



**MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)**  
**Quarterly Report for the 2nd Quarter and six months ended 30 June 2013**

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

*(The figures have not been audited)*

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 months ended 30 June 2013 RM'000	3 months ended 30 June 2012 RM'000	6 months ended 30 June 2013 RM'000	6 months ended 30 June 2012 RM'000
Revenue	19,280	20,157	36,580	37,901
Other operating income	196	417	363	690
Operating expenses	(19,053)	(20,692)	(35,767)	(36,748)
Profit/(loss) from operations	423	(118)	1,176	1,843
Interest expense	(315)	(387)	(634)	(768)
Profit/(loss) before taxation	108	(505)	542	1,075
Taxation	-	-	-	-
Profit/(loss) for the period	108	(505)	542	1,075
Other comprehensive (loss)/income, net of tax				
Cash flow hedge	(18)	(69)	(19)	1
Total comprehensive income/(loss) for the period	90	(574)	523	1,076
Earnings/(loss) per share (sen) :				
- Basic	0.26	(1.20)	1.29	2.56

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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)*

	30 June 2013 RM'000	31 December 2012 RM'000
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	51,692	51,943
Land use rights	2,390	2,402
	<b>54,082</b>	<b>54,345</b>
<b>CURRENT ASSETS</b>		
Inventories	11,545	10,754
Trade and other receivables	16,551	14,441
Other current assets	675	282
Cash and bank balances	3,704	6,038
	<b>32,475</b>	<b>31,515</b>
<b>TOTAL ASSETS</b>	<b>86,557</b>	<b>85,860</b>
<b>EQUITY AND LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Loans and borrowings	13,734	12,731
Trade and other payables	11,671	9,813
	<b>25,405</b>	<b>22,544</b>
<b>NET CURRENT ASSETS</b>	<b>7,070</b>	<b>8,971</b>
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	25,747	28,223
Derivative financial instrument	150	361
	<b>25,897</b>	<b>28,584</b>
<b>TOTAL LIABILITIES</b>	<b>51,302</b>	<b>51,128</b>
<b>NET ASSETS</b>	<b>35,255</b>	<b>34,732</b>
<b>EQUITY</b>		
Share capital	42,043	42,043
Reserves	309	328
Accumulated losses	(7,097)	(7,639)
<b>TOTAL EQUITY</b>	<b>35,255</b>	<b>34,732</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>86,557</b>	<b>85,860</b>
Net assets per share (RM)	0.84	0.83

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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)*

	<b>6 months ended 30 June 2013</b>	<b>6 months ended 30 June 2012</b>
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	542	1,075
Adjustments for :		
Non-cash operating items	1,705	2,108
Interest income	-	(5)
Interest expense	634	768
Operating profit before working capital changes	2,881	3,946
Changes in working capital :		
Increase in inventories	(857)	(3,134)
Increase in receivables	(2,249)	(5,565)
Increase in payables	1,686	4,897
Cash generated from operations	1,461	144
Interest paid	(634)	(768)
<b>Net cash generated from/(used in) operating activities</b>	<b>827</b>	<b>(624)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Down payment for purchase of property, plant and equipment	(147)	-
Purchase of property, plant and equipment	(2,209)	(1,679)
Interest Received	-	5
<b>Net cash used in investing activities</b>	<b>(2,356)</b>	<b>(1,674)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loan to holding company	(837)	(1,880)
Drawdown of loan from holding company	-	10,032
Repayment of term loan	(923)	-
Drawdown/(repayment) of short term borrowings	947	(3,228)
<b>Net cash (used in)/generated from financing activities</b>	<b>(813)</b>	<b>4,924</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,342)</b>	<b>2,626</b>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>8</b>	<b>25</b>
<b>CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD</b>	<b>6,038</b>	<b>4,509</b>
<b>CASH AND CASH EQUIVALENT AT END OF THE PERIOD *</b>	<b>3,704</b>	<b>7,160</b>

\* Cash and cash equivalents consists of :

    Cash on hand and at bank

3,704

7,160

The Condensed Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2012	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
At 1 January 2013	42,043	328	(7,639)	34,732
Total comprehensive (loss)/income for the period	-	(19)	542	523
At 30 June 2013	42,043	309	(7,097)	35,255

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 Basis of Preparation and Significant Accounting Policies**

The condensed interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 : *Interim Financial Reporting* and paragraph 9.22 of the Main Market 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.

This report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2012.

The accounting policies and methods of computation adopted in this interim financial reports are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2012.

**2 Changes in Accounting Policies**

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2012 except for the adoption of the following where applicable Malaysian Financial Reporting Standards (“MFRS”) and Amendments to MFRS:

**2.1 MFRS and Amendments to MFRS issued but not yet effective**

At the date of authorisation of these interim financial statements, the following MFRS and Amendments to MFRS were issued but not yet effective and have not been applied by the Company. The Company intends to adopt, where applicable , these standards and amendments to standards as and when they become effective:

**Effective for annual periods beginning on or after 1 January 2014**

MFRS 10	Amendments to MFRS 10 Consolidated Financial Statements (Investment Entities)
MFRS 12	Amendments to MFRS 12 Disclosure of Interests in Other Entities (Investment Entities)
MFRS 127	Amendments to MFRS 127 Consolidated and Separate Financial Statements (Investment Entities)
MFRS 132	Amendments to MFRS 132 Financial Instruments: Presentation (Offsetting Financial Assets and Financial Liabilities)

**Effective for annual periods beginning on or after 1 January 2015**

MFRS 9	Financial Instruments
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The adoption of the above standards and amendments to standards will have no material impact on the financial statements in the period of initial application.



**MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)**  
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**NOTES TO THE QUARTERLY REPORT**

**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.

**10 Subsequent Events**

There were no material events subsequent to 30 June 2013 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.



**MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)**  
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**NOTES TO THE QUARTERLY REPORT**

**12 Contingent Liability**

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

**13 Capital Commitments**

*Contracted but not provided for:*

Purchase of machineries - RM0.43mil

**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>30/06/2013</u>	<u>30/06/2012</u>	<u>30/06/2013</u>	<u>30/06/2012</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Sales to related parties:				
Ajinomoto (M) Berhad	805	761	1,341	1,622
Toyo Seikan (Thailand) Co. Ltd (formerly known as Wellpack Innovation Co. Ltd)	277	-	550	-
Tokan Trading Corporation	-	758	-	1,330
Purchase from related parties:				
DIC (Malaysia) Sdn Bhd	469	464	691	666
Tokan Trading Corporation	178	814	534	964



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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 of RM19.3 million for the current quarter is lower by 4% comparing with turnover of RM20.16 million achieved in similar quarter of previous year. The Company experienced some slowdown in demand for its products in retort pouch packaging supplied to Thailand market. The retort pouch packaging sector is quite competitive and challenging as foreign competitors from Japan are also supplying this type of packaging to the Asean region as pricing are now competitive due to the weaker currency.

The Company registered a pre-tax profit of RM108,000, an improvement over the pre-tax loss of RM505,000 in last year corresponding quarter. This was mainly due to unrealised foreign exchange gain as apposed to a unrealised foreign exchange translation loss of RM1.1million in the similar quarter of last year.

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

The sales turnover for the current quarter had increased by RM2.0 million to RM19.3 million as compared to RM17.3 million recorded in the first quarter of this year. The higher turnover was mainly due to orders for retort pouch packaging had start to pick-up and also increased demand in snack and general foods sectors.

Despite the higher sales turnover, the pre-tax profit of RM108,000 for the current quarter was lower as compared to first quarter's pre-tax profit of RM434,000 as the previous quarter profit was derived mainly from unrealised foreign exchange translation gain. However operational performance for the current quarter had improved due to increased turnover and also the better sales mix.

**17 Prospect**

Materials cost form a major component of the operating cost of the Company, as such the profit margin will be impacted by any volatility in the raw materials prices. The raw materials that we used are mainly petroleum based products. Therefore, the prices of raw materials depend on the movement of the crude oil price.

**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.





**MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)**  
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**NOTES TO THE QUARTERLY REPORT**

**20 Status of Corporate Proposals**

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

**21 Borrowings**

	As at 30/06/2013 RM'000	As at 31/12/2012 RM'000
<b>Short Term Borrowings</b>		
<i>Secured</i>		
Hire Purchase and finance lease payables	-	13
<i>Unsecured</i>		
Term loan	1,846	1,846
Bankers acceptance	2,580	1,620
Revolving credit	7,500	7,500
Loans from holding company	1,808	1,752
	13,734	12,718
	13,734	12,731
	As at 30/06/2013 RM'000	As at 31/12/2012 RM'000
<i>Unsecured</i>		
Long term loan	3,231	4,154
Loans from holding company	22,516	24,069
	25,747	28,223

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

	USD'000	RM'000 equivalent
USD loan	4,730	14,949
	JPY'000	RM'000 equivalent
Japanese yen loan	293,460	9,375

**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.



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**NOTES TO THE QUARTERLY REPORT**

**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>3 months ended</b>		<b>6 months ended</b>	
	<u>30/06/2013</u>	<u>30/06/2012</u>	<u>30/06/2013</u>	<u>30/06/2012</u>
<u>Earnings/(loss) per share</u>				
Profit attributable to equity holders of the Company(RM'000)	108	(505)	542	1,075
Weighted average number of ordinary shares in issued('000)	42,043	42,043	42,043	42,043
<b>Earnings/(loss) per share(sen)</b>	<b>0.26</b>	<b>(1.20)</b>	<b>1.29</b>	<b>2.56</b>

**25 Profit before taxation**

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

	<b>3 months ended</b>		<b>6 months ended</b>	
	<u>30/06/2013</u>	<u>30/06/2012</u>	<u>30/06/2013</u>	<u>30/06/2012</u>
Interest income	-	(5)	-	(5)
Other income	(196)	(417)	(363)	(690)
Interest expense	315	387	634	768
Depreciation and amortisation	1,240	1,031	2,461	2,042
Write off of inventories	21	4	66	21
Property, plant and equipment written off	20	20	21	23
Net Foreign exchange (gain)/loss				
- Realised	16	(112)	(49)	43
- Unrealised	(160)	1,163	(869)	(33)
Unrealised loss on derivative	-	-	-	29



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**NOTES TO THE QUARTERLY REPORT**

**26 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 30/06/2013 RM'000	As at 31/12/2012 RM'000
Total accumulated losses for the Company:		
- Realised loss	(7,432)	(8,784)
- Unrealised gain	335	1,145
Total accumulated losses as per financial statements	<u>(7,097)</u>	<u>(7,639)</u>

**27 Auditors' Report**

The auditors' report of the financial statements for the year ended 31 December 2012 was not qualified.

By Order of the Board

MITSURU HIRAMUKI  
Chief Executive Officer/Managing Director

Kuala Lumpur, Malaysia  
Date : 19 August 2013