

PUBLIC PACKAGES HOLDINGS BERHAD
FIRST QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 31 MARCH 2019
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 MONTHS ENDED		3 MONTHS ENDED	
		31/03/2019 RM'000 Unaudited	31/03/2018 RM'000 Unaudited	31/03/2019 RM'000 Unaudited	31/03/2018 RM'000 Unaudited
REVENUE		47,548	42,929	47,548	42,929
OPERATING EXPENSES		(41,706)	(37,168)	(41,706)	(37,168)
OTHER INCOME		399	249	399	249
PROFIT FROM OPERATIONS		6,241	6,010	6,241	6,010
SHARE OF RESULTS OF JOINT VENTURES		275	(6)	275	(6)
FINANCE COSTS		(632)	(775)	(632)	(775)
PROFIT BEFORE TAX	B9	5,884	5,229	5,884	5,229
TAX EXPENSE	B3	(1,226)	(1,299)	(1,226)	(1,299)
PROFIT FOR THE PERIOD		4,658	3,930	4,658	3,930
OTHER COMPREHENSIVE INCOME, NET OF TAX:-					
Foreign currency translation differences for foreign operation		(44)	(219)	(44)	(219)
Fair value adjustment on available-for-sale financial assets		92	13	92	13
Total other comprehensive income for the period		48	(206)	48	(206)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD, ATTRIBUTABLE TO OWNERS OF THE PARENT		4,706	3,724	4,706	3,724
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT					
- Basic (sen)	B8	2.47	2.08	2.47	2.08
- Diluted (sen)	B8	N/A	N/A	N/A	N/A

(The Condensed Consolidated statement of profit or loss and other comprehensive should be read in conjunction with the Annual Financial Report for the year ended 31st December 2018 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

	Note	As at 31/03/2019 RM'000 Unaudited	As at 31/12/2018 RM'000 Audited
ASSETS			
Non Current Assets			
Property, Plant & Equipment		157,547	148,650
Investment Properties	A10	10,715	10,715
Investment in Joint Ventures		21,318	21,043
AFS investments		1,563	1,478
		191,143	181,886
Current Assets			
Inventories		21,810	21,745
Trade and other receivables		51,864	53,427
Tax Recoverable		530	843
Short term fund with a licensed financial institution		27,000	36,177
Cash and Cash Equivalents		13,560	16,172
		114,764	128,364
TOTAL ASSETS		305,907	310,250
LIABILITIES			
Non Current Liabilities			
Borrowings	B5	19,463	15,934
Deferred tax liabilities		8,416	8,662
		27,879	24,596
Current Liabilities			
Trade & Other Payables		17,571	25,056
Borrowings	B5	32,914	37,761
		50,485	62,817
TOTAL LIABILITIES		78,364	87,413
EQUITY			
Share Capital		94,361	94,361
Reserves		133,182	128,476
TOTAL EQUITY		227,543	222,837
TOTAL EQUITY AND LIABILITIES		305,907	310,250
Net Assets per share attributable to owners of the parent (RM)		1.21	1.18

(The Condensed Consolidated statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31st December 2018 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	Revaluation Reserve RM'000	AFS Reserve RM'000	Foreign Translation Reserve RM'000	Retained Profits RM'000	Total RM'000
At 1 January 2019	94,361	386	229	1,276	126,585	222,837
Profit for the period	-	-	-	-	4,658	4,658
Other comprehensive income, net of income tax	-	-	92	(44)	-	48
Total comprehensive income for the period	-	-	92	(44)	4,658	4,706
At 31 March 2019	94,361	386	321	1,232	131,243	227,543
At 1 January 2018	94,361	386	364	1,280	107,577	203,968
Profit for the period	-	-	-	-	3,930	3,930
Other comprehensive income, net of income tax	-	-	13	(219)	-	(206)
Total comprehensive income for the period	-	-	13	(219)	3,930	3,724
At 31 March 2018	94,361	386	377	1,061	111,507	207,692

