

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		9 MONTHS ENDED	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
REVENUE	37,361	36,888	107,074	105,536
OPERATING EXPENSES	(31,835)	(30,910)	(94,897)	(93,840)
OTHER INCOME	454	4,586	691	4,914
PROFIT FROM OPERATIONS	<u>5,980</u>	<u>10,564</u>	<u>12,868</u>	<u>16,610</u>
SHARE OF RESULTS OF JOINT VENTURE COMPANY	166	54	927	497
FINANCE COSTS	(619)	(572)	(1,839)	(1,821)
PROFIT BEFORE TAX	<u>5,527</u>	<u>10,046</u>	<u>11,956</u>	<u>15,286</u>
TAX EXPENSE	(1,707)	(1,538)	(3,440)	(3,036)
PROFIT AFTER TAX	<u>3,820</u>	<u>8,508</u>	<u>8,516</u>	<u>12,250</u>
OTHER COMPREHENSIVE INCOME:-				
Foreign currency translation differences for foreign operations	130	38	145	125
Fair value of available-for-sale financial assets	13	86	10	85
Total other comprehensive profit / (loss) for the period	<u>143</u>	<u>124</u>	<u>155</u>	<u>210</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>3,963</u>	<u>8,632</u>	<u>8,671</u>	<u>12,460</u>
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	<u>3.48</u>	<u>7.74</u>	<u>7.75</u>	<u>11.15</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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(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/9/2013 RM'000 Unaudited	As at 31/12/2012 RM'000 Audited
ASSETS		
Non Current Assets		
Property, Plant & Equipment	105,222	82,662
Investment Properties	15,777	11,445
Goodwill	675	675
Investments in Joint Venture	15,738	14,812
AFS investments	403	393
Development Properties	-	20,218
	137,815	130,205
Current Assets		
Inventories	21,672	19,343
Trade and other receivables	41,493	36,583
Tax Recoverable	1,416	1,424
Short term funds with a licensed financial institution	10,546	6,610
Cash & Cash Equivalents	6,589	12,175
	81,716	76,135
TOTAL ASSETS	219,531	206,340
LIABILITIES		
Non Current Liabilities		
Borrowings	13,792	8,656
Deferred tax liabilities	10,833	10,528
	24,625	19,184
Current Liabilities		
Trade & Other Payables	14,484	13,467
Borrowings	38,098	40,029
Government Grants	22	29
	52,604	53,525
TOTAL LIABILITIES	77,229	72,709
EQUITY		
Share Capital	54,949	54,949
Reserves	87,353	78,682
Equity attributable to owners of the parent	142,302	133,631
Minority interest	-	-
TOTAL EQUITY	142,302	133,631
TOTAL EQUITY AND LIABILITIES	219,531	206,340
Net Assets per share attributable to owners of the parent (RM)	1.29	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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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	-	-	-	85	125	12,250	12,460
At 30 September 2012	54,949	1,295	386	293	126	74,722	131,771
At 1 January 2013	54,949	1,295	386	203	108	76,690	133,631
Total comprehensive income/ (loss) for the period	-	-	-	10	145	8,516	8,671
At 30 September 2013	54,949	1,295	386	213	253	85,206	142,302

(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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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 MONTHS ENDED	
	30/9/2013	30/9/2012
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	11,956	15,286
Adjustments for non-cash flow items:-		
Non-cash items	4,091	3,079
Non-operating items	605	(2,487)
Operating profit before changes in working capital	16,652	15,878
Changes in working capital		
Net changes in current assets	(8,249)	(75)
Net changes in current liabilities	1,898	968
Cash from operation	10,301	16,771
Dividend received	207	12
Interest paid	(1,839)	(1,821)
Tax paid	(3,168)	(2,693)
Tax refund	33	516
Net Cash Flows From Operating Activities	5,534	12,785
Investing Activities		
- Acquisition of property, plant and equipment	(10,574)	(2,081)
- Placement of fixed deposits	(2,254)	(2,050)
- Interest received	43	17
- Proceed from disposal of investment	-	86
- Proceed from disposal of property, plant and equipment	2	11
Net Cash Flows Used In Investing Activities	(12,783)	(4,017)
Financing activities		
- Net of bank borrowings	5,193	(6,269)
Net Cash Flows From / (Used in) Financing Activities	5,193	(6,269)
Effects of exchange rate changes on cash & cash equivalents	89	(9)
Net Change In Cash & Cash Equivalents	(1,967)	2,490
Cash & Cash Equivalents At Beginning Of Year	12,702	5,362
Effects of exchange rate changes	64	66
Cash & Cash Equivalents At End Of Period	10,799	7,918

