

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		9 MONTHS ENDED	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
REVENUE	40,465	37,014	118,766	112,955
OPERATING EXPENSES	(37,375)	(33,610)	(105,018)	(100,041)
OTHER INCOME	635	(81)	1,107	203
PROFIT FROM OPERATIONS	3,725	3,323	14,855	13,117
SHARE OF RESULTS OF A JOINT VENTURE	(207)	138	(197)	420
FINANCE COSTS	(694)	(665)	(2,308)	(1,989)
PROFIT BEFORE TAX	2,824	2,796	12,350	11,548
TAX EXPENSE	(1,244)	(947)	(3,378)	(3,075)
PROFIT FOR THE PERIOD	1,580	1,849	8,972	8,473
OTHER COMPREHENSIVE INCOME, NET OF TAX:-				
Foreign currency translation differences for foreign operations	822	5	1,180	(50)
Fair value adjustment on available-for-sale financial assets	(12)	(3)	(97)	149
Total other comprehensive income for the period	810	2	1,083	99
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD, ATTRIBUTABLE TO OWNERS OF THE PARENT	2,390	1,851	10,055	8,572
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	1.44	1.68	8.16	7.71
- 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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(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/09/2015 RM'000 Unaudited	As at 31/12/2014 RM'000 Audited
ASSETS		
Non Current Assets		
Property, Plant & Equipment	106,095	107,425
Investment Properties	17,275	17,275
Goodwill	675	675
Investment in a Joint Venture	11,692	13,889
AFS investments	427	524
	136,164	139,788
Current Assets		
Inventories	19,390	19,116
Trade and other receivables	47,997	43,011
Tax Recoverable	801	763
Short term funds with a licensed financial institution	26,701	19,442
Cash & Cash Equivalents	11,563	12,587
	106,452	94,919
TOTAL ASSETS	242,616	234,707
LIABILITIES		
Non Current Liabilities		
Borrowings	12,783	14,374
Deferred tax liabilities	10,723	11,192
	23,506	25,566
Current Liabilities		
Trade & Other Payables	18,162	12,184
Borrowings	34,246	40,304
Government Grant	6	12
	52,414	52,500
TOTAL LIABILITIES	75,920	78,066
EQUITY		
Share Capital	54,949	54,949
Reserves	111,747	101,692
TOTAL EQUITY	166,696	156,641
TOTAL EQUITY AND LIABILITIES	242,616	234,707
Net Assets per share attributable to owners of the parent (RM)	1.52	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	-	-	-	149	(50)	8,473	8,572
At 30 September 2014	54,949	1,295	386	375	205	95,388	152,598
At 1 January 2015	54,949	1,295	386	333	392	99,286	156,641
Total comprehensive income for the period	-	-	-	(97)	1,180	8,972	10,055
At 30 September 2015	54,949	1,295	386	236	1,572	108,258	166,696

(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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ENDED 30 SEP 2015
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 MONTHS ENDED	
	30/09/2015	30/09/2014
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	12,350	11,548
Adjustments for non-cash flow items:-		
Non-cash items	5,081	4,934
Non-operating items	1,904	1,181
Operating profit before changes in working capital	19,335	17,663
Changes in working capital		
Net changes in current assets	(4,749)	(1,723)
Net changes in current liabilities	5,934	685
Cash from operation	20,520	16,625
Dividend received	2,620	2,852
Interest paid	(2,307)	(1,989)
Tax paid	(4,048)	(3,363)
Tax refund	107	842
Net Cash Flows From Operating Activities	16,891	14,967
Investing Activities		
- Acquisition of property, plant and equipment	(3,756)	(7,579)
- Interest received	17	7
- Proceed from disposal of property, plant and equipment	5	2,514
- Withdrawal of fixed deposit	-	-
Net Cash Flows Used In Investing Activities	(3,734)	(5,058)
Financing activities		
- Net of bank borrowings	(4,683)	(3,620)
Net Cash Flows Used in Financing Activities	(4,683)	(3,620)
Effects of exchange rate changes on cash & cash equivalents	165	(37)
Net Change In Cash & Cash Equivalents	8,639	6,252
Cash & Cash Equivalents At Beginning Of Year	28,747	19,434
Effects of exchange rate changes	562	(29)
Cash & Cash Equivalents At End Of Period	37,948	25,657

