

MALAYSIA PACKAGING INDUSTRY BERHAD

**Company No. 22265-U
(Incorporated in Malaysia)**

CORPORATE INFORMATION

Directors

Tay How Seng (Chairman and Managing Director)
Dato' Haji Mohd. Bakri bin Abdul Rais
Dato' Ahmad Badri bin Mohamed Basir
Kazumitsu Tanabe
Yasushi Akasaka
Shinichi Matsumoto
Minoru Iseda
Dr. Goh Chin Siew
Peony Lye

Bankers

Bank of Tokyo – Mitsubishi (Malaysia) Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

Auditors

Hanafiah Raslan & Mohamad

Solicitors

Tee, Tan & Partners

Secretary

Winnie Chok Kwee Wah (MACS 00550)

Registered Office

6 1/2 Miles, Simpang Salak South Baru
(Lot 3, Jalan Kuchai Lama)
58200 Kuala Lumpur.
P.O. Box 11145, 50736 Kuala Lumpur.
Tel: 03-7831877

Registrars

Bina Management (M) Sdn. Bhd.,
Lot 10, The Highway Centre,
Jalan 51/205, 46050 Petaling Jaya,
Selangor Darul Ehsan.
Tel: 03-77843922

MALAYSIA PACKAGING INDUSTRY BERHAD

**Company No. 22265-U
(Incorporated in Malaysia)**

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present to the shareholders the Annual Report of the Company for the year ended 31st December, 1999.

COMPANY PERFORMANCE

In 1999, the Company recorded an after tax profit of RM2.773m compared with RM2.521m in 1998. Sales Turnover increased by 6% in 1999 to RM54.361m compared to RM51.053m previously.

DIVIDEND

The Directors are recommending the payment of a first and final tax exempt dividend of 2% for the year.

DIRECTORATE

The year under review saw changes to the Board with the resignation of Mr. Katsuyuki Inoue who have been given a new assignment by his parent company.

On behalf of the Board, I wish to put on record our appreciation for his invaluable contributions.

At the same time, I wish to welcome his successor, Mr. Kazumitsu Tanabe to the Board.

PROSPECT

The Company expects to face continued intense competition in both domestic and regional front especially with the impending implementation of AFTA in year 2003. The Company will continue with its cost reduction efforts to be



competitive. However, barring unforeseen circumstances, the Company expects the level of performance to be comparable with the previous year.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our sincere appreciation to our valued customers, business associates and shareholders for their confidence and continued support. I would also like to thank all our employees for their hard work and dedication during the year.

TAY HOW SENG

CHAIRMAN

28th April, 2000

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BOARD OF DIRECTORS



Tay How Seng



Dato' Haji Mohd. Bakri
Bin Abdul Rais



Dato' Ahmad Badri
Bin Mohamed Basir



Kazumitsu Tanabe



Peony Lye



Dr. Goh Chin Siew



Minoru Iseda



Yasushi Akasaka



Shinichi Matsumoto

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AUDIT COMMITTEE

- | | | | |
|----|--|---|--|
| 1. | Dr. Goh Chin Siew | – | Independent Non Executive Director
(Chairman) |
| 2. | Peony Lye | – | Independent Non Executive Director |
| 3. | Dato' Haji Mohd. Bakri
Bin Abdul Rais | – | Independent Non Executive Director |
| 4. | Dato' Ahmad Badri
Bin Mohamed Basir | – | Independent Non Executive Director |
| 5. | Yasushi Akasaka | – | Non Executive Director |

TERMS OF REFERENCE

CONSTITUTION

The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee.

MEMBERSHIP

The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than 3 members of which majority shall be independent non-executive directors. A quorum shall be 2 members.

The Chairman of the Committee shall be appointed by the Board.

ATTENDANCE AT MEETINGS

The finance director and a representative of the external auditors shall normally attend meetings. However at least once a year the Committee shall meet with the external auditors without any executive board member present.

The Company secretary shall be the secretary of the Committee.

FREQUENCY OF MEETING

Meetings shall be held not less than two times a year. The external auditors may request a meeting if they consider that one is necessary.

