

PUBLIC PACKAGES HOLDINGS BERHAD
FORTH QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Audited	Unaudited	Audited
REVENUE	40,552	38,046	153,507	145,120
OPERATING EXPENSES	(36,490)	(34,484)	(136,531)	(129,381)
OTHER INCOME	1,006	184	1,209	875
PROFIT FROM OPERATIONS	5,068	3,746	18,185	16,614
SHARE OF RESULTS OF A JOINT VENTURE	333	(102)	753	825
FINANCE COSTS	(705)	(666)	(2,694)	(2,505)
PROFIT BEFORE TAX	4,696	2,978	16,244	14,934
TAX EXPENSE	(798)	(1,269)	(3,873)	(4,709)
PROFIT FOR THE PERIOD/YEAR	3,898	1,709	12,371	10,225
OTHER COMPREHENSIVE INCOME, NET OF TAX:-				
Foreign currency translation differences for foreign operations	187	2	137	147
Fair value adjustment on available-for-sale financial assets	(42)	12	107	23
Total other comprehensive income for the period/year	145	14	244	170
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR, ATTRIBUTABLE TO OWNERS OF THE PARENT	4,043	1,723	12,615	10,395
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	3.55	1.55	11.26	9.30
- Diluted (sen)	N/A	N/A	N/A	N/A

(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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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/12/2014 RM'000 Unaudited	As at 31/12/2013 RM'000 Audited
ASSETS		
Non Current Assets		
Property, Plant & Equipment	107,425	103,700
Investment Properties	17,275	17,275
Goodwill	675	675
Investment in a Joint Venture	13,889	15,637
AFS investments	524	416
	139,788	137,703
Current Assets		
Inventories	19,116	19,384
Trade and other receivables	43,011	39,945
Tax Recoverable	813	1,299
Short term funds with a licensed financial institution	19,442	14,365
Cash & Cash Equivalents	12,587	9,010
	94,969	84,003
TOTAL ASSETS	234,757	221,706
LIABILITIES		
Non Current Liabilities		
Borrowings	15,637	12,027
Deferred tax liabilities	11,242	11,486
	26,879	23,513
Current Liabilities		
Trade & Other Payables	12,184	12,832
Borrowings	39,041	41,315
Government Grant	12	20
	51,237	54,167
TOTAL LIABILITIES	78,116	77,680
EQUITY		
Share Capital	54,949	54,949
Reserves	101,692	89,077
Equity attributable to owners of the parent	156,641	144,026
Minority interest	-	-
TOTAL EQUITY	156,641	144,026
TOTAL EQUITY AND LIABILITIES	234,757	221,706
Net Assets per share attributable to owners of the parent (RM)	1.43	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 Profits RM'000	Total RM'000
At 1 January 2013	54,949	1,295	386	203	108	76,690	133,631
Total comprehensive income for the year	-	-	-	23	147	10,225	10,395
At 31 December 2013	54,949	1,295	386	226	255	86,915	144,026
At 1 January 2014	54,949	1,295	386	226	255	86,915	144,026
Total comprehensive income for the year	-	-	-	107	137	12,371	12,615
At 31 December 2014	54,949	1,295	386	333	392	99,286	156,641

(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

	12 MONTHS ENDED	
	31/12/2014	31/12/2013
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	16,244	14,934
Adjustments for non-cash flow items:-		
Non-cash items	6,350	5,501
Non-operating items	3,531	1,196
Operating profit before changes in working capital	26,125	21,631
Changes in working capital		
Net changes in current assets	(2,862)	(4,411)
Net changes in current liabilities	(659)	247
Cash from operation	22,604	17,467
Dividend received	541	333
Interest paid	(2,694)	(2,505)
Tax paid	(4,872)	(3,670)
Tax refund	1,231	33
Net Cash Flows From Operating Activities	16,810	11,658
Investing Activities		
- Acquisition of property, plant and equipment	(12,374)	(11,948)
- Dividend received	53	-
- Interest received	13	12
- Proceed from disposal of property, plant and equipment	2,773	12
Net Cash Flows Used In Investing Activities	(9,535)	(11,924)
Financing activities		
- Net of bank borrowings	1,996	6,786
Net Cash Flows From Financing Activities	1,996	6,786
Effects of exchange rate changes on cash & cash equivalents	(8)	146
Net Change In Cash & Cash Equivalents	9,263	6,666
Cash & Cash Equivalents At Beginning Of Year	19,434	12,702
Effects of exchange rate changes	50	66
Cash & Cash Equivalents At End Of Year	28,747	19,434

(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
FORTH QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 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 Statements, Disclosure of Interests in Other Entities and Separated Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting

Effective for financial periods beginning on or after 1 July 2014

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

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 January 2016

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 116 and MFRS 138	Classification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 11	Accounting for Acquisition of Interest in Joint Operations
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants

Effective for financial periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers
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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

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

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 year.

