

PUBLIC PACKAGES HOLDINGS BERHAD
FORTH QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2015
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
REVENUE	42,432	40,552	161,198	153,507
OPERATING EXPENSES	(36,659)	(36,490)	(141,677)	(136,531)
OTHER INCOME	972	1,006	2,079	1,209
PROFIT FROM OPERATIONS	6,745	5,068	21,600	18,185
SHARE OF RESULTS OF JOINT VENTURES	162	333	(35)	753
FINANCE COSTS	(652)	(705)	(2,960)	(2,694)
PROFIT BEFORE TAX	6,255	4,696	18,605	16,244
TAX EXPENSE	(1,017)	(798)	(4,395)	(3,873)
PROFIT FOR THE YEAR	5,238	3,898	14,210	12,371
OTHER COMPREHENSIVE INCOME, NET OF TAX:-				
Foreign currency translation differences for foreign operations	(251)	187	929	137
Fair value adjustment on available-for-sale financial assets	105	(42)	8	107
Total other comprehensive income for the year	(146)	145	937	244
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, ATTRIBUTABLE TO OWNERS OF THE PARENT	5,092	4,043	15,147	12,615
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	4.77	3.55	12.93	11.26
- 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 2014 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/12/2015 RM'000 Unaudited	As at 31/12/2014 RM'000 Audited
ASSETS		
Non Current Assets		
Property, Plant & Equipment	106,545	107,425
Investment Properties	9,407	17,275
Goodwill	675	675
Investment in Joint Ventures	19,754	13,889
AFS investments	532	524
	136,913	139,788
Current Assets		
Inventories	17,824	19,116
Trade and other receivables	47,100	43,011
Tax Recoverable	786	813
Short term funds with a licensed financial institution	26,439	19,442
Cash & Cash Equivalents	15,288	12,587
	107,437	94,969
TOTAL ASSETS	244,350	234,757
LIABILITIES		
Non Current Liabilities		
Borrowings	8,192	15,637
Deferred tax liabilities	10,434	11,242
	18,626	26,879
Current Liabilities		
Trade & Other Payables	20,794	12,184
Borrowings	33,138	39,041
Government Grant	4	12
	53,936	51,237
TOTAL LIABILITIES	72,562	78,116
EQUITY		
Share Capital	54,949	54,949
Reserves	116,839	101,692
TOTAL EQUITY	171,788	156,641
TOTAL EQUITY AND LIABILITIES	244,350	234,757
Net Assets per share attributable to owners of the parent (RM)	1.56	1.43

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31st December 2014 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 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	<u>54,949</u>	<u>1,295</u>	<u>386</u>	<u>333</u>	<u>392</u>	<u>99,286</u>	<u>156,641</u>
At 1 January 2015	54,949	1,295	386	333	392	99,286	156,641
Total comprehensive income for the year	-	-	-	8	929	14,210	15,147
At 31 December 2015	<u>54,949</u>	<u>1,295</u>	<u>386</u>	<u>341</u>	<u>1,321</u>	<u>113,496</u>	<u>171,788</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 2014 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 MONTHS ENDED	
	31/12/2015 RM'000 Unaudited	31/12/2014 RM'000 Unaudited
Profit before tax	18,605	16,244
Adjustments for non-cash flow items:-		
Non-cash items	6,998	6,350
Non-operating items	2,099	3,531
Operating profit before changes in working capital	27,702	26,125
Changes in working capital		
Net changes in current assets	(3,646)	(2,862)
Net changes in current liabilities	9,695	(659)
Cash from operation	33,751	22,604
Dividend received	2,885	541
Interest paid	(2,960)	(2,694)
Tax paid	(5,327)	(4,872)
Tax refund	107	1,231
Net Cash Flows From Operating Activities	28,456	16,810
Investing Activities		
- Acquisition of property, plant and equipment	(6,055)	(12,374)
- Dividend received	-	53
- Interest received	20	13
- Proceed from disposal of property, plant and equipment	15	2,773
Net Cash Flows Used In Investing Activities	(6,020)	(9,535)
Financing activities		
- Net of bank borrowings	(11,743)	1,996
Net Cash Flows (Used in) / From Financing Activities	(11,743)	1,996
Effects of exchange rate changes on cash & cash equivalents	149	(8)
Net Change In Cash & Cash Equivalents	10,842	9,263
Cash & Cash Equivalents At Beginning Of Year	28,747	19,434
Effects of exchange rate changes	462	50
Cash & Cash Equivalents At End Of Year	40,051	28,747

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31st December 2014 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 2015.

