

PRO-PAC PACKAGING LIMITED
(ASX: PPG)

Appendix 4E

Preliminary Final Report

Company details

Name of entity:	Pro-Pac Packaging Limited
ABN:	36 112 971 874
Reporting period:	For the year ended 30 June 2015
Previous period:	For the year ended 30 June 2014

Results for announcement to the market

Revenue from ordinary activities	up	12%	to	\$000's 243,457
Profit before income tax, relocation and business combination costs from ordinary activities	up	12%	to	9,946
Profit from ordinary operations after tax attributable to the owners of Pro-Pac Packaging Limited	up	1%	to	5,842
Profit for the year attributable to the owners of Pro-Pac Packaging Limited	up	1%	to	5,842

<i>Dividends</i>	Amount per security cents	Franked amount per security cents
Final dividend for the year ended 30 Jun 2014 paid on 4 Nov 2014	1.0	1.0
Interim dividend the year ended 30 Jun 2015 paid on 20 May 2015	1.0	1.0

On 27 August 2015, the directors declared a fully franked final dividend of 1.5 cent per ordinary share with a record date of 9 September 2015 to be paid on 24 September 2015.

The Company's Dividend Reinvestment Plan will apply to this final dividend. No discount will apply to the issue price. Under the Plan, shareholders can acquire shares in the Company at the volume weighted sale price during the four trading days up to and including the Record Date for determining entitlements. The last date for elections to participate in the Dividend Reinvestment Plan is 11 September 2015.

During the year, 2,454,499 shares were issued under the Dividend Reinvestment Plan.

Commentary

During the 2015 Financial Year, the Company continued to achieve good top line growth, both organically and through acquisitions. Revenue grew 12% (or \$25 million) to \$243 million of which organic growth accounted for approximately three quarters of the total increase in sales. Cross selling benefits continue to be realised between the various businesses acquired and integrated into the Company in recent years.

The volatile trading conditions experienced in H1 continued during H2 with the AUD declining even further and the resultant unfavourable exchange rate impost on our imported products and margins was circa \$6 million for the financial year relative to the prior 12 month period. The latter was however partly mitigated by price increases to customers, predominantly during H2.

Cost out strategies and related costs savings continued during the year with administration, distribution and selling expenses (before acquisition, rationalisation and relocation expenses) reducing further during the year from 22.0% to 21.3% as a percentage of sales. Further ongoing cost saving initiatives are planned for FY16. In particular savings are expected from more efficient use of overheads across the expanded Group and supply chain improvements.

Acquisition, rationalisation and relocation expenses of circa \$1.5 million were incurred during the period. The latter arose mainly from the relocation of the Company's Industrial distribution businesses in Corio, Melbourne and in Adelaide to more cost effective facilities. Relocation and integration costs of the Nelson Joyce business acquired in October 2014 also form part of this abnormal cost impost.

Accordingly, EBITDA before accounting for the above once off costs of \$1.5 million was up 6% at \$14.7 million while underlying PBT calculated on the same basis was up 12% at \$ 9.9 million.

The Industrial Division finished the year with encouraging sales growth of 10% (6% organic) and EBITDA grew 7% - a particularly pleasing result given the divisions' heavy reliance on imports and the adverse effects experienced from a declining AUD.

The strong performance of the Rigid Division during H1 continued for the remainder of FY15 with 10% growth on the top line for FY15 while EBITDA grew by 17% as a result of the increased volumes, resulting economies of scale and effective cost control.

Profit after tax has risen 1% on last year and absorbed many one off costs noted above.

In line with its ambitious growth plans, the Company continues to evaluate a healthy pipeline of potentially accretive acquisitions.

Based on the underlying performance of the Company and factoring in its future projections, the Company has today declared a fully franked final dividend of one and a half cents per share, up half a cent for the comparative prior period. The record date for determining entitlement to the dividend will be 9 September 2015 and the dividend will be paid on 24 September 2015. The Company's Dividend Reinvestment Plan will apply to this dividend. No discount will apply to the issue price.