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 and year ended 31 December 2014.

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 2014.

A9. DIVIDEND PAID

There was no dividend paid for the current quarter and year ended 31 December 2014.

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 adjustments RM'000	Total RM'000
Results for the year ended 31 December 2014						
Revenue						
Total sales	11,557	188,978	1,422	8,884	(57,334)	153,507
Results						
Profit before tax	2,444	12,896	504	6,303	(5,903)	16,244
Tax expense						(3,873)
Profit attributable to owners of the parent						12,371
Assets						
Segment assets	8,514	168,624	20,576	115,561	(93,220)	220,055
Investment in a joint venture				13,889		13,889
Unallocated corporate assets						813
Total assets						234,757
Liabilities						
Segment liabilities	300	11,596	140	148	-	12,184
Unallocated corporate liabilities						65,932
Total liabilities						78,116
Results for the year ended 31 December 2013						
Revenue						
Total sales	12,199	182,587	1,191	7,547	(58,404)	145,120
Results						
Profit before tax	2,219	11,914	327	5,608	(5,134)	14,934
Tax expense						(4,709)
Profit attributable to owners of the parent						10,225
Assets						
Segment assets	8,937	159,722	20,828	110,520	(95,237)	204,770
Investment in a joint venture				15,637		15,637
Unallocated corporate assets						1,299
Total assets						221,706
Liabilities						
Segment liabilities	313	12,260	132	127	-	12,832
Unallocated corporate liabilities						64,848
Total liabilities						77,680

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

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 23 February 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		12 MONTHS ENDED	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Sales to related parties				
- City Packaging Industry Sdn. Bhd.	8	19	40	65
- Tompac Industrial Sdn. Bhd.	-	-	81	-
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	63	63	251	250
- Koay Teng Liang	13	-	18	-
Rental of equipment				
- Koay Boon Pee Holding Sdn. Bhd.	9	-	27	-

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.
Tompac Industrial Sdn. Bhd.	:	A company wholly-owned by PPH Teckwah Value Chain Sdn. Bhd.
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 connected to Koay Chiew Poh, Koay Chiew Kang and Koay Chue Beng.

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

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS

	Jul-Sep 2014	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Revenue</i>					
- Trading	2,329	3,413	4,608	11,552	12,195
- Manufacturing	34,347	36,763	33,142	140,643	131,917
- Properties	199	199	180	800	705
- Investment	139	177	116	512	303
Total	37,014	40,552	38,046	153,507	145,120
<i>Profit before tax</i>					
- Trading	480	924	1,330	2,458	2,283
- Manufacturing	2,484	3,752	2,091	14,298	13,341
- Properties	45	13	33	154	113
- Investment	(213)	7	(476)	(666)	(803)
Total	2,796	4,696	2,978	16,244	14,934

a) Comparison with corresponding period in previous year

The Group recorded a revenue of RM40.552mil and a profit before tax of RM4.696mil in the current quarter ended 31 Dec 2014. The revenue was slightly increased by RM2.506mil or 6.59% compared with preceding year corresponding quarter. Besides, profit before tax was increased by RM1.718mil or 57.69% when compared with profit before tax of RM2.978mil in the preceding year corresponding quarter.

Manufacturing

For manufacturing, the revenue for current quarter was increased by RM3.621mil or 10.93% as compared to corresponding period in previous year. The increase in sales volume was due to higher market demand. Besides, the profit before tax for the current quarter was increased by RM1.661mil or 79.44% compared to corresponding period in previous year. The increase in bottom line of manufacturing division was mainly due to decrease in manufacturing and operating cost.

Trading

The revenue for current quarter decreased by RM1.195mil or 25.93% as compared to corresponding period in previous year. The profit before tax for trading division was also decreased from RM1.330mil to RM0.924mil in previous corresponding quarter, which was decreased by RM0.406mil or 30.53%. The decrease mainly due to lower market demand.

Properties

Properties division recorded a profit of RM0.013mil compare to RM0.033mil in corresponding preceding year, which is decreased by RM0.020mil or 60.61%. The decrease in profit before taxation was mainly due to increase in operational and other costs.