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 2014. 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 2014.

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 2015.

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 did not have no significant impact on the financial statements of the Group upon their initial application.

A3. AUDITED ACCOUNTS

The auditor's report in respect of the financial statements of the Group for the financial year ended 31 December 2014 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 Dec 2015						
Revenue						
Total sales	8,918	200,337	1,356	11,601	(61,014)	161,198
Results						
Profit before tax	1,753	16,178	115	9,571	(9,012)	18,605
Tax expense						(4,395)
Profit attributable to owners of the parent						14,210
Assets						
Segment assets	10,151	176,926	20,179	106,247	(89,693)	223,810
Investment in joint ventures				19,754		19,754
Unallocated corporate assets						786
Total assets						244,350
Liabilities						
Segment liabilities	409	15,831	4,414	140	-	20,794
Unallocated corporate liabilities						51,768
Total liabilities						72,562
Results for the year ended 31 Dec 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

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

During the current quarter under review, Public Packages Holdings Berhad has entered into Shareholder's Agreement by restructuring its wholly owned subsidiary, New Merit Development Sdn Bhd by creation of 7,900,000 new shares (represent shareholding of 50% in the capital of New Merit Development Sdn Bhd) to joint venture partner, Ripro Sdn Bhd. Accordingly, New Merit Development Sdn Bhd is now joint venture company of Public Packages Holdings Berhad.

Save as disclosed above, there were no other changes in the composition of the Group.

A13. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

As at 22 February 2015, the total contingent liabilities is RM115,724,208. 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		12 MONTHS ENDED	
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Sales to related parties				
- City Packaging Industry Sdn. Bhd.	6	8	26	40
- Tompac Industrial Sdn. Bhd.	-	-	-	81
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	72	63	259	251
- Koay Teng Liang	13	13	54	18
- Ooi Siew Hong	1	-	5	-
Rental of equipment				
- Koay Boon Pee Holding Sdn. Bhd.	67	9	151	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.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS

	Jul-Sept 2015 RM'000	Oct-Dec 2015 RM'000	Oct-Dec 2014 RM'000	Jan-Dec 2015 RM'000	Jan-Dec 2014 RM'000
<i>Revenue</i>					
- Trading	2,920	1,828	3,413	8,915	11,552
- Manufacturing	37,111	40,214	36,763	150,784	140,643
- Properties	178	177	199	734	800
- Investment	256	213	177	765	512
Total	40,465	42,432	40,552	161,198	153,507
<i>Profit before tax</i>					
- Trading	850	320	924	1,765	2,458
- Manufacturing	2,680	5,941	3,752	18,267	14,298
- Properties	(237)	(51)	13	(235)	154
- Investment	(469)	45	7	(1,192)	(666)
Total	2,824	6,255	4,696	18,605	16,244

a) *Comparison with corresponding period in previous year*

The group recorded a revenue of RM42.432 mil and profit before tax of RM6.255mil in the current quarter ended 31 December 2015. As compared to corresponding period of 31 December 2014, the revenue and profit before tax increased by RM1.880mil and RM1.559mil respectively.

Manufacturing

For manufacturing, the revenue for current quarter was increased by RM3.451mil or 9.39% as compared to corresponding period in previous year. Besides, the profit before tax had registered RM5.941mil for current quarter compared to preceding quarter of RM3.752mil. The increase in sales volume was due to higher market demand and cost cutting activities.

Trading

The revenue for current quarter decreased by RM1.585mil or 46.44% as compared to corresponding period in previous year. The profit before tax for trading division was decreased from RM0.924mil to RM0.320mil in previous corresponding quarter. The decrease mainly due to low demand.

