



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

9 months ended
30/09/2004
RM'000

Ordinary first and final tax exempt dividend of 1.5% in respect of the financial year ended 31 December 2003 paid on 16 July 2004.

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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.



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10. Subsequent Events

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

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 2004 is as follows :

	RM'000
Approved and contracted for :	
Property, plant and equipment	3,160

14. Prior Year Adjustment

Pursuant to the computerisation of the Company's inventories system in the prior year, there were inadvertent data transfer and computational errors within the "work-in-progress" module resulting in an overstatement of work-in-progress of the Company. The above have the following effects on the interim financial statements:

	2004 RM'000	2003 RM'000		
Effects on retained profits:				
At 1 January, as previously stated	2,370	13,122		
Adjustment	(945)	-		
At 1 January, as restated	1,425	13,122		
	3 months ended		9 months ended	
	30/09/2004	30/09/2003	30/09/2004	30/09/2003
	RM'000	RM'000	RM'000	RM'000
Effects on net profit for the period :				
Net loss before adjustment	(33)	453	(632)	(357)
Adjustment	-	(582)	-	(670)
Net loss for the period	(33)	(129)	(632)	(1,027)

The comparative amount for inventories for the Company as at 31 December 2003 has been restated as follows:

	Previously stated RM'000	Adjustment RM'000	Restated RM'000
Inventories	7,963	(945)	7,018



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

15. Performance Review

Turnover for the quarter under review was RM18.9 million as against RM16.2 million of the previous corresponding period, representing an increase of RM2.7 million or 16.7%. The Company registered a pre-tax loss of RM33,000 during the quarter as against a pre-tax loss of RM429,000 in the corresponding period. The reduced loss was mainly due to increase in the sales volume in current quarter as against the previous corresponding period.

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

The turnover for the quarter under review was higher at RM18.9 million as against RM16.4 million in the last quarter, representing a increase of RM2.5 million or 15.2%. The Company registered a pre-tax loss of RM33,000 for the quarter under review as compared to a pre-tax loss of RM481,000 (after adjusted for inventory) in the previous quarter. The reduction in pre-tax loss was mainly due to increase of sales volume in current quarter. Additionally, provisions were made for retirement gratuity in the previous quarter.

17. Current Year Prospects

As the overall plastic packaging industry is experiencing sharp price increases in major petroleum-based raw materials in tandem with the soaring oil prices, the Directors are of the opinion that the overall performance of the Company for the current financial year will be extremely competitive and at least be maintained as in previous year.

18. Profit Forecast or Profit Guarantee

Not applicable for the quarter under review.

19. 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.

20. 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.

21. 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.

22. Status of Corporate Proposals

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

23. Borrowings and Debt Securities

The company has bankers acceptance of RM4mil as at 30 September 2004.

24. 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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25. Material Litigation

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

26. Dividend Payable

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

27. 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
23 November 2004