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2018 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTHS ENDED	
	31/03/2019	31/03/2018
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	5,884	5,229
Adjustments for non-cash flow items:-		
Non-cash items	1,480	1,808
Non-operating items	46	298
Operating profit before changes in working capital	<u>7,410</u>	<u>7,335</u>
Changes in working capital		
Net changes in current assets	1,488	(1,905)
Net changes in current liabilities	<u>(7,484)</u>	<u>(3,100)</u>
Cash from operation	1,414	2,330
Dividend received	273	360
Interest paid	(632)	(775)
Interest received	28	4
Tax paid	(1,267)	(1,349)
Tax refund	107	108
Net Cash Flows (Used In) / From Operating Activities	<u>(77)</u>	<u>678</u>
Investing Activities		
- Acquisition of property, plant and equipment	(10,378)	(5,651)
- Investment in quoted shares	-	-
- Proceed from disposal of property, plant and equipment	-	123
Net Cash Flows Used In Investing Activities	<u>(10,378)</u>	<u>(5,528)</u>
Financing activities		
- Bank borrowings	(1,074)	4,048
- Proceed from finance lease	1,083	-
- Proceed from term loans	3,382	-
- Repayment of finance lease	(1,331)	(1,152)
- Repayment of term loans	(208)	(334)
Net Cash Flows From Financing Activities	<u>1,852</u>	<u>2,562</u>
Effects of exchange rate changes on cash & cash equivalents	(1)	1
Net Change In Cash and Cash Equivalents	<u>(8,604)</u>	<u>(2,287)</u>
Cash and Cash Equivalents At Beginning Of Year	46,641	51,963
Effects of exchange rate changes	(15)	(111)
Cash and Cash Equivalents At End Of Period	<u><u>38,022</u></u>	<u><u>49,565</u></u>

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31st December 2018 and the accompanying explanatory notes attached to the interim financial statements)

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ENDED 31 MARCH 2019

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 2018. 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 2018.

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 2019.

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
MFRS 16 Leases
Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
IC Int 23 Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 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.

The Group has not elected for early adoption of the relevant new and revised MFRSs, amendments to MFRSs and Interpretations have been issued but not yet effective until future periods.

A3. AUDITED ACCOUNTS

The auditor's report in respect of the financial statements of the Group for financial year ended 31 December 2018 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 or 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 adjustment s RM'000	Total RM'000
Results for the year ended 31 March 2019						
Revenue						
Total sales	2,257	59,140	242	123	(14,214)	47,548
Results						
Profit before tax	421	5,515	(417)	51	314	5,884
Tax expense						(1,226)
Profit attributable to owners of the parent						4,658
Assets						
Segment assets	10,845	199,494	37,352	126,864	(90,496)	284,059
Investment in joint ventures				21,318		21,318
Unallocated corporate assets						530
Total assets						305,907
Liabilities						
Segment liabilities	323	12,991	4,199	58	-	17,571
Unallocated corporate liabilities						60,793
Total liabilities						78,364
Results for the year ended 31 March 2018						
Revenue						
Total sales	1,589	54,824	278	267	(14,029)	42,929
Results						
Profit before tax	(86)	5,010	(37)	187	155	5,229
Tax expense						(1,299)
Profit attributable to owners of the parent						3,930
Assets						
Segment assets	9,929	198,268	26,697	117,454	(91,882)	260,466
Investment in joint ventures				22,625		22,625
Unallocated corporate assets						292
Total assets						283,383
Liabilities						
Segment liabilities	289	14,227	1,217	39	-	15,772
Unallocated corporate liabilities						59,919
Total liabilities						75,691

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 27 May 2019, the total contingent liabilities is RM168,252,281. 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	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	RM'000	RM'000	RM'000	RM'000
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	58	62	58	62
- Koay Teng Liang	14	14	14	14
- Ooi Siew Hong	2	1	2	1
- Koay Teng Kheong	6	6	6	6
Rental of equipment				
- Koay Boon Pee Holding Sdn. Bhd.	103	103	103	103
Medical consultation				
- Peoples Primary Healthcare Sdn. Bhd.	54	-	54	-

Related party relationship:

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.

