

PUBLIC PACKAGES HOLDINGS BERHAD
SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED 30 JUNE 2012
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENTS

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/06/2012	30/6/2011	30/06/2012	30/6/2011
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
REVENUE	35,734	39,834	68,648	76,015
OPERATING EXPENSES	(31,527)	(36,168)	(62,930)	(70,237)
OTHER INCOME	202	127	328	447
PROFIT FROM OPERATIONS	4,409	3,793	6,046	6,225
SHARE OF RESULTS OF JOINT VENTURE COMPANIES	345	431	443	572
FINANCE COSTS	(585)	(690)	(1,249)	(1,348)
PROFIT BEFORE TAX	4,169	3,534	5,240	5,449
TAX EXPENSE	(1,158)	(650)	(1,498)	(1,012)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	3,011	2,884	3,742	4,437
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	2.74	2.62	3.41	4.04
- 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 2011 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 2012
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Profit for the period	3,011	2,884	3,742	4,437
OTHER COMPREHENSIVE INCOME:-				
Foreign currency translation differences for foreign operations	52	23	87	7
Fair value of available-for-sale financial assets	-	1	(1)	31
Total other comprehensive profit for the period	<u>52</u>	<u>24</u>	<u>86</u>	<u>38</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>3,063</u>	<u>2,908</u>	<u>3,828</u>	<u>4,475</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31st December 2011 and the accompanying explanatory notes attached to the interim financial statements)

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ENDED 30 JUNE 2012
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/06/2012 RM'000 Unaudited	As at 31/12/2011 RM'000 Restated	As at 01/01/2011 RM'000 Restated
ASSETS			
Non Current Assets			
Property, Plant & Equipment	83,211	84,151	83,097
Investment Properties	8,301	8,301	7,860
Goodwill	675	675	675
Investments in Joint Venture	16,734	16,427	17,348
AFS investments	397	398	405
Development Properties	20,208	20,175	19,995
	129,526	130,127	129,380
Current Assets			
Inventories	19,711	22,373	19,533
Trade and other receivables	37,627	36,308	38,284
Tax Recoverable	473	1,114	1,275
Cash & Cash Equivalents	8,319	11,001	6,667
	66,130	70,796	65,759
TOTAL ASSETS	195,656	200,923	195,139
LIABILITIES			
Non Current Liabilities			
Borrowings	8,570	10,259	10,612
Deferred tax liabilities	10,457	10,526	10,975
	19,027	20,785	21,587
Current Liabilities			
Trade & Other Payables	14,010	14,307	14,489
Borrowings	39,448	46,484	45,034
Government Grants	33	37	-
	53,491	60,828	59,523
TOTAL LIABILITIES	72,518	81,613	81,110
EQUITY			
Share Capital	54,949	54,949	54,949
Reserves	68,189	64,361	59,080
Equity attributable to owners of the parent	123,138	119,310	114,029
Minority interest	-	-	-
TOTAL EQUITY	123,138	119,310	114,029
TOTAL EQUITY AND LIABILITIES	195,656	200,923	195,139
Net Assets per share attributable to owners of the parent (RM)	1.12	1.09	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 2011 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 2012
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 MONTHS ENDED	
	30/06/2012	30/6/2011
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	5,240	5,449
Adjustments for non-cash flow items:-		
Non-cash items	2,541	2,349
Non-operating items	(437)	(532)
Operating profit before changes in working capital	7,344	7,266
Changes in working capital		
Net changes in current assets	1,309	(9,032)
Net changes in current liabilities	(301)	4,193
Cash from operation	8,352	2,427
Dividend received	12	107
Tax paid	(886)	(1,183)
Tax refund	-	8
Net Cash Flows From Operating Activities	7,478	1,359
Investing Activities		
- Acquisition of property, plant and equipment	(1,559)	(3,049)
- Proceed from disposal of investment	86	-
Net Cash Flows Used In Investing Activities	(1,473)	(3,049)
Financing activities		
- Net of bank borrowings	(5,922)	7,666
- Dividend paid	-	(2,747)
Net Cash Flows (Used in) From Financing Activities	(5,922)	4,919
Effects of exchange rate changes on cash & cash equivalents	16	(88)
Net Change In Cash & Cash Equivalents	99	3,141
Cash & Cash Equivalents At Beginning Of Year	5,362	(1,807)
Effects of exchange rate changes	21	(23)
Cash & Cash Equivalents At End Of Period	5,482	1,311

