	10,286	10,286
- at cost	510	510	510
Impairment	(10,796)	(10,796)	(10,796)
Carrying amount	*	*	*

	<b>31.12.12</b> <b>RM'000</b>	31.12.11 RM'000	1.1.11 RM'000
Investments quoted in Malaysia			
- at cost	<b>398</b>	405	817
Impairment	-	-	(627)
	<b>398</b>	405	190
Effect of adopting MFRS 139	-	-	205
	<b>398</b>	405	395
Fair value adjustment	(5)	(7)	10
Carrying amount	<b>393</b>	398	405
Total carrying amount	<b>393</b>	398	405
Market value of quoted investments	<b>393</b>	398	405

#### **COMPANY**

##### **Available-for-sale financial assets**

Unquoted investments in Malaysia			
- at valuation	<b>10,286</b>	10,286	10,286
Impairment	<b>(10,286)</b>	(10,286)	(10,286)
Carrying amount	*	*	*

\* Represents RM1

#### 9. **GOODWILL ON CONSOLIDATION**

	<b>31.12.12</b> <b>RM'000</b>	<b>GROUP</b> 31.12.11 RM'000	1.1.11 RM'000
Balance at beginning/end	<b>675</b>	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**

	<b>31.12.12</b>	<b>GROUP</b>	
	<b>RM'000</b>	31.12.11	1.1.11
		RM'000	RM'000
At cost :			
Raw materials	<b>9,106</b>	13,075	11,622
Work-in-progress	<b>3,760</b>	2,641	1,564
Finished goods	<b>5,759</b>	5,709	5,297
Other consumables	<b>718</b>	948	1,050
	<b>19,343</b>	22,373	19,533

The cost of inventories recognised in profit or loss for the financial year amounted to **RM103,136,360** (31.12.11 : RM117,505,499; 1.1.11 : RM120,519,309).

11. **TRADE RECEIVABLES**

	<b>31.12.12</b>	<b>GROUP</b>	
	<b>RM'000</b>	31.12.11	1.1.11
		RM'000	RM'000
Trade receivables	<b>32,892</b>	35,660	37,062
Less : Allowance for impairment			
Balance at beginning	<b>(922)</b>	(1,003)	(995)
Current year	-	-	(8)
Recovered	<b>753</b>	-	-
Reversal	<b>14</b>	-	-
Written off	<b>155</b>	81	-
Balance at end	-	(922)	(1,003)
	<b>32,892</b>	34,738	36,059

The trade receivables are non-interest bearing and are generally on **30 to 120 days** (31.12.11 : 30 to 120 days; 1.1.11 : 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 :

	<b>31.12.12</b>	<b>GROUP</b>	
	<b>RM'000</b>	31.12.11	1.1.11
		RM'000	RM'000
Ringgit Malaysia	<b>29,477</b>	29,310	34,299
US Dollar	<b>1,689</b>	4,371	454
Singapore Dollar	<b>1,726</b>	1,130	1,570
Thai Baht	-	849	739
	<b>32,892</b>	35,660	37,062



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

	<b>31.12.12</b>	31.12.11	1.1.11
	<b>RM'000</b>	RM'000	RM'000
<b>GROUP</b>			
Total amount	<b>5,273</b>	3,443	3,571
Less : Allowance for impairment			
Balance at beginning	<b>(1,582)</b>	(1,320)	(2,836)
Current year	-	(700)	-
Written off	-	438	1,516
Balance at end	<b>(1,582)</b>	(1,582)	(1,320)
	<b>3,691</b>	1,861	2,251
Represented by :			
Other receivables	<b>1,315</b>	213	725
Deposits	<b>743</b>	229	441
Golf club membership	<b>156</b>	156	156
Prepayments	<b>1,477</b>	1,263	929
	<b>3,691</b>	1,861	2,251
The golf club membership can be analysed as :			
At cost	<b>201</b>	201	201
Less : Impairment loss	<b>(45)</b>	(45)	(45)
	<b>156</b>	156	156
<b>COMPANY</b>			
Total amount	<b>1,506</b>	1,506	1,509
Less : Allowance for impairment			
Balance at beginning	<b>(1,500)</b>	(801)	(2,317)
Current year	-	(700)	-
Written off	-	1	1,516
Balance at end	<b>(1,500)</b>	(1,500)	(801)
	<b>6</b>	6	708
Represented by :			
Other receivables	-	1	701
Deposits	<b>2</b>	2	2
Prepayments	<b>4</b>	3	5
	<b>6</b>	6	708

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

	<b>31.12.12</b> <b>RM'000</b>	31.12.11 RM'000	1.1.11 RM'000
<b>GROUP</b>			
Ringgit Malaysia	<b>2,473</b>	1,749	2,251
US Dollar	<b>1,192</b>	-	-
Singapore Dollar	<b>18</b>	14	-
Thai Baht	<b>-</b>	98	-
Euro	<b>8</b>	-	-
	<b>3,691</b>	1,861	2,251
<b>COMPANY</b>			
Ringgit Malaysia	<b>6</b>	6	708

13. **AMOUNT DUE FROM SUBSIDIARIES**

**COMPANY**

Loans to subsidiaries amounting to **RM6,306,461** (31.12.11 : RM9,117,529; 1.1.11 : RM9,117,529) bear interest at **6.25%** (31.12.11 : 6.25%; 1.1.11 : 6.25% ) per annum. The remaining amount due from subsidiaries is non-interest bearing, unsecured and is repayable on demand.

14. **SHORT TERM FUNDS WITH LICENSED FINANCIAL INSTITUTIONS**

**GROUP AND COMPANY**

Short term funds represent investment in money market.

The effective interest rates and maturities of short term funds at the end of the reporting period are as follows:

	<b>GROUP</b>	<b>COMPANY</b>
<b>31.12.12</b>		
Interest rates	<b>2.75% to 3.00%</b>	<b>2.75% to 3.00%</b>
Maturities	<b>1 day</b>	<b>1 day</b>

15. **FIXED DEPOSITS WITH LICENSED BANKS**

**GROUP**

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

The effective interest rate and maturities as at the end of the reporting period is **2.24%** (31.12.11 : 4.14%; 1.1.11 : 3.00%) per annum and **12 months** (31.12.11 : 12 months; 1.1.11 : 12 months) respectively.

