



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 1st Quarter ended 31 March 2012

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31/03/2012 RM'000	Preceding Year Corresponding Quarter 31/03/2011 RM'000	Current Year To date 31/03/2012 RM'000	Preceding Year Corresponding Period 31/03/2011 RM'000
Revenue	17,744	15,482	17,744	15,482
Other operating income	273	241	273	241
Operating expenses	(16,056)	(15,308)	(16,056)	(15,308)
Profit from operations	1,961	415	1,961	415
Finance cost	(381)	(378)	(381)	(378)
Profit before taxation	1,580	37	1,580	37
Taxation	-	-	-	-
Profit for the period	1,580	37	1,580	37
Other comprehensive income, net of tax				
Cash flow hedge	70	99	70	99
Total comprehensive income for the period	1,650	136	1,650	136
Earnings per share (sen) :				
- Basic	3.76	0.09	3.76	0.09

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
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CONDENSED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	31 March 2012 RM'000	31 December 2011 RM'000 (restated)	1 January 2011 RM'000 (restated)
NON-CURRENT ASSETS			
Property, plant and equipment	45,220	45,777	43,360
Land use rights	2,421	2,427	2,452
	47,641	48,204	45,812
CURRENT ASSETS			
Inventories	8,567	9,023	9,978
Trade and other receivables	15,887	12,128	19,758
Other current assets	4,726	4,103	188
Cash and bank balances	1,893	4,509	1,430
	31,073	29,763	31,354
TOTAL ASSETS	78,714	77,967	77,166
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Loans and borrowings	19,840	17,594	16,152
Trade and other payables	9,925	9,676	13,881
	29,765	27,270	30,033
NET CURRENT ASSETS	1,308	2,493	1,321
NON-CURRENT LIABILITIES			
Long term borrowings	18,371	21,849	19,391
Derivative financial instrument	418	338	1,003
	18,789	22,187	20,394
TOTAL LIABILITIES	48,554	49,457	50,427
NET ASSETS	30,160	28,510	26,739
EQUITY			
Share Capital	42,043	42,043	42,043
Reserves	350	280	(33)
Accumulated losses	(12,233)	(13,813)	(15,271)
TOTAL EQUITY	30,160	28,510	26,739
TOTAL EQUITY AND LIABILITIES	78,714	77,967	77,166
Net assets per share (RM)	0.72	0.68	0.64

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
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CONDENSED STATEMENT OF CASH FLOW
(The figures have not been audited)

	3months ended 31/03/2012	3 months ended 31/03/2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,580	37
Adjustments for :		
Non-cash operating items	(125)	442
Interest expenses	381	378
Operating profit before working capital changes	1,836	857
Changes in working capital :		
Decrease/(Increase) in inventories	439	(1,987)
Increase in receivables	(4,482)	(1,027)
Increase in payables	233	1,040
Cash used in operations	(1,974)	(1,117)
Interest paid	(381)	(378)
Net cash used in operating activities	(2,355)	(1,495)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(449)	(3,745)
Net cash used in investing activities	(449)	(3,745)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan to holding company	(1,880)	(1,279)
Drawdown of term loan	-	6,000
Drawdown of short term borrowings	1,530	555
Net cash (used)/generated from financing activities	(350)	5,276
NET (DECREASE)/(INCREASE) IN CASH AND CASH EQUIVALENTS	(3,154)	36
EFFECT OF EXCHANGE RATE CHANGES	(1)	(7)
CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD	4,509	599
CASH AND CASH EQUIVALENT AT END OF THE PERIOD *	1,354	628
	-	-
* Cash and cash equivalents consists of :		
Cash on hand and at bank	1,893	1,209
Bank overdraft (Note 20)	(539)	(581)
	1,354	628

The Condensed Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED STATEMENTS OF CHANGES IN EQUITY
(The figures have not been audited)

NON-DISTRIBUTABLE					
	Share capital	Capital reserves	Hedging Reserve	Accumulated losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2011, as previously stated	42,043	65	(33)	(15,336)	26,739
Effect of transition to MFRS	-	(65)	-	65	-
At 1 January 2011, restated	42,043	-	(33)	(15,271)	26,739
Total comprehensive income for the period	-	-	99	37	136
At 31 Mar 2011	42,043	-	66	(15,234)	26,875
					-
At 1 January 2012, as previously stated	42,043	65	280	(13,878)	28,510
Effect of transition to MFRS	-	(65)	-	65	-
At 1 January 2012, restated	42,043	-	280	(13,813)	28,510
Total comprehensive income for the period	-	-	70	1,580	1,650
At 31 Mar 2012	42,043	-	350	(12,233)	30,160
					-