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31st December 2011 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	AFS Reserve RM'000	Currency Translation Reserve RM'000	Accumulated profit carried forward RM'000	Total RM'000
At 1 January 2011 (restated)	54,949	1,295	215	-	57,570	114,029
Total comprehensive income/ (loss) for the period	-	-	31	7	4,437	4,475
Dividends	-	-	-	-	(2,747)	(2,747)
At 30 June 2011 (restated)	<u>54,949</u>	<u>1,295</u>	<u>246</u>	<u>7</u>	<u>59,260</u>	<u>115,757</u>
At 1 January 2012 (restated)	54,949	1,295	208	106	62,752	119,310
Total comprehensive income/ (loss) for the period	-	-	(1)	87	3,742	3,828
At 30 June 2012	<u>54,949</u>	<u>1,295</u>	<u>207</u>	<u>193</u>	<u>66,494</u>	<u>123,138</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2011 and the accompanying explanatory notes attached to the interim financial statements)

PUBLIC PACKAGES HOLDINGS BERHAD
SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED 30 JUNE 2012

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 for the period ended 30 June 2012 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. This unaudited condensed consolidated interim financial statement also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the period up to and including the year ended 31 December 2011, the Group prepared its Financial Statement in accordance with Financial Reporting Standards ("FRS").

These unaudited condensed interim financial statement are the Group's first MFRS condensed consolidated and hence MFRS 1 : First Time Adoption of Financial Reporting Standards (MFRS 1) has been applied.

The date of transition to the MFRS Framework is 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously in financial statement prepared in accordance with FRS. At the transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS1. The impact of the transition from FRS to MFRS is described in Note A2 below.

A2. SIGNIFICANT ACCOUNTING POLICIES

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this condensed consolidated interim financial statements are consistent with those of audited financial statement for the year ended 31 December 2011 expect as discussed below:-

i) Foreign currency translation reserve

Under FRS, the Group recognised translation difference on foreign operation as a separate component of equity. Cumulative foreign currency translation difference for all foreign operation are deemed to be nil as at the date of transition to MFRS.

Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences of -RM132,000 (31 March 2011 : -RM132,000; 31 December 2011 = -RM132,000) were adjusted to retained earnings.

ii) Property, plant and equipment

Upon transition to MFRS, the Group elected to apply the optional exemption to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. The impact arising from the change is summarised as below.

The reconciliation of equity for comparative periods and equity at the date of transition reported under FRS to those period and the date of transition under MFRS are provided below:-

Reconciliation of equity

a) As at 1 January 2011

	FRS as at 01/01/2011 (RM'000)	Reclassification (RM'000)	MFRS as at 01/01/2011 (RM'000)
Equity			
Revaluation reserve	16,106	(16,106)	-
Foreign currency translation reserve	(132)	132	-
Retained earning	41,596	15,974	57,570

b) As at 30 June 2011

	FRS as at 30/06/2011 (RM'000)	Reclassification (RM'000)	MFRS as at 30/06/2011 (RM'000)
Equity			
Revaluation reserve	16,106	(16,106)	-
Foreign currency translation reserve	(125)	132	7
Retained earning	43,286	15,974	59,260

c) As at 31 December 2011

	FRS as at 31/12/2011 (RM'000)	Reclassification (RM'000)	MFRS as at 31/12/2011 (RM'000)
Equity			
Revaluation reserve	16,106	(16,106)	-
Foreign currency translation reserve	(26)	132	106
Retained earning	46,778	15,974	62,752

A3. AUDITED ACCOUNTS

The auditor's report in respect of the financial statements of the Group for the financial year ended 31 December 2011 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

There was no dividend paid for the current quarter.

