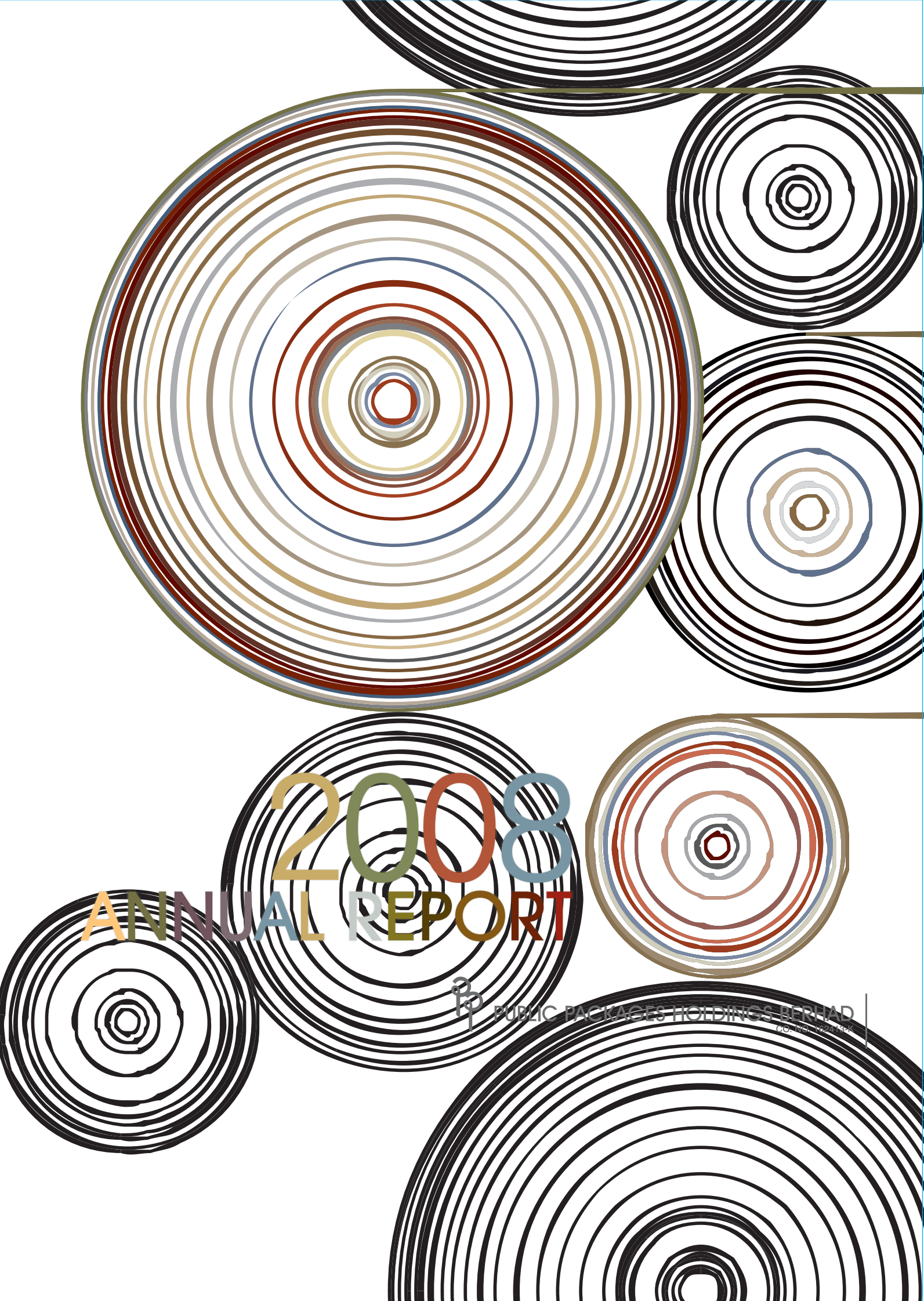


The background of the entire page is composed of several overlapping circles, each filled with concentric rings. The colors of these rings vary, including shades of red, orange, yellow, green, blue, and black. The circles are of different sizes and are scattered across the page, creating a dynamic and abstract visual effect.

2008 ANNUAL REPORT



PUBLIC PACKAGES HOLDINGS BERHAD

100, 100, 100, 100

COUNTER DISPLAY



BIN DISPLAY



FLOOR DISPLAY

POP DISPLAY

We provide customers with a one stop solution to all their in-store display requirements, from the original concept to the finished product.

Today, Point-Of-Purchase Display is a sophisticated value-added business, combining a high level of creativity with the exactness of advanced display technology, to add extra impact, in-store excitement and consumer appeal.

From the functional box or shelf unit to the most advanced combination of pop-up displays and 3D Concept Displays is bringing new life to the area of in-store display.

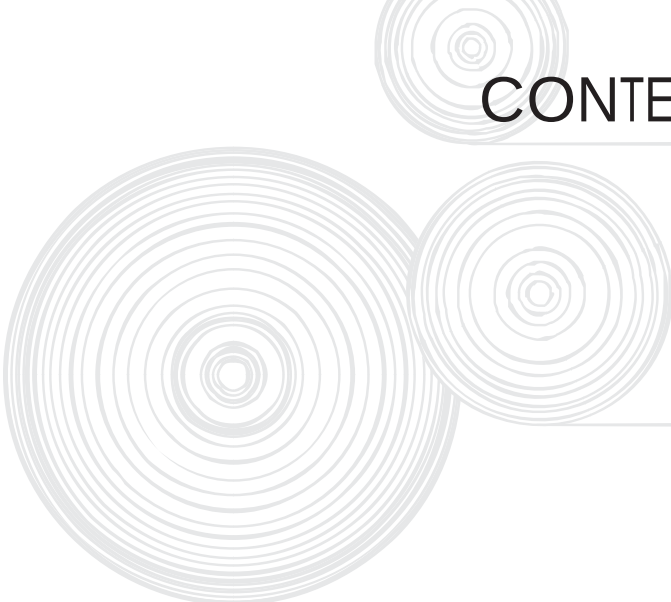
Creative talent is supported with state-of-art Computer Aided Design (CAD) technology allowing the design teams unlimited scope for experimentation to produce the broadest range of packaging options.

GONDOLA END DISPLAY



BLOCK DISPLAY





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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 22nd Annual General Meeting of Public Packages Holdings Berhad will be held at 3rd Floor, Meeting Room of Plot 468 & 482, Jalan Perusahaan Baru, Prai Industrial Estate, 13600 Prai, Penang on Friday, 22 May 2009 at 10.00 a.m. for the following purposes: -

AGENDA:

As Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2008 together with the Reports of the Directors' and Auditors' thereon. Please refer to Explanatory Note 1.
2. To re-elect Mr. Koay Chue Beng, the Director retiring pursuant to Article 80 of the Company's Articles of Association and who, being eligible, offers himself for the re-election. Resolution 1
3. To re-elect the following Directors retiring pursuant to Article 87 of the Company's Articles of Association and who, being eligible, offer themselves for the re-election:
 - i) Mr. Koay Teng Liang Resolution 2
 - ii) Mr. Ong Eng Choon Resolution 3
4. To approve the payment of Directors' fees of not exceeding RM 250,000 for the year ending 31 December 2009. Resolution 4
5. To re-appoint Messrs. Wong Liu and Partners as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. Resolution 5

As Special Business

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

ORDINARY RESOLUTIONS

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

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

Resolution 6

7. Proposed renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT approval be given to the Company and/or its subsidiary companies to enter into recurrent transactions of a revenue or trading nature as stated in section 2.2 of the Circular to Shareholders dated 24 April 2009 ("Circular") involving Messrs. Koay Chiew Poh, Koay Chue Beng, Koay Teng Liang and Madam Ooi Siew Hong with related parties which are necessary for the day-to-day operations and on normal commercial 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 as set out in the Circular ("the Mandate").

THAT the Directors be empowered to do all such acts and things (including executing all such documents as may be required) as they may be considered expedient or necessary to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT such Mandate shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965 (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, whichever is earlier);

AND THAT disclosure will be made in the Annual Report of the Company based on the following information: -

- i) the aggregate value of Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year where: -
 - (a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds Ringgit Malaysia One Million (RM 1,000,000); or
 - (b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds one percent (1%);whichever is the lower,
- ii) the type of Recurrent Related Party Transactions made; and
- iii) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company."

Resolution 7

SPECIAL RESOLUTION

8. Proposed Amendment to the Company's Articles of Association

"THAT the addition to the Articles of Association of the Company as set out under Part C of this Circular be and is hereby approved AND THAT the Directors be empowered to do all such acts and things as may be considered necessary to give full effect to the proposed amendment."

Resolution 8

- 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.

By Order of the Board

LIM SAW IM (MACS 00363)

Company Secretary

Penang

Dated: 24 April 2009

NOTICE OF ANNUAL GENERAL MEETING

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 member shall be entitled to appoint up to (2) proxies to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
5. If the appointer is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its attorney.

EXPLANATORY NOTES

On Ordinary Business

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

On Special Business

2. The Resolution 6, if passed, will give the Directors of the Company authority to issue shares in the Company up to an aggregate amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.
3. The Resolution 7, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company, particulars of which have been disclosed in the Circular to Shareholders dated 24 April 2009 which have been dispatched together with the Company's 2008 Annual Report.
4. The Resolution 8, if passed, will allow the Company to amend its Articles of Association to facilitate the busy schedule of the Director(s).

STATEMENT

ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Further details of Directors who are standing for re-election at the 22nd Annual General Meeting are as follows: -

1. **Koay Chue Beng**, a Malaysian, age 48, is the Executive Director of the Company. 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 is the brother of Mr. Koay Chiew Poh and the uncle of Mr. Koay Teng Liang who are members of the Board. Mr. Koay Chiew Poh and her spouse Madam Ooi Siew Hong are the major shareholders of PPHB. Mr. Koay Chue Beng has no conflict of interest with the Company and has no convictions for any offence within the past 10 years other than traffic offences, if any.

He has a direct shareholdings of 358,692 shares and indirect shareholdings of 3,935,000 shares in PPHB.

Resolution 1

2. **Koay Teng Liang**, a Malaysian, age 32, is the Executive Director of the Company. He graduated from University of Adelaide, Australia with a Bachelor in International Business. Prior to joining the Company, he was attached with Teckwah Industrial Corporation Limited, Singapore as a Program Executive.

He is the son of Mr. Koay Chiew Poh who is a Director and major shareholder, and Madam Ooi Siew Hong who is a major shareholder of PPHB. He is also the nephew of Mr. Koay Chue Beng who is a member of the Board. He has no conflict of interest with the Company and has no convictions for any offence within the past 10 years other than traffic offences, if any.

He has a direct shareholdings of 46,664 shares in PPHB.

Resolution 2

3. **Ong Eng Choon**, a Malaysian, age 57, is a Non-Independent Non-Executive Director of the Company. He graduated from Tunku Abdul Rahman College, Kuala Lumpur with a Diploma in Business Administration and has 32 years of working experience in the field of taxation. He spent 3 years with the Inland Revenue Department and 10 years with one of the top 4 accounting firms before he was appointed the Managing Director of Taxnet Consultants Sdn. Bhd. He is a Chartered Accountant (Malaysia), a Fellow Member of the Chartered Association of Certified Accountants, an Associate Member of the Institute of Chartered Secretaries and Administrators and an Associate Member of the Chartered Tax Institute of Malaysia (formerly known as Malaysian Institute of Taxation). He is also the Independent Non-Executive Director of Tek Seng Holdings Berhad, Elsoft Research Berhad, Tejari Technologies Berhad and Chin Well Holdings Berhad.

He has no family relationship with any director and/or major shareholders of the Company. He has no conflict of interest with the Company and has no convictions for any offence within the past 10 years other than traffic offences, if any.

He has no shareholdings in PPHB and/or its subsidiaries.

Resolution 3

BOARD OF DIRECTORS

- : Koay Chiew Poh
Executive Chairman
- Koay Chue Beng
Executive Director
- Koay Teng Liang
Executive Director
- Nurjannah Binti Ali
Independent Non-Executive Director
- Ng Thim Fook
Independent Non-Executive Director
- Ong Eng Choon
Non-Independent Non-Executive Director

COMPANY SECRETARY

- : Lim Saw Im MCCS, IACS (MACS 00363)

AUDIT COMMITTEE

- : Nurjannah Binti Ali (Independent Non- Executive Director)
Chairman
- Ng Thim Fook (Independent Non-Executive Director)
Committee Member
- Ong Eng Choon (Non-Independent Non-Executive Director)
Committee Member

NOMINATION COMMITTEE

- : Nurjannah Binti Ali (Independent Non-Executive Director)
Chairman
- Ng Thim Fook (Independent Non-Executive Director)
Committee Member

REMUNERATION COMMITTEE	: Nurjannah Binti Ali (Independent Non-Executive Director) <i>Chairman</i> Ng Thim Fook (Independent Non-Executive Director) <i>Committee Member</i> Koay Chiew Poh (Executive Chairman) <i>Committee Member</i>
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	: PFA Registration Services Sdn Bhd (Company No.19234-W) 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	: Wong Liu & Partners 60-B, Jalan Sri Bahari, 10050 Penang
PRINCIPAL BANKERS	: Malayan Banking Berhad Al Rajhi Banking & Investment Corporation (Malaysia) Berhad RHB Bank Berhad
STOCK EXCHANGE LISTING	: Second Board of Bursa Malaysia Securities Berhad Stock Name : PPHB Stock Code : 8273
WEBSITE	: http://www.pph.com.my

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2008.

INDUSTRY REVIEW

Malaysia's economy is impacted by the continuing global economic crisis. Hence, the Group is likely to adopt cautious approach towards capital spending given the lingering concerns over the volatility of demands at this juncture. To stay competitive, the Group will continue its cost control and to enhance the diversification of its customers' sectors, improve on product differentiation and value added services to position itself as one of the leading players in the packaging and POSM (Point Of Sale Materials) industry, in addition to expand its market share in the country and the region.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2008, the Group's revenue was RM 163 million, 10.8% higher than the RM 147 million achieved in the year 2007 and the Group's net profit before tax for the year also increased by 67% from RM 2.7 million in year 2007 to RM 4.5 million in year 2008.

REVIEW OF GROUP OPERATIONS

The manufacturing sector continued to be the main contributor for the Group's profit. Hence, the Group will continue to focus on its core business of printing, manufacturing of packaging and trade ads displays. The Group will also undertake measures to further control on its production cost in order to meet the changes in global and domestic demands.

PROSPECTS FOR 2009

The Group remains concerned of the challenging operating environment and global volatility. Therefore, the Group had exercised the reorganisation of the entire workforce to put to their best abilities, better inventory management and also the expansion of market shares in both local and overseas. With the appropriate measures and strategies coupled with the commitment of the entire workforce, the Group expects to meet the challenging year ahead.

CORPORATE SOCIAL RESPONSIBILITIES (CSR)

CSR has always been part of PPHB's core value in doing business. The activities carried out by the Group are as follows: -

Community

It is the Group's policy to act responsibly in ensuring that its entire workforce including the directors dealt effectively and appropriately in the communities in which the Group operates. Our directors, employees and their families have long histories of involvements with the local communities and charity organisations. A group of our employees and their families together with their fellow directors, participated actively in the yearly charity food fair organised by Buddhist Tzu-Chi Merits (Society) Malaysia. The funds collected were used to aid the dialysis patients and also the communities.

