

PUBLIC PACKAGES HOLDINGS BERHAD
THIRD QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED 30 SEPTEMBER 2011
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENTS

	3 MONTHS ENDED		9 MONTHS ENDED	
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
REVENUE	39,711	38,295	115,726	109,939
OPERATING EXPENSES	(35,814)	(36,794)	(106,051)	(103,615)
OTHER INCOME/(EXPENSE)	(29)	440	418	971
PROFIT FROM OPERATIONS	3,868	1,941	10,093	7,295
SHARE OF RESULTS OF JOINT VENTURE COMPANIES	699	600	1,271	2,346
FINANCE COSTS	(753)	(634)	(2,101)	(1,676)
PROFIT BEFORE TAX	3,814	1,907	9,263	7,965
TAX EXPENSE	(965)	(288)	(1,977)	(1,779)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	2,849	1,619	7,286	6,186
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	2.59	1.47	6.63	5.63
- 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 2010 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		9 MONTHS ENDED	
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Profit for the period	2,849	1,619	7,286	6,186
OTHER COMPREHENSIVE INCOME:-				
Foreign currency translation differences for foreign operations	(0)	18	7	(119)
Fair value of available-for-sale financial assets	(68)	8	(37)	19
Total other comprehensive (loss)/profit for the period	<u>(68)</u>	<u>26</u>	<u>(30)</u>	<u>(100)</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>2,781</u>	<u>1,645</u>	<u>7,256</u>	<u>6,086</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31st December 2010 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/9/2011 RM'000 Unaudited	As at 31/12/2010 RM'000 Audited
ASSETS		
Non Current Assets		
Property, Plant & Equipment	84,046	83,097
Investment Properties	7,860	7,860
Goodwill	675	675
Investments in Joint Venture	16,528	17,348
AFS investments	368	405
Development Properties	19,995	19,995
	129,472	129,380
Current Assets		
Inventories	21,885	19,533
Trade and other receivables	42,859	38,284
Tax Recoverable	764	1,275
Cash & Cash Equivalents	7,762	6,667
	73,270	65,759
TOTAL ASSETS	202,742	195,139
LIABILITIES		
Non Current Liabilities		
Borrowings	11,558	10,612
Deferred tax liabilities	10,380	10,975
	21,938	21,587
Current Liabilities		
Trade & Other Payables	17,177	14,489
Borrowings	45,050	45,034
Government Grants	39	-
	62,266	59,523
TOTAL LIABILITIES	84,204	81,110
EQUITY		
Share Capital	54,949	54,949
Reserves	63,589	59,080
Equity attributable to owners of the parent	118,538	114,029
Minority interest	-	-
TOTAL EQUITY	118,538	114,029
TOTAL EQUITY AND LIABILITIES	202,742	195,139
Net Assets per share attributable to owners of the parent (RM)	1.08	1.04

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31st December 2010 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 MONTHS ENDED	
	30/9/2011	30/9/2010
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	9,263	7,965
Adjustments for non-cash flow items:-		
Non-cash items	3,557	3,554
Non-operating items	(1,304)	(2,305)
Operating profit before changes in working capital	11,516	9,214
Changes in working capital		
Net changes in current assets	(6,889)	(5,681)
Net changes in current liabilities	2,673	(1,703)
Cash from operation	7,300	1,830
Dividend received	13	14
Tax paid	(1,990)	(1,469)
Tax refund	8	62
Net Cash Flows From Operating Activities	5,331	437
Investing Activities		
- Other investments	(2,507)	(3,488)
Net Cash Flows Used In Investing Activities	(2,507)	(3,488)
Financing activities		
- Net of bank borrowings	3,482	3,353
- Dividend paid	(2,747)	(2,747)
- Government Grants	39	-
Net Cash Flows From Financing Activities	774	606
Effects of exchange rate changes on cash & cash equivalents	10	(11)
Net Change In Cash & Cash Equivalents	3,608	(2,456)
Cash & Cash Equivalents At Beginning Of Year	(1,807)	7,470
Effects of exchange rate changes	7	(40)
Cash & Cash Equivalents At End Of Period	1,808	4,974

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31st December 2010 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	Currency Translation Reserve RM'000	Accumulate d profit carried RM'000	Total RM'000
At 1 January 2010	54,949	1,295	16,106	-	(151)	36,036	108,235
Effect from adoption of FRS 139	-	-	-	205	-	-	205
As restated	54,949	1,295	16,106	205	(151)	36,036	108,440
Total comprehensive income/ (loss) for the period	-	-	-	19	(119)	6,186	6,086
Dividends	-	-	-	-	-	(2,747)	(2,747)
At 30 September 2010	54,949	1,295	16,106	224	(270)	39,475	111,779
At 1 January 2011	54,949	1,295	16,106	215	(132)	41,596	114,029
Total comprehensive income/ (loss) for the period	-	-	-	(37)	7	7,286	7,256
Dividends	-	-	-	-	-	(2,747)	(2,747)
At 30 September 2011	54,949	1,295	16,106	178	(125)	46,135	118,538

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2010 and the accompanying explanatory notes attached to the interim financial statements)

PUBLIC PACKAGES HOLDINGS BERHAD
THIRD QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED 30 SEPTEMBER 2011

NOTES TO THE INTERIM FINANCIAL REPORT

A1. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The interim financial statements, other than for financial instruments, have been prepared under the historical cost convention. Financial instruments have been fair valued in accordance with FRS139 Financial Instruments: Recognition and Measurement.

