

PUBLIC PACKAGES HOLDINGS BERHAD
FORTH QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2013
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Audited	Unaudited	Audited
REVENUE	38,046	34,032	145,120	139,568
OPERATING EXPENSES	(34,484)	(31,280)	(129,381)	(125,120)
OTHER INCOME	184	203	875	5,117
PROFIT FROM OPERATIONS	<u>3,746</u>	<u>2,955</u>	<u>16,614</u>	<u>19,565</u>
SHARE OF RESULTS OF JOINT VENTURE COMPANY	(102)	420	825	917
FINANCE COSTS	(666)	(625)	(2,505)	(2,446)
PROFIT BEFORE TAX	<u>2,978</u>	<u>2,750</u>	<u>14,934</u>	<u>18,036</u>
TAX EXPENSE	(1,269)	(782)	(4,709)	(3,818)
PROFIT AFTER TAX	<u>1,709</u>	<u>1,968</u>	<u>10,225</u>	<u>14,218</u>
OTHER COMPREHENSIVE INCOME:-				
Foreign currency translation differences for foreign operations	2	(18)	147	107
Fair value of available-for-sale financial assets	12	(90)	22	(5)
Total other comprehensive profit / (loss) for the period/year	<u>14</u>	<u>(108)</u>	<u>169</u>	<u>102</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>1,723</u>	<u>1,860</u>	<u>10,394</u>	<u>14,320</u>
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	<u>1.55</u>	<u>1.79</u>	<u>9.30</u>	<u>12.94</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 2012 and the accompanying explanatory notes attached to the interim financial statements)

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ENDED 31 DECEMBER 2013
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/12/2013 RM'000 Unaudited	As at 31/12/2012 RM'000 Audited
ASSETS		
Non Current Assets		
Property, Plant & Equipment	104,821	81,540
Investment Properties	16,153	12,567
Goodwill	675	675
Investments in Joint Venture	15,637	14,812
AFS investments	416	393
Development Properties	-	20,218
	137,702	130,205
Current Assets		
Inventories	19,384	19,343
Trade and other receivables	39,945	35,707
Tax Recoverable	1,299	1,424
Short term funds with a licensed financial institution	14,365	6,610
Cash & Cash Equivalents	9,010	12,106
	84,003	75,190
TOTAL ASSETS	221,705	205,395
LIABILITIES		
Non Current Liabilities		
Borrowings	12,027	8,655
Deferred tax liabilities	11,486	10,528
	23,513	19,183
Current Liabilities		
Trade & Other Payables	12,832	12,578
Borrowings	41,315	39,974
Government Grants	20	29
	54,167	52,581
TOTAL LIABILITIES	77,680	71,764
EQUITY		
Share Capital	54,949	54,949
Reserves	89,076	78,682
Equity attributable to owners of the parent	144,025	133,631
Minority interest	-	-
TOTAL EQUITY	144,025	133,631
TOTAL EQUITY AND LIABILITIES	221,705	205,395
Net Assets per share attributable to owners of the parent (RM)	1.31	1.22

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31st December 2012 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 2012	54,949	1,295	386	208	1	62,472	119,311
Total comprehensive income/ (loss) for the year	-	-	-	(5)	107	14,218	14,320
At 31 December 2012	<u>54,949</u>	<u>1,295</u>	<u>386</u>	<u>203</u>	<u>108</u>	<u>76,690</u>	<u>133,631</u>
At 1 January 2013	54,949	1,295	386	203	108	76,690	133,631
Total comprehensive income/ (loss) for the year	-	-	-	22	147	10,225	10,394
At 31 December 2013	<u>54,949</u>	<u>1,295</u>	<u>386</u>	<u>225</u>	<u>255</u>	<u>86,915</u>	<u>144,025</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 2012 and the accompanying explanatory notes attached to the interim financial statements)

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ENDED 31 DECEMBER 2013
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 MONTHS ENDED	
	31/12/2013	31/12/2012
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	14,934	18,036
Adjustments for non-cash flow items:-		
Non-cash items	5,501	4,414
Non-operating items	1,196	(203)
Operating profit before changes in working capital	21,631	22,247
Changes in working capital		
Net changes in current assets	(4,411)	4,464
Net changes in current liabilities	247	(1,079)
Cash from operation	17,467	25,632
Dividend received	333	9
Interest paid	(2,505)	(2,446)
Tax paid	(3,670)	(4,716)
Tax refund	33	526
Net Cash Flows From Operating Activities	11,658	19,005
Investing Activities		
- Acquisition of property, plant and equipment	(11,948)	(3,038)
- (Placement) / Withdrawal of fixed deposits	(1,807)	12
- Interest received	12	520
- Increase in land held for development	-	(43)
- Proceed from disposal of investment	-	86
- Proceed from disposal of property, plant and equipment	12	-
Net Cash Flows Used In Investing Activities	(13,731)	(2,463)
Financing activities		
- Net of bank borrowings	6,786	(9,255)
Net Cash Flows From / (Used in) Financing Activities	6,786	(9,255)
Effects of exchange rate changes on cash & cash equivalents	146	13
Net Change In Cash & Cash Equivalents	4,859	7,300
Cash & Cash Equivalents At Beginning Of Year	12,702	5,363
Effects of exchange rate changes	66	39
Cash & Cash Equivalents At End Of Year	17,627	12,702