(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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ENDED 30 SEPTEMBER 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 and	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
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	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 September 2013

	Trading RM'000	Manufacturing RM'000	Properties RM'000	Investment RM'000	Consol adjustment RM'000	Total RM'000
Revenue						
Total sales	29,401	112,840	855	1,500	(37,522)	107,074
Results						
Profit before tax	2,853	7,902	206	59	936	11,956
Tax expense						(3,440)
Profit attributable to owners of the parent						8,516
Assets						
Segment assets	22,194	146,375	20,538	106,790	(93,520)	202,377
Investment in joint venture				15,738		15,738
Unallocated corporate assets						1,416
Total assets						219,531
Liabilities						
Segment liabilities	2,728	11,100	142	514	-	14,484
Unallocated corporate liabilities						62,745
Total liabilities						77,229

Results for the year ended 30 September 2012

	Trading RM'000	Manufacturing RM'000	Properties RM'000	Investment RM'000	Consol adjustment RM'000	Total RM'000
Revenue						
Total sales	26,313	113,752	752	3,234	(38,515)	105,536
Results						
Profit before tax	2,814	8,469	3,529	1,874	(1,400)	15,286
Tax expense						(3,036)
Profit attributable to owners of the parent						12,250
Assets						
Segment assets	15,702	147,641	10,766	93,208	(80,222)	187,095
Investment in joint venture				16,836		16,836
Unallocated corporate assets						93
Total assets						204,024
Liabilities						
Segment liabilities	1,831	12,282	815	541	-	15,469
Unallocated corporate liabilities						56,785
Total liabilities						72,254

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 25 Nov 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. RELATED PARTY DISCLOSURE

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

	3 MONTHS ENDED		9 MONTHS ENDED	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
	RM'000	RM'000	RM'000	RM'000
Sales to related party				
- City Packaging Industry Sdn. Bhd.	11	12	46	33
Purchases from related party				
- PPH Multimedia Network Sdn. Bhd.	-	1	-	2
Rental of properties for staff accomodation and office lot				
- Fame Pack Holdings Sdn. Bhd.	63	62	187	186

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

	Jul-Sep 2013 RM'000	Apr-Jun 2013 RM'000	Jul-Sep 2012 RM'000	Jan-Sep 2013 RM'000	Jan-Sep 2012 RM'000
<i>Revenue</i>					
- Trading	9,733	10,364	9,297	27,193	25,264
- Manufacturing	27,370	26,412	27,440	79,169	79,837
- Properties	184	152	145	525	429
- Investment	74	66	6	187	6
Total	37,361	36,994	36,888	107,074	105,536
<i>Profit before tax</i>					
- Trading	1,307	1,262	1,487	3,003	2,853
- Manufacturing	4,346	2,987	5,315	9,200	9,880
- Properties	129	14	3,621	80	3,411
- Investment	(255)	36	(377)	(327)	(858)
Total	5,527	4,299	10,046	11,956	15,286

a) Comparison with corresponding period in previous year

The Group recorded a revenue of RM37.361mil and a profit before tax of RM5.527mil in the current quarter ended 30 Sep 2013. The revenue was increased by RM0.473mil or 1.28% compared with preceding year corresponding quarter. Besides, profit before tax was decreased by RM4.519mil or 44.98% when compared with profit before tax of RM10.046mil in the preceding year corresponding quarter.

Manufacturing

For Manufacturing, the revenue for current quarter was slightly decreased by RM 0.07mil or 0.26% as compared to corresponding period in previous year. The decrease in sales volume was due to lower market demand. Besides, the profit before tax for the current quarter was decreased by RM 0.969mil or 18.23% 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 RM0.436mil or 4.69% as compared to corresponding period in previous year. The profit before tax for trading division was also decrease from RM1.487mil to RM1.307mil in previous corresponding quarter, which was decreased by RM0.180mil or 12.10% . The decrease mainly due to higher material cost and operating cost.