Environment

The Group has an ongoing commitment in preserving the environment. Each of the Group's operating sites is pursuing specific waste reduction projects. The Group also encourages its employees in optimising the recycling of newspapers, paperboards and any waste packaging recyclable materials. The revenues from recycling of waste materials were donated to the charity society, Tzu-Chi Dialysis Center.

APPRECIATION

On behalf of the Board, I would like to express our deepest appreciation to our esteemed bankers, valued business associates, shareholders, the governmental 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 to ensure the continue success of the Group during the year.

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

Koay Chiew Poh, a Malaysian, age 57, 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 and is also a major shareholder of PPHB.

He is the brother of Mr. Koay Chue Beng and the father 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 2008.

Koay Chue Beng, a Malaysian, age 48, was appointed as an Executive Director on 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 and the uncle of Mr. Koay Teng Liang who are members of the Board. Mr. Koay Chiew Poh and her spouse Madam Ooi Siew Hong are the major shareholders of PPHB. 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 2008.

Koay Teng Liang, a Malaysian, age 32, 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 Adelaide, Australia with a Bachelor in International Business. 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 who is a director and major shareholder, and Madam Ooi Siew Hong who is a major shareholder of PPHB. He is also the nephew of Mr. Koay Chue Beng who is a member 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 2008.

Nurjannah Binti Ali, a Malaysian, age 50, 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, TRIpIc Berhad and WWE Holdings Berhad, all these companies are listed on Bursa Malaysia Securities Berhad (Bursa Securities).

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 4 of the 5 Board meetings held in the financial year ended 31 December 2008.

Ng Thim Fook, a Malaysian, age 55, 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 Committee. He is the Managing Director of NG Technology Pty Ltd and Express Tech Pty Ltd. He has been in IT business for the last 20 years.

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

He had attended 4 of the 5 Board meetings held in the financial year ended 31 December 2008.

Ong Eng Choon, a Malaysian, age 57, was appointed to the Board on 23 January 2009 as a Non-Independent Non-Executive Director. He graduated from Tunku Abdul Rahman College, Kuala Lumpur with a Diploma in Business Administration and has 32 years of working experience in the field of taxation. He spent 3 years with the Inland Revenue Department and 10 years with one of the top 4 accounting firms before he was appointed the Managing Director of Taxnet Consultants Sdn. Bhd. He is a Chartered Accountant (Malaysia), a Fellow Member of the Chartered Association of Certified Accountants, an Associate Member of the Institute of Chartered Secretaries and Administrators and an Associate Member of the Chartered Tax Institute of Malaysia (formerly known as Malaysian Institute of Taxation). He is also the Independent Non-Executive Director of Tek Seng Holdings Berhad, Elsoft Research Berhad, Tejari Technologies Berhad and Chin Well Holdings Berhad, all these companies are listed on Bursa Securities.

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

He did not attend any meetings held in the financial year ended 31 December 2008, as his appointment only took effect from 23 January 2009.

STATEMENT OF CORPORATE GOVERNANCE

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

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

DIRECTORS

The Board

An effective Board leads and controls the Company. The Board meets quarterly to review its quarterly performances and discuss new policies and strategies with additional meetings as and when necessary. During the Board meeting, the Company Secretary will record the deliberations, in terms of the issues discussed, and the conclusions in discharging the Board’s duties and responsibilities. A total of 5 Board meetings were held for financial year ended 31 December 2008.

Board Balance

The Board comprises of 3 Executive Directors, 2 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director. The composition reflects that 1/3 of its members are independent. The Board considers the current composition and size of the Board as adequate. Collectively, Directors have a wide range of business and financial experiences. A brief profile of each Director is presented on page 9 to 10 of this Annual Report.

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

Supply of Information

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

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

Appointment to the Board

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

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

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

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

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

The members of the Nomination Committee are as follows:

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

Directors' Training

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

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

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

1. Implementing Effective Change Management via Strong Stakeholder Management;
2. Ensuring Process Capability Meets Expectation;
3. Setting Group Work To Meet Performance Plan;
4. Sales Negotiation; and
5. Key Account Management.

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

Re-election of Directors

Each Director of the Company shall retire at least once every 3 years. Also, they shall be eligible to stand for re-election at the annual general meeting upon their retirement. Any new Director who is appointed by the Board shall be subjected to election by shareholders at annual general meeting held immediately after his/her appointment. The Directors who are standing for re-election at the forthcoming annual general meeting are stated in page 4 of this Annual Report.

DIRECTORS' REMUNERATION

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

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

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

The members of the Remuneration Committee are as follows:

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

STATEMENT OF CORPORATE GOVERNANCE

The aggregate remuneration of Directors for the financial year ended 31 December 2008 is as follows:

	Salary	Bonus	Benefit In Kind	Others	Fees	Total
	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)
Executive	2,181,560	341,500	24,300	452,048	0	2,999,408
Non-Executive	0	0	0	0	88,000	88,000
	2,181,560	341,500	24,300	452,048	88,000	3,087,408

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

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000		2
RM 50,001 to RM100,000		
RM100,001 to RM150,000		
RM150,001 to RM200,000		
RM200,001 to RM250,000		
RM250,001 to RM300,000		
RM300,001 to RM350,000	1	
RM350,001 to RM400,000	3	
RM400,001 to RM450,000	2	
RM450,001 to RM500,000		
RM500,001 to RM550,000		
RM550,001 to RM600,000		
RM600,001 to RM650,000		
RM650,001 to RM700,000		
RM700,001 to RM750,000	1	
	-----	-----
	7	2
	=====	=====

SHAREHOLDERS

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

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

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

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Statement on Directors' Responsibility

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

The Directors consider that in preparing the financial statements for the financial year ended 31 December 2008, the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors have responsibility for ensuring that the Company and the Group keep accounting records, which disclose with reasonable accuracy financial position of the Company and the Group, which also enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking steps as are reasonably open to them to safeguard the shareholders' interest and the assets of the Group and to prevent and detect fraud and other irregularities.

Relationship with the Auditors

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

COMPLIANCE STATEMENT

The Company has fully complied with the requirement that all the Audit Committee members should be Non-Executive Directors with a majority of them being Independent Directors on 23 January 2009.

Save and except where stated otherwise, the Board is pleased to confirm that the Company has met and substantially complied with the best practices set out in the Malaysian Code on Corporate Governance.

Internal Control

The Internal Control Statement of the Group is set out in page 16 of this Annual Report.

Imposition of 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 2008.

Non-Audit Fees

There were no non-audit fees paid to the external auditors for the financial year ended 31 December 2008.

Repayment of Private Debt Securities

On 3 October 2008, the Company made a repayment of RM 15 million for its 7 years RM50 million Bank Guaranteed Commercial Papers / Medium Term Notes Programme. With this repayment, the Company had fully settled its Private Debt Securities.

Material Contracts

There were no material contracts entered by the Company and its subsidiaries involving directors and major shareholders' interests of the Company, which were still subsisting as at the financial year ended 31 December 2008.

STATEMENT OF CORPORATE GOVERNANCE

Revaluation Policy

The Group's properties are revalued at an interval of every 5 years. The next revaluation will be in the year of 2012.

Utilisation of Proceeds Raised from Corporate Proposal

The Company does not have any corporate proposal for the financial year ended 31 December 2008.

Share Buy Backs

The Company did not purchased 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 2008.

Warrants or Convertible Securities

The Company did not issue any new warrants or convertible securities for the financial year ended 31 December 2008.

American Depositary Receipt (ADR) / Global Depositary Receipt (GDR)

The Company did not sponsor any ADR or GDR programme for the financial year ended 31 December 2008.

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 20 February 2009.

During the financial year 2008, the provision for the Internal Control Management System remains very much the same with that of year 2007. The Board of Directors of Public Packages Holdings Berhad firmly believes in the importance of the existence of a sound system of internal control within the Group. The Board acknowledges its responsibility to establish and review on a regular basis the effectiveness of the system of internal control within the Group. The internal control system involves each business and key management from each business, including the Board, and is designed to meet the Group's particular needs and to manage the risks to which it is exposed. This system only provides reasonable but not absolute assurance against material loss or against the Group failing to achieve its objectives. For the purpose of this statement, joint ventures are not dealt with as part of the Group.

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

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

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

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

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

Risk Management Framework

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

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

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

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

STATEMENT ON INTERNAL AUDIT FUNCTION

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

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

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

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

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

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

During the year ended 31 December 2008, the Group has paid RM 66,000 to carry out the internal audit functions, performed by the in-house internal auditors.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

The breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2008 are as follows: -

PPHB/Subsidiaries Involved	Related Party	Relationship	Nature of Transaction	RM'000
Public Packages (NT) Sdn. Bhd.	Teckwah Value Chain Sdn. Bhd.	*	Rebate from sale wrongly billed	(6)
	City Packaging Industry Sdn. Bhd.	***	Sale of carton boxes	76
	Tompac Industrial Sdn. Bhd.	*	Sale of paper boards and carton boxes	13
Public Packages (Prai) Sdn. Bhd.	TN Machinery & Equipment (PG) Sdn. Bhd.	***	Rental and repairs of movable machineries and forklift	12
	City Packaging Industry Sdn. Bhd.	***	Purchase of carton boxes to Supplement company's own Production whenever it reaches its full capacity	3
PPH Display Design Sdn. Bhd.	Fame Pack Holdings Sdn. Bhd.	****	Rent of property for staff accommodation	22
PPH Printing and Packaging (Penang) Sdn. Bhd.	Teckwah Paper Products Sdn. Bhd.	*	Sale of retail boxes	2
	Teckwah Paper Products Sdn. Bhd.	*	Sub-contract of printing work by Teckwah Paper Products Sdn. Bhd.	70
Public Packages Asia (S) Pte. Ltd.	Fame Pack Holdings Sdn. Bhd.	****	Rent of office lot	55

Mr. Koay Chiew Poh ("KCP") is a director and major shareholder of PPHB. Madam Ooi Siew Hong ("OSH") is a director who resigned on 30 January 2009 and a major shareholder of PPHB. Both Mr. Koay Chue Beng ("KCB") and Mr. Koay Teng Liang ("KTL") are directors of PPHB.

RECURRENT

RELATED PARTY TRANSACTIONS

OF A REVENUE NATURE

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 is the son of KCP and OSH
- (c) KCP and KCB are brothers.

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

- * Teckwah Value Chain Sdn. Bhd. Tompac Industrial Sdn. Bhd. and Teckwah Paper Products Sdn. Bhd. are the wholly owned subsidiaries of PPH Teckwah Value Chain Sdn. Bhd. ("PTVC"). PTVC is a 50% joint-venture company between PPH Paper Products Sdn. Bhd. ("PPHPP") and third parties. PPHPP is a wholly owned subsidiary of PPHB. KCP who is a major shareholder of PPHB being the common director of PPHB and PTVC is deemed interested.
- ** Mr. Ooi Teong Huat is the substantial shareholder of City Packaging Industry Sdn. Bhd. and he holds 99% of the total and issued paid-up capital of City Packaging Industry Sdn. Bhd. Mr. Ooi Teong Huat is the brother of OSH, the brother-in-law of KCP and KCB, and the uncle of KTL.

Both City Packaging Industry Sdn. Bhd. and Mr. Ooi Teong Huat do not hold shares in PPHB.
- *** Mr. Chan Hean Teong @ Chan Kean Teong is the managing director and substantial shareholder of TN Machinery & Equipment (Penang) Sdn. Bhd. and he holds 49% of the total and issued paid-up capital of TN Machinery & Equipment (Penang) Sdn. Bhd. Mr. Chan Hean Teong @ Chan Kean Teong has resigned as the Independent Non-Executive Director of the Company with effect from 23 January 2009.
- **** 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 interest.

COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

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

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. COMPOSITION

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

2. AUTHORITY

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

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

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

3. DUTIES

The duties and responsibilities of the Audit Committee shall be:

(a) to review:-

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

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

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

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

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

4. OVERSEEING THE INTERNAL AUDIT FUNCTION

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

5. PROCEDURES

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

6. ATTENDANCE AT MEETINGS

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

7. FREQUENCY OF MEETINGS

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

AUDIT COMMITTEE MEETINGS

A total of 5 Audit Committee meetings were held during the financial year ended 31 December 2008.

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

Name of Audit Committee Members	No. of Audit Committee Meetings Attended
Mr. Ng Thim Fook	4
Puan Nurjannah Binti Ali	4
Mr. Ong Eng Choon (appointed on 23 January 2009)	0
Mr. Chan Hean Teong @ Chan Kean Teong (resigned on 23 January 2009)	5
Madam Ooi Siew Hong (resigned on 30 January 2009)	5

SUMMARY OF ACTIVITIES

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

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

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.

The Audit Committee noted that the Company has a total of 5,270,000 shares available under the Company's ESOS to the Executive Directors and employees of the Company and the options have not been exercised as at 31 December 2008. The exercise price for the ESOS shares is RM 0.64 and the ESOS is valid until 11 April 2012.

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The directors present their report and the audited financial statements of the Group and of the Company for the year ended December 31, 2008.

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 27 to the financial statements.

There is no significant change in these principal activities during the financial year under review.

RESULTS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
	'000	'000	'000	'000
Profit for the year	<u>3,134</u>	<u>2,208</u>	<u>2,588</u>	<u>2,430</u>

DIVIDENDS

No dividend has been recommended, paid or declared by the directors since the end of the previous financial year.

RESERVES AND PROVISIONS

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

SHARES AND DEBENTURES

No share or debenture was issued by the Company during the financial year under review.

WARRANTS

No warrant was issued by the Company during the financial year under review.

EMPLOYEES SHARE OPTION SCHEME ("ESOS")

The details of ESOS granted are as follows: -

Exercise Price	Date Granted	<u>Number of options over ordinary shares of RM0.50 each</u>			
		As at 01.01.08	Exercised	Lapsed	As at 31.12.08
RM0.64	05.01.04	5,906,000	-	(636,000)	5,270,000

EMPLOYEES SHARE OPTION SCHEME ("ESOS")(CONT'D)

The Company did not grant any option during the financial year under review.

Details of the ESOS scheme are set out in note 36 to the financial statements.

OTHER STATUTORY INFORMATION

Before the income statement and balance sheet of the Group and of the Company were made out, the directors took reasonable steps to ascertain that: -

- a) all known bad debts had been written off and adequate allowance been made for doubtful debts, and
- b) all current assets have been carried at the lower of cost and net realisable value.

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

- a) 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, or
- b) that would render the value attributed to the current assets in the Group and in the Company's financial statements misleading, or
- c) that would render any amount stated in the financial statements of the Group and of the Company misleading, other than those already dealt with in this report and in the relevant financial statements, or
- d) which have arisen which renders adherence to the existing methods of valuation of assets and liabilities of the Group and of the Company misleading or inappropriate.

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

- (a) 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, or
- (b) 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 its obligations as and when they fall due.

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended December 31, 2008 were not substantially affected by any item, transaction or event of a material and unusual nature. There has not arisen any material and unusual item, transaction or event in the interval between the end of the financial year and the date of this report likely to affect substantially the results of the operations of the Group and of the Company.

