



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 1st Quarter and three months ended 31 March 2015

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 months ended 31 Mar 2015 RM'000	3 months ended 31 Mar 2014 RM'000	3 months ended 31 Mar 2015 RM'000	3 months ended 31 Mar 2014 RM'000
Revenue	22,382	21,061	22,382	21,061
Other operating income	340	270	340	270
Operating expenses	(22,911)	(21,170)	(22,911)	(21,170)
(Loss)/profit from operations	(189)	161	(189)	161
Interest expense	(308)	(295)	(308)	(295)
Loss before taxation	(497)	(134)	(497)	(134)
Taxation	-	-	-	-
Loss for the period	(497)	(134)	(497)	(134)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Fair value loss from cash flow hedge	(31)	(32)	(31)	(32)
Fair value gain from available-for-sale financial asset	72	25	72	25
Other comprehensive gain/(loss) for the period	41	(7)	41	(7)
Total comprehensive loss for the period	(456)	(141)	(456)	(141)
Loss per share (sen) :				
- Basic	(1.18)	(0.32)	(1.18)	(0.32)
- Diluted	(1.18)	(0.32)	(1.18)	(0.32)

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015 RM'000	31 December 2014 RM'000
NON CURRENT ASSETS		
Property, plant and equipment	47,549	48,420
Land use rights	2,345	2,352
	49,894	50,772
CURRENT ASSETS		
Inventories	12,536	11,494
Trade and other receivables	20,407	17,745
Other current assets	67	22
Available-for-sale financial asset	275	203
Financial instrument at fair value through other comprehensive income	134	140
Cash and bank balances	6,368	9,165
	39,787	38,769
TOTAL ASSETS	89,681	89,541
EQUITY AND LIABILITIES		
EQUITY		
Issued capital	42,043	42,043
Cash flow hedge reserve	191	222
Available-for-sale reserve	201	129
Accumulated losses	(12,539)	(12,042)
TOTAL EQUITY	29,896	30,352
NON-CURRENT LIABILITIES		
Loans and borrowings	28,266	27,198
CURRENT LIABILITIES		
Loans and borrowings	17,400	17,649
Trade and other payables	14,119	14,342
	31,519	31,991
TOTAL LIABILITIES	59,785	59,189
TOTAL EQUITY AND LIABILITIES	89,681	89,541
Net assets per share (RM)	0.71	0.72

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015	3 months ended 31 Mar 2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(497)	(134)
Adjustments for :		
Non-cash operating items	3,572	1,517
Interest expense	308	295
Operating profit before working capital changes	3,383	1,678
Changes in working capital :		
(Increase)/decrease in inventories	(1,070)	651
Increase in receivables	(2,724)	(3,603)
(Decrease)/increase in payables	(215)	688
Cash used in operations	(626)	(586)
Interest paid	(308)	(295)
Net cash used in operating activities	(934)	(881)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(444)	(337)
Net cash used in investing activities	(444)	(337)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan to ultimate holding company	(966)	(966)
Repayment of a term loan	(462)	(462)
Increase in short term borrowings	774	120
Repayments of obligations under finance leases	(8)	-
Net cash used in financing activities	(662)	(1,308)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,040)	(2,526)
EFFECT OF EXCHANGE RATE CHANGES	(538)	(13)
CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD	8,415	2,539
CASH AND CASH EQUIVALENT AT END OF THE PERIOD *	5,837	(0)
* Cash and cash equivalents consists of :		
Cash on hand and at bank	6,368	994
Bank overdraft	(531)	(994)
	<u>5,837</u>	<u>0</u>

The Condensed Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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	Accumulated losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	42,043	222	129	(12,042)	30,352
Total comprehensive loss for the period	-	(31)	72	(497)	(456)
At 31 March 2015	42,043	191	201	(12,539)	29,896
At 1 January 2014	42,043	298	93	(8,696)	33,738
Total comprehensive loss for the period	-	(32)	25	(134)	(141)
At 31 March 2014	42,043	266	118	(8,830)	33,597

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2014.

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 2014.

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 2014 except as follows:

On 1 January 2015, the Company adopted the following amended MFRS and improvements to MFRS for annual financial period beginning on or after 1 July 2014, where applicable.

Amendments to MFRS 119 : Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010-2012 cycle
Annual Improvements to MFRSs 2011-2013 cycle

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

2.1 MFRS issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRS, amendments to MFRS and annual improvements 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



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NOTES TO THE QUARTERLY REPORT

2 Changes in Accounting Policies(cont'd)

2.1 MFRS issued but not yet effective(cont'd)

Effective for annual periods beginning on or after 1 January 2016

MFRS 5	Amendment to MFRS 5(Annual Improvements to MFRSs 2012-2014 Cycle)
MFRS 7	Amendment to MFRS 7(Annual Improvements to MFRSs 2012-2014 Cycle)
MFRS 10	Amendment to MFRS 10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to MFRS 10 Investment Entities: Applying the Consolidation Exception
MFRS 11	Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
MFRS 12	Amendments to MFRS 12 Investment Entities: Applying the Consolidation Exception
MFRS 14	Regulatory Deferral Accounts
MFRS 101	Amendments to MFRS 101 Disclosure Initiative
MFRS 116	Amendment to MFRS 116(Clarification of Acceptable Methods of Depreciation and Amortisation)
MFRS 119	Amendment to MFRS 119(Annual Improvements to MFRSs 2012-2014 Cycle)
MFRS 127	Amendment to MFRS 127 Equity Method in Separate Financial Statements
MFRS 128	Amendment to MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to MFRS 128 Investment Entities:Applying the Consolidation Exception
MFRS 134	Amendment to MFRS 134(Annual Improvements to MFRSs 2012-2014 Cycle)
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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Effective for annual periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments(IFRS 9 as issued by IASB in July 2014)
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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.



