



MALAYSIA PACKAGING INDUSTRY BERHAD (22265-U)
Quarterly Report for the 2nd Quarter ended 30 June 2007

NOTES TO THE QUARTERLY REPORT

PART A - EXPLANATORY NOTES PURSUANT TO FRS134

1. Basis of Preparation and Significant Accounting Policies

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 : Interim Financial Reporting and Appendix 9B (Part A) 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 2006.

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 2006.

2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted in the interim financial statements are consistent with those used in the preparation of the most recent annual financial statements for the year ended 31 December 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2007 :

FRS 124 Related Party Disclosure

The adoption of the above FRS does not have significant financial impact on the Company.

3. Auditors' Report

The auditors' report of the financial statements for the year ended 31 December 2006 was not qualified.

4. 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.

5. 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.

6. Changes in Estimates

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 results.

7. 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.

8. Dividends Paid

No dividend was paid during the quarter under review.

9. 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.



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10. 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.

11. Subsequent Events

There were no material events subsequent to 30 June 2007 that have not been reflected or disclosed in the financial statements for the quarter under review.

12. 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.

13. Contingent Liability

Bank guarantee

RM'000
419

14. Capital Commitments

Approved and contracted for

RM'000
168



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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B (PART A) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

15. Performance Review

Turnover for the quarter under review was higher at RM17.39 million as against RM16.74 million in the previous corresponding quarter. The Company registered a pre-tax loss of RM1.34 million during the quarter as against a pre-tax loss of RM0.51 million in the previous corresponding quarter. Higher pre-tax loss registered in the current quarter was mainly due to increase in major raw material prices.

16. 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 RM17.39 million as against RM17.35 million in the immediate preceding quarter. The Company registered a pre-tax loss of RM1.34 million for the quarter under review as compared to a pre-tax loss of RM0.59 million in the immediate preceding quarter. Higher pre-tax loss incurred in the current quarter was mainly due to sales mix.

17. Current Year Prospects

The Company is currently reviewing 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 performance of the coming quarter is likely to be similar to the result of the current quarter in view of the challenging and demanding market conditions.

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 year-to-date as the Company have sufficient unabsorbed capital allowances brought forward to set off against 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 are 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 the date of this report.

23. Borrowings

	As at 30/06/2007	As at 31/12/2006
	RM'000	RM'000
<u>Short Term Borrowings</u>		
<u>Unsecured</u>		
Term loan	1,625	1,625
Bankers acceptance	3,542	2,045
Revolving credit	2,600	2,600
Hire purchase	100	98
Bank overdraft	1,213	596
	9,080	6,964
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23. Borrowings (cont.)

	As at 30/06/2007	As at 31/12/2006
	RM'000	RM'000
<u>Long Term Borrowings</u>		
<u>Unsecured</u>		
Hire purchase	92	144
Term loan	3,250	4,063
	<u>3,342</u>	<u>4,207</u>
	-	-

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.

25. Material Litigation

There was 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/(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

MANABU WATANABE
Chief Executive Officer

Kuala Lumpur, Malaysia
20 August 2007