

PUBLIC PACKAGES HOLDINGS BERHAD
FIRST QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 31 MARCH 2017
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
REVENUE	41,885	40,062	41,885	40,062
OPERATING EXPENSES	(35,670)	(33,810)	(35,670)	(33,810)
OTHER INCOME	405	(141)	405	(141)
PROFIT FROM OPERATIONS	6,620	6,111	6,620	6,111
SHARE OF RESULTS OF JOINT VENTURES	106	137	106	137
FINANCE COSTS	(623)	(599)	(623)	(599)
PROFIT BEFORE TAX	6,103	5,649	6,103	5,649
TAX EXPENSE	(792)	(1,677)	(792)	(1,677)
PROFIT FOR THE PERIOD	5,311	3,972	5,311	3,972
OTHER COMPREHENSIVE INCOME, NET OF TAX:-				
Foreign currency translation differences for foreign operations	69	(99)	69	(99)
Fair value adjustment on available-for-sale financial assets	(12)	6	(12)	6
Total other comprehensive income for the period	57	(93)	57	(93)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD, ATTRIBUTABLE TO OWNERS OF THE PARENT	5,368	3,879	5,368	3,879
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	4.83	3.61	4.83	3.61
- 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 2016 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/03/2017 RM'000 Unaudited	As at 31/12/2016 RM'000 Audited
ASSETS		
Non Current Assets		
Property, Plant & Equipment	116,046	112,066
Investment Properties	9,407	9,407
Goodwill	56	56
Investment in Joint Ventures	22,297	22,192
AFS investments	1,516	1,361
	149,322	145,082
Current Assets		
Inventories	21,290	19,651
Trade and other receivables	44,661	48,591
Tax Recoverable	1,556	1,928
Short term funds with a licensed financial institution	30,298	26,960
Cash & Cash Equivalents	15,915	20,964
	113,720	118,094
TOTAL ASSETS	263,042	263,176
LIABILITIES		
Non Current Liabilities		
Borrowings	10,076	8,354
Deferred tax liabilities	9,831	10,241
	19,907	18,595
Current Liabilities		
Trade & Other Payables	16,817	18,726
Borrowings	32,571	37,476
Government Grant	-	-
	49,388	56,202
TOTAL LIABILITIES	69,295	74,797
EQUITY		
Share Capital	56,244	54,949
Reserves	137,503	133,430
TOTAL EQUITY	193,747	188,379
TOTAL EQUITY AND LIABILITIES	263,042	263,176
Net Assets per share attributable to owners of the parent (RM)	1.76	1.71

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31st December 2016 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 2017	54,949	1,295	386	235	1,508	130,006	188,379
Adjustments for effects of Companies Act 2016 (note a)	1,295	(1,295)	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(12)	69	5,311	5,368
At 31 March 2017	56,244	-	386	223	1,577	135,317	193,747
At 1 January 2016	54,949	1,295	386	342	1,320	113,497	171,789
Total comprehensive income for the period	-	-	-	6	(99)	3,972	3,879
At 31 March 2016	54,949	1,295	386	348	1,221	117,469	175,668

Note a

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium amounting to RM1,295,000 has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium accounts within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2016 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTHS ENDED	
	31/03/2017 RM'000 Unaudited	31/03/2016 RM'000 Unaudited
Profit before tax	6,103	5,649
Adjustments for non-cash flow items:-		
Non-cash items	1,714	1,598
Non-operating items	262	121
Operating profit before changes in working capital	8,079	7,368
Changes in working capital		
Net changes in current assets	2,159	(515)
Net changes in current liabilities	(1,767)	(5,645)
Cash from operation	8,471	1,208
Dividend received	240	247
Interest paid	(623)	(598)
Tax paid	(859)	(1,297)
Tax refund	29	-
Net Cash Flows From / (Used in) Operating Activities	7,258	(440)
Investing Activities		
- Acquisition of property, plant and equipment	(5,700)	(1,851)
- Interest received	30	53
- Investment in quoted shares	(158)	-
- Proceed from disposal of property, plant and equipment	11	-
Net Cash Flows Used In Investing Activities	(5,817)	(1,798)
Financing activities		
- Net of bank borrowings	3,019	871
Net Cash Flows From Financing Activities	3,019	871
Effects of exchange rate changes on cash & cash equivalents	3	48
Net Change In Cash & Cash Equivalents	4,463	(1,319)
Cash & Cash Equivalents At Beginning Of Year	40,572	40,010
Effects of exchange rate changes	28	(18)
Cash & Cash Equivalents At End Of Period	45,063	38,673

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31st December 2016 and the accompanying explanatory notes attached to the interim financial statements)

PUBLIC PACKAGES HOLDINGS BERHAD
FIRST QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 31 MARCH 2017

NOTES TO THE INTERIM FINANCIAL REPORT

A1. BASIS OF PREPARATION

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 2016. 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 2016.

