



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 3rd Quarter and nine months ended 30 Sept 2012

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 30 Sept 2012 RM'000	Preceding Year Corresponding Quarter 30 Sept 2011 RM'000	Current Year To date 30 Sept 2012 RM'000	Preceding Year Corresponding To date 30 Sept 2011 RM'000
Revenue	20,003	16,693	57,904	50,074
Other operating income	4,748	289	5,438	688
Operating expenses	(18,917)	(18,215)	(55,665)	(53,349)
Profit/(loss) from operations	5,834	(1,233)	7,677	(2,587)
Finance cost	(383)	(451)	(1,151)	(1,252)
Profit/(loss) before taxation	5,451	(1,684)	6,526	(3,839)
Taxation	-	-	-	-
Profit/(loss) for the period	5,451	(1,684)	6,526	(3,839)
Other comprehensive income, net of tax				
Cash flow hedge	65	173	66	339
Total comprehensive income for the period	5,516	(1,511)	6,592	(3,500)
Earnings/(loss) per share (sen) :				
- Basic	<u>12.97</u>	<u>(4.01)</u>	<u>15.52</u>	<u>(9.13)</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 3rd Quarter and nine months ended 30 Sept 2012

CONDENSED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	30 September 2012 RM'000	31 December 2011 RM'000 (restated)	1 January 2011 RM'000 (restated)
NON-CURRENT ASSETS			
Property, plant and equipment	53,092	45,777	43,360
Land use rights	2,408	2,427	2,452
	55,500	48,204	45,812
CURRENT ASSETS			
Inventories	12,000	9,023	9,978
Trade and other receivables	17,948	12,128	19,758
Other current assets	316	4,103	188
Cash and bank balances	3,509	4,509	1,430
	33,773	29,763	31,354
TOTAL ASSETS	89,273	77,967	77,166
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Loans and borrowings	12,142	17,594	16,152
Trade and other payables	11,848	9,676	13,881
	23,990	27,270	30,033
NET CURRENT ASSETS	9,783	2,493	1,321
NON-CURRENT LIABILITIES			
Long term borrowings	29,846	21,849	19,391
Derivative financial instrument	335	338	1,003
	30,181	22,187	20,394
TOTAL LIABILITIES	54,171	49,457	50,427
NET ASSETS	35,102	28,510	26,739
EQUITY			
Share Capital	42,043	42,043	42,043
Reserves	346	280	(33)
Accumulated losses	(7,287)	(13,813)	(15,271)
TOTAL EQUITY	35,102	28,510	26,739
TOTAL EQUITY AND LIABILITIES	89,273	77,967	77,166
Net assets per share (RM)	0.83	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)
Quarterly Report for the 3rd Quarter and nine months ended 30 Sept 2012

CONDENSED STATEMENT OF CASH FLOW

(The figures have not been audited)

	9 months ended 30 Sept 2012 RM'000	9 months ended 30 Sept 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	6,526	(3,839)
Adjustments for :		
Non-cash operating items	2,909	3,798
Interest income	(14)	-
Interest expense	1,151	1,252
Insurance claims	(4,368)	-
Operating profit before working capital changes	6,204	1,211
Changes in working capital :		
Increase in inventories	(3,032)	(702)
(Increase)/decrease in receivables	(6,052)	617
Increase/(decrease) in payables	2,141	(3,125)
Cash used in operations	(739)	(1,999)
Interest paid	(1,151)	(1,252)
Insurance claims received	4,368	-
Net cash generated/(used) in operating activities	2,478	(3,251)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1	-
Purchase of property, plant and equipment	(6,635)	(4,898)
Interest Received	14	-
Net cash used in investing activities	(6,621)	(4,898)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan to holding company	(2,845)	(2,298)
Drawdown of loan from holding company	10,032	-
Drawdown of term loan	-	6,000
(Repayment)/drawdown of short term borrowings	(4,013)	4,808
Net cash generated from financing activities	3,174	8,510
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(969)	361
EFFECT OF EXCHANGE RATE CHANGES	(31)	38
CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD	4,509	599
CASH AND CASH EQUIVALENT AT END OF THE PERIOD *	3,509	998
	-	-
* Cash and cash equivalents consists of :		
Cash on hand and at bank	3,509	1,234
Bank overdraft	0	(236)
	<u>3,509</u>	<u>998</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)
Quarterly Report for the 3rd Quarter and nine months ended 30 Sept 2012

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	-	339	(3,839)	(3,500)
At 30 September 2011	42,043	306	(19,110)	23,239
At 1 January 2012, restated	42,043	280	(13,813)	28,510
Total comprehensive income for the period	-	66	6,526	6,592
At 30 September 2012	42,043	346	(7,287)	35,102

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)
Quarterly Report for the 3rd Quarter and nine months ended 30 Sept 2012

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 September 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 September 2011: RM64,979 ; 31 December 2011: RM64,979) was transferred to accumulated losses on date of transition to MFRS.