Peoples Primary Healthcare Sdn. : A company in which the directors of the Company, namely Messrs. Koay Teng Liang and Koay Teng Kheong are shareholders of the Company.

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

The amount of commitments not provided for in the interim financial statements for the current quarter as follows:

	RM'000
Approved and contracted for :-	
Property, plant and equipment	11,796

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS

a) *Overall Review of Group's Financial Performance*

Table 1: Financial review for current quarter and financial year to date

	3 MONTHS ENDED			
	31/3/2019	31/3/2018	Variance	
	RM'000	RM'000	RM'000	%
Revenue	47,548	42,929	4,619	11
Operating Profit	6,241	6,010	231	4
Profit Before Interest and Tax	6,516	6,004	512	9
Profit Before Tax	5,884	5,229	655	13
Profit After Tax	4,658	3,930	728	19

The group recorded a revenue of RM47.548mil and profit before tax of RM5.884mil in the current quarter ended 31 March 2019. As compared to preceeding year corresponding quarter of 31 March 2018, the revenue increased by RM4.619mil and RM0.655mil respectively. Manufacturing and trading divisions remain main contributors to the Group.

Table 2: Financial review of current quarter compared with immediate preceeding quarter

	Current	Immediate	Variance	
	Quarter	Preceeding		
	31/3/2019	31/12/2018	RM'000	%
Revenue	47,548	55,368	(7,820)	(14)
Operating Profit	6,241	8,460	(2,219)	(26)
Profit Before Interest and Tax	6,516	7,615	(1,099)	(14)
Profit Before Tax	5,884	7,122	(1,238)	(17)
Profit After Tax	4,658	4,676	(18)	(0)

For the quarter under review, the Group recorded a revenue of RM47.548mil and a profit before tax of RM5.884mil as compared to revenue of RM55.368mil and profit before tax of RM7.122mil in the immediate preceeding quarter. The dropped in revenue was due to drop in number of working days during this quarter. Although revenue of the Group reduced sharply, the profit before taxation remain solid, which stood at 12.4% this quarter compare to 12.9% in corresponding quarter.

b) *Segmental Analysis*

	Jan-Mar	Jan-Mar
	2019	2018
	RM'000	RM'000
<i>Revenue</i>		
- Manufacturing	45,147	41,034
- Trading	2,257	1,570
- Properties	86	123
- Investment	58	202
Total	47,548	42,929
<i>Profit/(Loss) before tax</i>		
- Manufacturing	5,709	5,327
- Trading	421	(86)
- Properties	(508)	(128)
- Investment	262	116
Total	5,884	5,229

Manufacturing

For manufacturing, the revenue for current quarter slightly increased by RM4.113mil or 10.0% as compared to corresponding period in previous year. As a result, the division also registered a profit before tax at RM5.709mil for current quarter compared to preceeding corresponding quarter of RM5.327mil. The increase in sales volume was due to higher market demand.

Trading

The revenue for current quarter increased by RM0.687mil or 43.8% as compared to corresponding period in previous year. At the same time, the profit before tax for trading division was improved from loss of RM0.086mil previous corresponding quarter to profit of RM0.421mil in this quarter. The increase is mainly due to higher market demand.

Properties

Loss before tax increased from RM0.128mil to RM0.508mil compared to corresponding period in previous year. The increase in loss before tax was mainly due to increase in operating and other expenses.

Investment

Bottom line of this division increased from profit of RM0.116mil to RM0.262mil. The improvement at mainly due to jointly controlled entities continued contributing to the group, which share of profit was registered at RM0.275 during the quarter.

c) *Prospects*

We continue to expect 2019 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 period.

