



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 2nd quarter ended 30 June 2005

NOTES TO THE QUARTERLY REPORT

PART A - EXPLANATORY NOTES PURSUANT TO FRS134 (formerly known as MASB 26)

1. Basis of Preparation and Significant Accounting Policies

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards 134 (formerly known as 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 30 June 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 30 June 2005 are as follows :

	RM'000
Property, plant and equipment :	
Approved and contracted for	3,797
Approved but not contracted for	766
	<u>4,563</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 RM18.7 million as against RM16.4 million of the previous corresponding period, representing an increase of RM2.3 million or 14%. The Company registered a pre-tax loss of RM81,000 during the quarter as against a pre-tax loss of RM847,000 in the corresponding period. The reduction in loss was mainly due to better sales mix and higher sales volume 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 slightly higher at RM18.7 million as against RM18.4 million in the last quarter, representing an increase of RM0.3 million or 2%. The Company registered a pre-tax loss of RM81,000 for the quarter under review as compared to a pre-tax loss of RM569,000 in the previous quarter. The reduction in pre-tax loss was mainly due to higher turnover and improved production yield.

16. Current Year Prospects

The recent depegging of the ringgit against the US dollar though expected to have a favourable effect on raw material imports will nevertheless result in less competitive prices for exports. As the appreciation is not significant at this moment and with crude oil prices at an all time high, the Company expects to maintain its current performance.

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.



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22. Borrowings and Debt Securities

The borrowing and debt securities as at 30 June 2005 are as follows:

	RM'000
<u>Current</u>	
Banker acceptance	4,636
Hire purchase	50
	<u>4,686</u>
<u>Non-current</u>	
Long term loan	6,500
Hire purchase	17
	<u>6,517</u>

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 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 August 2005