



2013 ANNUAL REPORT

PUBLIC PACKAGES HOLDINGS BERHAD (162413-K)

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 27th Annual General Meeting of Public Packages Holdings Berhad will be held at 3rd Floor, Meeting Room of Plot 468 & 482, Jalan Perusahaan Baru, Prai Industrial Estate, 13600 Prai, Penang on Monday, 26 May 2014 at 10.00 a.m. for the following purposes: -

AGENDA:

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors' and Auditors' thereon. Please refer to Explanatory Note 1
2. To re-elect the following Directors who retire by rotation in accordance with Article 80 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
 - i) Mr. Ong Eng Choon Resolution 1
 - ii) Mr. Koay Teng Kheong Resolution 2
3. To approve the payment of Directors' fees of not exceeding RM250,000 for the financial year ending 31 December 2014. Resolution 3
4. To re-appoint Messrs. Grant Thornton (AF: 0042) as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. Resolution 4

As Special Business

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

5. **AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES**
"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for listing of and quotation for the additional shares to be issued." Resolution 5
6. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**
 - i) "THAT authority be and is hereby given to Pn. Nurjannah Binti Ali who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company." Resolution 6
 - ii) "THAT authority be and is hereby given to Mr. Ng Thim Fook who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company." Resolution 7
7. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 27th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 19 May 2014. Only a depositor whose name appears on the Record of Depositors as at 19 May 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

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

Penang

Dated: 30 April 2014

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. A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus accounts it holds.
4. For a proxy to be valid, the proxy form duly completed must be deposited at the registered office of the Company at Wisma Public Packages, Plot 67 Lintang Kampong Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang not less than forty-eight (48) hours before the time for holding the meeting.
5. In the case of a corporate member, the proxy form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized in which, it must be supported by a certified true copy of the resolution appointing the officer or certified true copy of the power of attorney.

EXPLANATORY NOTE ON ORDINARY BUSINESS

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

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. The Resolution 5, if passed, will give the Directors of the Company authority to issue shares in the Company up to an aggregate amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

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

2. The Resolutions 6 and 7, if passed, will allow the Independent Directors to be retained and continued to act as Independent Directors to fulfil the requirements of Paragraph 3.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to be in line with the recommendations 3.2 and 3.3 of the Malaysian Code of Corporate Governance 2012. The details of justifications are set out in the page 12 of the Company's 2013 Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

JOINT COMPANY SECRETARIES

- : Lee Peng Loon (MACS 01258)
P'ng Chiew Keem (MAICSA 7026443)

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE	: Nurjannah Binti Ali (Independent Non-Executive Director) <i>Chairman</i> Ng Thim Fook (Independent Non-Executive Director) <i>Committee Member</i> Ong Eng Choon (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	: Tricor Investor Services Sdn Bhd (Company No.118401-V) Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. Tel No: 03-2264 3883 Fax No: 03-2282 1886
AUDITORS	: Grant Thornton 51-8-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.
PRINCIPAL BANKERS	: Malayan Banking Berhad Al Rajhi Banking & Investment Corporation (Malaysia) Berhad RHB Bank Berhad AmBank (M) Berhad
STOCK EXCHANGE LISTING	: Main Market of Bursa Malaysia Securities Berhad Stock Name : PPHB Stock Code : 8273
WEBSITE	: http://www.pph.com.my

EXECUTIVE CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2013.

INDUSTRY REVIEW

Despite the global economic instability, Malaysia's economy recorded a steady growth mainly brought by strong domestic demand. Packaging remains an important component of the manufacturing sector. In year 2013, the packing industry continues to be challenging in view of escalating cost of raw materials and competitive selling prices. However, the Group managed to maintain its overall cost through implementation of various cost control activities.

FINANCIAL PERFORMANCE

The Group's revenue for the year 2013 was RM145 million as compared with the RM140 million in year 2012. Although recording a slight increase in yearly revenue, our profit after tax was decrease to RM10 million compare to RM14 million in year 2012. The huge decrease in net profit before tax recorded was mainly due to the inclusion of a RM4 million fair value adjustment on investment properties in year 2012, as a result of revaluation of Group's investment properties in accordance to Group policy.

PROSPECTUS FOR 2014

The Group's efficient business model and operations as well as financial stability are the underlying fundamental strengths of the Group. The Group aims to create a wider distribution network to penetrate untapped markets and shall continue to seize all opportunities available in its businesses.

The Group has planned at the beginning of year 2014 to enhance the Group capabilities by investing in our employee on continuous training and development in their technical and leadership skills. Lean Manufacturing System and Processes will continue, which help operations eliminate non-value added processes in order to increase efficiency, productivity and competitiveness in the businesses. The Group will remain vigilant in keeping abreast of changing trends in customer demand and new technologies. The Group invested in a new digital printing machine at the beginning of this year to ensure solutions for our customers are completely aligned with their changing demands and needs.

The Group is dedicated in seeking for new strategies and opportunities whether through local or oversea joint ventures, to enhance our competencies and utilize synergies to further grow our businesses.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Group takes cognizance of the important of CSR which has become an integral part of social objectives of doing well and giving back to the various communities. CSR initiatives and meaningful activities have been implemented in the Company's workplace, marketplace, community and environment. The Group recognized its corporate citizenship and fulfills its responsibilities to its employees, customers, caring for society and greening the environment based on principles of business sustainability. The Group's CSR activities are set out in page 17 of this Annual Report.

APPRECIATION

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

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

KOAY CHIEW POH
EXECUTIVE CHAIRMAN

DIRECTORS' INFORMATION

Koay Chiew Poh, a Malaysian, age 62, is the founder of Public Packages Holdings Berhad ("PPHB") and was appointed to the Board on 16 March 1991 as Executive Chairman of the Company. He is a member of the Remuneration Committee. He is an entrepreneur with more than 30 years experience in the packaging and printing industry. He served as a Sales Manager for Pan Asian Paper Product Manufacturing Sdn Bhd before he joined Federal Packages Sdn Bhd. He holds directorships in several of PPHB's subsidiaries.

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

He had attended all the 5 Board meetings held in the financial year ended 31 December 2013.

Koay Chiew Kang, a Malaysian, age 56, was appointed to the Board on 14 March 2012 as Executive Director. He graduated from Universiti Sains Malaysia with BSC. HBP (Hons). He has also attended the Owner / President Programme at Harvard Business School, Boston. He has been working with the Group as Manager in various departments, namely Administration, Production and Operation since the year 1985. Due to his extensive knowledge and experiences, he has been promoted to General Manager in year 1995. He also holds directorships in several of PPHB's subsidiaries.

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

He had attended all the 5 Board meetings held in the financial year ended 31 December 2013.

Koay Chue Beng, a Malaysian, age 53, was re-designated as Alternate Director to Mr. Koay Chiew Poh on 25 March 2011. Prior to this, he was the Executive Director of the Company since 9 February 2002. He had served as senior management in several private limited companies and has extensive experience in sales and marketing, new market development, distribution, planning and control. He is also actively involved in community services. He holds directorships in several of PPHB's subsidiaries.

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

Nurjannah Binti Ali, a Malaysian, age 55, 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 Nominating and Remuneration Committees. With an accounting background, Nurjannah has more than 15 years' experience in finance and business. She is also a Director of Asia File Corporation Berhad.

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

She had attended all the 5 Board meetings held in the financial year ended 31 December 2013.

Ng Thim Fook, a Malaysian, age 60, was appointed to the Board on 15 November 2002 as an Independent Non-Executive Director. He is a member of the Audit, Nominating and Remuneration Committees. He is the Managing Director of NG Technology Pty Ltd and Express Tech Pty Ltd. He has been in IT business for the last 22 years.

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

He had attended all the 5 Board meetings held in the financial year ended 31 December 2013.

Ong Eng Choon, a Malaysian, age 62, was re-designated as Independent Non-Executive Director on 25 March 2011. Prior to this, he was the Non-Independent Non-Executive Director of the Company since 23 January 2009. He is a member of the Audit, Nominating and Remuneration Committees. He graduated from Tunku Abdul Rahman College, Kuala Lumpur with a Diploma in Business Administration and has more than 30 years of working experience in the field of taxation. He spent 3 years with the Inland Revenue Department and 10 years with one of the top 4 accounting firms. He is currently the Executive Director of BDO Tax Services Sdn. Bhd. He is a Chartered Accountant (Malaysia), a Fellow Member of the Chartered Association of Certified Accountants, an Associate Member of the Institute of Chartered Secretaries and Administrators and a Fellow Member of the Chartered Tax Institute of Malaysia (formerly known as Malaysian Institute of Taxation). He is also the Independent Non-Executive Director of Chin Well Holdings Berhad, listed on Bursa Securities.

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

He had attended all the 5 Board meetings held in the financial year ended 31 December 2013.

Koay Teng Liang, a Malaysian, age 37, was appointed to the Board as an Executive Director on 30 January 2009. Prior to the appointment, he was the Alternate Director to Mr. Koay Chiew Lee from 17 November 2003 until 23 January 2009. He graduated from University of Melbourne, Australia with a Bachelor in Commerce (Hons) and Bachelor in International Business from Flinders University, Australia. Prior to joining the Company, he was attached with Teckwah Industrial Corporation Limited, Singapore as a Program Executive. He holds directorships in several of PPHB's subsidiaries.

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

He had attended 3 of the 5 Board meetings held in the financial year ended 31 December 2013.

Koay Teng Kheong, a Malaysian, age 33, was appointed to the Board as an Executive Director on 25 March 2011. He graduated from Monash University, Australia with a Masters in Management and Bachelor in Information Systems from University of Melbourne, Australia. He holds directorships in Public Packages Asia (S) Pte Ltd., a 100% owned indirect subsidiary of PPHB prior to this appointment and has actively participated and contributed towards the Groups revenue and management.

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

He had attended all the 5 Board meetings held in the financial year ended 31 December 2013.

STATEMENT OF CORPORATE GOVERNANCE

The Board recognizes the importance of adopting and maintaining high standards of corporate governance and is fully committed to conducting the Group's affairs in a transparent and objective manner, with full accountability and integrity. The Board strives to safeguard shareholders' investments and stakeholders' interests, thereby enhancing their values. This Corporate Governance Statement outlines the Group's corporate governance practices and aims to provide vital insights to the shareholders, potential investors and stakeholders.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board Charter

The Board Charter delineates the Board's strategic intent and sets out key values and principles of the Group. It defines the roles, powers and responsibilities of the Board and its Directors. Additionally, it acts as a source of reference and primary induction literature for prospective Board members, as well as assisting the Board in the assessment of its collective performance and that of each individual Director. Apart from current best practices and applicable rules and regulations, it outlines the processes and procedures to an effective and efficient Board.

The Board Charter is subjected to periodic reviews, reflecting changes in the regulations and best practices, and to update its relevance and effectiveness. A copy of the Board Charter can be accessed from the Group's website – www.pph.com.my.

Composition and size of the Board

The Board comprises four (4) Executive Directors and three (3) Independent Non-Executive Directors, in compliance with paragraph 15.02 of the Bursa Malaysia Listing Requirements where at least one third (1/3) of the Board members must be Independent Directors. Members of the Board are of diverse backgrounds, specializations, experience, characters and age.

The Board and Directors

The Board plays a pivotal role in the stewardship of the Group's strategic directions, operations and performances, with the ultimate objective of maximizing shareholders' value while taking into consideration stakeholders' interests. It assumes the following key responsibilities, among others:

- a. Review, approve and monitor implementation of the strategies and business plans of the Group;
- b. Monitor and evaluate performance of the Group's business operations and activities;
- c. Oversee conduct of the Group's business, ensuring that affairs are carried out ethically and in full compliance with relevant laws and regulations;
- d. Identify principal risks and ensure execution of appropriate risk management and internal control procedures;
- e. Develop and evaluate the Group's succession planning and talent management plans;
- f. Supervise the implementation of shareholders' communication policy;
- g. Evaluate the adequacy and integrity of management information and internal control system of the Group.

There are clear division of roles and responsibilities between the Chairman, Executive Directors and Independent Non-Executive Directors, ensuring balance of power and authority as well as enhanced accountability.

Chairman

The Chairman acts as a spokesperson for the Board and represents the Group to the shareholders. He is responsible for the overall strategic direction of the Group and takes a leading role in creating an effective corporate governance system, setting the tone at the top of practising and promoting ethical practices, good governance, as well as legal and regulatory compliances. He is also responsible for managing the boardroom dynamics, promoting a culture of openness and debate to build a high performance board and effectuate robust decision making.

Executive Directors

The Chairman is supported by the three (3) Executive Directors in day-to-day management of the Group. The Executive Directors form part of the Senior Management team and have an overall responsibility over the business operations, organizational effectiveness and efficiencies, formulation of strategies and implementation of Board policies and decisions. They are also responsible for fostering relationships with regulators and stakeholders. In light of their technical expertise and knowledge of the business and its industry, they add value to the Board's decision making process by offering an intimate view of the workings within the Group as well as the strategic plan in action.

Non-Executive Directors

The Non-Executive Directors are independent of management and free from any business or other relationships that could materially interfere with the exercise of their independent judgement, enabling their contribution towards corporate accountability. They take into account interest of the Group, shareholders, stakeholders and the communities in which the Group conducts its business, providing their unbiased and impartial views, advice and judgement. It is also their responsibility to ensure financial information announced are accurate and that the risk management and internal control systems are robust and defensible. Furthermore, the Independent Non-Executive Directors play a key role in the evaluation and review of the Board's performance and remuneration.

The profiles of the Directors are set out on pages 7 to 8 of this Annual Report.

Code of Ethics and Conduct

The Group has formalized and adopted a Code of Ethics and Conduct during the financial year, with the objective of creating an ethical corporate climate. It provides guidance on the standards of behaviours expected from the Directors, employees as well as any other persons who represent the Group in execution of their duties and functions. Furthermore, it advises the Board on the manner in which it should act when making decisions. In formulation of the Group's Code of Ethics and Conduct, reference has been made to the Code of Ethics for Directors, highlighting principles in relation to transparency, integrity, accountability and corporate social responsibility.

A copy of the Code of Ethics and Conduct is published on the Group's website.

