

PUBLIC PACKAGES HOLDINGS BERHAD
SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2014
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
REVENUE	40,771	36,994	75,941	69,713
OPERATING EXPENSES	(35,736)	(32,591)	(66,431)	(63,062)
OTHER INCOME	19	72	284	237
PROFIT FROM OPERATIONS	5,054	4,475	9,794	6,888
SHARE OF RESULTS OF A JOINT VENTURE	93	444	282	761
FINANCE COSTS	(674)	(620)	(1,324)	(1,220)
PROFIT BEFORE TAX	4,473	4,299	8,752	6,429
TAX EXPENSE	(1,487)	(1,126)	(2,128)	(1,733)
PROFIT FOR THE PERIOD	2,986	3,173	6,624	4,696
OTHER COMPREHENSIVE INCOME, NET OF TAX:-				
Foreign currency translation differences for foreign operations	(46)	5	(55)	15
Fair value adjustment on available-for-sale financial assets	(3)	(4)	152	(3)
Total other comprehensive (loss) / profit for the period	(49)	1	97	12
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD, ATTRIBUTABLE TO OWNERS OF THE PARENT	2,937	3,174	6,721	4,708
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	2.72	2.89	6.03	4.27
- 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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SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2014
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/06/2014 RM'000 Unaudited	As at 31/12/2013 RM'000 Audited
ASSETS		
Non Current Assets		
Property, Plant & Equipment	105,370	103,700
Investment Properties	17,275	17,275
Goodwill	675	675
Investment in a Joint Venture	13,419	15,637
AFS investments	569	416
	137,308	137,703
Current Assets		
Inventories	19,441	19,384
Trade and other receivables	43,403	39,945
Tax Recoverable	663	1,299
Short term funds with a licensed financial institution	20,370	14,365
Cash & Cash Equivalents	8,832	9,010
	92,709	84,003
TOTAL ASSETS	230,017	221,706
LIABILITIES		
Non Current Liabilities		
Borrowings	14,667	12,027
Deferred tax liabilities	11,527	11,486
	26,194	23,513
Current Liabilities		
Trade & Other Payables	13,322	12,832
Borrowings	39,738	41,315
Government Grant	16	20
	53,076	54,167
TOTAL LIABILITIES	79,270	77,680
EQUITY		
Share Capital	54,949	54,949
Reserves	95,798	89,077
Equity attributable to owners of the parent	150,747	144,026
Minority interest	-	-
TOTAL EQUITY	150,747	144,026
TOTAL EQUITY AND LIABILITIES	230,017	221,706
Net Assets per share attributable to owners of the parent (RM)	1.37	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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ENDED 30 JUNE 2014
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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	-	-	-	(3)	15	4,696	4,708
At 30 June 2013	54,949	1,295	386	200	123	81,386	138,339
At 1 January 2014	54,949	1,295	386	226	255	86,915	144,026
Total comprehensive income/ (loss) for the period	-	-	-	152	(55)	6,624	6,721
At 30 June 2014	54,949	1,295	386	378	200	93,539	150,747

(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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SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2014
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 MONTHS ENDED	
	30/06/2014	30/06/2013
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	8,752	6,429
Adjustments for non-cash flow items:-		
Non-cash items	3,233	2,744
Non-operating items	803	336
Operating profit before changes in working capital	12,788	9,509
Changes in working capital		
Net changes in current assets	(3,884)	(2,942)
Net changes in current liabilities	492	2,152
Cash from operation	9,396	8,719
Dividend received	2,706	125
Interest paid	(1,324)	(1,220)
Tax paid	(2,098)	(2,061)
Tax refund	649	33
Net Cash Flows From Operating Activities	9,329	5,596
Investing Activities		
- Acquisition of property, plant and equipment	(7,345)	(6,253)
- Interest received	5	4
- Proceed from disposal of property, plant and equipment	2,801	2
Net Cash Flows Used In Investing Activities	(4,539)	(6,247)
Financing activities		
- Net of bank borrowings	1,200	1,100
Net Cash Flows (Used in) / From Financing Activities	1,200	1,100
Effects of exchange rate changes on cash & cash equivalents	(6)	6
Net Change In Cash & Cash Equivalents	5,984	455
Cash & Cash Equivalents At Beginning Of Year	19,434	12,702
Effects of exchange rate changes	(24)	3
Cash & Cash Equivalents At End Of Period	25,394	13,160