DIRECTORS AND THEIR SHAREHOLDINGS

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

Koay Chiew Poh	
Koay Chue Beng	
Nurjannah Binti Ali	
Ng Thim Fook	
Ong Eng Choon	(Appointed on 23.01.09)
Koay Teng Liang	(Appointed on 30.01.09)
Koay Teng Liang	(Alternate director to Koay Chiew Lee) (Revoked on 23.01.09)
Koay Chiew Kang	(Alternate director to Koay Chiew Poh) (Revoked on 23.01.09)
Tan Soo Huat	(Resigned on 23.01.09)
Koay Chiew Lee	(Resigned on 23.01.09)
Chan Hean Teong @ Chan Kean Teong	(Resigned on 23.01.09)
Ooi Siew Hong	(Resigned on 30.01.09)

According to the Register of Directors' Shareholdings, the interest of the directors in office at the end of the financial year in shares, options and warrants of the Company are as follows: -

<u>Name of Directors</u>	<u>Number of ordinary shares of RM0.50 each</u>			
	<u>01.01.08</u>	<u>Acquired</u>	<u>Disposed</u>	<u>31.12.08</u>
<u>Direct Interest</u>				
Koay Chiew Poh	4,226,480	-	-	4,226,480
Koay Chue Beng	358,692	-	-	358,692
Koay Teng Liang	46,664	-	-	46,664
Koay Chiew Kang	1,069,896	-	-	1,069,896
Tan Soo Huat	2,114,870	-	-	2,114,870
Koay Chiew Lee	293,332	-	-	293,332
Chan Hean Teong @ Chan Kean Teong	15,832	-	-	15,832
<u>Deemed Interest</u>				
Koay Chiew Poh	49,167,670	-	-	49,167,670
Ooi Siew Hong	49,167,670	-	-	49,167,670
Koay Chue Beng	3,935,000	-	-	3,935,000
Koay Chiew Kang	4,038,664	-	-	4,038,664
Koay Chiew Lee	4,041,664	-	-	4,041,664
Chan Hean Teong @ Chan Kean Teong	7,500	-	-	7,500

<u>Name of Directors</u>	<u>Number of options over ordinary shares of RM0.50 each</u>			
	<u>01.01.08</u>	<u>Acquired</u>	<u>Lapsed</u>	<u>31.12.08</u>
<u>Direct Interest</u>				
Koay Chiew Poh	1,134,000	-	-	1,134,000
Tan Soo Huat	680,000	-	-	680,000
Koay Chiew Lee	680,000	-	-	680,000
Koay Chiew Kang	680,000	-	-	680,000
Koay Chue Beng	340,000	-	-	340,000
Ooi Siew Hong	340,000	-	-	340,000

The remaining directors in office do not hold any share and option in the Company during the financial year under review.

DIRECTORS AND THEIR SHAREHOLDINGS (CONT'D)

Koay Chiew Poh and Ooi Siew Hong are deemed to have interest in the subsidiaries by virtue of their interests in the Company.

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 receivable by the directors as shown in note 31 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which a director has a substantial financial interest. There was no arrangement during and at the end of the financial year, which the Company is a party, with the object 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 to eligible executive directors of the Company under the ESOS held by the respective directors.

AUDITORS

The auditors, Messrs. Wong Liu & Partners, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance
with a resolution of the directors,

KOAY CHIEW POH

KOAY CHUE BENG

Penang

Dated: 3 April 2009

STATEMENT BY DIRECTORS

We, the undersigned, 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 33 to 92 are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards for entities other than private entities in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2008, and of the results of the business and the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with
a resolution of the directors,

KOAY CHIEW POH

KOAY CHUE BENG

Penang

Dated: 3 April 2009

I, Ooi Siew Hong, the officer primarily responsible for the financial management of Public Packages Holdings Berhad, do solemnly declare that to the best of my knowledge and belief the financial statements set out on pages 33 to 92 are 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 Ooi Siew Hong)
at Georgetown in the State of Penang)
on 3 April 2009.)

OOI SIEW HONG

Before me,

(Commissioner for Oaths)

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

Report on the Financial Statements

We have audited the financial statements of Public Packages Holdings Berhad, which comprise the balance sheets as at December 31, 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 92.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2008 and of their financial performance and cash flows for the year then ended.

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

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 all the subsidiaries of which we have not acted as auditors, which are indicated in note 27 to the financial statements.
- (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.
- (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 Matters

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

WONG LIU & PARTNERS
AF 0182
Chartered Accountants

LEOW MEE HONG
1178/02/11 (J)
Partner
Chartered Accountant

Penang

Dated : 3 April 2009

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2008

	Note	2008 RM '000	Restated 2007 RM '000
NON CURRENT ASSETS			
Property, plant and equipment	7	66,639	69,845
Prepaid land lease	8	10,622	10,878
Investment properties	9	7,212	7,212
Property development	10	22,253	22,247
Investment in joint venture companies	11	14,298	14,093
Other investments	12	775	6,438
Goodwill on consolidation	13	675	675
		<u>122,474</u>	<u>131,388</u>
CURRENT ASSETS			
Inventories	14	20,436	17,275
Trade receivables	15	34,836	35,524
Other receivables, deposits and prepayments	16	3,697	5,835
Tax recoverable		1,811	1,668
Fixed deposits with licensed banks	17	205	-
Cash and bank balances	18	6,837	7,658
		<u>67,822</u>	<u>67,960</u>
TOTAL ASSETS		<u><u>190,296</u></u>	<u><u>199,348</u></u>
EQUITY			
Share capital	19	54,949	54,949
Share premium		1,295	1,295
Revaluation reserve	20	16,825	21,991
Currency translation reserve		(159)	(225)
Accumulated profits carried forward		26,315	23,181
Total equity		<u>99,225</u>	<u>101,191</u>
NON CURRENT LIABILITIES			
Deferred tax liabilities	21	11,242	10,986
Hire purchase payables	22	1,539	1,803
Long term borrowings	23	9,523	7,980
		<u>22,304</u>	<u>20,769</u>
CURRENT LIABILITIES			
Trade payables	24	9,311	12,048
Other payables and accruals	25	8,141	4,314
Hire purchase payables	22	560	466
Tax payable		182	15
Short term borrowings	26	50,573	60,545
		<u>68,767</u>	<u>77,388</u>
TOTAL EQUITY AND LIABILITIES		<u><u>190,296</u></u>	<u><u>199,348</u></u>

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

BALANCE SHEET AS AT DECEMBER 31, 2008

	Note	2008 RM '000	2007 RM '000
NON CURRENT ASSETS			
Property, plant and equipment	7	8	11
Investment in subsidiaries	27	49,884	49,884
Other investments	12	585	6,154
		<u>50,477</u>	<u>56,049</u>
CURRENT ASSETS			
Other receivables, deposits and prepayments	16	812	2,123
Amount owing by subsidiaries	28	53,082	61,441
Tax recoverable		569	183
Bank balances		1,179	1,235
		<u>55,642</u>	<u>64,982</u>
TOTAL ASSETS		<u><u>106,119</u></u>	<u><u>121,031</u></u>
EQUITY			
Share capital	19	54,949	54,949
Share premium		1,295	1,295
Revaluation reserve	20	29,345	34,511
Accumulated profits carried forward	29	8,333	5,745
Total equity		<u>93,922</u>	<u>96,500</u>
NON CURRENT LIABILITIES			
Long term borrowings	23	9,479	7,140
		<u>9,479</u>	<u>7,140</u>
CURRENT LIABILITIES			
Other payables and accruals	25	58	177
Short term borrowings	26	2,660	17,214
		<u>2,718</u>	<u>17,391</u>
TOTAL EQUITY AND LIABILITIES		<u><u>106,119</u></u>	<u><u>121,031</u></u>

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

CONSOLIDATED INCOME STATEMENT FOR

THE YEAR ENDER DECEMBER 31, 2008

	Note	2008 RM '000	Restated 2007 RM '000
Revenue	30	163,548	147,276
Cost of sales		<u>(133,075)</u>	<u>(117,251)</u>
Gross profit		30,473	30,025
Other income		413	912
Selling and distribution expenses		(10,953)	(10,049)
Administrative expenses		(11,426)	(11,940)
Other expenses		<u>(649)</u>	<u>(1,697)</u>
Profit from operations		7,858	7,251
Share of results of joint venture companies	11	205	(724)
Finance expenses		<u>(3,546)</u>	<u>(3,837)</u>
Profit before taxation	31	4,517	2,690
Taxation	32	<u>(1,383)</u>	<u>(482)</u>
Profit for the year		<u><u>3,134</u></u>	<u><u>2,208</u></u>
Attributable to: -			
Shareholders of the Company		3,134	2,208
Minority interest		<u>-</u>	<u>-</u>
		<u><u>3,134</u></u>	<u><u>2,208</u></u>
Basic earnings per share (sen)	33	2.85	2.01
Diluted earnings per share (sen)	33	2.85	2.01

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

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	2008 RM '000	2007 RM '000
Revenue	30	5,496	8,573
Other income		62	24
Administrative expenses		(582)	(1,190)
Other expenses		<u>(403)</u>	<u>(800)</u>
Profit from operations		4,573	6,607
Finance expenses		<u>(1,037)</u>	<u>(1,692)</u>
Profit before taxation	31	3,536	4,915
Taxation	32	<u>(948)</u>	<u>(2,485)</u>
Profit for the year		<u>2,588</u>	<u>2,430</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2008

Share Capital	Share Premium	Revaluation Reserve	Reserve on Consolidation	Currency Translation Reserve	<Distributable>	
					Accumulated Profits Carried Forward	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
54,949	1,295	21,062	-	(146)	18,153	95,313
-	-	-	-	-	2,820	2,820
54,949	1,295	21,062	-	(146)	20,973	98,133
-	-	(289)	-	-	-	(289)
-	-	3,442	-	-	-	3,442
-	-	(2,224)	-	-	-	(2,224)
-	-	-	-	(79)	-	(79)
-	-	929	-	(79)	-	850
-	-	-	-	-	2,208	2,208
-	-	929	-	(79)	2,208	3,058
54,949	1,295	21,991	-	(225)	23,181	101,191

Balance as at January 1, 2007
 - As previously restated
 Restatement on adoption of
 Financial Reporting Standard 112
 - Income Taxes
 Balance as restated
 Reversal of revaluation surplus due
 to impairment of investments
 Revaluation surplus of properties
 Reversal of revaluation surplus due
 to impairment of properties
 Currency translation of foreign entities
 Total income and expense recognised
 directly in equity
 Profit for the year
 Total recognised income and expense
 for the year, as restated
 Balance as at December 31, 2007
 as restated

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2008

	Non Distributable				<Distributable>	
	Reserve		Reserve on Consolidation	Currency Translation Reserve	Accumulated Profits Carried Forward	Total
Share Capital	Share Premium	Revaluation Reserve				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
54,949	1,295	21,991	-	(225)	23,181	101,191
-	-	(5,166)	-	-	-	(5,166)
-	-	-	-	66	-	66
-	-	(5,166)	-	66	-	(5,100)
-	-	-	-	-	3,134	3,134
-	-	(5,166)	-	66	3,134	(1,966)
54,949	1,295	16,825	-	(159)	26,315	99,225

Balance as at January 1, 2008
- As restated

Reversal of revaluation surplus due to impairment of investment
Currency translation of foreign entities
Total income and expense recognised directly in equity
Profit for the year
Total recognised income and expense for the year
Balance as at December 31, 2008

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2008

	← Non Distributable →		< Distributable >		
	Share Capital	Share Premium	Revaluation Reserve	Accumulated Profits Carried Forward	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at January 1, 2007	54,949	1,295	34,800	3,315	94,359
Reversal of revaluation surplus due to impairment of investment, representing expense recognised directly in equity	-	-	(289)	-	(289)
Profit for the year	-	-	-	2,430	2,430
Total recognised income and expense for the year	-	-	(289)	2,430	2,141
Balance as at December 31, 2007 as restated	54,949	1,295	34,511	5,745	96,500
Reversal of revaluation surplus due to impairment of investment, representing expense recognised directly in equity	-	-	(5,166)	-	(5,166)
Profit for the year	-	-	-	2,588	2,588
Total recognised income and expense for the year	-	-	(5,166)	2,588	(2,578)
Balance as at December 31, 2008	54,949	1,295	29,345	8,333	93,922

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 RM '000	2007 RM '000
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,517	2,690
Adjustments for: -		
Allowance for doubtful debts	-	1,380
Amortisation of deferred income	-	(13)
Amortisation of prepaid land lease	256	249
Bad debts	-	3
Depreciation	4,623	4,880
Development expenditure written off	-	-
Dividend income from quoted investments	(11)	(12)
Gain on fair value adjustments	-	(90)
Gain on disposal of property, plant and equipment	-	(61)
Impairment of quoted and unquoted investments	497	-
Impairment of property, plant and equipment	-	240
Interest expense on overdrafts, bills payable and others	3,546	3,837
Interest income from fixed deposits and others	(10)	(79)
Property, plant and equipment written off	-	7
Rental income	(546)	(96)
Share of results of joint venture companies	(205)	724
Unrealised loss/(gain) on foreign exchange	48	(263)
Operating profit before working capital changes	<u>12,715</u>	<u>13,396</u>
Increase in property developments	(6)	-
Increase in inventories	(3,203)	(1,269)
Decrease/(Increase) in receivables	2,295	(1,834)
Increase in payables	1,651	3,462
Cash generated from operations	<u>13,452</u>	<u>13,755</u>
Interest received	9	1
Rental received	513	96
Interest paid	(3,546)	(3,837)
Tax paid	(2,095)	(4,272)
Tax refund	241	1,580
Dividend received	11	1,512
Net cash from operating activities	<u>8,585</u>	<u>8,835</u>

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	2008 RM '000	2007 RM '000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment (Placement)/Withdrawal of fixed deposits	35	(1,124) (205)	(2,909) 1,237
Proceeds from disposal of property, plant and equipment		-	64
Interest received		1	78
Rental received		33	-
Net cash used in investing activities		<u>(1,295)</u>	<u>(1,530)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in bills payable		3,263	5,284
Proceeds from borrowings		5,000	-
Repayment of hire purchase payables		(495)	(244)
Repayment of borrowings		<u>(17,950)</u>	<u>(15,947)</u>
Net cash used in financing activities		<u>(10,182)</u>	<u>(10,907)</u>
Effect of foreign exchange differences		935	350
Net decrease in cash and cash equivalents		<u>(1,957)</u>	<u>(3,252)</u>
Cash and cash equivalents brought forward		(2,481)	681
Effect of foreign exchange on cash and cash equivalents brought forward		(122)	90
As restated		<u>(2,603)</u>	<u>771</u>
Cash and cash equivalents carried forward		<u>(4,560)</u>	<u>(2,481)</u>
Cash and cash equivalents consists of:-			
Cash and bank balances		6,837	7,658
Bank overdrafts	26	<u>(11,397)</u>	<u>(10,139)</u>
		<u>(4,560)</u>	<u>(2,481)</u>

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 RM '000	2007 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,536	4,915
Adjustments for: -		
Allowance for doubtful debts	-	800
Depreciation	3	32
Dividend income from subsidiaries	(4,570)	(7,578)
Gain on disposal of property, plant and equipment	-	(14)
Impairment on unquoted investments	403	-
Interest expense on overdrafts, bills payable and others	1,037	1,692
Interest income from fixed deposits and others	(926)	(995)
Operating loss before working capital changes	(517)	(1,148)
Decrease in receivables	900	1,008
Decrease in payables	(119)	(154)
Cash generated from/(used in) operations	264	(294)
Dividend received	3,647	5,937
Interest paid	(1,037)	(1,692)
Interest received	926	995
Tax paid	-	(284)
Tax refund	-	1,413
Net cash from operating activities	3,800	6,075
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	14
Repayment from subsidiaries	8,359	8,282
Withdrawal from unit trusts	-	641
Net cash from investing activities	8,359	8,937

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 RM '000	2007 RM '000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	5,000	-
Repayment of borrowings	<u>(17,215)</u>	<u>(15,268)</u>
Net cash used in financing activities	<u>(12,215)</u>	<u>(15,268)</u>
Net decrease in cash and cash equivalents	(56)	(256)
Cash and cash equivalents brought forward	<u>1,235</u>	<u>1,491</u>
Cash and cash equivalents carried forward	<u><u>1,179</u></u>	<u><u>1,235</u></u>
Cash and cash equivalents consists of: -		
Bank balances	<u><u>1,179</u></u>	<u><u>1,235</u></u>

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

1. CORPORATE INFORMATION

The Company is domicile in and incorporated in Malaysia with limited liability and quoted on the Second Board of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The registered office and the principal place of business is Wisma Public Packages, Plot 67, Lintang Kampung Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang.

