

PUBLIC PACKAGES HOLDINGS BERHAD
FIRST QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER
ENDED 31 MARCH 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 31 March 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 reported in financial statement prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note A2 below. These notes include reconciliation of equity and total comprehensive income for comparative period and of equity at the date of transition reported under FRS to those period and the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

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 except 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

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

b) As at 31 March 2011

Equity	FRS as at 31/03/2011 (RM'000)	Reclassification (RM'000)	MFRS as at 31/03/2011 (RM'000)
Revaluation reserve	16,106	(16,106)	-
Foreign currency translation reserve	(148)	132	(16)
Retained earning	43,149	15,974	59,123

c) As at 31 December 2011

Equity	FRS as at 31/12/2011 (RM'000)	Reclassification (RM'000)	MFRS as at 31/12/2011 (RM'000)
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 31 March 2012

	Trading RM'000	Manufacturing RM'000	Properties RM'000	Investment RM'000	Consol adjustment RM'000	Total RM'000
Revenue						
Total sales	7,187	36,261	246	496	(11,276)	32,914
Results						
Profit before tax	221	752	(41)	19	120	1,071
Tax expense						(340)
Profit attributable to owners of the parent						731
Assets						
Segment assets	12,308	129,573	37,419	1,465	(2,805)	177,960
Investment in joint venture				16,423		16,423
Unallocated corporate assets						1,068
Total assets						195,451
Liabilities						
Segment liabilities	921	13,841	791	1,372		16,925
Unallocated corporate liabilities						58,451
Total liabilities						75,376

Results for the period ended 31 March 2011

	Trading RM'000	Manufacturing RM'000	Properties RM'000	Investment RM'000	Consol adjustment RM'000	Total RM'000
Revenue						
Total sales	6,254	41,105	249	494	(11,921)	36,181
Results						
Profit before tax	342	1,588	(144)	27	102	1,915
Tax expense						(362)
Profit attributable to owners of the parent						1,553
Assets						
Segment assets	10,673	131,902	36,804	1,274	(2,520)	178,133
Investment in joint venture				17,441		17,441
Unallocated corporate assets						1,274
Total assets						196,848
Liabilities						
Segment liabilities	594	14,155	408	1,586	-	16,743
Unallocated corporate liabilities						64,509
Total liabilities						81,252

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 28 May 2012, the total contingent liabilities is RM97,686,139. 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 :-

	RM '000
Property, plant and equipment	1,530

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAT PROSPECTS

	Jan - Mar 2012 RM'000	Jan - Mar 2011 RM'000	Oct - Dec 2011 RM'000
<i>Revenue</i>			
- Trading	6,728	5,820	6,511
- Manufacturing	26,047	30,219	28,931
- Properties	139	142	139
- Investment	-	-	-
Total	32,914	36,181	35,581
<i>Profit before tax</i>			
- Trading	267	390	601
- Manufacturing	1,264	2,035	1,020
- Properties	(81)	(184)	(50)
- Investment	(379)	(326)	(422)
Total	1,071	1,915	1,149

a) Comparison with corresponding period in previous year

The Group recorded a revenue of RM32,914mil and a profit of RM1,071mil in the current quarter ended 31 March 2012. The revenue and profit before tax were decreased by RM3,267mil or 9.03% and RM0,844mil or 44.07% respectively if compared to RM36,181mil and profit before tax of RM1,915mil in the preceeding year corresponding quarter.

Manufacturing

For Manufacturing, the revenue for current quarter decreased by RM4,172mil or 13.81% as compared to corresponding period in previous year. The decrease in sales volume was due to lower market demand. The manufacturing segment profit before tax for the current quarter compared to corresponding period in previous year also decreased by 37.89% due to lower profit margin and increase in manufacturing and operating cost.

Trading

The revenue for current quarter increased by RM0,908mil or 15.60% 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 RM0,390mil to RM0,267mil, which is RM0,123mil or 31.54% 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 RM0,379mil compare to profit of RM0,326mil in corresponding preceeding year, which represent a drop of RM0,53mil or 16.26%. The drop in current period mainly due to reduced in share of profit from jointly controlled entities of RM0,98mil only when compared to RM0,141mil in previous corresponding period.

