



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 4th Quarter and twelve months ended 31 December 2012

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31 Dec 2012 RM'000	Preceding Year Corresponding Quarter 31 Dec 2011 RM'000	Current Year To date 31 Dec 2012 RM'000	Preceding Year Corresponding To date 31 Dec 2011 RM'000
Revenue	17,129	15,672	75,032	65,746
Other operating income	231	7,168	5,669	7,856
Operating expenses	(17,360)	(17,112)	(73,025)	(70,461)
(Loss)/profit from operations	-	5,728	7,676	3,141
Finance cost	(351)	(432)	(1,502)	(1,684)
(Loss)/profit before taxation	(351)	5,296	6,174	1,457
Taxation	-	-	-	-
(Loss)/profit for the period	(351)	5,296	6,174	1,457
Other comprehensive income, net of tax				
Cash flow hedge	(18)	(25)	48	314
Total comprehensive income for the period	(369)	5,271	6,222	1,771
 (Loss)/earnings per share (sen) :				
- Basic	<u>(0.83)</u>	<u>12.60</u>	<u>14.68</u>	<u>3.47</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 4th Quarter and twelve months ended 31 December 2012

CONDENSED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	31 December 2012 RM'000	31 December 2011 RM'000 (restated)	1 January 2011 RM'000 (restated)
NON-CURRENT ASSETS			
Property, plant and equipment	51,943	45,777	43,360
Land use rights	2,402	2,427	2,452
	54,345	48,204	45,812
CURRENT ASSETS			
Inventories	10,754	9,023	9,978
Trade and other receivables	14,441	12,128	19,758
Other current assets	282	4,103	188
Cash and bank balances	6,038	4,509	1,430
	31,515	29,763	31,354
TOTAL ASSETS	85,860	77,967	77,166
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Loans and borrowings	12,731	17,594	16,152
Trade and other payables	9,813	9,676	13,881
	22,544	27,270	30,033
NET CURRENT ASSETS	8,971	2,493	1,321
NON-CURRENT LIABILITIES			
Long term borrowings	28,223	21,849	19,391
Derivative financial instrument	361	338	1,003
	28,584	22,187	20,394
TOTAL LIABILITIES	51,128	49,457	50,427
NET ASSETS	34,732	28,510	26,739
EQUITY			
Share Capital	42,043	42,043	42,043
Reserves	328	280	(33)
Accumulated losses	(7,639)	(13,813)	(15,271)
TOTAL EQUITY	34,732	28,510	26,739
TOTAL EQUITY AND LIABILITIES	85,860	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)
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CONDENSED STATEMENT OF CASH FLOW

(The figures have not been audited)

	12 months ended 31 Dec 2012	12 months ended 31 Dec 2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	6,174	1,457
Adjustments for :		
Non-cash operating items	3,455	5,075
Interest income	(18)	-
Interest expense	1,502	1,684
Insurance claims	(4,368)	(6,752)
Operating profit before working capital changes	6,745	1,464
Changes in working capital :		
(Increase)/decrease in inventories	(1,796)	541
Increase in receivables	(2,208)	(704)
Increase/(decrease) in payables	92	(4,273)
Cash generated/(used) in operations	2,833	(2,972)
Interest paid	(1,502)	(1,684)
Insurance claims received	4,368	11,621
Net cash generated from operating activities	5,699	6,965
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	2	1
Down payment for purchase of property, plant and equipment	(212)	-
Purchase of property, plant and equipment	(7,290)	(6,649)
Interest Received	18	-
Net cash used in investing activities	(7,482)	(6,648)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan to holding company	(2,846)	(2,454)
Drawdown of loan from holding company	10,032	-
Drawdown of term loan	-	6,000
(Repayment)/drawdown of short term borrowings	(3,884)	44
Net cash generated from financing activities	3,302	3,590
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,519	3,907
EFFECT OF EXCHANGE RATE CHANGES	10	4
CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD	4,509	598
CASH AND CASH EQUIVALENT AT END OF THE PERIOD *	6,038	4,509
	-	-
* Cash and cash equivalents consists of :		
Cash on hand and at bank	6,038	4,509
	6,038	4,509

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	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	-	314	1,457	1,771
At 31 December 2011	42,043	280	(13,813)	28,510
At 1 January 2012, restated	42,043	280	(13,813)	28,510
Total comprehensive income for the period	-	48	6,174	6,222
At 31 December 2012	42,043	328	(7,639)	34,732

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 December 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 MRFS 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:



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2. Significant accounting policies (cont'd)

2.1 Application of MFRS 1(cont'd)

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

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

Reconciliation of equity as at 31 December 2011

	FRS as at 31/12/2011	Note 2.1(a) Property, Plant and Equipment	MFRS as at 31/12/2011
	RM'000	RM'000	RM'000
Equity			
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 Interpretations have been issued by Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Company:

Effective for financial periods beginning on or after 1 July 2012

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

Effective for financial periods beginning on or after 1 January 2013

MFRS 3	Business Combinations
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	Consolidated and 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 Financial 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
Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle	

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 132 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1 January 2015

Amendments to MFRS 9 Mandatory Effective Date of MFRS 9 and Transition Disclosures

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.



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NOTES TO THE QUARTERLY REPORT

5. Changes in Estimates

The Company revised the estimated useful lives of certain plant and machineries which range from twenty to thirty to ten years and some tools and equipments from ten to four years with effect from 1 January 2012. The revisions were accounted for as a change in accounting estimates and as a result, the depreciation charges for the current interim period ended 31 December 2012 have been increased by RM679,220

There were no other changes in estimates that have had a material effect in the current interim 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.