The financial statements were approved and authorised for issue by the Board of Directors on 3 April 2009.

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

2. FINANCIAL RISK MANAGEMENT POLICIES

The main areas of financial risk faced by the Group and the policies for managing such risk are as follows: -

(a) Credit Risk

It is the Group’s policy to monitor the financial standing of all receivables on an on going basis to ensure that the Group is exposed to minimal credit risk.

(b) Foreign Currency Risk

The Group has four overseas subsidiaries, Public Packages Philippines, Inc., in Philippines, Public Packages Asia (S) Pte. Ltd., in Singapore, Public Packages Asia (HK) Limited, in Hong Kong and Public Packages Asia (Thailand) Company Limited, in Thailand and whose revenue and expenses are denominated primarily in Peso, Singapore Dollar, Hong Kong Dollar and Thai Baht respectively. However the Group’s exposure to movement in these currencies are not significant due to the size of the operations.

The Group is also exposed to foreign currency risk resulting from the normal trading activities where the currency denomination differs from Ringgit Malaysia. It is the Group’s policy to receive and pay foreign currencies through foreign currency bank accounts so as to minimise the foreign exchange exposure.

(c) Liquidity And Cash Flow Risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

2. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(d) Interest Rate Risk

Interest bearing cash deposits placed with licensed banks and external borrowings may give rise to interest rate risk. The Group's policy is to borrow on both fixed and floating rates of interest. The objective is to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

(e) Market Risks

The Group has in place policies to manage the Group's exposure to fluctuation in the prices of the key materials used in the operations.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards for entities other than private entities in Malaysia. In compliance with the accounting standards, estimates and assumptions may have to be made by the management which will affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported revenue and expenses for that financial year. Actual results could differ from those estimates.

For the financial year ended December 31, 2007, the Group had adopted all effective new and revised Financial Reporting Standards ("FRSs") that are relevant to its operations from January 1, 2007.

The FRSs applicable to the Group and to the Company for the financial year ended December 31, 2008 are as follows: -

- FRS 107: Cash Flow Statements
- FRS 112: Income Taxes
- FRS 118: Revenue
- FRS 121: Amendment to Financial Reporting Standard FRS 121 – The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
- FRS 134: Interim Financial Reporting
- FRS 137: Provisions, Contingent Liabilities and Contingent Assets

Except for the adoption of FRS 112, the above FRSs do not have significant financial impact to the Group and the Company.

The effects of the change in accounting policies resulting from the adoption of the FRS 112 are discussed as follows: -

Prior to January 1, 2008, the Group did not account for unutilised tax reinvestment allowances as a deferred tax asset. The FRS 112 provides that entities with unutilised tax reinvestment allowances or other similar tax allowances in excess of the normal capital allowance may recognise deferred tax asset to the extent that it is probable that the future taxable profit will be available against which the unutilised reinvestment allowances or other similar tax allowance can be utilised. The adoption of the FRS 112 has resulted in a change in accounting policy. This change has been accounted

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

for retrospectively and as disclosed in note 42, certain comparatives have been restated.

The Group has not early adopted FRS 139: Financial Instruments: Recognition and Measurement which is effective for financial periods beginning on or after January 1, 2010. The effects of FRS 139, if any, upon its initial recognition are exempted from disclosure.

The FRSs and interpretations on accounting standards that are effective but are not applicable to the Group and to the Company for the financial year ended December 31, 2008 are as follows: -

- FRS 111: Construction Contracts
- FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
- IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
- IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
- IC Interpretation 7: Applying the Restatement Approach under FRS 129₂₀₀₄ Financial Reporting in Hyperinflationary Economies
- IC Interpretation 8: Scope of FRS 2

The Malaysian Accounting Standards Board had issued 3 new FRSs and 2 interpretations related to financial instruments on November 17, 2008. The new FRSs and interpretations are FRS 4: Insurance Contract, FRS 7: Financial Instruments: Disclosures, FRS 8: Operating Segments, IC Interpretation 9: Reassessment of Embedded Derivatives and IC Interpretation 10: Interim Financial Reporting and Impairment. These standards and interpretations will take effect from January 1, 2010 except for FRS 8, which will be effective on or after July 1, 2009.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) Critical Judgments in Applying the Group's Accounting Policies

In the process of applying the Group's accounting policies, which are described in Note 5, there are no instances of application of judgment, which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key Sources of Estimation Uncertainty

There is no key assumption made concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year other than as follow: -

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Key Sources of Estimation Uncertainty (Cont'd)

(i) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on the assessment of the recoverability of receivables. Allowances for doubtful debt is provided where events or changes in circumstances indicate that the balances may not be collectable. The identification of doubtful debts requires use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and doubtful debts expenses in the period in which such estimate has been changed.

(ii) Residual value and depreciation of plant and machinery

The depreciable costs of plant and machinery are allocated on the straight-line basis over their estimated useful lives. Management estimate the useful lives of these assets to be within 10 to 35 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual value of these assets.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement Basis

The financial statements are prepared using the historical cost basis unless indicated otherwise in other significant accounting policies.

(b) Basis Of Consolidation

The Group's financial statements include the financial statements of the Company and all of its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated using the acquisition method of accounting from the date on which control is transferred to the Group and are no longer consolidated from the date when control ceases. Any excess of the cost of an acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represent goodwill.

The goodwill is accounted for in accordance with the accounting policy for goodwill stated in note 5(j). Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of an acquisition is recognised in the income statement on the date of acquisition.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis Of Consolidation (Cont'd)

All inter-company transactions, balances and unrealised profits on transactions among the companies of the Group are eliminated. Unrealised losses are also eliminated unless costs cannot be recovered.

Minority share of losses is recognised to the extent of their investments in the subsidiary companies.

The financial statements of the Company and its subsidiaries are all drawn up in accordance with the Group's accounting policies and to the same reporting date.

(c) Impairment Of Assets

The carrying amount of assets (excluding investment property measured at fair value, assets arising from construction contract, assets arising from employee benefits, non current assets (or disposal group) classified as held by sale, inventories, deferred tax assets and financial assets but including investments in subsidiary companies, associated companies and joint ventures companies) are reviewed at each balance sheet date for any indication that the assets might be impaired.

Impairment is measured by comparing the carrying amount of the assets with their recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. Recoverable amount are estimated for individual assets, or if it is not possible, for the cash-generating unit.

The impairment loss is charged to income statement immediately, unless the asset is carried at the revalued amount. Any impairment loss of a revalued asset is treated as a reversal of revaluation surplus to extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an impaired asset is treated as reversal of the previous impairment loss and is recognised to the extent of carrying amount of the asset that would have determined (net of depreciation and amortisation) had no impairment been recognised.

The reversal is recognised in the income statement immediately, unless the asset is carried at the revalued amount. A reversal of an impairment loss on revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of the impairment loss is recognised as income in the income statements.

(d) Property, Plant And Equipment And Depreciation

Property, plant and equipment are carried at valuation/cost less accumulated depreciation and impairment losses, if any.

Revaluation of properties is carried out at an interval of every five years.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, Plant And Equipment And Depreciation (Cont'd)

Surplus arising on revaluation is credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same property, plant and equipment. In all other cases, a decrease in carrying amount is charged to the income statement. However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same property, plant and equipment previously recognised as an expense.

Freehold land and capital expenditure-in-progress are not depreciated. Depreciation on capital expenditure-in-progress commences when the property, plant and equipment are ready for their intended use. Depreciation of other property, plant and equipment is calculated to write off the valuation/cost on the straight-line basis over the estimated useful lives.

The principal annual rates used for this purpose are: -

Buildings and apartments	2.0%
Plant and machinery	2.9% - 20.0%
Motor vehicles	5.0% - 10.0%
Furniture, fittings and office equipment	10.0% - 20.0%
Electrical installations	10.0%
Renovations	5.0% - 20.0%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and rate of depreciation are consistent with previous estimate and the expected pattern of consumption of the future economic benefits embodies in the items of property, plant and equipment is done annually.

Upon disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement. The revaluation surplus for properties disposed is taken directly to accumulated profits carried forward in the statement of changes in equity.

(e) Hire Purchase Transactions

Property, plant and equipment acquired by way of hire purchase are carried at cost at the commencement of hire purchase and depreciation is provided accordingly. The corresponding obligations under hire purchase are included under liabilities. The finance charges are charged to income statement to give a constant rate of interest over the period of hire purchase.

(f) Prepaid Land Lease

Prepaid land lease comprises up-front payments made for leasehold land where ownership of the land does not transfer to the Group at the end of the lease term. Prepaid land lease is carried at cost or surrogate carrying amount and is amortised over the remaining lease term on the straight-line basis.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment Properties ("IP")

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, IP are carried at fair value. Fair value of the IP 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 IP.

Gains or losses arising from changes in the fair value of such properties are recognised in the income statement in the period incurred.

IP shall be derecognised on disposal or when the IP is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss on the retirement or disposal of IP shall be recognised in the income statement in the period incurred.

(h) Property Development

Property development comprises development properties and development expenditure. Development properties are carried at cost/surrogate carrying amount plus development expenditure and attribute profit less foreseeable losses and progress billings. Development expenditure includes direct development costs, attributable overheads and other related development expenditure.

(i) Investment In Joint Venture Companies

A joint venture company is defined as a jointly controlled entity, which undertakes an economic activity by way of contractual agreement.

Investments in joint venture companies are carried at cost plus the Group's share of results of joint venture companies. The shares of result in joint venture companies are included in the consolidated financial statements using the equity method of accounting.

(j) Financial Instruments

The accounting policies for financial instruments recognised in the balance sheet are: -

(i) Other Investments

Investments in quoted and unquoted shares and unit trusts are carried at valuation/cost less impairment losses, if any.

(ii) Receivables

Receivables are carried at the amount expected to be recovered. Known bad debts are written off and specific allowance is made for any debt considered to be doubtful of collection.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial Instruments (Cont'd)

(iii) Fixed Deposits With A Licensed Bank

Fixed deposits with a licensed bank are recognised and carried at the amount recoverable.

(iv) Cash And Cash Equivalents

Cash and cash equivalents are recognised and carried at cost.

Cash and cash equivalents represent items that are readily convertible to amount of cash with insignificant risk of changes in value. The components of cash and cash equivalents are cash, bank balances, fixed deposits and bank overdrafts.

(v) Equity And Liabilities

Financial instruments issued by the Group are classified as equity or liabilities in accordance with the substance of the contractual arrangement on initial recognition. Interest, dividend, gains and losses relating to a liability instrument are reported in the income statement as an expense or income. Distributions to holders of equity instruments are charged directly to equity.

(vi) Borrowings

Interest-bearing borrowings are carried at the amount of proceeds received net of repayment during the financial period. Portions of the borrowings which are repayable after one year are shown under non current liabilities.

(vii) Payables And Accruals

Payables and accruals are carried at cost which is the fair value of the consideration to be paid for goods and services received.

(viii) Amount Owing To A Director

Amount owing to a director is recognised and carried at the amount expected to be repaid.

The accounting policies for other financial instruments recognised in the balance sheet are disclosed in the individual accounting policy associated with each item.

Financial instruments are offset when the Group has legally enforceable right of offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) 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 balance sheet 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.

(l) Inventories

Inventories comprising raw materials, work-in-progress and finished goods 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 includes 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 costs necessary to make the sales.

(m) Investment In Subsidiaries

Investment in subsidiaries are carried at cost/valuation less impairment losses, if any.

(n) Foreign Currency Translation

Transactions in foreign currencies are translated into functional currency at the approximate exchange rates ruling at the date of the transactions. Assets and liabilities in foreign currencies are translated into functional currency at the approximate exchange rates prevailing at the end of the financial year. All gains and losses on exchange are recognised in the income statement.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Foreign Currency Translation (Cont'd)

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

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

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

The closing rates of exchange used in the preparation of the financial statements are as follows: -

	2008 RM	2007 RM
1 Hongkong Dollar	0.444	0.420
1 Indonesia Rupiah	0.001	0.001
1 Philippine Peso	0.072	0.078
1 Singapore Dollar	2.401	2.284
1 Thai Baht	0.097	0.106
1 US Dollar	3.461	3.298

(o) Income Recognition

- (i) Revenue from sale of goods is recognised when the risks and rewards of ownership of goods sold have been transferred to the customers.
- (ii) Income from property development is recognised on the percentage of completion method.
- (iii) Interest on fixed deposits is recognised on a time apportionment basis.
- (iv) Dividend income is recognised when the right to receive payment is established.
- (v) Other investment income is recognised on receipt basis.
- (vi) Financial, administrative and advisory fee is recognised when the services are rendered.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Employee Benefits

(i) Short-Term Employee 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 and of the Company. Short term non-accumulating compensated absences such as paid annual leave and sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

The Group and the Company contributes to the Employees Provident Fund (“EPF”) in Malaysia. Such contributions are recognised as an expense in the income statement as incurred. Retirement benefits for employees of foreign subsidiaries are accrued for in accordance with the provisions of those foreign countries retirement law and are charged to income statements as incurred.

(iii) Share-Based Compensation

Employees Share Options Scheme

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. The fair value of the employees services received in exchange for the grant of the share options is recognised as an expense in the income statement 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 each balance sheet date, 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 the income statement 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.

(q) Borrowing Costs

All borrowing costs incurred are recognised as an expense in the year in which they are incurred except for borrowing costs attributable to development activities.

Borrowing costs attributable to development activities are capitalised during the year in which there are active development activities. Capitalisation of borrowing costs ceases when the properties are ready for their intended use or sale or when the development activities are suspended.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Taxation

Taxation is provided based on current year's income as adjusted for tax purposes.

Deferred tax liabilities and assets are provided for using the balance sheet liability method at the tax rate (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax asset is reviewed at each balance sheet date.

(s) Dividends

Dividends on ordinary shares are accounted for in the Statement of Changes in Equity as an appropriation of accumulated profits carried forward in the year in which they are authorised for payment.

(t) Segment Information

The primary reporting segment information is in respect of business segments as the Group risks and rates of return are affected predominantly by differences in the products it produces, while the secondary information is reported geographically.

Segment results, assets and liabilities include all assets and liabilities directly attributable to the segment as well as those that can be allocated on a reasonable basis but do not include bank borrowing, finance expenses, income tax assets and liabilities.

Pricing for inter segment transactions are determined at the normal course of business. These transactions are eliminated on consolidation.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used or more than one year.

6. 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 27.

