



**MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)**  
**Quarterly Report for the 2nd quarter ended 30 June 2004**

**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 Bursa Malaysia Securities Berhad ("Bursa Malaysia"), and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2003.

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 statements for the year ended 31 December 2003.

**2. Audit Report**

The audit report of the financial statements for the year ended 31 December 2003 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.

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

**10. Subsequent Events**

There were no material events subsequent to 30 June 2004 that have not been reflected in the financial statements for the financial year ended 30 June 2004.



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**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**

There were no capital commitments as at the date of this quarterly report.



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**PART B - EXPLANATORY NOTES PERSUANT TO CHAPTER 9 PART K OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA**

**14. Performance Review**

Turnover for the quarter under review was RM16.4 million as against RM15.3 million of the previous corresponding period, representing an increase of RM1.1million or 7.2%. The Company registered a pre-tax loss of RM847,000 during the quarter as against a pre-tax loss of RM871,000 in the corresponding period. The loss was mainly due to lower gross profit margin as a result of increased raw materials prices.

**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 RM16.4 million as against RM13.5 million in the last quarter, representing a increase of RM2.9mil or 21.5%. The Company registered a pre-tax loss of RM847,000 for the quarter under review as compared to a pre-tax loss of RM119,000 as reported in the previous quarter. The increased in pre-tax loss was mainly due to raw materials prices increased tremendously in the 2nd quarter and that additional provisions were made for the retirement gratuity.

**16. Current Year Prospects**

The Company is currently revising its pricing strategy to be in tandem with the increase in the raw materials prices and to strive for further cost efficiency and productivity enhancement.

The Directors are of the opinion that the present prevailing market condition will continue to be both challenging and demanding.

**17. Profit Forecast or Profit Guarantee**

Not applicable for the quarter under review.

**18. Taxation**

There is no provision for taxation in the current quarter and current financial period to-date as the Company have sufficient unabsorbed capital allowances brought forward to set off its tax liabilities.

**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**

There were no corporate proposals announced as at date of the report.

**22. Borrowings and Debt Securities**

The company has bankers acceptance of RM1.4mil as at 30 June 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.



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**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 in the quarter under review.

**26. Earnings Per Share**

**(a) Basic Earnings Per Share**

The basic earnings per share for 2004 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.

The basic earnings per share for 2003 is calculated by dividing the net loss for the period under review by the weighted average number of ordinary shares in issue of 35,212,037 during the financial year, adjusted retrospectively as a result of the rights and bonus issues completed in October 2003.

**(b) Diluted Earnings Per Share**

Not applicable.

By Order of the Board

OSAMU SEKIGUCHI  
Managing Director

Kuala Lumpur, Malaysia  
26 August 2004