Supply of information

Members of the Board are supplied with unrestricted and timely information to enable effective discharge of their duties and responsibilities. Relevant agendas and board papers containing management and financial information are distributed in advance of each Board meeting for their perusal and consideration, to enable active participation during meetings and to facilitate informed decision making. Furthermore, all Directors are regularly updated on the statutory and regulatory requirements relating to their duties and responsibilities.

The Board has full access to information pertaining the Group. In addition, advices, further explanations and updates may be sought from the Head of Finance, Head of Internal Audit and Company Secretaries. The Board may consult external experts for their independent and professional opinion in furtherance of its duties, at the Group's expense. Individual members may also obtain independent professional advices, subject to approval of the Chairman or the Board, depending on quantum of the fees involved.

Company Secretaries

The joint Company Secretaries assume key advisory roles to the Board on matters in relation to statutory and regulatory compliances, best corporate governance practices, Board's policies and procedures, as well as Directors' duties and responsibilities. The Board is satisfied with the performances and competencies demonstrated.

During the financial year, the Company Secretaries have performed, among others, the following tasks:

- a. Attended all Board meetings and ensured meetings are properly convened;
- b. Ensured accurate recording of minutes of proceedings and proper maintenance of secretarial records;
- c. Supported the Board in ensuring adherence to Board policies and procedures;
- d. Facilitated the provision of information as requested by the Directors.

Sustainability strategy and approach

The Group is committed to the continuous efforts of aligning sustainability strategies and approaches with its strategic objectives. The Board strives not only to maximize shareholders' value but also takes into consideration stakeholders' welfare and sustainability developments.

Details of the Group's sustainability efforts are set out in the Corporate Social Responsibility Statement on pages 17 to 18 of this Annual Report.

2. STRENGTHEN COMPOSITION

Nominating Committee

The Nominating Committee comprises three (3) Independent Non-Executive Directors. The Nominating Committee of the Company was established on 4 April 2002. The Nominating Committee of the Company is chaired by Pn. Nurjannah Binti Ali. All assessments and evaluations carried out by the Nominating Committee in the discharge of all its functions are properly documented.

The Nominating Committee meets as and when required, and at least once a year. During the financial year under review the Nominating Committee held one (1) meeting on 7 April 2014, which was attended by all three (3) members.

The terms of reference and roles of Nominating Committee are as below:-

a. Recruitment or appointment of Directors and annual assessment

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

b. Gender diversity policy

Corporate Governance Blueprint 2011 stated that the Board should ensure women participation on board to reach 30% by year 2016. Presently, there is one (1) female Director on the Board of the Group. The Nominating and Remuneration Committees aim to appoint additional female representation as soon as practicable in order to reach at least 30% female representation on the Board in the near term.

Remuneration policies and procedures

The specific responsibility of the Remuneration Committee is reviewing the remuneration framework and package for the members of the Board and recommends the same to the Board for approval. The remuneration of Directors is set at levels that would enable the Company to attract and retain Directors with relevant expertise and the experience necessary in managing the Group effectively. The remuneration package is also structured so as to link rewards to corporate and individual performance and for Non-Executive Directors the level of remuneration reflects the experience and level of responsibilities undertaken. The remuneration package of the Executive Chairman is approved by the full Board on the recommendation of the Remuneration Committee. Directors do not participate in decisions regarding their own remuneration packages.

The members of the Remuneration Committee are as follows:-

Pn. Nurjannah Binti Ali	- Chairman, Independent Non-Executive Director
Mr. Ng Thim Fook	- Member, Independent Non-Executive Director
Mr. Ong Eng Choon	- Member, Independent Non-Executive Director
Mr. Koay Chiew Poh	- Member, Executive Chairman

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

The aggregate remuneration of Directors for the financial year ended 31 December 2013 is as follows:

	Salary (RM)	Bonus (RM)	Others (RM)	Fees (RM)	Total (RM)
Executive	1,671,337	302,750	358,789	0	2,332,876
Non-Executive	0	0	0	78,000	78,000
	<u>1,671,337</u>	<u>302,750</u>	<u>358,789</u>	<u>78,000</u>	<u>2,410,876</u>

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

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	2
RM 50,001 to RM200,000	-	-
RM200,001 to RM400,000	1	-
RM400,001 to RM600,000	4	-
	<u>5</u>	<u>2</u>

3. REINFORCE INDEPENDENCE

Annual assessment of independence

The Board, through the Nominating & Remuneration Committees, assesses the independence of each Non-Executive Directors annually. Apart from tenure of service, Director's ability to exercise independent judgement and his contribution towards the effective functioning of the Board are considered.

Based on the assessment held on 7 April 2014, the Board is satisfied with the performance and level of independence demonstrated by the Non-Executive Directors.

Tenure of Independent Directors

The Code stipulates that tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, this do not preclude the Director from continuing to serve on the Board as an Independent Director, subject to strong justifications provided by the Board and approvals sought from shareholders. Rather than tenure of an Independent Director's service, the Board places greater emphasis on the Director's ability to exercise unbiased judgement and his contribution towards the effective functioning of the Board.

As at date of this statement, Pn. Nurjannah Binti Ali and Mr. Ng Thim Fook have served tenure of nine (9) years and above. The Nominating & Remuneration Committees have assessed and are satisfied that both Directors:-

- are independent of the management and free from any business dealings or other relationship with the Group which may be perceived to materially interfere with their ability to exercise unfettered judgement and act in the best interest of the Group;
- have committed sufficient time and exercised due care during their tenure, actively participating in board meetings and discussions;
- are able to capitalise on their familiarity, insights and knowledge of the Group's operations and contribute positively towards deliberations and decision-makings of the Board;
- have discharged their professional duties in good faith and in the best interest of the Group and shareholders;
- have vigilantly safeguarded the interest of minority shareholders, as well as stakeholders of the Group;
- have the calibre, qualifications, experience and personal qualities to challenge management in an effective and constructive manner.

The Board, therefore, recommends the retention of Pn. Nurjannah Binti Ali and Mr. Ng Thim Fook as Independent Non-Executive Directors at the forthcoming 27th Annual General Meeting.

Chairman

The Board notes the recommendation of the Code that the Chairman must be a non-executive member of the Board and in the event where the Chairman is not an Independent Director, the Board must comprise a majority of Independent Directors. The Board supports the continuation of Mr. Koay Chiew Poh as the Executive Chairman and is of the view that the Chairman's invaluable contribution, extensive experience along with his detailed knowledge on the Group's business activities and strategic directions renders him the most befitting candidate.

4. FOSTER COMMITMENT**Time commitment**

The Board is satisfied with the level of time commitment given by the Directors as stipulated in the term of reference towards fulfilling their roles and responsibilities as Directors of the Group. The following table sets out number of Board meetings held and attendance record of the Directors during the financial year 2013. The Alternate Director will replace those Directors who were unable to attend the Board meetings.

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

Each member of the Board must not hold more than five (5) directorships in public listed companies. This is in compliance with the Bursa Malaysia Listing Requirements which states that directors should not sit on the boards of more than five (5) listed companies to ensure that their commitment and have the time to focus and fulfill their roles and responsibility effectively.

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

Training

The Board acknowledges the importance of continuous education and training in discharging its duties effectively. The Board on a continuous basis evaluates and determines the training needs of its Directors. The Board members were encouraged to attend forum, seminars, trade fairs (locally and internationally) and industry conferences which enables themselves gaining insights on new developments in the business environment. Field trips to company operations by the Directors and meetings with senior management are arranged to gain actual knowledge of staff, factory and department. All the Directors had attended the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities and had also completed and obtained the requisite Continuing Education Programme (CEP) points accordingly.

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

- (a) Koay Chiew Poh
 - Siemer Silicon Beach Summit 2013
- (b) Koay Teng Liang
 - Harvard Business School Owner/President Management Program
- (c) Koay Teng Kheong
 - FMM ICT Conference 2013 – Going Mobile
 - Enhancing Corporate Governance
- (d) Koay Chiew Kang
 - Seminar on GST for Industries : Getting Started
 - Transfer Pricing Audit Framework
 - GST & You
 - Trade Beyond Boundaries : Trade with Confidence
 - Project Management Essentials for the Unofficial Project Manager
 - Inspiring Leadership through Emotional Intelligence
 - Sales Seduction : 7 Reasons People Don't Buy From You

- (e) Nurjannah Binti Ali
 - Enhancing Corporate Governance
- (f) Ng Thim Fook
 - Super Trade Mission
- (g) Ong Eng Choon
 - National Tax Conference 2013
 - Budget 2014 Tax Seminar – Moving Ahead Regionally
 - Seminar Percukaian Kebangsaan 2013

The training programmes and seminars attended by the Directors during the financial year ended 31 December 2013 are, inter-alia, on areas relating to corporate governance, risk management and sustainability.

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

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with applicable financial reporting standards

The Board endeavours to provide shareholders and stakeholders with a balanced and insightful evaluation of the Group's financial performance, position and prospects through the issuance of annual audited financial statements, quarterly financial results and corporate announcements on significant developments. In preparing the financial statements, the Board ensures it is in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group.

The Board is assisted by the Audit Committee, which comprises members with vast accounting and finance knowledge and experience. The Audit Committee oversees the Group's financial reporting process and meets on a quarterly basis to review the quality and adequacy of financial reporting prior submission for the Board's approval.

Risk management and internal control

The Board acknowledges its responsibility to maintain a sound internal control system including financial controls, operational and compliance controls as well as governance and risk management to ensure safeguarding of shareholders' investments, stakeholders' interests and the Group's assets. The Statements of Risk Management and Internal Control of the Group are set out on pages 19 to 22 of this Annual Report.

Assessment of suitability and independence of external auditors

Through the Audit Committee, the Board maintains a transparent and professional relationship with the Group's External Auditor, Grant Thornton. The External Auditors are invited to attend the Audit Committee meetings to discuss their audit plans, audit findings and statutory financial statements. The Audit Committee meets with the External Auditors at least twice a year without the presence of the Executive Directors, Senior Management team or Internal Auditor to discuss management reports and management's response where the External Auditors are invited to raise any matter that requires the Board's attention.

Great emphasis is placed on the objectivity, suitability and independence of the External Auditors. The Audit Committee has performed its annual assessment of the performance, technical competency and independence of the External Auditors and obtained written assurance from the External Auditors confirming their independence throughout the conduct of the audit engagement for the financial year prior recommending their re-appointment to the Board. Shareholders' approval will be sought at the forthcoming Annual General Meeting.

The Audit Committee Report furnished on pages 23 to 25 of this Annual Report provides an overview of the function and activities of the committee during the financial year.

6. RECOGNISE AND MANAGE RISKS

Framework

The Company has established a formal policies and a framework to oversight material business risk. The Statements of Risk Management and Internal Control as set out from pages 19 to 22 of this Annual Report provide an overview of the system process of risk management and internal controls within the Group.

Internal audit function

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

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE**Corporate disclosure policy**

The Board acknowledges the need to inform shareholders of all material business matters affecting the Group and is committed to ensure timely, accurate and comprehensive information are disseminated equally, in order to enhance transparency and accountability. This is achieved through announcements made to Bursa Securities, annual reports and circulars to shareholders when required. Furthermore, regular updates are provided through timely release of quarterly financial results for an overview of the Group's performance and operations, in line with the disclosure requirements set out in the Main Market Listing Requirements.

Leverage on information technology for effective dissemination of information

Corporate information, quarterly financial results and annual reports, circulars to shareholders, as well as announcements made to Bursa Securities can be accessed from dedicated sections on the Group's website. In addition, various contact details are provided to address queries from customers, shareholders and the general public. A dedicated intranet has also been established for ease of communication with and reference by the employees.

8. STRENGTHEN RELATIONSHIP BETWEEN GROUP AND SHAREHOLDERS**Shareholders participation at general meetings**

The Annual General Meeting is the primary forum for dialogue and interaction with both institutional and individual shareholders. Members of the Board, the Senior Management team as well as the External Auditors are present to provide clarification to any questions that shareholders may have in relation to the business activities of the Group. It also provides an ideal opportunity for shareholders to communicate their expectations and concerns.

To encourage greater shareholders' attendance and participation, notices for meetings are served earlier than the minimum twenty-one (21) days.

Shareholders' voting rights

The Chairman will inform shareholders, proxies and corporate representatives on their rights to demand for a poll vote at the commencement of a general meeting. In line with the Group's Articles of Association, substantive resolutions are put to vote by poll and the outcome announced to Bursa Securities.

The Board notes the recommendation of the Code to employ electronic means of poll voting and has explored its suitability and feasibility. In view of the manageable numbers of shareholders attending at general meetings, the Group has yet to adopt electronic voting. Nevertheless, the Board will reassess this option should shareholders' attendance increases significantly in future.

At the 26th Annual General Meeting held on 27 May 2013, Members of the Board, the Group Secretaries and External Auditors have attended the meeting. All resolutions put to the meeting were unanimously approved.

Effective communication and proactive engagement

The Board recognizes the importance of a high quality, ongoing dialogue as it helps to build trust and understanding, as well as providing better appreciation of the Group's objectives, quality of its management and challenges. Shareholders, prospective investors and stakeholders are kept abreast with the development of the Group through timely release of financial results, along with various announcements made to Bursa Securities. During the AGM, the Chairman delivers a brief presentation on the financial performance and activities of the Group throughout the year. Members of the Board are available to respond to any questions shareholders may have. The External Auditors are also present to provide their professional and independent clarification on issues and concerns raised by shareholders.

Additional Compliance Information

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

1. **Sanctions and/or Penalties**
There were no sanctions and/or penalties imposed on the Company and its subsidiaries for the financial year ended 31 December 2013 other than tax penalties of RM 188 due to underestimates.
2. **Non-Audit Fees**
There were no non-audit fees paid to the External Auditors or a firm or corporation affiliated to them for the financial year ended 31 December 2013.
3. **Material Contracts**
There were no material contracts entered by the Company and its subsidiaries involving directors and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2013, or entered into since the end of the previous financial year.
4. **Utilisation of Proceeds Raised from Corporate Proposal**
The Company does not have any corporate proposal during the financial year ended 31 December 2013.
5. **Share Buy-Backs**
The Company did not purchase any of its own shares and as such, there were no treasury shares maintained by the Company for share buy-backs as at 31 December 2013.
6. **Options or Convertible Securities**
The Company did not issue any options or convertible securities during the financial year ended 31 December 2013.
7. **Depository Receipt Programme**
The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2013.
8. **Variation in Financial Results**
There were no variation of results which differ by 10% or more from the Company's unaudited results announced through Bursa Link on 24 February 2014.
9. **Profit Guarantee**
The company was not subject to any profit guarantees for the financial year ended 31 December 2013.

