



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 1st Quarter and three months ended 31 March 2014

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 months ended 31 Mar 2014 RM'000	3 months ended 31 Mar 2013 RM'000	3 months ended 31 Mar 2014 RM'000	3 months ended 31 Mar 2013 RM'000
Revenue	21,061	17,300	21,061	17,300
Other operating income	270	167	270	167
Operating expenses	(21,170)	(16,714)	(21,170)	(16,714)
Profit from operations	161	753	161	753
Interest expense	(295)	(319)	(295)	(319)
(Loss)/profit before taxation	(134)	434	(134)	434
Taxation	-	-	-	-
(Loss)/profit for the period	(134)	434	(134)	434
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Fair value loss from cash flow hedge	(32)	(1)	(32)	(1)
Fair value gain from available-for-sale financial asset	25	-	25	-
Other comprehensive loss for the period	(7)	(1)	(7)	(1)
Total comprehensive (loss)/income for the period	(141)	433	(141)	433
(Loss)/earnings per share (sen) :				
- Basic	(0.32)	1.03	(0.32)	1.03
- Diluted	(0.32)	1.03	(0.32)	1.03

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED STATEMENT OF FINANCIAL POSITION
(The figures have not been audited)

	31 March 2014 RM'000	31 December 2013 RM'000
NON CURRENT ASSETS		
Property, plant and equipment	49,982	50,957
Land use rights	2,371	2,377
	52,353	53,334
CURRENT ASSETS		
Inventories	11,797	12,460
Trade and other receivables	18,390	15,227
Other current assets	421	60
Available-for-sale financial asset	191	167
Financial instrument at fair value through other comprehensive income	21	32
Cash and bank balances	995	2,539
	31,815	30,485
TOTAL ASSETS	84,168	83,819
EQUITY AND LIABILITIES		
EQUITY		
Issued capital	42,043	42,043
Cash flow hedge reserve	266	298
Available-for-sale reserve	118	93
Accumulated losses	(8,830)	(8,696)
TOTAL EQUITY	33,597	33,738
NON-CURRENT LIABILITIES		
Loans and borrowings	22,846	24,133
CURRENT LIABILITIES		
Loans and borrowings	15,298	14,190
Trade and other payables	12,427	11,758
	27,725	25,948
TOTAL LIABILITIES	50,571	50,081
TOTAL EQUITY AND LIABILITIES	84,168	83,819
Net assets per share (RM)	0.80	0.80

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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)

	3 months ended 31 Mar 2014	3 months ended 31 Mar 2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(134)	434
Adjustments for :		
Non-cash operating items	1,517	571
Interest expense	295	319
Operating profit before working capital changes	1,678	1,324
Changes in working capital :		
Decrease in inventories	651	215
Increase in receivables	(3,603)	(1,521)
Increase/(decrease) in payables	688	(214)
Cash used in operations	(586)	(196)
Interest paid	(295)	(319)
Net cash used in operating activities	(881)	(515)
CASH FLOWS FROM INVESTING ACTIVITIES		
Downpayment for purchase of property, plant and equipment	-	(188)
Purchase of property, plant and equipment	(337)	(201)
Net cash used in investing activities	(337)	(389)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan to holding company	(966)	(837)
Repayment of term loan	(462)	(462)
Drawdown/(repayment) of short term borrowings	120	(803)
Net cash used in financing activities	(1,307)	(2,102)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,526)	(3,006)
EFFECT OF EXCHANGE RATE CHANGES	(13)	(68)
CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD	2,539	6,038
CASH AND CASH EQUIVALENT AT END OF THE PERIOD *	-	2,964
* Cash and cash equivalents consists of :		
Cash on hand and at bank	994	2,964
Bank overdraft	(994)	0
	<u>-</u>	<u>2,964</u>

The Condensed Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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)

	I---Non-distributable---I			Distributable	Total
	Issued capital	Cashflow hedge reserve	Available- for-sale reserve	Profit/ (accumulated losses)	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	42,043	298	93	(8,696)	33,738
Total comprehensive (loss)/income for the period	-	(32)	25	(134)	(141)
At 31 March 2014	42,043	266	118	(8,830)	33,597
At 1 January 2013	42,043	328	-	(7,639)	34,732
Total comprehensive (loss)/income for the period	-	(1)	-	434	433
At 31 March 2013	42,043	327	-	(7,205)	35,165

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 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 2013.

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 2013.

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 2013 except as follows:

On 1 January 2014, the Company adopted the following amended MFRS and IC Interpretations where applicable.

