



**MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 1st quarter ended 31 March 2005**

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 2004.

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 2004.

2. Audit Report

The audit report of the financial statements for the year ended 31 December 2004 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 31 March 2005 that have not been reflected in the financial statements for the quarter under review.



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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

The amount of commitments not provided for in the interim financial statements as at 31 March 2005 are as follows :

	RM'000
Property, plant and equipment :	
Approved and contracted for	4,894
Approved but not contracted for	1,083
	<u>5,977</u>



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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 RM18.4 million as against RM13.5 million of the previous corresponding period, representing an increase of RM4.9 million or 36%. The Company registered a pre-tax loss of RM569,000 during the quarter as against a pre-tax loss of RM119,000 in the corresponding period. The increase in loss was mainly due to the increase in raw material prices compared to the previous corresponding period.

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 RM18.4 million as against RM16.7 million in the last quarter, representing an increase of RM1.7 million or 10%. The Company registered a pre-tax loss of RM569,000 for the quarter under review as compared to a pre-tax loss of RM1,673,000 in the previous quarter. The pre-tax loss in the previous quarter was mainly due to the higher inventories written off.

16. Current Year Prospects

The Directors are of the opinion that the 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 year as the Company have sufficient unabsorbed capital allowances brought forward to set off against 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 obtained a long term loan of RM6.5mil at a fixed interest rate of 5.5% per annum during the quarter. As at 31 March 2005, the company has a bankers acceptance of RM3.7mil and a hire purchase of RM79k in addition to the long term loan.

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/(Loss) Per Share

(a) Basic Earnings/(Loss) Per Share

The loss per share are 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.

(b) Diluted Earnings Per Share

Not applicable.

By Order of the Board

OSAMU SEKIGUCHI
Managing Director

Kuala Lumpur, Malaysia
24 May 2005