This Statement was duly reviewed and approved by the Board of Directors of Public Packages Holdings Berhad on 7 April 2014.

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

In response to the growing expectations of society for businesses to address environmental, social and corporate governance (ESG) initiatives, Triple Bottom Line Reporting is frequently adopted to measure the social and environmental performance, on top of the traditional financial aspect. The Board fully acknowledges the importance of Corporate Social Responsibility (CSR) and is committed to embed ESG within the Group's strategy development, decision making and business operations. During the financial year, the Directors have been active in CSR management within the Group's operations.

The various initiatives undertaken by the Group are summarized as below:-

1. COMMUNITY

Industrial training

The Group supports internship programmes of several local universities and/or colleges. Students are assigned to different positions within the Group's operation with the aim of providing practical training in their designated job area. It also allows students to gain insights into how business organizations operate in general. Furthermore, these internship programmes enable the Group to tap into talents from local universities and/or colleges upon their graduations.

Children's education

Great emphasis is placed on children's education. In driving its CSR, the Group supports the welfare and education of less fortunate children. On top of monetary assistance, the Group has sponsored reference books and reading materials to aid orphanage students in their examinations, in particular students sitting for UPSR and PMR exams. The Group is dedicated to continually help improve the quality of education for future generations.

Charitable organizations

During the year, the Group has made cash donations to numerous charitable organizations, including the Buddhist Tzu Chi Merit Society Malaysia.

2. MARKETPLACE

Vendors management

To avoid adverse social and environmental impact in the supply chain, the Group engages in ethical procurement practices. Standard procedures are adopted in the evaluation of vendors' qualification to ensure raw materials purchased comply with applicable regulations and are in accordance with the Group's requirement.

Customers management

In creating additional value to customers, the Group offers Total Packaging Concepts, Designing and Supply Chain Management, along with Just-In-Time services, providing customers with an ease of mind over their packaging needs and inventory management.

3. WORKPLACE

Safe and healthy environment

The Group strives to provide a safe and healthy working environment for all employees. Safety education and trainings on emergency responses are held to inculcate a conscientious attitude as well as increase awareness among employees.

Human capital development

Human capital is perceived as an imperative asset of the Group. Trainings and seminars are frequently organized to upgrade and enhance the skills and knowledge of employees. Employees are also encouraged and sponsored to attend external seminars and workshops, keeping them abreast of new developments in respective fields of expertise.

Employees' welfare

The Group bears the cost of outpatient medical attention and fees of employees. In addition, employees are insured under the Group Hospitalization and Surgical Scheme.

4. ENVIRONMENT

5S organization method

The 5S (Sort, Set in Order, Shine, Standardise and Sustain) workplace organization method is embedded in the corporate culture, highlighting the importance of an organized work space which eliminates waste, reduces costs and boosts productivity, thus increasing effectiveness and efficiency of the Group's business conducts.

3R's initiative

The Group recognizes its responsibility towards the environment and makes every effort to protect, preserve and minimize adverse impacts of its operations. The 3R's initiative of reduce, reuse and recycle are implemented throughout the organization. Simple measures such as switching off non-essential lightings and recycling paper are practiced at all times. Furthermore, proper waste management channels are employed in production.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 Group and of the Company at the end of the financial year and the results and cash flows of the Group and of the Company for the financial year then ended. As required by the Act and the Listing Requirements of Bursa Securities, the financial statements have been prepared in accordance with applicable Financial Reporting Standards and the provision of the Act.

The Directors consider that in preparing the financial statements for the year ended 31 December 2013, the Group and the Company have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring the Company and the Group keep accounting records, which disclose with reasonable accuracy financial position of the Group and of the Company, which also enable them to ensure that the financial statement 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.

STATEMENT OF INTERNAL CONTROL

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

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

Risk Management

Risk management is an integral part of the Group's management system. To ensure alignment of activities with the Group's strategic objectives and compliance with regulatory requirements, the Group has implemented a risk management framework to identify, measure, assess and manage risks encountered. This framework is reviewed periodically to ensure its relevance and adequacy to managing risks, which continue to evolve along with changing business environment. The Group strongly believes that prudent risk management is vital for business sustainability and enhancement of shareholders' value.

Internal Control

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

Key Internal Control Process

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

- Risk management system is in place to assist the Board in assessing overall risks exposure of the Group and ensuring appropriate implementation of systems to manage those risks.
- Division Heads are responsible for the implementation and maintenance of effective control systems, ensuring day to day operations and activities are in accordance with corporate objectives and strategies as well as compliance with legal and regulatory requirements.
- Annual budgets and plans are submitted by Division Heads for the Chairman's review and subsequent presentation to the Board for approval. The Chairman, Division Heads, and Senior Managers are accountable for the performance and profitability of respective divisions, to meet objectives and goals set by the Board. The Group's performance is reviewed against approved annual budgets – both financial and operational on a monthly basis. Variations are immediately investigated and corrective measures taken where necessary.
- Group Corporate Meetings chaired by the Board are conducted monthly where Division Heads will present monthly performances and controls supported by comprehensive financial information, comparing actual results against the budget. Corporate issues, business developments, risks in relation to business activities and external environment of respective fields are also discussed and shared. These discussions allow Division Heads to take pre-emptive action. Furthermore, it forms the basis for the planning of future undertakings and appropriate risks management systems.
- Quarterly financial reports of the Group are reviewed by the Audit Committee to ensure the financial statements are properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 so as to give a true and fair view of the Group's financial position. These financial statements are presented to the Board for approval prior being released to Bursa Malaysia.

- Internal Operating Manuals are established for operating units and departments within the units, illustrating detailed operating procedures and controls, at all levels and in all functions. Activities such as approvals, authorizations, verifications, reconciliations, operating performance assessments, security of assets and segregation of duties are included. The manuals are reviewed and updated on an on-going basis to ensure compliance with internal controls, directive, laws and regulations.
- On-going review of the Group's internal control system is executed by the Internal Audit Division, in accordance with annual plan approved by the Audit Committee. The Head of Internal Audit examines, evaluates and reports the effectiveness and efficiency of the Group's internal control system. Findings and corrective measures are communicated to the Chairman, Division Heads and Senior Managers of respective departments. Subsequently, audit findings, recommendations and management responses are reviewed by the Audit Committee during Audit Committee Meetings and directed to the Board for rectification.
- Yearly audits are carried out by SIRIM in relation to the ISO 9001:2008 Quality Management System (ISO9001) and ISO14001:2004 Environment Management System (ISO14001). These audits ensure compliance with international standards and continuous improvement of product and service quality as well as environmental performance.
- A Business Continuity Plan is in place to ensure uninterrupted delivery of service and products in the event of disruption. This plan is reviewed and revised annually to ascertain its relevance and effectiveness.
- Employment and termination procedures are established and annual performance appraisals are performed to confirm employees' competency. Furthermore, training and development programs are provided to enhance employees' knowledge, skills and abilities for effective and efficient job performances.
- Group assets are insured to ensure protection against mishaps and other perils which might result in material losses. Annual reviews are performed by the Management during policy renewals to maintain sufficient coverage.

Review of Statement

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the External Auditors have reviewed this statement as well as the Risk Management Statement for inclusion in the 2013 annual report. Based on their review, the External Auditors believe that these Statements are consistent with their understanding of the process adopted by the Board in assessing the adequacy and integrity of the Group's system of internal control. These Statements were approved by the Board on 7 April 2014.

Conclusion

The Board has received assurance from the Chairman that the risk management and internal control systems are effective in all material aspects during the financial year under review. The Board affirmed that the risk management and internal control systems in place enable the Group to deal with the rapidly changing economy and competitive environments, shifting customer demands and priorities, and restructure for future growth. The Board is of the view that these systems are sound and sufficient to safeguard the Group's assets and shareholders' investments, as well as interests of customers, regulators and employees.

STATEMENT OF RISK MANAGEMENT

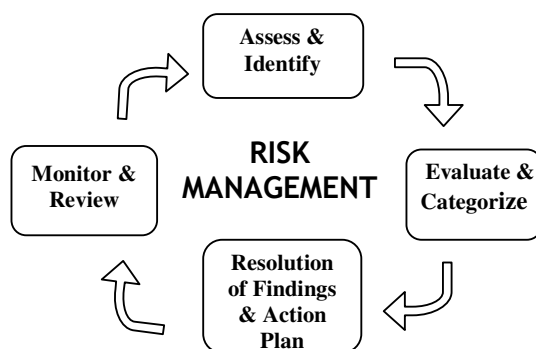
The Risk Management Team, led by the Executive Director, executes risk management and internal control systems with the following objectives:-

- Ensuring uninterrupted delivery of goods and services in the event of disruptions
- Safeguarding the Group's assets and reputation
- Preserving the safety and health of employees
- Ensuring that operations are not adversely affected by the environment
- Ensuring compliance of regulatory requirements
- Promoting risk awareness and maintaining a risk controlled culture

Risk Governance Framework

Risks which might affect the Group's operations and business includes exposure to market dynamics and environmental factors, competition, changes in the supply chain, customers' behaviour, occupational health and safety, Group's reputation, business continuity, adequacy of internal controls and many more. Although some factors might not be within control of the Group, risks are nevertheless identified, classified and where possible action plans developed to mitigate those risks.

The Group's risk management process is outlined below:-



Risks are identified and categorized according to the impact and likelihood of occurrence, and suitable action plans are derived and executed in response. Identified risks and action plans are monitored, reviewed and revised on an on-going basis to ensure adequacy and effectiveness. As part of the risk management process, frequent meetings are held between the Chairman, Risk Management Team, Division Heads and Senior Managers.

The Risk Matrix shown below is utilized to classify the impact and likelihood of each risk event, as well as device action plans to manage and mitigate identified risks:-

		Impact (Effect)		
		Irreversible	Tolerable	Negligible
	Very Likely	High Priority	High Priority	Medium Priority
	Likely	High Priority	Medium Priority	Low Priority
	Unlikely	Medium Priority	Low Priority	Low Priority

Impact of risks can be categorized as Low, Medium or High Priority and appropriate responses developed accordingly:-

- High Priority - Contingency Plan + Standard Operating Procedure + Monitoring
- Medium Priority - Standard Operating Procedure + Monitoring
- Low Priority - Monitoring

The use of Risk Matrix assists the Group in optimal allocation of resources and preparation of most appropriate responses. Through well-planned delegation of responsibilities, the Risk Management Team proactively identifies, analyses, mitigates and monitors significant business risks, ensuring that the risks are within tolerance limit acceptable by the Board. Regular reviews are performed to ensure the risk management system is adequate and remains effective.

AUDIT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE

The details of attendances of each Audit Committee members at Audit Committee meetings held during year 2013 are as follows:

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

TERMS OF REFERENCE

1. COMPOSITION

- (a) The Audit Committee shall be appointed by the Board of Directors amongst its members of no fewer than 3 Non-Executive members, a majority of whom being Independent Directors. An Independent Director shall be the one who fulfils the requirements as provided in the Listing Requirements of Bursa Securities.
- (b) At least one of the Audit Committee members must be either a member of 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 Accountant 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 Bursa Securities.
- (c) All the members of 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 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 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 must review the term of office and performance of an Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

2. MEETINGS

- (a) The quorum for an Audit Committee meeting shall be at least two (2) members; the majority present must be Independent Directors.
- (b) The Audit Committee shall meet at least four (4) times a year.
- (c) The Head of Finance and the Head of Internal Audit shall normally attend the meeting of Audit Committee. The External Auditors shall have the rights 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.
- (d) The Audit Committee should meet with the External Auditors without Executive Board members present at least twice a year.
- (e) 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 Internal Audit and the External Auditors in order to be kept informed of matters affecting the Company.
- (f) The Company Secretary shall be the Secretary of the Audit Committee.

3. **AUTHORITY**

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

- (a) Investigate any activity within its terms of reference;
- (b) Have the resources which are required to perform its duties;
- (c) Have full and unrestricted access to any information pertaining to the Group;
- (d) Have direct communication channels with the External Auditors and person(s) carrying out the internal audit function of activity (if any);
- (e) Obtained outside legal or other legal independent professional advice and secure the attendance of outsider with relevant experience and expertise if it deems necessary;
- (f) Be able to convene meetings with External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

4. **DUTIES**

The functions of Audit Committee are as follows:-

- (a) To review the following and report the same to the Board of Directors:-
 - i) With the External Auditors, the audit plan;
 - ii) With the External Auditors, his evaluation of system of internal controls;
 - iii) With the External Auditors, his audit plan;
 - iv) The assistance given by the employees of the Company to the External Auditor;
 - v) 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 changes;
 - Significant and unusual events;
 - The going concern assumption;
 - Compliance with accounting standards and other legal requirements;
 - vi) Any related party transaction and conflict of interest situation that may arise within the Group or the Company including any transaction, procedure or course of conduct that raises questions of the management integrity;
 - vii) Any letter of resignation from the External Auditors and senior staff of Internal Auditors of the Company;
 - viii) Whether there is reason (supported by the grounds) to believe that the Company's External Auditors is not suitable for re-appointment; and
 - ix) Review and verify the allocation of options pursuant to the Employee' Share Option Scheme ("ESOS") to be offered by them.
- (b) To do the following in relation to the internal audit function:-
 - i) Review the adequacy of the scope, the functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - ii) Review the internal audit programmes and the results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendation of the internal audit function;
 - iii) Review any appraisal and assessment of the performance of members of the internal audit function;
 - iv) Approve any appointments or termination of senior staff members of internal audit function; and
 - v) Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit reason for resigning.
- (c) To carry out such other functions as may be agreed by the Audit Committee and Board of Directors.

SUMMARY OF ACTIVITIES

The Audit Committee has discharged its duties as set out in its Terms of Reference. During the year, the activities of the Audit Committee included:-

1. **FINANCIAL REPORTING**

- (a) Reviewed the unaudited quarterly financial results with management before submission to the Board of Directors for consideration and approval and release to Bursa Malaysia Securities Berhad.
- (b) Reviewed the extent of the Group's compliance with the principles and recommendations set out under the Malaysian Code of Corporate Governance 2012 for the purpose of preparing the Statement of Corporate Governance and the Statements of Risk Management and Internal Control for inclusion in Company's Annual Report.

