



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 3rd Quarter and nine months ended 30 Sept 2014

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 months ended 30 Sept 2014 RM'000	3 months ended 30 Sept 2013 RM'000	9 months ended 30 Sept 2014 RM'000	9 months ended 30 Sept 2013 RM'000
Revenue	18,302	20,637	60,045	57,217
Other operating income	217	338	723	701
Operating expenses	(19,449)	(21,786)	(61,922)	(57,552)
(Loss)/profit from operations	(930)	(811)	(1,154)	366
Interest expense	(289)	(323)	(873)	(957)
Loss before taxation	(1,219)	(1,134)	(2,027)	(591)
Taxation	-	-	-	-
Loss for the period	(1,219)	(1,134)	(2,027)	(591)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Fair value (loss)/gain from cash flow hedge	(33)	5	(78)	(14)
Fair value (loss)/gain from available-for-sale financial asset	(9)	-	4	-
Other comprehensive (loss)/gain for the period	(42)	5	(74)	(14)
Total comprehensive loss for the period	(1,261)	(1,129)	(2,101)	(605)
Loss per share (sen) :				
- Basic	(2.90)	(2.70)	(4.82)	(1.41)
- Diluted	(2.90)	(2.70)	(4.82)	(1.41)

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.



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
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CONDENSED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	30 Sept 2014 RM'000	31 December 2013 RM'000
NON CURRENT ASSETS		
Property, plant and equipment	48,832	50,957
Land use rights	2,358	2,377
	51,190	53,334
CURRENT ASSETS		
Inventories	12,855	12,460
Trade and other receivables	16,689	15,227
Other current assets	347	60
Available-for-sale financial asset	171	167
Financial instrument at fair value through other comprehensive income	14	32
Cash and bank balances	8,589	2,539
	38,665	30,485
TOTAL ASSETS	89,855	83,819
EQUITY AND LIABILITIES		
EQUITY		
Issued capital	42,043	42,043
Cash flow hedge reserve	220	298
Available-for-sale reserve	97	93
Accumulated losses	(10,723)	(8,696)
TOTAL EQUITY	31,637	33,738
NON-CURRENT LIABILITIES		
Loans and borrowings	27,628	24,133
CURRENT LIABILITIES		
Loans and borrowings	17,113	14,190
Trade and other payables	13,477	11,758
	30,590	25,948
TOTAL LIABILITIES	58,218	50,081
TOTAL EQUITY AND LIABILITIES	89,855	83,819
Net assets per share (RM)	0.75	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)

	9 months ended 30 Sept 2014	9 months ended 30 Sept 2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,027)	(591)
Adjustments for :		
Non-cash operating items	3,737	3,742
Interest expense	873	957
Operating profit before working capital changes	2,583	4,108
Changes in working capital :		
Increase in inventories	(541)	(2,079)
Increase in receivables	(1,746)	(3,816)
Increase in payables	1,700	2,495
Cash generated from operations	1,996	708
Interest paid	(873)	(957)
Net cash generated from / (used) in operating activities	1,123	(249)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	7	-
Purchase of property, plant and equipment	(1,770)	(3,389)
Net cash used in investing activities	(1,763)	(3,389)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan to holding company	(1,932)	(1,529)
Drawdown of loan from holding company	8,150	-
Repayment of term loan	(1,385)	(1,385)
Drawdown of short term borrowings	954	1,801
Net cash generated from / (used) in financing activities	5,787	(1,113)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	5,147	(4,751)
EFFECT OF EXCHANGE RATE CHANGES	176	(19)
CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD	2,539	6,038
CASH AND CASH EQUIVALENT AT END OF THE PERIOD *	7,862	1,268
	0	
* Cash and cash equivalents consists of :		
Cash on hand and at bank	8,589	1,268
Bank overdraft	(727)	0
	<u>7,862</u>	<u>1,268</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	
	Issued capital	Cashflow hedge reserve	Available- for-sale reserve	Profit/ (accumulated losses)	Total
	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	-	(78)	4	(2,027)	(2,101)
At 30 Sept 2014	42,043	220	97	(10,723)	31,637
At 1 January 2013	42,043	328	-	(7,639)	34,732
Total comprehensive loss for the period	-	(14)	-	(591)	(605)
At 30 Sept 2013	42,043	314	-	(8,230)	34,127

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 21	Levies

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 2	Amendment to MFRS 2(Annual Improvements to MFRSs 2010-2012 Cycle)
MFRS 3	Amendment to MFRS 3(Annual Improvements to MFRSs 2010-2012 Cycle) Amendment to MFRS 3(Annual Improvements to MFRSs 2011-2013 Cycle)
MFRS 8	Amendment to MFRS 8(Annual Improvements to MFRSs 2010-2012 Cycle) Amendment to MFRS 8(Annual Improvements to MFRSs 2011-2013 Cycle)
MFRS 13	Amendment to MFRS 13(Annual Improvements to MFRSs 2011-2013 Cycle)
MFRS 116	Amendment to MFRS 116(Annual Improvements to MFRSs 2010-2012 Cycle)
MFRS 119	Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions
MFRS 124	Amendment to MFRS 124(Annual Improvements to MFRSs 2010-2012 Cycle)
MFRS 138	Amendment to MFRS 138(Annual Improvements to MFRSs 2010-2012 Cycle)
MFRS 140	Amendment to MFRS 140(Annual Improvements to MFRSs 2011-2013 Cycle)

Effective for annual periods beginning on or after 1 January 2016

MFRS 14	Regulatory Deferral Accounts
MFRS 116	Amendment to MFRS 116(Clarification of Acceptable Methods of Depreciation and Amortisation)
MFRS 138	Amendment to MFRS 138(Clarification of Acceptable Methods of Depreciation and Amortisation)
MFRS 141	Amendment to MFRS 141 (Agriculture: Bearer Plants)

Effective for annual periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers
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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.