The interim financial report has been prepared in accordance with FRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with annual financial statements for the financial year ended 31st December 2010. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the year ended 31st December 2010.

A2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those of previous financial year except for adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations.

i) Effective for the financial period beginning or after 1 July 2010

FRS 1	First-time Adoption of Financial Reporting Standards (Revised)
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
Amendment to FRS 2	Share-based payment : Vesting Conditions and Cancellations
Amendment to FRS 5	Non-current Assets held for Sales and Discontinued Operations
Amendment to FRS 138	Intangible Assets
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments to IC Interpretation 9)
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of Net Investment in Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

ii) Effective for the financial period beginning or after 1 January 2011

Amendment to FRS 1	Limited Exemption from Comparative
Amendment to FRS 1	Additional Exemptions for First Time Adopters
Amendment to FRS 2	Group Cash-settle Share Based Payment Transactions
Amendment to FRS 3	Business Combinations
Amendment to FRS 7	Improving Disclosures about Financial Instruments
Amendment to FRS 101	Presentation of Financial Statements
Amendment to FRS 121	The Effect of Changes in Foreign Exchange Rates
Amendment to FRS 128	Investments in Associates
Amendment to FRS 131	Interest in Joint Ventures
Amendment to FRS 132	Financial Instruments : Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 139	Financial Instruments : Recognition and Measurement
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 18	Transfer of Assets from Customers

A3. AUDITED ACCOUNTS

The auditor's report in respect of the financial statements of the Group for the financial year ended 31 December 2010 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

A first and final dividend in respect of the financial year ended December 31, 2010 of 2.5 cent per share tax exempt dividend on 109,896,498 ordinary shares, amounting to RM2,747,412

A9. SEGMENTAL INFORMATION

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

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

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

Results for the period ended 30 September 2011

	Trading RM'000	Manufacturing RM'000	Properties RM'000	Investment RM'000	Consol adjustment RM'000	Total RM'000
Revenue						
Total sales	23,447	129,387	744	3,494	(41,346)	115,726
Results						
Profit before tax	2,276	6,569	(235)	1,474	(821)	9,263
Tax expense						<u>(1,977)</u>
Profit attributable to owners of the parent						<u>7,286</u>
Assets						
Segment assets	13,708	137,081	36,705	549	(2,593)	185,450
Investment in joint venture				16,528		16,528
Unallocated corporate assets						<u>764</u>
Total assets						<u>202,742</u>
Liabilities						
Segment liabilities	739	15,371	441	626	-	17,177
Unallocated corporate liabilities						<u>67,027</u>
Total liabilities						<u>84,204</u>

Results for the period ended 30 September 2010

	Trading RM'000	Manufacturing RM'000	Properties RM'000	Investment RM'000	Consol adjustment RM'000	Total RM'000
Revenue						
Total sales	22,122	124,456	757	1,518	(38,914)	109,939
Results						
Profit before tax	(316)	4,758	(103)	(589)	4,215	7,965
Tax expense						<u>(1,779)</u>
Profit attributable to owners of the parent						<u>6,186</u>
Assets						
Segment assets	11,955	125,942	36,265	1,217	(2,134)	173,245
Investment in joint venture				17,064		17,064
Unallocated corporate assets						<u>1,344</u>
Total assets						<u>191,653</u>
Liabilities						
Segment liabilities	874	12,984	180	611	-	14,649
Unallocated corporate liabilities						<u>65,225</u>
Total liabilities						<u>79,874</u>

A10. CARRYING AMOUNT OF REVALUED ASSETS

The valuation of property, plant & equipment and 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 the 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

There were no contingent liabilities and contingent assets since the end of the last annual reporting period.

A14. CAPITAL COMMITMENTS

Capital commitments in respect of purchase of property, plant and equipment :-	RM '000
Property, plant and equipment	<u>1,906</u>

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. PERFORMANCE REVIEW

(a) Comparison with previous year corresponding quarter's result

The Group recorded a revenue of RM39.711mil and a profit before tax of RM3.814mil in the current quarter ended 30 September 2011. The revenue and profit before tax were increased by RM1.416mil or 3.70% and RM1.907mil or 100.00% respectively if compared to revenue of RM38.295mil and profit before tax of RM1.907mil in the preceding year corresponding quarter.

The increase mainly due to increase in production and trading segment by effect of steady outsource from existing customers.

