



**MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)  
Quarterly Report for the 3rd quarter ended 30 September 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 September 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 September 2005 are as follows :

	RM'000
Property, plant and equipment :	
Approved and contracted for	<u>1,305</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 RM17.6 million as against RM18.9 million of the previous corresponding quarter, representing a decrease of RM1.3 million or 7%. The Company registered a pre-tax loss of RM553,000 during the quarter as against a pre-tax loss of RM33,000 in the corresponding quarter. The lower than expected seasonal demand of certain major product line adversely affected the turnover as well as profitability during the reporting quarter. The higher stock write-off in the current quarter compared to the previous corresponding quarter also affected profitability.

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

The turnover for the quarter under review was slightly lower at RM17.6 million as against RM18.7 million in the last quarter, representing a decrease of RM1.1 million or 6%. The Company registered a pre-tax loss of RM553,000 for the quarter under review as compared to a pre-tax loss of RM81,000 in the previous quarter. The impact of recent high crude oil price which surpassed the USD70/barrel was particularly felt in the quarter under review. The Company's performance was grossly affected by the drop in margin as a result of increase in prices of petroleum-based raw materials in general and decrease in sales volume as well as higher stock written off.

**16. Current Year Prospects**

The high crude oil price is expected to have a dampening effect on consumption and demand. The Company does not expect its performance for the current year to improve from previous under the adverse conditions prevailing in the market.

**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 September 2005 are as follows:

	RM'000
<u>Current</u>	
Banker acceptance	6,081
Hire purchase	50
	<u>6,131</u>
<u>Non-current</u>	
Long term loan	6,500
Hire purchase	4
	<u>6,504</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  
22 November 2005