



**MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)**  
**Quarterly Report for the 2nd Quarter and six months ended 30 June 2012**

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
*(The figures have not been audited)*

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 30 June 2012 RM'000	Preceding Year Corresponding Quarter 30 June 2011 RM'000	Current Year To date 30 June 2012 RM'000	Preceding Year Corresponding To date 30 June 2011 RM'000
Revenue	20,157	17,899	37,901	33,381
Other operating income	417	158	690	399
Operating expenses	<b>(20,692)</b>	<b>(19,826)</b>	<b>(36,748)</b>	<b>(35,134)</b>
(Loss)/profit from operations	<b>(118)</b>	<b>(1,769)</b>	<b>1,843</b>	<b>(1,354)</b>
Finance cost	<b>(387)</b>	<b>(423)</b>	<b>(768)</b>	<b>(801)</b>
(Loss)/profit before taxation	<b>(505)</b>	<b>(2,192)</b>	<b>1,075</b>	<b>(2,155)</b>
Taxation	-	-	-	-
(Loss)/profit for the period	<b>(505)</b>	<b>(2,192)</b>	<b>1,075</b>	<b>(2,155)</b>
Other comprehensive income, net of tax				
Cash flow hedge	<b>(69)</b>	67	1	166
Total comprehensive income for the period	<b>(574)</b>	<b>(2,125)</b>	<b>1,076</b>	<b>(1,989)</b>
 (Loss)/earnings per share (sen) :				
- Basic	<u><b>(1.20)</b></u>	<u><b>(5.21)</b></u>	<u><b>2.56</b></u>	<u><b>(5.13)</b></u>

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)**  
**Quarterly Report for the 2nd Quarter and six months ended 30 June 2012**

**CONDENSED STATEMENT OF FINANCIAL POSITION**

*(The figures have not been audited)*

	30 June 2012 RM'000	31 December 2011 RM'000 (restated)	1 January 2011 RM'000 (restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	53,490	45,777	43,360
Land use rights	2,415	2,427	2,452
	<b>55,905</b>	<b>48,204</b>	<b>45,812</b>
<b>CURRENT ASSETS</b>			
Inventories	12,136	9,023	9,978
Trade and other receivables	17,472	12,128	19,758
Other current assets	614	4,103	188
Cash and bank balances	7,160	4,509	1,430
	<b>37,382</b>	<b>29,763</b>	<b>31,354</b>
<b>TOTAL ASSETS</b>	<b>93,287</b>	<b>77,967</b>	<b>77,166</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	12,540	17,594	16,152
Trade and other payables	18,901	9,676	13,881
	<b>31,441</b>	<b>27,270</b>	<b>30,033</b>
<b>NET CURRENT ASSETS</b>	<b>5,941</b>	<b>2,493</b>	<b>1,321</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	32,030	21,849	19,391
Derivative financial instrument	230	338	1,003
	<b>32,260</b>	<b>22,187</b>	<b>20,394</b>
<b>TOTAL LIABILITIES</b>	<b>63,701</b>	<b>49,457</b>	<b>50,427</b>
<b>NET ASSETS</b>	<b>29,586</b>	<b>28,510</b>	<b>26,739</b>
<b>EQUITY</b>			
Share Capital	42,043	42,043	42,043
Reserves	281	280	(33)
Accumulated losses	(12,738)	(13,813)	(15,271)
<b>TOTAL EQUITY</b>	<b>29,586</b>	<b>28,510</b>	<b>26,739</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>93,287</b>	<b>77,967</b>	<b>77,166</b>
Net assets per share (RM)	<b>0.70</b>	<b>0.68</b>	<b>0.64</b>

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)**  
**Quarterly Report for the 2nd Quarter and six months ended 30 June 2012**

