



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 4th quarter ended 31 December 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 Malaysia Securities Exchange Berhad ("MSEB"), 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 and comparatives have been restated. The new accounting policy has the effect of reducing the Company's retained earnings and increasing the deferred tax liabilities by RM643,000.

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

Persuant to the Rights and Bonus Issue, the Company issued 10,510,706 of Rights shares at RM1.00 each and 10,510,706 of Bonus shares to meet the minimum share capital requirements of RM40 million for companies listed on the Second Board of MSEB. These shares rank pari passu in all aspects with the existing shares.



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6. Debt and Equity Securities (continued)

Other than the above and as disclosed in Note 21, 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

Amount		Dividends per share	
2003	2002	2003	2002
RM'000	RM'000	sen	sen
-	420	-	2

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

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 31 December 2003 that have not been reflected in the financial statements for the financial year ended 31 December 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 31 December 2003 is as follows :

Approved and contracted for :	RM'000
Property, plant and equipment	379



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PART B - EXPLANATORY NOTES PERSUANT TO CHAPTER 9 PART K OF THE LISTING REQUIREMENTS OF MSEB

14. Performance Review

Turnover for the quarter under review was RM13.2 million as against RM14.2 million of the previous corresponding period, representing a decrease of RM1 million or 7%. The Company registered a pre-tax loss of RM929,000 during the quarter as against a profit before tax of RM332,000 in the corresponding period. The loss was mainly due to lower gross profit margin as a result of increased overhead costs.

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

The turnover for the quarter under review was lower at RM13.2 million as against RM16.2 million in the last quarter, representing a decrease of RM3mil or 19%. The Company registered a profit after tax of RM532,000 for the quarter under review as compared to a profit of RM453,000 as reported in the previous quarter due to reversal of tax over provided in prior years and recognition of the deferred tax assets resulted from unutilised allowances.

16. Current Year Prospects

As the global economy outlook is to improve and gaining a momentum to reach close to 4% in 2004, the Directors expect an increase in the Company's export market commencing second quarter of 2004.

17. Profit Forecast or Profit Guarantee

Not applicable for the quarter under review.

18. Taxation

The reversal of tax expenses were detailed as follows :

	12 months ended 31/12/2003 RM'000
Reversal resulting from :	
- Over provision of Malaysian income tax in prior years	371
- Deferred tax relating to origination and reversal of temporary differences	1,490
	1,861

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	1,861

The reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is detailed as follows :

	RM'000
Loss before taxation	(1,684)
Taxation at Malaysian statutory tax rate of 28%	(472)
Expenses not deductible for tax purposes	213
Deferred tax assets recognised on unutilised reinvestment allowance	(1,285)
Deferred tax assets not recognised during the year	54
Overprovision in prior year	(371)
	(1,861)



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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 to meet the requirement of the SC for companies listed on the Second Board of the MSEB to have a minimum issued and paid-up share capital of RM40 million.

On 22 October 2003, both the Rights and Bonus Shares were listed successfully and the proceeds were utilised as follows :

<u>Utilisation of proceeds from Rights Issue</u>	RM'000
Proceeds from Rights Issue	10,511
Repayment of short-tem borrowings	(4,356)
Payment for extension of factory building	(1,364)
Defraying expenses for the Rights and Bonus Issue	(606)
Repayment of term-loan (partial)	(1,140)
	<u>3,045</u>
To repay term-loan (balance) in May 2004 as approved by Bank Negara Malaysia	(1,520)
Balance used for working capital purposes	<u><u>1,525</u></u>

22. Borrowings and Debt Securities

The company has unsecured short term borrowings of USD400,000 and bankers acceptance of RM413,000 as at 31 December 2003.

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

At the forthcoming Annual General Meeting, a first and final tax exempt dividend of 1.5% in respect of the financial year ended 31 December 2003, on 42,042,842 ordinary shares, amounting to a dividend payable of RM630,643 will be proposed for the shareholders' approval.



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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 42,042,824 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
26 February 2004