16. **CASH AND BANK BALANCES**

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

	<b>31.12.12</b>	31.12.11	1.1.11
	<b>RM'000</b>	RM'000	RM'000
<b>GROUP</b>			
Ringgit Malaysia	<b>8,281</b>	7,680	3,828
US Dollar	<b>1,863</b>	908	1,486
Singapore Dollar	<b>1,797</b>	1,518	345
Thai Baht	<b>29</b>	679	791
	<b>11,970</b>	10,785	6,450
<b>COMPANY</b>			
Ringgit Malaysia	<b>4,244</b>	2,326	1,527

17. **SHARE CAPITAL**

	Number of ordinary shares of RM0.50 each			Amount		
	31.12.12 '000	31.12.11 '000	1.1.11 '000	31.12.12 RM'000	31.12.11 RM'000	1.1.11 RM'000
Authorised	<b>200,000</b>	200,000	200,000	<b>100,000</b>	100,000	100,000
Issued and fully paid	<b>109,896</b>	109,896	109,896	<b>54,949</b>	54,949	54,949

**Employees Share Option Scheme ("ESOS")**

The main features of the ESOS are as follows :

- (a) The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- (b) 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.
- (c) 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.
- (d) No option shall be granted for less than 1,000 shares to any eligible employee.

The ESOS expired on 17 June 2012.

18. **REVALUATION RESERVE**

**GROUP**

This is in respect of the surplus on revaluation of freehold development land net of deferred tax and is non-distributable.

## COMPANY

This is in respect of surplus on revaluation of the Company's investment in subsidiaries and is non-distributable.

### 19. FAIR VALUE ADJUSTMENT RESERVE

#### GROUP

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

### 20. FOREIGN TRANSLATION RESERVE

#### GROUP

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

### 21. RETAINED PROFITS

#### COMPANY

Subject to agreement by the Inland Revenue Board, the Company has 108 balance and tax exempt income account to frank and distribute all of its retained profits as at the end of the reporting period if paid out as dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the remaining 108 balance as at the end of the reporting period will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

### 22. FINANCE LEASE LIABILITIES

	<b>31.12.12</b>	<b>GROUP</b>	
	<b>RM'000</b>	31.12.11	1.1.11
		RM'000	RM'000
<b>Non-current liabilities</b>			
Within one year	<b>2,128</b>	2,295	1,627
More than one year and less than two years	<b>2,140</b>	1,998	1,420
More than two years and less than five years	<b>2,772</b>	4,285	2,713
More than five years	<b>-</b>	43	76
	<b>7,040</b>	8,621	5,836
Finance charges	<b>(669)</b>	(985)	(727)
	<b>6,371</b>	7,636	5,109
Carrying amount at end			
Amount due within one year included under current liabilities	<b>(1,802)</b>	(1,890)	(1,342)
	<b>4,569</b>	5,746	3,767
<b>Current liabilities</b>	<b>1,802</b>	1,890	1,342

The effective interest rates for finance lease liabilities range from **2.48% to 3.70%** (31.12.11 : 2.48% to 3.70%; 1.1.11 : 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 37.2.

23. **BORROWINGS**

	<b>31.12.12</b>	31.12.11	1.1.11
	<b>RM'000</b>	RM'000	RM'000
<b>GROUP</b>			
<b>Non-current liabilities</b>			
Secured :			
Term loans	<b>4,087</b>	5,183	6,844
<b>Current liabilities</b>			
Secured :			
Bank overdrafts	<b>5,878</b>	5,423	8,257
Bill payables	<b>25,265</b>	31,602	32,694
Term loans	<b>1,439</b>	1,947	2,767
Murabahah financing	<b>5,645</b>	5,645	-
	<b>38,227</b>	44,617	43,718
<b>Total</b>	<b>42,314</b>	49,800	50,562
<b>COMPANY</b>			
<b>Non-current liabilities</b>			
Secured :			
Term loans	<b>1,437</b>	2,189	3,955
<b>Current liabilities</b>			
Secured :			
Bank overdraft	<b>627</b>	936	560
Term loans	<b>629</b>	1,397	2,254
	<b>1,256</b>	2,333	2,814
<b>Total</b>	<b>2,693</b>	4,522	6,769

The foreign currency profile of borrowings are as follows :

	<b>31.12.12</b>	31.12.11	1.1.11
	<b>RM'000</b>	RM'000	RM'000
<b>GROUP</b>			
Ringgit Malaysia	<b>42,314</b>	49,342	50,562
US Dollar	-	458	-
	<b>42,314</b>	49,800	50,562

The borrowings are secured by way of :

- (i) the land and building, plant and machinery belonging to certain subsidiaries;
- (ii) assignment of all proceeds from future sale of assets of certain subsidiaries;
- (iii) negative pledge;
- (iv) facility agreement;
- (v) joint and several guarantee of the related companies; and

(vi) corporate guarantee of the ultimate holding company.

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
<b>GROUP</b>						
<b>31.12.12</b>						
Bank overdrafts	7.55 to 8.35	5,878	5,878	-	-	-
Bill payables	3.22 to 5.28	25,265	25,265	-	-	-
Term loans	4.89 to 7.91	5,526	1,439	1,520	2,567	-
Murabahah financing	6.90	5,645	5,645	-	-	-
31.12.11						
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	-	-	-
1.1.11						
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
<b>COMPANY</b>						
<b>31.12.12</b>						
Bank overdraft	8.10	627	627	-	-	-
Term loan	4.89	2,066	629	660	777	-
31.12.11						
Bank overdraft	8.10	936	936	-	-	-
Term loans	4.89	3,586	1,397	623	1,566	-
1.1.11						
Bank overdraft	7.80	560	560	-	-	-
Term loans	3.75 to 4.54	6,209	2,254	1,413	1,743	799

24. **DEFERRED TAX LIABILITIES**

	<b>31.12.12</b>	<b>GROUP</b>	
	<b>RM'000</b>	31.12.11	1.1.11
		RM'000	RM'000
Balance at beginning	<b>10,526</b>	10,976	11,404
Transfer to profit or loss	<b>(62)</b>	(446)	(199)
	<b>10,464</b>	10,530	11,205
Under/(Over) provision in prior year	<b>64</b>	(4)	(229)
Balance at end	<b>10,528</b>	10,526	10,976
The deferred tax liabilities/(assets) are represented by temporary differences arising from :			
- Property, plant and equipment	<b>6,907</b>	6,788	7,144
- Reinvestment allowance	<b>(268)</b>	(238)	(218)
- Revaluation, net of related depreciation	<b>3,894</b>	3,981	4,068
- Unabsorbed capital allowances	<b>(5)</b>	(5)	(18)
	<b>10,528</b>	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.