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 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	14,811	127,466	37,350	1,647	(2,825)	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

Results for the period ended 30 June 2011

	Trading RM'000	Manufacturing RM'000	Properties RM'000	Investment RM'000	Consol adjustment RM'000	Total RM'000
Revenue						
Total sales	15,579	84,742	498	989	(25,793)	76,015
Results						
Profit before tax	1,821	3,392	(257)	78	415	5,449
Tax expense						(1,012)
Profit attributable to owners of the parent						4,437
Assets						
Segment assets	13,805	137,058	36,693	1,147	(2,523)	186,180
Investment in joint venture				17,847		17,847
Unallocated corporate assets						1,023
Total assets						205,050
Liabilities						
Segment liabilities	711	16,453	424	1,098	-	18,686
Unallocated corporate liabilities						70,607
Total liabilities						89,293

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

As at 27 August 2012, the total contingent liabilities is RM96,131,997. This consists of corporate guarantees given by the Company to secure credit facilities granted to our investments.

A14. CAPITAL COMMITMENTS

Capital commitments in respect of purchase of property, plant and equipment :-

Property, plant and equipment

RM '000

1,128

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS

	Apr - Jun 2012	Jan - Mar 2012	Apr - Jun 2011	Jan - Jun 2012	Jan - Jun 2011
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Revenue</i>					
- Trading	9,239	6,728	8,837	15,967	14,657
- Manufacturing	26,350	26,047	30,856	52,397	61,075
- Properties	145	139	141	284	283
- Investment	-	-	-	-	-
Total	35,734	32,914	39,834	68,648	76,015
<i>Profit before tax</i>					
- Trading	1,099	267	1,427	1,366	1,817
- Manufacturing	3,301	1,264	2,272	4,565	4,307
- Properties	(129)	(81)	(152)	(210)	(336)
- Investment	(102)	(379)	(13)	(481)	(339)
Total	4,169	1,071	3,534	5,240	5,449

a) Comparison with corresponding period in previous year

The Group recorded a revenue of RM35.734mil and a profit of RM4.169mil in the current quarter ended 30 June 2012. The revenue was decreased by RM4.100mil or 10.29% compared with preceeding year corresponding quarter. However profit before taxation was increased by RM0.635mil or 17.97% when compared with profit before tax of RM3.534mil in the preceeding year corresponding quarter.

Manufacturing

For Manufacturing, the revenue for current quarter decreased by RM4.506mil or 14.6% as compared to corresponding period in previous year. The decrease in sales volume was due to lower market demand. However, the manufacturing segment profit before tax for the current quarter compared to corresponding period in previous year also increased by 45.29% due to increase in manufacturing and operating efficiency.

Trading

The revenue for current quarter increased by RM0.402mil or 4.55% as compared to corresponding period in previous year. The increase mainly due from steady outsource from existing customers. However, the profit before tax is reduced from RM1.427mil to RM1.099mil, which is RM0.328mil or 22.99% compared to previous corresponding period in previous year. The decreased mainly due to higher material price and operating cost.

Investment

Investment division recorded a loss of RM0.102mil compare to profit of RM0.013mil in corresponding preceeding year, which represent a drop of RM0.089mil or 684.62%. The drop in current period mainly due to reduced in share of profit from jointly controlled entities of RM0.443mil only when compared to RM0.572mil in previous corresponding period.

Property

The reduced in loss before tax from RM0.152mil to RM0.129mil which is RM0.23mil or 15.13%. The drop in loss before tax was, to a certain extent, mitigated by a reduction in operational and other costs.

b) Comparison with preceeding quarter

For the quarter under review, the Group recorded a revenue of RM35.734mil and a profit before tax of RM4.17mil as compared to revenue of RM32.914mil and a profit before tax of RM1.071mil in the immediate preceeding quarter, showing increase of RM2.820mil or 8.57% and RM3.098mil or 289.26% respectively. This is mainly due to increased in manufacturing and operating efficiency.

