

PUBLIC PACKAGES HOLDINGS BERHAD
FIRST QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 31 MARCH 2016
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
REVENUE	40,062	38,977	40,062	38,977
OPERATING EXPENSES	(33,810)	(32,862)	(33,810)	(32,862)
OTHER INCOME	(141)	213	(141)	213
PROFIT FROM OPERATIONS	6,111	6,328	6,111	6,328
SHARE OF RESULTS OF JOINT VENTURES	137	(2)	137	(2)
FINANCE COSTS	(599)	(683)	(599)	(683)
PROFIT BEFORE TAX	5,649	5,643	5,649	5,643
TAX EXPENSE	(1,677)	(1,657)	(1,677)	(1,657)
PROFIT FOR THE PERIOD	3,972	3,986	3,972	3,986
OTHER COMPREHENSIVE INCOME, NET OF TAX:-				
Foreign currency translation differences for foreign operations	(99)	140	(99)	140
Fair value adjustment on available-for-sale financial assets	6	(36)	6	(36)
Total other comprehensive income for the period	(93)	104	(93)	104
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD, ATTRIBUTABLE TO OWNERS OF THE PARENT	3,879	4,090	3,879	4,090
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	3.61	3.63	3.61	3.63
- 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 2015 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/03/2016 RM'000 Unaudited	As at 31/12/2015 RM'000 Audited
ASSETS		
Non Current Assets		
Property, Plant & Equipment	106,795	106,545
Investment Properties	9,407	9,407
Goodwill	675	675
Investment in Joint Ventures	19,891	19,754
AFS investments	538	532
	137,306	136,913
Current Assets		
Inventories	20,106	17,824
Trade and other receivables	45,186	47,100
Tax Recoverable	561	786
Short term funds with a licensed financial institution	28,182	26,439
Cash & Cash Equivalents	14,591	15,288
	108,626	107,437
TOTAL ASSETS	245,932	244,350
LIABILITIES		
Non Current Liabilities		
Borrowings	10,691	8,192
Deferred tax liabilities	10,588	10,434
	21,279	18,626
Current Liabilities		
Trade & Other Payables	15,050	20,794
Borrowings	33,933	33,138
Government Grant	2	4
	48,985	53,936
TOTAL LIABILITIES	70,264	72,562
EQUITY		
Share Capital	54,949	54,949
Reserves	120,719	116,839
TOTAL EQUITY	175,668	171,788
TOTAL EQUITY AND LIABILITIES	245,932	244,350
Net Assets per share attributable to owners of the parent (RM)	1.60	1.56

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31st December 2015 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 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>
At 1 January 2016	54,949	1,295	386	342	1,320	113,497	171,789
Total comprehensive income for the period	-	-	-	6	(99)	3,972	3,879
At 31 March 2016	<u>54,949</u>	<u>1,295</u>	<u>386</u>	<u>348</u>	<u>1,221</u>	<u>117,469</u>	<u>175,668</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 2015 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTHS ENDED	
	31/03/2016	31/03/2015
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	5,649	5,643
Adjustments for non-cash flow items:-		
Non-cash items	1,598	1,664
Non-operating items	121	583
Operating profit before changes in working capital	7,368	7,890
Changes in working capital		
Net changes in current assets	(515)	(770)
Net changes in current liabilities	(5,645)	18
Cash from operation	1,208	7,138
Dividend received	247	118
Interest paid	(598)	(683)
Tax paid	(1,297)	(1,084)
Tax refund	-	107
Net Cash Flows (Used in) / From Operating Activities	(440)	5,596
Investing Activities		
- Acquisition of property, plant and equipment	(1,851)	(434)
- Dividend received	-	9
- Interest received	53	7
- Proceed from disposal of property, plant and equipment	-	-
Net Cash Flows Used In Investing Activities	(1,798)	(418)
Financing activities		
- Net of bank borrowings	871	(3,305)
Net Cash Flows From / (Used in) Financing Activities	871	(3,305)
Effects of exchange rate changes on cash & cash equivalents	48	3
Net Change In Cash & Cash Equivalents	(1,319)	1,876
Cash & Cash Equivalents At Beginning Of Year	40,010	28,747
Effects of exchange rate changes	(18)	59
Cash & Cash Equivalents At End Of Period	38,673	30,682

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31st December 2015 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 2016

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 2015. 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 2015.

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 2016.

Effective for financial periods beginning on or after 1 January 2016

MFRS 14 Regulatory Deferred Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities : Applying the Consolidation Exception.
Amendments to MFRS 11 Accounting for Acquisitions of Interest in Joint Operations
Amendments to MFRS 101 Disclosure Initiative
Amendments to MFRS 116 and MFRS 138 clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141 Agriculture : Bearer Plants
Amendments to MFRS 127 Equity Method in Separate Financial Statements
Annual improvements to MFRS 2012 - 2014 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 2015 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 period ended 31 Mar 2016						
Revenue						
Total sales	1,692	49,381	326	722	(12,059)	40,062
Results						
Profit before tax	96	5,461	89	193	(190)	5,649
Tax expense						(1,677)
Profit attributable to owners of the parent						3,972
Assets						
Segment assets	10,260	176,074	19,791	106,656	(87,301)	225,480
Investment in joint ventures				19,891		19,891
Unallocated corporate assets						561
Total assets						245,932
Liabilities						
Segment liabilities	354	14,428	138	130	-	15,050
Unallocated corporate liabilities						55,214
Total liabilities						70,264
Results for the period ended 31 Mar 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