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AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of references. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

FUNCTIONS

1. Review with the External Auditor:
 - a) the audit plan.
 - b) the evaluation of internal accounts.
 - c) the audit reports.
 - d) the Company's accounting policies and reporting requirement.
2. Review the annual financial statements and reports prior to submission to the Board of Directors.
3. Review the assistance given by the Company officers to the External Auditors.
4. Recommend the appointment of the External Auditors.

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited accounts of the Company for the financial year ended 31 December, 1999.

PRINCIPAL ACTIVITY

The principal activity of the Company is the manufacture of flexible packaging materials.

There has been no significant change in this activity during the financial year.

RESULTS

	RM
Profit before taxation	2,772,832
Taxation	<u>(430,569)</u>
Profit after taxation	2,342,263
Unappropriated profits brought forward	<u>7,804,222</u>
Profits available for appropriation	10,146,485
Proposed first and final tax exempt dividend of 2%	<u>(420,428)</u>
Unappropriated profits carried forward	<u><u>9,726,057</u></u>

DIVIDENDS

Since the end of the previous financial year, the Company paid a tax exempt dividend of 2% amounting to RM420,428 in respect of the previous financial year. The directors recommend the first and final tax exempt dividend of 2% amounting to RM420,428 in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

Before the profit and loss account and balance sheet were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would require any debts to be written off or render the amount of provision for doubtful debts in the accounts of the Company inadequate to any substantial extent.

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CURRENT ASSETS

Before the profit and loss account and balance sheet were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the accounts of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the accounts of the Company which would render any amount stated in the accounts misleading.

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ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made.

DIRECTORS

The directors who served since the date of the last report are:

Tay How Seng
Dato' Haji Mohd. Bakri bin Abdul Rais
Dr. Goh Chin Siew
Yasushi Akasaka
Peony Lye
Minoru Iseda
Dato'Ahmad Badri bin Mohamed Basir
Shinichi Matsumoto
Kazumitsu Tanabe (appointed on 1 July, 1999)
Katsuyuki Inoue (resigned on 1 July, 1999)

In accordance with the Company's Articles of Association, Yasushi Akasaka and Minoru Iseda retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Tay How Seng and Dato' Haji Mohd. Bakri bin Abdul Rais retire pursuant to Section 129 of the Companies Act, 1965 and a resolution is being proposed for their re-appointment as directors under the provision of Section 129(6) of the said Act to hold office until the conclusion of the next Annual General Meeting of the Company.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due

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and receivable by the directors as shown in the accounts or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1 January, 1999	Bought	Sold	31 December, 1999
Tay How Seng	1,000,000	–	–	1,000,000
Dato' Haji Mohd. Bakri bin Abdul Rais	500	–	–	500

None of the other directors in office at the end of the financial year had any interest in shares in the Company during the financial year.

AUDITORS

Our auditors, Hanafiah Raslan & Mohamad retire and have indicated their willingness to accept re-appointment under the name of Arthur Andersen & Co. A resolution to this effect will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board
in accordance with a resolution
of the directors

TAY HOW SENG

KAZUMITSU TANABE

Kuala Lumpur
Dated: 20th April 2000

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STATEMENT BY DIRECTORS

We, TAY HOW SENG and KAZUMITSU TANABE, being two of the directors of MALAYSIA PACKAGING INDUSTRY BERHAD, do hereby state that, in the opinion of the directors, the accompanying balance sheet as at 31 December, 1999 and the related profit and loss account and cash flow statement for the year then ended, together with the notes thereto, give a true and fair view of the state of affairs of the Company as at 31 December, 1999 and of its results and cash flows for the year then ended, and have been properly drawn up in accordance with applicable approved accounting standards in Malaysia.

