

PUBLIC PACKAGES HOLDINGS BERHAD
SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2015
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/06/2015 RM'000 Unaudited	30/06/2014 RM'000 Unaudited	30/06/2015 RM'000 Unaudited	30/06/2014 RM'000 Unaudited
REVENUE	39,324	40,771	78,301	75,941
OPERATING EXPENSES	(34,781)	(35,736)	(67,643)	(66,431)
OTHER INCOME	259	19	472	284
PROFIT FROM OPERATIONS	4,802	5,054	11,130	9,794
SHARE OF RESULTS OF A JOINT VENTURE	12	93	10	282
FINANCE COSTS	(931)	(674)	(1,614)	(1,324)
PROFIT BEFORE TAX	3,883	4,473	9,526	8,752
TAX EXPENSE	(477)	(1,487)	(2,134)	(2,128)
PROFIT FOR THE PERIOD	3,406	2,986	7,392	6,624
OTHER COMPREHENSIVE INCOME, NET OF TAX:-				
Foreign currency translation differences for foreign operations	218	(46)	358	(55)
Fair value adjustment on available-for-sale financial assets	(49)	(3)	(85)	152
Total other comprehensive income for the period	169	(49)	273	97
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD, ATTRIBUTABLE TO OWNERS OF THE PARENT	3,575	2,937	7,665	6,721
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	3.10	2.72	6.73	6.03
- 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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SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2015
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/06/2015 RM'000 Unaudited	As at 31/12/2014 RM'000 Audited
ASSETS		
Non Current Assets		
Property, Plant & Equipment	106,493	107,425
Investment Properties	17,275	17,275
Goodwill	675	675
Investment in a Joint Venture	13,899	13,889
AFS investments	439	524
	138,781	139,788
Current Assets		
Inventories	21,385	19,116
Trade and other receivables	46,675	43,011
Tax Recoverable	141	763
Short term funds with a licensed financial institution	23,064	19,442
Cash & Cash Equivalents	12,300	12,587
	103,565	94,919
TOTAL ASSETS	242,346	234,707
LIABILITIES		
Non Current Liabilities		
Borrowings	13,209	14,374
Deferred tax liabilities	10,489	11,192
	23,698	25,566
Current Liabilities		
Trade & Other Payables	16,823	12,184
Borrowings	37,511	40,304
Government Grant	8	12
	54,342	52,500
TOTAL LIABILITIES	78,040	78,066
EQUITY		
Share Capital	54,949	54,949
Reserves	109,357	101,692
TOTAL EQUITY	164,306	156,641
TOTAL EQUITY AND LIABILITIES	242,346	234,707
Net Assets per share attributable to owners of the parent (RM)	1.50	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	-	-	-	152	(55)	6,624	6,721
At 30 June 2014	<u>54,949</u>	<u>1,295</u>	<u>386</u>	<u>378</u>	<u>200</u>	<u>93,539</u>	<u>150,747</u>
At 1 January 2015	54,949	1,295	386	333	392	99,286	156,641
Total comprehensive income for the period	-	-	-	(85)	358	7,392	7,665
At 30 June 2015	<u>54,949</u>	<u>1,295</u>	<u>386</u>	<u>248</u>	<u>750</u>	<u>106,678</u>	<u>164,306</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

	6 MONTHS ENDED	
	30/06/2015	30/06/2014
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	9,526	8,752
Adjustments for non-cash flow items:-		
Non-cash items	3,344	3,233
Non-operating items	1,283	803
Operating profit before changes in working capital	14,153	12,788
Changes in working capital		
Net changes in current assets	(5,771)	(3,884)
Net changes in current liabilities	4,625	492
Cash from operation	13,007	9,396
Dividend received	307	2,706
Interest paid	(1,614)	(1,324)
Tax paid	(2,336)	(2,098)
Tax refund	107	649
Net Cash Flows From Operating Activities	9,471	9,329
Investing Activities		
- Acquisition of property, plant and equipment	(2,411)	(7,345)
- Dividend received	23	-
- Interest received	12	5
- Proceed from disposal of property, plant and equipment	-	2,801
Net Cash Flows Used In Investing Activities	(2,376)	(4,539)
Financing activities		
- Net of bank borrowings	(1,104)	1,200
Net Cash Flows (Used in) / From Financing Activities	(1,104)	1,200
Effects of exchange rate changes on cash & cash equivalents	21	(6)
Net Change In Cash & Cash Equivalents	6,012	5,984
Cash & Cash Equivalents At Beginning Of Year	28,747	19,434
Effects of exchange rate changes	178	(24)
Cash & Cash Equivalents At End Of Period	34,937	25,394

(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
SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 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 period ended 30 June 2015						
Revenue						
Total sales	4,168	97,084	690	1,301	(24,942)	78,301
Results						
Profit before tax	588	8,437	228	226	47	9,526
Tax expense						(2,134)
Profit attributable to owners of the parent						7,392
Assets						
Segment assets	9,666	177,263	20,406	115,605	(94,634)	228,306
Investment in a joint venture				13,899		13,899
Unallocated corporate assets						141
Total assets						242,346
Liabilities						
Segment liabilities	359	16,035	145	284	-	16,823
Unallocated corporate liabilities						61,216
Total liabilities						78,040
Results for the period ended 30 June 2014						
Revenue						
Total sales	5,812	94,241	713	3,506	(28,421)	75,851
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

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 24 August 2015, the total contingent liabilities is RM113,739,208. 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		6 MONTHS ENDED	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Sales to related party				
- City Packaging Industry Sdn. Bhd.	5	8	14	18
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	65	63	128	126
- Koay Teng Liang	14	-	27	-
- Ooi Siew Hong	2	-	3	-
Rental of equipment				
- Koay Boon Pee Holding Sdn. Bhd.	9	9	18	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.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS

