

PUBLIC PACKAGES HOLDINGS BERHAD
SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2016
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
REVENUE	41,868	39,324	81,930	78,301
OPERATING EXPENSES	(38,042)	(34,781)	(71,852)	(67,643)
OTHER INCOME	539	259	398	472
PROFIT FROM OPERATIONS	4,365	4,802	10,476	11,130
SHARE OF RESULTS OF JOINT VENTURES	194	12	331	10
FINANCE COSTS	(635)	(931)	(1,234)	(1,614)
PROFIT BEFORE TAX	3,924	3,883	9,573	9,526
TAX EXPENSE	(377)	(477)	(2,054)	(2,134)
PROFIT FOR THE PERIOD	3,547	3,406	7,519	7,392
OTHER COMPREHENSIVE INCOME, NET OF TAX:-				
Foreign currency translation differences for foreign operations	(54)	218	(153)	358
Fair value adjustment on available-for-sale financial assets	(29)	(49)	(23)	(85)
Total other comprehensive income for the period	(83)	169	(176)	273
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD, ATTRIBUTABLE TO OWNERS OF THE PARENT	3,464	3,575	7,343	7,665
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	3.23	3.10	6.84	6.73
- 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 30/06/2016 RM'000 Unaudited	As at 31/12/2015 RM'000 Audited
ASSETS		
Non Current Assets		
Property, Plant & Equipment	106,717	106,545
Investment Properties	9,407	9,407
Goodwill	598	675
Investment in Joint Ventures	20,085	19,754
Other Investment	102	-
AFS investments	509	532
	137,418	136,913
Current Assets		
Inventories	19,110	17,824
Trade and other receivables	46,695	47,100
Tax Recoverable	833	786
Short term funds with a licensed financial institution	29,525	26,439
Cash & Cash Equivalents	13,992	15,288
	110,155	107,437
TOTAL ASSETS	247,573	244,350
LIABILITIES		
Non Current Liabilities		
Borrowings	9,840	8,192
Deferred tax liabilities	10,027	10,434
	19,867	18,626
Current Liabilities		
Trade & Other Payables	16,134	20,794
Borrowings	32,441	33,138
Government Grant	-	4
	48,575	53,936
TOTAL LIABILITIES	68,442	72,562
EQUITY		
Share Capital	54,949	54,949
Reserves	124,182	116,839
TOTAL EQUITY	179,131	171,788
TOTAL EQUITY AND LIABILITIES	247,573	244,350
Net Assets per share attributable to owners of the parent (RM)	1.63	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	-	-	-	(85)	358	7,392	7,665
At 30 June 2015	54,949	1,295	386	248	750	106,678	164,306
At 1 January 2016	54,949	1,295	386	341	1,321	113,496	171,788
Total comprehensive income for the period	-	-	-	(23)	(153)	7,519	7,343
At 30 June 2016	54,949	1,295	386	318	1,168	121,015	179,131

(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

	6 MONTHS ENDED	
	30/06/2016	30/06/2015
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	9,573	9,526
Adjustments for non-cash flow items:-		
Non-cash items	3,275	3,344
Non-operating items	558	1,283
Operating profit before changes in working capital	<u>13,406</u>	<u>14,153</u>
Changes in working capital		
Net changes in current assets	(1,139)	(5,771)
Net changes in current liabilities	(640)	4,625
Cash from operation	<u>11,627</u>	<u>13,007</u>
Dividend received	498	307
Interest paid	(1,234)	(1,614)
Tax paid	(2,505)	(2,336)
Tax refund	-	107
Net Cash Flows From Operating Activities	<u>8,386</u>	<u>9,471</u>
Investing Activities		
- Acquisition of property, plant and equipment	(3,375)	(2,411)
- Dividend received	-	23
- Interest received	9	12
- Other investment	(102)	-
- Placement of fixed deposit	(900)	-
Net Cash Flows Used In Investing Activities	<u>(4,368)</u>	<u>(2,376)</u>
Financing activities		
- Net of bank borrowings	(3,655)	(1,104)
Net Cash Flows Used in Financing Activities	<u>(3,655)</u>	<u>(1,104)</u>
Effects of exchange rate changes on cash & cash equivalents	3	21
Net Change In Cash & Cash Equivalents	<u>366</u>	<u>6,012</u>
Cash & Cash Equivalents At Beginning Of Year	40,010	28,747
Effects of exchange rate changes	(42)	178
Cash & Cash Equivalents At End Of Period	<u>40,334</u>	<u>34,937</u>

(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
SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 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 30 June 2016						
Revenue						
Total sales	4,151	101,240	630	1,660	(25,751)	81,930
Results						
Profit before tax	279	8,296	154	601	243	9,573
Tax expense						(2,054)
Profit attributable to owners of the parent						7,519
Assets						
Segment assets	10,573	178,257	19,639	106,720	(88,634)	226,655
Investment in joint ventures				20,085		20,085
Unallocated corporate assets						833
Total assets						247,573
Liabilities						
Segment liabilities	649	15,246	129	110	-	16,134
Unallocated corporate liabilities						52,308
Total liabilities						68,442
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						61,217
Total liabilities						78,040

