

PUBLIC PACKAGES HOLDINGS BERHAD
FIRST QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 31 MARCH 2021
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 MONTHS ENDED		3 MONTHS ENDED	
		31/03/2021	31/03/2020	31/03/2021	31/03/2020
		RM'000	RM'000	RM'000	RM'000
		Unaudited	Unaudited	Unaudited	Unaudited
REVENUE		46,866	45,362	46,866	45,362
OPERATING EXPENSES		(41,724)	(42,195)	(41,724)	(42,195)
OTHER INCOME		519	356	519	356
PROFIT FROM OPERATIONS		5,661	3,523	5,661	3,523
SHARE OF RESULTS OF JOINT VENTURES		276	225	276	225
FINANCE COSTS		(361)	(635)	(361)	(635)
PROFIT BEFORE TAX	B9	5,576	3,113	5,576	3,113
TAX EXPENSE	B3	(1,562)	(494)	(1,562)	(494)
PROFIT FOR THE PERIOD		4,014	2,619	4,014	2,619
OTHER COMPREHENSIVE INCOME, NET OF TAX:-					
Foreign currency translation differences for foreign operation		95	(2)	95	(2)
Fair value adjustment on available-for-sale financial assets		71	(100)	71	(100)
Total other comprehensive income for the period		166	(102)	166	(102)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD, ATTRIBUTABLE TO OWNERS OF THE PARENT		4,180	2,517	4,180	2,517
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT					
- Basic (sen)	B8	2.13	1.39	2.13	1.39
- Diluted (sen)	B8	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and the accompanying explanatory notes attached to the Interim Financial Statements.)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31/03/2021 RM'000 Unaudited	As at 31/12/2020 RM'000 Audited
ASSETS			
Non Current Assets			
Property, plant & equipment		154,936	156,229
Right-of-use assets		1,061	1,166
Investment properties	A10	4,910	4,910
Investment in joint ventures		29,071	28,794
AFS investments		1,620	1,549
		191,598	192,648
Current Assets			
Inventories		14,315	20,922
Trade and other receivables		36,933	44,377
Short term funds with licensed financial institutions		64,256	50,497
Cash and cash equivalents		28,829	29,624
		144,333	145,420
TOTAL ASSETS		<u>335,931</u>	<u>338,068</u>
LIABILITIES			
Non Current Liabilities			
Borrowings	B5	8,355	8,866
Deferred tax liabilities		9,304	9,121
		17,659	17,987
Current Liabilities			
Trade & other payables		16,318	21,180
Borrowings	B5	22,095	22,552
Provision for taxation		2,837	3,035
		41,250	46,767
TOTAL LIABILITIES		<u>58,909</u>	<u>64,754</u>
EQUITY			
Share capital		94,361	94,361
Reserves		182,661	178,953
TOTAL EQUITY		277,022	273,314
TOTAL EQUITY AND LIABILITIES		<u>335,931</u>	<u>338,068</u>
Net Assets per share attributable to owners of the parent (RM)		1.47	1.45

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 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 2021	94,361	482	295	1,306	176,870	273,314
Profit for the period	-	-	-	-	4,014	4,014
Other comprehensive income, net of income tax	-	-	71	95	-	166
Total comprehensive income for the period	-	-	71	95	4,014	4,180
Dividend	-	-	-	-	(472)	(472)
At 31 March 2021	94,361	482	366	1,401	180,412	277,022
At 1 January 2020	94,361	386	446	1,297	150,217	246,707
Profit for the period	-	-	-	-	2,619	2,619
Other comprehensive income, net of income tax	-	-	(100)	(2)	-	(102)
Total comprehensive income for the period	-	-	(100)	(2)	2,619	2,517
Dividend	-	-	-	-	(472)	(472)
At 31 March 2020	94,361	386	346	1,295	152,364	248,752

