



Annual REPORT 2015

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 29th Annual General Meeting (“AGM”) 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, 30 May 2016 at 10.00 a.m. for the following purposes:-

AGENDA:

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors’ and Auditors’ thereon. Please refer to Explanatory Note 1
2. To re-elect the following Directors who retire by rotation in accordance with Article 80 of the Company’s Articles of Association and who, being eligible, offer themselves for re-election:-
 - i) Mr. Koay Teng Liang Ordinary Resolution 1
 - ii) Puan Nurjannah Binti Ali Ordinary Resolution 2
3. To approve the payment of Directors’ fees of not exceeding RM250,000 for the financial year ending 31 December 2016. Ordinary 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. Ordinary Resolution 4

Special Business

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

5. **PROPOSED RENEWAL OF GENERAL MANDATE FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** Ordinary Resolution 5
“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 AGM 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 the listing and quotation of the additional shares to be issued.”
6. **PROPOSED CONTINUATION OF PUAN NURJANNAH BINTI ALI IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** Ordinary Resolution 6
“THAT authority be and is hereby given to Puan Nurjannah Binti Ali who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company and to hold office until the next AGM of the Company.”
7. **PROPOSED CONTINUATION OF MR. NG THIM FOOK IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** Ordinary Resolution 7
“THAT authority be and is hereby given to Mr. Ng Thim Fook who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company and to hold office until the next AGM of the Company.”

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

8. **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Special Resolution 1

That the existing Article 131 of the Company's Articles of Association which read as follows:-

- 131 The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such audited financial statements, the Directors' and Auditors' reports. The interval between the close of a financial year of the Company and the issue of annual Audited Financial Statements, the Directors' and Auditors' Report relating to that financial year shall not exceed four (4) months. A copy of each such documents, in printed, CD-ROM or any other form shall be sent (not later than six (6) months after the close of the financial year and at least twenty-one (21) days, before the date of the General Meeting), to every Member and to every holder of debentures (if any) of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange shall at the same time be likewise sent to the Exchange: PROVIDED THAT this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office of the Company.

be deleted in its entirety and substituted with the following new Article 131:-

- 131 The Director shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting the annual audited financial statements and reports of the Directors' and Auditors' thereon. The requisite number of copies of these documents as may be required by the Exchange shall be likewise sent to the Exchange. A copy of these documents shall not less than 21 days before the date of meeting be sent to every member of, and to every holder of debentures of the Company. PROVIDED THAT this Article shall not require a copy of these documents be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office of the Company.

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

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 29th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 20 May 2016. Only a depositor whose name appears on the Record of Depositors as at 20 May 2016 shall be entitled to attend the 29th AGM 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)
Company Secretaries

Penang
Dated: 29 April 2016

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 appointed 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 is seek a renewal of general mandate for the Directors of the Company to allot and issue shares in the Company up to an aggregate amount not exceeding 10% of the total issued paid-up share 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 mandate, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM.

The general mandate for issuance of shares 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, the Directors have not issued any shares pursuant to the general mandate granted at the last AGM.

2. The Resolutions 6 and 7 are to seek the shareholders' approval for the existing Independent Non-Executive Directors to be retained and continued to act as Independent Non-Executive Directors to fulfil the requirements of Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to be in line with the recommendation 3.3 of the Malaysian Code of Corporate Governance 2012. The details of justifications are set out in the page 14 of the Company's 2015 Annual Report.
3. The Special Resolution 1 is to seek shareholders' approval to amend Article 131 of the Company's Articles of Association for better clarification and to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

CORPORATE INFORMATION

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

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 & Issuing House Services Sdn. Bhd. (Company No.11324-H) Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. Tel No: 03-2783 9299 Fax No: 03-2783 9222
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 CIMB Bank Berhad Public Bank Berhad Affin Bank Berhad Hong Leong Bank Berhad OCBC Bank (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 have great pleasure to present the Annual Report and Audited Financial Statements of Public Packages Holdings Berhad for the financial year ended 31 December 2015.

INDUSTRY REVIEW

Packaging is an important component of the manufacturing sector but continues to be challenging and competitive as global sentiments on crude oil and commodities remain weak. The declining of Ringgit Malaysia against the US dollar also led to a rise in manufacturing and operating costs.

FINANCIAL PERFORMANCE AND OPERATION

Despite the slowdown in world economy, the Group has successfully achieved another positive result for year 2015 through various business strategies. These include enhancing operational efficiency, reducing cost and improving service delivery. During the year, the Group has also expanded its production floor, warehouse and invested in new technology to cater to growing demand from our customers.

The Group posted a revenue of RM161 million for the financial year 2015, which was a marginal increase from RM154 million in the last financial year. The net profit was RM14 million as compared to RM12 million in the last financial year, translating into an earnings per share and net asset per share of 12.9 cents (2014: 11.3 cents) and RM1.56 (2014: RM1.43) respectively.

Our balance sheet remains robust with strong cash flow and low gearing. Cash generated from operations for the year was RM17 million and we maintained a cash balance of RM29 million as at end of financial year 2015.

PROSPECT FOR 2016

Economic pressures are building up as Ringgit continues to weaken, the Group expects 2016 to be a challenging year. The Group will remain vigilant in this uncertain operating environment and take all necessary measures to stay competitive.

The Group is committed to strengthening its business and operation infrastructure, via cost-saving measures, "Lean Manufacturing System", human resource development and broadening product and service range.

Despite uncertainty in the global market, the Group expects to remain profitable this year.

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 64, 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 2015.

Koay Chiew Kang, a Malaysian, age 58, 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 2015.

Koay Chue Beng, a Malaysian, age 55, 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 57, 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 3 of 5 Board meetings held in the financial year ended 31 December 2015.

Ng Thim Fook, a Malaysian, age 62, 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 2015.

Ong Eng Choon, a Malaysian, age 64, 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 2015.

Koay Teng Liang, a Malaysian, age 39, 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. He has also attended the Owner/President Programme at Harvard Business School, Boston. Prior to joining the Company, he was attached with Teckwah Industrial Corporation Limited, Singapore as a Program Executive. He holds directorships in several of PPHB's subsidiaries.

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

He had attended 4 of 5 Board meetings held in the financial year ended 31 December 2015.

Koay Teng Kheong, a Malaysian, age 35, was appointed to the Board as an Executive Director on 25 March 2011. He graduated from Monash University, Australia with a Masters in Management and Bachelor in Information Systems from University of Melbourne, Australia. He holds directorships in Public Packages Asia (S) Pte Ltd., a 100% owned indirect subsidiary of PPHB prior to this appointment and has actively participated and contributed towards the Group's revenue and management.

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

He had attended all the 5 Board meetings held in the financial year ended 31 December 2015.

STATEMENT OF CORPORATE GOVERNANCE

The Board recognises 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 pursuant to paragraph 15.25 of the Bursa Malaysia Listing Requirements 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, specialisations, 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 maximising 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; and
- 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, organisational 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 8 and 9 of this Annual Report.

Code of Ethics and Conduct

A Code of Ethics and Conduct with the objective of creating an ethical corporate climate had been adopted by the Group. 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 maximise 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 19 and 20 of this Annual Report.

2. STRENGTHEN COMPOSITION

Nominating Committee

The Nominating Committee of the Company has been established since 2002. The Committee Members are as follows:-

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

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

- 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.

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 4 April 2016, which was attended by all three (3) members.

On 4 April 2016, the Nominating Committee had performed:-

- i. Reviewed on Board and determined training needs of directors;
- ii. Identified the Directors who are due to re-election by rotation or re-appointment pursuant to the company's Articles of Association;
- iii. Assessed the independence of independent directors; and
- iv. Recommended on the retention of independent directors who had served the Group for more than nine (9) years term.

In discharging this duty, the Nominating Committee had assessed the suitability of individuals to be appointed to the Board by taking into account the individual's skills, knowledge, expertise and experience, professionalism and integrity. The Nominating Committee had also ensured that the procedures for appointing new Directors are transparent, rigorous and that appointments were made on merit and against objective criteria for the purpose.

Gender diversity policy

The Board acknowledge the recommendation of the code pertaining to the establishment of Boardroom gender diversity policy. As at date of this Annual Report, the Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workforce. The evaluation of suitability of candidates as new Board member or as a member of workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting needs of the Group, regardless of gender. The Board currently has one (1) female director.

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:-

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

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

The aggregate remuneration of Directors for the financial year ended 31 December 2015 is as follows:-

	Salary (RM)	Bonus (RM)	Others (RM)	Fees (RM)	Total (RM)
Executive	1,996,148	512,750	432,688	0	2,941,586
Non-Executive	0	0	0	78,000	78,000
	<u>1,996,148</u>	<u>512,750</u>	<u>432,688</u>	<u>78,000</u>	<u>3,019,586</u>

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

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	3
RM 50,001 to RM450,000	-	-
RM450,001 to RM500,000	1	-
RM500,001 to RM550,000	1	-
RM550,001 to RM600,000	1	-
RM600,001 to RM650,000	1	-
RM650,001 to RM700,000	-	-
RM700,001 to RM750,000	-	-
RM750,001 to RM800,000	1	-
	<u>5</u>	<u>3</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 4 April 2016, 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, Puan 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:-

- a. Have fulfilled the criteria of independence as per definition set out under Chapter 1 of the Bursa Malaysia Listing Requirements;
- b. have committed sufficient time and exercised due care during their tenure, actively participating in board meetings and discussions;
- c. 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;
- d. have discharged their professional duties in good faith and in the best interest of the Group and shareholders;
- e. have vigilantly safeguarded the interest of minority shareholders, as well as stakeholders of the Group; and
- f. have the calibre, qualifications, experience and personal qualities to challenge management in an effective and constructive manner.