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 29 August 2016, the total contingent liabilities is RM165,506,071. 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	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Sales to related parties				
- City Packaging Industry Sdn. Bhd.	2	5	7	14
Management fee income received from a related party				
- Pearl Island Resort Development Sdn. Bhd.	3	-	6	-
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	65	65	130	128
- Koay Teng Liang	13	14	27	27
- Ooi Siew Hong	2	2	3	3
- Koay Teng Kheong	10	-	21	-
Rental of equipment				
- Koay Boon Pee Holding Sdn. Bhd.	76	9	146	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.
- 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	Apr-Jun 2016 RM'001	Apr-Jun 2015 RM'000	Jan-Jun 2016 RM'000	Jan-Jun 2015 RM'000
<i>Revenue</i>					
- Trading	1,689	2,455	1,428	4,144	4,167
- Manufacturing	37,983	39,050	37,528	77,033	73,459
- Properties	171	148	186	319	379
- Investment	219	215	182	434	296
Total	40,062	41,868	39,324	81,930	78,301
<i>Profit/(Loss) before tax</i>					
- Trading	99	186	(62)	285	595
- Manufacturing	5,722	3,959	4,259	9,681	9,646
- Properties	1	(22)	35	(21)	53
- Investment	(173)	(199)	(349)	(372)	(768)
Total	5,649	3,924	3,883	9,573	9,526

a) *Comparison with corresponding period in previous year*

The group recorded a revenue of RM41.868 mil and profit before tax of RM3.924mil in the current quarter ended 30 June 2016. As compared to proceeding year corresponding quarter of 30 June 2015, the revenue and profit before tax increased by RM2.544mil and RM0.041mil respectively.

Manufacturing

For manufacturing, the revenue for current quarter was increased by RM1.522mil or 4.056% as compared to corresponding period in previous year. Besides, the profit before tax had registered RM3.959mil for current quarter compared to proceeding quarter of RM4.259mil. The increase in sales volume was due to higher market demand and cost cutting activities.

Trading

The revenue for current quarter increased by RM1.027mil or 71.92% as compared to corresponding period in previous year. The profit before tax for trading division was improved from loss of RM0.062mil to profit RM0.186mil in previous corresponding quarter. The increase mainly due to high demand.

Properties

Profit before tax was decreased from RM0.035mil to a loss of RM0.022mil compared to corresponding period in proceeding year. This is mainly due to decline in revenue and increase in operating expenses.

Investment

Loss before tax was decreased from RM0.349mil to RM0.199mil. The improve in loss before tax was mainly due to increase in share of profit from jointly controlled entities which recorded profit of RM0.194mil during this quarter compared to profit of RM0.012mil in corresponding period in previous year.

b) *Comparison with preceeding quarter*

For the quarter under review, the Group recorded a revenue of RM41.868mil and a profit before tax of RM3.924mil as compared to revenue of RM40.062mil and profit before tax of RM5.649mil in the immediate preceeding quarter, showing increase of RM1.806mil (4.51%) and decrease of RM1.725mil (30.54%) 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		6 MONTHS ENDED	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Profit before tax	3,924	3,883	9,573	9,526
Current year taxation :-				
Income tax	937	616	2,461	2,837
Deferred tax	(560)	(139)	(407)	(703)
	<u>377</u>	<u>477</u>	<u>2,054</u>	<u>2,134</u>

The effective tax rate of the Group was lower than statutory tax rate due to reinvestment allowances claimed by subsidiary companies 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	32,441
Non-current	9,840
	<u>42,281</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		6 MONTHS ENDED	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Net profit for the period (RM'000)	3,547	3,406	7,519	7,392
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	<u>3.23</u>	<u>3.10</u>	<u>6.84</u>	<u>6.73</u>
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		6 MONTHS ENDED	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Profit before taxation is arrived				
a) After Charging				
Depreciation	1,601	1,681	3,201	3,348
Interest expense	635	931	1,234	1,614
Loss on foreign exchange - realised	387	374	609	501
Rental of equipment and machinery	120	79	238	125
Rental of premises	105	136	266	286
b) After Crediting				
Interest income	5	5	9	12
Gain on foreign exchange - realised	364	488	608	717
Lease rental income	57	55	111	130
Rental income	160	194	344	397
Dividend income	250	203	497	330

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	
	30/06/2016 RM'000	30/06/2015 RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries		
- Realised	137,984	122,372
- Unrealised	(10,027)	(10,489)
	<u>127,957</u>	<u>111,883</u>
Total share of retained earning from joint ventures:		
- Realised	3,011	4,725
	<u>130,968</u>	<u>116,608</u>
Less: Consolidation adjustments	(9,953)	(9,930)
Total retained earning	<u>121,015</u>	<u>106,678</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 30/06/2016 RM'000	CORRESPONDING QUARTER ENDED 30/06/2015 RM'000	CURRENT YEAR TO DATE ENDED 30/06/2016 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/06/2015 RM'000
1. Revenue	41,868	39,324	81,930	78,301
2. Profit / (loss) before tax	3,924	3,883	9,573	9,526
3. Profit / (loss) for the period	3,547	3,406	7,519	7,392
4. Profit / (loss) attributable to ordinary equity holders of the parent	3,547	3,406	7,519	7,392
5. Basic earnings / (loss) per share (sen)	3.23	3.10	6.84	6.73
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)		1.63		1.56

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30/06/2016 RM'000	CORRESPONDING QUARTER ENDED 30/06/2015 RM'000	CURRENT YEAR TO DATE ENDED 30/06/2016 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/06/2015 RM'000
1. Profit from the operation	4,365	4,802	10,476	11,130
2. Gross interest income	5	5	9	12
3. Gross interest expenses	635	931	1,234	1,614