



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 3rd Quarter and nine months ended 30 Sept 2015

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 months ended 30 Sept 2015 RM'000	3 months ended 30 Sept 2014 RM'000	9 months ended 30 Sept 2015 RM'000	9 months ended 30 Sept 2014 RM'000
Revenue	21,966	18,302	66,216	60,045
Other operating income	436	217	997	723
Operating expenses	(26,283)	(19,449)	(72,577)	(61,922)
Loss from operations	(3,881)	(930)	(5,364)	(1,154)
Interest expense	(303)	(289)	(915)	(873)
Loss before taxation	(4,184)	(1,219)	(6,279)	(2,027)
Taxation	-	-	-	-
Loss for the period	(4,184)	(1,219)	(6,279)	(2,027)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Fair value loss from cash flow hedge	(184)	(33)	(222)	(78)
Fair value gain/(loss) from available-for-sale financial asset	16	(9)	89	4
Other comprehensive loss for the period	(168)	(42)	(133)	(74)
Total comprehensive loss for the period	(4,352)	(1,261)	(6,412)	(2,101)
Loss per share (sen) :				
- Basic	(9.95)	(2.90)	(14.93)	(4.82)
- Diluted	(9.95)	(2.90)	(14.93)	(4.82)

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.



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

(The figures have not been audited)

	30 Sept 2015 RM'000	31 December 2014 RM'000
NON CURRENT ASSETS		
Property, plant and equipment	46,286	48,420
Land use rights	2,333	2,352
	48,619	50,772
CURRENT ASSETS		
Inventories	12,710	11,494
Trade and other receivables	21,628	17,745
Other current assets	867	22
Available-for-sale financial asset	292	203
Financial instrument at fair value through other comprehensive income	-	140
Cash and bank balances	3,533	9,165
	39,030	38,769
TOTAL ASSETS	87,649	89,541
EQUITY AND LIABILITIES		
EQUITY		
Issued capital	42,043	42,043
Cash flow hedge reserve	-	222
Available-for-sale reserve	218	129
Accumulated losses	(18,321)	(12,042)
TOTAL EQUITY	23,940	30,352
NON-CURRENT LIABILITIES		
Loans and borrowings	30,399	27,198
CURRENT LIABILITIES		
Loans and borrowings	16,797	17,649
Trade and other payables	16,513	14,342
	33,310	31,991
TOTAL LIABILITIES	63,709	59,189
TOTAL EQUITY AND LIABILITIES	87,649	89,541
Net assets per share (RM)	0.57	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)

	9 months ended 30 Sept 2015	9 months ended 30 Sept 2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(6,279)	(2,027)
Adjustments for :		
Non-cash operating items	11,501	3,737
Interest expense	915	873
Operating profit before working capital changes	6,137	2,583
Changes in working capital :		
Increase in inventories	(1,396)	(541)
Increase in receivables	(3,644)	(1,746)
Increase in payables	2,130	1,700
Cash generated from operations	3,227	1,996
Interest paid	(915)	(873)
Net cash generated from operating activities	2,312	1,123
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	-	7
Downpayment for purchase of property, plant and equipment	(704)	-
Purchase of property, plant and equipment	(1,775)	(1,770)
Net cash used in investing activities	(2,479)	(1,763)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan to ultimate holding company	(3,367)	(1,932)
Drawdown of loan from holding company	-	8,150
Repayment of a term loan	(1,385)	(1,385)
Increase in short term borrowings	652	885
(Repayments)/Increase of obligations under finance leases	(27)	69
Net cash generated (used in)/from financing activities	(4,127)	5,787
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,294)	5,147
EFFECT OF EXCHANGE RATE CHANGES	(630)	176
CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD	8,415	2,539
CASH AND CASH EQUIVALENT AT END OF THE PERIOD *	3,491	7,862
* Cash and cash equivalents consists of :		
Cash on hand and at bank	3,533	8,589
Bank overdraft	(42)	(727)
	<u>3,491</u>	<u>7,862</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.



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
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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	Accumulated losses	
	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	-	(222)	89	(6,279)	(6,412)
At 30 Sept 2015	42,043	-	218	(18,321)	23,940
At 1 January 2014	42,043	298	93	(8,696)	33,738
Total comprehensive loss for the period	-	(78)	4	(2,027)	(2,101)
At 30 Sept 2014	42,043	220	97	(10,723)	31,637

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 as and when they become effective:



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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		9 months ended	
	30/9/2015 <u>RM'000</u>	30/9/2014 <u>RM'000</u>	30/9/2015 <u>RM'000</u>	30/9/2014 <u>RM'000</u>
Malaysia	14,642	13,324	47,115	44,366
ASEAN	6,832	4,369	17,039	13,645
Others	492	609	2,062	2,034
	<u>21,966</u>	<u>18,302</u>	<u>66,216</u>	<u>60,045</u>



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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 30 September 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

Contracted but not provided for: Property, plant and equipment - RM0.09 million.