The Board, therefore, recommends the retention of Puan Nurjannah Binti Ali and Mr. Ng Thim Fook as Independent Non-Executive Directors at the forthcoming 29th 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. The Board also believes that as Executive Chairman has significant relevant interest in the company, he is capable of acting on behalf of shareholders and stakeholders and in their interest.

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 2015. 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	4/5
Koay Teng Kheong	5/5
Koay Chiew Kang	5/5
Nurjannah Binti Ali	3/5
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
 - Taipei Computer Application Show
- (b) Koay Teng Liang
 - Owner/President Management Program, Harvard Business School, Boston
 - The New Shape Of Manufacturing – Strategic Roadmap For Sustainable Growth
 - FMM CEO Forum 2015: Building World-Class Organizations
- (c) Koay Teng Kheong
 - The Art of Successful Investing by Tan Teng Boo
 - Hotelex Shanghai 2015
 - Bursa Malaysia : Bringing The Best Out In Boardrooms
 - Advancing Architecture In Asia 2015
 - Business Excellence CEO Forum 2015
- (d) Koay Chiew Kang
 - FMM CEO Forum 2015: Building World-Class Organizations
 - Leadership Excellence : Lifelong Learning
 - Meeting Tomorrow's Manufacturing Talent Challenges
- (e) Nurjannah Binti Ali
 - BDO : Budget 2016 Tax Seminar
- (f) Ng Thim Fook
 - Communic Asia 2015 @ Singapore
- (g) Ong Eng Choon
 - National GST Conference 2015
 - GST & Customs Procedures for Manufacturing Companies
 - BDO Asia Pacific Regional Conference
 - 2015 Seminar Percukaian Kebangsaan 2015
 - GST & Customs Procedures for Manufacturing Companies

The training programmes and seminars attended by the Directors during the financial year ended 31 December 2015 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 Statement on Risk Management and Internal Control of the Group are set out on pages 21 to 23 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 24 to 26 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 policy and a framework to oversee material business risk. The Statement on Risk Management and Internal Control as set out from pages 21 to 23 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 Auditor 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 Audit Committee Report 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 28th Annual General Meeting held on 25 May 2015, 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 recognises 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 Listing 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 2015 other than tax penalties of RM 28,444 due to underestimates.
2. **Non-Audit Fees**
There were RM800 non-audit fees paid to the External Auditors or a firm or corporation affiliated to them for the financial year ended 31 December 2015.
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 2015, 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 2015.
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 2015.
6. **Options or Convertible Securities**
The Company did not issue any options or convertible securities during the financial year ended 31 December 2015.
7. **Depository Receipt Programme**
The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2015.
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 22 February 2016.
9. **Profit Guarantee**
The company was not subject to any profit guarantees for the financial year ended 31 December 2015.
10. **Recurrent Related Party Transaction of a revenue or trading nature**
Other than related party transactions entered into in the ordinary course of business as disclosed in Note 34 to the financial statements, there are no other significant recurrent related party transactions of a revenue or trading nature.

This Statement was duly reviewed and approved by the Board of Directors of Public Packages Holdings Berhad on 4 April 2016.

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 summarised 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 organisations 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 event

The Group continue its support to a wide range of charities. Attention is given particularly to those in urgent needs, for instance orphans, handicapped and disaster victims. During the year, the Group has made donations to numerous charitable organisations, including the Buddhist Tzu Chi Merit Society Malaysia, orphanage (Persatuan Kebajikan Kanak-Kanak Istimewa - PERKIS) and Nepal earthquake disaster victims.

Scholarship

The Group has sponsored the cost for full time Malaysian students pursuing studies for diploma and bachelor's degree at local institutions of higher learning. As at to-date, two (2) students were rewarded under Group's scholarship programme.

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 organised 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 Hospitalisation and Surgical Scheme.

Welfare and recreational activities

As part of the Group's endeavours to create cohesiveness and foster relationship among employees of the Group, various activities have been organised including annual dinner, festival gathering, birthday party and recreational activities. The main objectives of these activities are to promote teamwork spirit among employees and to create an aimable workplace. The recreational activities organised by the Group include in house and outdoor team building.

Diverse workforce

The Group has extending employment opportunities to people with disabilities such as the visually impaired and provide support as well as assistance to employees with disability.

Rewarding programme

Other than standard fair remuneration policy, employees are rewarded based on their contribution to the Group. The 'Chairman Award' event was introduced to reward the Group's top performing employee. Employee's contribution is measure against it's respective key performance indicators. Employees with excellent performance were awarded with attractive cash rewards.

4. ENVIRONMENT**5S organisation method**

The 5S (Sort, Set in Order, Shine, Standardise and Sustain) workplace organisation method is embedded in the corporate culture, highlighting the importance of an organised 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 recognises its responsibility towards the environment and makes every effort to protect, preserve and minimise adverse impacts of its operations. The 3R's initiative of reduce, reuse and recycle are implemented throughout the organisation. 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 financial year ended 31 December 2015, 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 ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises 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.

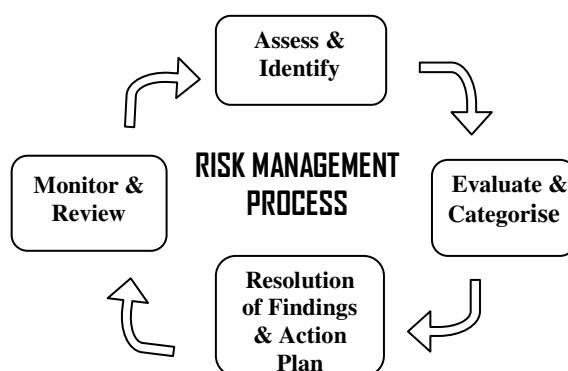
The Risk Management Team, led by the Executive Director, executes risk management and internal control systems with the following objectives:-

- 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 categorised 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 utilised 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 categorised 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.

The monitoring of the risk management of the Group is further enhanced by the internal audits carried out in accordance with internal audit plan approved by the Audit Committee.

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 organisation 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.
- Formal organisational structure is in place to define the function, reporting line and responsibility of management staff. This organisation structure serves to facilitate quick response to changes in the evolving business environment supervision of day-to-day business operations and accountability for operation performance.
- 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, authorisations, 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.
- 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.
- 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.
- 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.
- Periodic review of Recurrent Related Party Transactions to ensure compliance with Bursa Malaysia Listing Requirements.

Review of Statement

The External Auditors have in accordance with Recommended Practice Guide 5 issued by Malaysia Institute of Accountants, reviewed the Statement as required by paragraph 15.23 of the Bursa Malaysia Listing Requirements for inclusion in the Company's Annual Report for the financial year end 31 December 2015. 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 4 April 2016.

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.

AUDIT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE

The details of attendances of each Audit Committee members at Audit Committee meetings held during year 2015 are as follows:-

Name of Audit Committee Member	Attendance at Audit Committee Meetings
Puan Nurjannah Binti Ali Chairman, Independent Non-Executive Director	3
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

- The Audit Committee shall be appointed by the Board of Directors amongst its members of no fewer than three (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.
- 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:-
 - At least three (3) years' working experience and passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - At least three (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
 - Such other requirements as prescribed or approved by Bursa Securities.
- 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.
- The members of the Audit Committee shall elect from among their number a Chairman who is Independent Director.
- 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 three (3), the Board shall, within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- 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

- The quorum for an Audit Committee meeting shall be at least two (2) members; the majority present must be Independent Directors.
- The Audit Committee shall meet at least four (4) times a year.
- 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.
- The Audit Committee should meet with the External Auditors without Executive Board members present at least twice a year.
- 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.
- 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) Obtain outside legal or other legal independent professional advice and secure the attendance of outsider with relevant experience and expertise if it deems necessary; and
- (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) The assistance given by the employees of the Company to the External Auditor;
 - iv) The adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - v) The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - vi) 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;
 - Compliance with accounting standards and other legal requirements;
 - vii) 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;
 - viii) Any letter of resignation from the External Auditors and Internal Auditors of the Company; and
 - ix) Whether there is reason (supported by the grounds) to believe that the Company's External Auditors is not suitable for re-appointment.
- (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 financial 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 Statement 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 financial 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 response 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 4 specific audits viz:-

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

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

The External 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.

The cost incurred for the Internal Audit function in respect of the financial year ended 31 December 2015 approximately RM69,000.00.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 2015**.

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 6 to the financial statements.

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

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit after taxation for the year	14,211	6,969

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 2015** 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 1.1.15	Bought	Sold	Balance at 31.12.15
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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts, and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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 provision 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: 4 April 2016

DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 33 to 86 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 2015** 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 on page 87 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: 4 April 2016

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 33 to 86 and the supplementary information set out on page 87 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 **4th**)
day of **April 2016**.)
)

.....
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 2015** 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 information, as set out on pages 33 to 86.

