

PUBLIC PACKAGES HOLDINGS BERHAD
FIRST QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 31 MARCH 2014
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2014	31/03/2013	31/03/2014	31/3/2013
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Audited	Unaudited	Audited
REVENUE	35,170	32,719	35,170	32,719
OPERATING EXPENSES	(30,695)	(30,471)	(30,695)	(30,471)
OTHER INCOME	265	165	265	165
PROFIT FROM OPERATIONS	<u>4,740</u>	<u>2,413</u>	<u>4,740</u>	<u>2,413</u>
SHARE OF RESULTS OF JOINT VENTURE COMPANY	189	317	189	317
FINANCE COSTS	(650)	(600)	(650)	(600)
PROFIT BEFORE TAX	<u>4,279</u>	<u>2,130</u>	<u>4,279</u>	<u>2,130</u>
TAX EXPENSE	(641)	(607)	(641)	(607)
PROFIT AFTER TAX	<u>3,638</u>	<u>1,523</u>	<u>3,638</u>	<u>1,523</u>
OTHER COMPREHENSIVE INCOME:-				
Foreign currency translation differences for foreign operations	(9)	10	(9)	10
Fair value of available-for-sale financial assets	155	1	155	1
Total other comprehensive profit / (loss) for the period	<u>146</u>	<u>11</u>	<u>146</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>3,784</u>	<u>1,534</u>	<u>3,784</u>	<u>1,534</u>
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	<u>3.31</u>	<u>1.39</u>	<u>3.31</u>	<u>1.39</u>
- Diluted (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/03/2014 RM'000 Unaudited	As at 31/12/2013 RM'000 Audited
ASSETS		
Non Current Assets		
Property, Plant & Equipment	102,655	103,700
Investment Properties	17,381	17,275
Goodwill	675	675
Investment in a Joint Venture	13,326	15,637
AFS investments	571	416
	134,608	137,703
Current Assets		
Inventories	20,079	19,384
Trade and other receivables	41,182	39,945
Tax Recoverable	1,268	1,299
Short term funds with a licensed financial institution	15,936	14,365
Cash & Cash Equivalents	8,808	9,010
	87,273	84,003
TOTAL ASSETS	221,881	221,706
LIABILITIES		
Non Current Liabilities		
Borrowings	10,637	12,027
Deferred tax liabilities	11,133	11,486
	21,770	23,513
Current Liabilities		
Trade & Other Payables	11,730	12,832
Borrowings	40,553	41,315
Government Grants	18	20
	52,301	54,167
TOTAL LIABILITIES	74,071	77,680
EQUITY		
Share Capital	54,949	54,949
Reserves	92,861	89,077
Equity attributable to owners of the parent	147,810	144,026
Minority interest	-	-
TOTAL EQUITY	147,810	144,026
TOTAL EQUITY AND LIABILITIES	221,881	221,706
Net Assets per share attributable to owners of the parent (RM)	1.34	1.31

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31st December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	AFS Reserve RM'000	Foreign Translation Reserve RM'000	Retained Profit RM'000	Total RM'000
At 1 January 2013	54,949	1,295	386	203	108	76,690	133,631
Total comprehensive income/ (loss) for the period	-	-	-	1	10	1,523	1,534
At 31 March 2013	<u>54,949</u>	<u>1,295</u>	<u>386</u>	<u>204</u>	<u>118</u>	<u>78,213</u>	<u>135,165</u>
At 1 January 2014	54,949	1,295	386	226	255	86,915	144,026
Total comprehensive income/ (loss) for the period	-	-	-	155	(9)	3,638	3,784
At 31 March 2014	<u>54,949</u>	<u>1,295</u>	<u>386</u>	<u>381</u>	<u>246</u>	<u>90,553</u>	<u>147,810</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTHS ENDED	
	31/03/2014	31/03/2013
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	4,279	2,130
Adjustments for non-cash flow items:-		
Non-cash items	1,493	2,213
Non-operating items	357	259
Operating profit before changes in working capital	6,129	4,602
Changes in working capital		
Net changes in current assets	(2,088)	1,069
Net changes in current liabilities	(1,102)	(855)
Cash from operation	2,939	4,816
Dividend received	2,571	47
Interest paid	(650)	(600)
Tax paid	(995)	(907)
Tax refund	33	33
Net Cash Flows From Operating Activities	3,898	3,389
Investing Activities		
- Acquisition of property, plant and equipment	(447)	(4,706)
- Interest received	2	2
- Proceed from disposal of property, plant and equipment	74	2
Net Cash Flows Used In Investing Activities	(371)	(4,702)
Financing activities		
- Net of bank borrowings	(2,606)	1,669
Net Cash Flows (Used in) / From Financing Activities	(2,606)	1,669
Effects of exchange rate changes on cash & cash equivalents	(2)	-
Net Change In Cash & Cash Equivalents	919	356
Cash & Cash Equivalents At Beginning Of Year	19,434	12,702
Effects of exchange rate changes	(4)	(9)
Cash & Cash Equivalents At End Of Period	20,349	13,049