2. EXTERNAL AUDIT

- (a) Reviewed with the External Auditors the audit plan of the Group and of the Company for the year, outlining their scope of work, recent development in the Group and financial reporting updates and proposed fees for statutory audit prior to the commencement of the annual audit.
- (b) Reviewed the results of the External Auditor's audit report and management letter together with management's respond to the findings of the External Auditors.
- (c) Met with the External Auditors without presence of management, to discuss audit findings for financial report.
- (d) Evaluated the performance, independence and objectivity of the External Audit and made recommendations to the Board of Directors on their re-appointment and removal.

3. INTERNAL AUDIT

- (a) Reviewed the audit activities carried out by the Head of Internal Audit and the audit report to ensure correct actions were taken by management.
- (b) Reviewed and approved the internal audit plan for the financial year.
- (c) Reviewed the performance of the Internal Auditors and make recommendations to the Board of Directors on their appointment.

4. RECURRENT RELATED PARTY TRANSACTIONS (RRPT)

- (a) Reviewed the related party transactions entered into by the Group and the Company and the disclosure of such transactions in the annual report of the Company.
- (b) Reviewed the proposals and circular to shareholders in connection with recurrent related party transactions of a revenue or trading nature.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an in-house Internal Audit function in the discharge of its duties and responsibilities. The Internal Audit function reports direct to the Audit Committee. Its responsibilities include the provision of reasonable assurance to all levels of management concerning the overall control over assets and the effectiveness of the system of internal control in achieving the Company's overall objectives. The Internal Audit function also includes various internal audits on all operating units of its subsidiaries and to submit its findings and recommendations to the Committee and senior management of the subsidiaries.

ACTIVITIES OF INTERNAL AUDIT FUNCTION

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

- (a) Finance and Account Audit
- (b) Administrative Audit
- (c) Human Resources Audit

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

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

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

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

During the year ended 31 December 2013, the Group has incurred RM52,307 to carry out the Internal Audit function performed by the in-house Internal Auditors.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

There were no outstanding sum owing and due to PPHB and its subsidiaries from Related Parties as at 31 December 2013. The breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2013 are as follows:-

PPHB/Subsidiaries Involved	Related Party	Relation-ship	Nature of Transaction	Estimated value for the year 2013 RM'000	Actual value transacted for the year 2013 RM'000
Public Packages (Prai) Sdn. Bhd.	City Packaging Industry Sdn. Bhd.	*	Purchase of carton boxes to supplement company's own production whenever it reaches its full capacity	120	-
			Sale of carton boxes	120	-
Public Packages (NT) Sdn. Bhd.	City Packaging Industry Sdn. Bhd.	*	Sale of carton boxes	120	7
PPH Printing & Packaging (Penang) Sdn. Bhd.	Teckwah Paper Products Sdn. Bhd.	**	Sub-contract of printing work by Teckwah Paper Products Sdn. Bhd.	120	-
PPH Displays Design Sdn. Bhd.	Fame Pack Holdings Sdn. Bhd.	***	Rent of property for staff accommodation	120	6
PPH Printing & Packaging (Kulim) Sdn. Bhd.	City Packaging Industry Sdn. Bhd.	*	Sale of retail boxes	120	58
Public Packages Asia (S) Pte. Ltd.	Fame Pack Holdings Sdn. Bhd.	***	Rent of office lot	100	66
Public Packages Asia Sdn. Bhd.	Fame Pack Holdings Sdn. Bhd.	***	Rent of property for staff accommodation	200	178

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

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

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

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

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

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

- ** Teckwah Paper Products Sdn. Bhd. is the wholly-owned subsidiary of PPH Teckwah Value Chain Sdn. Bhd. (“PTVC”).

PTVC is a 50% joint-venture company between PPHB and third parties. KCP who is a major shareholder of PPHB being the common Director of PPHB and PTVC, is deemed to have interest in these companies. KCK who is the brother of KCP, a common Director of PPHB and PTVC, is deemed to have interest in these companies.

- *** Fame Pack Holdings Sdn. Bhd. is a major shareholder of PPHB of which KCP and OSH who are Directors and major shareholders of PPHB.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **31 December 2013**.

PRINCIPAL ACTIVITIES

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

The principal activities of its subsidiaries are stated in Note 7 to the financial statements.

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

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit after taxation for the year	10,225	4,477

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 December 2013** have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIVIDENDS

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

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

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURE

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

DIRECTORS

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

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

DIRECTORS' INTERESTS IN SHARES

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

	----- Number of ordinary shares of RM0.50 each -----			
	Balance at 1.1.13	Bought	Sold	Balance at 31.12.13
Direct Interest:				
Koay Chiew Poh	4,226,480	-	-	4,226,480
Koay Chiew Kang	1,069,896	-	-	1,069,896
Koay Chue Beng	358,692	-	-	358,692
Koay Teng Liang	46,664	-	-	46,664
Deemed Interest:				
Koay Chiew Poh	49,167,670	-	-	49,167,670
Koay Chiew Kang	4,038,664	-	-	4,038,664
Koay Chue Beng	3,935,000	-	-	3,935,000

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

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

DIRECTORS' BENEFITS

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

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

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts, and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- (i) that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or
- (iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

AUDITORS

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

Signed in accordance with a resolution of the directors:

.....
Koay Chiew Poh

.....
Koay Teng Liang

Penang,

Date: 7 April 2014

DIRECTORS' STATEMENT

In the opinion of the Directors, the financial statements set out on pages 34 to 88 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 December 2013** and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the supplementary information set out in Note 40 on page 89 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors:

.....
Koay Chiew Poh

.....
Koay Teng Liang

Date: 7 April 2014

STATUTORY DECLARATION

I, **Ooi Siew Hong**, the officer primarily responsible for the financial management of **Public Packages Holdings Berhad** do solemnly and sincerely declare that the financial statements set out on pages 34 to 89 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this **7th**)
day of **April 2014**.)
)

.....
Ooi Siew Hong

Before me,

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

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

Company No. 162413-K
(Incorporated In Malaysia)

Report on the Financial Statements

We have audited the financial statements of **Public Packages Holdings Berhad**, which comprise the statements of financial position as at **31 December 2013** of the Group and of the Company, and their statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 88.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at **31 December 2013** and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,
- (b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to 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, and
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

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

Company No. 162413-K
(Incorporated In Malaysia)

Other Reporting Responsibilities

The supplementary information set out in Note 40 on page 89 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Grant Thornton
No. AF: 0042
Chartered Accountants

John Lau Tiang Hua, DJN
No. 1107/03/16 (J)
Chartered Accountant

Penang

Date: 7 April 2014

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

		----- GROUP -----		----- COMPANY -----	
	NOTE	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	103,700	81,540	1	1
Investment properties	5	17,275	12,567	-	-
Land held for development	6	-	20,218	-	-
Investment in subsidiaries	7	-	-	64,784	49,884
Investment in a joint venture	8	15,637	14,812	7,200	7,200
Other investments	9	416	393	*	*
Goodwill on consolidation	10	675	675	-	-
Trade receivable	11	3,461	-	-	-
		<u>141,164</u>	<u>130,205</u>	<u>71,985</u>	<u>57,085</u>
Current assets					
Inventories	12	19,384	19,343	-	-
Trade receivables	11	34,733	32,892	-	-
Other receivables, deposits and prepayments	13	3,030	3,691	6	6
Amount due from subsidiaries	14	-	-	22,260	38,099
Tax recoverable		1,552	1,564	443	415
Short term funds with licensed financial institutions	15	14,365	6,610	14,007	6,310
Fixed deposits with licensed banks	16	2,012	205	-	-
Cash and bank balances	17	7,155	11,970	810	4,244
		<u>82,231</u>	<u>76,275</u>	<u>37,526</u>	<u>49,074</u>
TOTAL ASSETS		<u>223,395</u>	<u>206,480</u>	<u>109,511</u>	<u>106,159</u>
EQUITY AND LIABILITIES					
Share capital	18	54,949	54,949	54,949	54,949
Share premium		1,295	1,295	1,295	1,295
Revaluation reserve	19	386	386	29,345	29,345
Fair value adjustment reserve	20	226	203	-	-
Foreign translation reserve	21	255	108	-	-
Retained profits	22	86,915	76,690	22,322	17,845
Total equity		<u>144,026</u>	<u>133,631</u>	<u>107,911</u>	<u>103,434</u>
Non-current liabilities					
Finance lease liabilities	23	5,659	4,569	-	-
Borrowings	24	6,370	4,087	686	1,437
Deferred tax liabilities	25	11,486	10,528	-	-
		<u>23,515</u>	<u>19,184</u>	<u>686</u>	<u>1,437</u>
Current liabilities					
Trade payables	26	8,822	8,817	-	-
Other payables and accruals	27	4,719	4,679	33	32
Finance lease liabilities	23	2,707	1,802	-	-
Borrowings	24	39,362	38,227	881	1,256
Provision for taxation		244	140	-	-
		<u>55,854</u>	<u>53,665</u>	<u>914</u>	<u>1,288</u>
Total liabilities		<u>79,369</u>	<u>72,849</u>	<u>1,600</u>	<u>2,725</u>
TOTAL EQUITY AND LIABILITIES		<u>223,395</u>	<u>206,480</u>	<u>109,511</u>	<u>106,159</u>

* Represents RM1

The notes set out on pages 40 to 88 form an integral part of these financial statements.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

		----- GROUP -----		---- COMPANY ----	
		2013	2012	2013	2012
	NOTE	RM'000	RM'000	RM'000	RM'000
Revenue	28	145,120	139,568	4,906	7,761
Cost of sales		(107,376)	(103,136)	-	-
Gross profit		37,744	36,432	4,906	7,761
Other income		973	5,438	2	-
Selling and distribution expenses		(11,215)	(11,676)	-	-
Administrative expenses		(10,888)	(10,606)	(276)	(220)
Profit from operations		16,614	19,588	4,632	7,541
Finance costs		(2,505)	(2,469)	(96)	(146)
Share of results of joint venture		825	981	-	-
Profit before taxation	29	14,934	18,100	4,536	7,395
Taxation	30	(4,709)	(3,882)	(59)	(71)
Profit for the year		10,225	14,218	4,477	7,324
Other comprehensive income, net of tax:					
Items that will be reclassified subsequently to profit or loss					
Fair value adjustment on available-for-sale financial assets		23	(5)	-	-
Foreign currency translation differences for foreign operations		147	107	-	-
Other comprehensive income for the year		170	102	-	-
Total comprehensive income for the year, attributable to owners of the Company		10,395	14,320	4,477	7,324
Earnings per share attributable to owners of the Company (sen per share)					
Basic earnings per share	31	9.3	12.9		

The notes set out on pages 40 to 88 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Attributable to Owners of the Company						
	Non-distributable			Distributable -			
	Share Capital	Share Premium	Revaluation Reserve	Fair Value Adjustment Reserve	Foreign Translation Reserve	Retained Profits	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2013							
Balance at beginning	54,949	1,295	386	203	108	76,690	133,631
Total comprehensive income for the year	-	-	-	23	147	10,225	10,395
Balance at end	<u>54,949</u>	<u>1,295</u>	<u>386</u>	<u>226</u>	<u>255</u>	<u>86,915</u>	<u>144,026</u>
2012							
Balance at beginning	54,949	1,295	386	208	1	62,472	119,311
Total comprehensive income for the year	-	-	-	(5)	107	14,218	14,320
Balance at end	<u>54,949</u>	<u>1,295</u>	<u>386</u>	<u>203</u>	<u>108</u>	<u>76,690</u>	<u>133,631</u>

The notes set out on pages 40 to 88 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
			--- Non-distributable ---	- Distributable -	
2013					
Balance at beginning	54,949	1,295	29,345	17,845	103,434
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,477</u>	<u>4,477</u>
Balance at end	<u>54,949</u>	<u>1,295</u>	<u>29,345</u>	<u>22,322</u>	<u>107,911</u>
2012					
Balance at beginning	54,949	1,295	29,345	10,521	96,110
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,324</u>	<u>7,324</u>
Balance at end	<u>54,949</u>	<u>1,295</u>	<u>29,345</u>	<u>17,845</u>	<u>103,434</u>

The notes set out on pages 40 to 88 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	----- GROUP -----		---- COMPANY ----	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	14,934	18,100	4,536	7,395
Adjustments for:				
Bad debts	12	7	-	-
Depreciation	5,314	5,212	-	1
Dividend income from quoted investments	(31)	(86)	-	-
Dividend income from unquoted subsidiaries	-	-	(4,250)	(7,251)
Dividend income from other investments	(302)	(9)	(302)	(9)
Fair value adjustment on investment properties	-	(3,747)	-	-
Gain on disposal of property, plant and equipment	(25)	(74)	-	-
Interest expense	2,505	2,469	96	146
Interest income	(98)	(35)	(354)	(501)
Investment in a joint venture written off	-	51	-	-
Penalty	-	6	-	-
Property, plant and equipment written off	1	78	-	-
Additions/(Reversal) of impairment loss on receivables	192	(14)	-	-
Share of results of joint venture	(825)	(981)	-	-
Unrealised gain on foreign exchange	-	(65)	-	-
Operating profit/(loss) before working capital changes	21,677	20,912	(274)	(219)
Increase in land held for development	-	(43)	-	-
(Increase)/Decrease in inventories	(41)	3,033	-	-
(Increase)/Decrease in receivables	(4,845)	56	-	-
Increase/(Decrease) in payables	45	(474)	1	13
Cash generated from/(used in) operations	16,836	23,484	(273)	(206)
Dividend received	333	2,595	4,552	7,260
Interest paid	(2,505)	(2,469)	(96)	(146)
Interest received	98	35	354	501
Income tax paid	(4,238)	(4,618)	(100)	(27)
Income tax refund	603	435	13	60
Net cash from operating activities	11,127	19,462	4,450	7,442
CASH FLOWS FROM INVESTING ACTIVITIES				
* Acquisition of property, plant and equipment	(2,874)	(3,399)	-	-
Acquisition of investment in subsidiaries	-	-	(14,900)	-
Acquisition of investment properties	(4,708)	(519)	-	-
Proceeds from disposal of property, plant and equipment	25	976	-	-
Proceeds from investment in a joint venture written off	-	86	-	-
Repayment from subsidiaries	-	-	15,839	2,615
Withdrawal of fixed deposit	-	12	-	-
Net cash (used in)/from investing activities	(7,557)	(2,844)	939	2,615
Balance carried forward	3,570	16,618	5,389	10,057

The notes set out on pages 40 to 88 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	----- GROUP -----		---- COMPANY ----	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Balance brought forward	3,570	16,618	5,389	10,057
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of finance lease	389	555	-	-
Drawdown of murabahah financing	3	-	-	-
Drawdown of term loan	3,993	470	-	-
Drawdown/(Payment) of bills payable and trust receipts	2,787	(6,337)	-	-
Repayment of finance lease liabilities	(2,774)	(2,002)	-	-
Repayment of term loans	(1,380)	(2,074)	(715)	(1,520)
Net cash from/(used in) financing activities	3,018	(9,388)	(715)	(1,520)
Effects of changes in exchange rates	144	45	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,732	7,275	4,674	8,537
Effects of changes in exchange rates on cash and cash equivalents	-	65	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING	12,702	5,362	9,927	1,390
CASH AND CASH EQUIVALENTS AT END	19,434	12,702	14,601	9,927
Represented by:				
Short term funds with licensed financial institutions	14,365	6,610	14,007	6,310
Fixed deposit with a licensed bank	1,807	-	-	-
Cash and bank balances	7,155	11,970	810	4,244
Bank overdrafts	(3,893)	(5,878)	(216)	(627)
	19,434	12,702	14,601	9,927
* Acquisition of property, plant and equipment				
Total acquisition	7,254	3,581	-	-
Acquired under finance lease	(4,380)	(182)	-	-
Total cash acquisition	2,874	3,399	-	-

The notes set out on pages 40 to 88 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

1. CORPORATE INFORMATION

General

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 7 April 2014.