Net tangible assets

	Consolidated Year Ended 30 June 15 Cents	Restated Consolidated Year Ended 30 June 14 Cents
Net tangible assets per ordinary security	<u>15.68</u>	<u>15.02</u>

Control gained over entities

During the year, there is one immaterial acquisition by Pro-Pac Packaging (Aust) Pty Limited, a wholly owned subsidiary of Pro-Pac Packaging Limited.

Loss of control over entities

Not applicable.

Details of associates and joint venture entities

Not applicable.

Foreign entities

Details of origin of accounting standards used in compiling the report:

Pro-Pac Packaging Limited has a wholly owned subsidiary, PPG Services SDN BHD, which is a company incorporated in Malaysia. This company provides support services for all Group companies. The financial statements for this company are prepared under Malaysian Financial Reporting Standards, which are compliant with International Financial Reporting Standards.

Audit qualification or review

This report is based on financial statements which are in the process of being audited.

Enquiries

For further information please contact Mr. Peter Sutton, CEO, Pro-Pac Packaging Limited on Tel (03) 8710 6200.

About PPG

Pro-Pac Packaging Limited is a diversified manufacturing and distribution company, providing innovative, flexible and rigid packaging solutions for a broad group of clients. PPG is headquartered in Sydney with operations in Adelaide, Brisbane, Melbourne and Perth. PPG's securities are listed and quoted on the ASX. For further information on PPG visit www.ppgaust.com.au

Attachments

Details of attachments (if any):

The consolidated preliminary financial statements of Pro-Pac Packaging Limited for the year ended 30 June 2015 are attached.

Signed



Date: 27 August 2015

Ahmed Fahour
Director
Sydney

PRO-PAC PACKAGING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

FOR THE YEAR TO 30 JUNE 2015

	Notes	Consolidated 2015 \$ 000	Restated Consolidated 2014 \$ 000
Revenue			
Sales of goods		243,457	218,273
Other income		340	415
Interest income		83	74
Total Revenue		243,880	218,762
Expenses			
Raw materials and consumables used		164,813	144,686
Employee benefits expense		33,814	33,558
Other expenses from ordinary activities		12,867	11,025
Distribution costs		9,636	8,067
Occupancy costs		8,002	7,531
Depreciation expense		3,261	3,311
Acquisition, rationalisation and relocation expenses		1,519	600
Finance costs		1,219	1,372
Amortisation of prepaid royalty		322	322
Total Expenses		235,453	210,472
Profit before income tax from continuing operations		8,427	8,290
Income tax expense	4	(2,585)	(2,483)
Profit after income tax expense for the year	12	5,842	5,807
Other comprehensive income			
Items that will be reclassified to profit & loss			
Movements in reserves		710	-
Total comprehensive income for the year		6,552	5,807
Earnings per share (cents per share)			
- Basic earnings per share	1	2.60	2.75
- Diluted earnings per share	1	2.56	2.73

PRO-PAC PACKAGING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	Consolidated 2015 \$000's	Restated Consolidated 2014 \$000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	13	6,120	3,580
Trade and other receivables	5	38,500	35,592
Inventories	6	32,393	34,235
Current tax assets	4	15	-
Other assets		4,551	3,402
Total Current Assets		81,579	76,809
NON-CURRENT ASSETS			
Property, plant and equipment	7	17,366	17,382
Intangible assets	8	70,337	68,793
Deferred tax assets	4	2,520	2,376
Other assets		-	28
Total Non-Current Assets		90,223	88,579
TOTAL ASSETS		171,802	165,388
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	26,628	30,666
Interest bearing trade finance		2,551	2,559
Interest bearing borrowings		1,183	1,550
Provisions	10	3,973	3,705
Current tax liabilities	4	-	564
Total Current Liabilities		34,335	39,044
NON-CURRENT LIABILITIES			
Provisions	10	1,801	1,376
Interest bearing borrowings		27,271	19,791
Total Non-Current Liabilities		29,072	21,167
TOTAL LIABILITIES		63,407	60,211
NET ASSETS		108,395	105,177
EQUITY			
Issued capital	11	92,726	91,548
Other reserves		830	99
Retained earnings	12	14,839	13,530
TOTAL EQUITY		108,395	105,177