Signed on behalf of the Board
in accordance with a resolution
of the directors

TAY HOW SENG

KAZUMITSU TANABE

Kuala Lumpur
Dated: 20th April 2000

STATUTORY DECLARATION

I, KAZUMITSU TANABE, the director primarily responsible for the financial management of MALAYSIA PACKAGING INDUSTRY BERHAD, do solemnly and sincerely declare that the accompanying balance sheet as at 31 December, 1999 and the related profit and loss account and cash flow statement for the year then ended, together with the notes thereto are, to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed KAZUMITSU TANABE at)
Kuala Lumpur in Wilayah Persekutuan)
on 20th April 2000) KAZUMITSU TANABE

Before me

Commissioner for Oaths
No. W202
Barathan A/L Sinniah
@ Chinniah, AMN, PJK

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AUDITORS' REPORT

To the Shareholders of
MALAYSIA PACKAGING INDUSTRY BERHAD

We have audited the accounts of MALAYSIA PACKAGING INDUSTRY BERHAD as at 31 December, 1999. The accounts are the responsibility of the Company's directors. Our responsibility is to express an opinion on the accounts based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accounts give a true and fair view of the state of affairs of the Company as at 31 December, 1999 and of its results and cash flows for the year then ended, and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Hanafiah Raslan & Mohamad
No. AF 0002
Public Accountants

Adrian Tsen Keng Yam
No. 1314/5/00(J)
Partner of the Firm

Dated: 20th April 2000

MALAYSIA PACKAGING INDUSTRY BERHAD

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BALANCE SHEET

31 DECEMBER, 1999

	Note	1999 RM	1998 RM
CURRENT ASSETS			
Cash and bank balances		1,541,669	2,542,965
Fixed deposit with a licensed bank		500,000	–
Trade debtors	3	15,323,062	15,736,279
Other debtors and prepayments		110,072	495,781
Stocks	4	7,720,644	4,384,035
		<u>25,195,447</u>	<u>23,159,060</u>
CURRENT LIABILITIES			
Short term borrowings	5	8,360,000	10,510,985
Trade creditors	6	5,253,864	4,383,352
Other creditors and accruals		1,295,731	1,955,294
Taxation		–	51,795
Proposed dividend		420,428	420,428
		<u>15,330,023</u>	<u>17,321,854</u>
NET CURRENT ASSETS		9,865,424	5,837,206
FIXED ASSETS	7	21,724,754	23,521,346
PROVISION FOR RETIREMENT BENEFIT		(477,730)	(467,939)
DEFERRED TAXATION	8	(300,000)	–
		<u>30,812,448</u>	<u>28,890,613</u>
SHAREHOLDERS' FUNDS			
Share capital	9	21,021,412	21,021,412
Reserves	10	9,791,036	7,869,201
		<u>30,812,448</u>	<u>28,890,613</u>

The accompanying notes are an integral part of this balance sheet.

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER, 1999

	Note	1999 RM	1998 RM
Turnover	11	<u>54,360,968</u>	<u>51,053,409</u>
Profit before taxation	12	2,772,832	2,520,901
Taxation	13	<u>(430,569)</u>	<u>(55,000)</u>
Profit after taxation		2,342,263	2,465,901
Unappropriated profits brought forward		<u>7,804,222</u>	<u>5,758,749</u>
Profits available for appropriation		10,146,485	8,224,650
Proposed first and final tax exempt dividend of 2% (1998 : 2%)		<u>(420,428)</u>	<u>(420,428)</u>
Unappropriated profits carried forward	10	<u>9,726,057</u>	<u>7,804,222</u>
Earnings per share	14	<u>11.1 sen</u>	<u>11.7 sen</u>

The accompanying notes are an integral part of this account.

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 1999

	1999 RM	1998 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,772,832	2,520,901
Adjustment for:		
Depreciation	2,977,279	2,927,593
Gain on sale of fixed assets	(4,089)	(36,996)
Fixed assets written off	-	4,414
Provision for retirement benefit	10,000	40,570
Interest income	(10,508)	(86,465)
Interest expenses	394,520	570,872
Operating profit before working capital changes	6,140,034	5,940,889
Decrease/(increase) in debtors	798,926	(389,240)
(Increase)/decrease in stocks	(3,336,609)	1,499,907
Increase in creditors	210,949	325,700
Cash generated from operations	3,813,300	7,377,256
Interest paid	(394,520)	(570,872)
Taxes paid	(182,364)	(18,000)
Retirement benefits paid	(209)	-
Net cash generated from operating activities	<u>3,236,207</u>	<u>6,788,384</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,314,998)	(1,116,906)
Proceeds from sale of fixed assets	138,400	37,001
Interest received	10,508	86,465
Net cash used in investing activities	<u>(1,166,090)</u>	<u>(993,440)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loan	(1,520,000)	(5,035,000)
Dividend paid	(420,428)	(420,428)
Net cash used in financing activities	<u>(1,940,428)</u>	<u>(5,455,428)</u>
Net increase in cash and cash equivalent	129,689	339,516
Cash and cash equivalents at beginning of year	<u>1,911,980</u>	<u>1,572,464</u>
Cash and cash equivalents at end of year	<u>2,041,669</u>	<u>1,911,980</u>
Cash and cash equivalents comprise:		
Cash and bank balances	1,541,669	2,542,965
Fixed deposit with a licensed bank	500,000	-
Short term borrowings	-	(630,985)
	<u>2,041,669</u>	<u>1,911,980</u>