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31st December 2012 and the accompanying explanatory notes attached to the interim financial statements)

PUBLIC PACKAGES HOLDINGS BERHAD
FORTH QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2013

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 2012. 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 2012.

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 2013.

Effective for financial periods beginning on or after 1 July 2012

Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
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Effective for financial periods beginning on or after 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
IC Interpretation 20	Stripping Costs in the Production of A Surface Mine
Amendments to MFRS 1	First-time Adoption of MFRS - Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance

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

Amendments to MFRS 10, 12 & 127	Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendments to MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015

A4. AUDITED ACCOUNTS

The auditor's report in respect of the financial statements of the Group for the financial year ended 31 December 2012 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 year.

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

There were no unusual items for the current quarter under review and year ended 31 December 2013.

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 and year ended 31 December 2013.

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 and year ended 31 December 2013.

A9. DIVIDEND PAID

There was no dividend paid for the current quarter and year ended 31 December 2013.

A10. SEGMENTAL INFORMATION

All 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 December 2013						
Revenue						
Total sales	43,555	151,231	1,191	7,547	(58,404)	145,120
Results						
Profit before tax	4,199	9,934	327	5,608	(5,134)	14,934
Tax expense						(4,709)
Profit attributable to owners of the parent						10,225
Assets						
Segment assets	24,584	144,075	20,828	110,520	(95,238)	204,769
Investment in joint venture				15,637		15,637
Unallocated corporate assets						1,299
Total assets						221,705
Liabilities						
Segment liabilities	2,058	10,515	132	127	-	12,832
Unallocated corporate liabilities						64,848
Total liabilities						77,680
Results for the year ended 31 December 2012						
Revenue						
Total sales	34,872	150,733	1,000	10,858	(57,895)	139,568
Results						
Profit before tax	3,613	10,133	3,460	9,031	(8,201)	18,036
Tax expense						(3,818)
Profit attributable to owners of the parent						14,218
Assets						
Segment assets	15,042	145,596	9,917	99,225	(80,621)	189,159
Investment in joint venture				14,812		14,812
Unallocated corporate assets						1,424
Total assets						205,395
Liabilities						
Segment liabilities	1,240	10,921	247	170	-	12,578
Unallocated corporate liabilities						59,186
Total liabilities						71,764

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 financial year end.

A13. CHANGES IN THE COMPOSITION OF THE GROUP

On 24 December 2013, Top Matrix Portfolio Sdn. Bhd., an indirect subsidiary had been successfully struck off and dissolved following the publication of the notice of striking off pursuant to Section 308(4).

A14. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

As at 24 Feb 2014, the total contingent liabilities is RM99,486,458. 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		12 MONTHS ENDED	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
Sales to related party				
- City Packaging Industry Sdn. Bhd.	19	10	65	43
Purchases from related party				
- PPH Multimedia Network Sdn. Bhd.	-	-	-	2
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	63	62	250	248

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

The transactions above has been approved by the shareholders in the previous Annual General Meeting. All the terms and conditions for the above transactions are based on normal commercial terms.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS

	Oct-Dec 2013	Jul-Sep 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Revenue</i>					
- Trading	12,145	9,733	8,334	39,338	33,598
- Manufacturing	25,605	27,370	25,539	104,774	105,376
- Properties	180	184	141	705	570
- Investment	116	74	18	303	24
Total	38,046	37,361	34,032	145,120	139,568
<i>Profit before tax</i>					
- Trading	1,398	1,307	847	4,401	3,699
- Manufacturing	2,023	4,346	2,041	11,223	11,922
- Properties	33	129	(109)	113	3,302
- Investment	(476)	(255)	(29)	(803)	(887)
Total	2,978	5,527	2,750	14,934	18,036

a) *Comparison with corresponding period in previous year*

The Group recorded a revenue of RM38.046mil and a profit before tax of RM2.978mil in the current quarter ended 31 Dec 2013. The revenue was increased by RM4.014mil or 11.79% compared with preceeding year corresponding quarter. Besides, profit before tax was increased by RM0.228mil or 8.29% when compared with profit before tax of RM2.750mil in the preceeding year corresponding quarter.