	<b>31.12.12</b>	31.12.11	1.1.11
	<b>RM'000</b>	RM'000	RM'000
<b>GROUP</b>			
Arising from property, plant and equipment	<b>11</b>	18	32
Unabsorbed tax losses	<b>(1,394)</b>	(1,194)	(1,259)
Unabsorbed capital allowances	<b>(72)</b>	(61)	(38)
	<b>(1,455)</b>	(1,237)	(1,265)
<b>COMPANY</b>			
Unabsorbed capital allowances	<b>(52)</b>	(52)	(52)

25. **TRADE PAYABLES**

The foreign currency profile of trade payables are as follows :

	<b>31.12.12</b>	31.12.11	1.1.11
	<b>RM'000</b>	RM'000	RM'000
<b>GROUP</b>			
Ringgit Malaysia	<b>8,537</b>	8,222	10,120
Hong Kong Dollar	<b>161</b>	-	-
US Dollar	<b>117</b>	363	69
Thai Baht	<b>2</b>	-	32
	<b>8,817</b>	8,585	10,221

The trade payables are non-interest bearing and are normally settled on **30 to 90 days** (31.12.11 : 30 to 90 days; 1.1.11 : 30 to 90 days) term.

26. **OTHER PAYABLES AND ACCRUALS**

	<b>31.12.12</b> <b>RM'000</b>	31.12.11 RM'000	1.1.11 RM'000
<b>GROUP</b>			
Other payables	<b>2,037</b>	2,534	1,468
Accruals	<b>2,442</b>	2,669	2,696
Deposits received	<b>200</b>	163	104
	<b>4,679</b>	5,366	4,268
<b>COMPANY</b>			
Other payables	<b>2</b>	1	4
Accruals	<b>30</b>	18	8
	<b>32</b>	19	12

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

	<b>31.12.12</b> <b>RM'000</b>	31.12.11 RM'000	1.1.11 RM'000
<b>GROUP</b>			
Ringgit Malaysia	<b>4,356</b>	4,626	4,182
Singapore Dollar	<b>296</b>	616	46
Philippine Peso	-	-	27
US Dollar	<b>23</b>	-	-
Thai Baht	<b>4</b>	124	13
	<b>4,679</b>	5,366	4,268
<b>COMPANY</b>			
Ringgit Malaysia	<b>32</b>	19	12

**GROUP**

Included in other payables are the followings:

- (i) amount due to a director amounting to **RM3,092** (31.12.11 : RM3,092; 1.1.11 : RM Nil). It is unsecured, non-interest bearing and is repayable on demand.
- (ii) an amount of **RM2,221** (31.12.12 : RM3,640; 1.1.11 : RM1,232) due to a company in which certain directors of the Company have financial interests. It is unsecured, non-interest bearing and is repayable on demand.
- (iii) an amount of **RM406** (31.12.11 : RM406; 1.1.11 : RM406) due to a sole proprietorship belonging to a director of the Company. It is unsecured, non-interest bearing and is repayable on demand.



## 27. REVENUE

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of goods	138,974	150,720	-	-
Rental income	570	560	-	-
Interest income	15	-	501	570
Dividend income	9	26	7,260	5,192
	<b>139,568</b>	151,306	<b>7,761</b>	5,762

## 28. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
After charging :				
Audit fee				
- Company's auditors				
- current year	91	97	15	15
- (over)/under provision in prior year	(8)	8	-	7
- other auditors	20	16	-	-
Bad debts	7	707	-	693
Depreciation	5,212	5,018	1	2
Deposit forfeited	-	70	-	-
Directors' fee for non-executive directors	78	78	78	78
Hire of equipment and machinery	113	105	-	-
Impairment loss on receivables	-	700	-	700
** Interest expense	2,469	2,841	146	223
Investment in a joint venture written off	51	-	-	-
Loss on deconsolidation of a subsidiary	-	4	-	-
Loss on disposal of property, plant and equipment	-	298	-	-
Property, plant and equipment written off	78	69	-	-
Realised loss on foreign exchange	259	225	-	-
Rental of land	478	48	-	-
Rental of premises	397	560	-	-
*** Staff costs	28,821	28,635	-	-
Unrealised loss on foreign exchange	-	211	-	-
And crediting :				
Bad debts recovered	41	-	-	-
Fair value adjustment on investment properties	3,747	-	-	-
Interest income	35	3	501	570
Impairment loss on receivables recovered	753	-	-	-

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Gain on disposal of property, plant and equipment	74	-	-	-
Gain on disposal of investment in a subsidiary	-	*	-	-
Gross dividend from				
- unquoted subsidiaries	-	-	7,251	5,192
- Malaysian quoted shares	86	26	-	-
- other investments	9	-	9	-
Lease rental income	181	181	-	-
Realised gain on foreign exchange	10	3	-	-
Rental income	680	1,113	-	-
Reversal of impairment loss on receivables	14	-	-	-
Unrealised gain on foreign exchange	65	-	-	-
	<b>74</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Represents RM1

<b>** Interest expense</b>				
- Bank overdrafts	369	436	18	17
- Bill payables	970	1,154	-	-
- Finance lease	433	428	-	-
- Term loans	374	472	128	206
- Murabahah profit	323	350	-	-
- Others	-	1	-	-
	<b>2,469</b>	<b>2,841</b>	<b>146</b>	<b>223</b>