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and the accompanying explanatory notes attached to the Interim Financial Statements.)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTHS ENDED	
	31/03/2021	31/03/2020
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	5,576	3,113
Adjustments for non-cash flow items:-		
Non-cash items	2,216	2,458
Non-operating items	(218)	86
Operating profit before changes in working capital	<u>7,574</u>	<u>5,657</u>
Changes in working capital		
Net changes in current assets	14,193	8,828
Net changes in current liabilities	<u>(4,866)</u>	<u>(953)</u>
Cash from operation	16,901	13,532
Dividend received	273	1,391
Interest paid	(361)	(635)
Interest received	5	25
Tax paid	(1,582)	(1,442)
Tax refund	-	317
Net Cash Flows From Operating Activities	<u>15,236</u>	<u>13,188</u>
Investing Activities		
- Acquisition of property, plant and equipment	(851)	(599)
- Placement of fixed deposits	(1)	(1)
- Proceed from disposal of property, plant and equipment	64	(17)
Net Cash Flows Used In Investing Activities	<u>(788)</u>	<u>(617)</u>
Financing activities		
- Bank borrowings	(506)	(1,883)
- Repayment of hire purchase loans (principle portion)	(727)	(730)
- Repayment of lease liabilities	(219)	(224)
- Repayment of term loans	(74)	(215)
- Dividend	(472)	(472)
Net Cash Flows Used In Financing Activities	<u>(1,998)</u>	<u>(3,524)</u>
Effects of exchange rate changes on cash & cash equivalents	-	6
Net Change In Cash and Cash Equivalents	<u>12,450</u>	<u>9,053</u>
Cash and Cash Equivalents At Beginning Of Year	78,450	49,176
Effects of exchange rate changes	69	(3)
Cash and Cash Equivalents At End Of Period	<u>90,969</u>	<u>58,226</u>

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 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 2021

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 2020. 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 2020.

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 2021.

Amendments to MFRS 16 Leases: COVID-19 - Related Rent Concessions

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosure, MFRS 4 Insurance Contracts and MFRS 16 Leases: Interest Rate Benchmark Reform - Phase 2

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 2020 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

An interim single-tier dividend of RM0.0025 per share, amounting to RM471,553 in respect of financial year ended 31 December 2020 was paid on 30 March 2021.

A9. SEGMENTAL INFORMATION

The operations of the Group are organised into the following main business segments:

- (i) Trading
- (ii) Manufacturing
- (iii) Hotel
- (iv) Properties
- (v) Investment

The segmental information are as follow:-

	Trading RM'000	Manufacturing RM'000	Hotel RM'000	Properties RM'000	Investment RM'000	Consol adjustments RM'000	Total RM'000
Results for the year ended 31 March 2021							
Revenue							
Total sales	1,912	57,595	768	184	60	(13,653)	46,866
Results							
Profit before tax	39	6,369	(1,165)	110	8	215	5,576
Tax expense							(1,562)
Profit attributable to owners of the parent							4,014
Assets							
Segment assets	12,285	208,770	77,458	24,131	144,941	(160,725)	306,860
Investment in joint ventures					29,071		29,071
Total assets							335,931
Liabilities							
Segment liabilities	300	13,793	2,126	46	53	-	16,318
Unallocated corporate liabilities							42,591
Total liabilities							58,909
Results for the year ended 31 March 2020							
Revenue							
Total sales	3,275	50,838	2,712	184	1,135	(12,782)	45,362
Results							
Profit before tax	889	1,882	31	95	1,063	(847)	3,113
Tax expense							(494)
Profit attributable to owners of the parent							2,619
Assets							
Segment assets	12,269	196,670	82,490	20,556	136,457	(153,905)	294,537
Investment in joint ventures					21,373		21,373
Total assets							315,910
Liabilities							
Segment liabilities	448	15,581	1,362	66	43	-	17,500
Unallocated corporate liabilities							49,658
Total liabilities							67,158

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 is 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 31 May 2021, the total contingent liabilities is RM164,950,679. 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	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	58	58	58	58
- Koay Boon Pee Holding Sdn. Bhd.	21	21	21	21
- Koay Teng Liang	14	14	14	14
- Ooi Siew Hong	2	2	2	2
- Koay Teng Kheong	6	6	6	6
Rental of equipment				
- Koay Boon Pee Holding Sdn. Bhd.	153	162	153	162
Medical care and supplies				
- Peoples Primary Healthcare Sdn. Bhd.	41	38	41	38

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. Bhd. : A company in which the directors of the Company, namely Messrs. Koay Teng Liang and Koay Teng Kheong, have substantial financial interests.