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



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NOTES TO THE QUARTERLY REPORT

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

1. First-time Adoption of Malaysian Financial Reporting Standards ("MFRS")

The condensed interim financial statements, for the period ended 31 March 2012 are unaudited and have been prepared in accordance with MFRS 134 : *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Company prepared its financial statements in accordance with Financial Reporting Standards("FRS")

These condensed interim financial statements are the Company's first MFRS condensed interim financial statements for the part of the period covered by the Company's first MFRS annual financial statements for the year ending 31 December 2012. *MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards* (MFRS 1) has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011(which is also the date of transition), the Company has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Company's financial position,financial performance and cash flows is set out in Note 2.1(a) below. These notes include reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of comprehensive income and the statement of cash flows.

2. Significant accounting policies

2.1 Application of MFRS 1

The audited financial statements of the Company for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

(a) Property, plant and equipment

The Company has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS(Revised) Property, Plant and Equipment with was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Company had recorded the factory and office buildings at revalued amounts but had not adopted a policy of revaluation and continued to carry those buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments

Upon transition to MFRS, the Company has elected to measure all its property, plant and equipment using the cost model under MFRS 116 *Property, Plant and Equipment* . At the date of transition to MFRS, the Company elected to:

- * regard the revalued amounts of the factory and office buildings as at 1990 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM64,979 (31 March 2011: RM64,979 ; 31 December 2011: RM64,979) was transferred to accumulated losses on date of transition to MFRS.



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2. Significant accounting policies(continued)

2.1 Application of MFRS 1(continued)

(a) Property, plant and equipment(continued)

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

Reconciliation of equity as at 1 January 2011

	FRS as at 01/01/2011 RM'000	Note 2.1(a) Property, Plant and Equipment RM'000	MFRS as at 01/01/2011 RM'000
Equity			
Reserves	32	(65)	(33)
Accumulated losses	(15,336)	65	(15,271)

Reconciliation of equity as at 31 March 2011

	FRS as at 31/03/2011 RM'000	Note 2.1(a) Property, Plant and Equipment RM'000	MFRS as at 31/03/2011 RM'000
Equity			
Reserves	131	(65)	66
Accumulated losses	(15,299)	65	(15,234)

Reconciliation of equity as at 31 December 2011

	FRS as at 31/12/2011 RM'000	Note 2.1(a) Property, Plant and Equipment RM'000	MFRS as at 31/12/2011 RM'000
Equity			
Reserves	345	(65)	280
Accumulated losses	(13,878)	65	(13,813)



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2. Significant accounting policies(continued)

2.2 MFRS, Amendments to MFRS and IC Interpretations issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRS, Amendments to MFRS and IC Interpretation were issued but not yet effective and have not been applied by the Company:

MFRS, Amendments to MFRS and IC interpretation	Effective for annual periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010) 01 January 2015
MFRS 10	Consolidated Financial Statements 01 January 2013
MFRS 11	Joint Arrangements 01 January 2013
MFRS 12	Disclosure of Interests in Other Entities 01 January 2013
MFRS 13	Fair Value Measurement 01 January 2013
MFRS 119	Employee Benefits 01 January 2013
MFRS 127	Separate Financial Statements 01 January 2013
MFRS 128	Investments in Associates and Joint Ventures 01 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities 01 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income 01 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities 01 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine 01 January 2013

3. Seasonal or Cyclical Factors

The operations of the Company for the financial period under review had not been materially affected by any seasonal or cyclical factors.

4. Unusual Items

There were no items during this quarter affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

5. Changes in Estimates

There were no changes in estimates of amounts reported in prior quarter of the current or prior financial year which have a material effect in the current quarter results.

6. Debt and Equity Securities

There were no share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares, issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date.

7. Dividends Paid

No dividend was paid during the quarter under review.

8. Segmental Analysis

There is no segmental analysis prepared as the Company is principally engaged in the manufacturing of printed and laminated flexible light packaging materials and the operations are predominantly carried out in Malaysia.

9. Valuations of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without amendment from the previous annual financial statements.



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NOTES TO THE QUARTERLY REPORT

10. Subsequent Events

There were no material events subsequent to 31 March 2012 and up to the date of this report that have not been reflected or disclosed in the financial statements for the quarter under review.

11. Changes in the Composition of the Company

There were no changes in the composition of the Company for the current quarter and financial year-to-date.

12. Contingent Liability

There were no contingent liabilities as at the date of this quarterly report.