<b>*** Staff costs</b>				
- Salaries, wages, overtimes, allowance and bonus	26,261	26,188	-	-
- EPF	2,337	2,220	-	-
- SOCSO	223	227	-	-
	<b>28,821</b>	<b>28,635</b>	<b>-</b>	<b>-</b>

## Directors' emoluments

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

	<b>GROUP</b>	
	<b>2012</b>	2011
	<b>RM'000</b>	RM'000
<b>Executive directors of the Company :</b>		
- Salaries, bonus and wages	<b>1,851</b>	1,074
- EPF and SOCSO	<b>357</b>	199
	<b>2,208</b>	1,273
- Benefit-in-kind	<b>2</b>	-
	<b>2,210</b>	1,273
<b>Executive directors of subsidiaries :</b>		
- Salaries, bonus and wages	<b>1,405</b>	1,443
- EPF and SOCSO	<b>237</b>	250
	<b>1,642</b>	1,693
	<b>3,852</b>	2,966

## 29. TAXATION

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Based on results for the year				
- Current tax	<b>(3,849)</b>	(2,738)	<b>(90)</b>	(486)
- Deferred tax	<b>62</b>	446	-	-
	<b>(3,787)</b>	(2,292)	<b>(90)</b>	(486)
(Under)/Over provision in prior year				
- Current tax	<b>(31)</b>	(33)	<b>19</b>	6
- Deferred tax	<b>(64)</b>	4	-	-
	<b>(95)</b>	(29)	<b>19</b>	6
	<b>(3,882)</b>	(2,321)	<b>(71)</b>	(480)

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit before taxation	<b>18,100</b>	10,250	<b>7,395</b>	3,908
Less : Share of results of joint ventures	<b>(981)</b>	(1,081)	-	-
	<b>17,119</b>	9,169	<b>7,395</b>	3,908

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Income tax at Malaysian statutory tax rate of 25%	(4,279)	(2,292)	(1,849)	(977)
Income not subject to tax	1,063	499	1,815	906
Different tax rates in other countries	85	59	-	-
Double deduction of expenses for tax purposes	19	19	-	-
Expenses not deductible for tax purposes	(732)	(893)	(56)	(415)
Deferred tax movement not provided	(218)	(39)	-	-
Reinvestment allowance claimed	188	218	-	-
Annual crystallisation of deferred tax on revaluation reserves	87	87	-	-
Utilisation of tax losses and capital allowances	-	50	-	-
	<b>(3,787)</b>	<b>(2,292)</b>	<b>(90)</b>	<b>(486)</b>
(Under)/Over provision in prior year	<b>(95)</b>	<b>(29)</b>	<b>19</b>	<b>6</b>
	<b>(3,882)</b>	<b>(2,321)</b>	<b>(71)</b>	<b>(480)</b>

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

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unabsorbed tax losses	5,780	4,991	-	-
Unabsorbed capital allowances	117	66	205	205
Unabsorbed reinvestment allowance	1,070	1,534	-	-

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.

### 30. 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 **RM14,218,000** (31.12.11 : RM7,929,000) over the weighted average number of ordinary shares in issue of **109,896,498** (31.12.11 : 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. The ESOS expired on 17 June 2012.

31.	<b>DIVIDEND</b>	<b>2012</b> <b>RM'000</b>	2011 RM'000
	First and final tax exempt dividend of 2.5 sen per share in respect of the financial year ended 31 December 2010	<u>-</u>	<u>2,747</u>
32.	<b>CAPITAL COMMITMENT</b>	<b>GROUP</b>	
		<b>2012</b> <b>RM'000</b>	2011 RM'000
	Approved but not contracted for :		
	- Property, plant and equipment	<u>3,792</u>	<u>-</u>
	Approved and contracted for :		
	- Investment properties	<u>376</u>	<u>829</u>
33.	<b>CONTINGENT LIABILITIES (UNSECURED)</b>	<b>COMPANY</b>	
		<b>2012</b> <b>RM</b>	2011 RM
	Corporate guarantee extended by the Company to financial institutions for banking facilities granted to certain subsidiaries		
	- Limit	<u>88,864,000</u>	<u>88,864,000</u>
	- Utilised as at the end of the reporting period	<u>39,619,678</u>	<u>45,768,542</u>

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.

#### 34. **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
<b>2012</b>							
<b>Revenue</b>							
External sales	24	105,376	570	33,598	-		139,568
Inter-segment	10,834	45,357	430	1,177	(57,798)	A	-
	<u>10,858</u>	<u>150,733</u>	<u>1,000</u>	<u>34,775</u>	<u>(57,798)</u>		<u>139,568</u>
<b>Result</b>							
Segment results	(740)	12,354	3,496	3,563	880		19,553
Interest income							35
Interest expense							(2,469)
Share of results of joint ventures	981	-	-	-	-		981
Profit before taxation							18,100
Taxation							(3,882)
Profit for the year							<u>14,218</u>
<b>Assets</b>							
Segment assets	100,202	148,266	33,918	15,733	(108,015)		190,104
Investment in joint ventures	14,812	-	-	-	-		14,812
Tax recoverable							1,564
Total assets							<u>206,480</u>
<b>Liabilities</b>							
Segment liabilities	172	11,744	258	1,322	-		13,496
Finance lease liabilities							6,371
Borrowings							42,314
Deferred tax liabilities							10,528
Provision for taxation							140
Total liabilities							<u>72,849</u>
<b>Other information</b>							
Capital expenditure	7,854	3,468	521	101	(7,800)	B	4,144
Depreciation	6	4,937	25	244	-		5,212
Non-cash (income)/expense other than depreciation	(981)	(62)	(3,747)	51	-	C	(4,739)

	Investment RM'000	Manufacturing RM'000	Property RM'000	Trading RM'000	Eliminations RM'000	Note	Total RM'000
2011							
Revenue	-	122,050	561	28,695	-		151,306
External sales							
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	-	-	-	-		1,081
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							612
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



Notes to segment information :

A Inter-segment revenue are eliminated on consolidation.

