

PUBLIC PACKAGES HOLDINGS BERHAD
SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2021
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 MONTHS ENDED		6 MONTHS ENDED	
		30/06/2021	30/06/2020	30/06/2021	30/06/2020
		RM'000 Unaudited	RM'000 Unaudited	RM'000 Unaudited	RM'000 Unaudited
REVENUE		45,754	40,276	92,620	85,638
OPERATING EXPENSES		(40,249)	(36,973)	(81,973)	(79,168)
OTHER INCOME		687	2,114	1,206	2,470
PROFIT FROM OPERATIONS		6,192	5,417	11,853	8,940
SHARE OF RESULTS OF JOINT VENTURES		120	166	396	391
FINANCE COSTS		(332)	(531)	(693)	(1,166)
PROFIT BEFORE TAX	B9	5,980	5,052	11,556	8,165
TAX EXPENSE	B3	(1,538)	(1,900)	(3,100)	(2,394)
PROFIT FOR THE PERIOD		4,442	3,152	8,456	5,771
OTHER COMPREHENSIVE INCOME, NET OF TAX:-					
Foreign currency translation differences for foreign operation		10	87	105	85
Fair value adjustment on available-for-sale financial assets		64	(51)	135	(151)
Total other comprehensive income for the period		74	36	240	(66)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD, ATTRIBUTABLE TO OWNERS OF THE PARENT		4,516	3,188	8,696	5,705
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT					
- Basic (sen)	B8	2.36	1.67	4.48	3.06
- 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 30/06/2021 RM'000 Unaudited	As at 31/12/2020 RM'000 Audited
ASSETS			
Non Current Assets			
Property, plant & equipment		158,335	156,229
Right-of-use assets		1,144	1,166
Investment properties	A10	4,910	4,910
Investment in joint ventures		29,191	28,794
AFS investments		1,684	1,549
		195,264	192,648
Current Assets			
Inventories		15,119	20,922
Trade and other receivables		37,833	44,377
Short term funds with licensed financial institutions		66,060	50,497
Cash and cash equivalents		21,030	29,624
		140,042	145,420
TOTAL ASSETS		335,306	338,068
LIABILITIES			
Non Current Liabilities			
Borrowings	B5	8,275	8,866
Deferred tax liabilities		9,323	9,121
		17,598	17,987
Current Liabilities			
Trade & other payables		16,520	21,180
Borrowings	B5	16,715	22,552
Provision for taxation		2,935	3,035
		36,170	46,767
TOTAL LIABILITIES		53,768	64,754
EQUITY			
Share capital		94,361	94,361
Reserves		187,177	178,953
TOTAL EQUITY		281,538	273,314
TOTAL EQUITY AND LIABILITIES		335,306	338,068
Net Assets per share attributable to owners of the parent (RM)		1.49	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	-	-	-	-	8,456	8,456
Other comprehensive income, net of income tax	-	-	135	105	-	240
Total comprehensive income for the period	-	-	135	105	8,456	8,696
Dividend	-	-	-	-	(472)	(472)
At 30 June 2021	94,361	482	430	1,411	184,854	281,538
At 1 January 2020	94,361	386	446	1,297	150,217	246,707
Profit for the period	-	-	-	-	5,771	5,771
Other comprehensive income, net of income tax	-	-	(151)	85	-	(66)
Total comprehensive income for the period	-	-	(151)	85	5,771	5,705
Dividend	-	-	-	-	(472)	(472)
At 30 June 2020	94,361	386	295	1,382	155,516	251,940

(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

	6 MONTHS ENDED	
	30/06/2021	30/06/2020
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	11,556	8,165
Adjustments for non-cash flow items:-		
Non-cash items	4,590	4,914
Non-operating items	(337)	171
Operating profit before changes in working capital	15,809	13,250
Changes in working capital		
Net changes in current assets	12,490	12,606
Net changes in current liabilities	(4,666)	(3,251)
Cash from operation	23,633	22,605
Dividend received	597	1,682
Interest paid	(693)	(1,166)
Interest received	5	39
Tax paid	(3,002)	(1,872)
Tax refund	-	317
Net Cash Flows From Operating Activities	20,540	21,605
Investing Activities		
- Acquisition of property, plant and equipment	(6,900)	(951)
- (Placement) / Withdrawal of fixed deposits	(1)	2,999
- Proceed from disposal of property, plant and equipment	569	19
Net Cash Flows (Used In) / From Investing Activities	(6,332)	2,067
Financing activities		
- Bank borrowings	(5,305)	(4,194)
- Repayment of hire purchase loans (principle portion)	(1,378)	(1,324)
- Repayment of lease liabilities	(438)	(446)
- Repayment of term loans	(152)	(3,714)
- Dividend	(472)	(472)
Net Cash Flows Used In Financing Activities	(7,745)	(10,150)
Effects of exchange rate changes on cash & cash equivalents	-	9
Net Change In Cash and Cash Equivalents	6,463	13,531
Cash and Cash Equivalents At Beginning Of Year	78,450	49,176
Effects of exchange rate changes	76	31
Cash and Cash Equivalents At End Of Period	84,989	62,738

(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.)