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 30 May 2016, the total contingent liabilities is RM160,724,208. 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		3 MONTHS ENDED	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
Sales to related parties				
- City Packaging Industry Sdn. Bhd.	5	9	5	9
Management fee income received from a related party				
- Pearl Island Resort Development Sdn. Bhd.	3	-	3	-
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	65	63	65	63
- Koay Teng Liang	14	13	14	13
- Ooi Siew Hong	1	1	1	1
- Koay Teng Kheong	11	-	11	-
Rental of equipment				
- Koay Boon Pee Holding Sdn. Bhd.	70	9	70	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.
- Pearl Island Resort Development Sdn. Bhd. : A company in which the directors of the Company, namely Messrs. Koay Chiew Poh and Koay Chiew Kang are also directors of the Company.
- 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 2016 RM'000	Jan-Mar 2015 RM'000	Oct-Dec 2015 RM'000
<i>Revenue</i>			
- Trading	1,689	2,739	1,828
- Manufacturing	37,983	35,931	40,214
- Properties	171	193	177
- Investment	219	114	213
Total	40,062	38,977	42,432
<i>Profit before tax</i>			
- Trading	99	657	320
- Manufacturing	5,722	5,387	5,941
- Properties	1	18	(51)
- Investment	(173)	(419)	45
Total	5,649	5,643	6,255

a) Comparison with corresponding period in previous year

The group recorded a revenue of RM40.062 mil and profit before tax of RM5.649mil in the current quarter ended 31 March 2016. As compared to proceeding year corresponding quarter of 31 March 2015, the revenue and profit before tax increased by RM1.085mil and RM0.006mil respectively.

Manufacturing

For manufacturing, the revenue for current quarter was increased by RM2.052mil or 5.71% as compared to corresponding period in previous year. Besides, the profit before tax had registered RM5.722mil for current quarter compared to proceeding quarter of RM5.387mil. The increase in sales volume was due to higher market demand and cost cutting activities.

Trading

The revenue for current quarter decreased by RM1.050mil or 38.34% as compared to corresponding period in previous year. The profit before tax for trading division was decreased from RM0.657mil to RM0.099mil in previous corresponding quarter. The decrease mainly due to low demand.

Properties

Properties division recorded a profit of RM0.001mil compare to profit of RM0.018mil in corresponding preceeding period. The decrease in profit before taxation was mainly due to increase in operational and other costs.

Investment

Profit before tax of investment division was decreased from loss of RM0.419mil to loss of RM0.173mil, an decrease of RM0.246mil. The improve in profit before tax was mainly due to reduce in operating cost and increase in share of profit from jointly controlled entities from RM0.002mil in corresponding period in previous year to a gain of RM0.137mil during the quarter.

b) Comparison with preceeding quarter

For the quarter under review, the Group recorded a revenue of RM40.062mil and a profit before tax of RM5.649mil as compared to revenue of RM42.432mil and profit before tax of RM6.255mil in the immediate preceeding quarter, showing decrease of RM2.370mil (5.59%) and RM0.606mil (9.69%) respectively. The decrease 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		3 MONTHS ENDED	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
Profit before tax	5,649	5,643	5,649	5,643
Current year taxation :-				
Income tax	1,524	2,221	1,524	2,221
Deferred tax	153	(564)	153	(564)
	1,677	1,657	1,677	1,657

The effective tax rate of the Group was higher than statutory tax rate due to disallowable 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	33,933
Non-current	10,691
	<u>44,624</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 the period.

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
Net profit for the period (RM'000)	3,972	3,986	3,972	3,986
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	3.61	3.63	3.61	3.63
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		3 MONTHS ENDED	
	31/03/2016 RM'000	31/03/2015 RM'000	31/03/2016 RM'000	31/03/2015 RM'000
Profit before taxation is arrived				
a) After Charging				
Depreciation	1,600	1,667	1,600	1,667
Interest expense	599	683	599	683
Loss on foreign exchange - realised	222	127	222	127
Rental of equipment and machinery	118	46	118	46
Rental of premises	161	150	161	150
b) After Crediting				
Interest income	4	7	4	7
Gain on foreign exchange - realised	244	229	244	229
Lease rental income	54	75	54	75
Rental income	184	203	184	203
Dividend income	247	127	247	127

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.

B10. REALISED AND UNREALISED RETAINED EARNING

	GROUP	
	31/03/2016 RM'000	31/03/2015 RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries		
- Realised	135,577	119,153
- Unrealised	(10,588)	(10,628)
	<u>124,989</u>	<u>108,525</u>
Total share of retained earning from joint ventures:		
- Realised	2,817	4,714
	<u>127,806</u>	<u>113,239</u>
Less: Consolidation adjustments	(10,337)	(9,967)
Total retained earning	<u>117,469</u>	<u>103,272</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 31/03/2016 RM'000	CORRESPONDING QUARTER ENDED 31/03/2015 RM'000	CURRENT YEAR TO DATE ENDED 31/03/2016 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/03/2015 RM'000
1. Revenue	40,062	38,977	40,062	38,977
2. Profit / (loss) before tax	5,649	5,643	5,649	5,643
3. Profit / (loss) for the period	3,972	3,986	3,972	3,986
4. Profit / (loss) attributable to ordinary equity holders of the parent	3,972	3,986	3,972	3,986
5. Basic earnings / (loss) per share (sen)	3.61	3.63	3.61	3.63
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)		1.60		1.56

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31/03/2016 RM'000	CORRESPONDING QUARTER ENDED 31/03/2015 RM'000	CURRENT YEAR TO DATE ENDED 31/03/2016 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/03/2015 RM'000
1. Profit from the operation	6,111	6,328	6,111	6,328
2. Gross interest income	4	7	4	7
3. Gross interest expenses	599	683	599	683