Manufacturing

For manufacturing, the revenue for current quarter was slightly increased by RM 0.066mil or 0.26% as compared to corresponding period in previous year. The increase in sales volume was due to increase in market demand. However, the profit before tax for the current quarter was slightly decreased by RM0.018mil or 0.88% compared to corresponding period in previous year. The decrease in bottom line of manufacturing division was mainly due to increase in manufacturing and operating cost.

Trading

The revenue for current quarter increased by RM3.811mil or 45.73% as compared to corresponding period in previous year. The profit before tax for trading division was also increase from RM0.847mil to RM1.398mil in previous corresponding quarter, which was increased by RM0.551mil or 65.05%. The increase mainly due to lower material cost and operating cost.

Investment

Loss before tax of investment division was increased from RM0.029mil become RM0.476mil which was RM0.447mil or 1541.38% 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 RM0.522mil when compared to profit of RM0.420mil in corresponding period in previous year.

Properties

Properties division recorded a profit of RM0.033mil compare to loss of RM1.09mil in corresponding preceeding year, which is increased by RM0.142mil or 130.28%. 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 RM38.046mil and a profit before tax of RM2.978mil as compared to revenue of RM37.361mil and a profit before tax of RM5.527mil in the immediate preceeding quarter, showing increase of RM0.685mil or 1.83% and decrease of RM2.549mil or 46.12% respectively. The reduction 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 year.

B3. TAX EXPENSE

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
Profit before tax	2,978	2,750	14,934	18,036
Current year taxation :-				
Income tax	616	1,620	3,752	3,187
Deferred tax	653	(82)	957	(151)
	<u>1,269</u>	<u>1,538</u>	<u>4,709</u>	<u>3,036</u>

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

The Group's effective tax rate for the year is above the statutory tax rate of 25% in Malaysia mainly due to certain non-allowable expenses.

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	41,315
Non-current	<u>12,027</u>
	<u>53,342</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 financial year end.

B8. EARNING PER SHARE

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Net profit for the period/year (RM'000)	1,709	1,968	10,225	14,218
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	<u>1.55</u>	<u>1.79</u>	<u>9.30</u>	<u>12.94</u>
Diluted earnings per share (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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		12 MONTHS ENDED	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
a) After Charging				
Bad debts written off	*	6	12	6
Depreciation	1,410	1,349	5,315	5,215
Impairment loss on receivables	-	-	182	-
Loss in disposal of property, plant & equipment	-	7	-	13
Loss on foreign exchange - realised	60	138	283	176
Loss on foreign exchange - unrealised	1	84	1	120
Interest expense	666	625	2,505	2,446
Property, plant & equipment written off	-	78	*	78
Rental of equipment and machinery	21	2	83	13
Rental of premises	163	189	742	825
b) After Crediting				
Bad Debt Recovery	-	55	-	807
Fair value adjustment on properties	-	-	-	3,747
Interest income	5	3	12	19
Gain on foreign exchange - realised	35	(1)	296	28
Gain on foreign exchange - unrealised	41	-	99	-
Gain on disposal of property, plant and equipment	23	13	25	86
Lease rental income	58	63	239	254
Rental income	190	155	742	612
Dividend income	126	83	333	95

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	
	31/12/2013	31/12/2012
	RM'000	RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries		
- Realised	102,542	91,462
- Unrealised	(11,822)	(10,867)
	90,720	80,595
Total share of retained earning from joint ventures:		
- Realised	6,463	5,638
	97,183	86,233
Less: Consolidation adjustments	(10,268)	(9,543)
Total retained earning	86,915	76,690

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 31/12/2013 RM'000	CORRESPONDING QUARTER ENDED 31/12/2012 RM'000	CURRENT YEAR TO DATE ENDED 31/12/2013 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/12/2012 RM'000
1. Revenue	38,046	34,032	145,120	139,568
2. Profit / (loss) before tax	2,978	2,750	14,934	18,036
3. Profit / (loss) for the period	1,709	1,968	10,225	14,218
4. Profit / (loss) attributable to ordinary equity holders of the parent	1,709	1,968	10,225	14,218
5. Basic earnings / (loss) per share (sen)	1.55	1.79	9.30	12.94
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)		1.31		1.22

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31/12/2013 RM'000	CORRESPONDING QUARTER ENDED 31/12/2012 RM'000	CURRENT YEAR TO DATE ENDED 31/12/2013 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/12/2012 RM'000
1. Profit from the operation	3,746	2,955	16,614	19,565
2. Gross interest income	5	3	12	19
3. Gross interest expenses	666	625	2,505	2,446