Principal Activities

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

The principal activities of its subsidiaries are stated in Note 7 to the financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Group and the Company have adopted new and revised MFRSs which are mandatory for the reporting period as described fully in Note 2.4.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies under Note 3.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2	Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
Level 3	Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia (“RM”) which is also the Group’s and the Company’s functional currency.

2.4 Adoption of New and Revised MFRSs

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial year except for the adoption of the following new and revised MFRSs and IC Interpretations mandatory for the reporting period:

Amendments to MFRSs effective 1 July 2012

MFRS 101	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
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MFRSs and IC Int effective 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (International Accounting Standard (“IAS”) 19 as amended by International Accounting Standards Board (“IASB”) in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int 20	Stripping Costs in the Production of A Surface Mine

Amendments to MFRSs effective 1 January 2013

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

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

MFRS 13 Fair Value Measurement

The Group and the Company have applied MFRS 13 for the first time in the current period. MFRS 13 established a single source of guidance and disclosure for fair value measurements. The scope of MFRS 13 is broad. The fair value measurement requirements of MFRS 13 apply to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of MFRS 2 Share-based Payment, leasing transaction that are within the scope of MFRS 117 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under MFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, MFRS 13 includes extensive disclosure requirements.

MFRS 13 requires prospective application from 1 January 2013. In addition, specific transition provisions were given to entities such that they need not apply the disclosure requirements set out in the MFRS 13 in comparative information provided for periods before the initial application of the MFRS13. In accordance with these transitional provisions, the Group and the Company have not made any new disclosures required by MFRS 13 for the comparative period. Other than the additional disclosures, the application of MFRS 13 has not had any material impact on the amounts recognised in the financial statements.

Amendments to MFRS 101 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The Group and the Company adopted amendments to MFRS 101 on 1 July 2012. The amendments to MFRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified or recycled to profit or loss at a future point in time have to be presented separately from items that will not be reclassified or recycled to profit or loss at a future point in time. The amendments affect presentation only and have no impact on the Group's and the Company's financial position or performance.

2.5 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following new MFRSs, amendments to MFRSs and IC Int that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Amendments to IC Int and MFRSs effective for financial periods beginning on or after 1 January 2014

IC Int 21	Levies
MFRS 10, 12 and 127	Consolidated Financial Statement, Disclosure of Interests in Other Entities and Separated Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting

Effective for financial periods beginning on or after 1 July 2014

Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions
Annual improvements to MFRSs 2010-2012 Cycle
Annual improvements to MFRSs 2011-2013 Cycle

Effective date yet to be confirmed

Amendments to MFRS 7	Financial Instrument: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures
MFRS 9	Financial Instruments (2009,2010)
MFRS 9	Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139

The initial application of the above standards is not expected to have any financial impact to the financial statements upon adoption.

2.6 Significant Accounting Estimates and Judgements

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

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

2.6.1 Judgements made in applying accounting policies

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

2.6.2 Key sources of estimation uncertainty

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

(i) Useful lives of depreciable assets

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

(ii) Impairment of plant and equipment

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

(iii) Impairment of goodwill

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

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 10.

(iv) **Inventories**

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

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

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

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

3. **SIGNIFICANT ACCOUNTING POLICIES**

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

3.1 **Subsidiaries and Basis of Consolidation**

(i) **Subsidiaries**

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. However, the adoption of MFRS 10 has no significant impact to the financial statements of the Group for the current financial year.

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) **Business combination**

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

The Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed

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

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

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

(iii) **Acquisitions of non-controlling interests**

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

(iv) **Loss of control**

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

(v) **Joint Arrangements**

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Under MFRS 11, the Group is required to classify its interests in joint arrangement as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

On 1 January 2013, the Group has re-evaluated its involvement in its only joint arrangement. The Group has determined its interest in PPH Teckwah Value Chain Sdn. Bhd. as a joint venture and continues to be accounted for using the equity method. There is no impact to the financial statements upon adoption of MFRS 11.

(vi) **Non-controlling interests**

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

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

(vii) **Transactions eliminated on consolidation**

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

3.2 **Impairment of Non-Financial Assets**

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

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

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

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

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

3.3 **Property, Plant and Equipment**

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

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

Short leasehold land	Amortised over lease period of 45 - 52 years
Short leasehold buildings	Amortised over lease period of 45 - 52 years
Apartments	Amortised over lease period of 85 years
Building	2%
Plant and machinery	2.9% - 20%
Motor vehicles	5% - 14%
Furniture, fittings and office equipment	10% - 20%
Electrical installations	10%
Renovations	5% - 20%

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

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

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

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

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.4 **Investment Properties**

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

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

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

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment properties, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 3.3 up to the date of change in use.

3.5 **Land Held for Development**

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

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

3.6 **Investment in a Joint Venture**

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

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

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

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

3.7 **Leases**

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

(i) **Finance lease**

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

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

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

(ii) **Operating Leases**

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

Operating lease income or operating lease rentals are recognised in profit or loss on a straight line basis over the period of the lease.

3.8 **Goodwill**

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

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

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

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

3.9 Financial Instruments

3.9.1 Initial recognition and measurement

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

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

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

3.9.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Loans and receivables

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

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

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

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

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

3.9.3 Derecognition

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

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

3.9.4 **Financial guarantee contracts**

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

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

3.10 **Impairment of Financial Assets**

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

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

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

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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

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

3.11 **Inventories**

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

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

3.12 **Cash and Cash Equivalents**

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

3.13 **Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

3.14 **Borrowing Costs**

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

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

3.15 **Income Recognition**

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

3.16 **Employee Benefits**

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

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

3.17 **Income Tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences in respect of the initial recognition of goodwill and/or the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3.18 **Foreign Currency Translations**

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

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

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

3.19 **Share Capital**

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

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

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

3.20 **Segment Reporting**

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

3.21 **Contingencies**

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

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

3.22 **Related Parties**

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the ultimate holding company of the Group, or of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group.
- (ii) One entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a) (i) above has significant influence over the Group or is a member of the key management personnel of the ultimate holding company or the Group.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

2013

At cost

	Freehold land and buildings RM'000	Short leasehold land RM'000	Apartments RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Electrical installations RM'000	Renovations RM'000	Capital expenditure in progress RM'000	Total RM'000
Balance at beginning	35,347	12,121	565	82,590	7,063	9,688	638	2,166	292	150,470
Additions	110	-	-	5,660	1	339	6	44	1,096	7,256
Disposals	-	-	-	(110)	(194)	(1)	-	-	-	(305)
Written off	-	-	-	(1,020)	-	(7)	-	-	(1)	(1,028)
Reclassification from land held for development	20,218	-	-	-	-	-	-	-	-	20,218
Reclassification	-	-	-	-	-	26	136	-	(162)	-
Adjustment	-	-	-	-	-	-	-	-	(2)	(2)
Foreign currency translation	-	-	-	-	-	4	-	1	-	5
Balance at end	55,675	12,121	565	87,120	6,870	10,049	780	2,211	1,223	176,614

Accumulated depreciation

Balance at beginning	2,809	2,506	60	48,880	4,043	8,845	517	1,270	-	68,930
Current charge	734	(17)	197	3,424	548	272	21	135	-	5,314
Disposals	-	-	-	(110)	(194)	(1)	-	-	-	(305)
Written off	-	-	-	(1,020)	-	(7)	-	-	-	(1,027)
Foreign currency translation	-	-	-	-	-	2	-	-	-	2
Balance at end	3,543	2,489	257	51,174	4,397	9,111	538	1,405	-	72,914
Carrying amount	52,132	9,632	308	35,946	2,473	938	242	806	1,223	103,700

2012

	Freehold land and buildings RM'000	Short leasehold land RM'000	Apartments RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Electrical installations RM'000	Renovations RM'000	Capital expenditure in progress RM'000	Total RM'000
At cost										
Balance at beginning	35,165	12,121	565	83,422	7,625	9,712	552	1,957	382	151,501
Additions	182	-	-	2,054	35	221	86	246	758	3,582
Disposals	-	-	-	(3,469)	(396)	(222)	-	-	-	(4,087)
Written off	-	-	-	(266)	(146)	(25)	-	(37)	-	(474)
Reclassification	-	-	-	848	-	-	-	-	(848)	-
Adjustment	-	-	-	(1)	-	-	-	-	-	(1)
Foreign currency translation	-	-	-	2	(55)	2	-	-	-	(51)
Balance at end	35,347	12,121	565	82,590	7,063	9,688	638	2,166	292	150,470
Accumulated depreciation										
Balance at beginning	2,194	2,250	48	48,453	3,995	8,786	491	1,133	-	67,350
Current charge	615	256	12	3,293	557	288	26	165	-	5,212
Disposals	-	-	-	(2,756)	(374)	(55)	-	-	-	(3,185)
Written off	-	-	-	(266)	(81)	(21)	-	(28)	-	(396)
Foreign currency translation	-	-	-	156	(54)	(153)	-	-	-	(51)
Balance at end	2,809	2,506	60	48,880	4,043	8,845	517	1,270	-	68,930
Carrying amount	32,538	9,615	505	33,710	3,020	843	121	896	292	81,540

COMPANY

	Furniture, fittings and office equipment	Motor vehicles	Total
2013			
At cost	<u>171</u>	<u>422</u>	<u>593</u>
Accumulated depreciation	<u>170</u>	<u>422</u>	<u>592</u>
Carrying amount	<u>1</u>	<u>-</u>	<u>1</u>
2012			
At cost	<u>171</u>	<u>422</u>	<u>593</u>
Accumulated depreciation			
Balance at beginning	169	422	591
Current charge	<u>1</u>	<u>-</u>	<u>1</u>
Balance at end	<u>170</u>	<u>422</u>	<u>592</u>
Carrying amount	<u>1</u>	<u>-</u>	<u>1</u>

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

	GROUP	
	2013	2012
	RM	RM
Plant and machinery	12,654,502	9,403,269
Motor vehicles	2,133,910	2,576,899
	14,788,412	11,980,168

Leased assets are pledged as security for the related finance lease liabilities (Note 23).

- (b) In addition to assets held under finance lease, the Group's freehold land and buildings and short leasehold land with carrying amount of **RM Nil** (2012: RM27,340,785) are charged to local financial institutions for term loan facilities granted to the Company and certain subsidiaries.
- (c) The carrying amount of plant and machinery amounting to **RM4,249,509** (2012: RM4,368,638) are charged to a licensed bank as security for banking facilities granted to a subsidiary.

5. INVESTMENT PROPERTIES

	GROUP	
	2013	2012
	RM'000	RM'000
At fair value:		
Balance at beginning	12,567	8,301
Additions	4,708	519
Fair value adjustment recognised in profit or loss	-	3,747
Balance at end	17,275	12,567
At fair value:		
Freehold land	8,990	8,971
Long leasehold land	4,370	-
Buildings	3,915	3,596
Balance at end	17,275	12,567

The investment properties were revalued in the previous financial year ended 31 December 2012 by a firm of registered valuers based on the open market value basis.

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

	GROUP	
	2013	2012
	RM'000	RM'000
Rental income	106	95
Direct expenses		
- Rental generating	19	8
- Non-rental generating	24	55

Investment properties of **RM6,209,667** (2012: RM7,700,000) are charged to a financial institution for banking facilities granted to that subsidiary.

Fair value of investment properties for disclosure purpose are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2013				
Freehold land	-	8,990	-	8,990
Long leasehold land	-	4,370	-	4,370
Buildings	-	3,915	-	3,915
	-	17,275	-	17,275
2012				
Freehold land	-	8,971	-	8,971
Buildings	-	3,596	-	3,596
	-	12,567	-	12,567

There are no transfer between level 1 and 2 fair values during the financial year.

Level 1	Quoted prices (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for investment properties, either directly or indirectly. Generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.
Level 3	Estimated using unobservable inputs for the investment properties.

6. LAND HELD FOR DEVELOPMENT

	GROUP	
	2013 RM'000	2012 RM'000
Freehold land, at surrogate carrying amount	15,465	15,465
Development expenditure		
Balance at beginning	4,753	4,710
Additions	-	43
Balance at end	4,753	4,753
Reclassified to property, plant and equipment	20,218 (20,218)	20,218 -
	-	20,218

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

7. **INVESTMENT IN SUBSIDIARIES**

	COMPANY	
	2013 RM'000	2012 RM'000
Unquoted shares		
- At valuation	49,884	49,884
- At cost	14,900	-
	64,784	49,884

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

are as follows.