	Jan-Mar 2015 RM'000	Apr-Jun 2015 RM'000	Apr-Jun 2014 RM'000	Jan-Jun 2015 RM'000	Jan-Jun 2014 RM'000
<i>Revenue</i>					
- Trading	2,739	1,428	3,127	4,167	5,810
- Manufacturing	35,931	37,528	37,310	73,459	69,533
- Properties	193	186	208	379	402
- Investment	114	182	126	296	196
Total	38,977	39,324	40,771	78,301	75,941
<i>Profit before tax</i>					
- Trading	657	(62)	477	595	1,054
- Manufacturing	5,387	4,259	4,252	9,646	8,062
- Properties	18	35	11	53	96
- Investment	(419)	(349)	(267)	(768)	(460)
Total	5,643	3,883	4,473	9,526	8,752

a) *Comparison with corresponding period in previous year*

The group recorded a revenue of RM39.324 mil and profit before tax of RM3.883mil in the current quarter ended 30 June 2015. As compared to corresponding period of 30 June 2014, the revenue and profit before tax has decreased by RM1.447mil and RM0.590mil respectively as a result of lower demand, drop in share of profit of equity and increase in finance costs.

Manufacturing

For manufacturing division, the revenue for current quarter was slightly increased by RM0.218mil or 0.58% as compared to corresponding period in previous year. The profit before tax had registered RM4.259mil for current quarter compared to preceeding quarter of RM4.252mil. The marginal increase in bottom line was mainly due to cost control activities.

Trading

The revenue for current quarter decreased by RM1.699mil or 54.33% as compared to corresponding period in previous year. Trading division had registered loss before tax of RM0.062mil compare to profit before tax of RM0.477mil in previous corresponding quarter. The decrease was mainly due to purchase consolidation activity by consumers and industrial player before Good and Services Tax (GST) on 1 April 2015.

Properties

Properties division recorded a profit of RM0.035mil compare to RM0.011mil in corresponding preceeding year. The increase in profit before taxation was mainly due to reduce in operational and other costs.

Investment

Loss before tax of investment division was increased from RM0.267mil to RM0.349mil, an increase of RM0.082mil or 30.71%. The increase in loss before tax was mainly due to increase in operating cost and reduce in share of profit from jointly controlled entities amounting to RM0.012mil when compared to RM0.093mil in corresponding period in previous year.

b) *Comparison with preceeding quarter*

For the quarter under review, the Group recorded a revenue of RM39.324mil and a profit before tax of RM3.883mil as compared to revenue of RM38.977mil and profit before tax of RM5.643mil in the immediate preceeding quarter, showing increase of RM0.347mil (0.89%) and decrease of RM1.760mil (31.19%). The decrease 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, fluctuating in currency and implementation of Good and Services (GST). 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		6 MONTHS ENDED	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax	3,883	4,473	9,526	8,752
Current year taxation :-				
Income tax	616	1,093	2,837	2,087
Deferred tax	(139)	394	(703)	41
	<u>477</u>	<u>1,487</u>	<u>2,134</u>	<u>2,128</u>

The effective tax rate of the Group was lower than statutory tax rate due to reinvestment allowances 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	37,511
Non-current	<u>13,209</u>
	<u>50,720</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	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
Net profit for the period (RM'000)	3,406	2,986	7,392	6,624
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	<u>3.10</u>	<u>2.72</u>	<u>6.73</u>	<u>6.03</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	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
Interest expense				
a) After Charging				
Depreciation	1,681	1,560	3,348	2,906
Impairment loss on receivables	-	-	-	149
Interest expense	931	674	1,614	1,324
Loss on foreign exchange - realised	374	57	501	172
Rental of equipment and machinery	79	17	125	38
Rental of premises	136	174	286	351
b) After Crediting				
Interest income	5	3	12	5
Gain on foreign exchange - realised	488	28	717	42
Gain on disposal of property, plant and equipment	-	66	-	116
Lease rental income	55	96	130	128
Rental income	194	217	397	420
Dividend income	203	140	330	211

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	
	30/06/2015	30/06/2014
	RM'000	RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries		
- Realised	122,372	111,417
- Unrealised	(10,489)	(11,527)
	<u>111,883</u>	<u>99,890</u>
Total share of retained earning from a joint venture:		
- Realised	4,725	4,245
	<u>116,608</u>	<u>104,135</u>
Less: Consolidation adjustments	(9,930)	(10,596)
Total retained earning	<u>106,678</u>	<u>93,539</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 30/06/2015 RM'000	CORRESPONDING QUARTER ENDED 30/06/2014 RM'000	CURRENT YEAR TO DATE ENDED 30/06/2015 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/06/2014 RM'000
1. Revenue	39,324	40,771	78,301	75,941
2. Profit / (loss) before tax	3,883	4,473	9,526	8,752
3. Profit / (loss) for the period	3,406	2,986	7,392	6,624
4. Profit / (loss) attributable to ordinary equity holders of the parent	3,406	2,986	7,392	6,624
5. Basic earnings / (loss) per share (sen)	3.10	2.72	6.73	6.03
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)		1.50		1.43

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30/06/2015 RM'000	CORRESPONDING QUARTER ENDED 30/06/2014 RM'000	CURRENT YEAR TO DATE ENDED 30/06/2015 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/06/2014 RM'000
1. Profit from the operation	4,802	5,054	11,130	9,794
2. Gross interest income	5	3	12	5
3. Gross interest expenses	931	674	1,614	1,324