**CONDENSED STATEMENT OF CASH FLOW**

*(The figures have not been audited)*

	6 months ended 30 June 2012 RM'000	6 months ended 30 June 2011 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	1,075	(2,155)
Adjustments for :		
Non-cash operating items	2,108	1,820
Interest income	(5)	-
Interest expenses	768	801
Operating profit before working capital changes	3,946	466
Changes in working capital :		
Increase in inventories	(3,134)	(977)
Increase in receivables	(5,565)	(2,222)
Increase/(decrease) in payables	4,897	(650)
Cash generated /(used) in operations	144	(3,383)
Interest paid	(768)	(801)
<b>Net cash used in operating activities</b>	<b>(624)</b>	<b>(4,184)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,679)	(4,291)
Interest Received	5	-
<b>Net cash used in investing activities</b>	<b>(1,674)</b>	<b>(4,291)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loan to holding company	(1,880)	(1,200)
Drawdown of loan from holding company	10,032	-
Drawdown of term loan	-	6,000
(Repayment)/drawdown of short term borrowings	(3,228)	2,998
<b>Net cash generated from financing activities</b>	<b>4,924</b>	<b>7,798</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,626</b>	<b>(677)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>25</b>	<b>3</b>
<b>CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD</b>	<b>4,509</b>	<b>599</b>
<b>CASH AND CASH EQUIVALENT AT END OF THE PERIOD *</b>	<b>7,160</b>	<b>(75)</b>
	-	-
* Cash and cash equivalents consists of :		
Cash on hand and at bank	7,160	931
Bank overdraft	0	(1,006)
	<u>7,160</u>	<u>(75)</u>

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.



**MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)**  
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**CONDENSED STATEMENTS OF CHANGES IN EQUITY**  
*(The figures have not been audited)*

**NON-DISTRIBUTABLE**

	Share capital	Hedging Reserve	Accumulated losses	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2011, restated	42,043	(33)	(15,271)	26,739
Total comprehensive income for the period	-	166	(2,155)	(1,989)
At 30 June 2011	42,043	133	(17,426)	24,750
At 1 January 2012, restated	42,043	280	(13,813)	28,510
Total comprehensive income for the period	-	1	1,075	1,076
At 30 June 2012	42,043	281	(12,738)	29,586

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.



**MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)**  
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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 30 June 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 *Propety, 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 (30 June 2011: RM64,979 ; 31 December 2011: RM64,979) was transferred to accumulated losses on date of transition to MFRS.



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**NOTES TO THE QUARTERLY REPORT**

**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
<b>Equity</b>			
Reserves	32	(65)	(33)
Accumulated losses	(15,336)	65	(15,271)

Reconciliation of equity as at 30 June 2011

	FRS as at 30/06/2011 RM'000	Note 2.1(a) Property, Plant and Equipment RM'000	MFRS as at 30/06/2011 RM'000
<b>Equity</b>			
Reserves	198	(65)	133
Accumulated losses	(17,491)	65	(17,426)

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
<b>Equity</b>			
Reserves	345	(65)	280
Accumulated losses	(13,878)	65	(13,813)



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**NOTES TO THE QUARTERLY REPORT**

**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:

<b>MFRS, Amendments to MFRS and IC interpretation</b>	<b>Effective for annual periods beginning on or after</b>
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 1	Government Loans 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.



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**NOTES TO THE QUARTERLY REPORT**

**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.

**10. Subsequent Events**

The insurance claim on consequential loss of profit following the fire incident which occurred on 11 July 2010, had been approved and finalized by the insurance company. On 31 July 2012, the Company had received the payment from the insurance company for the amount of RM3,627,606.84. The financial statements for the period ended 30 June 2012 have not been adjusted for the financial effect of this income. However it will be recognized as other income in the financial statements for the subsequent quarter.