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31st December 2013 and the accompanying explanatory notes attached to the interim financial statements)

PUBLIC PACKAGES HOLDINGS BERHAD
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ENDED 31 MARCH 2014

NOTES TO THE INTERIM FINANCIAL REPORT

A1. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

This unaudited condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This unaudited condensed consolidated interim financial statement should read in conjunction with the audited financial statements for year ended 31 December 2013. The explanatory notes attached to the interim condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 December 2013.

A2. SIGNIFICANT ACCOUNTING POLICIES

The Group adopted the following new and amended FRS and IC Interpretations mandatory for annual periods beginning on or after 1 January 2014.

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

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

The adoption of the above Standards and Interpretations will have no significant impact on the financial statements of the Group upon their initial application.

A3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Effective for financial periods beginning on or after 1 July 2014

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

Effective date yet to be confirmed

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

A4. AUDITED ACCOUNTS

The auditor's report in respect of the financial statements of the Group for the financial year ended 31 December 2013 was not subject to any qualification.

A5. SEASONALITY & CYCLICALITY

The Group's manufacturing division generally experience an "up-down" cycle once a year, with low demand usually in the beginning of the year and will slowly pick up again during the period.

A6. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items for the current quarter under review.

A7. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATE

There were no changes in estimates of amounts reported, which have a material effect in the current quarter.

A8. DETAILS OF ISSUE, CANCELLATION, REPURCHASE, RESALE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There was no issuance, cancellations, repurchase, resale and repayment of debt and equity for the current quarter.

A9. DIVIDEND PAID

There was no dividend paid for the current quarter.

A10. SEGMENTAL INFORMATION

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

- (i) Investment
- (ii) Manufacturing
- (iii) Properties
- (iv) Trading

The segment information are as follow:-

	Trading RM'000	Manufacturing RM'000	Properties RM'000	Investment RM'000	Consol adjustment RM'000	Total RM'000
Results for the year ended 31 March 2014						
Revenue						
Total sales	11,371	34,809	349	3,024	(14,383)	35,170
Results						
Profit before tax	1,993	1,842	173	2,572	(2,301)	4,279
Tax expense						(641)
Profit attributable to owners of the parent						3,638
Assets						
Segment assets	25,201	140,542	20,807	114,162	(93,425)	207,287
Investment in a joint venture				13,326		13,326
Unallocated corporate assets						1,268
Total assets						221,881
Liabilities						
Segment liabilities	1,791	8,409	130	1,400	-	11,730
Unallocated corporate liabilities						62,341
Total liabilities						74,071
Results for the year ended 31 March 2013						
Revenue						
Total sales	7,483	35,092	296	499	(10,651)	32,719
Results						
Profit before tax	389	1,389	(24)	27	349	2,130
Tax expense						(607)
Profit attributable to owners of the parent						1,523
Assets						
Segment assets	17,889	138,619	11,797	106,885	(87,234)	187,956
Investment in a joint venture				15,129		15,129
Unallocated corporate assets						1,612
Total assets						204,697
Liabilities						
Segment liabilities	1,251	10,009	167	293	-	11,720
Unallocated corporate liabilities						57,812
Total liabilities						69,532

A11. CARRYING AMOUNT OF REVALUED ASSETS

The valuation of investment properties has been brought forward without any amendments from the previous Audited Financial Statement of the Group.