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7. PROPERTY, PLANT AND EQUIPMENT

Particulars of the property, plant and equipment are as follows: -

Group

(a)	Valuation/Cost	2008	As at		Exchange		Write-offs		Disposals		Revaluation		Reclas-		As at	
			01.01.08	Additions	Differences	RM	RM	RM	RM	RM	RM	RM	sification	RM	31.12.08	RM
			'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
<u>At Valuation</u>																
	Freehold land and buildings		32,690	15	-	-	-	-	-	-	-	-	-	-	32,705	
	Apartments		565	-	-	-	-	-	-	-	-	-	-	-	565	
<u>At Cost</u>																
	Capital expenditure in progress		2,479	34	-	-	-	-	-	-	-	-	(2,397)	116		
	Plant and machinery		74,128	875	(51)	-	-	-	-	-	-	-	2,373	77,325		
	Motor vehicles		4,500	276	(5)	(1)	-	-	-	-	-	-	-	4,770		
	Furniture, fittings and office equipment		8,784	114	(6)	-	-	(2)	-	-	-	-	9	8,899		
	Electrical installations		568	-	-	-	-	-	-	-	-	-	-	568		
	Renovations		1,543	135	(1)	-	-	-	-	-	-	-	15	1,692		
	Total		125,257	1,449	(63)	(1)	(1)	(2)	-	-	-	-	-	126,640		

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

(a) Valuation/Cost (Cont'd)

2007	As at 01.01.07	Additions		Exchange Differences		Write-offs		Disposals		Revaluation		Reclas- sification		As at 31.12.07	
		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<u>At Valuation</u>															
Freehold land and buildings	31,462	88	-	-	-	-	-	-	-	1,134	-	6	-	32,690	-
Apartments	610	-	-	-	-	-	-	-	-	(45)	-	-	-	565	-
<u>At Cost</u>															
Freehold land and buildings	2,430	-	-	-	-	-	-	-	-	(2,424)	-	(6)	-	-	-
Capital expenditure in progress	306	2,451	-	-	-	-	-	-	-	(150)	-	(128)	-	2,479	-
Plant and machinery	72,093	1,874	50	-	(17)	-	-	-	-	-	-	128	-	74,128	-
Motor vehicles	4,811	208	7	-	(1)	-	(525)	-	-	-	-	-	-	4,500	-
Furniture, fittings and office equipment	8,358	455	5	-	(33)	-	(1)	-	-	-	-	-	-	8,784	-
Electrical installations	549	19	-	-	-	-	-	-	-	-	-	-	-	568	-
Renovations	1,456	86	1	-	-	-	-	-	-	-	-	-	-	1,543	-
Total	122,075	5,181	63	-	(51)	-	(526)	-	-	(1,485)	-	-	-	125,257	-

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

(b) Accumulated Depreciation

2008	As at 01.01.08		Current Depreciation		Exchange Differences		Write-offs		Disposals		Revaluation		As at 31.12.08	
	RM	'000	RM	'000	RM	'000	RM	'000	RM	'000	RM	'000	RM	'000
<u>At Valuation</u>														
Freehold land and buildings	-		551		-		-		-		-		551	
Apartments	-		12		-		-		-		-		12	
<u>At Cost</u>														
Freehold land and buildings	-		-		-		-		-		-		-	
Capital expenditure in progress	-		-		-		-		-		-		-	
Plant and machinery	44,262		3,186		(27)		-		-		-		47,421	
Motor vehicles	2,981		269		(3)		(1)		-		-		3,246	
Furniture, fittings and office equipment	6,985		467		(2)		-		-		-		7,450	
Electrical installations	441		22		-		-		-		-		463	
Renovations	743		116		(1)		-		-		-		858	
Total	55,412		4,623		(33)		(1)		-		-		60,001	

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

(b) Accumulated Depreciation (Cont'd)

2007	As at 01.01.07	Current		Exchange		Write-offs		Disposals		Revaluation		As at 31.12.07	
		RM	'000	RM	'000	RM	'000	RM	'000	RM	'000	RM	'000
<u>At Valuation</u>													
Freehold land and buildings	2,230		530	-	-	-	-	-	-	(2,760)	-	-	-
Apartments	48		12	-	-	-	-	-	-	(60)	-	-	-
<u>At Cost</u>													
Freehold land and buildings	116		48	-	-	-	-	-	-	(164)	-	-	-
Capital expenditure in progress	-		-	-	-	-	-	-	-	-	-	-	-
Plant and machinery	40,952		3,323	(4)	(9)	(9)	-	-	-	-	44,262	-	-
Motor vehicles	3,208		293	2	-	-	(522)	-	-	-	2,981	-	-
Furniture, fittings and office equipment	6,442		548	1	(5)	(5)	(1)	(1)	-	-	6,985	-	-
Electrical installations	417		24	-	-	-	-	-	-	-	441	-	-
Renovations	640		102	1	-	-	-	-	-	-	743	-	-
Total	54,053		4,880	-	(14)	(14)	(523)	(2,984)	(2,984)	-	55,412	-	-

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

(c) Carrying Amount

	2008	2007
	RM	RM
	'000	'000

At Valuation

Freehold land and buildings	32,154	32,690
Apartments	553	565

At Cost

Freehold land and buildings	-	-
Capital expenditure in progress	116	2,479
Plant and machinery	29,904	29,866
Motor vehicles	1,524	1,519
Furniture, fittings and office equipment	1,449	1,799
Electrical installations	105	127
Renovations	834	800
Total	<u>66,639</u>	<u>69,845</u>

Company

(a) Cost

	Balance at			Balance at
2008	01.01.08	Additions	Disposals	31.12.08
	RM	RM	RM	RM
	'000	'000	'000	'000
Motor vehicles	422	-	-	422
Furniture, fittings and office equipment	171	-	-	171
Total	<u>593</u>	<u>-</u>	<u>-</u>	<u>593</u>

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company (Cont'd)

(a) Cost (Cont'd)

	Balance at			Balance at
2007	01.01.07	Additions	Disposals	31.12.07
	RM	RM	RM	RM
	'000	'000	'000	'000
Motor vehicles	513	-	(91)	422
Furniture, fittings and office equipment	171	-	-	171
Total	684	-	(91)	593

(b) Accumulated Depreciation

	Balance at	Current		Balance at
2008	01.01.08	Depreciation	Disposals	31.12.08
	RM	RM	RM	RM
	'000	'000	'000	'000
Motor vehicles	422	-	-	422
Furniture, fittings and office equipment	160	3	-	163
Total	582	3	-	585

	Balance at	Current		Balance at
2007	01.01.07	Depreciation	Disposals	31.12.07
	RM	RM	RM	RM
	'000	'000	'000	'000
Motor vehicles	490	23	(91)	422
Furniture, fittings and office equipment	151	9	-	160
Total	641	32	(91)	582

(c) Carrying Amount

	2008	2007
	RM	RM
	'000	'000
Motor vehicles	-	-
Furniture, fittings and office equipment	8	11
Total	8	11

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The carrying amount of property, plant and equipment of the Group acquired under hire purchase plan is RM3,332,034 (2007: RM3,131,456).

Freehold land and buildings of the Group with the carrying amount of RM29,403,233 (2007: RM29,884,190) are charged to local financial institutions for term loan facilities granted to the Company.

The properties of the Group carried at valuation were revalued in November 2007 based on professional independent valuations using the open market value basis.

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

	Group	
	2008	2007
	RM	RM
	'000	'000
Freehold land and buildings	14,350	14,527
Apartments	503	515
	<u>14,853</u>	<u>15,042</u>

The strata titles of the certain buildings belong to the subsidiaries have not yet been issued by the relevant authorities.

8. PREPAID LAND LEASE

	Group	
	2008	2007
	RM	RM
	'000	'000
Balance as at January 1	10,878	11,127
Amortisation	(256)	(249)
Balance as at December 31	<u>10,622</u>	<u>10,878</u>

Analysed as: -

	Group	
	2008	2007
	RM	RM
	'000	'000
Short term leases	<u>10,622</u>	<u>10,878</u>

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

8. PREPAID LAND LEASE (CONT'D)

Prepaid land lease with the carrying amount of RM10,268,922 (2007: RM10,431,355) are charged to financial institutions for term loan facilities granted to the Company.

9. INVESTMENT PROPERTIES

	Group	
	2008	2007
	RM	RM
	'000	'000
<u>Fair value</u>		
Balance as at January 1	7,212	7,122
Fair value adjustment	-	90
Balance as at December 31	<u>7,212</u>	<u>7,212</u>

Particulars of properties: -

	Group	
	2008	2007
	RM	RM
	'000	'000
Freehold land	5,772	5,772
Buildings	1,440	1,440
	<u>7,212</u>	<u>7,212</u>

The fair value of the investment properties as at December 31, 2007 are based on valuations performed in 2007 by an independent professional qualified valuer using the open market value basis and the fair value of the investment properties as at December 31, 2008 are based on directors' valuation by reference to market evidence of transaction prices for similar properties and are approximately the same value as previous year.

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

	Group	
	2008	2007
	RM	RM
	'000	'000
Rental income	<u>97</u>	<u>97</u>
Direct expenses	<u>59</u>	<u>96</u>

Investment properties of RM5,772,000 (2007: RM5,772,000) is charged to a financial institution for financing facilities granted to the Company.

10. PROPERTY DEVELOPMENT

	Group	
	2008	2007
	RM	RM
	'000	'000
Freehold land, at surrogate carrying amount	17,801	17,801
Development expenditure	4,452	4,446
	<u>22,253</u>	<u>22,247</u>

Movement in development expenditure is as follows: -

	Group	
	2008	2007
	RM	RM
	'000	'000
Balance as at January 1	4,446	4,446
Additional during the year	6	-
Balance as at December 31	<u>4,452</u>	<u>4,446</u>

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 the carrying amount of RM15,465,000 (2007: RM15,465,000) belonging to a subsidiary had been pledged to a financial institution as security for financing facilities extended to that subsidiary.

11. INVESTMENT IN JOINT VENTURE COMPANIES

(a) Investment In Joint Venture Companies

	Group	
	2008	2007
	RM	RM
	'000	'000
Unquoted shares, at cost	9,311	9,311
Share of results and negative goodwill	5,022	6,317
Dividend income from joint venture company	-	(1,500)
Share of foreign exchange reserves	(35)	(35)
	<u>14,298</u>	<u>14,093</u>

11. INVESTMENT IN JOINT VENTURE COMPANIES (CONT'D)

- (b) The Group's share of assets, liabilities, revenue and expenses of the joint venture companies using the equity method of accounting are as follows: -

	Group	
	2008	2007
	RM	RM
	'000	'000
Property, plant and equipment	7,685	8,286
Investment properties	2,680	2,680
Current assets	7,053	7,302
Assets held for disposal	-	396
Current liabilities	(2,279)	(3,216)
Non current liabilities	(841)	(1,355)
	<u>14,298</u>	<u>14,093</u>

	Group	
	2008	2007
	RM	RM
	'000	'000
<u>Continuing operations</u>		
Revenue	16,169	14,967
Cost of sales	(9,970)	(9,099)
Gross profit	6,199	5,868
Other income	635	351
Administrative expenses	(6,572)	(6,679)
Other expense	-	(58)
Profit from operations	262	(518)
Finance expenses	(115)	(205)
Profit before taxation	147	(723)
Impairment of goodwill from acquisition of joint venture companies	-	(10)
Taxation	58	154
Profit/(Loss) for the year from continuing operations	205	(579)

<u>Discontinued operations</u>		
Loss for the year from discontinued operations	-	(145)
Share of results of joint venture companies	<u>205</u>	<u>(724)</u>

11. INVESTMENT IN JOINT VENTURE COMPANIES (CONT'D)

(c) The particulars of joint venture companies are as follows: -

<u>Name of Company</u>	<u>Principal Activities</u>	<u>Effective Interest</u>	
		2008	2007
PPH Teckwah Value Chain Sdn. Bhd. (Incorporated in Malaysia)	Investment holding and the provision of management services to related companies.	50%	50%
PT PPH Display Design (Incorporated In Indonesia)	Trading	60%	60%

12. OTHER INVESTMENTS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
	'000	'000	'000	'000
Malaysian unquoted shares				
- at valuation	10,286	10,286	10,286	10,286
- at cost	510	510	-	-
Impairment	(10,211)	(4,642)	(9,701)	(4,132)
	<u>585</u>	<u>6,154</u>	<u>585</u>	<u>6,154</u>
Malaysian quoted shares				
- at cost	817	817	-	-
Impairment	(627)	(533)	-	-
	<u>190</u>	<u>284</u>	<u>-</u>	<u>-</u>
Total	<u>775</u>	<u>6,438</u>	<u>585</u>	<u>6,154</u>
Market value of quoted shares	<u>338</u>	<u>364</u>	<u>-</u>	<u>-</u>

13. GOODWILL ON CONSOLIDATION

	Group	
	2008	2007
	RM	RM
	'000	'000
Balance as at December 31	<u>675</u>	<u>675</u>

NOTES TO THE FINANCIAL STATEMENTS

14. INVENTORIES

	Group	
	2008	2007
	RM	RM
	'000	'000
<u>At cost</u>		
Raw materials	13,492	10,913
Work-in-progress	1,212	1,084
Finished goods	4,712	4,327
Other consumables	1,020	951
	<u>20,436</u>	<u>17,275</u>

15. TRADE RECEIVABLES

	Group	
	2008	2007
	RM	RM
	'000	'000
Trade receivables	34,970	35,658
Allowance for doubtful debts	(134)	(134)
	<u>34,836</u>	<u>35,524</u>

The normal credit terms for trade receivables range from 30 to 120 days. Other credit terms are assessed and approved on a case-to-case basis.

The foreign currency exposure for trade receivables are as follows: -

	Group	
	2008	2007
	RM	RM
	'000	'000
US Dollar	2,750	1,102
Singapore Dollar	-	322
Thai Baht	22	768

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
	'000	'000	'000	'000
Other receivables	5,998	6,369	3,021	4,006
Allowance for doubtful debts	(4,022)	(4,209)	(2,317)	(2,503)
	<u>1,976</u>	<u>2,160</u>	<u>704</u>	<u>1,503</u>
Deposits	727	835	2	2
Prepayments	663	2,101	4	104
Tax prepayment	331	739	102	514
	<u>3,697</u>	<u>5,835</u>	<u>812</u>	<u>2,123</u>

The foreign currency exposure for other receivables are as follows: -

	Group	
	2008	2007
	RM	RM
	'000	'000
Thai Baht	<u>-</u>	<u>323</u>

17. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group are charged to local banks as security for banker's guarantee granted to certain subsidiaries.

The interest rates for the fixed deposits are as disclosed in note 38(a).