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 2015** 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 6 to the financial statements,
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, 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 on page 87 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

Yap Soon Hin
No. 947/03/17 (J)
Chartered Accountant

Penang

Date: 4 April 2016

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

		----- GROUP -----		---- COMPANY ----	
		2015	2014	2015	2014
	NOTE	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	106,545	107,398	1	1
Investment properties	5	9,407	17,275	-	-
Investment in subsidiaries	6	-	-	56,884	64,784
Investment in joint ventures	7	19,754	13,889	15,100	7,200
Other investments	8	532	524	*	*
Goodwill on consolidation	9	675	675	-	-
Trade receivable	10	3,104	3,704	-	-
		<u>140,017</u>	<u>143,465</u>	<u>71,985</u>	<u>71,985</u>
Current assets					
Inventories	11	17,824	19,116	-	-
Trade receivables	10	42,880	37,734	-	-
Other receivables, deposits and prepayments	12	2,934	2,387	202	6
Amount due from subsidiaries	13	-	-	22,248	21,956
Tax recoverable		2,119	1,378	36	33
Short term funds with licensed financial institutions	14	26,438	19,442	23,224	17,520
Fixed deposits with licensed banks	15	405	456	-	-
Cash and bank balances	16	16,086	12,280	3,140	2,930
		<u>108,686</u>	<u>92,793</u>	<u>48,850</u>	<u>42,445</u>
TOTAL ASSETS		<u>248,703</u>	<u>236,258</u>	<u>120,835</u>	<u>114,430</u>
EQUITY AND LIABILITIES					
Share capital	17	54,949	54,949	54,949	54,949
Share premium		1,295	1,295	1,295	1,295
Revaluation reserve	18	386	386	29,345	29,345
Fair value adjustment reserve	19	342	334	-	-
Foreign translation reserve	20	1,320	392	-	-
Retained profits	21	113,497	99,286	34,979	28,010
Total equity		<u>171,789</u>	<u>156,642</u>	<u>120,568</u>	<u>113,599</u>
Non-current liabilities					
Finance lease liabilities	22	7,338	9,425	-	-
Borrowings	23	4,900	4,444	-	-
Deferred tax liabilities	24	10,434	11,192	-	-
		<u>22,672</u>	<u>25,061</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade payables	25	10,460	8,399	-	-
Other payables and accruals	26	7,670	4,640	37	33
Finance lease liabilities	22	3,119	3,316	-	-
Borrowings	23	31,661	37,585	230	798
Provision for taxation		1,332	615	-	-
		<u>54,242</u>	<u>54,555</u>	<u>267</u>	<u>831</u>
Total liabilities		<u>76,914</u>	<u>79,616</u>	<u>267</u>	<u>831</u>
TOTAL EQUITY AND LIABILITIES		<u>248,703</u>	<u>236,258</u>	<u>120,835</u>	<u>114,430</u>

* Represents RM1

The notes set out on pages 39 to 86 form an integral part of these financial statements.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

		----- GROUP -----		---- COMPANY ----	
		2015	2014	2015	2014
	NOTE	RM'000	RM'000	RM'000	RM'000
Revenue	27	161,198	153,507	7,265	6,017
Cost of sales		(113,912)	(111,136)	-	-
Gross profit		47,286	42,371	7,265	6,017
Other income		3,835	1,501	-	-
Selling and distribution expenses		(14,640)	(14,353)	-	-
Administrative expenses		(14,882)	(11,333)	(212)	(199)
Profit from operations		21,599	18,186	7,053	5,818
Finance costs		(2,959)	(2,694)	(36)	(62)
Share of results of joint ventures		(35)	752	-	-
Profit before taxation	28	18,605	16,244	7,017	5,756
Taxation	29	(4,394)	(3,873)	(48)	(68)
Profit for the year		14,211	12,371	6,969	5,688
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		8	108	-	-
Foreign currency translation differences for foreign operations		928	137	-	-
Other comprehensive income for the year		936	245	-	-
Total comprehensive income for the year, attributable to owners of the Company		15,147	12,616	6,969	5,688
Basic/Diluted earnings per share attributable to owners of the Company (sen per share)	30	12.9	11.3		

The notes set out on pages 39 to 86 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	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
2015							
Balance at beginning	54,949	1,295	386	334	392	99,286	156,642
Total comprehensive income for the year	-	-	-	8	928	14,211	15,147
Balance at end	54,949	1,295	386	342	1,320	113,497	171,789
2014							
Balance at beginning	54,949	1,295	386	226	255	86,915	144,026
Total comprehensive income for the year	-	-	-	108	137	12,371	12,616
Balance at end	54,949	1,295	386	334	392	99,286	156,642

The notes set out on pages 39 to 86 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Share Capital RM'000	 --- Non-distributable --- Share Premium RM'000	Revaluation Reserve RM'000	 - Distributable - Retained Profits RM'000	Total Equity RM'000
2015					
Balance at beginning	54,949	1,295	29,345	28,010	113,599
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,969</u>	<u>6,969</u>
Balance at end	<u>54,949</u>	<u>1,295</u>	<u>29,345</u>	<u>34,979</u>	<u>120,568</u>
2014					
Balance at beginning	54,949	1,295	29,345	22,322	107,911
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,688</u>	<u>5,688</u>
Balance at end	<u>54,949</u>	<u>1,295</u>	<u>29,345</u>	<u>28,010</u>	<u>113,599</u>

The notes set out on pages 39 to 86 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	----- GROUP -----		---- COMPANY ----	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	18,605	16,244	7,017	5,756
Adjustments for:				
Bad debts	-	13	-	-
Deemed loss on deconsolidation of a subsidiary	1,452	-	-	-
Depreciation	6,856	6,210	-	-
Dividend income from quoted investments	(19)	(17)	-	-
Dividend income from unquoted subsidiaries	-	-	(6,250)	(5,230)
Dividend income from other investments	(847)	(577)	(755)	(512)
Fair value adjustment on investment property	(1,632)	-	-	-
Impairment loss on receivables	149	150	-	-
Interest expense	2,959	2,694	36	62
Interest income	(17)	(9)	(260)	(275)
Loss/(Gain) on disposal of property, plant and equipment	17	(308)	-	-
Property, plant and equipment written off	-	57	-	-
Share of results of joint ventures	35	(752)	-	-
Unrealised gain on foreign exchange	(121)	(431)	-	-
Operating profit/(loss) before working capital changes	27,437	23,274	(212)	(199)
Decrease in inventories	1,292	268	-	-
Increase in receivables	(5,015)	(2,504)	(196)	-
Increase/(Decrease) in payables	5,148	(488)	4	-
Cash generated from/(used in) operations	28,862	20,550	(404)	(199)
Dividend received	2,866	3,094	7,005	5,742
Interest paid	(2,959)	(2,694)	(36)	(62)
Interest received	17	9	260	275
Income tax paid	(5,389)	(4,823)	(100)	(100)
Income tax refund	184	1,197	49	442
Net cash from operating activities	23,581	17,333	6,774	6,098
CASH FLOWS FROM INVESTING ACTIVITIES				
* Acquisition of property, plant and equipment	(5,825)	(4,900)	-	-
Proceeds from disposal of property, plant and equipment	29	6,032	-	-
Net change in subsidiaries	-	-	(292)	304
Net cash (used in)/from investing activities	(5,796)	1,132	(292)	304
Balance carried forward	17,785	18,465	6,482	6,402

The notes set out on pages 39 to 86 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	----- GROUP -----		---- COMPANY ----	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Balance brought forward	17,785	18,465	6,482	6,402
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of finance lease liabilities	949	-	-	-
Drawdown of term loans	1,772	-	-	-
(Repayment)/Drawdown of murabahah financing	(2,208)	2,118	-	-
Repayment of bills payable and trust receipts	(2,713)	(3,087)	-	-
Repayment of finance lease liabilities	(3,448)	(6,413)	-	-
Repayment of term loans	(1,809)	(2,065)	(456)	(895)
Net cash used in financing activities	(7,457)	(9,447)	(456)	(895)
Effects of changes in exchange rates	513	63	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,841	9,081	6,026	5,507
Effects of changes in exchange rates on cash and cash equivalents	420	234	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING	28,749	19,434	20,108	14,601
CASH AND CASH EQUIVALENTS AT END	40,010	28,749	26,134	20,108
Represented by:				
Short term funds with licensed financial institutions	26,438	19,442	23,224	17,520
Fixed deposit with a licensed bank	200	251	-	-
Cash and bank balances	16,086	12,280	3,140	2,930
Bank overdrafts	(2,714)	(3,224)	(230)	(342)
	40,010	28,749	26,134	20,108
* Acquisition of property, plant and equipment				
Total acquisition	6,040	15,688	-	-
Acquired under finance lease	(215)	(10,788)	-	-
Total cash acquisition	5,825	4,900	-	-
Cash flows on deconsolidation of a subsidiary				
Investment property	9,500	-	-	-
Prepayment	60	-	-	-
Other payables and accruals	(208)	-	-	-
Share of net assets	9,352	-	-	-
Transfer to investment in a joint venture	(7,900)	-	-	-
Deemed loss on deconsolidation of investment in a subsidiary	(1,452)	-	-	-
Cash flows on deconsolidation of a subsidiary	-	-	-	-

The notes set out on pages 39 to 86 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

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 4 April 2016.

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 6 to the financial statements.

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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 best economic 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 Amendments/Improvements to MFRS and IC Interpretations (“IC Int”)

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following standards that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

Annuals improvements to MFRS 2010-2012 Cycle

Annuals improvements to MFRS 2011-2013 Cycle

Initial application of the above standards did not have any material impact to the financial statements of the Group and of the Company.