B Additions to non-current assets consist of :

	<b>2012</b> <b>RM'000</b>	2011 RM'000
Property, plant and equipment	<b>3,582</b>	8,362
Investment properties	<b>519</b>	441
Land held for development	<b>43</b>	180
	<b>4,144</b>	8,983

C Other material non-cash expenses/(income) consist of the following items :

	<b>2012</b> <b>RM'000</b>	2011 RM'000
Bad debts	<b>7</b>	707
Deposit forfeited	<b>-</b>	70
Fair value adjustment on investment properties	<b>(3,747)</b>	-
(Gain)/Loss on disposal of property, plant and equipment	<b>(74)</b>	298
Investment in a joint venture written off	<b>51</b>	-
Loss on deconsolidation of subsidiaries	<b>-</b>	4
Penalty	<b>6</b>	-
Property, plant and equipment written off	<b>78</b>	69
(Reversal of)/Additions impairment loss on receivables	<b>(14)</b>	700
Share of results of joint ventures	<b>(981)</b>	(1,081)
Unrealised (gain)/loss on foreign exchange	<b>(65)</b>	211
	<b>(4,739)</b>	978

### Geographical segments

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

	<b>Revenue</b>		<b>Non-current assets</b>	
	<b>2012</b> <b>RM'000</b>	2011 RM'000	<b>2012</b> <b>RM'000</b>	2011 RM'000
Malaysia	<b>132,491</b>	138,897	<b>129,733</b>	129,511
Thailand	<b>857</b>	7,227	<b>-</b>	174
Singapore	<b>6,220</b>	5,182	<b>79</b>	44
	<b>139,568</b>	151,306	<b>129,812</b>	129,729

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

	<b>2012</b>	2011
	<b>RM</b>	RM
Property, plant and equipment	<b>81,540</b>	84,151
Investment properties	<b>12,567</b>	8,301
Land held for development	<b>20,218</b>	20,175
Investment in joint ventures	<b>14,812</b>	16,427
Goodwill on consolidation	<b>675</b>	675
	<b>129,812</b>	129,729

#### Major customers

Total revenue from major customers which individually contributed more than 10% of the Group revenue amounted to **RM36,002,573** (31.12.11 : RM47,034,820).

### 35. RELATED PARTY DISCLOSURES

#### (i) Transactions with subsidiaries

	<b>COMPANY</b>	
	<b>2012</b>	2011
	<b>RM'000</b>	RM'000
Interest income from subsidiaries	<b>486</b>	570

#### (ii) Transactions with related parties

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Sales to a related party				
- City Packaging Industry Sdn. Bhd.	<b>43</b>	32	-	-
Purchases from related parties				
- Teckwah Paper Products Sdn. Bhd.	-	11	-	-
- PPH Multimedia Network Sdn. Bhd.	<b>2</b>	11	-	-
Rental of property for staff accommodation from				
- Fame Pack Holdings Sdn. Bhd.	<b>184</b>	75	-	-
Rental of office lot from				
- Fame Pack Holdings Sdn. Bhd	<b>65</b>	82	-	-
Professional fee paid to a related party				
- BDO Tax Services Sdn. Bhd.	-	36	-	3

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

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Salaries and other short-term employee benefits	<b>3,928</b>	3,469	<b>78</b>	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, Koay Chiew Kang and Koay Teng Kheong, has substantial financial interest.
Techwah Paper Products Sdn. Bhd. :	Subsidiary of joint venture.
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, Koay Chiew Kang 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.

### 36. 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
<b>31.12.12</b>				
<b>GROUP</b>				
<b>Financial assets</b>				
Other investments (Note 8)	393	393	-	-
Trade receivables (Note 11)	32,892	-	32,892	-
Other receivables and refundable deposits (Note 12)	2,214	-	2,214	-
Short term funds with licensed financial institutions (Note 14)	6,610	-	6,610	-
Fixed deposits with licensed banks (Note 15)	205	-	205	-
Cash and bank balances (Note 16)	11,970	-	11,970	-
	<b>54,284</b>	<b>393</b>	<b>53,891</b>	<b>-</b>
<b>Financial liabilities</b>				
Finance lease liabilities (Note 22)	6,371	-	-	6,371
Borrowings (Note 23)	42,314	-	-	42,314
Trade payables (Note 25)	8,817	-	-	8,817
Other payables and accruals (Note 26)	4,679	-	-	4,679
	<b>62,181</b>	<b>-</b>	<b>-</b>	<b>62,181</b>
<b>COMPANY</b>				
<b>Financial assets</b>				
Other investment (Note 8)	*	*	-	-
Other receivables and refundable deposits (Note 12)	2	-	2	-
Amount due from subsidiaries (Note 13)	38,099	-	38,099	-
Short term funds with licensed financial institutions (Note 14)	6,310	-	6,310	-
Cash and bank balances (Note 16)	4,244	-	4,244	-
	<b>48,655</b>	<b>*</b>	<b>48,655</b>	<b>-</b>
<b>Financial liabilities</b>				
Borrowings (Note 23)	2,693	-	-	2,693
Other payables and accruals (Note 26)	32	-	-	32
	<b>2,725</b>	<b>-</b>	<b>-</b>	<b>2,725</b>

\* Represents RM1

31.12.11	Carrying amount RM'000	AFS RM'000	L&R RM'000	FL RM'000
<b>GROUP</b>				
Financial assets				
Other investments (Note 8)	398	398	-	-
Trade receivables (Note 11)	34,738	-	34,738	-
Other receivables and refundable deposits (Note 12)	598	-	598	-
Fixed deposits with licensed banks (Note 15)	217	-	217	-
Cash and bank balances (Note 16)	10,785	-	10,785	-
	<u>46,736</u>	<u>398</u>	<u>46,338</u>	<u>-</u>
Financial liabilities				
Finance lease liabilities (Note 22)	7,636	-	-	7,636
Borrowings (Note 23)	49,800	-	-	49,800
Trade payables (Note 25)	8,585	-	-	8,585
Other payables and accruals (Note 26)	5,366	-	-	5,366
	<u>71,387</u>	<u>-</u>	<u>-</u>	<u>71,387</u>
<b>COMPANY</b>				
Financial assets				
Other investment (Note 8)	*	*	-	-
Other receivables and refundable deposit (Note 12)	3	-	3	-
Amount due from subsidiaries (Note 13)	40,714	-	40,714	-
Cash and bank balances (Note 16)	2,326	-	2,326	-
	<u>43,043</u>	<u>-</u>	<u>43,043</u>	<u>-</u>
Financial liabilities				
Borrowings (Note 23)	4,522	-	-	4,522
Other payables and accruals (Note 26)	19	-	-	19
	<u>4,541</u>	<u>-</u>	<u>-</u>	<u>4,541</u>