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 2017.

Effective for financial periods beginning on or after 1 January 2017

- Amendments to MFRS 12 Disclosure of Interest in Other Entities (under Annual Improvements to MFRS 2014- 2016 Cycle)
- Amendments to MFRS 107 Statement of Cash Flows: Disclosures Initiatives
- Amendments to MFRS 112 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above Standards and Interpretations did not have no significant impact on the financial statements of the Group upon their initial

A3. AUDITED ACCOUNTS

The auditor's report in respect of the financial statements of the Group for the financial year ended 31 December 2016 was not subject to any qualification.

A4. 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.

A5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

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

A6. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATE

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

A7. 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.

A8. DIVIDEND PAID

There was no dividend paid for the current quarter.

A9. SEGMENTAL INFORMATION

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

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

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 March 2017						
Revenue						
Total sales	3,411	51,575	283	748	(14,132)	41,885
Results						
Profit before tax	668	5,180	(9)	148	116	6,103
Tax expense						(792)
Profit attributable to owners of the parent						5,311
Assets						
Segment assets	11,403	187,917	19,181	110,820	(90,132)	239,189
Investment in joint ventures				22,297		22,297
Unallocated corporate assets						1,556
Total assets						263,042
Liabilities						
Segment liabilities	519	15,942	289	67	-	16,817
Unallocated corporate liabilities						52,478
Total liabilities						69,295
Results for the year ended 31 March 2016						
Revenue						
Total sales	1,692	49,381	326	722	(12,059)	40,062
Results						
Profit before tax	96	5,461	89	193	(190)	5,649
Tax expense						(1,677)
Profit attributable to owners of the parent						3,972
Assets						
Segment assets	10,260	176,074	19,791	106,656	(87,301)	225,480
Investment in joint ventures				19,891		19,891
Unallocated corporate assets						561
Total assets						245,932
Liabilities						
Segment liabilities	354	14,428	138	130	-	15,050
Unallocated corporate liabilities						55,214
Total liabilities						70,264

A10. 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.

A11. SUBSEQUENT EVENTS

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

A12. CHANGES IN THE COMPOSITION OF THE GROUP

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

A13. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

As at 29 May 2017, the total contingent liabilities is RM165,413,371. This consists of corporate guarantees given by the Company to secure credit facilities granted to our investments.

A14. RELATED PARTY DISCLOSURE

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

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Sales to related parties				
- City Packaging Industry Sdn. Bhd.	-	5	-	5
- Denson SCM Sdn. Bhd.	282	-	282	-
Management fee income received from a related party				
- Pearl Island Resort Development Sdn. Bhd.	3	3	3	3
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	67	65	67	65
- Koay Teng Liang	14	14	14	14
- Ooi Siew Hong	1	1	1	1
- Koay Teng Kheong	6	11	6	11
Rental of equipment				
- Koay Boon Pee Holding Sdn. Bhd.	93	70	93	70
Commission				
- Denson SCM Sdn. Bhd.	112	-	112	-

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.
Denson SCM Sdn. Bhd.	:	A 100% owned sub-subsiidiary of Koay Boon Pee Holding Sdn. Bhd.
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.
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.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS

	Jan-Mar 2017 RM'000	Jan-Mar 2016 RM'000	Oct-Dec 2016 RM'000
<i>Revenue</i>			
- Trading	3,410	1,689	1,273
- Manufacturing	38,139	37,983	42,215
- Properties	128	171	133
- Investment	208	219	187
Total	41,885	40,062	43,808
<i>Profit/(Loss) before tax</i>			
- Trading	671	99	(15)
- Manufacturing	5,815	5,722	8,590
- Properties	(96)	1	(125)
- Investment	(287)	(173)	(697)
Total	6,103	5,649	7,753

a) Comparison with corresponding period in previous year

The group recorded a revenue of RM41.885 mil and profit before tax of RM6.103mil in the current quarter ended 31 March 2017. As compared to proceeding year corresponding quarter of 31 March 2016, the revenue and profit before tax increased by RM1.823mil and RM0.454mil respectively.