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ENDED 30 JUNE 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 period ended 30 June 2021							
Revenue							
Total sales	3,758	113,445	1,392	362	123	(26,460)	92,620
Results							
Profit before tax	35	13,522	(2,497)	177	41	278	11,556
Tax expense							(3,100)
Profit attributable to owners of the parent							8,456
Assets							
Segment assets	11,820	210,971	76,324	24,156	144,940	(162,096)	306,115
Investment in joint ventures					29,191		29,191
Total assets							335,306
Liabilities							
Segment liabilities	284	13,825	2,323	35	53	-	16,520
Unallocated corporate liabilities							37,248
Total liabilities							53,768
Results for the period ended 30 June 2020							
Revenue							
Total sales	4,837	99,257	3,087	367	1,171	(23,081)	85,638
Results							
Profit before tax	921	8,059	(1,364)	196	1,040	(687)	8,165
Tax expense							(2,394)
Profit attributable to owners of the parent							5,771
Assets							
Segment assets	12,670	197,064	77,876	20,524	136,450	(154,828)	289,756
Investment in joint ventures					21,539		21,539
Total assets							311,295
Liabilities							
Segment liabilities	371	13,659	1,073	55	49	-	15,207
Unallocated corporate liabilities							44,148
Total liabilities							59,355

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 30 August 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		6 MONTHS ENDED	
	30/06/2021 RM'000	30/06/2020 RM'000	30/06/2021 RM'000	30/06/2020 RM'000
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	58	58	116	116
- Koay Boon Pee Holding Sdn. Bhd.	21	21	42	42
- Koay Teng Liang	13	13	27	27
- Ooi Siew Hong	1	1	3	3
- Koay Teng Kheong	6	6	12	12
Rental of equipment				
- Koay Boon Pee Holding Sdn. Bhd.	154	163	307	325
Medical care and supplies				
- Peoples Primary Healthcare Sdn. Bhd.	117	66	158	104

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	370

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				6 MONTHS ENDED			
	6/30/2021	6/30/2020	Variance		6/30/2021	6/30/2020	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	45,754	40,276	5,478	13.60	92,620	85,638	6,982	8.15
Operating Profit	6,192	5,417	775	14.31	11,853	8,940	2,913	32.58
Profit Before Interest and Tax	6,312	5,583	729	13.06	12,249	9,331	2,918	31.27
Profit Before Tax	5,980	5,052	928	18.37	11,556	8,165	3,391	41.53
Profit After Tax	4,442	3,152	1,290	40.93	8,456	5,771	2,685	46.53

For the current quarter, the group recorded a revenue of RM45.754mil, which increased by RM5.478mil (13.60%) compare similar quarter in last year. At the same time, profit before taxation increased from RM5.052mil in similar quarter last year to RM5.980mil in this quarter, showing an increase of 18.37%. During the quarter, 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 Quarter	Immediate Preceding Quarter	Variance	
	30/06/2021	31/03/2021	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	45,754	46,866	(1,112)	(2.37)
Operating Profit	6,192	5,661	531	9.38
Profit Before Interest and Tax	6,312	5,937	375	6.32
Profit Before Tax	5,980	5,576	404	7.25
Profit After Tax	4,442	4,014	428	10.66

For the quarter under review, the Group recorded a revenue of RM45.754mil and a profit before tax of RM5.980mil as compared to revenue of RM46.866mil and profit before tax of RM5.576mil in the immediate preceeding quarter. The reasons for improvement performance will be disclosed in part (b) segmental analysis.

b) Segmental Analysis

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
	RM'000	RM'000	RM'000	RM'000
<i>Revenue</i>				
- Manufacturing	43,183	38,285	87,302	77,605
- Trading	1,845	1,562	3,756	4,836
- Hotel	643	367	1,392	3,074
- Properties	20	26	47	52
- Investment	63	36	123	71
Total	45,754	40,276	92,620	85,638
<i>Profit/(Loss) before tax</i>				
- Manufacturing	7,269	6,336	13,771	8,406
- Trading	(7)	33	35	924
- Hotel	(1,313)	(1,404)	(2,497)	(1,378)
- Properties	(91)	(56)	(138)	(119)
- Investment	122	143	385	332
Total	5,980	5,052	11,556	8,165

For manufacturing, the revenue for current quarter was increased by RM4.898mil or 12.79% as compared to corresponding period in previous year. In tandem with increase in revenue, the profit before tax was also increased from profit RM6.336mil to RM7.269mil in this quarter. During the quarter, the improvements were mainly due to increase in market demand and cost control activities.