B3. TAX EXPENSE

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax	5,884	5,229	5,884	5,229
Current year taxation :-				
Income tax	1,473	1,525	1,473	1,525
Deferred tax	(247)	(226)	(247)	(226)
	<u>1,226</u>	<u>1,299</u>	<u>1,226</u>	<u>1,299</u>

The effective tax rate of the Group was lower than statutory tax rate due to tax incentive enjoyed by the certain subsidiaries and effects of changes in tax rate in foreign countries.

B4. STATUS OF CORPORATE PROPOSALS

There were no other corporate proposals announced or outstanding as at the date of this report.

B5. BANK BORROWINGS AND DEBT SECURITIES

The borrowings as at 31 March 2019 are as follows:

	Current	Non-current	Total
	Liabilities	Liabilities	
	RM'000	RM'000	RM'000
Secured			
- Bank overdrafts	2,326	-	2,326
- Bill payables	26,582	-	26,582
- Hire purchases	3,774	5,385	9,159
- Term loans	232	14,078	14,310
	<u>32,914</u>	<u>19,463</u>	<u>52,377</u>

The borrowings are secured by way of:

- (i) legal charge over the land and building and plant and machinery of certain subsidiaries;
- (ii) pledged of fixed deposits of certain subsidiaries;
- (iii) negative pledge;
- (iv) facility agreement;
- (v) joint and several guarantee of certain subsidiaries; and
- (vi) corporate guarantees of the Company.

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 year by weighted average number of ordinary shares in issue during the period.

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Net profit for the year (RM'000)	4,658	3,930	4,658	3,930
Weighted average number of ordinary shares in issue ('000)	188,624	188,624	188,624	188,624
Basic earnings per share (sen)	<u>2.47</u>	<u>2.08</u>	<u>2.47</u>	<u>2.08</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	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
a) After Charging				
Depreciation	1,480	1,808	1,480	1,808
Impairment loss on receivables	-	15	-	15
Interest expense	632	775	632	775
Loss on foreign exchange - realised	135	503	135	503
Rental of equipment and machinery	163	158	163	158
Rental of premises	148	161	148	161
b) After Crediting				
Bad debts recovered	1	-	1	-
Interest income	28	4	28	4
Gain on foreign exchange - realised	181	139	181	139
Gain on disposal of property, plant and equipment	-	63	-	63
Lease rental income	60	49	60	49
Rental income	93	131	93	131
Dividend income	282	360	282	360

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 2018.

B10. REALISED AND UNREALISED RETAINED

	GROUP	
	31/03/2019	31/03/2018
	RM'000	RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries	151,671	132,760
- Realised	(8,416)	(8,861)
- Unrealised	<u>143,255</u>	<u>123,899</u>
Total share of retained earning from joint ventures:	2,206	3,513
- Realised	<u>145,461</u>	<u>127,412</u>
Less: Consolidation adjustments	(14,218)	(15,905)
Total retained earning	<u>131,243</u>	<u>111,507</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 31/03/2019 RM'000	CORRESPONDING QUARTER ENDED 31/03/2018 RM'000	CURRENT YEAR TO DATE ENDED 31/03/2019 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/03/2018 RM'000
1. Revenue	47,548	42,929	47,548	42,929
2. Profit / (loss) before tax	5,884	5,229	5,884	5,229
3. Profit / (loss) for the period	4,658	3,930	4,658	3,930
4. Profit / (loss) attributable to ordinary equity holders of the parent	4,658	3,930	4,658	3,930
5. Basic earnings / (loss) per share (sen)	2.47	2.08	2.47	2.08
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)		1.21		1.18

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31/03/2019 RM'000	CORRESPONDING QUARTER ENDED 31/03/2018 RM'000	CURRENT YEAR TO DATE ENDED 31/03/2019 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/03/2018 RM'000
1. Profit from the operation	6,241	6,010	6,241	6,010
2. Gross interest income	28	4	28	4
3. Gross interest expenses	632	775	632	775