Manufacturing

For manufacturing, the revenue for current quarter increased by RM0.156mil or 0.41% as compared to corresponding period in previous year. As a result, the division registered a profit before tax at RM5.815mil for current quarter compared to preceeding quarter of RM5.722mil. The increase in sales volume was due to higher market demand.

Trading

The revenue for current quarter increased by RM1.721mil or 101.90% as compared to corresponding period in previous year due to high demand. Operating expenses on the other hand remained relatively constant, resulting in the huge increase in net profit before tax from RM0.099mil to RM0.671mil in this quarter.

Properties

Loss before tax increased from profit of RM0.001mil to a loss of RM0.096mil compared to corresponding preceeding period. The increase in loss before tax was mainly due to increasing in operating and other expenses.

Investment

Bottom line of this division increased from loss of RM0.173mil to RM0.287mil. The increase in profit before tax was mainly due to increase in operating cost and decrease in share of profit from jointly controlled entities from RM0.137mil in corresponding period in previous year to RM0.106mil during the

b) Comparison with preceeding quarter

For the quarter under review, the Group recorded a revenue of RM41.885mil and a profit before tax of RM6.103mil as compared to revenue of RM43.808mil and profit before tax of RM7.753mil in the immediate preceeding quarter, an decrease of RM1.923mil (4.39%) and RM1.650mil (21.28%) respectively. The decrease in profitability was mainly due to shorter production days caused by festive seasons during the quarter.

c) Prospects

We continue to expect 2017 to be very challenging year. However, we will continue to strengthen our market position and expand customer base amidst the continuous competition and challenges faced. Our effort in enhancing operational efficiency and effectiveness by putting in place cost control measures will be continued.

Barring unforeseen circumstances, we foresee a reasonable performance of the Group for the year ahead.

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	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Profit before tax	6,103	5,649	6,103	5,649
Current year taxation :-				
Income tax	1,202	1,524	1,202	1,524
Deferred tax	(410)	153	(410)	153
	<u>792</u>	<u>1,677</u>	<u>792</u>	<u>1,677</u>

The effective tax rate of the Group was lower than statutory tax rate due to reinvestment allowances claimed by subsidiary companies 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	32,571
Non-current	<u>10,076</u>
	<u>42,647</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 year by weighted average number of ordinary shares in issue during the period.

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Net profit for the year (RM'000)	5,311	3,972	5,311	3,972
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	<u>4.83</u>	<u>3.61</u>	<u>4.83</u>	<u>3.61</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		3 MONTHS ENDED	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
a) After Charging				
Depreciation	1,713	1,600	1,713	1,600
Interest expense	623	599	623	599
Loss on foreign exchange - realised	103	222	103	222
Rental of equipment and machinery	144	118	144	118
Rental of premises	152	161	152	161
b) After Crediting				
Interest income	30	4	30	4
Gain on foreign exchange - realised	344	244	344	244
Gain on disposal of property, plant and equipment	5	-	5	-
Lease rental income	68	54	68	54
Rental income	140	184	140	184
Dividend income	240	247	240	247

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 2016.

* represents RM 1

B10. REALISED AND UNREALISED RETAINED EARNING

	GROUP	
	31/03/2017	31/03/2016
	RM'000	RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries		
- Realised	152,433	135,577
- Unrealised	(9,831)	(10,588)
	<u>142,602</u>	<u>124,989</u>
Total share of retained earning from joint ventures:		
- Realised	3,185	2,817
	<u>145,787</u>	<u>127,806</u>
Less: Consolidation adjustments	(10,470)	(10,337)
Total retained earning	<u>135,317</u>	<u>117,469</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 31/03/2017 RM'000	CORRESPONDING QUARTER ENDED 31/03/2016 RM'000	CURRENT YEAR TO DATE ENDED 31/03/2017 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/03/2016 RM'000
1. Revenue	41,885	40,062	41,885	40,062
2. Profit / (loss) before tax	6,103	5,649	6,103	5,649
3. Profit / (loss) for the period	5,311	3,972	5,311	3,972
4. Profit / (loss) attributable to ordinary equity holders of the parent	5,311	3,972	5,311	3,972
5. Basic earnings / (loss) per share (sen)	4.83	3.61	4.83	3.61
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)		1.76		1.71

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31/03/2017 RM'000	CORRESPONDING QUARTER ENDED 31/03/2016 RM'000	CURRENT YEAR TO DATE ENDED 31/03/2017 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/03/2016 RM'000
1. Profit from the operation	6,620	6,111	6,620	6,111
2. Gross interest income	30	4	30	4
3. Gross interest expenses	623	599	623	599