A12. SUBSEQUENT EVENTS

There was no material events subsequent to end of the current quarter under review.

A13. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group in the current quarter under review.

A14. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

As at 26 May 2014, the total contingent liabilities is RM101,033,900. This consists of corporate guarantees given by the Company to secure credit facilities granted to our investments.

A15. RELATED PARTY DISCLOSURE

The following table show the transactions which had been entered into with related parties:

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
Sales to related party				
- City Packaging Industry Sdn. Bhd.	10	17	10	17
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	63	62	63	62

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 Chiew Kang, Koay Teng Liang and Koay Teng Kheong, has substantial financial interest.

Fame Pack Holdings Sdn. Bhd. : A substantial shareholder of the Company and connected to Mr. Koay Chiew Poh.

The Directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

A16. CAPITAL COMMITMENTS

Capital commitments in respect of purchase of property, plant and equipment :-

RM '000

Authorised and contracted for

3,641

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS

	Jan-Mar 2014 RM'000	Jan-Mar 2013 RM'000	Oct-Dec 2013 RM'000
<i>Revenue</i>			
- Trading	10,273	7,096	12,145
- Manufacturing	24,633	25,387	25,605
- Properties	194	189	180
- Investment	70	47	116
Total	35,170	32,719	38,046
<i>Profit before tax</i>			
- Trading	2,054	434	1,398
- Manufacturing	2,333	1,867	2,023
- Properties	85	(63)	33
- Investment	(193)	(108)	(476)
Total	4,279	2,130	2,978

a) *Comparison with corresponding period in previous year*

The Group recorded a revenue of RM35.170mil and a profit before tax of RM4.279mil in the current quarter ended 31 Mar 2014. The revenue was increased by RM2.451mil or 7.49% compared with preceeding year corresponding quarter. Besides, profit before tax was increased by RM2.149mil or 100.89% when compared with profit before tax of RM2.130mil in the preceeding year corresponding quarter.

Manufacturing

For manufacturing, the revenue for current quarter was decreased by RM0.754mil or 2.97% as compared to corresponding period in previous year. The decrease in sales volume was due to slow in market demand. However, the profit before tax for the current quarter was increased by RM0.466mil or 24.96% compared to corresponding period in previous year. The increase in bottom line of manufacturing division was mainly attributable from more favourable mix, improvement in operating efficiency and wastage control.

Trading

The revenue for current quarter increased by RM3.177mil or 44.77% as compared to corresponding period in previous year. The profit before tax for trading division was also increase from RM0.434mil to RM2.054mil in previous corresponding quarter, which was increased by RM1.620mil or 373.27%. The increase mainly due to steady outsource from existing customers.

Investment

Loss before tax of investment division was slightly increased from RM0.108mil become RM0.193mil which was RM0.085mil or 78.70% when compared to corresponding period in previous year. The increase in loss before tax was mainly due to decrease in share of profit from jointly controlled entities of RM0.128mil when compared to profit of RM0.317mil in corresponding period in previous year.

Properties

Properties division recorded a profit of RM0.085mil compare to loss of RM0.063mil in corresponding preceeding year, which is increased by RM0.148mil or 234.92%. The increase in profit before taxation was mainly due to decrease in operational and other costs.

b) *Comparison with preceeding quarter*

For the quarter under review, the Group recorded a revenue of RM35.170mil as compared to revenue of RM38.046mil in the immediate preceeding quarter, showing decrease of RM2.876mil. Contrary to the drop in revenue, the Group profit before taxation has surged to RM4.279mil from RM2.130mil in immediate preceeding quarter. The increase in profitability was mainly due to the reasons as disclosed above.

B2. EXPLANATORY NOTES ON VARIANCE WITH PROFIT FORECASTS AND/OR PROFIT GUARANTEE

The Group did not issue any profit forecast and/or profit guarantee to the public during the current financial period.