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.

Geographical information

Revenue information based on geographical location of customers is as follows:

	3 months ended	
	31/3/2015	31/3/2014
	<u>RM'000</u>	<u>RM'000</u>
Malaysia	15,988	14,864
ASEAN	5,182	5,568
Others	1,212	629
	<u>22,382</u>	<u>21,061</u>

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.



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NOTES TO THE QUARTERLY REPORT

10 Subsequent Events

There were no material events subsequent to 31 March 2015 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	
	31/3/2015	31/3/2014
	<u>RM'000</u>	<u>RM'000</u>
Sales to related parties:		
Ajinomoto (M) Berhad	817	821
Toyo Seikan (Thailand) Co. Ltd	259	491
Purchases from related parties:		
DIC (Malaysia) Sdn Bhd	511	466
Tokan Trading Corporation	295	267



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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 quarter under review was RM22.38 million, increased by RM1.32 million from RM21.06 million achieved in last year similar quarter. The higher turnover was mainly due to increased domestic demand for packaging wrappers from the food sector like snack and dairy products and retort pouch packaging for the export market.

The Company registered a pre-tax loss of RM0.50 million for the current quarter against a pre-tax loss of RM0.13 million in last year corresponding quarter despite the higher turnover. The higher net loss before tax was mainly due to unrealised foreign exchange loss of RM2.2 million on retranslation of foreign loans.

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

The turnover for the current quarter was RM22.38 million as compared to RM21.00 million recorded in the immediate preceding quarter, showing an increase of 6.6%. There was a strong domestic demand for packaging wrappers for snack food, sauce and seasoning.

The Company registered a smaller pre-tax loss of RM0.50 million for the current quarter as compared to the pre-tax loss of RM1.32 million recorded in the immediate preceding quarter. In terms of operational performance, the Company achieved an operating profit of RM0.57 million for the current quarter due to higher turnover and sales mix.

17 Prospect

The Company is taking a cautious view on the domestic market and business operating environment amidst the implementation of the Goods and Services Tax on 1 April 2015. However the Company is optimistic that orders from customers can be maintained and the impact would not be significant.

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 31/3/2015 RM'000	As at 31/12/2014 RM'000
Short Term Borrowings		
<i>Secured</i>		
Obligations under finance leases	36	36
<i>Unsecured</i>		
Term loan	1,846	1,846
Bankers acceptance	2,372	1,598
Revolving credit	9,000	9,000
Bank overdraft	531	750
Loans from holding company	3,615	4,419
	17,364	17,613
	17,400	17,649
	As at 31/3/2015 RM'000	As at 31/12/2014 RM'000
Long Term Borrowings		
<i>Secured</i>		
Obligations under finance leases	147	155
<i>Unsecured</i>		
Long term loan	-	462
Loans from holding company	28,119	26,581
	28,119	27,043
	28,266	27,198

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

	USD'000	RM'000 equivalent
USD loan	6,126	22,687
		22,687
	JPY'000	RM'000 equivalent
Japanese yen loan	293,460	9,047
	293,460	9,047

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 Loss Per Share

The loss per share is 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	
	<u>31/3/2015</u>	<u>31/3/2014</u>
<u>Loss per share</u>		
Loss attributable to equity holders of the Company(RM'000)	(497)	(134)
Weighted average number of ordinary shares in issued('000)	<u>42,043</u>	<u>42,043</u>
Loss per share(sen)	<u>(1.18)</u>	<u>(0.32)</u>

25 Loss before taxation

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

	3 months ended	
	<u>31/3/2015</u>	<u>31/3/2014</u>
	RM'000	RM'000
Other income	(340)	(270)
Interest expense	308	295
Depreciation and amortisation	1,318	1,263
Write off of inventories	28	12
Property, plant and equipment written off	3	55
Net Foreign exchange (gain)/loss		
- Realised	(1,149)	(33)
- Unrealised	2,210	172

26 Realised and Unrealised Losses Disclosures

	<u>As at</u>	<u>As at</u>
	<u>31/3/2015</u>	<u>31/12/2014</u>
	RM'000	RM'000
Total accumulated losses for the Company:		
- Realised	(10,329)	(12,106)
- Unrealised	(2,210)	64
Total accumulated losses as per financial statements	<u>(12,539)</u>	<u>(12,042)</u>



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NOTES TO THE QUARTERLY REPORT

27 Auditors' Report

The auditors' report of the financial statements for the year ended 31 December 2014 was not qualified.

By Order of the Board

MITSURU HIRAMUKI
Chief Executive Officer/Managing Director

Kuala Lumpur, Malaysia
Date : 15 May 2015