

PUBLIC PACKAGES HOLDINGS BERHAD
FIRST QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 31 MARCH 2015
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2015	31/3/2014	31/03/2015	31/3/2014
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
REVENUE	38,977	35,170	38,977	35,170
OPERATING EXPENSES	(32,862)	(30,695)	(32,862)	(30,695)
OTHER INCOME	213	265	213	265
PROFIT FROM OPERATIONS	6,328	4,740	6,328	4,740
SHARE OF RESULTS OF A JOINT VENTURE	(2)	189	(2)	189
FINANCE COSTS	(683)	(650)	(683)	(650)
PROFIT BEFORE TAX	5,643	4,279	5,643	4,279
TAX EXPENSE	(1,657)	(641)	(1,657)	(641)
PROFIT FOR THE PERIOD	3,986	3,638	3,986	3,638
OTHER COMPREHENSIVE INCOME, NET OF TAX:-				
Foreign currency translation differences for foreign operations	140	(9)	140	(9)
Fair value adjustment on available-for-sale financial assets	(36)	155	(36)	155
Total other comprehensive income for the period	104	146	104	146
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD, ATTRIBUTABLE TO OWNERS OF THE PARENT	4,090	3,784	4,090	3,784
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	3.63	3.31	3.63	3.31
- 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 31/03/2015 RM'000 Unaudited	As at 31/12/2014 RM'000 Audited
ASSETS		
Non Current Assets		
Property, Plant & Equipment	106,194	107,425
Investment Properties	17,275	17,275
Goodwill	675	675
Investment in a Joint Venture	13,888	13,889
AFS investments	488	524
	138,520	139,788
Current Assets		
Inventories	19,260	19,116
Trade and other receivables	43,691	43,011
Tax Recoverable	-	763
Short term funds with a licensed financial institution	22,366	19,442
Cash & Cash Equivalents	11,730	12,587
	97,047	94,919
TOTAL ASSETS	235,567	234,707
LIABILITIES		
Non Current Liabilities		
Borrowings	13,043	14,374
Deferred tax liabilities	10,628	11,192
	23,671	25,566
Current Liabilities		
Trade & Other Payables	12,206	12,184
Borrowings	38,463	40,304
Provision for taxation	486	-
Government Grant	10	12
	51,165	52,500
TOTAL LIABILITIES	74,836	78,066
EQUITY		
Share Capital	54,949	54,949
Reserves	105,782	101,692
TOTAL EQUITY	160,731	156,641
TOTAL EQUITY AND LIABILITIES	235,567	234,707
Net Assets per share attributable to owners of the parent (RM)	1.46	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 period	-	-	-	155	(9)	3,638	3,784
At 31 March 2014	<u>54,949</u>	<u>1,295</u>	<u>386</u>	<u>381</u>	<u>246</u>	<u>90,553</u>	<u>147,810</u>
At 1 January 2015	54,949	1,295	386	333	392	99,286	156,641
Total comprehensive income for the period	-	-	-	(36)	140	3,986	4,090
At 31 March 2015	<u>54,949</u>	<u>1,295</u>	<u>386</u>	<u>297</u>	<u>532</u>	<u>103,272</u>	<u>160,731</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

	3 MONTHS ENDED	
	31/03/2015	31/03/2014
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	5,643	4,279
Adjustments for non-cash flow items:-		
Non-cash items	1,664	1,493
Non-operating items	583	357
Operating profit before changes in working capital	7,890	6,129
Changes in working capital		
Net changes in current assets	(770)	(2,088)
Net changes in current liabilities	18	(1,102)
Cash from operation	7,138	2,939
Dividend received	118	2,571
Interest paid	(683)	(650)
Tax paid	(1,084)	(995)
Tax refund	107	33
Net Cash Flows From Operating Activities	5,596	3,898
Investing Activities		
- Acquisition of property, plant and equipment	(434)	(447)
- Dividend received	9	-
- Interest received	7	2
- Proceed from disposal of property, plant and equipment	-	74
Net Cash Flows Used In Investing Activities	(418)	(371)
Financing activities		
- Net of bank borrowings	(3,305)	(2,606)
Net Cash Flows Used in Financing Activities	(3,305)	(2,606)
Effects of exchange rate changes on cash & cash equivalents	3	(2)
Net Change In Cash & Cash Equivalents	1,876	919
Cash & Cash Equivalents At Beginning Of Year	28,747	19,434
Effects of exchange rate changes	59	(4)
Cash & Cash Equivalents At End Of Period	30,682	20,349