(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
SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 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 30 June 2014						
Revenue						
Total sales	5,812	94,241	713	3,596	(28,421)	75,941
Results						
Profit before tax	1,049	7,320	271	2,659	(2,547)	8,752
Tax expense						(2,128)
Profit attributable to owners of the parent						6,624
Assets						
Segment assets	8,697	166,407	20,684	114,031	(93,884)	215,935
Investment in a joint venture				13,419		13,419
Unallocated corporate assets						663
Total assets						230,017
Liabilities						
Segment liabilities	278	11,942	117	985	-	13,322
Unallocated corporate liabilities						65,948
Total liabilities						79,270
Results for the year ended 30 June 2013						
Revenue						
Total sales	5,010	87,653	556	993	(24,499)	69,713
Results						
Profit before tax	503	5,071	30	47	778	6,429
Tax expense						(1,733)
Profit attributable to owners of the parent						4,696
Assets						
Segment assets	6,940	156,417	16,706	107,354	(93,423)	193,994
Investment in a joint venture				15,573		15,573
Unallocated corporate assets						1,680
Total assets						211,247
Liabilities						
Segment liabilities	217	13,424	136	952	-	14,729
Unallocated corporate liabilities						58,179
Total liabilities						72,908

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 25 Aug 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		6 MONTHS ENDED	
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Sales to related party				
- City Packaging Industry Sdn. Bhd.	8	18	18	35
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	63	62	126	124
Rental of equipment				
- Koay Boon Pee Holding Sdn. Bhd.	9	-	9	-

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.

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	<u>40</u>

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS

	Jan-Mar 2014 RM'000	Apr-Jun 2014 RM'000	Apr-Jun 2013 RM'000	Jan-Jun 2014 RM'000	Jan-Jun 2013 RM'000
<i>Revenue</i>					
- Trading	2,683	3,127	2,856	5,810	5,007
- Manufacturing	32,223	37,310	33,920	69,533	64,252
- Properties	194	208	152	402	341
- Investment	70	126	66	196	113
Total	35,170	40,771	36,994	75,941	69,713
<i>Profit before tax</i>					
- Trading	577	477	485	1,054	535
- Manufacturing	3,810	4,252	3,764	8,062	6,015
- Properties	85	11	14	96	(49)
- Investment	(193)	(267)	36	(460)	(72)
Total	4,279	4,473	4,299	8,752	6,429

a) *Comparison with corresponding period in previous year*

The Group recorded a revenue of RM40.771mil and a profit before tax of RM4.473mil in the current quarter ended 30 Jun 2014. The revenue was increased by RM3.777mil or 10.21% compared with preceeding year corresponding quarter. Besides, profit before tax was increased by RM0.174mil or 4.05% when compared with profit before tax of RM4.299mil in the preceeding year corresponding quarter.

Manufacturing

For manufacturing, the revenue for current quarter was increased by RM3.390mil or 9.99% as compared to corresponding period in previous year. The increase in sales volume was due to higher in market demand. Besides, the profit before tax for the current quarter was increased by RM0.488mil or 12.96% 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 increased by RM0.271mil or 9.49% as compared to corresponding period in previous year. The profit before tax for trading division was also slightly decrease from RM0.485mil to RM0.477mil in previous corresponding quarter, which was decreased by RM0.008mil or 1.65%. The increase mainly due to increase in operating cost.

Properties

Properties division recorded a profit of RM0.011mil compare to RM0.014mil in corresponding preceeding year, which is decreased by RM0.003mil or 21.43%. The decrease in profit before taxation was mainly due to increase in operational and other costs.

