



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 3rd quarter ended 30 September 2003

NOTES TO THE QUARTERLY REPORT

PART A - EXPLANATORY NOTES PURSUANT TO MASB 26

1. Basis of Preparation and Significant Accounting Policies

The interim financial report is unaudited and has been prepared in accordance with MASB 26 - Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Kuala Lumpur Stock Exchange, and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2002.

The same accounting policies and methods of computation are adopted in the interim financial statements as those used in the preparation of the most recent annual financial statement except during the financial year, the Company changed its accounting policy in respect of the treatment of deferred tax to comply with MASB 25 : Income Taxes, which became effective from 1 January 2003. In previous years, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future; and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences; and deferred tax assets are recognised for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised.

This change in accounting policy has been accounted for retrospectively in the current quarter under review. The new accounting policy has the effect of reducing the Company's retained earnings and increasing the deferred tax liabilities by RM428k for the quarter under review and the financial year ended 31 December 2003.

2. Audit Report

The audit report of the financial statements for the year ended 31 December 2002 was not subject to any qualification.

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 except as otherwise noted in this report.

5. Changes in Estimate

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.

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 except as otherwise noted in this report.



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7. Dividends Paid **9 months ended**
30/09/2003
RM'000

Ordinary first and final tax exempt dividend of 2% in respect of the financial year ended 31 December 2002 paid on 18 July 2003 420

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 have been brought forward without amendment from the previous annual financial statements.

10. Subsequent Events

There were no material events subsequent to 30 September 2003 that have not been reflected in the financial statements for the quarter ended 30 September 2003.

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 Liabilities

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

13. Capital Commitments

The amount of commitments not provided for in the interim financial statements as at 30 September 2003 is as follows :

Approved and contracted for :	RM'000
Property, plant and equipment	<u>503,200</u>



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PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9 PART K OF THE LISTING
REQUIREMENTS OF KLSE

14. Performance Review

Turnover for the quarter under review was RM16.2 million as against RM14.8 million of the previous corresponding period, representing an increase of RM1.4 million or 9%. The Company achieved a profit before tax of RM153,000 during the quarter as against a profit before tax of RM525,000 in the corresponding period. The decrease in profit was mainly due to lower gross profit margin as a result of higher operating cost including revision of the rented premises were concluded during the quarter and the understated cost from previous quarter was adjusted retrospectively.

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

The turnover for the quarter under review was higher at RM16.2 million as against RM15.2 million in the last quarter, representing an increase of RM1mil or 7%. The Company registered a profit of RM453,000 for the quarter under review as compared to a loss of RM771,000 as reported in the previous quarter due to change in the sales mix that resulted better gross profit margin in the current quarter.

16. Current Year Prospects

Favourable recent trends resulted from global recovery has shown sign of improvement in the current quarter's results. Barring unforeseen circumstances, the Company's outlook is expected to be positive as the economy is gaining momentum gradually.

17. Profit Forecast or Profit Guarantee

Not applicable for the quarter under review.

18. Taxation

Except for reversal of deferred taxation due to over provision in prior years, there is no tax charge for the current quarter and current year-to-date due to losses incurred in operations.

19. Profits/(loss) on Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

20. Quoted Securities

There is no quoted securities nor were there any purchases or disposals of quoted securities for the current quarter and financial year-to-date.

21. Status of Corporate Proposals

The Company has implemented a Rights Issue of 1 for 2 and Bonus Issue of 1 for 3 after the Rights Issue to meet the requirements of the SC for companies listed on the Second Board of the KLSE to have a minimum issued and paid-up share capital of RM40million.



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On 20 October 2003, KLSE has granted its approval pursuant to the Rights and Bonus Issues for the listing and quotation of the Rights and Bonus Shares on 22 October 2003.

On 22 October 2003, both the Rights and Bonus Shares were listed successfully. The proceeds from the Rights Issue received in September are debited into the Rights Issue Account and credited into the other creditors accounts, and subsequently reclassified to the share capital account after the listing.

22. Borrowings and Debt Securities

The company has unsecured short term borrowings of USD700,000 and RM5,373,000 as at 30 September 2003. As both the offshore loan and a local borrowing amounted to RM4.356 million were due in November 2003, the proceeds from Rights Issue were used to repay the local borrowing and partly settled the offshore debts amounted USD300,000. The remaining USD400,000 were rollover for another 6 months period and will be due for repayment in May 2004 as the Company has obtained Bank Negara's approval to extend the loan repayment to May 2004.

23. Financial Instruments with Off Balance Sheet Risk

There were no financial instruments with off balance sheet risk as at the date of this quarterly report.

24. Material Litigation

There were no pending material litigation as at the date of this quarterly report.

25. Dividend Payable

The directors do not recommend any dividend for the financial quarter under review.

26. Earnings Per Share

(a) Basic Earnings Per Share

The earnings per share is calculated by dividing the net profit for the period under review by the number of ordinary shares in issue of 21,021,412 shares of RM1.00 each during the said financial period.

(b) Diluted Earnings Per Share

Not applicable.

By Order of the Board

TAY HOW SENG
Chairman

Kuala Lumpur, Malaysia
21 November 2003