13. Capital Commitments

Contracted but not provided:

Purchase of plant and equipment - RM3.7mil



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NOTES TO THE QUARTERLY REPORT

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B (PART A) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

14. Performance Review

Turnover for the quarter under review was higher at RM17.7million as against RM15.5 million in the previous corresponding quarter. The higher turnover was mainly due to increasing sales to oversea markets as a result of better demand for its new retort pouch packaging.

The Company achieved a profit before tax of RM1.58million compared to RM0.037million in the previous corresponding quarter. The higher profit before tax was mainly due to unrealised foreign translation gain and also higher contribution from improvement in turnover.

15. Material Changes in Quarterly Results compared to the Results of the Immediate Preceding Quarter

The turnover achieved for the quarter was RM17.7million as against RM15.7 million in the immediate preceding quarter. The improvement of the turnover was attributable to the reason as mentioned in the above note 14.

However, profit before tax was lower as the result for the immediate preceding quarter was contributed mainly from insurance income on recognition of the claims pertaining to the fire incident in year 2010

16. Prospect

The Company's profitability are very much sensitive to raw materials prices. The raw materials being used in the flexible packaging industry are petroleum based, so are closely affected by the volatility of the crude oil price. Any significant increase in crude oil price will cause raw materials prices to increase, as well as creates shortages in supplies. To mitigate, the Company will constantly source materials from suppliers that offer more competitive pricing and assurance of minimum disruption in the supply of materials

17. Profit Forecast or Profit Guarantee

There was no profit forecast or profit guarantee for the current quarter and financial year-to-date.

18. Taxation

There is no provision for taxation in the current quarter and current financial year-to-date as the Company have sufficient unabsorbed capital allowances and reinvestment allowance brought forward to set off against its tax liabilities.

19. Status of Corporate Proposals

There were no corporate proposals announced as at the date of this report.

20. Borrowings

	As at 31/03/2012 RM'000	As at 31/12/2011 RM'000
Short Term Borrowings		
<i>Secured</i>		
Hire Purchase and finance lease payables	26	66
<i>Unsecured</i>		
Term loan	462	-
Bankers acceptance	1,415	2,338
Revolving credit	13,100	10,600
Bank overdraft	539	-
Loans from holding company	4,298	4,590
	19,814	17,528
	19,840	17,594
	-	-



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NOTES TO THE QUARTERLY REPORT

20. Borrowings(continued)

	As at 31/03/2012 RM'000	As at 31/12/2011 RM'000
Long Term Borrowings		
<i>Secured</i>		
Hire Purchase	7	12
<i>Unsecured</i>		
Long Term Loan	5,538	6,000
Loans from holding company	12,826	15,837
	18,364	21,837
	18,371	21,849
	-	-
Borrowings in foreign currency		
United States Dollar	6,144	7,259
Japanese Yen	10,980	13,168

The borrowings in foreign currency are loans from holding company

21. Material Litigation

As at the date of this quarterly report, there was no material litigation pending.

22. Dividend Payable

The directors do not recommend any dividend in the quarter under review.

23. Earnings Per Share

The earnings per share are calculated by dividing the net profit for the period under review by the number of ordinary shares in issue of 42,042,824 shares of RM1.00 each during the said financial period.

	3 months ended	
	31/03/2012	31/03/2011
Basic earnings per share		
Profit attributable to equity holders of the Company(RM'000)	1,580	37
Weighted average number of ordinary shares in issued('000)	42,043	42,043
Earnings Per Share(sen)	3.76	0.09



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24. Realised and Unrealised Gain/(Losses) Disclosures

The breakdown of the accumulated losses as at the reporting date, into realised and unrealised loss is as follows:

	As at 31/03/2012 RM'000	As at 31/12/2011 RM'000
Total accumulated losses for the Company:		
- Realised loss	(12,895)	(12,717)
- Unrealised gain/(loss)	662	(1,096)
Total accumulated losses as per financial statements	(12,233)	(13,813)

25. Auditors' Report

The auditors' report of the financial statements for the year ended 31 December 2011 was not qualified.

26. Profit before taxation

The following amounts have been included in arriving at profit before taxation

	3 months ended	
	31/03/2012 RM'000	31/03/2011 RM'000
Other income	(273)	(241)
Interest expense	381	378
Depreciation and amortisation	1,010	884
Write off of inventories	17	5
Net Foreign exchange (gain)/loss		
- Realised	155	(91)
- Unrealised	(1,167)	(477)

By Order of the Board

MITSURU HIRAMUKI
 Chief Executive Officer/Managing Director

Kuala Lumpur, Malaysia
 Date : 21 May 2012