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 total commitments for the current quarter as follows:

	RM'000
Approved but not provided for :-	
Property, plant and equipment	4,084

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			
	31/03/2021	31/03/2020	Variance	
	RM'000	RM'000	RM'000	%
Revenue	46,866	45,362	1,504	3.32
Operating Profit	5,661	3,523	2,138	60.69
Profit Before Interest and Tax	5,937	3,748	2,189	58.41
Profit Before Tax	5,576	3,113	2,463	79.12
Profit After Tax	4,014	2,619	1,395	53.27

For the current quarter, the group recorded a revenue of RM46.866mil, which increased by RM1.504mil (3.32%) compare similar quarter in last year. Profit before taxation increased from RM3.113mil in similar quarter last year to RM5.576mil in this quarter, showing an increase of 79.12%. The improvements were mainly attributed by the higher revenue achieved and lower operating costs.

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

	Current	Immediate	Variance	
	Quarter	Preceeding		
	31/03/2021	31/12/2020	RM'000	%
Revenue	46,866	53,047	(6,181)	(11.65)
Operating Profit	5,661	8,934	(3,273)	(36.64)
Profit Before Interest and Tax	5,937	15,600	(9,663)	(61.94)
Profit Before Tax	5,576	15,219	(9,643)	(63.36)
Profit After Tax	4,014	11,123	(7,109)	(63.91)

For the quarter under review, the Group recorded a revenue of RM46.866mil and a profit before tax of RM5.576mil as compared to revenue of RM53.047mil and profit before tax of RM15.219mil in the immediate preceeding quarter. The dropped in revenue was mainly due to Conditional Movement Control Order ("CMCO"), interstate travelling restriction and festival season during the quarter. The net profit during the quarter was dropped due to one-off fair value adjustment on investment property was recognised by joint venture company in last year.

b) Segmental Analysis

	Jan-Mar	Jan-Mar
	2021	2020
	RM'000	RM'000
<i>Revenue</i>		
- Manufacturing	44,119	39,320
- Trading	1,911	3,274
- Hotel	749	2,707
- Properties	27	26
- Investment	60	35
Total	46,866	45,362
<i>Profit/(Loss) before tax</i>		
- Manufacturing	6,502	2,070
- Trading	42	891
- Hotel	(1,184)	26
- Properties	(47)	(63)
- Investment	263	189
Total	5,576	3,113

For manufacturing, the revenue for current quarter was increased by RM4.799mil or 12.20% as compared to corresponding period in previous year. In tandem with increase in revenue, the profit before tax was also increased from profit RM2.070mil to RM6.502mil in this quarter. The improvement was mainly due to increase in market demand and cost control activities.

The trading revenue for current quarter was decreased by RM1.363mil or 41.63% as compared to corresponding period in previous year. At the same time, the profit before tax was also decreased from profit RM0.891mil in previous corresponding quarter to RM0.042mil in this quarter. The decrease in sales volume was due to slow in market demand.

For Hotel, the revenue for current quarter decreased by RM1.958mil or 72.33% as compared to corresponding period in previous year. At the same time, the profit before tax for hotel division decreased from profit of RM0.026mil in previous corresponding quarter to loss of RM1.184mil in this quarter. The huge decline is mainly due to slow in market demand followed by the Covid-19 pandemic and CMCO imposed by Government of Malaysia and cross-state travel restriction.

During the quarter, the loss before taxation of properties division were decreased from loss of RM0.063mil to RM0.043mil. This was mainly due to low in operating costs.