2.5 Standards Issued But Not Yet Effective

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

Effective for annual periods beginning on or after 1 January 2016

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception

Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101 Disclosure Initiative

Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants

Amendments to MFRS 127 Equity Method in Separate Financial Statements

Annual Improvements to MFRS 2012-2014 Cycle

Effective for annual periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption except as mentioned below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in *MFRS 111 Construction Contracts*, *MFRS 118 Revenue*, *IC Int 13 Customer Loyalty Programmes*, *IC Int 15 Agreements for Construction of Real Estate*, *IC Int 18 Transfers of Assets from Customers* and *IC Int 131 Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of *MFRS 15*, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of *MFRS 15* will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting *MFRS 15*.

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 9.

(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 the end of each reporting period 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 unless otherwise indicated below:

3.1 **Subsidiaries and Basis of Consolidation**

(i) **Subsidiaries**

Subsidiaries are entities, including structured 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 controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

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.

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

(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.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for each of its interest in the joint venture using the equity method. Investments in joint venture are 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 investment includes transaction costs.

(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 **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.

3.3 **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:

Leasehold land	Amortised over lease period of 45 to 52 years
Apartments	Amortised over lease period of 85 years
Building	2%
Plant and machinery	3.3% - 20%
Motor vehicles	10% - 14%
Furniture, fittings and office equipment	10% - 20%
Electrical installations	10%
Renovation	10%

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 **Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

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.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

Operating leases

Leases where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

3.6 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of CGU that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset of CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGU) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other non-financial assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

3.7 Financial Instruments

3.7.1 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.

3.7.2 **Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

Financial assets

(i) 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.

(ii) Available-for-sale financial assets

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

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

All financial assets 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.

3.7.3 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.7.4 **Derecognition**

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

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

3.7.5 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 terms of a debt instrument.

Fair value arising from the issuance of 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.

3.8 Impairment of Financial Assets

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

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

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

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

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

3.9 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.

3.10 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.

3.11 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 the end of each 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.

3.12 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.

3.13 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 income is recognised on a time proportion basis using the applicable effective interest rate.
- (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.
- (v) Provision of services is recognised on the dates the services are rendered and completed.

3.14 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.

3.15 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 future taxable profits will be available to set off against the unutilised tax incentive.

3.16 Goods and Services Tax

Goods and Services Tax (“GST”) is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input tax that a company pays on business purchases is offset against output tax.

Revenue, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with GST inclusive.

The net GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.17 Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are recognised directly in other comprehensive income.

Foreign Operations

The assets and liabilities of foreign operations are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Exchange differences are recognised in other comprehensive income and accumulated in the foreign translation reserve (“FTR”) in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the exchange difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, the significant influence or joint control is lost, the cumulative amount in the FTR related to the foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FTR in equity.

3.18 Share Capital, Share Issuance Expenses and Dividends

An equity instrument is any contract that evidences a residual interest in the assets of the Group and 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 retained profits and recognised as a liability in the period in which they are declared.

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

Costs directly attributable to the issuance of instruments classified as equity are recognised as a deduction from equity.

3.19 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.

3.20 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.21 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.
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land and buildings RM'000	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	Renovation RM'000	Capital expenditure in progress RM'000	Total RM'000
2015										
At cost										
Balance at beginning	56,609	12,121	565	90,166	6,365	10,235	800	2,353	1,586	180,800
Additions	8	-	-	677	228	178	24	107	4,818	6,040
Disposals	-	-	-	(24)	(241)	-	-	-	-	(265)
Written off	-	-	-	-	(53)	-	-	-	-	(53)
Reclassification	-	-	-	1,055	-	-	-	50	(1,105)	-
Foreign currency translation	-	-	-	-	-	17	-	5	-	22
Balance at end	56,617	12,121	565	91,874	6,299	10,430	824	2,515	5,299	186,544
Accumulated depreciation										
Balance at beginning	3,762	3,167	264	50,496	4,242	9,372	561	1,538	-	73,402
Current charge	220	679	7	5,063	456	237	43	151	-	6,856
Disposals	-	-	-	(10)	(209)	-	-	-	-	(219)
Written off	-	-	-	-	(53)	-	-	-	-	(53)
Foreign currency translation	-	-	-	-	-	11	-	2	-	13
Balance at end	3,982	3,846	271	55,549	4,436	9,620	604	1,691	-	79,999
Carrying amount	52,635	8,275	294	36,325	1,863	810	220	824	5,299	106,545

	Freehold land and buildings RM'000	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	Renovation RM'000	Capital expenditure in progress RM'000	Total RM'000
2014										
At cost										
Balance at beginning	55,675	12,121	565	87,120	6,870	10,049	780	2,211	1,223	176,614
Additions	934	-	-	13,419	194	198	20	86	837	15,688
Disposals	-	-	-	(8,580)	(608)	-	-	-	-	(9,188)
Written off	-	-	-	(2,212)	(91)	(13)	-	-	-	(2,316)
Reclassification	-	-	-	419	-	-	-	55	(474)	-
Foreign currency translation	-	-	-	-	-	1	-	1	-	2
Balance at end	56,609	12,121	565	90,166	6,365	10,235	800	2,353	1,586	180,800
Accumulated depreciation										
Balance at beginning	3,543	2,489	257	51,174	4,397	9,111	538	1,405	-	72,914
Current charge	219	678	7	4,417	461	272	23	133	-	6,210
Disposals	-	-	-	(2,892)	(572)	-	-	-	-	(3,464)
Written off	-	-	-	(2,203)	(44)	(12)	-	-	-	(2,259)
Foreign currency translation	-	-	-	-	-	1	-	-	-	1
Balance at end	3,762	3,167	264	50,496	4,242	9,372	561	1,538	-	73,402
Carrying amount	52,847	8,954	301	39,670	2,123	863	239	815	1,586	107,398

COMPANY

	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
2015			
At cost	171	422	593
Accumulated depreciation	170	422	592
Carrying amount	1	-	1
2014			
At cost	171	422	593
Accumulated depreciation	170	422	592
Carrying amount	1	-	1

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

	GROUP	
	2015 RM	2014 RM
Plant and machinery	15,721,041	17,791,832
Motor vehicles	1,493,971	1,807,181
	17,215,012	19,599,013

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

- (b) The carrying amount of plant and machinery amounting to **RM3,913,444** (2014: RM4,081,476) are charged to a licensed bank as security for banking facilities granted to a subsidiary.

5. INVESTMENT PROPERTIES

	GROUP	
	2015 RM'000	2014 RM'000
At fair value:		
Balance at beginning	17,275	17,275
Fair value adjustment recognised in profit or loss	1,632 #	-
Deconsolidation of a subsidiary	(9,500) #	-
Balance at end	9,407 *	17,275 *

	GROUP	
	2015	2014
	RM'000	RM'000
At fair value:		
Freehold land	1,122	8,990
Leasehold land and building	4,370	4,370
Buildings	3,915	3,915
	9,407	17,275

* The directors revalued the investment properties in 2012 based on an independent valuer's opinion on the open market value basis.

The fair value adjustment is in respect of a property belonging to a subsidiary which has been deconsolidated. The valuation was carried out by BHL Property Consultants on 5 October 2015 for the purpose of using this subsidiary as a joint venture entity with a third party (Please refer to Note 7).

A subsidiary's investment properties with carrying amount of **RM6,209,667** (2014: RM6,209,667) are charged to a financial institution for banking facilities granted to that subsidiary.

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

	GROUP	
	2015	2014
	RM'000	RM'000
Rental income	202	190
Direct expenses		
- Rental generating	35	26
- Non-rental generating	16	29

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

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
2015				
Freehold land	-	1,122	-	1,122
Leasehold land	-	4,370	-	4,370
Buildings	-	3,915	-	3,915
	-	9,407	-	9,407
2014				
Freehold land	-	8,990	-	8,990
Leasehold land	-	4,370	-	4,370
Buildings	-	3,915	-	3,915
	-	17,275	-	17,275

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly.

Level 2 fair values of the above properties have been generally derived using the sales comparison approach. Sales prices 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.

6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2015 RM'000	2014 RM'000
Unquoted shares		
- At valuation	49,884	49,884
- At cost	7,000	14,900
	56,884	64,784

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

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2015	2014	
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 and hotel management. However, the subsidiary did not undertake such activities during the financial year. Instead the subsidiary lets out its property for rental income.
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%	Investment holding.

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2015	2014	
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.
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 and providing poster printing services.
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.

* Subsidiaries not audited by Grant Thornton.

2015

On 12 November 2015, the Company had entered into Shareholders' Agreement and Subscription Agreement with Ripro Sdn. Bhd. to restructure its investment in New Merit Development Sdn. Bhd. ("NMD"), a wholly-owned subsidiary by way of the following:

- NMD will carry out the business of property investment and management activities.
- Ripro Sdn. Bhd. agreed to subscribe for 7,900,000 new ordinary shares of RM1 each in NMD for a cash consideration of RM9,500,000.

Consequent to the above restructuring, the Company now holds 7,900,000 shares in NMD, which represents 50% of the total paid up capital of NMD. This investment has been reclassified to investment in joint ventures.

7. INVESTMENT IN JOINT VENTURES

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost	17,074	9,174	15,100	7,200
Share of results	9,680	9,715	-	-
	26,754	18,889	15,100	7,200
Less: Dividend received	(7,000)	(5,000)	-	-
	19,754	13,889	15,100	7,200

The details of joint ventures, all of which are incorporated in Malaysia, are as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2015	2014	
^ PPH Teckwah Value Chain Sdn. Bhd.	50%	50%	Investment holding and the provision of management services to related companies.
New Merit Development Sdn. Bhd.	50%	-	Investment holding.
^ Not audited by Grant Thornton.			