**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**

There were no capital commitments as at the date of this quarterly report

**14. Related party transactions**

Significant transactions between the Company and related parties are as follows:-

	<b>3 months ended</b>		<b>6 months ended</b>	
	<u>30/06/2012</u>	<u>30/06/2011</u>	<u>30/06/2012</u>	<u>30/06/2011</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Sales to related parties:				
Ajinomoto (M) Berhad	761	1,335	1,622	2,703
Wellpack Innovation Co. Ltd	-	271	-	502
Tokan Trading Corporation	758	-	1,330	-
Purchase from related parties:				
DIC (Malaysia) Sdn Bhd	464	319	666	553
Tokan Trading Corporation	814	222	964	1,113





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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**

**15. Performance Review**

Turnover for the current quarter rose to RM20.2million as against RM17.9 million in the previous corresponding quarter, up 13%. The higher turnover was mainly due to increase sales in the export sector, notably the retort pouch packaging.

However, due to the unrealised foreign exchange translation loss of RM1.1mil on its foreign loans, it resulted in a pre-tax loss of RM0.5million. This quarter pre-tax loss was smaller as compared to the RM2.2mil pre-tax loss recorded in last year corresponding quarter.

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

The turnover achieved for the current quarter was RM20.2million as against RM17.7 million in the immediate preceding quarter. The improvement in the turnover was attributable to increase demand for prophylactic/condom wrappers and retort pouch packaging.

However, the Company registered a pre-tax loss of RM0.50million compared with a profit before tax of RM1.58mil recorded in for the immediate preceding quarter mainly due to unrealised foreign exchange translation loss.

**17. Prospect**

The Company is continuing in its efforts to increase sales in the export sector which have better profit margin, thus contributing positively to profitability. Barring any unforeseen circumstances, the Board is of the opinion the outlook of the financial performance for the remaining quarters is positive.

**18. Profit Forecast or Profit Guarantee**

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

**19. 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.

**20. Status of Corporate Proposals**

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

**21. Borrowings**

	As at 30/06/2012 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	923	-
Bankers acceptance	2,263	2,338
Revolving credit	7,500	10,600
Loans from holding company	1,828	4,590
	<u>12,514</u>	<u>17,528</u>
	<u>12,540</u>	<u>17,594</u>
	-	-



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**NOTES TO THE QUARTERLY REPORT**

**21. Borrowings(continued)**

	As at 30/06/2012 RM'000	As at 31/12/2011 RM'000
Long Term Borrowings		
<i>Secured</i>		
Hire Purchase	-	12
<i>Unsecured</i>		
Long term loan	5,077	6,000
Loans from holding company	26,953	15,837
	32,030	21,837
	32,030	21,849
	-	-
<b>Borrowings in foreign currency</b>		
United States Dollar	16,948	7,259
Japanese Yen	11,833	13,168

The borrowings in foreign currency are loans from holding company

**22. Material Litigation**

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

**23. Dividend Payable**

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

**24. 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.

	<b>6 months ended</b>	
	<u>30/06/2012</u>	<u>30/06/2011</u>
Basic earnings per share		
Profit/(Loss) attributable to equity holders of the Company(RM'000)	1,075	(2,155)
Weighted average number of ordinary shares in issued('000)	42,043	42,043
Earnings/(loss) per share(sen)	2.56	(5.13)



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**NOTES TO THE QUARTERLY REPORT**

**25. Realised and Unrealised Losses Disclosures**

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

	As at 30/06/2012 RM'000	As at 31/12/2011 RM'000
Total accumulated losses for the Company:		
- Realised loss	(12,232)	(12,717)
- Unrealised loss	(506)	(1,096)
Total accumulated losses as per financial statements	(12,738)	(13,813)
	-	-

**26. Auditors' Report**

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

**27. Profit before taxation**

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

	6 months ended	
	30/06/2012 RM'000	30/06/2011 RM'000
Interest income	(5)	-
Other income	(690)	(399)
Interest expense	768	801
Depreciation and amortisation	2,042	1,840
Write off of inventories	21	46
Property, plant and equipment written off	23	16
Net Foreign exchange (gain)/loss		
- Realised	43	53
- Unrealised	(33)	(115)
Unrealised loss on derivative	29	-

By Order of the Board

MITSURU HIRAMUKI  
 Chief Executive Officer/Managing Director

Kuala Lumpur, Malaysia  
 Date : 27 August 2012