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2013	2012	
Direct subsidiaries			
Public Packages Sdn. Bhd.	100%	100%	Manufacturing and retailing of corrugated cartons and packing materials.
PPH Printing & Packaging (Penang) Sdn. Bhd.	100%	100%	Manufacturing of offset printed display boxes.
PPH Printing & Packaging (Kulim) Sdn. Bhd.	100%	100%	Manufacturing of gift and display boxes.
Public Packages Properties Sdn. Bhd.	100%	100%	Property investment.
PPASIA Media Packaging Sdn. Bhd.	100%	100%	Design and sale of paper products.
PPH Plaza Sdn. Bhd.	100%	100%	Property development. However, no development activities were undertaken and the subsidiary lets out its property for rental income. During the financial year, the subsidiary commenced an additional activity in hotel management. However, no hotel management activities were undertaken during the financial year.
PPH Resources Sdn. Bhd.	100%	100%	Investment holding.
PPH Management (M) Sdn. Bhd.	100%	100%	Provision of management services.
New Merit Development Sdn. Bhd.	100%	100%	Investment holding.
Indirect subsidiaries			
Public Packages (NT) Sdn. Bhd.	100%	100%	Manufacturing of corrugated cartons.
Public Packages (Prai) Sdn. Bhd.	100%	100%	Manufacturing and retailing of corrugated cartons and packing materials.
Tharco Container (Malaysia) Sdn. Bhd.	100%	100%	Retailing of corrugated cartons, display boxes and packing materials.
Top Matrix Portfolio Sdn. Bhd.	-	70%	Dormant.

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2013	2012	
Indirect subsidiaries			
Quay Hotel Sdn. Bhd.	100%	100%	Dormant.
Public Packages (Shah Alam) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated cartons and packing materials.
PPH Display Design Sdn. Bhd.	100%	100%	Trading of paper products.
* Public Packages Asia Sdn. Bhd.	100%	100%	Manufacturing of paper products and packaging materials.
* Public Packages Asia (S) Pte. Ltd. (Incorporated in Singapore)	100%	100%	Total packaging solution provider.
* Public Packages Asia (Thailand) Company Limited (Incorporated in Thailand)	100%	100%	Dormant.
* PT Public Packages Asia (Incorporated in Indonesia)	100%	-	Dormant.

* Subsidiaries not audited by Grant Thornton.

2013

- (i) On 22 February 2013, the Company subscribed for an additional 7,899,998 new ordinary shares of RM1 each at par for cash in New Merit Development Sdn. Bhd. for a total cash consideration of RM7,899,998. The share subscriptions did not result in any change in the effective equity interest of the Group and of the Company in the subsidiary.
- (ii) On 8 April 2013, the Company subscribed for an additional 7,000,000 new ordinary shares of RM1 each at par for cash in PPH Plaza Sdn. Bhd. for a total cash consideration of RM7,000,000. The share subscriptions did not result in any change in the effective equity interest of the Group and of the Company in the subsidiary.
- (iii) On 22 November 2013, the Company through PPH Resources Sdn. Bhd. had subscribed for an additional 500,000 new ordinary shares of RM1 each at par for cash in Public Packages (Shah Alam) Sdn. Bhd. for a total cash consideration of RM500,000. The share subscriptions did not result in any change in the effective equity interest of the Group in the subsidiary.
- (iv) On 24 December 2013, Top Matrix Portfolio Sdn. Bhd., a subsidiary of Public Packages Sdn. Bhd., was successfully struck off.

2012

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

8. **INVESTMENT IN A JOINT VENTURE**

	2013 RM'000	2012 RM'000
GROUP		
Unquoted shares, at cost	9,174	9,174
Share of results	8,963	8,138
	18,137	17,312
Less: Dividend received	(2,500)	(2,500)
	15,637	14,812

COMPANY

Unquoted shares, at cost	7,200	7,200
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The details of joint venture are as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2013	2012	
^ PPH Teckwah Value Chain Sdn. Bhd. (Incorporated in Malaysia)	50%	50%	Investment holding and the provision of management services to related companies.
^ Not audited by Grant Thornton.			

The following table summarises the information of PPH Teckwah Value Chain Sdn. Bhd., as adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint venture.

	GROUP	
	2013 RM'000	2012 RM'000
Summarised financial information		
As at 31 December		
Non-current assets	7,403	8,245
Current assets	28,891	26,146
Non-current liabilities	(715)	(612)
Current liabilities	(4,284)	(4,009)
Cash and cash equivalents	20,073	17,619
Current financial liabilities (excluding trade and other payables and provisions)	624	788
Year ended 31 December		
Profit for the year/Total comprehensive income	1,650	1,962
Included in the total comprehensive income are:		
Revenue	31,674	29,007
Depreciation	1,079	2,252
Interest income	316	302
Interest expense	12	20
Income tax expense	453	259

	GROUP	
	2013	2012
	RM'000	RM'000
Reconciliation of net assets to carrying amount as at 31 December		
Carrying amount - Group's share of net assets	15,637	14,812
Group's share of results for the financial year ended 31 December		
Group's share of profit or loss/Group's share of total comprehensive income	825	981
Other information		
The joint venture has no dividend received.		
Contingent liabilities		
Corporate guarantee extended by the joint venture to the licensed banks for banking facilities granted to a subsidiary	5,000	10,000

Capital commitments

The joint venture has no capital commitments as at the reporting period.

2012

On 28 May 2012, PT PPH Display Design which was incorporated in the Republic of Indonesia was voluntarily wound up.

9. **OTHER INVESTMENTS**

	2013	2012
	RM'000	RM'000
GROUP		
Available-for-sale financial assets		
Unquoted investment in Malaysia		
- at valuation	10,286	10,286
- at cost	510	510
Impairment	(10,796)	(10,796)
Carrying amount	*	*
Investments quoted in Malaysia		
- at cost	393	398
Fair value adjustment	23	(5)
Carrying amount	416	393
Total carrying amount	416	393
Market value of quoted investments	416	393

	2013 RM'000	2012 RM'000
COMPANY		
Available-for-sale financial assets		
Unquoted investment in Malaysia		
- at valuation	10,286	10,286
Impairment	(10,286)	(10,286)
Carrying amount	*	*

* Represents RM1

10. GOODWILL ON CONSOLIDATION

	GROUP	
	2013 RM'000	2012 RM'000
Goodwill	675	675

Impairment test on goodwill

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

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

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

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

- (i) Cash flow projections and growth rate
The five-year cash flow projections are based on the most recent budget approved by the management and extrapolated using a steady growth rate for the subsequent years.
- (ii) Discount rate
The discount rate applied to the cash flow projections is based on the weighted average cost of capital rate of the Group.

11. TRADE RECEIVABLES

	GROUP	
	2013 RM'000	2012 RM'000
Non-current assets		
Total amount	4,090	-
Less: Receivable within next twelve months included under current assets	(629)	-
Balance carried forward	3,461	-

	GROUP	
	2013	2012
	RM'000	RM'000
Balance brought forward	3,461	-
Current assets		
Trade receivables	34,925	32,892
Less: Allowance for impairment		
Balance at beginning	-	(922)
Current year	(192)	-
Recovered	-	753
Reversal	-	14
Written off	-	155
Balance at end	(192)	-
	34,733	32,892
Total	38,194	32,892

The foreign currency profile of trade receivables are as follows:

	GROUP	
	2013	2012
	RM'000	RM'000
Ringgit Malaysia	29,711	29,477
US Dollar	4,345	1,689
Singapore Dollar	4,109	1,726
Australian Dollar	29	-
	38,194	32,892

The trade receivables are non-interest bearing and are generally on **30 to 120 days** (2012: 30 to 120 days) terms, except for a receivable amount of **RM4,090,674** (2012: RM Nil) which earns an interest at **4.80%** (2012: Nil) per annum. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

During the financial year, a subsidiary has entered into a settlement agreement with a debtor having financial difficulties. The debts repayment terms are as follows:

Principal sum	Repayment terms	Commencement date
RM		
4,405,341	84 equal monthly instalments of approximately RM52,445 each.	July 2013

12. INVENTORIES

	GROUP	
	2013	2012
	RM'000	RM'000
Raw materials	8,319	9,106
Work-in-progress	5,296	3,760
Finished goods	4,759	5,759
Other consumables	1,010	718
	19,384	19,343

The cost of inventories recognised in profit or loss for the financial year amounted to **RM107,375,752** (2012: RM103,136,360).

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

	2013	2012
	RM'000	RM'000
GROUP		
Total amount	4,612	5,273
Less: Allowance for impairment	(1,582)	(1,582)
	3,030	3,691
Represented by:		
Other receivables	1,178	1,315
Deposits	187	743
Golf club membership	156	156
Prepayments	1,509	1,477
	3,030	3,691
The golf club membership can be analysed as:		
At cost	201	201
Less: Impairment loss	(45)	(45)
	156	156

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

	2013	2012
	RM'000	RM'000
GROUP		
Ringgit Malaysia	2,133	2,473
US Dollar	870	1,192
Singapore Dollar	19	18
Euro	8	8
	3,030	3,691
COMPANY		
Total amount	1,506	1,506
Less: Allowance for impairment	(1,500)	(1,500)
	6	6
Represented by:		
Deposits	2	2
Prepayments	4	4
	6	6

14. **AMOUNT DUE FROM SUBSIDIARIES**

COMPANY

Loans to subsidiaries amounting to **RM5,106,460** (2012: RM6,306,460) bear interest at **6.25%** (2012: 6.25%) per annum. The remaining amount due from subsidiaries is non-interest bearing, unsecured and is repayable on demand.

15. SHORT TERM FUNDS WITH LICENSED FINANCIAL INSTITUTIONS

GROUP AND COMPANY

Short term funds represent investment in money market.

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

	GROUP	COMPANY
2013		
Interest rates per annum	3.17%	3.17%
Maturities	1 day	Less than 7 days
2012		
Interest rates per annum	2.75% to 3.00%	2.75% to 3.00%
Maturity	1 day	1 day

16. FIXED DEPOSITS WITH LICENSED BANKS

GROUP

The foreign currency profile of fixed deposits with licensed banks are as follows:

	2013 RM'000	2012 RM'000
Ringgit Malaysia	205	205
Singapore Dollar	1,807	-
	2,012	205

The fixed deposits of the Group amounting to **RM204,990** (2012: RM204,990) are charged to licensed banks as security for banking facilities granted to certain subsidiaries.

The effective interest rates and maturities as at the end of the reporting period range from **0.10% to 3.10%** (2012: 2.24%) per annum and **3 to 12 months** (2012: 12 months) respectively.

17. CASH AND BANK BALANCES

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

	2013 RM'000	2012 RM'000
GROUP		
Ringgit Malaysia	4,421	8,281
US Dollar	1,969	1,863
Singapore Dollar	733	1,797
Thai Baht	32	29
	7,155	11,970

COMPANY	2013 RM'000	2012 RM'000
Ringgit Malaysia	810	4,244

18. **SHARE CAPITAL**

	Number of ordinary shares of RM0.50 each		Amount	
	2013 '000	2012 '000	2013 RM'000	2012 RM'000
Authorised	200,000	200,000	100,000	100,000
Issued and fully paid	109,896	109,896	54,949	54,949

19. **REVALUATION RESERVE**

GROUP

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

COMPANY

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

20. **FAIR VALUE ADJUSTMENT RESERVE**

GROUP

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

21. **FOREIGN TRANSLATION RESERVE**

GROUP

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

22. **RETAINED PROFITS**

COMPANY

As at 31 December 2013, the remaining 108 balance of the Company has expired upon reaching the six-year transitional period. Accordingly, the Company will be able to distribute dividends out of its entire retained profits under the single-tier system without any restriction effective from the next financial year.

23. **FINANCE LEASE LIABILITIES**

	GROUP	
	2013 RM'000	2012 RM'000
Non-current liabilities		
Within one year	3,120	2,128
More than one year and less than two years	2,903	2,140
More than two years and less than five years	3,178	2,772
Finance charges	9,201 (835)	7,040 (669)
Carrying amount at end	8,366	6,371
Amount due within one year included under current liabilities	(2,707)	(1,802)
	5,659	4,569
Current liabilities	2,707	1,802

The effective interest rates for finance lease liabilities range from **2.48% to 3.70%** (2012: 2.48% to 3.70%) per annum and are secured over the leased assets (Note 4 (a)). The maturities of finance lease liabilities are disclosed in Note 37.2.

24. **BORROWINGS**

	2013 RM'000	2012 RM'000
GROUP		
Non-current liabilities		
Secured:		
Term loans	6,370	4,087
Current liabilities		
Secured:		
Bank overdrafts	3,893	5,878
Bill payables	28,002	25,265
Trust receipts	50	-
Term loans	1,769	1,439
Murabahah financing	5,648	5,645
	39,362	38,227
Total	45,732	42,314
COMPANY		
Non-current liabilities		
Secured:		
Term loan	686	1,437

COMPANY	2013 RM'000	2012 RM'000
Current liabilities		
Secured:		
Bank overdraft	216	627
Term loan	665	629
	881	1,256
Total	1,567	2,693

The borrowings are secured by way of:

- (i) legal charge over the land and building and plant and machinery belonging to certain subsidiaries;
- (ii) pledged of fixed deposits belong to certain subsidiaries;
- (iii) assignment of all proceeds from future sale of assets of certain subsidiaries;
- (iv) negative pledge;
- (v) facility agreement;
- (vi) joint and several guarantee of certain related companies; and
- (vii) corporate guarantee of the Company.