18. CASH AND BANK BALANCES

The foreign currency exposure for bank balances are as follows: -

	Group	
	2008	2007
	RM	RM
	'000	'000
US Dollar	1,467	1,891
Singapore Dollar	-	136
Thai Baht	<u>-</u>	<u>1,414</u>

NOTES TO THE FINANCIAL STATEMENTS

19. SHARE CAPITAL

	Group / Company	
	2008	2007
	RM	RM
	'000	'000
Authorised: -		
200,000,000 ordinary shares of RM0.50 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid up: -		
109,896,498 ordinary shares of RM0.50 each	<u>54,949</u>	<u>54,949</u>

20. REVALUATION RESERVE

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
	'000	'000	'000	'000
<u>Non distributable</u>				
Revaluation reserve				
- properties	16,825	16,825	-	-
- investment in subsidiaries	-	-	29,345	29,345
- other investments	-	5,166	-	5,166
	<u>16,825</u>	<u>21,991</u>	<u>29,345</u>	<u>34,511</u>

Movement in revaluation reserve are as follows: -

	Group	
	2008	2007
	RM	RM
	'000	'000
<u>Properties</u>		
Balance as at January 1	16,825	15,607
Surplus arising from revaluation	-	4,589
Deficit arising from revaluation	-	(2,848)
Transferred from deferred taxation	-	624
Transferred to deferred taxation	-	(1,147)
Balance as at December 31	<u>16,825</u>	<u>16,825</u>

20. REVALUATION RESERVE (CONT'D)

	Group / Company	
	2008	2007
	RM	RM
	'000	'000
<u>Other investments</u>		
Balance as at January 1	5,166	5,455
Impairment of unquoted investments	(5,166)	(289)
Balance as at December 31	<u> - </u>	<u> 5,166 </u>

21. DEFERRED TAX LIABILITIES

	Group	
	2008	Restated 2007
	RM	RM
	'000	'000
Balance as at January 1	10,986	9,765
Transferred to income statement	256	698
Transferred to revaluation reserves	-	(624)
Transferred from revaluation reserves	-	1,147
Balance as at December 31	<u> 11,242 </u>	<u> 10,986 </u>

The above represent deferred tax recognised for: -

	Group	
	2008	Restated 2007
	RM	RM
	'000	'000
Arising from property, plant and equipment	8,311	7,345
Reinvestment allowance	(729)	(856)
Revaluation, net of related depreciation	3,794	4,597
Unabsorbed tax losses	(135)	(100)
Unrealised loss on foreign exchange	1	-
	<u> 11,242 </u>	<u> 10,986 </u>

21. DEFERRED TAX LIABILITIES(CONT'D)

The following deferred tax assets have not been recognised in the financial statements: -

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
	'000	'000	'000	'000
Arising from property, plant and equipment	(67)	(93)	(41)	(64)
Unabsorbed tax losses	(11)	(5)	-	-
Over recognised in prior year	-	-	4	-
Change in tax rate	-	11	(1)	(7)
	<u>(78)</u>	<u>(87)</u>	<u>(38)</u>	<u>(71)</u>

The deferred tax assets attributable to unabsorbed tax losses and unutilised capital allowances (included in temporary differences of property, plant and equipment) are computed on the assumption that there will not be any substantial change (more than 50%) in the shareholders before these assets are utilised. Unabsorbed tax losses and unutilised capital allowances will not be available to the respective companies that are dormant, if there is substantial change in the shareholders.

22. HIRE PURCHASE PAYABLES

	Group	
	2008	2007
	RM	RM
	'000	'000
Minimum hire purchase payments:-		
Amount due within 1 year	518	598
Amount due after 1 to 5 years	<u>1,826</u>	<u>2,003</u>
	2,344	2,601
Future finance charges	<u>(245)</u>	<u>(332)</u>
Carrying amount as at December 31	2,099	2,269
Amount due within 1 year included under current liabilities	<u>(560)</u>	<u>(466)</u>
	<u>1,539</u>	<u>1,803</u>
Analysed as:-		
Amount due after 1 year to 5 years	<u>1,539</u>	<u>1,803</u>

The interest rates for hire purchase payables are as disclosed in note 38(a).

23. LONG TERM BORROWINGS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
	'000	'000	'000	'000
<u>Secured</u>				
Term loans				
- after 1 year to 5 years	9,523	7,980	9,479	7,140
Total	<u>9,523</u>	<u>7,980</u>	<u>9,479</u>	<u>7,140</u>

The term loans are repayable as follows: -

- (i) monthly installments of RM70,000 over 68 months commencing May 2004.
- (ii) quarterly installments of RM267,857 over 7 years commencing July 2005.
- (iii) quarterly installments of RM285,714 over 7 years commencing June 2006.
- (iv) quarterly installments of RM179,000 over 7 years commencing January 2009.

The term loans are secured against the land belonging to a subsidiary and assignment of all proceeds from future sale of certain subsidiaries assets.

The interest rates for the term loans are as disclosed in note 38(a).

24. TRADE PAYABLES

The normal credit terms of trade payables range from 30 to 90 days.

The foreign currency exposure for trade payables are as follows: -

	Group	
	2008	2007
	RM	RM
	'000	'000
US Dollar	563	1,486
Thai Baht	-	228
Singapore Dollar	<u>-</u>	<u>6</u>

NOTES TO THE FINANCIAL STATEMENTS

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
	'000	'000	'000	'000
Other payables	5,902	1,558	10	9
Accruals	2,063	2,652	48	168
Deposits received	173	100	-	-
Amount owing to a director	3	4	-	-
	<u>8,141</u>	<u>4,314</u>	<u>58</u>	<u>177</u>

The above amount owing to a director is unsecured, interest free and is repayable on demand.

The foreign currency exposure for other payables are as follows: -

	Group	
	2008	2007
	RM	RM
	'000	'000
Thai Baht	44	136
Philippine Peso	28	31
US Dollar	21	10
Singapore Dollar	<u>-</u>	<u>3</u>

26. SHORT TERM BORROWINGS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
	'000	'000	'000	'000
<u>Secured</u>				
Term loans				
- amount due within 1 year	<u>3,462</u>	<u>2,955</u>	<u>2,660</u>	<u>2,214</u>
<u>Unsecured</u>				
CP/MTN	-	15,000	-	15,000
Bills payable	35,714	32,451	-	-
Bank overdrafts	<u>11,397</u>	<u>10,139</u>	<u>-</u>	<u>-</u>
	<u>50,573</u>	<u>60,545</u>	<u>2,660</u>	<u>17,214</u>

26. SHORT TERM BORROWINGS (CONT'D)

The bank overdrafts are repayable on demand and the bills payable are repayable within 180 days.

The securities for the term loans are as disclosed in note 23.

The interest rates for the above short term borrowings are as disclosed in note 38(a).

27. INVESTMENT IN SUBSIDIARIES

	Company	
	2008	2007
	RM	RM
	'000	'000
Unquoted shares - at valuation	<u>49,884</u>	<u>49,884</u>

The investment in subsidiaries was revalued in 2002 based on the net tangible assets of the respective subsidiaries.

Particulars of subsidiaries, all of which are incorporated in Malaysia except where indicated otherwise, are: -

<u>Name of Company</u>	<u>Principal Activities</u>	<u>Effective Interest</u>	
		2008	2007
<u>Direct subsidiaries</u>			
Public Packages Sdn. Bhd.	Manufacturing and retailing of corrugated cartons and packing materials	100%	100%
PPH Printing & Packaging (Penang) Sdn. Bhd.	Manufacturing of offset printed display boxes	100%	100%
PPH Printing & Packaging (Kulim) Sdn. Bhd.	Manufacturing of gift and display boxes	100%	100%
Public Packages Properties Sdn. Bhd.	Property investment	100%	100%
PPH Paper Products Sdn. Bhd.	Design and sales of paper products	100%	100%
* PPH Plaza Sdn. Bhd.	Property development	100%	100%
* PPH Resources Sdn. Bhd.	Investment holding	100%	100%

27. INVESTMENT IN SUBSIDIARIES (CONT'D)

<u>Name of Company</u>	<u>Principal Activities</u>	<u>Effective Interest</u>	
		2008	2007
<u>Direct subsidiaries</u>			
* PPH Management (M) Sdn. Bhd.	Provision of management services	100%	100%
<u>Indirect subsidiaries</u>			
* Public Packages (NT) Sdn. Bhd.	Manufacturing of corrugated cartons	100%	100%
* Public Packages (Port Kelang) Sdn. Bhd.	Dormant	100%	100%
Public Packages (Kelantan) Sdn. Bhd.	Dormant	100%	100%
* Public Packages (Prai) Sdn. Bhd.	Manufacturing and retailing of corrugated cartons and packing materials	100%	100%
* Tharco Container (Malaysia) Sdn. Bhd.	Retailing of corrugated cartons, display boxes and packing materials	100%	100%
* Top Matrix Portfolio Sdn. Bhd.	Investment holding	70%	70%
NT Industrial Park (M) Sdn. Bhd.	Property development and civil construction works	100%	100%
* Public Packages Philippines, Inc. (Incorporated in Philippines)	Dormant	70%	70%
* Public Packages (Shah Alam) Sdn. Bhd.	Manufacturing and sales of corrugated cartons and packing materials	100%	100%
* PPH Technology (M) Sdn. Bhd.	Investment holding	60%	60%
* PPH Displays Design Sdn. Bhd.	Trading of paper products	100%	100%

27. INVESTMENT IN SUBSIDIARIES (CONT'D)

<u>Name of Company</u>	<u>Principal Activities</u>	<u>Effective Interest</u>	
		2008	2007
<u>Indirect subsidiaries</u>			
* Public Packages Asia Sdn. Bhd.	Retailing of paper products and packing material	100%	100%
* Public Packages Asia (HK) Limited (Incorporated in Hong Kong)	Dormant	100%	100%
* Public Packages Asia (S) Pte. Ltd. (Incorporated in Singapore)	Total packaging solution provider	100%	100%
* Public Packages Asia (Thailand) Company Limited (Incorporated in Thailand)	Manufacturing of paper boxes and packing material	100%	100%

* Subsidiary companies not audited by Wong Liu & Partners.

28. AMOUNT OWING BY SUBSIDIARIES

Loans to subsidiaries amounting to RM10,923,235 (2007: RM11,053,324) bear interest ranging from 8.25% to 10.13% (2007: 8.25% to 10.13%) per annum. The remaining amount owing by subsidiaries are non interest bearing.

The amount owing by subsidiary companies are unsecured, non trade in nature and are recoverable on demand.

29. ACCUMULATED PROFITS CARRIED FORWARD

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income to frank the payment of dividends out of the entire accumulated profits as at December 31, 2008.

The Malaysian Budget 2008 introduced the single tier system for dividend franking with effect from year of assessment 2008. As such, should the Company opt for the single tier system before the expiry of the six-year transitional period on December 31, 2013, the Company will be able to frank the payment of dividends out of the entire accumulated profits as at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

30. REVENUE

Analysis of revenue are as follows: -

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
	'000	'000	'000	'000
Sale of goods	163,035	146,712	-	-
Rental income	513	472	-	-
Services	-	16	-	-
Interest income	-	64	926	995
Dividend income	-	12	4,570	7,578
	<u>163,548</u>	<u>147,276</u>	<u>5,496</u>	<u>8,573</u>

31. PROFIT BEFORE TAXATION

The profit before taxation is arrived at after charging: -

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
	'000	'000	'000	'000
Amortisation of prepaid land lease	256	249	-	-
Auditors' remuneration				
- Company's auditor	46	46	8	8
- other auditors				
- current year	57	59	-	-
- prior year	(3)	(2)	-	-
Allowance for doubtful debts	-	1,380	-	800
Bad debts	-	3	-	-
Depreciation	4,623	4,880	3	32
Directors' remuneration:				
- Directors of the company				
- fees	88	88	88	88
- other emoluments	2,529	2,541	-	-
- benefit in kind	24	-	-	-
- contributions to defined contribution plans	447	457	-	-

31. PROFIT BEFORE TAXATION (CONT'D)

The profit before taxation is arrived at after charging (cont'd): -

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
	'000	'000	'000	'000
Directors' remuneration:				
- Directors of subsidiary companies				
- other emoluments	606	790	-	-
- benefit in kind	9	-	-	-
- contributions to defined contribution plans	71	94	-	-
Staff contributions to defined contribution plans	1,584	1,459	-	-
Hire of equipment	136	202	-	-
Interest expense on overdrafts, bill payable and others	3,546	3,837	1,037	1,692
Impairment of				
- property, plant and equipment	-	240	-	-
- quoted investments	94	-	-	-
- unquoted investments	403	-	403	-
Loss on foreign exchange				
- unrealised	89	-	-	-
- realised	358	103	-	-
Property, plant and equipment written off	-	7	-	-
Rental of warehouse	17	72	-	-
Rental of premises	594	595	-	-
Staff salaries and related costs	<u>23,112</u>	<u>21,312</u>	<u>-</u>	<u>-</u>
And crediting:-				
Amortisation of deferred income	-	13	-	-
Bad debts recovered	2	7	-	-
Gross dividend from				
- subsidiaries	-	-	4,570	7,578

31. PROFIT BEFORE TAXATION (CONT'D)

The profit before taxation is arrived at after charging (cont'd): -

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
	'000	'000	'000	'000
And crediting:-				
Gross dividend from				
- Malaysian quoted shares	11	12	-	-
Gain on disposal of property, plant and equipment	-	61	-	14
Interest income from fixed deposits and others	10	79	926	995
Lease rental income	56	20	-	-
Rental income	546	96	-	-
Gain on foreign exchange				
- realised	107	9	-	-
- unrealised	41	263	-	-
	<u>41</u>	<u>263</u>	<u>-</u>	<u>-</u>

32. TAXATION

	Group		Company	
	2008	Restated 2007	2008	2007
	RM	RM	RM	RM
	'000	'000	'000	'000
Current year				
- tax payable	929	519	820	1,130
- deferred tax	259	806	-	-
Prior year				
- tax payable	198	(735)	128	1,355
- deferred tax	8	515	-	-
Effect of changes in tax rates	(11)	(623)	-	-
	<u>1,383</u>	<u>482</u>	<u>948</u>	<u>2,485</u>

32. TAXATION (CONT'D)

The corporate tax rates are 27% for the year of assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

Reconciliation of statutory tax expense to effective tax expense: -

	Group		Company	
	2008	Restated 2007	2008	2007
	RM	RM	RM	RM
	'000	'000	'000	'000
Malaysian statutory tax expense	1,174	726	919	1,327
Different tax rates in other countries	(73)	(15)	-	-
Revenue not taxable	(72)	(194)	(266)	(407)
Expenses not deductible	683	1,403	183	554
Annual crystallisation of deferred tax on revaluation reserves	(89)	(81)	-	-
Reinvestment allowance claimed	(265)	(18)	-	-
Utilisation of unabsorbed capital allowance and tax losses previously not provided	-	(379)	-	(350)
Deferred tax not provided	74	135	(16)	6
Reduced income tax for small and medium scale companies	(244)	(252)	-	-
Under/(Over) provision in prior year				
- tax payable	198	(735)	128	1,355
- deferred tax	8	515	-	-
Effect of changes in tax rate	(11)	(623)	-	-
Effective tax expense	<u>1,383</u>	<u>482</u>	<u>948</u>	<u>2,485</u>

The foreign subsidiaries in Philippines and Thailand have been granted corporate income tax exemption. The subsidiary in Philippines has been granted a corporate tax holiday for 4 years for original project effective January 2001. The income tax holiday entitlement can be extended for another 3 years subject to prior approval by the Philippines Economic Zone Authority. The subsidiary in Thailand has been granted certain privileges on exemption of income tax for the period of 8 years effective from 2004.

32. TAXATION (CONT'D)

The Company has unutilised capital allowances of approximately RM156,425 (2007: RM233,083) respectively to set off against future taxable business income.

33. 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 shareholders of the Company of RM3,134,406 (2007: RM2,207,843) over the weighted average number of ordinary shares in issue of 109,896,498 (2007: 109,896,498).

The diluted earnings per share for the year has been calculated based on the Group's profit for the year attributable to shareholders of the Company of RM3,134,406 (2007: RM2,207,843) over the adjusted weighted average number of ordinary shares issued and issuable of 109,896,498 (2007: 109,896,498) during the financial year.