The following table summarises the financial information of PPH Teckwah Value Chain Sdn. Bhd. ("PTVC") and New Merit Development Sdn. Bhd. ("NMD"), adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint ventures, which are accounted for using the equity method.

GROUP

	PTVC RM'000	NMD RM'000	Total RM'000
As at 31 December 2015			
Assets and liabilities			
Non-current assets	5,860	9,500	15,360
Current assets excluding cash and cash equivalents	10,715	57	10,772
Cash and cash equivalents	12,628	9,500	22,128
Non-current liabilities	(269)	-	(269)
Current liabilities	(5,201)	(209)	(5,410)
Net assets	<u>23,733</u>	<u>18,848</u>	<u>42,581</u>
Reconciliation of net assets to carrying amount			
Group's share of net assets	11,866	9,424	21,290
Goodwill	(10)	(1,526)	(1,536)
Carrying amount in the statement of financial position	<u>11,856</u>	<u>7,898</u>	<u>19,754</u>
Year ended 31 December 2015			
Results			
Revenue	30,357	-	30,357
Cost of sales excluding depreciation	(24,245)	-	(24,245)
Depreciation	(1,186)	-	(1,186)
Other income excluding interest income	465	-	465
Interest income	228	-	228
Interest expense	(10)	-	(10)
Other expenses	(5,707)	(4)	(5,711)
Loss before taxation	(98)	(4)	(102)
Taxation	31	-	31
Loss after taxation	<u>(67)</u>	<u>(4)</u>	<u>(71)</u>
Group's share of total comprehensive income	<u>(33)</u>	<u>(2)</u>	<u>(35)</u>

	PTVC RM'000	NMD RM'000	Total RM'000
Contingent liabilities			
Corporate guarantee extended by the joint venture to licensed banks for banking facilities granted to a subsidiary of PTVC	5,000	-	5,000
As at 31 December 2014			
Assets and liabilities			
Non-current assets	6,823	-	6,823
Current assets excluding cash and cash equivalents	10,387	-	10,387
Cash and cash equivalents	15,778	-	15,778
Non-current liabilities	(430)	-	(430)
Current liabilities	(4,760)	-	(4,760)
Net assets	27,798	-	27,798
Reconciliation of net assets to carrying amount			
Group's share of net assets	13,899	-	13,899
Goodwill	(10)	-	(10)
Carrying amount in the statement of financial position	13,889	-	13,889
Year ended 31 December 2014			
Results			
Revenue	32,687	-	32,687
Cost of sales excluding depreciation	(25,747)	-	(25,747)
Depreciation	(1,101)	-	(1,101)
Other income excluding interest income	581	-	581
Interest income	256	-	256
Interest expense	(10)	-	(10)
Other expenses	(5,133)	-	(5,133)
Profit before taxation	1,533	-	1,533
Taxation	(29)	-	(29)
Profit after taxation	1,504	-	1,504
Group's share of total comprehensive income			
	752	-	752
Contingent liabilities			
Corporate guarantee extended by the joint venture to licensed banks for banking facilities granted to a subsidiary of PTVC	5,000	-	5,000

Commitments

The joint ventures have no commitments as at the end of the reporting period for the financial year 2015 and 2014.

Other information

	2015 RM'000	2014 RM'000
Dividend received by the Group	2,000	2,500

8. **OTHER INVESTMENTS**

	2015 RM'000	2014 RM'000
GROUP		
Available-for-sale financial assets		
Unquoted investments in Malaysia		
- at valuation	10,286	10,286
- at cost	510	510
Impairment	(10,796)	(10,796)
Carrying amount	<u>*</u>	<u>*</u>
Investments quoted in Malaysia		
- at fair value	524	416
Fair value adjustment	8	108
Carrying amount	532	524
Total carrying amount	532	524
Market value of quoted investments	532	524
COMPANY		
Available-for-sale financial assets		
Unquoted investments in Malaysia		
- at valuation	10,286	10,286
Impairment	(10,286)	10,286
Carrying amount	<u>*</u>	<u>*</u>

* Represents RM1

9. **GOODWILL ON CONSOLIDATION**

	GROUP 2015 RM'000	2014 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 of 5% (2014: 5%) per annum for the subsequent years.

(ii) Discount rate

The discount rate of 5.95% (2014: 5.95%) is applied to the cash flow projections and based on the weighted average cost of capital rate of the Group.

10. **TRADE RECEIVABLES**

	GROUP	
	2015	2014
	RM'000	RM'000
Non-current assets		
Total amount	4,121	4,794
Less: Receivable within next twelve months included under current assets	(1,017)	(1,090)
	3,104	3,704
Current assets		
Trade receivables	43,212	38,066
Less: Allowance for impairment		
Balance at beginning	(332)	(192)
Current year	(149)	(150)
Written off	149	10
Balance at end	(332)	(332)
	42,880	37,734
Total	45,984	41,438

The foreign currency profile of trade receivables are as follows:

	GROUP	
	2015	2014
	RM'000	RM'000
Ringgit Malaysia	38,155	34,115
US Dollar	5,702	4,433
Singapore Dollar	2,127	2,890
	45,984	41,438

The trade receivables are non-interest bearing and are generally on **30 to 120 days** (2014: 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

In the previous financial years, a subsidiary had entered into a settlement agreement with a debtor having financial difficulties. The debt 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

11. INVENTORIES

	GROUP	
	2015	2014
	RM'000	RM'000
Raw materials	6,608	7,467
Work-in-progress	3,949	5,382
Finished goods	5,794	5,139
Other consumables	1,473	1,128
	17,824	19,116

The cost of inventories recognised in profit or loss for the financial year amounted to **RM113,911,900** (2014: RM111,135,600).

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015	2014
	RM'000	RM'000
GROUP		
Total amount	4,516	3,969
Less: Allowance for impairment	(1,582)	(1,582)
	2,934	2,387
Represented by:		
Other receivables	877	561
Deposits	378	311
Prepayments	1,449	1,515
GST receivables	230	-
	2,934	2,387

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

	2015	2014
	RM'000	RM'000
GROUP		
Ringgit Malaysia	2,227	2,004
US Dollar	642	365
Singapore Dollar	36	18
Japanese Yen	29	-
	2,934	2,387

	2015 RM'000	2014 RM'000
COMPANY		
Total amount	1,702	1,506
Less: Allowance for impairment	(1,500)	(1,500)
	202	6
Represented by:		
Other receivables	197	-
Deposits	2	2
Prepayments	3	4
	202	6

13. AMOUNT DUE FROM SUBSIDIARIES

COMPANY

Loans to subsidiaries amounting to **RM4,163,389** (2014: RM4,163,389) bear interest at **6.25%** (2014: 6.25%) per annum. The remaining amount due from subsidiaries is non-interest bearing, unsecured and is repayable on demand.

14. SHORT TERM FUNDS WITH LICENSED FINANCIAL INSTITUTIONS

GROUP AND COMPANY

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

	GROUP	COMPANY
2015		
Interest rates per annum	3.60%	3.60%
Maturities	1 day	1 day
2014		
Interest rates per annum	3.50%	3.50%
Maturities	31 days	31 days

15. FIXED DEPOSITS WITH LICENSED BANKS

GROUP

The fixed deposits of the Group amounting to **RM204,990** (2014: 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 **2.90% to 3.52%** (2014: 3.12% to 3.50%) per annum and **1 to 12 months** (2014: 1 to 12 months) respectively.

16. **CASH AND BANK BALANCES**

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

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	7,629	6,498	3,140	2,930
US Dollar	3,947	2,617	-	-
Singapore Dollar	4,490	3,141	-	-
Thai Baht	20	24	-	-
	16,086	12,280	3,140	2,930

17. **SHARE CAPITAL**

	Number of ordinary shares of RM0.50 each		Amount	
	2015	2014	2015	2014
	'000	'000	RM'000	RM'000
Authorised	200,000	200,000	100,000	100,000
Issued and fully paid	109,896	109,896	54,949	54,949

18. **REVALUATION RESERVE**

GROUP

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

COMPANY

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

19. **FAIR VALUE ADJUSTMENT RESERVE**

GROUP

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

20. **FOREIGN TRANSLATION RESERVE**

GROUP

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

21. **RETAINED PROFITS**

COMPANY

The franking of dividends of the Company is under the single tier system and therefore there is no restriction on the Company to distribute dividends subject to the availability of retained profits.

22. **FINANCE LEASE LIABILITIES**

	GROUP	
	2015	2014
	RM'000	RM'000
Non-current liabilities		
Within one year	3,620	3,958
More than one year and less than two years	3,124	3,359
More than two years and less than five years	4,717	6,961
More than five years	57	22
	11,518	14,300
Finance charges	(1,061)	(1,559)
Carrying amount at end	10,457	12,741
Amount due within one year included under current liabilities	(3,119)	(3,316)
	7,338	9,425
Current liabilities	3,119	3,316

The effective interest rates for finance lease liabilities range from **2.48% to 3.70%** (2014: 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 35.4.