PRO-PAC PACKAGING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR TO 30 JUNE 2015

	Notes	Consolidated 2015 \$000's	Restated Consolidated 2014 \$000's
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		241,220	217,434
Payments to suppliers and employees (inclusive of GST)		(229,852)	(208,256)
Interest received		83	74
Finance costs		(1,219)	(1,448)
Income tax paid		(3,309)	(2,766)
Relocation, restructuring and business combination costs		(1,519)	(600)
Net cash flows from operating activities	13	5,404	4,438
Cash flows from investing activities			
Payments for property, plant and equipment		(3,666)	(2,872)
Proceeds from sale of property, plant and equipment		799	377
Payment for unincorporated business net of cash acquired		(2,150)	(1,051)
Working capital for business acquired		(1,597)	(3,062)
Net cash flows used in investing activities		(6,614)	(6,608)
Cash flows from financing activities			
Payment of hire purchase and finance lease liabilities		(1,976)	(2,091)
Finance leases raised		1,683	1,803
Proceeds from borrowings		7,397	1,783
Proceeds from issue of shares		-	4,515
Proceeds from vesting of ESPP shares		-	368
Dividends paid		(3,354)	(2,875)
Net cash flows provided by financing activities		3,750	3,503
Net increase / (decrease) in cash and cash equivalents		2,540	1,333
Cash and cash equivalents at beginning of financial year		3,580	2,247
Cash and cash equivalents at end of financial year	13	6,120	3,580
Non cash financing transactions			
Hire purchase and finance lease liabilities raised		1,683	1,803
Issue of shares for dividend re-investment plan		1,178	1,380

PRO-PAC PACKAGING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR TO 30 JUNE 2015

	Issued capital \$ 000	Retained earnings \$ 000	Reserves \$ 000	Total equity \$ 000
Restated Consolidated				
Balance as at 1 July 2013	85,285	11,977	71	97,333
Profit after income tax expense for the year	-	5,807	-	5,807
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	5,807	-	5,807
Transactions with owners in their capacity as owners:				
Issue of shares for dividend re-investment plan	1,380	-	-	1,380
Recognition of share based payment	-	-	28	28
Vesting of ESPP shares	368	-	-	368
Shares issued under share placement	4,515	-	-	4,515
Dividends paid	-	(4,254)	-	(4,254)
At 30 June 2014	91,548	13,530	99	105,177
Consolidated				
Balance as at 1 July 2014	91,548	13,530	99	105,177
Profit after income tax expense for the year	-	5,842	-	5,842
Other comprehensive income for the year, net of tax	-	-	710	710
Total comprehensive income for the year	-	5,842	710	6,552
Transactions with owners in their capacity as owners:				
Issue of shares for dividend re-investment plan	1,178	-	-	1,178
Recognition of share based payment	-	-	21	21
Dividends paid	-	(4,533)	-	(4,533)
At 30 June 2015	92,726	14,839	830	108,395

PRO-PAC PACKAGING LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT

NOTE 1: EARNINGS PER SHARE

	Consolidated Year Ended 30 June 15 Cents	Restated Consolidated Year Ended 30 June 14 Cents
Basic earnings per share *	2.60	2.75
Diluted earnings per share *	2.56	2.73
Reconciliation of earnings used in calculation of earnings per share:		
	\$000's	\$000's
Profit after income tax	5,842	5,807
	<u> </u>	<u> </u>
	No. of Shares	No. of Shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	224,290,226	210,854,244
Weighted average number of ordinary shares used in the calculation of basic diluted earnings per share	228,125,721	212,967,211
	<u> </u>	<u> </u>
Number of ordinary shares on issue at year end (including ESPP shares)	229,073,257	226,693,758
	<u> </u>	<u> </u>

* The difference between basic and diluted shares on issue represents the PPG Executive Long Term Incentive Plan (ESPP) shares on issue which are treated as an option grant as well as options issued.