10. Subsequent Events

There were no material events subsequent to 31 December 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.



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NOTES TO THE QUARTERLY REPORT

13. Capital Commitments

Contracted but not provided:

Purchase of machineries - RM1.8mil

14. Related party transactions

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

	3 months ended		12 months ended	
	<u>31/12/2012</u>	<u>31/12/2011</u>	<u>31/12/2012</u>	<u>31/12/2011</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Sales to related parties:				
Ajinomoto (M) Berhad	707	723	3,121	4,752
Wellpack Innovation Co. Ltd	-	(6)	-	751
Tokan Trading Corporation	15	-	2,201	-
Purchase from related parties:				
DIC (Malaysia) Sdn Bhd	259	313	1,458	1,203
Tokan Trading Corporation	323	369	1,687	1,928



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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

The turnover for the current quarter was higher at RM17.1mil than that of RM15.7mil recorded in the previous corresponding quarter. Turnover for the year ended 31 December 2012 was also higher at RM75.0million as compared to RM65.7million achieved last year. The increase came mainly from better demand for its packaging products in the foods sector and also condom wrappers

However, the company registered a loss before taxation of RM0.35mil compared with net profit before tax of RM5.29mil in the similar quarter of last year. The loss was mainly attributable to the higher depreciation charges for the current quarter due to revision of estimated useful lives of certain plant and machineries. This is explained in the above note 5 under Changes in Estimates.

Profit before taxation for the year ended 31 December 2012 was RM6.17million compared to last year's RM1.46million. The higher pre-tax profit was mainly due to increase in turnover, unrealised foreign exchange translation gain of the loan denominated in foreign currency and also insurance income received following the fire incident in year 2010.

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

The turnover of RM17.1mil for the current quarter was lower than the immediate preceding quarter of RM20.0mil. This was mainly due to lower orders as some of our customers were readjusting their inventories level and also some delays in their projects.

During the quarter, the Company registered a net loss before taxation of RM0.35mil as compared with a net profit before tax of RM5.45mil recorded in for the immediate preceding quarter. This quarter result was affected by the reduction in turnover and also higher depreciation charge, whilst the better result in third quarter of the current year was boasted by the inclusion of insurance income received.

17. Prospect

The operational overheads of the Company will be impacted by the labour cost increase following the introduction of the minimum wage. To mitigate, the Company will continue to concentrate on increasing the sales in the export markets and also to generate higher profits by enhancing the production efficiencies and also implement some cost control measures

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.



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NOTES TO THE QUARTERLY REPORT

21. Borrowings

	As at 31/12/2012 RM'000	As at 31/12/2011 RM'000
Short Term Borrowings		
<i>Secured</i>		
Hire Purchase and finance lease payables	13	66
<i>Unsecured</i>		
Term loan	1,846	-
Bankers acceptance	1,620	2,338
Revolving credit	7,500	10,600
Loans from holding company	1,752	4,590
	12,718	17,528
	12,731	17,594
	-	-

	As at 31/12/2012 RM'000	As at 31/12/2011 RM'000
Long Term Borrowings		
<i>Secured</i>		
Hire Purchase	-	12
<i>Unsecured</i>		
Long term loan	4,154	6,000
Loans from holding company	24,069	15,837
	28,223	21,837
	28,223	21,849
	-	-

Included in the borrowings are borrowings denominated in foreign currency from holding company:

	USD'000	RM'000 equivalent
USD loan	5,016	15,362
		RM'000 equivalent
Japanese yen loan	293,460	10,459
		-

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.



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
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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.

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	<u>31/12/2012</u>	<u>31/12/2011</u>	<u>31/12/2012</u>	<u>31/12/2011</u>
Basic earnings per share				
(Loss)/profit attributable to equity holders of the Company(RM'000)	<u>(351)</u>	<u>5,296</u>	<u>6,174</u>	<u>1,457</u>
Weighted average number of ordinary shares in issued('000)	<u>42,043</u>	<u>42,043</u>	<u>42,043</u>	<u>42,043</u>
(Loss)/earnings per share(sen)	<u>(0.83)</u>	<u>12.60</u>	<u>14.68</u>	<u>3.47</u>

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 31/12/2012 RM'000	As at 31/12/2011 RM'000
Total accumulated losses for the Company:		
- Realised loss	(8,784)	(12,717)
- Unrealised gain/(loss)	1,145	(1,096)
Total accumulated losses as per financial statements	<u>(7,639)</u>	<u>(13,813)</u>

26. Auditors' Report

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



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27. Profit before taxation

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

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Interest income	(4)	-	(18)	-
Other income	(226)	(7,168)	(5,650)	(7,856)
Interest expense	351	432	1,502	1,684
Depreciation and amortisation	1,791	1,192	4,933	3,990
Impairment loss on trade receivables	6	-	6	-
Reversal of impairment loss on trade receivables	-	(308)	-	(308)
Write off of inventories	20	344	75	409
Write down of inventories	2	5	2	5
(Gain) or loss on disposal of PPE	(1)	(1)	(1)	(1)
Property, plant and equipment written off	18	228	67	267
Net Foreign exchange loss/(gain)				
- Realised	90	(2)	132	438
- Unrealised	(1,292)	(183)	(1,668)	662
Realised gain on derivative	-	-	(58)	-

By Order of the Board

MITSURU HIRAMUKI
 Chief Executive Officer/Managing Director

Kuala Lumpur, Malaysia

Date : 25 February 2013