B3. TAX EXPENSE

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
Profit before tax	4,279	2,130	4,279	2,130
Current year taxation :-				
Income tax	994	689	994	689
Deferred tax	(353)	(82)	(353)	(82)
	641	607	641	607

Income tax is calculated at Malaysia statutory tax rate of 25% of the estimated assessable profit for the period.

The Malaysian Budget 2014 announced on 25 October 2013 reduces corporate income tax rate from 25% to 24% with effect from year assessment 2016. Consequently, deferred tax assets and liabilities are measured using this tax rate.

The Group's effective tax rate is lower than statutory tax rate mainly due to reinvestment allowance as well as effects of changes in tax rates in different countries.

B4. STATUS OF CORPORATE PROPOSALS

There is no corporate proposal announced but not completed as at the date of this report.

B5. BANK BORROWINGS AND DEBT SECURITIES

	Unsecured RM'000
Current	40,553
Non-current	10,637
	<u>51,190</u>

B6. MATERIAL LITIGATION

There is no pending material litigation at the date of issuance of this report.

B7. DIVIDENDS

The Board of Directors does not recommend any dividend payment for the period under review.

B8. EARNING PER SHARE

The basic earnings per share is calculated by dividing the net profit for the period by weighted average number of ordinary shares in issue during period.

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	Net profit for the period (RM'000)	3,638	1,523	3,638
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	3.31	1.39	3.31	1.39
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

There is no diluted earning per share as the company does not have any convertible financial instruments in issue.

B9. PROFIT BEFORE TAXATION

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
a) After Charging				
Depreciation	1,346	1,233	1,346	1,233
Impairment loss on receivables	149	182	149	182
Interest expense	650	600	650	600
Property, plant & equipment written off	8	-	8	-
Realised loss on foreign exchange	115	51	115	51
Rental of equipment and machinery	21	5	21	5
Rental of premises	177	170	177	170
b) After Crediting				
Interest income	2	1	2	1
Gain on disposal of property, plant and equipment	14	2	14	2
Lease rental income	50	63	50	63
Realised gain on foreign exchange	32	16	32	16
Rental income	203	198	203	198
Dividend income	71	47	71	47

Other than above items, there were no impairment of assets, provision and write off of inventories, gain or loss on disposal of quoted and unquoted investments or properties, gain or loss on derivatives and exceptional items for the current quarter and financial year ended 31 December 2013.

* represents RM1

B10. REALISED AND UNREALISED RETAINED EARNING

	GROUP	
	31/03/2014	31/03/2013
	RM'000	RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries		
- Realised	107,792	92,555
- Unrealised	(11,133)	(10,785)
	96,659	81,770
Total share of retained earning from a joint venture:		
- Realised	4,152	5,817
	100,811	87,587
Less: Consolidation adjustments	(10,258)	(9,374)
Total retained earning	90,553	78,213

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31/03/2014 RM'000	CORRESPONDING QUARTER ENDED 31/03/2013 RM'000	CURRENT YEAR TO DATE ENDED 31/03/2014 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/03/2013 RM'000
1. Revenue	35,170	32,719	35,170	32,719
2. Profit / (loss) before tax	4,279	2,130	4,279	2,130
3. Profit / (loss) for the period	3,638	1,523	3,638	1,523
4. Profit / (loss) attributable to ordinary equity holders of the parent	3,638	1,523	3,638	1,523
5. Basic earnings / (loss) per share (sen)	3.31	1.39	3.31	1.39
6. Proposed / declared dividend per share (sen)	-	-	-	-
	As at end of current quarter		As at preceding financial year end	
7. Net assets per share attributable to ordinary equity of the parent (RM)		1.34		1.31

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31/03/2014 RM'000	CORRESPONDING QUARTER ENDED 31/03/2013 RM'000	CURRENT YEAR TO DATE ENDED 31/03/2014 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/03/2013 RM'000
1. Profit from the operation	4,740	2,413	4,740	2,413
2. Gross interest income	2	1	2	1
3. Gross interest expenses	650	600	650	600