NOTE 2: DIVIDENDS

The Directors of Pro-Pac Packaging Limited have declared a final fully franked dividend of one and a half cents (1.5 c) per share in respect of the financial year ended 30 June 2015. When combined with the interim dividend of one cent (1.0 c) per share paid on 20 May 2015, this represents fully franked dividends of two cents (2.5 c) per share for the 2014/15 financial year.

NOTE 3: NET TANGIBLE ASSETS PER SECURITY

	Consolidated Year Ended 30 June 15 Cents	Restated Consolidated Year Ended 30 June 14 Cents
Net tangible assets per security – basic	15.68	15.02
	<u> </u>	<u> </u>
Net assets per security – basic	47.86	46.95
	<u> </u>	<u> </u>

PRO-PAC PACKAGING LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT

	Consolidated Year Ended 30 June 2015 \$000's	Restated Consolidated Year Ended 30 June 2014 \$000's
NOTE 4: TAXATION		
<i>a) Income Tax Expense:</i>	2,585	2,483
Income tax expense:		
Prima facie income tax expense calculated at 30% on the profit from ordinary activities	2,528	2,487
Increase / (decrease) in income tax expense due to:		
Difference in income tax rate of overseas entity and Australia	(2)	-
Other income not subject to tax net of expenditure not allowable for tax purposes	59	(4)
Income tax expense attributable to profit from ordinary activities	<u>2,585</u>	<u>2,483</u>
 <i>b) Current Tax Liabilities:</i>		
Income tax payable	-	564
 <i>c) Current Tax Assets:</i>		
Current tax asset	15	-
 <i>d) Non-Current Tax Assets:</i>		
Deferred tax asset	<u>2,520</u>	<u>2,376</u>
 NOTE 5: TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	37,626	34,784
Provision for impairment of receivables	(602)	(510)
	<u>37,024</u>	<u>34,274</u>
Other debtors	1,476	1,318
Total Current Receivables	<u>38,500</u>	<u>35,592</u>
 NOTE 6: INVENTORIES		
Current		
Raw materials and work in progress (lower of cost and net realisable value)	1,225	985
Finished goods (lower of cost and net realisable value)	31,168	33,250
Total Inventories	<u>32,393</u>	<u>34,235</u>

PRO-PAC PACKAGING LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT

	Consolidated Year Ended 30 June 2015 \$000's	Restated Consolidated Year Ended 30 June 2014 \$000's
Note 7: PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment		
At cost	31,749	29,273
Accumulated depreciation	(14,383)	(11,891)
Total plant and equipment	<u>17,366</u>	<u>17,382</u>
 Note 8: INTANGIBLE ASSETS		
Goodwill	<u>70,337</u>	<u>68,793</u>
 Reconciliation		
Carrying amount at beginning of the year	68,793	67,867
Acquisition of businesses	1,544	926
Total goodwill	<u>70,337</u>	<u>68,793</u>
 NOTE 9: PAYABLES		
Current		
Unsecured		
Trade payables	18,202	18,222
GST payable	716	741
Other tax payable	524	672
Sundry creditors and accruals	7,131	7,041
Contingent deferred payments to vendors for acquisitions	55	3,990
	<u>26,628</u>	<u>30,666</u>
 NOTE 10: PROVISIONS		
Current		
Employee entitlements	<u>3,973</u>	<u>3,705</u>
 Non-Current		
Make good provision	889	603
Employee entitlements	912	773
	<u>1,801</u>	<u>1,376</u>