(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
THIRD QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 30 SEP 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 Sep 2015						
Revenue						
Total sales	7,090	145,488	1,023	5,585	(40,420)	118,766
Results						
Profit before tax	1,438	10,485	78	3,992	(3,643)	12,350
Tax expense						(3,378)
Profit attributable to owners of the parent						8,972
Assets						
Segment assets	11,396	174,444	20,281	118,813	(94,811)	230,123
Investment in a joint venture				11,692		11,692
Unallocated corporate assets						801
Total assets						242,616
Liabilities						
Segment liabilities	307	17,301	366	189	-	18,162
Unallocated corporate liabilities						57,758
Total liabilities						75,920
Results for the period ended 30 Sep 2014						
Revenue						
Total sales	8,144	139,912	1,068	4,685	(40,854)	112,955
Results						
Profit before tax	1,532	9,294	403	3,257	(2,938)	11,548
Tax expense						(3,075)
Profit attributable to owners of the parent						8,473
Assets						
Segment assets	7,864	161,156	20,638	114,056	(92,729)	210,985
Investment in a joint venture				13,557		13,557
Unallocated corporate assets						705
Total assets						225,247
Liabilities						
Segment liabilities	255	12,596	115	549	-	13,515
Unallocated corporate liabilities						59,134
Total liabilities						72,649

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 23 November 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		9 MONTHS ENDED	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
Sales to related party				
- City Packaging Industry Sdn. Bhd.	6	14	20	32
- Tompac Industrial Sdn. Bhd.	-	81	-	81
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	59	62	187	188
- Koay Teng Liang	14	5	41	5
- Ooi Siew Hong	1	-	4	-
Rental of equipment				
- Koay Boon Pee Holding Sdn. Bhd.	66	9	84	18

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

	Apr-Jun 2015	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Revenue</i>					
- Trading	1,428	2,920	2,329	7,087	8,139
- Manufacturing	37,528	37,111	34,347	110,570	103,880
- Properties	186	178	199	557	601
- Investment	182	256	139	552	335
Total	<u>39,324</u>	<u>40,465</u>	<u>37,014</u>	<u>118,766</u>	<u>112,955</u>
<i>Profit before tax</i>					
- Trading	(62)	850	480	1,445	1,534
- Manufacturing	4,259	2,680	2,484	12,326	10,546
- Properties	35	(237)	45	(184)	141
- Investment	(349)	(469)	(213)	(1,237)	(673)
Total	<u>3,883</u>	<u>2,824</u>	<u>2,796</u>	<u>12,350</u>	<u>11,548</u>

a) *Comparison with corresponding period in previous year*

The group recorded a revenue of RM40.465 mil and profit before tax of RM2.824mil in the current quarter ended 30 September 2015. As compared to corresponding period of 30 September 2014, the revenue and profit before tax has increased by RM3.451mil and RM0.028mil respectively.

During the quarter, the other income had increased from loss of RM0.081mil in preceeding quarter to profit of RM0.635mil. The increase in other income was mainly due to gain on realised foreign exchange as a result of strengthening of United Stated Dollar ("USD") against Malaysia Ringgit ("RM").

Manufacturing

For manufacturing division, the revenue for current quarter was increased by RM2.764mil or 8.05% as compared to corresponding period in previous year. The profit before tax had registered RM2.680mil for current quarter compared to preceeding quarter of RM2.484mil. The increase in sales volume was due to higher market demand.

Trading

The revenue for current quarter increased by RM0.591mil or 25.38% as compared to corresponding period in previous year. Trading division had registered profit before tax of RM0.850mil compare to profit before tax of RM0.480mil in previous corresponding quarter. The increase was mainly due to higher market demand.