(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
FIRST QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 31 MARCH 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 period.

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 2015						
Revenue						
Total sales	2,740	47,431	341	616	(12,151)	38,977
Results						
Profit before tax	654	4,809	98	85	(3)	5,643
Tax expense						(1,657)
Profit attributable to owners of the parent						3,986
Assets						
Segment assets	10,017	169,880	20,488	115,767	(94,473)	221,679
Investment in a joint venture				13,888		13,888
Unallocated corporate assets						-
Total assets						235,567
Liabilities						
Segment liabilities	268	11,495	150	293	-	12,206
Unallocated corporate liabilities						62,630
Total liabilities						74,836
Results for the year ended 31 March 2014						
Revenue						
Total sales	2,683	43,497	349	3,024	(14,383)	35,170
Results						
Profit before tax	574	3,261	173	2,572	(2,301)	4,279
Tax expense						(641)
Profit attributable to owners of the parent						3,638
Assets						
Segment assets	8,421	157,322	20,807	114,162	(93,425)	207,287
Investment in a joint venture				13,326		13,326
Unallocated corporate assets						1,268
Total assets						221,881
Liabilities						
Segment liabilities	250	9,950	130	1,400	-	11,730
Unallocated corporate liabilities						62,341
Total liabilities						74,071

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 25 May 2015, 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.

A14. RELATED PARTY DISCLOSURE

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

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2015	31/3/2014	31/03/2015	31/3/2014
	RM'000	RM'000	RM'000	RM'000
Sales to related parties				
- City Packaging Industry Sdn. Bhd.	9	10	9	10
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	63	63	63	63
- Koay Teng Liang	13	-	13	-
- Ooi Siew Hong	1	1	1	1
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.

A15. 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

	Jan-Mar 2015 RM'000	Jan-Mar 2014 RM'000	Oct-Dec 2014 RM'000
<i>Revenue</i>			
- Trading	2,739	2,683	3,413
- Manufacturing	35,931	32,223	36,763
- Properties	193	194	199
- Investment	114	70	177
Total	<u>38,977</u>	<u>35,170</u>	<u>40,552</u>
<i>Profit before tax</i>			
- Trading	657	577	924
- Manufacturing	5,387	3,810	3,752
- Properties	18	85	13
- Investment	(419)	(193)	7
Total	<u>5,643</u>	<u>4,279</u>	<u>4,696</u>

a) *Comparison with corresponding period in previous year*

The Group recorded a revenue of RM38.977mil and a profit before tax of RM5.643mil in the current quarter ended 31 Mar 2015. The revenue was increased by RM3.807mil or 10.82% compared with preceeding year corresponding quarter. Besides, profit before tax was increased by RM1.364mil or 31.88% when compared with profit before tax of RM4.279mil in the preceeding year corresponding quarter.

Manufacturing

For manufacturing, the revenue for current quarter was slightly increased by RM3.708mil or 11.51% 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 RM1.577mil or 41.39% 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 RM0.056mil or 2.09% as compared to corresponding period in previous year. The profit before tax for trading division was also increased from RM0.577mil to RM0.657mil in previous corresponding quarter, which was increased by RM0.080mil or 13.86%. The increase mainly due to higher market demand.

Properties

Properties division recorded a profit of RM0.018mil compare to RM0.085mil in corresponding preceeding year, which is decreased by RM0.067mil or 78.82%. The decrease in profit before taxation was mainly due to increase in operational and other costs.