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

	Average effective interest rate per annum (%)	Total RM'000	Within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	More than five years RM'000
GROUP						
2013						
Bank overdrafts	7.55 to 8.35	3,893	3,893	-	-	-
Bill payables	3.22 to 5.06	28,002	28,002	-	-	-
Trust receipts	8.10	50	50	-	-	-
Term loans	4.50 to 7.91	8,139	1,769	1,864	2,373	2,133
Murabahah financing	6.90	5,648	5,648	-	-	-
2012						
Bank overdrafts	7.55 to 8.35	5,878	5,878	-	-	-
Bill payables	3.22 to 5.28	25,265	25,265	-	-	-
Term loans	4.89 to 7.91	5,526	1,439	1,520	2,567	-
Murabahah financing	6.90	5,645	5,645	-	-	-

	Average effective interest rate per annum (%)	Total RM'000	Within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	More than five years RM'000
--	---	-----------------	------------------------------	--	--	-----------------------------------

COMPANY

2013

Bank overdraft	8.10	216	216	-	-	-
Term loan	4.89	1,351	665	686	-	-

2012

Bank overdraft	8.10	627	627	-	-	-
Term loan	4.89	2,066	629	660	777	-

25. DEFERRED TAX LIABILITIES

	GROUP	
	2013 RM'000	2012 RM'000
Balance at beginning	10,528	10,526
Transfer from/(to) profit or loss	57	(62)
	10,585	10,464
Under provision in prior year	901	64
	11,486	10,528
The deferred tax liabilities/(assets) are represented by temporary differences arising from:		
- Property, plant and equipment	7,834	6,907
- Revaluation, net of related depreciation	3,762	3,894
- Reinvestment allowance	(74)	(268)
- Unabsorbed tax losses	(15)	-
- Unabsorbed capital allowances	(21)	(5)
	11,486	10,528

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

	2013 RM'000	2012 RM'000
GROUP		
Arising from property, plant and equipment	97	96
Unabsorbed tax losses	(6,114)	(5,621)
Unabsorbed capital allowances	(113)	(61)
	(6,130)	(5,586)

	2013 RM'000	2012 RM'000
COMPANY		
Unabsorbed capital allowances	(205)	(205)

26. **TRADE PAYABLES**

The foreign currency profile of trade payables are as follows:

	2013 RM'000	2012 RM'000
GROUP		
Ringgit Malaysia	8,675	8,537
Hong Kong Dollar	-	161
US Dollar	147	117
Thai Baht	-	2
	8,822	8,817

The trade payables are non-interest bearing and are normally settled on **30 to 90 days** (2012: 30 to 90 days) term.

27. **OTHER PAYABLES AND ACCRUALS**

	2013 RM'000	2012 RM'000
GROUP		
Other payables	2,225	2,037
Accruals	2,293	2,442
Deposits received	201	200
	4,719	4,679
COMPANY		
Other payables	-	2
Accruals	33	30
	33	32

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

	2013 RM'000	2012 RM'000
GROUP		
Ringgit Malaysia	4,348	4,356
Singapore Dollar	272	296
Others	99	27
	4,719	4,679

	2013 RM'000	2012 RM'000
COMPANY		
Ringgit Malaysia	33	32

GROUP

Included in other payables are the following:

- (i) an amount due to a director amounting to **RM3,092** (2012: RM 3,092). It is unsecured, non-interest bearing and is repayable on demand.
- (ii) an amount of **RM115** (2012: RM2,221) due to a company in which certain directors of the Company have financial interests. It is unsecured, non-interest bearing and is repayable on demand.
- (iii) an amount of **RM406** (2012: RM406) due to a sole proprietorship belonging to a director of the Company. It is unsecured, non-interest bearing and is repayable on demand.

28. REVENUE

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of goods	144,113	138,974	-	-
Rental income	705	570	-	-
Interest income	-	15	354	501
Dividend income	302	9	4,552	7,260
	145,120	139,568	4,906	7,761

29. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
After charging:				
Audit fee				
- Company's auditors				
- current year	98	91	18	15
- over provision in prior year	-	(8)	-	-
- Other auditors	20	20	-	-
Bad debts	12	7	-	-
Depreciation	5,314	5,212	-	1
Directors' fee for non-executive directors	78	78	78	78
Hire of equipment and machinery	137	113	-	-
Impairment loss on receivables	192	-	-	-
* Interest expense	2,505	2,469	96	146
Investment in a joint venture written off	-	51	-	-
Property, plant and equipment written off	1	78	-	-

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Realised loss on foreign exchange	68	259	-	-
Rental of land	49	48	-	-
Rental of premises	500	397	-	-
** Staff costs	31,046	28,821	-	-
And crediting:				
Bad debts recovered	-	41	-	-
Fair value adjustment on investment properties	-	3,747	-	-
Interest income	98	35	354	501
Impairment loss on receivables recovered	-	753	-	-
Gain on disposal of property, plant and equipment	25	74	-	-
Gross dividend from				
- unquoted subsidiaries	-	-	4,250	7,251
- Malaysian quoted shares	31	86	-	-
- other investments	302	9	302	9
Lease rental income	239	254	-	-
Realised gain on foreign exchange	242	10	-	-
Rental income	742	607	-	-
Reversal of impairment loss on receivables	-	14	-	-
Unrealised gain on foreign exchange	-	65	-	-
	2,505	2,469	96	146
* Interest expense				
- Bank overdrafts	291	369	18	18
- Bill payables	966	970	-	-
- Finance lease	519	433	-	-
- Term loans	359	374	78	128
- Murabahah profit	370	323	-	-
	2,505	2,469	96	146
** Staff costs				
- Salaries, wages, overtimes, allowance and bonus	28,329	26,261	-	-
- EPF	2,482	2,337	-	-
- SOCSO	235	223	-	-
	31,046	28,821	-	-

Directors' emoluments

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

	GROUP	
	2013	2012
	RM'000	RM'000
Executive directors of the Company:		
- Salaries, bonus and wages	1,516	1,851
- EPF and SOCSO	274	357
	1,790	2,208
- Benefit-in-kind	-	2
	1,790	2,210
Executive directors of subsidiaries:		
- Salaries, bonus and wages	1,634	1,405
- EPF and SOCSO	276	237
	1,910	1,642
	3,700	3,852

30. TAXATION

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Based on results for the financial year				
- Current tax				
Malaysia tax	(3,284)	(3,737)	(62)	(90)
Foreign tax	(237)	(112)	-	-
	(3,521)	(3,849)	(62)	(90)
- Deferred tax				
Relating to the origination and reversal of temporary differences	(73)	62	-	-
Changes in tax rate	16	-	-	-
	(57)	62	-	-
	(3,578)	(3,787)	(62)	(90)
(Under)/Over provision in prior year				
- Current tax	(230)	(31)	3	19
- Deferred tax	(901)	(64)	-	-
	(1,131)	(95)	3	19
	(4,709)	(3,882)	(59)	(71)

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

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	14,934	18,100	4,536	7,395
Less: Share of results of joint venture	(825)	(981)	-	-
	14,109	17,119	4,536	7,395
Income tax at Malaysian statutory tax rate of 25%	(3,527)	(4,279)	(1,134)	(1,849)
Income not subject to tax	199	1,063	1,111	1,815
Different tax rates in other countries	181	85	-	-
Double deduction of expenses for tax purposes	14	19	-	-
Expenses not deductible for tax purposes	(421)	(732)	(39)	(56)
Deferred tax movement not provided	(131)	(218)	-	-
Reinvestment allowance claimed	-	188	-	-
Annual crystallisation of deferred tax on revaluation reserves	87	87	-	-
Utilisation of tax losses and capital allowances	4	-	-	-
Changes in tax rate	16	-	-	-
	(3,578)	(3,787)	(62)	(90)
(Under)/Over provision in prior year	(1,131)	(95)	3	19
	(4,709)	(3,882)	(59)	(71)

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

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Unabsorbed tax losses	5,549	5,780	-	-
Unabsorbed capital allowances	355	117	205	205
Unabsorbed reinvestment allowance	297	1,070	-	-

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

The corporate tax rate will be reduced to 24% from the year of assessment 2016 onwards as announced in the Malaysian Budget 2014. Consequently, deferred tax assets and liabilities are measured using this tax rate.

31. BASIC EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	2013	2012
Profit for the year (RM'000)	10,225	14,218
Weighted average number of ordinary shares of RM0.50 each ('000)	109,896	109,896
Basic earnings per share (sen)	9.3	12.9

There is no diluted earnings per share as the Company does not have any equity convertible financial instruments as at the end of the reporting period.

32. CAPITAL COMMITMENT

	GROUP	
	2013 RM'000	2012 RM'000
Approved but not contracted for:		
- Property, plant and equipment	-	3,792
Approved and contracted for:		
- Investment properties	-	376

33. CONTINGENT LIABILITIES (UNSECURED)

	COMPANY	
	2013 RM'000	2012 RM'000
Corporate guarantee extended by the Company to financial institutions for banking facilities granted to certain subsidiaries		
- Limit	92,644,000	88,864,000
- Utilised as at the end of the reporting period	43,363,098	39,619,678

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

34. SEGMENTAL INFORMATION

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

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

Business Segments

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

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

2013	Investment RM'000	Manufacturing RM'000	Property RM'000	Trading RM'000	Eliminations RM'000	Note	Total RM'000
Revenue							
External sales	302	104,774	706	39,338	-		145,120
Inter-segment	7,245	46,457	486	4,216	(58,404)	A	-
	<u>7,547</u>	<u>151,231</u>	<u>1,192</u>	<u>43,554</u>	<u>(58,404)</u>		<u>145,120</u>
Result							
Segment results	(625)	11,407	447	4,417	870		16,516
Interest income							98
Interest expense							(2,505)
Share of results of joint venture	825	-	-	-	-		825
Profit before taxation							<u>14,934</u>
Taxation							<u>(4,709)</u>
Profit for the year							<u>10,225</u>
Assets							
Segment assets	103,232	150,969	38,465	25,167	(111,627)		206,206
Investment in a joint venture	15,637						15,637
Tax recoverable							1,552
Total assets							<u>223,395</u>
Liabilities							
Segment liabilities	127	11,189	145	2,080	-		13,541
Finance lease liabilities							8,366
Borrowings							45,732
Deferred tax liabilities							11,486
Provision for taxation							244
Total liabilities							<u>79,369</u>
Other information							
Capital expenditure	21	2,796	4,777	4,370	-	B	11,964
Depreciation	6	4,677	11	620	-		5,314
Non-cash (income)/expense other than depreciation	(825)	179	-	1	-	C	(645)

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

Notes to segment information:

A Inter-segment revenue are eliminated on consolidation.

B Additions to non-current assets consist of:

	2013 RM'000	2012 RM'000
Property, plant and equipment	7,256	3,582
Investment properties	4,708	519
Land held for development	-	43
	11,964	4,144

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

	2013 RM'000	2012 RM'000
Bad debts	12	7
Fair value adjustment on investment properties	-	(3,747)
Gain on disposal of property, plant and equipment	(25)	(74)
Investment in a joint venture written off	-	51
Impairment loss on receivables	192	-
Penalty	-	6
Property, plant and equipment written off	1	78
Reversal of impairment loss on receivables	-	(14)
Share of results of joint venture	(825)	(981)
Unrealised gain on foreign exchange	-	(65)
	(645)	(4,739)

Geographical segments

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

	Revenue		Non-current assets	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Malaysia	135,421	132,491	140,672	129,733
Thailand	-	857	-	-
Singapore	9,699	6,220	76	79
	145,120	139,568	140,748	129,812

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

	2013 RM'000	2012 RM'000
Property, plant and equipment	103,700	81,540
Investment properties	17,275	12,567
Land held for development	-	20,218
Investment in a joint venture	15,637	14,812
Goodwill on consolidation	675	675
Trade receivable	3,461	-
	140,748	129,812

Major customers

Total revenue from major customers which individually contributed more than 10% of the Group revenue amounted to **RM29,863,575** (2012: RM36,002,573).

35. RELATED PARTY DISCLOSURES

(i) Transactions with subsidiaries

	COMPANY	
	2013 RM'000	2012 RM'000
Interest income from subsidiaries	354	486

(ii) Transactions with related parties

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sales to a related party				
- City Packaging Industry Sdn. Bhd.	65	43	-	-
Purchases from a related party				
- PPH Multimedia Network Sdn. Bhd.	-	2	-	-
Rental of property for staff accommodation from				
- Fame Pack Holdings Sdn. Bhd.	184	184	-	-
Rental of office lot from				
- Fame Pack Holdings Sdn. Bhd.	66	65	-	-

(iii) Compensation of key management personnel

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

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Salaries and other short-term employee benefits	3,778	3,928	78	78

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

Related party relationship:

Related party	Relationship
City Packaging Industry Sdn. Bhd. :	A company in which person connected to certain directors of the Company, namely Messrs. Koay Chiew Poh, Koay Chue Beng, Koay Teng Liang, Koay Chiew Kang and Koay Teng Kheong, has substantial financial interest.
PPH Multimedia Network Sdn. Bhd. :	A company in which a director of the Company Mr. Koay Teng Liang and person connected to certain directors of the Company, namely Messrs. Koay Chiew Poh, Koay Chue Beng, Koay Teng Liang, Koay Chiew Kang and Koay Teng Kheong, has substantial financial interest.
Fame Pack Holdings Sdn. Bhd. :	A substantial shareholder of the Company and connected to Mr. Koay Chiew Poh.

36. CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

	Carrying amount RM'000	AFS RM'000	L&R RM'000	FL RM'000
2013				
GROUP				
Financial assets				
Other investments	416	416	-	-
Trade receivables	38,194	-	38,194	-
Other receivables and refundable deposits	1,521	-	1,521	-
Short term funds with licensed financial institutions	14,365	-	14,365	-
Fixed deposits with licensed banks	2,012	-	2,012	-
Cash and bank balances	7,155	-	7,155	-
	63,663	416	63,247	-
Financial liabilities				
Finance lease liabilities	8,366	-	-	8,366
Borrowings	45,732	-	-	45,732
Trade payables	8,822	-	-	8,822
Other payables and accruals	4,719	-	-	4,719
	67,639	-	-	67,639
COMPANY				
Financial assets				
Other investment	*	*	-	-
Other receivables and refundable deposits	2	-	2	-
Amount due from subsidiaries	22,260	-	22,260	-
Short term funds with licensed financial institutions	14,007	-	14,007	-
Cash and bank balances	810	-	810	-
	37,079	*	37,079	-
Financial liabilities				
Borrowings	1,567	-	-	1,567
Other payables and accruals	33	-	-	33
	1,600	-	-	1,600

* Represents RM1

	Carrying amount RM'000	AFS RM'000	L&R RM'000	FL RM'000
2012				
GROUP				
Financial assets				
Other investments	393	393	-	-
Trade receivables	32,892	-	32,892	-
Other receivables and refundable deposits	2,214	-	2,214	-
Short term funds with licensed financial institutions	6,610	-	6,610	-
Fixed deposits with licensed banks	205	-	205	-
Cash and bank balances	11,970	-	11,970	-
	54,284	393	53,891	-
Financial liabilities				
Finance lease liabilities	6,371	-	-	6,371
Borrowings	42,314	-	-	42,314
Trade payables	8,817	-	-	8,817
Other payables and accruals	4,679	-	-	4,679
	62,181	-	-	62,181
COMPANY				
Financial assets				
Other investment	*	*	-	-
Other receivables and refundable deposits	2	-	2	-
Amount due from subsidiaries	38,099	-	38,099	-
Short term funds with licensed financial institutions	6,310	-	6,310	-
Cash and bank balances	4,244	-	4,244	-
	48,655	*	48,655	-
Financial liabilities				
Borrowings	2,693	-	-	2,693
Other payables and accruals	32	-	-	32
	2,725	-	-	2,725

* Represents RM1

37. FINANCIAL RISK MANAGEMENT

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

37.1 Credit risk

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

37.1.1 Trade receivables

The Group gives its existing customers credit terms that range between 30 to 120 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

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

GROUP

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

	Gross RM'000	Impairment loss RM'000	Net RM'000
2013			
Not past due	24,696	-	24,696
1 to 30 days past due	5,959	-	5,959
31 to 60 days past due	1,966	-	1,966
61 to 90 days past due	999	-	999
Past due more than 90 days	4,766	(192)	4,574
	13,690	(192)	13,498
	38,386	(192)	38,194
2012			
Not past due	22,632	-	22,632
1 to 30 days past due	4,483	-	4,483
31 to 60 days past due	2,448	-	2,448
61 to 90 days past due	3,256	-	3,256
Past due more than 90 days	73	-	73
	10,260	-	10,260
	32,892	-	32,892

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

The Group has trade receivables amounting to **RM13,498,000** (2012: RM10,260,000) that are past due at the end of the reporting period but management is of the view that these past due amounts will be collected in due course and no impairment is necessary.

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

37.1.2 Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries as detailed in Note 33. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

37.1.3 Intercompany advances

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

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

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

37.2 Liquidity risk

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

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

	Carrying amount RM'000	Contractual cash flows RM'000	Within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	More than five years RM'000
2013						
GROUP						
Finance lease liabilities	8,366	9,201	3,120	2,903	3,178	-
Interest bearing borrowings	45,732	45,917	39,476	1,925	2,383	2,133
Trade payables and other payables	13,541	13,541	13,541	-	-	-
	67,639	68,659	56,137	4,828	5,561	2,133
COMPANY						
Interest bearing borrowings	1,567	1,567	881	686	-	-
Other payables	33	33	33	-	-	-
	1,600	1,600	914	686	-	-
2012						
GROUP						
Finance lease liabilities	6,371	7,040	2,128	2,140	2,772	-
Interest bearing borrowings	42,314	42,662	38,389	1,634	2,639	-
Trade payables and other payables	13,496	13,496	13,496	-	-	-
	62,181	63,198	54,013	3,774	5,411	-

	Carrying amount RM'000	Contractual cash flows RM'000	Within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	More than five years RM'000
COMPANY						
Interest bearing borrowings	2,693	2,693	1,256	660	777	-
Other payables	32	32	32	-	-	-
	2,725	2,725	1,288	660	777	-

37.3 Interest rate risk

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

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

	2013 RM'000	2012 RM'000
GROUP		
Fixed rate instruments		
Financial assets	20,467	6,815
Financial liabilities	8,366	6,371
Floating rate instruments		
Financial liabilities	45,732	42,314
COMPANY		
Fixed rate instruments		
Financial assets	19,113	12,616
Floating rate instruments		
Financial liabilities	1,567	2,693

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	2013 RM'000	2012 RM'000
GROUP		
Decrease in profit before taxation	106	12
COMPANY		
Decrease in profit before taxation	4	12

37.4 Foreign currency risk

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

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

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

	USD RM'000	OTHERS RM'000
GROUP		
2013		
Trade receivables	4,345	29
Other receivables	870	8
Cash and bank balances	1,969	-
Trade payables	(147)	-
Other payables	(88)	(6)
	6,949	31
2012		
Trade receivables	1,689	-
Other receivables	1,192	8
Cash and bank balances	1,863	-
Trade payables	(117)	(161)
	4,627	(153)

Sensitivity analysis for foreign currency risk

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

	GROUP	
	2013	2012
	RM'000	RM'000
USD	(695)	(462)
Others	(3)	15
Net decrease in profit before taxation	(698)	(447)

38. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

39.1 Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
GROUP				
2013				
Financial assets				
Investment in quoted shares	416	-	-	416
2012				
Financial assets				
Investment in quoted shares	393	-	-	393

40. **SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

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

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

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:				
- Realised	102,206	91,058	22,322	17,845
- Unrealised	(11,486)	(10,463)	-	-
	90,720	80,595	22,322	17,845
Total share of retained profits from joint venture:				
- Realised	6,463	8,138	-	-
	97,183	88,733	22,322	17,845
Less: Consolidation adjustments	(10,268)	(12,043)	-	-
	86,915	76,690	22,322	17,845

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

**LIST OF PROPERTIES OWNED BY
PUBLIC PACKAGES HOLDINGS BERHAD AND ITS SUBSIDIARIES
AS AT 31 DECEMBER 2013**

Location	Title	Existing Use	Date of Last Revaluation	Age of Building (years)	Land area / Built-up area (sq.feet)	Carrying Amount as at 31.12.13 RM
PUBLIC PACKAGES SDN. BHD.						
Plot 72 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 2.10.2047	Factory building	28.11.2007	24	22,509 / 11,516	1,343,170
Plot 96(A) Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 22.5.2050	Factory building	28.11.2007	24	32,356 / 5,688	1,656,085
Plot 96(B) Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 5.7.2054	Factory building	28.11.2007	17	16,985 / 9,979	579,057
Plot 67 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 14.8.2047	Factory and office building	28.11.2007	25	44,083 / 94,249	3,085,174
Plot 116 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 18.10.2055	Factory and office building	28.11.2007	19	84,183 / 7,317	2,372,466
Block F95 Taman Pelangi, Prai (10 units)	Leasehold 22.4.2092	Hostel	28.11.2007	17	- / 500 (per unit)	441,471
NEW MERIT DEVELOPMENT SDN. BHD.						
Lot 5631 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang	Freehold	Vacant land	25.07.2012	-	522,253 / -	7,868,000

Location	Title	Existing Use	Date of Last Revaluation	Age of Building (years)	Land area / Built-up area (sq.feet)	Carrying Amount as at 31.12.13 RM
PUBLIC PACKAGES (NT) SDN. BHD.						
Lot 5632 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang	Freehold	Factory Building	28.11.2007	19	- / 137,152	8,744,910
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	24	43,738 / 38,474	2,063,070
A-1-3 Kelisa Apartment Lorong Kikik Satu, Taman Inderawasih, Seberang Perai	Freehold	Hostel	28.11.2007	21	- / 726	79,200
Block F95 Taman Pelangi, Prai (10 units)	Leasehold 22.4.2092	Hostel	28.11.2007	17	- / 500 (per unit)	441,471
Plot 468 Jalan Perusahaan Baru, Prai Industrial Estate, Penang	Leasehold 19.4.2049	Factory and office building	28.11.2007	24	93,329 / 77,727	4,731,016
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	19	261,361 / 140,924	7,352,304
PPH PRINTING & PACKAGING (KULIM) SDN. BHD.						
Plot 75 Kulim Industrial Estate Kulim, Kedah	Leasehold 21.9.2049	Factory and office building	28.11.2007	23	52,272 / 54,140	2,387,863

Location	Title	Existing Use	Date of Last Revaluation	Age of Building (years)	Land area / Built-up area (sq.foot)	Carrying Amount as at 31.12.13 RM
PUBLIC PACKAGES PROPERTIES SDN. BHD.						
Lot 5632 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang	Freehold	Rental	25.07.2012	-	511,877 / -	7,700,000
84 Lebuhraya Kapal, Penang	Freehold	Rental	25.07.2012	29	1,389 / 2,800	265,000
5-2-4 Edgecumbe Court, Penang	Freehold	Rental	25.07.2012	25	- / 700	320,000
Unit SB15 Block A, No. 1 Persiaran Gurney, Penang	Freehold	Rental	25.07.2012	26	- / 1,815	820,000
Unit I-4-3 Taman Desa Relau, Penang	Freehold	Rental	25.07.2012	22	- / 700	170,000
Unit 368-2-04 Belisa Row Jalan Burma, Penang	Freehold	Rental	25.07.2012	19	- / 1,055	500,000
No. A-17-02, Verticas Residensi, off Jalan Ceylon, Kuala Lumpur	Freehold	Rental	-	4	- / 2,111	1,840,350
Lot15 Jalan Utas 15/7 Section 15 40000 Shah Alam, Selangor	Leasehold 31.10.2070	Rental	1.08.2013	30	14966 / 273	4,369,317
PPH PLAZA SDN. BHD.						
Lot 741, 742 & 743 Section 23 Bandar Georgetown Daerah Timur Laut, Penang	Freehold	Project Development	23.12.2002	-	56,230	20,218,310
						79,348,234

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL as at 03 APRIL 2014

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	:	2,198

SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustees) as at 03 APRIL 2014

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

Note:

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

DIRECTORS' SHAREHOLDINGS as at 03 APRIL 2014

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

Notes:

- a) 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.
b) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Koay Boon Pee Holding Sdn. Bhd.
c) Deemed interested by virtue of Section 6A and Section 134(12)(c) of the Companies Act, 1965 held through Koay Boon Pee Holding Sdn. Bhd. and his spouse respectively.

DISTRIBUTION OF SHAREHOLDERS as at 03 APRIL 2014

Holdings	No. of Holders	%	No. of Shares	%
Less than 100	191	8.69	8,738	0.01
100 - 1,000	146	6.64	61,174	0.06
1,001 - 10,000	1,237	56.28	7,482,750	6.81
10,001 - 100,000	548	24.93	17,650,008	16.06
100,001 - 5,494,823	74	3.37	30,656,748	27.89
5,494,824 and above	2	0.09	54,037,080	49.17
TOTAL	2,198	100	109,896,498	100

THIRTY LARGEST SHAREHOLDERS as at 03 APRIL 2014

No.	Name	No. of Shares	%
1.	Fame Pack Holdings Sdn. Bhd.	45,232,670	41.16
2.	Multiple Accomplishments Sdn. Bhd.	8,804,410	8.01
3.	Koay Chiew Poh	4,226,480	3.85
4.	Koay Boon Pee Holding Sdn. Bhd.	3,935,000	3.58
5.	Koay Chew Guan	1,537,480	1.40
6.	George Lee Sang Kian	1,091,700	0.99
7.	HLIB Nominees (Tempatan) Sdn. Bhd. Hong Leong Bank Bhd for Goh Eng Hoe	1,000,000	0.91
8.	Song Kim Lee	1,000,000	0.91
9.	George Lee Sang Kian	810,100	0.74
10.	Koay Chiew Kang	796,564	0.72
11.	Pui Cheng Wui	758,300	0.69
12.	Koay Chew Kooi	675,000	0.61
13.	Koay Chew Huat @ Koay Chiew Huat	655,320	0.60
14.	Yap Wing Chun	615,012	0.56
15.	Leng Bee Bee	559,000	0.51
16.	Pui Cheng Wui	558,200	0.51
17.	Pui Cheng Tiong	501,700	0.46
18.	Fu Lai Chee	467,600	0.42
19.	Leong Ngak Keong	444,000	0.40
20.	Liau Choon Hwa & Sons Sdn. Bhd.	427,400	0.39
21.	Leong Ngak Keong	400,000	0.36
22.	Koay Chue Beng	358,692	0.33
23.	Tok Ley Siang	353,332	0.32
24.	PM Nominees (Tempatan) Sdn. Bhd. Malpac Management Sdn. Bhd.	345,000	0.31
25.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liau Thai Min	333,800	0.31
26.	Chew Leong Hoe	319,900	0.29
27.	Koay Chiew Lee	293,332	0.27
28.	Loh Chung Hai	291,900	0.27
29.	Ooi Chin Hock	274,600	0.25
30.	Koay Chiew Kang	273,332	0.25
		77,339,824	70.38

PUBLIC PACKAGES HOLDINGS BERHAD

(Company No. 162413-K)

(Incorporated in Malaysia under the Companies Act, 1965)

Proxy Form

*I/We.....(*NRIC No./ Passport No./ Company No.....)
(Full Name in Block Letter)

of.....
(Address)

being a *member/members of the abovenamed Company, hereby appoint
(Full Name in Block Letter)

.....(*NRIC No. / Passport No./ Company No.....)

of
(Address)

or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 27th Annual General Meeting of the Company to be held at 3rd Floor, Meeting Room of Plot 468 & 482, Jalan Perusahaan Baru, Prai Industrial Estate, 13600 Prai, Penang on Monday, 26 May 2014 at 10.00 a.m., and at any adjournment thereof.

RESOLUTIONS	1	2	3	4	5	6	7
FOR							
AGAINST							

Please indicate with an “x” in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Signed thisday of.....,2014.

No. of shares held

.....

Signature(s)/Common Seal of member(s)

For appointment of two(2) proxies, percentage of shareholdings to be represented by the proxies :	
No. of Shares	%
Proxy 1	
Proxy 2	
	100

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. A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus accounts it holds.
4. For a proxy to be valid, this form, duly completed must be deposited at the Registered Office of the Company, Wisma Public Packages, Plot 67 Lintang Kampong Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
5. In the case of a corporate member, this form must be executed under the corporation’s common seal or under the hand of an officer or attorney duly authorized in which, it must be supported by a certified true copy of the resolution appointing the officer or certified true copy of the power of attorney.

**strike out whichever is not desired.*

Fold along this line

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.

Fold along this line



PUBLIC PACKAGES HOLDINGS BERHAD (162413-K)



Public Packages Holdings Berhad

Wisma Public Packages
Lintang Kampung Jawa, Bayan Lepas Industrial Park
11900 Penang, Malaysia.

Tel : +604 6444 777 Fax : +604 6436 699

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