Properties

Properties division recorded a loss of RM0.237mil compare to profit of RM0.045mil in corresponding preceeding year. 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 RM0.213mil to RM0.469mil, an increase of RM0.256mil or 120.19%. The increase in loss before tax was mainly due to increase in operating cost and reduce in share of profit from jointly controlled entities from profit of RM0.138mil in corresponding period in previous year to loss of RM0.207mil during the quarter.

b) *Comparison with preceeding quarter*

For the quarter under review, the Group recorded a revenue of RM40.465mil and a profit before tax of RM2.824mil as compared to revenue of RM39.324mil and profit before tax of RM3.883mil in the immediate preceeding quarter, showing increase of RM1.141mil (2.90%) and decrease of RM1.059mil (27.27%) respectively. 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		9 MONTHS ENDED	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax	2,824	2,796	12,350	11,548
Current year taxation :-				
Income tax	1,012	1,031	3,849	3,118
Deferred tax	232	(84)	(471)	(43)
	<u>1,244</u>	<u>947</u>	<u>3,378</u>	<u>3,075</u>

The effective tax rate of the Group was higher than statutory tax rate due to non-allowable expenses.

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	34,246
Non-current	<u>12,783</u>
	<u>47,029</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		9 MONTHS ENDED	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
Net profit for the period (RM'000)	1,580	1,849	8,972	8,473
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	<u>1.44</u>	<u>1.68</u>	<u>8.16</u>	<u>7.71</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		9 MONTHS ENDED	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
a) After Charging				
Bad debts written off	*	4	*	4
Depreciation	1,738	1,698	5,086	4,604
Impairment loss on receivables	-	-	-	149
Loss on foreign exchange - unrealised	-	34	-	34
Loss on foreign exchange - realised	86	184	587	356
Loss on disposal of property, plant and equipment	7	-	7	-
Interest expense	694	665	2,308	1,989
Property, plant and equipment written off	-	1	-	9
Rental of equipment and machinery	115	31	240	69
Rental of premises	168	148	454	499
b) After Crediting				
Dividend income	2,290	166	2,620	377
Gain on disposal of property, plant and equipment	-	29	-	71
Gain on foreign exchange - realised	593	-	1,310	128
Interest income	5	2	17	7
Lease rental income	56	59	186	175
Rental income	189	209	586	629

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.

* represents RM 1

B10. REALISED AND UNREALISED RETAINED EARNING

	GROUP	
	30/09/2015	30/09/2014
	RM'000	RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries		
- Realised	126,347	113,062
- Unrealised	(10,723)	(11,443)
	<u>115,624</u>	<u>101,619</u>
Total share of retained earning from a joint venture:		
- Realised	2,518	4,383
	<u>118,142</u>	<u>106,002</u>
Less: Consolidation adjustments	(9,884)	(10,614)
Total retained earning	<u>108,258</u>	<u>95,388</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 30/09/2015 RM'000	CORRESPONDING QUARTER ENDED 30/09/2014 RM'000	CURRENT YEAR TO DATE ENDED 30/09/2015 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/09/2014 RM'000
1. Revenue	40,465	37,014	118,766	112,955
2. Profit / (loss) before tax	2,824	2,796	12,350	11,548
3. Profit / (loss) for the period	1,580	1,849	8,972	8,473
4. Profit / (loss) attributable to ordinary equity holders of the parent	1,580	1,849	8,972	8,473
5. Basic earnings / (loss) per share (sen)	1.44	1.68	8.16	7.71
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)		1.52		1.43

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30/09/2015 RM'000	CORRESPONDING QUARTER ENDED 30/09/2014 RM'000	CURRENT YEAR TO DATE ENDED 30/09/2015 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/09/2014 RM'000
1. Profit from the operation	3,725	3,323	14,855	13,117
2. Gross interest income	5	2	17	7
3. Gross interest expenses	694	665	2,308	1,989