\* Represents RM1

	Carrying amount RM'000	AFS RM'000	L&R RM'000	FL RM'000
1.1.11				
<b>GROUP</b>				
Financial assets				
Other investments (Note 8)	405	405	-	-
Trade receivables (Note 11)	36,059	-	36,059	-
Other receivables and refundable deposits (Note 12)	1,322	-	1,322	-
Fixed deposits with licensed banks (Note 15)	217	-	217	-
Cash and bank balances (Note 16)	6,450	-	6,450	-
	<b>44,453</b>	<b>405</b>	<b>44,048</b>	<b>-</b>
Financial liabilities				
Finance lease liabilities (Note 22)	5,109	-	-	5,109
Borrowings (Note 23)	50,562	-	-	50,562
Trade payables (Note 25)	10,221	-	-	10,221
Other payables and accruals (Note 26)	4,268	-	-	4,268
	<b>70,160</b>	<b>-</b>	<b>-</b>	<b>70,160</b>
<b>COMPANY</b>				
Financial assets				
Other investment (Note 8)	*	*	-	-
Other receivables and refundable deposits (Note 12)	703	-	703	-
Amount due from subsidiaries (Note 13)	42,347	-	42,347	-
Cash and bank balances (Note 16)	1,527	-	1,527	-
	<b>44,577</b>	<b>*</b>	<b>44,577</b>	<b>-</b>
Financial liabilities				
Borrowings (Note 23)	6,769	-	-	6,769
Other payables and accruals (Note 26)	12	-	-	12
	<b>6,781</b>	<b>-</b>	<b>-</b>	<b>6,781</b>

\* Represents RM1

## 37. 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, interest rate risk and foreign currency 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.

### 37.1 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.

#### 37.1.1 Trade receivables

The Group gives its 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	Allowance for impairment RM'000	Net RM'000
<b>31.12.12</b>			
Not past due	22,632	-	22,632
1 to 30 days past due	4,483	-	4,483
31 to 60 days past due	2,448	-	2,448
61 to 90 days past due	3,256	-	3,256
Past due more than 90 days	73	-	73
	<u>10,260</u>	-	<u>10,260</u>
	<u>32,892</u>	-	<u>32,892</u>
<b>31.12.11</b>			
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
	<u>14,157</u>	<u>(922)</u>	<u>13,235</u>
	<u>35,660</u>	<u>(922)</u>	<u>34,738</u>
<b>1.1.11</b>			
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
	<u>14,468</u>	<u>(1,003)</u>	<u>13,465</u>
	<u>37,062</u>	<u>(1,003)</u>	<u>36,059</u>

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

The impairment loss of RM900,000 was reversed during the financial year due to the recovered amount arising from the litigation instituted against the debtor. See Note 40.

The Group has trade receivables amounting to **RM10,260,000** (31.12.11 : RM13,235,000; 1.1.11 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.

### 37.1.2 Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries as detailed in Note 33. 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.

### 37.1.3 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.

## 37.2 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
<b>31.12.12</b>						
<b>GROUP</b>						
Finance lease liabilities	6,371	7,040	2,128	2,140	2,772	-
Interest bearing borrowings	42,314	42,662	38,389	1,634	2,639	-
Trade payables and other payables	13,496	13,496	13,496	-	-	-
	<b>62,181</b>	<b>63,198</b>	<b>54,013</b>	<b>3,774</b>	<b>5,411</b>	<b>-</b>
<b>COMPANY</b>						
Interest bearing borrowings	2,693	2,693	1,256	660	777	-
Other payables	32	32	32	-	-	-
	<b>2,725</b>	<b>2,725</b>	<b>1,288</b>	<b>660</b>	<b>777</b>	<b>-</b>



	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
31.12.11						
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	-	-	-
	<u>71,387</u>	<u>73,258</u>	<u>61,212</u>	<u>3,688</u>	<u>8,315</u>	<u>43</u>
COMPANY						
Interest bearing borrowings	4,522	4,849	2,473	716	1,660	-
Other payables	19	19	19	-	-	-
	<u>4,541</u>	<u>4,868</u>	<u>2,492</u>	<u>716</u>	<u>1,660</u>	<u>-</u>
1.1.11						
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>

### 37.3 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 :

	<b>31.12.12</b> <b>RM'000</b>	31.12.11 RM'000	1.1.11 RM'000
<b>GROUP</b>			
<b>Fixed rate instruments</b>			
Financial assets	<b>6,815</b>	217	217
Financial liabilities	<b>6,371</b>	7,636	5,109
<b>Floating rate instruments</b>			
Financial liabilities	<b>42,314</b>	49,800	50,562
<b>COMPANY</b>			
<b>Fixed rate instruments</b>			
Financial assets	<b>12,616</b>	9,118	9,118
<b>Floating rate instruments</b>			
Financial liabilities	<b>2,693</b>	4,522	6,769

#### **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 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.

	<b>31.12.12</b> <b>RM'000</b>	31.12.11 RM'000	1.1.11 RM'000
<b>GROUP</b>			
Decrease in profit before taxation	<b>12</b>	120	58
<b>COMPANY</b>			
Decrease in profit before taxation	<b>12</b>	12	6

### 37.4 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 :

	<b>USD RM'000</b>	<b>SGD RM'000</b>	<b>OTHERS RM'000</b>
<b>GROUP</b>			
<b>31.12.12</b>			
Trade receivables	1,689	-	-
Other receivables	1,192	-	8
Cash and bank balances	1,863	-	-
Trade payables	(117)	-	(161)
	<hr/>	<hr/>	<hr/>
Net exposure	<b>4,627</b>	<b>-</b>	<b>(153)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>31.12.11</b>			
Trade receivables	4,371	79	-
Cash and bank balances	908	-	-
Trade payables	(363)	-	-
Other payables	-	(400)	-
Borrowings	(458)	-	-
	<hr/>	<hr/>	<hr/>
Net exposure	4,458	(321)	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>1.1.11</b>			
Trade receivables	454	1,570	739
Cash and bank balances	1,486	345	791
Trade payables	(69)	-	(32)
Other payables	-	(46)	(40)
	<hr/>	<hr/>	<hr/>
Net exposure	1,871	1,869	1,458
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 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.