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	
	30/06/2012	30/6/2011	30/06/2012	30/6/2011
	RM'000	RM'000	RM'000	RM'000
Profit before tax	4,169	3,534	5,240	5,449
Current year taxation :-				
Income tax	1,114	904	1,567	1,496
Deferred tax	44	(254)	(69)	(484)
	1,158	650	1,498	1,012

The Group's effective tax rate for the current quarter is above the statutory tax rate of 25% in Malaysia mainly due to non deductible 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	39,448
Non - current	8,570
	<u>48,018</u>

B6. MATERIAL LITIGATION

Public Packages Sdn Bhd (PPSB) the wholly owned subsidiary of PPHB had filed a civil suit against Flextronic Technology (Penang) Sdn Bhd in year 2008 for all outstanding amount of RM1,815,527. On 13 June 2012, with the consent and without admission of liability it is adjudged that the Flextronic Technology (Penang) Sdn Bhd has to pay the sum of Ringgit Malaysia One Million Six Hundred and Fifty Thousand (RM 1,650,000) only as full and final settlement of legal suit.

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		6 MONTHS ENDED	
	30/06/2012	30/6/2011	30/06/2012	30/6/2011
Net profit for the period (RM'000)	3,011	2,884	3,742	4,437
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	<u>2.74</u>	<u>2.62</u>	<u>3.41</u>	<u>4.04</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.

B9. PROFIT BEFORE TAXATION

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/06/2012	30/6/2011	30/06/2012	30/6/2011
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
a) After Charging				
Depreciation	1,267	1,168	2,558	2,356
Loss on disposal of property, plant and equipment	2	155	2	155
Loss on foreign exchange - realised	45	148	56	264
Interest expense	585	690	1,249	1,348
Rental of equipment and machinery	3	2	5	6
Rental of premises	213	194	387	382
b) After Crediting				
Interest income	-	-	1	-
Gain on foreign exchange - realised	6	66	19	79
Gain on disposal of property, plant and equipment	60	-	60	-
Lease rental income	64	61	129	111
Rental income	155	151	303	304

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 2011.

B10. REALISED AND UNREALISED RETAINED EARNING

	GROUP	
	30/06/2012	30/06/2011
	RM'000	RM'000
		(restated)
Total retained earning of Public Packages Holding Berhad and its subsidiaries		
- Realised	81,468	72,996
- Unrealised	(10,793)	(10,828)
	<hr/>	<hr/>
	70,675	62,168
Total share of retained earning from joint ventures:		
- Realised	7,560	8,576
	<hr/>	<hr/>
	78,235	70,744
Less: Consolidation adjustments	(11,741)	(11,484)
Total retained earning	<hr/>	<hr/>
	66,494	59,260
	<hr/>	<hr/>

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 30/06/2012 RM'000	CORRESPONDING QUARTER ENDED 30/6/2011 RM'000	CURRENT YEAR TO DATE ENDED 30/06/2012 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/6/2011 RM'000
1. Revenue	35,734	39,834	68,648	76,015
2. Profit / (loss) before tax	4,169	3,534	5,240	5,449
3. Profit / (loss) for the period	3,011	2,884	3,742	4,437
4. Profit / (loss) attributable to ordinary equity holders of the parent	3,011	2,884	3,742	4,437
5. Basic earnings / (loss) per share (sen)	2.74	2.62	3.41	4.04
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)		1.12		1.09

Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30/06/2012 RM'000	CORRESPONDING QUARTER ENDED 30/6/2011 RM'000	CURRENT YEAR TO DATE ENDED 30/06/2012 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/6/2011 RM'000
1. Profit from the operation	4,409	3,793	6,046	6,225
2. Gross interest income	-	-	1	-
3. Gross interest expenses	585	690	1,249	1,348