23. **BORROWINGS**

	2015	2014
	RM'000	RM'000
GROUP		
Non-current liabilities		
Term loans	4,900	4,444
Current liabilities		
Bank overdrafts	2,714	3,224
Bill payables	23,476	26,189
Term loans	1,137	1,630
Murabahah financing	4,334	6,542
	31,661	37,585
Total	36,561	42,029

COMPANY	2015 RM'000	2014 RM'000
Current liabilities		
Bank overdraft	230	342
Term loan	-	456
	230	798

The borrowings are secured by way of:

- (i) legal charge over the land and building and plant and machinery of certain subsidiaries;
- (ii) pledged of fixed deposits of 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						
2015						
Bank overdrafts	7.85 to 9.35	2,714	2,714	-	-	-
Bill payables	3.76 to 5.57	23,476	23,476	-	-	-
Term loans	4.75 to 7.85	6,037	1,137	958	2,414	1,528
Murabahah financing	4.20 to 7.15	4,334	4,334	-	-	-
2014						
Bank overdrafts	7.85 to 8.60	3,224	3,224	-	-	-
Bill payables	3.53 to 7.15	26,189	26,189	-	-	-
Term loans	4.75 to 7.15	6,074	1,630	886	1,912	1,646
Murabahah financing	4.25 to 7.15	6,542	6,542	-	-	-
COMPANY						
2015						
Bank overdraft	8.10	230	230	-	-	-
2014						
Bank overdraft	8.35	342	342	-	-	-
Term loan	4.89	456	456	-	-	-

24. **DEFERRED TAX LIABILITIES**

	GROUP	
	2015	2014
	RM'000	RM'000
Balance at beginning	11,192	11,486
Transfer to profit or loss	(737)	(44)
	10,455	11,442
Over provision in prior year	(21)	(250)
Balance at end	10,434	11,192
Represented by:		
Deferred tax assets	(195)	-
Deferred tax liabilities	10,629	11,192
	10,434	11,192
The deferred tax liabilities/(assets) are represented by temporary differences arising from:		
- Property, plant and equipment	6,945	7,533
- Revaluation, net of related depreciation	3,588	3,675
- Reinvestment allowance	-	(16)
- Unabsorbed tax losses	(7)	-
- Unabsorbed capital allowances	(92)	-
	10,434	11,192

25. **TRADE PAYABLES**

The currency profile of trade payables are as follows:

	2015	2014
	RM'000	RM'000
GROUP		
Ringgit Malaysia	10,445	8,043
US Dollar	15	356
	10,460	8,399

The trade payables are non-interest bearing and are normally settled on **30 to 90 days** (2014: 30 to 90 days) terms.

26. **OTHER PAYABLES AND ACCRUALS**

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Other payables	3,297	2,201	-	-
Accruals	3,170	2,326	37	33
Deposits received	108	113	-	-
GST payables	1,095	-	-	-
	7,670	4,640	37	33
The currency profile of other payables and accruals are as follows:				
Ringgit Malaysia	7,291	4,226	37	33
Singapore Dollar	364	315	-	-
Others	15	99	-	-
	7,670	4,640	37	33

GROUP

Included in other payables are the following:

- (i) an amount of **RM3,226** (2014: RM2,288) 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.
- (ii) an amount of **RM406** (2014: RM406) due to a sole proprietorship belonging to a director of the Company. It is unsecured, non-interest bearing and is repayable on demand.

27. **REVENUE**

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Sale of goods	159,699	152,195	-	-
Rental income	734	800	-	-
Interest income	-	-	260	275
Dividend income	755	512	7,005	5,742
Management fee income	10	-	-	-
	161,198	153,507	7,265	6,017

28. **PROFIT BEFORE TAXATION**

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
After charging:				
Audit fee				
- Company's auditors				
- Statutory audit				
- current year	112	107	21	18
- under provision in prior year	-	1	-	-
- other services	1	-	-	-
- other auditors	15	12	-	-
Bad debts	-	13	-	-
Deemed loss on deconsolidation of a subsidiary	1,452	-	-	-
Depreciation	6,856	6,210	-	-
Directors' fee for non-executive directors	78	78	78	78
Hire of equipment and machinery	302	169	-	-
Impairment loss on receivables	149	150	-	-
* Interest expense	2,959	2,694	36	62
Loss on disposal of property, plant and equipment	21	-	-	-
Property, plant and equipment written off	-	57	-	-
Realised loss on foreign exchange	95	215	-	-
Rental of warehouse	63	67	-	-
Rental of motor vehicle	67	27	-	-
Rental of premises	562	323	-	-
** Staff costs	36,398	34,382	-	-
And crediting:				
Bad debts recovered	-	12	-	-
Fair value adjustment on investment property	1,632	-	-	-
Interest income	17	9	260	275
Gain on disposal of property, plant and equipment	4	308	-	-
Gross dividend from				
- unquoted subsidiaries	-	-	6,250	5,230
- Malaysian quoted shares	19	17	-	-
- other investments	847	577	755	512
Lease rental income	239	234	-	-
Realised gain on foreign exchange	1,310	82	-	-
Rental income	769	837	-	-
Unrealised gain on foreign exchange	121	431	-	-

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
* Interest expense				
- Bank overdrafts	212	281	25	18
- Bill payables	1,326	1,004	-	-
- Finance lease	691	627	-	-
- Term loans	305	384	11	44
- Murabahah profit	425	398	-	-
	2,959	2,694	36	62
** Staff costs				
- Salaries, wages, overtimes, allowance and bonus	33,247	31,446	-	-
- EPF	2,903	2,695	-	-
- SOCSO	248	241	-	-
	36,398	34,382	-	-

Directors' emoluments

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

	GROUP	
	2015	2014
	RM'000	RM'000
Executive directors of the Company:		
- Salaries, bonus and wages	2,509	2,079
- EPF and SOCSO	433	362
	2,942	2,441
- Benefits-in-kind	23	-
	2,965	2,441
Executive directors of subsidiaries:		
- Salaries, bonus and wages	1,674	1,535
- EPF and SOCSO	260	251
	1,934	1,786
	4,899	4,227

29. TAXATION

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Based on results for the financial year				
- Current tax				
Malaysia tax	(5,120)	(3,636)	(64)	(67)
Foreign tax	(153)	(211)	-	-
Balance carried forward	(5,273)	(3,847)	(64)	(67)

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Balance brought forward	(5,273)	(3,847)	(64)	(67)
- Deferred tax relating to the origination and reversal of temporary differences	737	44	-	-
	(4,536)	(3,803)	(64)	(67)
Over/(Under) provision in prior year				
- Current tax	121	(320)	16	(1)
- Deferred tax	21	250	-	-
	142	(70)	16	(1)
	(4,394)	(3,873)	(48)	(68)

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

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before taxation	18,605	16,244	7,017	5,756
Less: Share of results of joint ventures	35	(752)	-	-
	18,640	15,492	7,017	5,756
Income tax at Malaysian statutory tax rate of 25%	(4,660)	(3,873)	(1,754)	(1,439)
Income not subject to tax	949	898	1,751	1,393
Different tax rates in other countries	133	168	-	-
Double deduction of expenses for tax purposes	8	17	-	-
Expenses not deductible for tax purposes	(1,312)	(1,577)	(61)	(21)
Deferred tax movement not provided	(36)	(50)	-	-
Reinvestment allowance claimed	290	502	-	-
Annual crystallisation of deferred tax on revaluation reserve	87	87	-	-
Utilisation of tax losses and capital allowances	5	25	-	-
	(4,536)	(3,803)	(64)	(67)
Over/(Under) provision in prior year	142	(70)	16	(1)
	(4,394)	(3,873)	(48)	(68)

The deferred tax (assets)/liabilities which have not been recognised are represented by gross temporary differences arising from:

	2015 RM'000	2014 RM'000
GROUP		
Property, plant and equipment	(999)	(1,036)
Unabsorbed tax losses	(3,722)	(3,591)
Unabsorbed capital allowances	(312)	(282)
	(5,033)	(4,909)
COMPANY		
Unabsorbed capital allowances	(205)	(205)

The comparative figures have been restated to reflect the revised deductible and taxable temporary differences.

The potential deferred tax assets are not recognised in the financial statements as it is anticipated that the tax effects of such deferral will not reverse in the foreseeable future.

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.

30. EARNINGS PER SHARE

GROUP

(a) 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:

	2015	2014
Profit for the year (RM'000)	14,211	12,371
Weighted average number of ordinary shares of RM0.50 each ('000)	109,896	109,896
Basic earnings per share (sen)	12.9	11.3

(b) Diluted earnings per share

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.

31. **CAPITAL COMMITMENT**

	GROUP	
	2015	2014
	RM'000	RM'000
Approved and contracted for:		
- Property, plant and equipment	-	671

32. **CONTINGENT LIABILITIES (UNSECURED)**

	COMPANY	
	2015	2014
	RM	RM
Corporate guarantee extended by the Company to financial institutions for banking facilities granted to certain subsidiaries		
- Limit	104,944,000	92,644,000
- Utilised as at the end of the reporting period	36,330,293	41,226,787

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.

33. **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.
(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.

