

PUBLIC PACKAGES HOLDINGS BERHAD
SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED 30 JUNE 2013
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
REVENUE	36,994	35,734	69,713	68,648
OPERATING EXPENSES	(32,591)	(31,527)	(63,062)	(62,930)
OTHER INCOME	72	202	237	328
PROFIT FROM OPERATIONS	<u>4,475</u>	<u>4,409</u>	<u>6,888</u>	<u>6,046</u>
SHARE OF RESULTS OF JOINT VENTURE COMPANIES	444	345	761	443
FINANCE COSTS	(620)	(585)	(1,220)	(1,249)
PROFIT BEFORE TAX	<u>4,299</u>	<u>4,169</u>	<u>6,429</u>	<u>5,240</u>
TAX EXPENSE	(1,126)	(1,158)	(1,733)	(1,498)
PROFIT AFTER TAX	<u>3,173</u>	<u>3,011</u>	<u>4,696</u>	<u>3,742</u>
OTHER COMPREHENSIVE INCOME:-				
Foreign currency translation differences for foreign operations	5	52	15	87
Fair value of available-for-sale financial assets	(4)	-	(3)	(1)
Total other comprehensive profit / (loss) for the period	<u>1</u>	<u>52</u>	<u>12</u>	<u>86</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>3,174</u>	<u>3,063</u>	<u>4,708</u>	<u>3,828</u>
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	<u>2.89</u>	<u>2.74</u>	<u>4.27</u>	<u>3.41</u>
- Diluted (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2012 and the accompanying explanatory notes attached to the interim financial statements)

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ENDED 30 JUNE 2013
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/6/2013 RM'000 Unaudited	As at 31/12/2012 RM'000 Audited
ASSETS		
Non Current Assets		
Property, Plant & Equipment	106,185	82,662
Investment Properties	11,827	11,445
Goodwill	675	675
Investments in Joint Venture	15,573	14,812
AFS investments	390	393
Development Properties	-	20,218
	134,650	130,205
Current Assets		
Inventories	20,132	19,343
Trade and other receivables	37,679	36,583
Tax Recoverable	1,680	1,424
Short term funds with a licensed financial institution	9,969	6,610
Cash & Cash Equivalents	7,137	12,175
	76,597	76,135
TOTAL ASSETS	211,247	206,340
LIABILITIES		
Non Current Liabilities		
Borrowings	10,954	8,656
Deferred tax liabilities	10,493	10,528
	21,447	19,184
Current Liabilities		
Trade & Other Payables	14,729	13,467
Borrowings	36,707	40,029
Government Grants	25	29
	51,461	53,525
TOTAL LIABILITIES	72,908	72,709
EQUITY		
Share Capital	54,949	54,949
Reserves	83,390	78,682
Equity attributable to owners of the parent	138,339	133,631
Minority interest	-	-
TOTAL EQUITY	138,339	133,631
TOTAL EQUITY AND LIABILITIES	211,247	206,340
Net Assets per share attributable to owners of the parent (RM)	1.26	1.22

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31st December 2012 and the accompanying explanatory notes attached to the interim financial statements)

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SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED 30 JUNE 2013
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	AFS Reserve RM'000	Currency Translation Reserve RM'000	Accumulated profit carried forward RM'000	Total RM'000
At 1 January 2012	54,949	1,295	386	208	1	62,472	119,311
Total comprehensive income/ (loss) for the period	-	-	-	(1)	87	3,742	3,828
At 30 June 2012	54,949	1,295	386	207	88	66,214	123,139
At 1 January 2013	54,949	1,295	386	203	108	76,690	133,631
Total comprehensive income/ (loss) for the period	-	-	-	(3)	15	4,696	4,708
At 30 June 2013	54,949	1,295	386	200	123	81,386	138,339

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2012 and the accompanying explanatory notes attached to the interim financial statements)

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SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 MONTHS ENDED	
	30/6/2013	30/6/2012
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	6,429	5,240
Adjustments for non-cash flow items:-		
Non-cash items	2,744	2,541
Non-operating items	336	812
Operating profit before changes in working capital	9,509	8,593
Changes in working capital		
Net changes in current assets	(2,942)	1,309
Net changes in current liabilities	2,152	(301)
Cash from operation	8,719	9,601
Dividend received	125	12
Interest paid	(1,220)	(1,249)
Tax paid	(2,061)	(886)
Tax refund	33	-
Net Cash Flows From Operating Activities	5,596	7,478
Investing Activities		
- Acquisition of property, plant and equipment	(6,253)	(1,559)
- Interest received	4	-
- Proceed from disposal of property, plant and equipment	2	86
Net Cash Flows Used In Investing Activities	(6,247)	(1,473)
Financing activities		
- Net of bank borrowings	1,100	(5,922)
Net Cash Flows From / (Used in) Financing Activities	1,100	(5,922)
Effects of exchange rate changes on cash & cash equivalents	6	16
Net Change In Cash & Cash Equivalents	455	99
Cash & Cash Equivalents At Beginning Of Year	12,702	5,362
Effects of exchange rate changes	3	21
Cash & Cash Equivalents At End Of Period	13,160	5,482

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31st December 2012 and the accompanying explanatory notes attached to the interim financial statements)

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SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED 30 JUNE 2013

NOTES TO THE INTERIM FINANCIAL REPORT

A1. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

These 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.