(b) Comparison with previous year corresponding period's result

The Group recorded a revenue of RM115.726mil and a profit before tax of RM9.263mil in the period ended 30 September 2011. As compared to revenue of RM109.939mil and profit before tax of RM7.965mil in the preceding year corresponding period, the revenue increased by RM5.787mil or 5.26% and profit before tax of RM1.298mil or 16.30%. The increase in profit before tax was due to the higher margin of the product mix and lower operating expenses also helped cushion the impact. However, the profit was partly limited by the provision of doubtful debt.

B2. PRECEDING QUARTER

For the current quarter review, the Group recorded a profit before tax of RM3.814mil and turnover of RM39.711mil as compared to a profit before tax of RM3.534mil and turnover of RM39.834mil in the immediate preceding quarter. The increased mainly due to higher margin of the product mix and lower operating cost.

B3. FACTORS AFFECTING COMPANY'S PROSPECT

The Group will continue to focus on its core activities and barring any unforeseen circumstances, the Group's performance is expected to continue to be satisfactory for the financial year ending 31 December. 2011.

B4. 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.

B5. TAX EXPENSE

	3 MONTHS ended 30/9/2011 RM'000	3 MONTHS ended 30/9/2010 RM'000	9 MONTHS ended 30/9/2011 RM'000	9 MONTHS ended 30/9/2010 RM'000
Profit before tax	3,814	1,907	9,263	7,965
Current year taxation :-				
Income tax	1,076	396	2,572	2,405
Deferred tax	(111)	(108)	(595)	(626)
	965	288	1,977	1,779

The Group's effective tax rate for the financial period is lower than the Malaysia statutory tax rate of 25% mainly due from the utilisation of tax reinvestment allowance & unabsorbed losses from few subsidiary companies.

B6. REALISED AND UNREALISED RETAINED EARNING

	GROUP	
	30/9/2011 RM'000	30/9/2010 RM'000
Total retained earning of Public Packages Holding Berhad and its subsidiaries		
- Realised	61,006	52,526
- Unrealised	(10,717)	(11,113)
	50,289	41,413
Total share of retained earning from joint ventures:		
- Realised	9,255	7,792
	59,544	49,205
Less: Consolidation adjustments	(13,409)	(9,730)
Total retained earning	46,135	39,475

B7. STATUS OF CORPORATE PROPOSALS

There is no corporate proposal announced but not completed as at the date of this report.

B8. BANK BORROWINGS AND DEBT SECURITIES

	Unsecured RM'000
Current	45,050
Non - current	11,558
	<u>56,608</u>

B9. MATERIAL LITIGATION

Public Packages Sdn Bhd (PPSB) the wholly owned subsidiary of PPHB had filed a civil suit against Flextronics Technology (Penang) Sdn Bhd in year 2008 for an outstanding amount of RM1,815,527. PPSB had filed an application for Summary Judgement which was heard on 10 March 2010. On 14 April 2010, the Court dismissed the company's application for Summary Judgment and set the matter down for full trial. The case was set down for case management on 7 July 2010, but was vacated to date to be informed by Court due to public holiday in Penang on 7 July 2010. This matter is fixed for further case management on the 4 of January 2011 for the trial date to be fixed. The Deputy Registrar has fixed 8 April 2011 for case management (final) to file the issues to be tried and statements of agreed facts. The case management is reschedule to 22 June 2011. The court has fixed this matter for Mediation on 15 September 2011. However, the matter was further postponed to 18 November 2011. On the application to the court by the defendant to postpone the mediation fixed on 18 November 2011, the judge has yet to fix the new date for mediation.

B10. DIVIDENDS

The Board of Directors does not recommend any dividend payment for the period under review.

B11. 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		9 MONTHS ENDED	
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
Net profit for the period (RM'000)	2,849	1,619	7,286	6,186
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	<u>2.59</u>	<u>1.47</u>	<u>6.63</u>	<u>5.63</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.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30/9/2011 RM'000	CORRESPONDING QUARTER ENDED 30/9/2010 RM'000	CURRENT YEAR TO DATE ENDED 30/9/2011 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/9/2010 RM'000
1. Revenue	39,711	38,295	115,726	109,939
2. Profit / (loss) before tax	3,814	1,907	9,263	7,965
3. Profit / (loss) for the period	2,849	1,619	7,286	6,186
4. Profit / (loss) attributable to ordinary equity holders of the parent	2,849	1,619	7,286	6,186
5. Basic earnings / (loss) per share (sen)	2.59	1.47	6.63	5.63
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)		1.08		1.04

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30/9/2011 RM'000	CORRESPONDING QUARTER ENDED 30/9/2010 RM'000	CURRENT YEAR TO DATE ENDED 30/9/2011 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/9/2010 RM'000
1. Profit from the operation	3,868	1,941	10,093	7,295
2. Gross interest income	1	2	1	4
3. Gross interest expenses	753	634	2,101	1,676