2015

Revenue

External sales	764	150,784	734	8,916	-	161,198
Inter-segment	10,837	49,553	622	3	(61,015)	-
	<u>11,601</u>	<u>200,337</u>	<u>1,356</u>	<u>8,919</u>	<u>(61,015)</u>	<u>161,198</u>

Result

Segment results	815	18,661	325	1,751	30	21,582
Interest income						17
Interest expense						(2,959)
Share of results of joint ventures	(35)	-	-	-	-	(35)
Profit before taxation						18,605
Taxation						(4,394)
Profit for the year						<u>14,211</u>

Assets

Segment assets	102,263	181,859	42,442	10,249	(109,983)	226,830
Investment in joint ventures	19,754	-	-	-	-	19,754
Tax recoverable						2,119
Total assets						<u>248,703</u>

Liabilities

Segment liabilities	133	17,044	468	485	-	18,130
Finance lease liabilities						10,457
Borrowings						36,561
Deferred tax liabilities						10,434
Provision for taxation						1,332
Total liabilities						<u>76,914</u>

Other information

Capital expenditure	9	3,474	2,554	3	-	6,040
Depreciation	4	6,732	9	111	-	6,856
Non-cash (income)/expense other than depreciation	35	(178)	-	-	43	(100)

2014	Investment RM'000	Manufacturing RM'000	Property RM'000	Trading RM'000	Eliminations RM'000	Note	Total RM'000
Revenue	512	140,643	800	11,552	-		153,507
External sales	8,372	48,335	622	6	(57,335)	A	-
Inter-segment	8,884	188,978	1,422	11,558	(57,335)		153,507
Result							
Segment results	(847)	14,777	734	2,457	1,056		18,177
Interest income							9
Interest expense							(2,694)
Share of results of joint venture	752	-	-	-	-		752
Profit before taxation							16,244
Taxation							(3,873)
Profit for the year							12,371
Assets							
Segment assets	109,614	172,248	39,827	8,735	(109,433)		220,991
Investment in a joint venture	13,889	-	-	-	-		13,889
Tax recoverable							1,378
Total assets							236,258
Liabilities							
Segment liabilities	148	12,386	162	343	-		13,039
Finance lease liabilities							12,741
Borrowings							42,029
Deferred tax liabilities							11,192
Provision for taxation							615
Total liabilities							79,616
Other information							
Capital expenditure	-	14,434	1,246	8	-	B	15,688
Depreciation	4	6,086	9	111	-		6,210
Non-cash (income)/expense other than depreciation	(751)	(522)	2	-	-	C	(1,271)

Notes to segment information:

A Inter-segment revenue are eliminated on consolidation.

B Additions to non-current assets consist of:

	2015 RM'000	2014 RM'000
Property, plant and equipment	6,040	15,688

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

	2015 RM'000	2014 RM'000
Bad debts	-	13
Deemed loss on deconsolidation of a subsidiary	1,452	-
Fair value adjustment on investment property	(1,632)	-
Loss/(Gain) on disposal of property, plant and equipment	17	(308)
Impairment loss on receivables	149	150
Property, plant and equipment written off	-	57
Share of results of joint ventures	35	(752)
Unrealised gain on foreign exchange	(121)	(431)
	(100)	(1,271)

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	153,623	144,435	139,422	142,872
Singapore	7,575	9,072	63	69
	161,198	153,507	139,485	142,941

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

	2015 RM'000	2014 RM'000
Property, plant and equipment	106,545	107,398
Investment properties	9,407	17,275
Investment in joint ventures	19,754	13,889
Goodwill on consolidation	675	675
Trade receivable	3,104	3,704
	139,485	142,941

Major customers

During the financial year, there was no single customer that contributed to more than 10% of the Group's revenue.

34. RELATED PARTY DISCLOSURES

(i) Transactions with subsidiaries

	COMPANY	
	2015 RM'000	2014 RM'000
Interest income from subsidiaries	260	275

(ii) Transactions with related parties

	GROUP	
	2015 RM'000	2014 RM'000
Sales to a related party - City Packaging Industry Sdn. Bhd.	26	40
Management fee income received from a related party - Pearl Island Resort Development Sdn. Bhd.	9	-
Purchases from a related party - Tompac Industrial Sdn. Bhd.	-	81
Rental of property for staff accommodation from a related party - Fame Pack Holdings Sdn. Bhd.	184	184
Rental of office lot from a related party - Fame Pack Holdings Sdn. Bhd.	75	67
Rental of premise paid to a director of the Company	54	18
Rental of premise paid to a director of a subsidiary	5	5
Rental of motor vehicle from a related party - Koay Boon Pee Holding Sdn. Bhd.	151	27

(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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Salaries and other short-term employee benefits	4,864	4,355	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, have substantial financial interests.
Pearl Island Resort Development Sdn. Bhd.	: A company in which the directors of the Company, namely Messrs. Koay Chiew Poh and Koay Chiew Kang are also directors of the Company.
Tompac Industrial Sdn. Bhd.	: Subsidiary of a joint venture.
Fame Pack Holdings Sdn. Bhd.	: A substantial shareholder of the Company and connected to Mr. Koay Chiew Poh.
Koay Boon Pee Holding Sdn. Bhd.	: A company in which the directors of the Company, namely Messrs. Koay Chiew Poh, Koay Chiew Kang and Koay Chue Beng, have substantial financial interests.

35. FINANCIAL INSTRUMENTS**35.1 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
2015				
GROUP				
Financial assets				
Other investments	532	532	-	-
Trade receivables	45,984	-	45,984	-
Other receivables and refundable deposits	1,485	-	1,485	-
Short term funds with licensed financial institutions	26,438	-	26,438	-
Fixed deposits with licensed banks	405	-	405	-
Cash and bank balances	16,086	-	16,086	-
	90,930	532	90,398	-
Financial liabilities				
Finance lease liabilities	10,457	-	-	10,457
Borrowings	36,561	-	-	36,561
Trade payables	10,460	-	-	10,460
Other payables and accruals	7,670	-	-	7,670
	65,148	-	-	65,148

	Carrying amount RM'000	AFS RM'000	L&R RM'000	FL RM'000
COMPANY				
Financial assets				
Other investments	*	*	-	-
Other receivables and refundable deposits	199	-	199	-
Amount due from subsidiaries	22,248	-	22,248	-
Short term funds with licensed financial institutions	23,224	-	23,224	-
Cash and bank balances	3,140	-	3,140	-
	48,811	*	48,811	-
Financial liabilities				
Borrowings	230	-	-	230
Other payables and accruals	37	-	-	37
	267	-	-	267
2014				
GROUP				
Financial assets				
Other investments	524	524	-	-
Trade receivables	41,438	-	41,438	-
Other receivables and refundable deposits	872	-	872	-
Short term funds with licensed financial institutions	19,442	-	19,442	-
Fixed deposits with licensed banks	456	-	456	-
Cash and bank balances	12,280	-	12,280	-
	75,012	524	74,488	-
Financial liabilities				
Finance lease liabilities	12,741	-	-	12,741
Borrowings	42,029	-	-	42,029
Trade payables	8,399	-	-	8,399
Other payables and accruals	4,640	-	-	4,640
	67,809	-	-	67,809
COMPANY				
Financial assets				
Other investments	*	*	-	-
Other receivables and refundable deposits	2	-	2	-
Amount due from subsidiaries	21,956	-	21,956	-
Short term funds with licensed financial institutions	17,520	-	17,520	-
Cash and bank balances	2,930	-	2,930	-
	42,408	*	42,408	-

	Carrying amount RM'000	AFS RM'000	L&R RM'000	FL RM'000
Financial liabilities				
Borrowings	798	-	-	798
Other payables and accruals	33	-	-	33
	<u>831</u>	<u>-</u>	<u>-</u>	<u>831</u>

* Represents RM1

35.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations. 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.

35.3 Credit risk

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

35.3.1 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.

The ageing of trade receivables and accumulated impairment losses as at the end of the reporting period is as follows:

	Gross RM'000	Impairment loss RM'000	Net RM'000
2015			
Not past due	23,607	-	23,607
1 to 30 days past due	8,513	-	8,513
31 to 60 days past due	5,631	(11)	5,620
61 to 90 days past due	1,892	(4)	1,888
Past due more than 90 days	6,673	(317)	6,356
	<u>22,709</u>	<u>(332)</u>	<u>22,377</u>
	<u>46,316</u>	<u>(332)</u>	<u>45,984</u>

	Gross RM'000	Impairment loss RM'000	Net RM'000
2014			
Not past due	27,630	-	27,630
1 to 30 days past due	5,723	-	5,723
31 to 60 days past due	2,080	-	2,080
61 to 90 days past due	479	-	479
Past due more than 90 days	5,858	(332)	5,526
	14,140	(332)	13,808
	41,770	(332)	41,438

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 **RM22,377,000** (2014: RM13,808,000) that are past due at the end of the reporting period but management is of the view that these past due amounts will be collected in due course and no impairment is necessary.

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

35.3.2 Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries as detailed in Note 32. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

35.3.3 Intercompany advances

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

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

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

35.4 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 end of the reporting period 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
2015						
GROUP						
<i>Non derivate financial liabilities</i>						
Finance lease liabilities	10,457	11,518	3,620	3,124	4,717	57
Interest bearing borrowings	36,561	36,834	31,708	1,049	2,538	1,539
Trade payables and other payables	18,130	18,130	18,130	-	-	-
	65,148	66,482	53,458	4,173	7,255	1,596
COMPANY						
<i>Non derivate financial liabilities</i>						
Interest bearing borrowings	230	230	230	-	-	-
Other payables	37	37	37	-	-	-
Financial guarantee	-	36,330	36,330	-	-	-
	267	36,597	36,597	-	-	-
2014						
GROUP						
<i>Non derivate financial liabilities</i>						
Finance lease liabilities	12,741	14,300	3,958	3,359	6,961	22
Interest bearing borrowings	42,029	42,095	37,643	894	1,912	1,646
Trade payables and other payables	13,039	13,039	13,039	-	-	-
	67,809	69,434	54,640	4,253	8,873	1,668

	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						
<i>Non derivate financial liabilities</i>						
Interest bearing borrowings	798	798	798	-	-	-
Other payables	33	33	33	-	-	-
Financial guarantee	-	41,227	41,227	-	-	-
	831	42,058	42,058	-	-	-

35.5 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 are as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	26,843	19,898	27,387	21,683
Financial liabilities	10,457	12,741	-	-
Floating rate instruments				
Financial liabilities	36,561	42,029	230	798

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.