These unaudited condensed consolidated interim financial statement should read in conjunction with the audited financial statements for year ended 31 December 2012. 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 2012.

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 2013.

Effective for financial periods beginning on or after 1 July 2012

Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
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Effective for financial periods beginning on or after 1 January 2013

MFRS 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS - Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendment to MFRS 101	Presentation of Items of Other Comprehensive Income
Amendment to MFRS 116	Property, plant and Equipment
Amendment to MFRS 132	Presentation of Items of Other Comprehensive Income
Amendment to MFRS 134	Interim Financial Reporting

The adoption of the above Standards and Interpretations will have no significant impact on the financial statements of the Group upon their initial application.

A3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Amendments to MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
Amendments to MFRS 10, 12 & 127	Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

A4. AUDITED ACCOUNTS

The auditor's report in respect of the financial statements of the Group for the financial year ended 31 December 2012 was not subject to any qualification.

A5. 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.

A6. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items for the current quarter under review.

A7. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATE

There were no changes in estimates of amounts reported, which have a material effect in the current quarter.

A8. 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.

A9. DIVIDEND PAID

There was no dividend paid for the current quarter.

A10. SEGMENTAL INFORMATION

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

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

The segment information for the current quarter is as follow:-

Results for the year ended 30 June 2013

	Trading RM'000	Manufacturing RM'000	Properties RM'000	Investment RM'000	Consol adjustment RM'000	Total RM'000
Revenue						
Total sales	18,746	73,917	556	993	(24,499)	69,713
Results						
Profit before tax	1,596	3,978	30	47	778	6,429
Tax expense						(1,733)
Profit attributable to owners of the parent						4,696
Assets						
Segment assets	21,296	142,061	16,706	107,354	(93,423)	193,994
Investment in joint venture				15,573		15,573
Unallocated corporate assets						1,680
Total assets						211,247
Liabilities						
Segment liabilities	2,258	11,383	136	952	-	14,729
Unallocated corporate liabilities						58,179
Total liabilities						72,908

Results for the year ended 30 June 2012

	Trading RM'000	Manufacturing RM'000	Properties RM'000	Investment RM'000	Consol adjustment RM'000	Total RM'000
Revenue						
Total sales	16,770	74,049	499	989	(23,659)	68,648
Results						
Profit before tax	1,372	3,571	(131)	65	363	5,240
Tax expense						(1,498)
Profit attributable to owners of the parent						3,742
Assets						
Segment assets	15,421	141,354	7,122	92,655	(78,103)	178,449
Investment in joint venture				16,734		16,734
Unallocated corporate assets						473
Total assets						195,656
Liabilities						
Segment liabilities	1,224	11,041	800	945	-	14,010
Unallocated corporate liabilities						58,508
Total liabilities						72,518

A11. 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.

A12. SUBSEQUENT EVENTS

There was no material events subsequent to the end of the current quarter under review.

A13. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the group in the current quarter under review.

A14. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

As at 26 Aug 2013, the total contingent liabilities is RM99,486,458. This consists of corporate guarantees given by the Company to secure credit facilities granted to our investments.

A15. CAPITAL COMMITMENTS

Capital commitments in respect of purchase of property, plant and equipment :-	RM '000
Authorised and contracted for	<u>3,780</u>

A16. RELATED PARTY DISCLOSURE

The following table show the transaction which had been entered into with related parties:

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM'000	RM'000	RM'000	RM'000
Sales to related party				
- City Packaging Industry Sdn. Bhd.	18	13	35	21
Purchases from related party				
- PPH Multimedia Network Sdn. Bhd.	-	-	-	1
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	62	62	124	124

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.
PPH Multimedia Network Sdn. Bhd.	:	A company in which a director of the Company, Mr. Koay Teng Liang and person connected to certain directors of the Company, namely Messrs Koay Chiew Poh, Koay Chue Beng, Koay Chiew Kang and Koay Teng Kheong has substantial financial interest.
Fame Pack Holdings Sdn. Bhd.	:	A substantial shareholder of the Company and connected to Mr. Koay Chiew Poh.

The transactions above has been approved by the shareholders in the previous Annual General Meeting. All the terms and conditions for the above transactions are based on normal commercial terms.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS

	Apr-Jun 2013 RM'000	Jan - Mar 2013 RM'000	Apr-Jun 2012 RM'000	Jan-Jun 2013 RM'000	Jan-Jun 2012 RM'000
<i>Revenue</i>					
- Trading	10,364	7,096	9,239	17,460	15,967
- Manufacturing	26,412	25,387	26,350	51,799	52,397
- Properties	152	189	145	341	284
- Investment	66	47	-	113	-
Total	36,994	32,719	35,734	69,713	68,648
<i>Profit before tax</i>					
- Trading	1,262	434	1,099	1,696	1,366
- Manufacturing	2,987	1,867	3,301	4,854	4,565
- Properties	14	(63)	(129)	(49)	(210)
- Investment	36	(108)	(102)	(72)	(481)
Total	4,299	2,130	4,169	6,429	5,240

a) Comparison with corresponding period in previous year

The Group recorded a revenue of RM36.994mil and a profit before tax of RM4.299mil in the current quarter ended 30 June 2013. The revenue was increased by RM1.260mil or 3.53% compared with preceeding year corresponding quarter. Besides, profit before tax was increased by RM0.130mil or 3.12% when compared with profit before tax of RM4.169mil in the preceeding year corresponding quarter.