Investment

Loss before tax of investment division was reduced from RM0.377mil become RM0.255mil which was RM0.122mil or 32.36% when compared to corresponding period in previous year. The drop in loss before tax was mainly due to increase in share of profit from jointly controlled entities of RM0.497mil when compared to profit of RM0.927mil in corresponding period in previous year.

Properties

Properties division recorded a profit of RM0.129mil compare to RM3.621mil in corresponding preceding year, which is decreased by RM3.492mil or 96.43%.The significant reduce in profit before taxation was mainly due to fair value adjustment on properties amounting RM3.747mil in previous year.

b) Comparison with preceding quarter

For the quarter under review, the Group recorded a revenue of RM37.361mil and a profit before tax of RM5.527mil as compared to revenue of RM36.994mil and a profit before tax of RM4.299mil in the immediate preceding quarter, showing increase of RM0.367mil or 0.99% and increase of RM1.228mil or 28.56% 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		9 MONTHS ENDED	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
	RM'000	RM'000	RM'000	RM'000
Profit before tax	5,527	10,046	11,956	15,286
Current year taxation :-				
Income tax	1,367	1,620	3,136	3,187
Deferred tax	340	(82)	304	(151)
	<u>1,707</u>	<u>1,538</u>	<u>3,440</u>	<u>3,036</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	38,098
Non-current	<u>13,792</u>
	<u>51,890</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		9 MONTHS ENDED	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
Net profit for the period (RM'000)	3,820	8,508	8,516	12,250
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	<u>3.48</u>	<u>7.74</u>	<u>7.75</u>	<u>11.15</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		9 MONTHS ENDED	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
a) After Charging				
Depreciation	1,338	1,308	3,904	3,866
Impairment loss on receivables	-	-	182	-
Loss in disposal of property, plant & equipment	-	4	-	6
Loss on foreign exchange - realised	49	(18)	223	38
Loss on foreign exchange - unrealised		36		36
Interest expense	619	572	1,839	1,821
Rental of equipment and machinery	26	6	62	11
Rental of premises	510	249	892	636
b) After Crediting				
Bad Debt Recovery	-	752	-	752
Fair value adjustment on properties	-	3,747	-	3,747
Interest income	42	15	45	16
Gain on foreign exchange - realised	277	10	367	29
Gain on foreign exchange - unrealised	58		58	
Gain on disposal of property, plant and equipment	-	13	2	73
Lease rental income	56	62	181	191
Rental income	193	154	552	457
Dividend income	94	-	207	-

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	
	30/9/2013	30/9/2012
	RM'000	RM'000
Total retained earning of Public Packages Holdings Berhad and its subsidiaries		
- Realised	99,345	89,580
- Unrealised	(11,169)	(10,711)
	<u>88,176</u>	<u>78,869</u>
Total share of retained earning from joint ventures:		
- Realised	<u>6,564</u>	<u>7,525</u>
	94,740	86,394
Less: Consolidation adjustments	(9,534)	(11,672)
Total retained earning	<u>85,206</u>	<u>74,722</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 30/9/2013 RM'000	CORRESPONDING QUARTER ENDED 30/9/2012 RM'000	CURRENT YEAR TO DATE ENDED 30/9/2013 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/9/2012 RM'000
1. Revenue	37,361	36,888	107,074	105,536
2. Profit / (loss) before tax	5,527	10,046	11,956	15,286
3. Profit / (loss) for the period	3,820	8,508	8,516	12,250
4. Profit / (loss) attributable to ordinary equity holders of the parent	3,820	8,508	8,516	12,250
5. Basic earnings / (loss) per share (sen)	3.48	7.74	7.75	11.15
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)		1.29		1.22

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30/9/2013 RM'000	CORRESPONDING QUARTER ENDED 30/9/2012 RM'000	CURRENT YEAR TO DATE ENDED 30/9/2013 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/9/2012 RM'000
1. Profit from the operation	5,980	10,564	12,868	16,610
2. Gross interest income	3	1	4	1
3. Gross interest expenses	619	572	1,839	1,821