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)
MFRS 136	Amendments to MFRS 136 Recoverable Amount Disclosures for Non Financial Assets.
MFRS 139	Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation	Levies
21	

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Company



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2 Changes in Accounting Policies (continued)

2.1 MFRS issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRS was 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 July 2014

MFRS 119 Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

The directors expect that the adoption of the above amendment to standard will have no material impact on the financial statements in the period of initial application.

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

There were no material events subsequent to 31 March 2014 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

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:-

	3 months ended	
	<u>31/03/2014</u>	<u>31/03/2013</u>
	<u>RM'000</u>	<u>RM'000</u>
Sales to related parties:		
Ajinomoto (M) Berhad	821	536
Toyo Seikan (Thailand) Co. Ltd	491	273
Purchases from related parties:		
DIC (Malaysia) Sdn Bhd	466	223
Tokan Trading Corporation	267	356



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

15 Performance Review

Turnover for the quarter under review was RM21.06 million, increased by RM3.76 million from RM17.30 million achieved in last year similar quarter. The increase was attributable to higher sales in retort pouch, medical and condom packaging.

The Company registered a pre-tax loss of RM0.13 million for the current quarter against a pre-tax gain of RM0.43 million in last year corresponding quarter despite the higher turnover. For the current quarter, there was an unrealised loss on foreign exchange of RM0.17 million on translation of foreign loans as compared to an unrealised gain of RM0.71 million in previous quarter, as such resulted in a pre-tax loss. The current quarter operational result were also affected by the increase in production costs, notably the rise in electricity tariff.

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

The turnover for the current quarter had increased by RM1.85 million to RM21.06 million as compared to RM19.21 million recorded in the immediate preceding quarter. There was a strong demand in packaging foil from the condom industry and sales of packaging wrappers for medical devices also registered an increase.

The Company registered a smaller pre-tax loss of RM0.13 million for the current quarter as compared to the pre-tax loss of RM0.47 million recorded in the fourth quarter of the previous year. This was attributable to higher turnover and sales of product mix that helped to narrow down the loss despite the Company facing increase in costs.

17 Prospect

Demand of packaging wrappers for condom, medical devices is expected to remain strong, as such the Company expects more orders from these two sectors in the coming quarters.

The Company will be looking into generating more sales from existing customers and also identify new customers for the retort pouch packaging.

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.



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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 31/03/2014 RM'000	As at 31/12/2013 RM'000
Short Term Borrowings		
<i>Unsecured</i>		
Overdraft	994	-
Term loan	1,846	1,846
Bankers acceptance	2,090	1,970
Revolving credit	8,500	8,500
Loans from holding company	1,868	1,874
	15,298	14,190
	As at 31/03/2014 RM'000	As at 31/12/2013 RM'000
<i>Unsecured</i>		
Long term loan	1,846	2,308
Loans from holding company	21,000	21,825
	22,846	24,133

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

	USD'000	RM'000 equivalent
USD loan	4,158	13,578
	JPY'000	RM'000 equivalent
Japanese yen loan	293,460	9,290

22 Material Litigation

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



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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.

	3 months ended	
	<u>31/03/2014</u>	<u>31/03/2013</u>
<u>(Loss)/earnings per share</u>		
(Loss)/profit attributable to equity holders of the Company(RM'000)	(134)	434
Weighted average number of ordinary shares in issued('000)	42,043	42,043
(Loss)/earnings per share(sen)	(0.32)	1.03

25 Loss before taxation

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

	3 months ended	
	<u>31/03/2014</u>	<u>31/03/2013</u>
	RM'000	RM'000
Other income	(270)	(167)
Interest expense	295	319
Depreciation and amortisation	1,263	1,220
Write off of inventories	12	45
Property, plant and equipment written off	55	1
Net Foreign exchange (gain)/loss		
- Realised	(33)	(65)
- Unrealised	172	(709)



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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 31/03/2014 RM'000	As at 31/12/2013 RM'000
Total accumulated losses for the Company:		
- Realised	(8,657)	(9,358)
- Unrealised	(173)	662
Total accumulated losses as per financial statements	<u>(8,830)</u>	<u>(8,696)</u>

27 Auditors' Report

The auditors' report of the financial statements for the year ended 31 December 2013 was not qualified.

By Order of the Board

MITSURU HIRAMUKI
Chief Executive Officer/Managing Director

Kuala Lumpur, Malaysia
Date : 26 May 2014