	<b>31.12.12</b>	<b>GROUP</b>	
	<b>RM'000</b>	31.12.11	1.1.11
		RM'000	RM'000
USD	(462)	(446)	(187)
SGD	-	32	(187)
Others	15	-	(146)
	<hr/>	<hr/>	<hr/>
Reduce in profit before taxation	(447)	(414)	(520)
	<hr/>	<hr/>	<hr/>

### 38. 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.

### 39. 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.

#### 39.1 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
<b>GROUP</b>				
<b>31.12.12</b>				
<b>Financial assets</b>				
Investment in quoted shares	<b>393</b>	-	-	<b>393</b>
<hr/>				
31.12.11				
Financial assets				
Investment in quoted shares	398	-	-	398
<hr/>				
1.1.11				
Financial assets				
Investment in quoted shares	405	-	-	405
<hr/>				

#### 40. 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 (“Flextronics”). 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.

The subsidiary won the case and Flextronics agreed to a settlement sum of RM1,650,000 and was received during the financial year.

#### 41. EXPLANATION OF TRANSITION TO MFRSs

As stated in Note 2.2 to the financial statements, this is the first financial statements of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2012, the comparative information presented in these financial statements for the financial year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 January 2011.

The transition to MFRSs does not have financial impact to the separate financial statements of the Company.

In preparing the opening statement of financial position at 1 January 2011, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous Financial Reporting Standards (“FRSs”). An explanation of how the transition from previous FRSs to MFRSs has affected the Company’s financial position is set out as follows :

##### (a) **Property, plant and equipment – Deemed cost exemption**

Under FRSs, the Group measured its land and buildings at valuation.

Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM15,720,000 at 1 January 2011 and 31 December 2011 was reclassified to retained profits.

The aggregate fair value of the land and buildings at valuation date was determined to be RM39,104,075 compared to the then carrying amount of RM31,072,384 under FRSs.

(b) **Foreign currency translation differences**

Under FRSs, the Group recognised foreign currency translation differences in other comprehensive income and accumulated the amount in the foreign currency translation reserve in equity.

Upon transition to MFRSs, the Group has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition.

The total impact arising from the changes are summarised as follows :

	<b>FRSs RM'000</b>	<b>Effect of transition to MFRSs RM'000</b>	<b>MFRSs RM'000</b>
<b>Consolidated Statement of Financial Position</b>			
<u>At 1 January 2011</u>			
Revaluation reserve	16,106	(15,720)	386
Foreign translation reserve	(132)	132	-
Retained profits	41,596	15,588	57,184
<u>At 31 December 2011</u>			
Revaluation reserve	16,106	(15,720)	386
Foreign translation reserve	(25)	26	1
Retained profits	46,778	15,694	62,472

42. **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 into realised and unrealised on the Group and the Company basis, as the case may be, in quarterly reports and annual audited financial statements.

The breakdown of retained profits as at the reporting date that 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:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	(Restated) 2011	<b>2012</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Total retained profits of the Company and its subsidiaries :				
- Realised	<b>91,058</b>	77,801	<b>17,845</b>	10,521
- Unrealised	<b>(10,463)</b>	(10,737)	-	-
	<b>80,595</b>	67,064	<b>17,845</b>	10,521
Total share of retained profits from joint ventures :				
- Realised	<b>8,138</b>	9,157	-	-
	<b>88,733</b>	76,221	<b>17,845</b>	10,521
Less : Consolidation adjustments	<b>(12,043)</b>	(13,749)	-	-
	<b>76,690</b>	62,472	<b>17,845</b>	10,521

The disclosure of realised and unrealised profit or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

The rest of this page is left blank intentionally

**LIST OF PROPERTIES OWNED BY  
PUBLIC PACKAGES HOLDINGS BERHAD AND ITS SUBSIDIARIES  
AS AT 31 DECEMBER 2012**

Location	Title	Existing Use	Date of Last Revaluation	Age of Building (years)	Land area / Built-up area (sq.feet)	Carrying Amount as at 31.12.12 RM
<b>PUBLIC PACKAGES SDN. BHD.</b>						
Plot 72 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 2.10.2047	Factory building	28.11.2007	23	22,509 / 11,516	1,419,958
Plot 96(A) Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 22.5.2050	Factory building	28.11.2007	23	32,356 / 5,688	1,691,421
Plot 96(B) Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 5.7.2054	Factory building	28.11.2007	16	16,985 / 9,979	586,088
Plot 67 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 14.8.2047	Factory and office building	28.11.2007	24	44,083 / 94,249	3,249,636
Plot 116 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 18.10.2055	Factory and office building	28.11.2007	18	84,183 / 7,317	2,410,405
Block F95 Taman Pelangi, Prai (10 units)	Leasehold 22.4.2092	Hostel	28.11.2007	16	- / 500 (per unit)	422,500
<b>NEW MERIT DEVELOPMENT SDN. BHD.</b>						
Lot 5631 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang	Freehold	Vacant land	25.07.2012	-	522,253 / -	7,848,500