	2008 Number of shares '000	2007 Number of shares '000
Weighted average number of ordinary shares used for calculation of basic earnings per share		
Issued ordinary shares at beginning of year	109,896	109,896
Weighted average number of ordinary shares	<u>109,896</u>	<u>109,896</u>
Adjusted weighted average number of ordinary shares used for calculation of diluted earnings per share		
Issued ordinary shares at beginning of year	109,896	109,896
Effect of share options	<u>*</u>	<u>*</u>
Adjusted weighted average number of ordinary shares	<u>109,896</u>	<u>109,896</u>

* Not taken into account in the computation of diluted earnings per share because the effect is anti-dilutive.

34. PROPERTY, PLANT AND EQUIPMENT WRITTEN OFF

	Group 2008 RM '000	2007 RM '000
Total write-offs	-	37
Deferred income expensed off	<u>-</u>	<u>(30)</u>
	<u>-</u>	<u>7</u>

35. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	Group	
	2008	2007
	RM	RM
	'000	'000
Total acquisitions	1,449	5,181
Amount financed by hire purchase	(325)	(2,272)
Net cash outflow	<u>1,124</u>	<u>2,909</u>

36. EMPLOYEES SHARE OPTION SCHEME (“ESOS”)

The Company implemented an ESOS on June 27, 2002. The details of ESOS granted are as follows: -

<u>Number of options over ordinary shares of RM0.50 each</u>					
<u>Exercise Price</u>	<u>Date Granted</u>	<u>As at 01.01.08</u>	<u>Exercised</u>	<u>Lapsed</u>	<u>As at 31.12.08</u>
RM0.64	05.01.04	5,906,000	-	(636,000)	5,270,000

The main features 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-day 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.

No option was exercised during the financial year under review.

NOTES TO THE FINANCIAL STATEMENTS

37. CONTINGENT LIABILITIES (UNSECURED)

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
	'000	'000	'000	'000
Corporate guarantees given to secure credit facilities granted to				
- subsidiaries	-	-	125,529	86,203
- third parties	-	4,350	-	4,350
	<u>-</u>	<u>4,350</u>	<u>125,529</u>	<u>90,553</u>

38. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The interest rate risk that financial instruments' value will fluctuate as a result of changes in market interest rates and the effective interest rates of classes of financial instruments exposed to interest rate risk are as follows: -

	Less than 1 year	After 1 year to 5 years	After 5 years	Total	Effective Interest Rates
	RM '000	RM '000	RM '000	RM '000	%
2008					
Group					
<u>Fixed rate</u>					
Hire purchase payable	560	1,539	-	2,099	4.91 - 6.99
Fixed deposits	205	-	-	205	3.00
<u>Floating rate</u>					
Borrowings	50,573	9,523	-	60,096	2.79 - 8.50
Company					
<u>Fixed rate</u>					
Amount owing by subsidiaries	10,923	-	-	10,923	8.25 - 10.13
<u>Floating rate</u>					
Borrowings	2,660	9,479	-	12,139	7.75 - 8.25

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Interest Rate Risk (Cont'd)

	Less than 1 year	After 1 year to 5 years	After 5 years	Total	Effective Interest Rates
	RM '000	RM '000	RM '000	RM '000	%
2007 Group					
<u>Fixed rate</u>					
Hire purchase payable	466	1,803	-	2,269	4.90 - 6.96
<u>Floating rate</u>					
Borrowings	60,545	7,980	-	68,525	2.79 - 8.50
Company					
<u>Fixed rate</u>					
Amount owing by subsidiaries	11,053	-	-	11,053	8.25 - 10.13
<u>Floating rate</u>					
Borrowings	17,214	7,140	-	24,354	2.79 - 8.25

The remaining financial instruments are not exposed to any interest rate risk.

(b) Credit Risk

The maximum credit risk exposure of the Group and of the Company are the carrying amount of financial assets recognised in the balance sheet, net of any allowance for doubtful debts and default on borrowing guaranteed by the Company.

There is no significant concentration of credit risks for trade receivables of the Group and of the Company.

38. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair Value

The carrying amount of the financial instruments of the Group and of the Company as at December 31, 2008 approximate their fair values except for following: -

	Group		Company	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM '000	RM '000	RM '000	RM '000
2008				
Amount owing by subsidiaries	-	-	53,082	#
Other investments				
- Malaysian quoted shares	190	338	-	-
- Malaysian unquoted shares	585	*	585	*
Hire purchase payables	2,099	2,103	-	-
Borrowings	60,096	60,096	12,139	12,139
2007				
Amount owing by subsidiaries	-	-	61,441	#
Other investments				
- Malaysian quoted shares	284	364	-	-
- Malaysian unquoted shares	6,154	*	6,154	*
Hire purchase payables	2,269	2,279	-	-
Borrowings	68,525	69,492	24,354	25,321

It is not practical to estimate the fair value of non current amount owing by subsidiaries due to the uncertainties of timing and repayment terms.

* It is not practical to estimate the fair value for unquoted shares for which there are no quoted market prices without incurring excessive costs. The directors are of the opinion that the carrying amounts approximate their fair value.

The followings methods and assumptions are used to estimate the fair value of the following financing instruments: -

(i) Quoted Shares

The fair value of quoted shares are based on quoted market prices at balance sheet date.

38. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair Value (Cont'd)

(ii) Hire Purchase Payables

The fair value of hire purchase payables are estimated by discounting future cash outflows by using market rate of 2.88% to 3.60% (2007: 2.47% to 3.95%.)

(iii) Borrowings

The fair value for short term and long term borrowings are estimated based on the market interest rates for the similar borrowings with the same maturity profile.

The fair value of the remaining financial instruments maturing within 12 months approximate their carrying amount as at balance sheet date, due to the short term maturity period of these instruments.

The Company provides financial guarantees to financial institutions for credit facilities extended to certain subsidiaries. The fair values of such financial guarantees are not expected to be materialise as the probability of the subsidiaries defaulting on the credit lines is remote.

39. SEGMENT ANALYSIS

Primary Segment – Business

The Group's operations comprise the following business segments: -

- a) Investment holding
- b) Manufacturing and retailing of corrugated cartons, packing materials, gift and display box
- c) Property investment and property developers
- d) Trading of paper products

2008	Investment RM '000	Manufacturing < ----- >			Property RM '000	Trading RM '000	Elimina- tion RM '000	Consoli- dated RM '000
		Carton RM '000	Offset RM '000					
Revenue								
External sales	120	106,957	43,721	513	12,237	-		163,548
Inter-segment	7,054	24,104	23,700	430	32	(55,320)		-
Sales	7,174	131,061	67,421	943	12,269	(55,320)		163,548

NOTES TO THE FINANCIAL STATEMENTS

39. SEGMENT ANALYSIS (CONT'D)

2008	Manufacturing <----->			Property RM '000	Trading RM '000	Elimina- tion RM '000	Consoli- dated RM '000
	Investment RM '000	Carton RM '000	Offset RM '000				
Results							
Segment results	3,187	7,442	3,119	216	1,286	(7,402)	7,848
Interest income							10
Finance expenses							(3,546)
Share of results of joint venture companies	205	-	-	-	-	-	205
Profit before taxation							4,517
Taxation							(1,383)
Profit for the year							3,134
Other information							
Segment assets	3,246	80,001	50,804	36,281	3,855	-	174,187
Investment in joint venture companies	14,298	-	-	-	-	-	14,298
Unallocated corporate assets							1,811
Total assets							190,296
Segment liabilities	189	12,464	4,170	200	429	-	17,452
Unallocated corporate liabilities							73,619
Total liabilities							91,071
Capital expenditure	7	1,079	348	3	12	-	1,449
Depreciation	9	2,650	1,897	27	40	-	4,623
Other significant non cash transaction							
Amortisation of prepaid land lease	-	180	76	-	-	-	256

39. SEGMENT ANALYSIS (CONT'D)

		Manufacturing < ----- >					
2008	Investment RM '000	Carton RM '000	Offset RM '000	Property RM '000	Trading RM '000	Elimina- tion RM '000	Consoli- dated RM '000
Impairment of investments							
- quoted	94	-	-	-	-	-	94
- unquoted	403	-	-	-	-	-	403
Gain on foreign exchange							
- unrealised	-	-	15	-	26	-	41
Loss on foreign exchange							
- unrealised	-	77	12	-	-	-	89
2007							
Revenue							
External sales	92	92,561	44,946	472	9,205	-	147,276
Inter-segment Sales	12,130	27,339	17,158	430	4,778	(61,835)	-
	12,222	119,900	62,104	902	13,983	(61,835)	147,276
Results							Restated
Segment results	8,409	7,930	5,041	(205)	437	(14,440)	7,172
Interest income							79
Finance expenses							(3,837)
Share of results of joint venture companies	(724)	-	-	-	-	-	(724)
Profit before taxation							2,690
Taxation							(482)
Profit for the year							2,208
Other information							
Segment assets	10,485	78,729	55,476	36,278	2,619	-	183,587
Investment in joint venture companies	14,093	-	-	-	-	-	14,093
Unallocated corporate assets							1,668
Total assets							199,348

NOTES TO THE FINANCIAL STATEMENTS

39. SEGMENT ANALYSIS (CONT'D)

2007	Manufacturing <----->			Property RM '000	Trading RM '000	Elimina- tion RM '000	Consoli- dated RM '000
	Investment RM '000	Carton RM '000	Offset RM '000				
							Restated
Segment liabilities	322	10,437	5,191	207	202	-	16,359
Unallocated corporate liabilities							81,798
Total liabilities							98,157
Capital expenditure	-	1,943	3,155	-	83	-	5,181
Depreciation	37	2,825	1,960	30	28	-	4,880
Other significant non cash transaction							
Allowance for doubtful debts	800	-	-	580	-	-	1,380
Amortisation of prepaid land lease	-	180	69	-	-	-	249
Gain on fair value adjustment	-	-	-	90	-	-	90
Gain on foreign exchange - unrealised	(1)	81	177	-	6	-	263
Impairment of property, plant and equipment	-	240	-	-	-	-	240
Gain on disposal of property, plant and equipment	14	25	22	-	-	-	61

No segment information by geographical area has been prepared as the Group operates predominantly in Malaysia.

Inter-segment pricing were determined on normal commercial terms, which are not more favourable than those generally available to the public.

40. SIGNIFICANT RELATED PARTIES DISCLOSURES

- (a) Amount owing by subsidiaries are disclosed in note 28.
- (b) Significant transactions with related parties are as follows: -
- (i) Significant transactions with related companies: -

	Company	
	2008	2007
	RM	RM
	'000	'000
Dividend income from subsidiaries	4,570	7,578
Interest income from subsidiaries	926	931

- (ii) Significant transactions with related parties: -

	Group	
	2008	2007
	RM	RM
	'000	'000
Sales to related parties	85	183
Purchases from related parties	73	17
Rental and repair of moveable machineries	12	7
Rental of property for staff accommodation	22	22
Rental of office space	55	-

- (iii) Directors and key management personnel: -

There were no other transactions with the directors and key management personnel during the financial year under review other than the remuneration package paid to the directors and key management personnel in accordance with the terms and conditions of their appointment and transactions as disclosed in note 31.

40. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D)

(c) The related parties and their relationship with the Group and the Company are as follows: -

<u>Related Parties</u>	<u>Relationship</u>
PT PPH Indonesia Display Design	Joint Venture
PPH Teckwah Value Chain Sdn. Bhd.	Joint Venture
* Gemstar Sdn. Bhd.	Subsidiary of joint venture
* Tompac Industrial Sdn. Bhd.	Subsidiary of joint venture
* Teckwah Value Chain Sdn. Bhd.	Subsidiary of joint venture
* PPH Printing & Packaging (Johor) Sdn. Bhd.	Subsidiary of joint venture
* Teckwah Paper Products Sdn. Bhd.	Subsidiary of joint venture
** City Packaging Industry Sdn. Bhd.	Related Party
*** Koay Boon Pee Holding Sdn. Bhd.	Related Party
**** Fame Pack Holdings Sdn. Bhd.	Related Party
***** TN Machinery & Equipment (Pg) Sdn. Bhd.	Related Party

* Gemstar Sdn. Bhd., Tompac Industrial Sdn. Bhd., Teckwah Value Chain Sdn Bhd., PPH Printing & Packaging (Johor) Sdn. Bhd. and Teckwah Paper Products Sdn. Bhd., are wholly-owned subsidiary of PPH Teckwah Value Chain Sdn. Bhd. ("PTVC"). PTVC is a 50% joint venture company between PPH Paper Products Sdn. Bhd. ("PPHPP") and third parties. PPHPP is a wholly-owned subsidiary of Public Packages Holdings Berhad ("PPHB"). Koay Chiew Poh who is a major shareholder of PPHB and being the common director of PPHB and PTVC is deemed to have interest in these companies.

Tan Soo Huat, a director of PPHB, is also a director of PTVC, Gemstar Sdn. Bhd., Tompac Industrial Sdn. Bhd., Teckwah Value Chain Sdn Bhd., PPH Printing & Packaging (Johor) Sdn. Bhd. and Teckwah Paper Products Sdn. Bhd.. Tan Soo Huat does not have any interest in the above companies either direct or indirect.

** Ooi Teong Huat holds 99% of the total and issued paid-up capital of City Packaging Industry Sdn. Bhd.. Ooi Teong Huat is the brother of Ooi Siew Hong and the brother-in-law of Koay Chiew Poh, Koay Chiew Lee, Koay Chiew Kang and Koay Chue Beng. Both City Packaging Industry Sdn. Bhd. and Ooi Teong Huat do not hold shares in PPHB.

*** Company connected to Koay Chiew Poh, Ooi Siew Hong, Koay Chiew Lee, Koay Chiew Kang and Koay Chue Beng.

**** Substantial shareholders of the Company and connected to Koay Chiew Poh and Ooi Siew Hong.

***** Chan Hean Teong @ Chan Kean Teong is the managing director and substantial shareholder of TN Machinery & Equipment (Penang) Sdn. Bhd. and he holds 49% of the total issued and paid up capital of TN Machinery & Equipment (Penang) Sdn. Bhd..

41. MATERIAL LITIGATION

A civil suit had been filed by the subsidiary, Public Packages Sdn. Bhd. against Flextronics Technology (Penang) Sdn. Bhd. (formerly known as Solelectron Technology Sdn. Bhd.) during the year for the outstanding amount of RM1,815,527. The case is now fixed for hearing on May 19, 2009.