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Decrease in profit before taxation	101	91	1	3

35.6 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	OTHERS
	RM'000	RM'000
GROUP		
2015		
Trade receivables	5,702	60
Other receivables	642	29
Cash and bank balances	3,947	-
Trade payables	(15)	-
Other payables	(11)	-
	10,265	89
2014		
Trade receivables	4,433	2,890
Other receivables	365	18
Cash and bank balances	2,617	3,165
Trade payables	(356)	-
Other payables	(96)	(318)
	6,963	5,755

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 decreased profit before taxation by the amount shown below and a corresponding weakening would have an equal but opposite effect.

	GROUP	
	2015	2014
	RM'000	RM'000
USD	(1,027)	(696)
Others	(9)	(575)
Net decrease in profit before taxation	(1,036)	(1,271)

35.7 Fair value information

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.

Fair value hierarchy

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
GROUP				
2015				
Financial assets				
Investment in quoted shares	532	-	-	532
2014				
Financial assets				
Investment in quoted shares	524	-	-	524

36. CAPITAL MANAGEMENT

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

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

The Company is not subject to any externally imposed capital requirement. However, the subsidiaries of the Group are required to maintain a gearing ratio below a certain threshold to comply with debt covenant imposed by the lenders of the subsidiaries. The subsidiaries have not breached the said covenant.

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 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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:				
- Realised	131,150	118,229	34,979	28,010
- Unrealised	(10,323)	(11,192)	-	-
	120,827	107,037	34,979	28,010
Total share of retained profits from joint ventures:				
- Realised	2,680	4,715	-	-
	123,507	111,752	34,979	28,010
Less: Consolidation adjustments	(10,010)	(12,466)	-	-
	113,497	99,286	34,979	28,010

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 2015**

Location	Title	Existing Use	Date of Last Revaluation	Age of Building (years)	Land area / Built-up area (sq.feet)	Carrying Amount as at 31.12.15 RM
PUBLIC PACKAGES SDN. BHD.						
Plot 72 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 2.10.2047	Factory building	28.11.2007	26	22,509 / 11,516	1,264,160
Plot 96(A) Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 22.5.2050	Factory building	28.11.2007	26	32,356 / 5,688	1,566,567
Plot 96(B) Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 5.7.2054	Factory building	28.11.2007	19	16,985 / 9,979	550,812
Plot 67 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 14.8.2047	Factory and office building	28.11.2007	27	44,083 / 94,249	2,903,693
Plot 116 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang	Leasehold 18.10.2055	Factory and office building	28.11.2007	21	84,183 / 7,317	2,259,493
Block F95 Taman Pelangi, Prai (10 units)	Leasehold 22.4.2092	Hostel	28.11.2007	19	- / 500 (per unit)	430,292

Location	Title	Existing Use	Date of Last Revaluation	Age of Building (years)	Land area / Built-up area (sq.feet)	Carrying Amount as at 31.12.15 RM
PUBLIC PACKAGES (NT) SDN. BHD.						
Lot 5632 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang	Freehold	Factory Building	28.11.2007	21	- / 137,152	8,328,416
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	26	43,738 / 38,474	1,948,455
A-1-3 Kelisa Apartment Lorong Kikik Satu, Taman Inderawasih, Seberang Perai	Freehold	Hostel	28.11.2007	23	- / 726	75,600
Block F95 Taman Pelangi, Prai (10 units)	Leasehold 22.4.2092	Hostel	28.11.2007	19	- / 500 (per unit)	430,294
Plot 468 Jalan Perusahaan Baru, Prai Industrial Estate, Penang	Leasehold 19.4.2049	Factory and office building	28.11.2007	26	93,329 / 77,727	4,468,192
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	21	261,361 / 140,924	7,004,887
PPH PRINTING & PACKAGING (KULIM) SDN. BHD.						
Plot 75 Kulim Industrial Estate Kulim, Kedah	Leasehold 21.9.2049	Factory and office building	28.11.2007	25	52,272 / 54,140	2,258,215

Location	Title	Existing Use	Date of Last Revaluation	Age of Building (years)	Land area / Built-up area (sq.feet)	Carrying Amount as at 31.12.15 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	30	1,389 / 2,800	265,000
5-2-4 Edgecumbe Court, Penang	Freehold	Rental	25.07.2012	26	- / 700	320,000
Unit SB15 Block A, No. 1 Persiaran Gurney, Penang	Freehold	Rental	25.07.2012	27	- / 1,815	820,000
Unit I-4-3 Taman Desa Relau, Penang	Freehold	Rental	25.07.2012	23	- / 700	170,000
Unit 368-2-04 Belisa Row Jalan Burma, Penang	Freehold	Rental	25.07.2012	20	- / 1,055	500,000
No. A-17-02, Verticas Residensi, off Jalan Ceylon, Kuala Lumpur	Freehold	Rental	-	5	- / 2,111	1,840,350
Lot15 Jalan Utas 15/7 Section 15 40000 Shah Alam, Selangor	Leasehold 31.10.2070	Rental	1.08.2013	31	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	-	56,244	21,137,092
						70,610,835

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL as at 5 APRIL 2016

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	:	2,361

SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustees) as at 5 APRIL 2016

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 5 APRIL 2016

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 Chiew Kang	1,069,896	0.97	4,038,664 (b)	3.67
3. Koay Teng Liang	46,664	0.04	-	-
4. Koay Teng Kheong	-	-	-	-
5. Nurjannah Binti Ali	-	-	-	-
6. Ng Thim Fook	-	-	-	-
7. Ong Eng Choon	-	-	-	-
8. Koay Chue Beng	358,692	0.33	3,935,000 (c)	3.58

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

DISTRIBUTION OF SHAREHOLDERS as at 5 APRIL 2016

Holdings	No. of Holders	%	No. of Shares	%
Less than 100	194	8.22	8,681	0.01
100 - 1,000	173	7.33	83,684	0.08
1,001 - 10,000	1,397	59.17	8,472,341	7.71
10,001 - 100,000	512	21.68	15,946,060	14.51
100,001 - 5,494,823	83	3.52	31,348,652	28.52
5,494,824 and above	2	0.08	54,037,080	49.17
TOTAL	2,361	100.00	109,896,498	100.00

THIRTY LARGEST SHAREHOLDERS as at 5 APRIL 2016

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	1,477,480	1.34
6.	Song Kim Lee	1,250,000	1.14
7.	George Lee Sang Kian	823,800	0.75
8.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Cheam Heng Ming (E-KTN/RAU)	800,300	0.73
9.	Koay Chiew Kang	796,564	0.72
10.	Liau Choon Hwa & Sons Sdn. Bhd.	623,500	0.57
11.	Koay Chew Kooi	595,000	0.54
12.	Leng Bee Bee	559,000	0.51
13.	Lee Yen Wei	556,600	0.51
14.	George Lee Sang Kian	539,300	0.49
15.	Fu Lai Chee	522,600	0.48
16.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ooi Chin Hock (8058312)	484,500	0.44
17.	Leong Ngak Keong	456,000	0.41
18.	Yap Wing Chun	455,012	0.41
19.	Loh Chung Hai	435,000	0.40
20.	Maybank Nominees (Tempatan) Sdn. Bhd. Zolkeflee Bin Abd Hamid	418,900	0.38
21.	Koay Chew Huat @ Koay Chiew Huat	406,320	0.37
22.	Ooi Chin Hock	401,800	0.37
23.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Goh Chu Yong	400,000	0.36
24.	Leong Ngak Keong	400,000	0.36
25.	Koay Chue Beng	358,692	0.33
26.	Tok Ley Siang	353,332	0.32
27.	Lim Lei Send	350,000	0.32
28.	PM Nominees (Tempatan) Sdn. Bhd. Malpac Management Sdn. Bhd.	345,000	0.31
29.	Quah Chew Hah	345,000	0.31
30.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Liau Thai Min	338,700	0.31
		76,690,960	69.78

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 29th 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, 30 May 2016 at 10.00 a.m., and at any adjournment thereof.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	To re-elect Mr. Koay Teng Liang as a director.		
2	To re-elect Puan Nurjannah Binti Ali as a director.		
3	To approve the payment of Directors' Fees for the financial year ending 31 December 2016.		
4	To re-appoint Messrs. Grant Thornton as auditors.		
5	To authorise the directors to allot and issue shares pursuant to Section 132D of Companies Act, 1965.		
6	To retain Puan Nurjannah Binti Ali as an Independent Non-Executive Director.		
7	To retain Mr. Ng Thim Fook as an Independent Non-Executive Director.		
NO.	SPECIAL RESOLUTION	FOR	AGAINST
1	Proposed Amendments to the Articles of Association.		

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.....,2016.

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 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 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.
6. In respect of deposited securities, only a depositor whose name appear on the Record of Depositors on 20 May 2016 shall be eligible to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.

**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)

Wisma Public Packages

Lintang Kampung Jawa

Bayan Lepas Industrial Park

11900 Penang, Malaysia

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

Email: solutions@pph.com.my / www.pph.com.my