Investment

Investment division recorded a loss of RM0.267mil as compared to profit of RM0.036mil in corresponding preceeding year, which is decreased by RM0.303mil or 841.67%. The decrease in loss before tax was mainly due to decrease in share of profit from jointly controlled entities amounting to RM0.351mil when compared to a profit of RM0.444mil in corresponding period in previous year.

b) *Comparison with preceeding quarter*

For the quarter under review, the Group recorded a revenue of RM40.771mil and a profit before tax of RM4.473mil as compared to revenue of RM35.170mil and profit before tax of RM4.279mil in the immediate preceeding quarter, showing increase of RM5.601mil or 15.93% and increase of RM0.194mil or 4.53%. 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		6 MONTHS ENDED	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
Profit before tax	4,473	4,299	8,752	6,429
Current year taxation :-				
Income tax	1,093	1,079	2,087	1,769
Deferred tax	394	47	41	(36)
	<u>1,487</u>	<u>1,126</u>	<u>2,128</u>	<u>1,733</u>

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.

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	39,738
Non-current	<u>14,667</u>
	<u>54,405</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		6 MONTHS ENDED	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
Net profit for the period (RM'000)	2,986	3,173	6,624	4,696
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	<u>2.72</u>	<u>2.89</u>	<u>6.03</u>	<u>4.27</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		6 MONTHS ENDED	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
a) After Charging				
Depreciation	1,560	1,333	2,906	2,566
Impairment loss on receivables	-	-	149	182
Interest expense	674	620	1,324	1,220
Property, plant & equipment written off	-	-	8	-
Realised loss on foreign exchange	57	124	172	174
Rental of equipment and machinery	17	15	38	25
Rental of premises	174	245	351	415
b) After Crediting				
Interest income	3	3	5	4
Gain on disposal of property, plant and equipment	28	-	42	2
Lease rental income	66	61	116	125
Realised gain on foreign exchange	96	15	128	31
Rental income	217	162	420	360
Dividend income	140	78	211	125

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.

B10. COMPARATIVE FIGURES

In the second quarter of 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
Jan - Mar 2014			
Revenue			
Trading			2,683
Manufacturing	10,273	(7,590)	32,223
Profit Before Taxation	24,633	7,590	
Trading	2,054	(1,477)	577
Manufacturing	2,333	1,477	3,810
Apr - Jun 2013			
Revenue			
Trading			2,856
Manufacturing	10,364	(7,508)	33,920
Profit Before Taxation	26,412	7,508	
Trading	1,262	(777)	485
Manufacturing	2,987	777	3,764
Jan - Jun 2013			
Revenue			
Trading			5,007
Manufacturing	17,460	(12,453)	64,252
Profit Before Taxation	51,799	12,453	
Trading	1,696	(1,161)	535
Manufacturing	4,854	1,161	6,015

B11. REALISED AND UNREALISED RETAINED EARNING

	GROUP	
	30/06/2014	30/06/2013
	RM'000	RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries		
- Realised	111,417	95,343
- Unrealised	(11,527)	(10,829)
	<hr/>	<hr/>
	99,890	84,514
Total share of retained earning from a joint venture:		
- Realised	4,245	6,398
	<hr/>	<hr/>
	104,135	90,912
Less: Consolidation adjustments	(10,596)	(9,526)
	<hr/>	<hr/>
Total retained earning	93,539	81,386

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 30/06/2014 RM'000	CORRESPONDING QUARTER ENDED 30/06/2013 RM'000	CURRENT YEAR TO DATE ENDED 30/06/2014 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/06/2013 RM'000
1. Revenue	40,771	36,994	75,941	69,713
2. Profit / (loss) before tax	4,473	4,299	8,752	6,429
3. Profit / (loss) for the period	2,986	3,173	6,624	4,696
4. Profit / (loss) attributable to ordinary equity holders of the parent	2,937	3,174	6,721	4,708
5. Basic earnings / (loss) per share (sen)	2.72	2.89	6.03	4.27
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)		1.37		1.31

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30/06/2014 RM'000	CORRESPONDING QUARTER ENDED 30/06/2013 RM'000	CURRENT YEAR TO DATE ENDED 30/06/2014 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/06/2013 RM'000
1. Profit from the operation	5,054	4,475	9,794	6,888
2. Gross interest income	3	3	5	4
3. Gross interest expenses	674	620	1,324	1,220