Manufacturing

For Manufacturing, the revenue for current quarter was slightly increased by RM 0.062mil or 0.24% as compared to corresponding period in previous year. The increase in sales volume was due to higher market demand. Besides, the profit before tax for the current quarter was decreased by RM 0.314mil or 9.51% compared to corresponding period in previous year. The decrease in bottom line of manufacturing division was mainly due to increase in manufacturing and operating cost.

Trading

The revenue for current quarter increased by RM1.125mil or 12.18% as compared to corresponding period in previous year. The profit before tax for trading division was also increase from RM1.099mil to RM1.262mil in previous corresponding quarter, which was increased by RM0.163mil or 14.83% . The increase mainly due from steady outsource from existing customers and lowers material cost.

Properties

Properties division recorded a profit of RM0.014mil compare to loss of RM0.129mil in corresponding preceeding year. The reduced in profit before taxation was mainly due to the reduction of operational and other costs.

b) Comparison with preceeding quarter

For the quarter under review, the Group recorded a revenue of RM36.994mil and a profit before tax of RM4.299mil as compared to revenue of RM32.719mil and a profit before tax of RM2.130mil in the immediate preceeding quarter, showing increase of RM4.275mil or 13.07% and increase of RM2.169mil or 101.83% respectively. The improvement in profitability was mainly due to the reasons as disclosed above.

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	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM'000	RM'000	RM'000	RM'000
Profit before tax	4,299	4,169	6,429	5,240
Current year taxation :-				
Income tax	1,079	1,114	1,769	1,567
Deferred tax	47	44	(36)	(69)
	<u>1,126</u>	<u>1,158</u>	<u>1,733</u>	<u>1,498</u>

Income tax is calculated at Malaysia statutory tax rate of 25% of the estimated assessable profit for the period.

The Group's effective tax rate for the year is above the statutory tax rate of 25% in Malaysia mainly due to certain non-allowable 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	36,707
Non-current	<u>10,954</u>
	<u>47,661</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 period.

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
Net profit for the period (RM'000)	3,173	3,011	4,696	3,742
Weighted average number of ordinary shares in issue	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	<u>2.89</u>	<u>2.74</u>	<u>4.27</u>	<u>3.41</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		6 MONTHS ENDED	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
a) After Charging				
Depreciation	1,333	1,267	2,566	2,558
Impairment loss on receivables	-	-	182	-
Loss in disposal of property, plant & equipment	-	2	-	2
Loss on foreign exchange - realised	124	45	174	56
Interest expense	620	585	1,220	1,249
Rental of equipment and machinery	15	3	25	5
Rental of premises	245	213	415	387
b) After Crediting				
Interest income	3	1	4	1
Gain on foreign exchange - realised	15	6	31	19
Gain on disposal of property, plant and equipment	-	60	2	60
Lease rental income	61	64	125	129
Rental income	162	155	360	303
Dividend income	78	-	125	-

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 2013.

B10. REALISED AND UNREALISED RETAINED EARNING

	GROUP	
	30/6/2013	30/6/2012
	RM'000	RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries		
- Realised	95,343	81,188
- Unrealised	(10,829)	(10,793)
	<u>84,514</u>	<u>70,395</u>
Total share of retained earning from joint ventures:		
- Realised	<u>6,398</u>	<u>7,560</u>
	90,912	77,955
Less: Consolidation adjustments	(9,526)	(11,741)
Total retained earning	<u>81,386</u>	<u>66,214</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 30/6/2013 RM'000	CORRESPONDING QUARTER ENDED 30/6/2012 RM'000	CURRENT YEAR TO DATE ENDED 30/6/2013 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/6/2012 RM'000
1. Revenue	36,994	35,734	69,713	68,648
2. Profit / (loss) before tax	4,299	4,169	6,429	5,240
3. Profit / (loss) for the period	3,173	3,011	4,696	3,742
4. Profit / (loss) attributable to ordinary equity holders of the parent	3,173	3,011	4,696	3,742
5. Basic earnings / (loss) per share (sen)	2.89	2.74	4.27	3.41
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)		1.26		1.22

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30/6/2013 RM'000	CORRESPONDING QUARTER ENDED 30/6/2012 RM'000	CURRENT YEAR TO DATE ENDED 30/6/2013 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/6/2012 RM'000
1. Profit from the operation	4,475	4,409	6,888	6,046
2. Gross interest income	3	1	4	1
3. Gross interest expenses	620	585	1,220	1,249