Investment

Loss before tax of investment division was increased from RM0.193mil to RM0.419mil, which is increased by RM0.226mil or 117.10%. The increase in loss before tax was mainly due to increase in operating cost and loss in share of profit from jointly controlled entities amounting to RM0.002mil when compared to a gain of RM0.189mil in corresponding period in previous year.

b) *Comparison with preceeding quarter*

For the quarter under review, the Group recorded a revenue of RM38.977mil and a profit before tax of RM5.643mil as compared to revenue of RM40.552mil and profit before tax of RM4.696mil in the immediate preceeding quarter, showing decrease of RM1.575mil or 3.88% and increase of RM0.947mil or 20.17%. The increase in profitability was mainly due to the reasons as disclosed above.

c) *Prospects*

We continue to expect 2015 to be very challenging year due to various factors such as uncertain demand and fluctuating currency. 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	
	31/03/2015	31/3/2014	31/03/2015	31/3/2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax	5,643	4,279	5,643	4,279
Current year taxation :-				
Income tax	2,221	994	2,221	994
Deferred tax	(564)	(353)	(564)	(353)
	<u>1,657</u>	<u>641</u>	<u>1,657</u>	<u>641</u>

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

The effective tax rate of the Group for the current quarter was higher than statutory tax rate due to certain expenses which were not deductible for tax purposes.

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	38,463
Non-current	<u>13,043</u>
	<u>51,506</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		3 MONTHS ENDED	
	31/03/2015	31/3/2014	31/03/2015	31/3/2014
Net profit for the period (RM'000)	3,986	3,638	3,986	3,638
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	<u>3.63</u>	<u>3.31</u>	<u>3.63</u>	<u>3.31</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	
	31/03/2015	31/3/2014	31/03/2015	31/3/2014
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
a) After Charging				
Depreciation	1,667	1,346	1,667	1,346
Impairment loss on receivables	-	149	-	149
Loss on foreign exchange - realised	127	115	127	115
Interest expense	683	650	683	650
Property, plant & equipment written off	-	8	-	8
Rental of equipment and machinery	46	21	46	21
Rental of premises	150	177	150	177
b) After Crediting				
Interest income	7	2	7	2
Gain on foreign exchange - realised	229	32	229	32
Gain on disposal of property, plant and equipment	-	14	-	14
Lease rental income	75	50	75	50
Rental income	203	203	203	203
Dividend income	127	71	127	71

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. REALISED AND UNREALISED RETAINED EARNING

	GROUP	
	31/03/2015	31/3/2014
	RM'000	RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries		
- Realised	119,153	107,792
- Unrealised	(10,628)	(11,133)
	<u>108,525</u>	<u>96,659</u>
Total share of retained earning from a joint venture:		
- Realised	4,714	4,152
	<u>113,239</u>	<u>100,811</u>
Less: Consolidation adjustments	(9,967)	(10,258)
Total retained earning	<u>103,272</u>	<u>90,553</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 31/03/2015 RM'000	CORRESPONDING QUARTER ENDED 31/3/2014 RM'000	CURRENT YEAR TO DATE ENDED 31/03/2015 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/3/2014 RM'000
1. Revenue	38,977	35,170	38,977	35,170
2. Profit / (loss) before tax	5,643	4,279	5,643	4,279
3. Profit / (loss) for the period	3,986	3,638	3,986	3,638
4. Profit / (loss) attributable to ordinary equity holders of the parent	3,986	3,638	3,986	3,638
5. Basic earnings / (loss) per share (sen)	3.63	3.31	3.63	3.31
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)		1.46		1.43

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31/03/2015 RM'000	CORRESPONDING QUARTER ENDED 31/3/2014 RM'000	CURRENT YEAR TO DATE ENDED 31/03/2015 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/3/2014 RM'000
1. Profit from the operation	6,328	4,740	6,328	4,740
2. Gross interest income	7	2	7	2
3. Gross interest expenses	683	650	683	650