Property

The reduced in loss before tax from RM0,184mil to RM0,81mil which is RM0,103mil or 55.98%. 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 RM32,914mil and a profit before tax of RM1,071mil as compared to revenue of RM35,581mil and a profit before tax of RM1,149mil in the immediate preceeding quarter, showing drop of RM2,667mil or 7.5% and RM0,078mil or 6.79% respectively. This is mainly due to increased in manufacturing and operating costs.

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		3 MONTHS ended	
	31/03/2012 RM'000	31/03/2011 RM'000	31/03/2012 RM'000	31/03/2011 RM'000
Profit before tax	1,071	1,915	1,071	1,915
Current year taxation :-				
Income tax	453	592	453	592
Deferred tax	(113)	(230)	(113)	(230)
	340	362	340	362

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	39,124
Non - current	8,879
	<u>48,003</u>

B6. 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. The matter is now fixed for Trial on 13 and 25 June 2012.

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		3 MONTHS ENDED	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
Net profit for the period (RM'000)	731	1,553	731	1,553
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	0.67	1.41	0.67	1.41
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		3 MONTHS ENDED	
	31/3/2012	31/03/2011	31/03/2012	31/03/2011
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived				
a) After Charging				
Depreciation	1,277	1,186	1,277	1,186
Loss on disposal of property, plant and equipment	-	78	-	78
Loss on foreign exchange				
- realised	101	115	101	115
Interest expense	664	658	664	658
Rental of equipment and machinery	12	12	12	12
Rental of premises	396	384	396	384
b) After Crediting				
Interest income	1	-	1	-
Gain on foreign exchange				
- realised	13	13	13	13
Gain on disposal of property, plant and equipment	-	18	-	18
Lease rental income	65	56	65	56
Rental income	148	151	148	151

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	
	31/03/2012	31/03/2011
	RM'000	RM'000
	(restated)	
Total retained earning of Public Packages Holding Berhad and its subsidiaries		
- Realised	78,711	72,754
- Unrealised	(10,749)	(11,082)
	67,962	61,672
Total share of retained earning from joint ventures:		
- Realised	7,248	8,172
	75,210	69,844
Less: Consolidation adjustments	(11,727)	(10,721)
Total retained earning	63,483	59,123

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.

PUBLIC PACKAGES HOLDINGS BERHAD
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 (THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENTS

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2012 RM'000 Unaudited	31/03/2011 RM'000 Unaudited	31/03/2012 RM'000 Unaudited	31/3/2011 RM'000 Unaudited
REVENUE	32,914	36,181	32,914	36,181
OPERATING EXPENSES	(31,403)	(34,069)	(31,403)	(34,069)
OTHER INCOME	126	320	126	320
PROFIT FROM OPERATIONS	<u>1,637</u>	<u>2,432</u>	<u>1,637</u>	<u>2,432</u>
SHARE OF RESULTS OF JOINT VENTURE COMPANIES	98	141	98	141
FINANCE COSTS	(664)	(658)	(664)	(658)
PROFIT BEFORE TAX	<u>1,071</u>	<u>1,915</u>	<u>1,071</u>	<u>1,915</u>
TAX EXPENSE	(340)	(362)	(340)	(362)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>731</u>	<u>1,553</u>	<u>731</u>	<u>1,553</u>
EARNING PER SHARE ATTRIBUTABLE TO OWNER OF THE PARENT				
- Basic (sen)	<u>0.67</u>	<u>1.41</u>	<u>0.67</u>	<u>1.41</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 2011 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Profit for the period	731	1,553	731	1,553
OTHER COMPREHENSIVE INCOME:-				
Foreign currency translation differences for foreign operations	35	(16)	35	(16)
Fair value of available-for-sale financial assets	(1)	30	(1)	30
Total other comprehensive profit for the period	<u>34</u>	<u>14</u>	<u>34</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>765</u>	<u>1,567</u>	<u>765</u>	<u>1,567</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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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/03/2012 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	84,006	84,151	83,097
Investment Properties	8,301	8,301	7,860
Goodwill	675	675	675
Investments in Joint Venture	16,423	16,427	17,348
AFS investments	398	398	405
Development Properties	20,208	20,175	19,995
	130,011	130,127	129,380
Current Assets			
Inventories	19,920	22,373	19,533
Trade and other receivables	37,259	36,308	38,284
Tax Recoverable	1,068	1,114	1,275
Cash & Cash Equivalents	7,193	11,001	6,667
	65,440	70,796	65,759
TOTAL ASSETS	195,451	200,923	195,139
LIABILITIES			
Non Current Liabilities			
Borrowings	8,879	10,259	10,612
Deferred tax liabilities	10,413	10,526	10,975
	19,292	20,785	21,587
Current Liabilities			
Trade & Other Payables	16,925	14,307	14,489
Borrowings	39,124	46,484	45,034
Government Grants	35	37	-
	56,084	60,828	59,523
TOTAL LIABILITIES	75,376	81,613	81,110
EQUITY			
Share Capital	54,949	54,949	54,949
Reserves	65,126	64,361	59,080
Equity attributable to owners of the parent	120,075	119,310	114,029
Minority interest	-	-	-
TOTAL EQUITY	120,075	119,310	114,029
TOTAL EQUITY AND LIABILITIES	195,451	200,923	195,139
Net Assets per share attributable to owners of the parent (RM)	1.09	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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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTHS ENDED	
	31/03/2012	31/03/2011
	RM'000	RM'000
	Unaudited	Unaudited
Profit before tax	1,071	1,915
Adjustments for non-cash flow items:-		
Non-cash items	1,289	1,188
Non-operating items	(76)	(107)
Operating profit before changes in working capital	2,284	2,996
Changes in working capital		
Net changes in current assets	1,496	(3,770)
Net changes in current liabilities	2,618	2,256
Cash from operation	6,398	1,482
Tax paid	(400)	(554)
Tax refund	-	8
Net Cash Flows From Operating Activities	5,998	936
Investing Activities		
- Other investments	(1,061)	(648)
Net Cash Flows Used In Investing Activities	(1,061)	(648)
Financing activities		
- Net of bank borrowings	(9,637)	(313)
Net Cash Flows Used in Financing Activities	(9,637)	(313)
Effects of exchange rate changes on cash & cash equivalents	(1)	-
Net Change In Cash & Cash Equivalents	(4,701)	(25)
Cash & Cash Equivalents At Beginning Of Year	5,362	(1,807)
Effects of exchange rate changes	(4)	(19)
Cash & Cash Equivalents At End Of Period	657	(1,851)

(The Condensed Consolidated Statements of Cash Flow 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	-	-	30	(16)	1,553	1,567
At 31 March 2011 (restated)	<u>54,949</u>	<u>1,295</u>	<u>245</u>	<u>(16)</u>	<u>59,123</u>	<u>115,596</u>
At 1 January 2012 (restated)	54,949	1,295	208	106	62,752	119,310
Total comprehensive income/ (loss) for the period	-	-	(1)	35	731	765
At 31 March 2012	<u>54,949</u>	<u>1,295</u>	<u>207</u>	<u>141</u>	<u>63,483</u>	<u>120,075</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)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31/03/2012 RM'000	CORRESPONDING QUARTER ENDED 31/03/2011 RM'000	CURRENT YEAR TO DATE ENDED 31/03/2012 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/03/2011 RM'000
1. Revenue	32,914	36,181	32,914	36,181
2. Profit / (loss) before tax	1,071	1,915	1,071	1,915
3. Profit / (loss) for the period	731	1,553	731	1,553
4. Profit / (loss) attributable to ordinary equity holders of the parent	731	1,553	731	1,553
5. Basic earnings / (loss) per share (sen)	0.67	1.41	0.67	1.41
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)		1.09		1.09

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31/03/2012 RM'000	CORRESPONDING QUARTER ENDED 31/03/2011 RM'000	CURRENT YEAR TO DATE ENDED 31/03/2012 RM'000	CORRESPONDING YEAR TO DATE ENDED 31/03/2011 RM'000
1. Profit from the operation	1,637	2,432	1,637	2,432
2. Gross interest income	1	-	1	-
3. Gross interest expenses	664	658	664	658