The joint ventures controlled entities remain contributing to bottom line of the Group. Share of profit from joint controlled entities during this quarter was RM0.276mil.

c) *Prospects*

In the wake of the Covid-19 pandemic, the Group faces significant risks, both financially and operationally. Outlook during the year remain challenging and uncertain, as the full impact of the Covid-19 pandemic has not been ascertained.

Nevertheless, the Group will continue to strengthen the market position and expand customer-based amidst the continuous competition and challenges faced. Meanwhile, the Group's effort in enhancing operational efficiency and effectiveness by putting in place cost control measures will be continued.

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	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax	5,576	3,113	5,576	3,113
Current year taxation :-				
Income tax	1,380	963	1,380	963
Deferred tax	182	(469)	182	(469)
	<u>1,562</u>	<u>494</u>	<u>1,562</u>	<u>494</u>

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

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 2021 are as follows:

	Current Liabilities RM'000	Non-current Liabilities RM'000	Total RM'000
Secured			
- Bank overdrafts	1,891	-	1,891
- Bill payables	15,708	-	15,708
- Finance lease	2,619	838	3,457
- Lease liabilities	437	624	1,061
- Term loans	1,440	6,893	8,333
	<u>22,095</u>	<u>8,355</u>	<u>30,450</u>

The borrowings are secured by way of:

- (i) legal charge over the freehold land and certain investments of subsidiaries;
- (ii) pledged of fixed deposits of certain subsidiaries;
- (iii) negative pledge;
- (iv) joint and several guarantee of subsidiaries;
- (v) corporate guarantees of the Company; and
- (vi) leased assets

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	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Net profit for the period (RM'000)	4,014	2,619	4,014	2,619
Weighted average number of ordinary shares in issue ('000)	188,624	188,624	188,624	188,624
Basic earnings per share (sen)	2.13	1.39	2.13	1.39
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	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
a) After Charging				
Depreciation	2,130	2,234	2,130	2,234
Depreciation on right-of-use assets	219	224	219	224
Interest expense	361	635	361	635
Loss on foreign exchange - realised	159	143	159	143
Property, plant and equipment written off	-	*	-	*
Rental of equipment and machinery	85	69	85	69
Rental of premises	164	180	164	180
b) After Crediting				
Bad debts recovered	132	-	132	-
Interest income	5	25	5	25
Gain on foreign exchange - realised	72	115	72	115
Gain on disposal of property, plant and equipment	49	5	49	5
Lease rental income	68	43	68	43
Rental income	120	90	120	90
Dividend income	273	291	273	291

* Represents RM1

B10. REALISED AND UNREALISED RETAINED

	GROUP	
	31/03/2021	31/03/2020
	RM'000	RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries	225,351	171,937
- Realised	(9,304)	(7,694)
- Unrealised	216,047	164,243
Total share of retained earning from joint ventures:	9,959	2,261
- Realised	226,006	166,504
	(45,594)	(14,140)
Less: Consolidation adjustments	180,412	152,364
Total retained earning		

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 31/03/2021 RM'000	CORRESPONDING QUARTER ENDED 31/03/2020 RM'000	CURRENT YEAR TO DATE ENDED 31/03/2021 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/03/2020 RM'000
1. Revenue	46,866	45,362	46,866	45,362
2. Profit / (loss) before tax	5,576	3,113	5,576	3,113
3. Profit / (loss) for the period	4,014	2,619	4,014	2,619
4. Profit / (loss) attributable to ordinary equity holders of the parent	4,014	2,619	4,014	2,619
5. Basic earnings / (loss) per share (sen)	2.13	1.39	2.13	1.39
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)		1.47		1.45

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31/03/2021 RM'000	CORRESPONDING QUARTER ENDED 31/03/2020 RM'000	CURRENT YEAR TO DATE ENDED 31/03/2021 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/03/2020 RM'000
1. Profit from the operation	5,661	3,523	5,661	3,523
2. Gross interest income	5	25	5	25
3. Gross interest expenses	361	635	361	635