Investment

Investment division recorded a revenue of RM0.007mil as compared to loss of RM0.476mil in corresponding preceding year, which is increased by RM0.483mil. The decrease in loss before tax was mainly due to share of profit from jointly controlled entities amounting to RM0.333mil when compared to a loss of RM0.102mil in corresponding period in previous year.

b) Comparison with preceding quarter

For the quarter under review, the Group recorded a revenue of RM40.552mil and a profit before tax of RM4.696mil as compared to revenue of RM37.014mil and profit before tax of RM2.796mil in the immediate preceding quarter, showing increase of RM3.538mil or 9.56% and increase of RM1.900mil or 67.95%. 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/year.

B3. TAX EXPENSE

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Profit before tax	4,696	2,978	16,244	14,934
Current year taxation :-				
Income tax	969	616	4,087	3,752
Deferred tax	(171)	653	(214)	957
	<u>798</u>	<u>1,269</u>	<u>3,873</u>	<u>4,709</u>

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

The effective tax rate of the Group for year ended 31 December 2014 is lower than statutory tax rate of 25% as a subsidiary company has been granted reinvestment allowance.

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.

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	39,041
Non-current	<u>15,637</u>
	<u>54,678</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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Net profit for the period/year (RM'000)	3,898	1,709	12,371	10,225
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	<u>3.55</u>	<u>1.55</u>	<u>11.26</u>	<u>9.30</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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
a) After Charging				
Bad debts written off	9	*	13	12
Depreciation	1,607	1,410	6,211	5,315
Impairment loss on receivables	-	-	149	182
Loss on foreign exchange - unrealised	18	1	53	1
Loss on foreign exchange - realised	26	60	382	283
Interest expense	705	666	2,694	2,505
Property, plant & equipment written off	1	-	10	*
Rental of equipment and machinery	35	21	104	83
Rental of premises	229	163	728	742
b) After Crediting				
Bad Debts Recovered	12	-	12	-
Interest income	6	2	13	12
Gain on foreign exchange - unrealised	242	41	242	99
Gain on foreign exchange - realised	363	35	491	296
Gain on disposal of property, plant and equipment	259	23	330	25
Lease rental income	59	58	234	239
Rental income	218	190	847	742
Dividend income	217	126	594	333

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 2014.

* represents RM 1

B10. COMPARATIVE FIGURES

During year 2014, part of revenue was reclassified from trading to manufacturing due to a change of the nature of business in a subsidiary company. The change in classification did not change the total revenue reported in any period. The Group's manufacturing and trading revenue and profit before taxation for the corresponding periods has been recast to conform with this reclassification of revenue.

	As Previously Reported RM'000	Reclassification RM'000	As Restated RM'000
Oct - Dec 2013			
Revenue			
Trading	12,145	(7,537)	4,608
Manufacturing	25,605	7,537	33,142
Profit Before Taxation			
Trading	1,398	(68)	1,330
Manufacturing	2,023	68	2,091
Jan - Dec 2013			
Revenue			
Trading	39,338	(27,143)	12,195
Manufacturing	104,774	27,143	131,917
Profit Before Taxation			
Trading	4,401	(2,118)	2,283
Manufacturing	11,223	2,118	13,341

B11. REALISED AND UNREALISED RETAINED EARNING

	GROUP	
	31/12/2014	31/12/2013
	RM'000	RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries		
- Realised	115,779	102,542
- Unrealised	(11,242)	(11,822)
	<u>104,537</u>	<u>90,720</u>
Total share of retained earning from a joint venture:		
- Realised	4,715	6,463
	<u>109,252</u>	<u>97,183</u>
Less: Consolidation adjustments	(9,966)	(10,268)
Total retained earning	<u>99,286</u>	<u>86,915</u>

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 31/12/2014 RM'000	CORRESPONDING QUARTER ENDED 31/12/2013 RM'000	CURRENT YEAR TO DATE ENDED 31/12/2014 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/12/2013 RM'000
1. Revenue	40,552	38,046	153,507	145,120
2. Profit / (loss) before tax	4,696	2,978	16,244	14,934
3. Profit / (loss) for the period	3,898	1,709	12,371	10,225
4. Profit / (loss) attributable to ordinary equity holders of the parent	3,898	1,709	12,371	10,225
5. Basic earnings / (loss) per share (sen)	3.55	1.55	11.26	9.30
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)		1.43		1.31

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31/12/2014 RM'000	CORRESPONDING QUARTER ENDED 31/12/2013 RM'000	CURRENT YEAR TO DATE ENDED 31/12/2014 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/12/2013 RM'000
1. Profit from the operation	5,068	3,746	18,185	16,614
2. Gross interest income	6	2	13	12
3. Gross interest expenses	705	666	2,694	2,505