PRO-PAC PACKAGING LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT

NOTE 11: ISSUED CAPITAL	Consolidated	Restated Consolidated
2015	Number	\$000's
Issued and Paid-Up Share Capital		
Fully paid ordinary shares:	229,073,257	92,726
	<u>229,073,257</u>	<u>92,726</u>
<i>Movements during the year:</i>		
Balance at beginning of year	226,693,758	91,548
Cancellation of shares for Executive Long Term Incentive Plan	(75,000)	-
Issue of shares for dividend re-investment plan	2,454,499	1,178
	<u>229,073,257</u>	<u>92,726</u>
2014		
Issued and Paid-Up Share Capital		
Fully paid ordinary shares:	226,693,758	91,548
	<u>226,693,758</u>	<u>91,548</u>
<i>Movements during the year:</i>		
Balance at beginning of year	211,257,804	85,285
Vesting of ESPP shares	-	368
Issue of shares for Executive Long Term Incentive Plan	2,150,000	-
Cancellation of shares for Executive Long Term Incentive Plan	(150,000)	-
Issue of shares	10,500,000	4,515
Issue of shares for dividend re-investment plan	2,935,954	1,380
	<u>226,693,758</u>	<u>91,548</u>
	Consolidated	Restated
	Year Ended	Consolidated
	30 June 2015	Year Ended
	\$000's	30 June 2014
		\$000's
NOTE 12: RETAINED PROFITS		
Retained profits at the beginning of the year	13,530	11,977
Net profit attributable to members of the company	5,842	5,807
Dividends paid	(4,533)	(4,254)
	<u>14,839</u>	<u>13,530</u>

PRO-PAC PACKAGING LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT

NOTE 13: NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of Cash

For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash Assets	6,120	3,580
	<u>6,120</u>	<u>3,580</u>

b) Reconciliation of profit from ordinary activities after income tax to the net cash provided by operating activities:

Profit from ordinary activities after income tax	5,842	5,807
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Add/(Less) non-cash items:

Depreciation and amortisation of plant and equipment	3,261	3,311
Amortisation of prepaid royalty	322	322
(Profit) / loss on disposal of assets	63	108
Movement in income tax provision	(579)	(62)
Movement in deferred tax assets & liabilities	(144)	(221)
Movement in provision for bad debts	92	183
Other non-cash movements	21	34

Changes in Assets and Liabilities:

Receivables	(1,546)	(3,831)
Inventories	2,884	(4,450)
Payables	(4,276)	3,418
Provisions	201	92
Prepayments	(737)	(273)
	<u>(1,574)</u>	<u>(4,954)</u>

Net cash flows from operating activities	5,404	4,438
	<u>5,404</u>	<u>4,438</u>

PRO-PAC PACKAGING LIMITED

NOTES TO THE PRELIMINARY FINAL REPORT

NOTE 14: CONTROLLED ENTITIES

a) Particulars in Relation to Controlled Entities

The consolidated entity includes the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity. All companies are incorporated in Australia except for PPG Services SDN BHD which is incorporated in Malaysia.

	Parent Company Interest Held
Direct Controlled Entities:	
Pro-Pac Group Pty Ltd	100%
Plastic Bottles Pty Ltd	100%
PPG Services SDN BHD	100%
Controlled Entities owned 100% by Pro-Pac Group Pty Ltd	
Pro-Pac Packaging (Aust) Pty Ltd	100%
Pro-Pac (GLP) Pty Ltd	100%
Controlled Entities owned 100% by Pro-Pac Packaging (Aust) Pty Ltd	
Pro-Pac Packaging Manufacturing (Syd) Pty Ltd	100%
Pro-Pac Packaging Manufacturing (Melb) Pty Ltd	100%
Pro-Pac Packaging Manufacturing (Bris) Pty Ltd	100%
Creative Packaging Pty Ltd	100%
Controlled Entities owned 100% by Plastic Bottles Pty Ltd	
Speciality Products and Dispensers Pty Ltd	100%
Australian Bottle Manufacturers Pty Ltd	100%
Ctech Closures Pty Ltd	100%
Bev-Cap Pty Ltd	100%
Controlled Entities owned 100% by Bev-Cap Pty Ltd	
Great Lakes Moulding Pty Ltd	100%
Finpact Pty Ltd	100%

NOTE 15: OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;

Types of products and services by segment

Industrial packaging

The Industrial packaging division manufactures, sources and distributes industrial packaging materials and related products and services. All products produced or distributed are aggregated as one reportable segment as the products are similar in nature and are distributed to similar types of customers. The industrial packaging segment also installs, supports and maintains packaging machines.

PRO-PAC PACKAGING LIMITED

NOTES TO THE PRELIMINARY FINAL REPORT

NOTE 15: OPERATING SEGMENTS (CONTINUED)

Rigid packaging

The Rigid packaging division manufactures, sources and distributes containers and closures and related products and services. All products produced or distributed are aggregated as one reportable segment as the products are similar in nature and are manufactured and distributed to similar types of customers.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. This price is re-set regularly and is usually based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation for the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

Segment Assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the assets role, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment Liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain borrowings.