14 Related party transactions

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

	3 months ended		9 months ended	
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Sales to related parties:				
Ajinomoto (M) Berhad	594	1,235	2,494	3,162
Toyo Seikan (Thailand) Co. Ltd	293	295	866	1,033
Purchases from related parties:				
DIC (Malaysia) Sdn Bhd	277	464	1,153	1,367
Tokan Trading Corporation	84	237	755	914



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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 RM21.97 million, increased by RM3.67 million from RM18.30 million achieved in last year similar quarter. The higher turnover was mainly due to increased domestic demand from condom and liner products and retort pouch packaging for the export market.

The Company registered a bigger pre-tax loss of RM4.18mil during the quarter as against a pre-tax loss of RM1.22mil in the same quarter last year. The higher loss was mainly attributable to the unrealised loss on foreign exchange of RM4.39 million on translation of foreign loans and other monetary items denominated in foreign currency

For the current financial year-to-date, the Company's turnover and pre-tax loss were RM66.22 million and RM6.28 million respectively, as compare to turnover of RM60.05 million and pre-tax loss of RM2.03 million recorded in last year corresponding period. The higher turnover was mainly due to increased orders for retort pouch and liner packaging, while the higher pre-tax loss was due to unrealised foreign exchange loss of RM7.35 million on retranslation of the foreign loans

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

The turnover for the current quarter had slightly increased by RM0.1 million to RM21.97 million as compared to RM21.87 million recorded in the immediate preceding quarter.

The Company registered a pre-tax loss of RM4.18 million during the quarter as against a pre-tax loss of RM1.60 million in the preceding quarter. The higher pre-tax loss were mainly from the unrealised foreign exchange translation loss on the foreign loans.

17 Prospect

The Board is of the opinion that the business operating environment will be challenging due to the weak Malaysian ringgit and the uncertainty in Asean and China economically.

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 30/9/2015 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	923	1,846
Bankers acceptance	1,250	1,598
Revolving credit	10,000	9,000
Bank overdraft	42	750
Loans from holding company	4,546	4,419
	16,761	17,613
	16,797	17,649

	As at 30/9/2015 RM'000	As at 31/12/2014 RM'000
Long Term Borrowings		
<i>Secured</i>		
Obligations under finance leases	129	155
<i>Unsecured</i>		
Long term loan	-	462
Loans from holding company	30,270	26,581
	30,270	27,043
	30,399	27,198

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

	USD'000	RM'000 equivalent
USD loan	5,840	25,669
	5,840	25,669
	JPY'000	RM'000 equivalent
Japanese yen loan	250,200	9,147
	250,200	9,147



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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 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		9 months ended	
	<u>30/9/2015</u>	<u>30/9/2014</u>	<u>30/9/2015</u>	<u>30/9/2014</u>
<u>Loss per share</u>				
Loss attributable to equity holders of the Company(RM'000)	(4,184)	(1,219)	(6,279)	(2,027)
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 per share(sen)	<u>(9.95)</u>	<u>(2.90)</u>	<u>(14.93)</u>	<u>(4.82)</u>

25 Loss before taxation

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

	3 months ended		9 months ended	
	<u>30/9/2015</u>	<u>30/9/2014</u>	<u>30/9/2015</u>	<u>30/9/2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Other income	(435)	(212)	(997)	(716)
Interest expense	303	289	915	873
Depreciation and amortisation	1,294	1,281	3,906	3,812
Write off of inventories	123	34	180	146
Gain on disposal of PPE	-	(5)	-	(7)
Property, plant and equipment				
- written off	5	16	23	102
Net Foreign exchange (gain)/loss				
- Realised	(439)	(3)	(1,904)	(61)
- Unrealised	4,394	(384)	7,353	(358)



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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 is as follows:

	As at 30/9/2015 RM'000	As at 31/12/2014 RM'000
Total accumulated losses for the Company:		
- Realised loss	(10,968)	(12,106)
- Unrealised (loss)/ gain	(7,353)	64
Total accumulated losses as per financial statements	<u>(18,321)</u>	<u>(12,042)</u>

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 : 23 November 2015