42. COMPARATIVE FIGURES

The following comparative amounts have been restated due to the adoption of FRS 112: -

	As previously reported RM '000	Effect of adoption of FRS 112 RM '000	As restated RM '000
Group			
<u>Balance Sheet</u>			
Accumulated profits carried forward	22,325	856	23,181
Deferred tax liabilities	11,842	(856)	10,986
<u>Income Statement</u>			
Taxation	1,482	(1,964)	(482)
Profit for the year	4,172	(1,964)	2,208

LIST OF PROPERTIES OWNED BY PUBLIC PACKAGES HOLDINGS BERHAD AND ITS SUBSIDIARIES AS AT 31 DECEMBER 2008

Location	Title	Existing Use	Date of revaluation	Age of Building (years)	Land area / Built-up area (sq.feet)	NBV as at 31.12.08 RM
PUBLIC PACKAGES SDN. BHD.						
Plot 72 Lintang Kampung Jawa Bayan Lepas Industrial Estate Penang	Leasehold 2.10.2047	Factory building	28.11.2007	19	22,509 / 11,516	1,548,152
Plot 96(A) Lintang Kampung Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 22.5.2050	Factory building	28.11.2007	19	32,356 / 5,688	1,877,996
Plot 96(B) Lintang Kampung Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 5.7.2054	Factory building	28.11.2007	12	16,985 / 9,979	648,256
Plot 67 Lintang Kampung Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 14.8.2047	Factory and office building	28.11.2007	20	44,083 / 94,249	3,553,620
Plot 116 Lintang Kampung Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 18.10.2055	Factory and office building	28.11.2007	14	84,183 / 7,317	2,647,465
Block F95 Taman Pelangi, Prai (10 units)	Leasehold 22.4.2092	Hostel	28.11.2007	12	- / 500 (per unit)	464,497

LIST OF PROPERTIES OWNED BY PUBLIC PACKAGES HOLDINGS BERHAD AND ITS SUBSIDIARIES AS AT 31 DECEMBER 2008

Location	Title	Existing Use	Date of revaluation	Age of Building (years)	Land area / Built-up area (sq.feet)	NBV as at 31.12.08 RM
PUBLIC PACKAGES (NT) SDN. BHD.						
Lot 5632 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang	Freehold	Factory Building	28.11.2007	14	- / 112,400	6,808,902
PPH PRINTING & PACKAGING (PENANG) SDN BHD						
Plot 482 Jalan Perusahaan Baru, Prai Industrial Estate, Penang	Leasehold 23.2.2049	Factory and office building	28.11.2007	19	43,738 / 38,474	2,347,391
A-1-3 Kelisa Apartment Lorong Kikik Satu, Taman Inderawasih, Seberang Perai	Freehold	Hostel	28.11.2007	16	- / 726	88,200
Block F95 Taman Pelangi, Prai (10 units)	Leasehold 22.4.2092	Hostel	28.11.2007	12	- / 500 (per unit)	469,412
Plot 468 Jalan Perusahaan Baru Prai Industrial Estate Penang	Leasehold 19.4.2049	Factory and office building	28.11.2007	19	93,329 / 77,727	5,365,669
PUBLIC PACKAGES (PRAI) SDN BHD						
Plot 60 P.T. No: 2941 Prai Industrial Estate Phase 4 Mukim 11 Seberang Perai Tengah Penang	Leasehold 29.6.2052	Factory and office building	28.11.2007	14	261,361 / 140,924	8,486,138
PPH PRINTING & PACKAGING (KULIM) SDN BHD						
Plot 75 Kulim Industrial Estate Kulim, Kedah	Leasehold 21.9.2049	Factory and office building	28.11.2007	18	52,272 / 54,140	2,711,984

LIST OF PROPERTIES OWNED BY PUBLIC PACKAGES HOLDINGS BERHAD AND ITS SUBSIDIARIES AS AT 31 DECEMBER 2008

Location	Title	Existing Use	Date of revaluation	Age of Building (years)	Land & Built-up (sq.ft)	NBV as at 31.12.08 RM
PUBLIC PACKAGES PROPERTIES SDN BHD						
Lot 5631 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang	Freehold	Vacant land	28.11.2007	-	524,685/-	5,772,000
Lot 5632 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang	Freehold	Rental	28.11.2007	-	511,877/-	6,578,000
84 Lebuhraya Kapal, Penang	Freehold	Rental	28.11.2007	24	1,389 / 2,800	250,000
5-2-4 Edgecumbe Court, Penang	Freehold	Rental	28.11.2007	20	- / 700	175,000
Unit SB15 Block A, No. 1 Persiaran Gurney	Freehold	Rental	28.11.2007	23	- / 1,815	540,000
Unit I-4-3 Taman Desa Relau Penang	Freehold	Rental	28.11.2007	17	- / 700	135,000
Unit 368-2-04 Belisa Row Jalan Burma, Penang	Freehold	Rental	28.11.2007	14	- / 1055	340,000
NT INDUSTRIAL PARK SDN BHD						
Lot 5569-5578, 5614-5623 Nibong Tebal Seberang Perai Selatan, Penang	Freehold	Project development	23.12.2002	-	217,312	2,336,000
PPH PLAZA SDN BHD						
Lot 741, 742 & 743 Section 23 Bandar Georgetown Daerah Timur Laut, Penang	Freehold	Project development	23.12.2002	-	56,230	15,465,000
						<u>68,608,682</u>

SHARE CAPITAL AS AT 20 March 2009

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	:	2,649

SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustees) as at 20 March 2009

Name	<u>No. of Ordinary Shares Held</u>			
	Direct Interest	%	Indirect Interest	%
1. Fame Pack Holdings Sdn. Bhd.	45,232,670	41.16	-	-
2. Gemrich (M) Sdn. Bhd.	6,504,540	5.92	-	-
3. Koay Chiew Poh	4,226,480	3.85	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 20 March 2009

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. Nurjannah Binti Ali	-	-	-	-
5. Ng Thim Fook	-	-	-	-
6. 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.

DISTRIBUTION OF SHAREHOLDERS as at 20 March 2009

Holdings	No. of Holders	%	No. of Shares	%
Less than 100	128	4.83	6,358	0.00
100 - 1,000	152	5.74	64,052	0.06
1,001 - 10,000	1,682	63.50	10,003,796	9.10
10,001 - 100,000	607	22.91	17,815,836	16.21
100,001 - 5,494,823	78	2.94	30,269,246	27.55
5,494,824 and above	2	0.08	51,737,210	47.08
TOTAL	2,649	100.00	109,896,498	100.00

ANALYSIS OF SHAREHOLDINGS

THIRTY LARGEST SHAREHOLDERS as at 20 March 2009

No.	Name	No. of Shares	%
1.	Fame Pack Holdings Sdn. Bhd	45,232,670	41.16
2.	Gemrich (M) Sdn Bhd	6,504,540	5.92
3.	Koay Chiew Poh	4,226,480	3.85
4.	Koay Boon Pee Holding Sdn Bhd	3,935,000	3.58
5.	Goh Eng Hoe	2,000,000	1.82
6.	Koay Chew Guan	1,552,480	1.41
7.	Tan Soo Huat	1,099,870	1.00
8.	Koay Chiew Kang	796,564	0.72
9.	Koay Chew Huat @ Koay Chiew Huat	700,320	0.64
10.	Koay Chew Kooi	675,000	0.61
11.	Yap Wing Chun	635,012	0.58
12.	Song Kim Lee	600,000	0.55
13.	HDM Nominees (Tempatan) Sdn Bhd	575,000	0.52
	Qualifier: Fame Pack Holdings Sdn Bhd for Tan Soo Huat		
14.	Leng Bee Bee	559,000	0.51
15.	Lean Gin Keng	451,000	0.41
16.	HDM Nominees (Tempatan) Sdn Bhd	440,000	0.40
	Qualifier: Koay Boon Pee Holdings Sdn Bhd for Tan Soo Huat		
17.	Song Phaik Gim	400,000	0.36
18.	Leong Ngak Keong	387,000	0.35
19.	Public Nominees (Tempatan) Sdn Bhd	360,832	0.33
	Qualifier: Pledged Securities Account for See Kwong Meng (E-KPG)		
20.	Koay Chue Beng	358,692	0.33
21.	Tok Ley Siang	353,332	0.32
22.	PM Nominees (Tempatan) Sdn Bhd	345,000	0.31
	Qualifier: Pledged Securities Account for Malpac Management Sdn Bhd		
23.	Loh Kim Khun	340,200	0.31
24.	Lee Tong Poh @ Lee Tong Poah	320,000	0.29
25.	Koay Chiew Lee	293,332	0.27
26.	Leau Kim Pun @ Liau Kim Pun	290,000	0.26
27.	Ch'ng Chan Seng	280,000	0.26
28.	Public Nominees (Tempatan) Sdn Bhd	275,300	0.25
	Qualifier: Pledged Securities Account for Tan Ee Seng (E-PPG/BTW)		
29.	Koay Chiew Kang	273,332	0.25
30.	Lim Hui Huat @ Lim Hooi Chang	270,000	0.25
		-----	-----
		74,529,956	67.82
		=====	=====

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 22nd Annual General Meeting of the Company, to be held at 3rd Floor, Meeting Room of Plot 468 & 482, Jalan Perusahaan Baru, Prai Industrial Estate, 13600 Prai, Penang on Friday, 22 May 2009 at 10.00 a.m. and at any adjournment thereof.

ORDINARY RESOLUTION	1	2	3	4	5	6	7	8
FOR								
AGAINST								

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

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

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

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 of2009

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 member shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

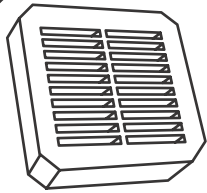
* Strike out whichever not desired

AFFIX
STAMP

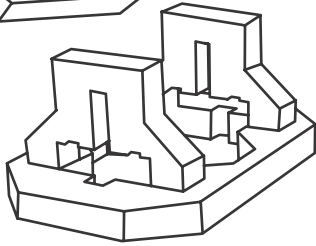


PUBLIC PACKAGES HOLDINGS BERHAD
(Company No. 162413-K)

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



PROTECTIVE PACKAGING



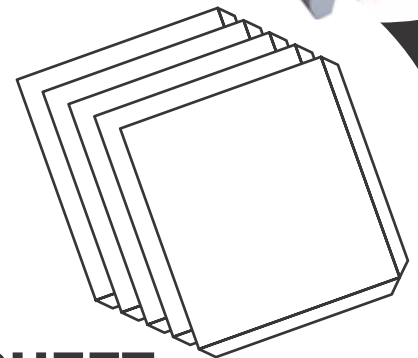
PRODUCT SPECIFICATIONS protective packaging

process: corrugated, flexo printing, diecutting, gluing, stitching
purpose: packaging of electronic devices & equipments
users : electronics, electrical & computer industries

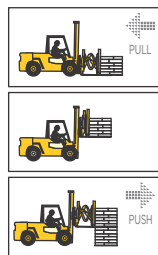


PRODUCT SPECIFICATIONS paper pallets

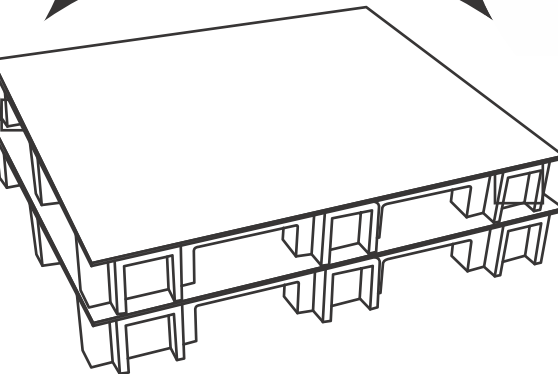
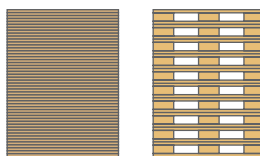
process: corrugated, lamination, gluing
purpose: replacement for convenient wooden & plastic pallets - lighter weight & requires no fumigation for international shipments
users : FMCG, electronics, electrical & etc



SLIP SHEET



1000 SLIP SHEETS = 10 TRANSPORT PALLETS



PAPER PALLET

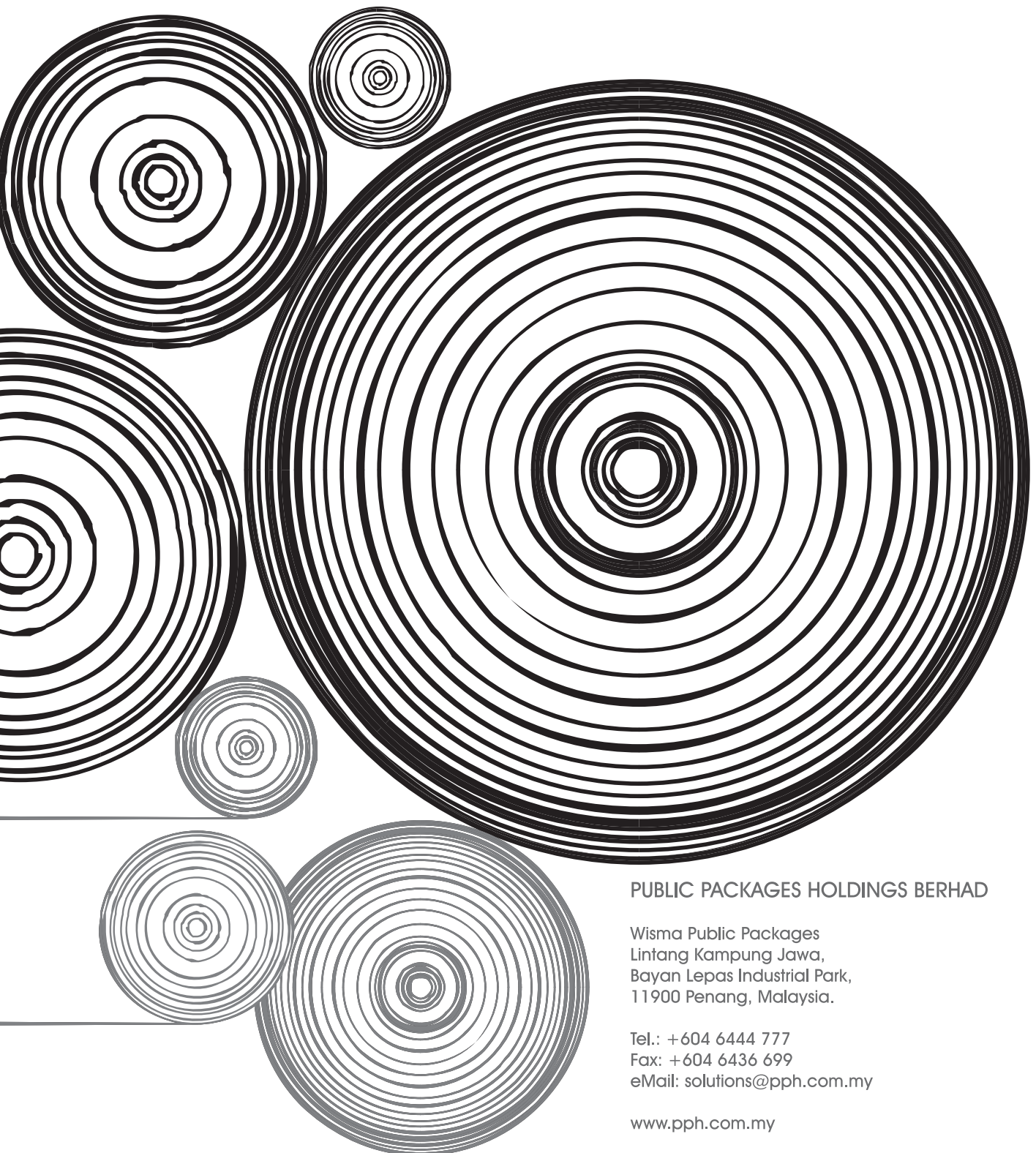
BENEFIT OF PAPER PALLET

- Work Effectiveness** : Easier to handle without splinters & nails to reduce lost-time injuries.
: Easier to dispose & recycle.
- Recyclable** : Hygienic solution.
- Healthy Alternative** : Saving of freight charges.
- Economical** : Tailor-made to meet every customer specification.
- Custom-Made** : Saving of warehouse spacing & easier to retrieve.
- Rackable** :

OFFSET PRINTED BOX



CORRUGATED CARTON



PUBLIC PACKAGES HOLDINGS BERHAD

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