Location	Title	Existing Use	Date of Last Revaluation	Age of Building (years)	Land area / Built-up area (sq.feet)	Carrying Amount as at 31.12.12 RM
<b>PUBLIC PACKAGES (NT) SDN. BHD.</b>						
Lot 5632 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang	Freehold	Factory Building	28.11.2007	18	- / 137,152	8,585,703
<b>PPH PRINTING &amp; PACKAGING (PENANG) SDN. BHD.</b>						
Plot 482 Jalan Perusahaan Baru, Prai Industrial Estate, Penang	Leasehold 23.2.2049	Factory and office building	28.11.2007	23	43,738 / 38,474	2,109,296
A-1-3 Kelisa Apartment Lorong Kikik Satu, Taman Inderawasih, Seberang Perai	Freehold	Hostel	28.11.2007	20	- / 726	81,000
Block F95 Taman Pelangi, Prai (10 units)	Leasehold 22.4.2092	Hostel	28.11.2007	16	- / 500 (per unit)	447,059
Plot 468 Jalan Perusahaan Baru, Prai Industrial Estate, Penang	Leasehold 19.4.2049	Factory and office building	28.11.2007	23	93,329 / 77,727	4,838,826
<b>PUBLIC PACKAGES (PRAI) SDN. BHD.</b>						
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	18	261,361 / 140,924	7,768,733
<b>PPH PRINTING &amp; PACKAGING (KULIM) SDN. BHD.</b>						
Plot 75 Kulim Industrial Estate Kulim, Kedah	Leasehold 21.9.2049	Factory and office building	28.11.2007	22	52,272 / 54,140	2,452,687

Location	Title	Existing Use	Date of Last Revaluation	Age of Building (years)	Land area / Built-up area (sq.feet)	Carrying Amount as at 31.12.12 RM
<b>PUBLIC PACKAGES PROPERTIES SDN. BHD.</b>						
Lot 5632 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang	Freehold	Rental	25.07.2012	-	511,877/ -	7,700,000
84 Lebuhraya Kapal, Penang	Freehold	Rental	25.07.2012	28	1,389 / 2,800	265,000
5-2-4 Edgcumbe Court, Penang	Freehold	Rental	25.07.2012	24	- / 700	320,000
Unit SB15 Block A, No. 1 Persiaran Gurney	Freehold	Rental	25.07.2012	27	- / 1,815	820,000
Unit I-4-3 Taman Desa Relau Penang	Freehold	Rental	25.07.2012	21	- / 700	170,000
Unit 368-2-04 Belisa Row Jalan Burma, Penang	Freehold	Rental	25.07.2012	18	- / 1,055 -	500,000
No. A-17-02, Verticas Residensi, off Jalan Ceylon, Kuala Lumpur	Freehold	Development In Progress	-	3	- / 2,111	1,520,746
<b>PPH PLAZA SDN. BHD.</b>						
Lot 741, 742 & 743 Section 23 Bandar Georgetown Daerah Timur Laut, Penang	Freehold	Project development	23.12.2002	-	56,230	15,465,000
						70,672,558

## ANALYSIS OF SHAREHOLDINGS

### SHARE CAPITAL as at 03 April 2013

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	:	2,352

### SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustees) as at 03 April 2013

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 03 April 2013

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. Koay Chiew Kang	1,069,896	0.97	4,038,664 (c)	3.67
6. Nurjannah Binti Ali	-	-	-	-
7. Ng Thim Fook	-	-	-	-
8. Ong Eng Choon	-	-	-	-

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 held through Koay Boon Pee Holding Sdn. Bhd. and his spouse respectively.

## DISTRIBUTION OF SHAREHOLDERS as at 03 April 2013

Holdings	No. of Holders	%	No. of Shares	%
Less than 100	180	7.65	8,323	0.01
100 - 1,000	160	6.80	67,784	0.06
1,001 - 10,000	1,345	57.19	8,137,867	7.41
10,001 - 100,000	585	24.87	18,244,596	16.60
100,001 - 5,494,823	80	3.40	29,400,848	26.75
5,494,824 and above	2	0.09	54,037,080	49.17
<b>TOTAL</b>	<b>2,352</b>	<b>100</b>	<b>109,896,498</b>	<b>100</b>

## THIRTY LARGEST SHAREHOLDERS as at 03 April 2013

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	HLIB Nominees (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	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Eng Cheang	663,000	0.60
12	Yap Wing Chun	635,012	0.58
13	Leng Bee Bee	559,000	0.51
14	George Lee Sang Kian	449,200	0.41
15	Ng Sai Heok	440,000	0.40
16	Leong Ngak Keong	405,100	0.37
17	Leong Ngak Keong	400,000	0.36
18	George Lee Sang Kian	388,600	0.35
19	Koay Chue Beng	358,692	0.33
20	Tok Ley Siang	353,332	0.32
21	PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd	345,000	0.31
22	Chew Leong Hoe	319,900	0.29
23	Lim Hui Huat @ Lim Hooi Chang	295,000	0.27
24	Koay Chiew Lee	293,332	0.27
25	Foo Men @ Foo Chiow Men	290,000	0.26
26	Ch'ng Chan Seng	280,000	0.25
27	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Choon Pow	279,000	0.25
28	Ooi Chin Hock	274,600	0.25
29	Koay Chiew Kang	273,332	0.25
30	Siu Soon Chye	271,900	0.25
		<b>75,466,924</b>	<b>68.65</b>

The rest of this page is left blank intentionally

# **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 26<sup>th</sup> Annual General Meeting of the Company, to be held at 3<sup>rd</sup> Floor, Meeting Room of Plot 468 & 482, Jalan Perusahaan Baru, Prai Industrial Estate, 13600 Prai, Penang on Monday, 27 May 2013 at 10.00 a.m. and at any adjournment thereof.

RESOLUTION	1	2	3	4	5	6	7	8	9
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:-

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

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 of .....2013

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 (2) 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

---

Public Packages Holdings Berhad  
Wisma Public Packages  
Lintang Kampung Jawa  
Bayan Lepas Industrial Park  
11900 Penang , Malaysia  
Tel : +604 6444 777 Fax : +604 6436 699  
Email : [solutions@pph.com.my](mailto:solutions@pph.com.my)  
[www.pph.com.my](http://www.pph.com.my)