Properties

Properties division recorded a loss of RM0.051mil compare to profit of RM0.013mil in corresponding preceding year. The decrease in profit before taxation was mainly due to increase in operational and other costs.

Investment

Profit before tax of investment division was increased from profit of RM0.007mil to profit of RM0.047mil, an increase of RM0.040mil. The increase in profit before tax was mainly due to decrease in operating cost.

b) *Comparison with preceding quarter*

For the quarter under review, the Group recorded a revenue of RM42.432mil and a profit before tax of RM6.255mil as compared to revenue of RM40.465mil and profit before tax of RM2.824mil in the immediate preceding quarter, showing increase of RM1.967mil (4.86%) and RM3.431mil (121.49%) respectively. The increase in profitability was mainly due to the reasons as disclosed above.

c) *Prospects*

We continue to expect 2016 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 year.

B3. TAX EXPENSE

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax	6,255	4,696	18,605	16,244
Current year taxation :-				
Income tax	1,306	969	5,155	4,087
Deferred tax	(289)	(171)	(760)	(214)
	<u>1,017</u>	<u>798</u>	<u>4,395</u>	<u>3,873</u>

The effective tax rate of the Group was lower than statutory tax rate due to reinvestment allowances claimed by subsidiary companies.

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	33,138
Non-current	8,192
	<u>41,330</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 year 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 the year.

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Net profit for the year (RM'000)	5,238	3,898	14,210	12,371
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	<u>4.77</u>	<u>3.55</u>	<u>12.93</u>	<u>11.26</u>
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		12 MONTHS ENDED	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
a) After Charging				
Bad debts written off	*	9	*	13
Depreciation	1,771	1,607	6,856	6,211
Impairment loss on receivables	149	-	149	149
Interest expense	652	705	2,960	2,694
Loss on foreign exchange - unrealised	203	19	203	53
Loss on foreign exchange - realised	163	26	750	382
Loss on disposal of property, plant and equipment	10	-	17	-
Property, plant & equipment written off	-	1	-	10
Rental of equipment and machinery	56	35	296	104
Rental of premises	150	229	604	728
b) After Crediting				
Bad Debts Recovered	-	12	-	12
Interest income	3	6	20	13
Gain on foreign exchange - unrealised	344	242	344	242
Gain on foreign exchange - realised	665	363	1,975	491
Gain on disposal of property, plant and equipment	-	259	-	330
Lease rental income	53	59	239	234
Rental income	187	218	773	847
Dividend income	2,280	217	2,866	594

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 2015.

* Represent RM1

B10. REALISED AND UNREALISED RETAINED EARNING

	GROUP	
	31/12/2015	31/12/2014
	RM'000	RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries		
- Realised	131,275	115,779
- Unrealised	(10,434)	(11,242)
	120,841	104,537
Total share of retained earning from joint ventures:		
- Realised	(2,035)	4,715
	118,806	109,252
Less: Consolidation adjustments	(4,860)	(9,966)
Total retained earning	113,496	99,286

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 31/12/2015 RM'000	CORRESPONDING QUARTER ENDED 31/12/2014 RM'000	CURRENT YEAR TO DATE ENDED 31/12/2015 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/12/2014 RM'000
1. Revenue	42,432	40,552	161,198	153,507
2. Profit / (loss) before tax	6,255	4,696	18,605	16,244
3. Profit / (loss) for the period	5,238	3,898	14,210	12,371
4. Profit / (loss) attributable to ordinary equity holders of the parent	5,238	3,898	14,210	12,371
5. Basic earnings / (loss) per share (sen)	4.77	3.55	12.93	11.26
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)		1.56		1.43

Part A3: Additional information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31/12/2015 RM'000	CORRESPONDING QUARTER ENDED 31/12/2014 RM'000	CURRENT YEAR TO DATE ENDED 31/12/2015 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/12/2014 RM'000
1. Profit from the operation	6,745	5,068	21,600	18,185
2. Gross interest income	3	6	20	13
3. Gross interest expenses	652	705	2,960	2,694