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 3rd Quarter and nine months ended 30 Sept 2012

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
Equity			
Reserves	32	(65)	(33)
Accumulated losses	(15,336)	65	(15,271)

Reconciliation of equity as at 30 September 2011

	FRS as at 30/09/2011 RM'000	Note 2.1(a) Property, Plant and Equipment RM'000	MFRS as at 30/09/2011 RM'000
Equity			
Reserves	371	(65)	306
Accumulated losses	(19,175)	65	(19,110)

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)



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 3rd Quarter and nine months ended 30 Sept 2012

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:

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 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.



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 3rd Quarter and nine months ended 30 Sept 2012

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

There were no material events subsequent to 30 September 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 machinery - RM1.3mil

14. Related party transactions

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

	3 months ended		9 months ended	
	<u>30/09/2012</u>	<u>30/09/2011</u>	<u>30/09/2012</u>	<u>30/09/2011</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Sales to related parties:				
Ajinomoto (M) Berhad	792	1,326	2,414	4,029
Wellpack Innovation Co. Ltd	-	255	-	757
Tokan Trading Corporation	856	-	2,186	-
Purchase from related parties:				
DIC (Malaysia) Sdn Bhd	534	337	1,199	890
Tokan Trading Corporation	399	447	1,364	1,559



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 3rd Quarter and nine months ended 30 Sept 2012

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 increased by 20% to RM20.0million as compared with RM16.7 million in the previous corresponding quarter. The bulk of the increase in turnover was mainly from export sales due to demand for retort pouch packaging in the foods sector.

The profit before taxation of RM5.45mil was higher compared to pre-tax loss of RM1.7mil in the same quarter last year, mainly due to insurance income following the fire incident in July 2010 and also increased sales volume. For the quarter under review, a total sum of RM4.3mil was received from the insurance company.

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

The turnover of RM20.0mil for the current quarter was almost comparable to the immediate preceding quarter sales of RM20.2mil. Even though there was no increase in turnover, operational result was better for this quarter than last quarter because of the sales mix and a slight reduction in raw materials prices

During the quarter, the Company registered a profit before taxation of RM5.45million compared with a loss before tax of RM0.50mil recorded in for the immediate preceding quarter. This was mainly due to recognition of the insurance income as explained in above note 15 and also unrealised foreign exchange translation gain of the foreign loan.

17. Prospect

The Company is focussing on its efforts to sustain profitability through increasing sales by exploring new market for its packaging products in the export sector and also improving production efficiencies.

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 30/09/2012 RM'000	As at 31/12/2011 RM'000
Short Term Borrowings		
<i>Secured</i>		
Hire Purchase and finance lease payables	19	66
<i>Unsecured</i>		
Term loan	1,385	-
Bankers acceptance	1,484	2,338
Revolving credit	7,500	10,600
Loans from holding company	1,754	4,590
	12,123	17,528
	12,142	17,594
	-	-



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 3rd Quarter and nine months ended 30 Sept 2012

NOTES TO THE QUARTERLY REPORT

21. Borrowings(continued)

	As at 30/09/2012 RM'000	As at 31/12/2011 RM'000
Long Term Borrowings		
<i>Secured</i>		
Hire Purchase	-	12
<i>Unsecured</i>		
Long term loan	4,615	6,000
Loans from holding company	25,231	15,837
	<u>29,846</u>	<u>21,837</u>
	<u>29,846</u>	<u>21,849</u>
	-	-
Borrowings in foreign currency		
United States Dollar	15,387	7,259
Japanese Yen	11,598	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.

	9 months ended	
	<u>30/09/2012</u>	<u>30/09/2011</u>
Basic earnings per share		
Profit/(Loss) attributable to equity holders of the Company(RM'000)	<u>6,526</u>	<u>(3,839)</u>
Weighted average number of ordinary shares in issued('000)	<u>42,043</u>	<u>42,043</u>
Earnings/(loss) per share(sen)	<u>15.52</u>	<u>(9.13)</u>



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Quarterly Report for the 3rd Quarter and nine months ended 30 Sept 2012

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 30/09/2012 RM'000	As at 31/12/2011 RM'000
Total accumulated losses for the Company:		
- Realised loss	(7,146)	(12,717)
- Unrealised loss	(141)	(1,096)
Total accumulated losses as per financial statements	(7,287)	(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

	9 months ended	
	30/09/2012 RM'000	30/09/2011 RM'000
Interest income	(14)	-
Other income	(5,438)	(688)
Interest expense	1,151	1,252
Depreciation and amortisation	3,142	2,798
Write off of inventories	55	65
Property, plant and equipment written off	49	39
Net Foreign exchange loss/(gain)		
- Realised	42	440
- Unrealised	(375)	844
Realised gain on derivative	(58)	-

By Order of the Board

MITSURU HIRAMUKI
 Chief Executive Officer/Managing Director

Kuala Lumpur, Malaysia
 Date : 9 November 2012