Unallocated items

The following items of revenue, expenses, asset and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment: impairment of assets and other non-recurring revenue or expenses; income tax expense; deferred tax asset and liabilities; current tax liabilities; other financial liabilities; intangible assets.

PRO-PAC PACKAGING LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT

NOTE 15: OPERATING SEGMENTS (CONTINUED)

	Rigid packaging	Industrial packaging	Intersegment eliminations / unallocated	Total	Rigid packaging	Industrial packaging	Intersegment eliminations / unallocated	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
	2015	2015	2015	2015	2014	2014	2014	2014
(i) Segment performance								
12 month ended 30 June								
Revenue								
External sales	60,441	183,016	-	243,457	53,653	164,620	-	218,273
Inter-segment sales	8,594	7,648	(16,242)	-	9,247	8,989	(18,236)	-
Total segment revenue	69,035	190,664	(16,242)	243,457	62,900	173,609	(18,236)	218,273
EBITDA	7,454	10,077	(4,385)	13,146	6,372	9,424	(2,575)	13,221
Depreciation and amortisation	(1,618)	(1,736)	(229)	(3,583)	(1,577)	(1,883)	(173)	(3,633)
Interest revenue				83				74
Finance costs				(1,219)				(1,372)
Profit before income tax				8,427				8,290
Income tax expense				(2,585)				(2,483)
Profit after income tax				5,842				5,807
(ii) Segment assets								
As at 30 June								
Segment assets	47,437	117,297	-	164,734	46,601	113,308	-	159,909
<i>Reconciliation of segment assets to group assets</i>								
Inter -segment eliminations				(1,634)				(1,463)
Unallocated assets				8,702				6,942
* Deferred tax assets				2,520				2,379
* Other				6,182				4,563
Total group assets from continuing operations				171,802				165,388
(iii) Segment liabilities								
As at 30 June								
Segment liabilities	12,948	26,331	-	39,279	11,525	28,642	-	40,167
<i>Reconciliation of segment liabilities to group liabilities</i>								
Inter -segment eliminations				(1,722)				(1,538)
Unallocated liabilities				25,850				21,582
* Deferred tax liabilities				-				-
* Other liabilities				25,850				21,582
Total group liabilities from continuing operations				63,407				60,211

(iv) Pro-Pac Packaging Limited have an operation, PPG Services SDN BHD, which is a company incorporated in Malaysia. This company provides support services for all Group companies. The financial statements for this company are prepared under Malaysian Financial Reporting Standards, which are compliant with International Financial Reporting Standards

NOTE 16: AUDIT STATUS

This report is based on financial reports that are in the process of being audited.

NOTE 17: LONG TERM EXECUTIVE INCENTIVE PLAN

Under AIFRS, shares issued to executives under the Long Term Executive Incentive Plan are considered to be options granted. As such, the contributed equity (share capital) as well as the related receivable are not recognised on the statement of financial position and do not form part of the asset base in the calculation of the basic net assets and basic net tangible assets per security.

PRO-PAC PACKAGING LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT

NOTE 18: CONTINGENT LIABILITIES

As at balance sheet date, the company issued security deposit guarantees and standby letters of credits to the value of \$2,418,092 to the landlords of rented premises and overseas suppliers.

NOTE 19: CAPITAL EXPENDITURE COMMITMENTS

As at reporting date the company had no commitments for future capital expenditure.

NOTE 20: EVENTS SUBSEQUENT TO YEAR END

There were no events subsequent to year end.

NOTE 21: RESTATEMENT OF ACCOUNTS

The consolidated entity's financial statements for the year ended 30 June 2014 were restated to account for the understatement of duty payable on imported products and the make good provision for leased premises. The profit after income tax expense for the year ended 30 June 2014 was overstated by \$324,000. The comparative figures in the financial statements for the year ended 30 June 2015 and accompanying notes have been restated.