The trading revenue for current quarter was slightly increased by RM0.283mil or 18.12% as compared to corresponding period in previous year. However, the profit before tax was decreased from profit RM0.033mil in previous corresponding quarter to loss RM0.007mil in this quarter. The reduction in bottom line is mainly due to high operating costs.

Despite Movement Control Order ("MCO") and inter-state cross border, the revenue for hotel division were improved from RM0.367mil to RM0.643mil, representing an increase of 75.20% as compared to corresponding period in previous year. In tandem with revenue improvements, the loss before taxation were also improved from loss RM1.404mil in previous corresponding quarter to loss of RM1.313mil in this quarter.

During the quarter, the loss before taxation of properties division were increased from loss of RM0.056mil to RM0.091mil. This was mainly due to high in operating costs.

The joint ventures controlled entities remain contributing to bottom line of the Group. Share of profit from joint controlled entities during the quarter was RM0.396mil.

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		6 MONTHS ENDED	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax	5,980	5,052	11,556	8,165
Current year taxation :-				
Income tax	1,519	1,596	2,899	2,559
Deferred tax	19	304	201	(165)
	1,538	1,900	3,100	2,394

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 30 June 2021 are as follows:

	Current Liabilities	Non-current Liabilities	Total
	RM'000	RM'000	RM'000
Secured			
- Bank overdrafts	1,876	-	1,876
- Bill payables	10,909	-	10,909
- Finance lease	2,119	687	2,806
- Lease liabilities	371	773	1,144
- Term loans	1,440	6,815	8,255
	16,715	8,275	24,990

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		6 MONTHS ENDED	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Net profit for the period (RM'000)	4,442	3,152	8,456	5,771
Weighted average number of ordinary shares in issue ('000)	188,624	188,624	188,624	188,624
Basic earnings per share (sen)	2.36	1.67	4.48	3.06
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	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
a) After Charging				
Depreciation	2,155	2,234	4,285	4,468
Depreciation on right-of-use assets	219	222	438	446
Impairment loss on receivables	*	-	*	-
Interest expense	332	531	693	1,166
Loss on foreign exchange - realised	10	26	169	169
Loss on disposal of property, plant and equipment	-	*	-	*
Property, plant and equipment written off	-	*	-	*
Rental of equipment and machinery	69	76	154	145
Rental of premises	149	177	313	357
b) After Crediting				
Bad debts recovered	-	-	132	-
Interest income	-	14	5	39
Gain on foreign exchange - realised	203	499	275	614
Gain on disposal of property, plant and equipment	11	2	60	7
Lease rental income	67	47	135	90
Rental income	105	146	225	236
Dividend income	324	291	597	582

* Represents RM1

B10. REALISED AND UNREALISED RETAINED

	GROUP	
	30/06/2021	30/06/2020
	RM'000	RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries	229,749	175,232
- Realised	(9,323)	(7,997)
- Unrealised	220,426	167,235
Total share of retained earning from joint ventures:	10,079	2,427
- Realised	230,505	169,662
	(45,651)	(14,146)
Less: Consolidation adjustments		
Total retained earning	184,854	155,516

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 30/06/2021 RM'000	CORRESPONDING QUARTER ENDED 30/06/2020 RM'000	CURRENT YEAR TO DATE ENDED 30/06/2021 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/06/2020 RM'000
1. Revenue	45,754	40,276	92,620	85,638
2. Profit / (loss) before tax	5,980	5,052	11,556	8,165
3. Profit / (loss) for the period	4,442	3,152	8,456	5,771
4. Profit / (loss) attributable to ordinary equity holders of the parent	4,442	3,152	8,456	5,771
5. Basic earnings / (loss) per share (sen)	2.36	1.67	4.48	3.06
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)		1.49		1.45

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30/06/2021 RM'000	CORRESPONDING QUARTER ENDED 30/06/2020 RM'000	CURRENT YEAR TO DATE ENDED 30/06/2021 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/06/2020 RM'000
1. Profit from the operation	6,192	5,417	11,853	8,940
2. Gross interest income	-	14	5	39
3. Gross interest expenses	332	531	693	1,166