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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 Sept 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.



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NOTES TO THE QUARTERLY REPORT

14 Related party transactions

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

	3 months ended		9 months ended	
	<u>30/9/2014</u>	<u>30/9/2013</u>	<u>30/9/2014</u>	<u>30/9/2013</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Sales to related parties:				
Ajinomoto (M) Berhad	1,235	356	3,162	1,698
Toyo Seikan (Thailand) Co. Ltd	295	287	1,033	837
Purchases from related parties:				
DIC (Malaysia) Sdn Bhd	464	415	1,367	1,107
Tokan Trading Corporation	237	474	914	1,008



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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 was lower by 11% at RM18.3 million as against RM20.6 million in the previous year corresponding quarter. The reduction in turnover was mainly due to slow demand for packaging foil wrappers for condoms. Meanwhile the pre-tax loss increased to RM1.22 million from RM1.13 million recorded in similar quarter of last year due to low turnover and increase in raw materials cost.

For the nine months ended 30 Sept 2014, the Company registered a turnover of RM60.05 million as compared to RM57.22 million in same period last year, an increase of 5%. The increase was mainly due to increase orders of packaging wrappers for medical devices and seasoning.

Despite the higher turnover, the pre-tax loss for the nine months under review increased to RM2.02 million from a pre-tax loss of RM0.59 million recorded in last year corresponding period. This was mainly due to higher raw materials cost and operating cost, notably the hike in electricity tariff and labour cost.

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

The turnover for the current quarter had decreased by RM2.38 million to RM18.3 million as compared to RM20.68 million recorded in the immediate preceding quarter. The lower turnover was mainly due to reduced orders of packaging foil wrappers for condoms and slowdown in demand of wrappers for the snack food sectors.

The loss before taxation for the current quarter was higher at RM1.22 million as compared to a pre-tax loss of RM0.67 million in the preceding quarter. The gross profit margin was impacted by the increase in raw materials cost. This and also the lower turnover had contributed to the increase in pre-tax loss.

17 Prospect

In view of the present challenges to the economic environment, the Board is cautiously optimistic of the financial performance of the Company given the slowdown in demand and uncertainties in customers orders.

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 30/9/2014 RM'000	As at 31/12/2013 RM'000
Short Term Borrowings		
<i>Secured</i>		
Hire Purchase and finance lease payables	13	-
<i>Unsecured</i>		
Term loan	1,846	1,846
Bankers acceptance	2,355	1,970
Revolving credit	9,000	8,500
Bank overdraft	727	-
Loans from holding company	3,172	1,874
	<u>17,100</u>	<u>14,190</u>
	<u>17,113</u>	<u>14,190</u>
	As at 30/9/2014 RM'000	As at 31/12/2013 RM'000
Long Term Borrowings		
<i>Secured</i>		
Hire Purchase and finance lease payables	56	-
<i>Unsecured</i>		
Long Term Loan	923	2,308
Loans from holding company	26,649	21,825
	<u>27,572</u>	<u>24,133</u>
	<u>27,628</u>	<u>24,133</u>

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

	USD'000	RM'000 equivalent
USD loan	6,412	21,034
	<u>6,412</u>	<u>21,034</u>
	JPY'000	RM'000 equivalent
Japanese yen loan	293,460	8,787
	<u>293,460</u>	<u>8,787</u>



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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 Loss Per Share

The loss per share are calculated by dividing the net loss 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		9 months ended	
	<u>30/9/2014</u>	<u>30/9/2013</u>	<u>30/9/2014</u>	<u>30/9/2013</u>
<u>Loss per share</u>				
Loss attributable to equity holders of the Company(RM'000)	(1,219)	(1,134)	(2,027)	(591)
Weighted average number of ordinary shares in issued('000)	42,043	42,043	42,043	42,043
Loss per share(sen)	<u>(2.90)</u>	<u>(2.70)</u>	<u>(4.82)</u>	<u>(1.41)</u>

25 Loss before taxation

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

	3 months ended		9 months ended	
	<u>30/9/2014</u>	<u>30/9/2013</u>	<u>30/9/2014</u>	<u>30/9/2013</u>
	RM'000	RM'000	RM'000	RM'000
Other income	(217)	(338)	(723)	(701)
Interest expense	289	323	873	957
Depreciation and amortisation	1,281	1,245	3,812	3,706
Write off of inventories	34	23	146	89
Property, plant and equipment written off	16	9	102	30
Net Foreign exchange (gain)/loss				
- Realised	(3)	106	(61)	57
- Unrealised	(384)	746	(358)	(123)



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26 Realised and Unrealised Losses Disclosures

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

	As at 30/9/2014 RM'000	As at 31/12/2013 RM'000
Total accumulated losses for the Company:		
- Realised loss	(11,081)	(9,358)
- Unrealised gain	358	662
Total accumulated losses as per financial statements	<u>(10,723)</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 : 24 November 2014