The accompanying notes are an integral part of this statement.

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NOTES TO THE ACCOUNTS

31 DECEMBER, 1999

1. PRINCIPAL ACTIVITY

The principal activity of the Company is the manufacture of flexible packaging materials.

There has been no significant change in this activity during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts are prepared under the historical cost convention modified by the revaluation of the long term leasehold land and buildings and comply with applicable approved accounting standards in Malaysia.

(b) Currency Conversion and Translation

Transactions in foreign currencies during the year are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling at that date. All exchange gains or losses are dealt with in the profit and loss account.

(c) Fixed Assets and Depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation.

Leasehold land is depreciated over the period of the lease. Depreciation of other fixed assets is provided on a straight line basis calculated to write off the cost or valuation of each asset over its estimated useful life.

The principal annual rates of depreciation are:

Long term leasehold land	Over 70 – 77 years
Factory and office buildings	2% – 10%
Plant and equipment	10%
Furniture, fixtures, fittings and motor vehicles	7.5% – 20%

Certain freehold and leasehold properties are stated at revaluation. These properties have not been revalued since they were first revalued in 1990 for the purpose of listing on Kuala Lumpur Stock Exchange. The directors have not adopted a policy of regular revaluation of properties.

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(d) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Work-in-progress and finished goods include where appropriate direct materials, direct labour and production overheads.

(e) Retirement Benefits

Provision has been made in the accounts for retirement benefits of employees and a full time director in accordance with their scheme of service. Effective from 1 July, 1982, contributions in respect of retirement benefits for employees are paid to the Employees Provident Fund Board in accordance with the union agreement. The provision at the end of the financial year represents retirement benefit of a full time director and employees.

(f) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse.

3. TRADE DEBTORS

	1999	1998
	RM	RM
Trade debtors	16,443,875	16,637,092
Provision for doubtful debts	(1,120,813)	(900,813)
	<u>15,323,062</u>	<u>15,736,279</u>

Included in trade debtors is an amount due from a corporate shareholder of RM324,648 (1998 : RM238,798).

4. STOCKS

	1999	1998
	RM	RM
Raw materials	5,401,020	2,673,646
Work-in-progress	824,535	562,736
Finished goods	1,495,089	1,147,653
	<u>7,720,644</u>	<u>4,384,035</u>

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5. SHORT TERM BORROWINGS

	1999 RM	1998 RM
Term loan repayable on 19 May, 2000	8,360,000	9,880,000
Bills payable	-	630,985
	8,360,000	10,510,985

The short term borrowings bear interest at 3.295% – 3.719% (1998 : 3.72% – 4.16%) per annum.

6. TRADE CREDITORS

Included in trade creditors is an amount due to a corporate shareholder amounting to RM77,803 (1998 : RM75,431).

7. FIXED ASSETS

AT
< VALUATION > <----- AT COST ----->

	Land and buildings RM	Land and buildings RM	Furniture, fixtures, fittings and motor vehicles RM	Plant and equipment RM	Total RM
Valuation/Cost					
Beginning of year	3,600,000	8,157,038	4,305,098	33,201,513	49,263,649
Additions	-	-	436,055	878,943	1,314,998
Disposals	-	-	(256,558)	-	(256,558)
End of year	3,600,000	8,157,038	4,484,595	34,080,456	50,322,089

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AT
< VALUATION > <----- AT COST ----->

1999	Land and buildings RM	Land and buildings RM	Furniture, fixtures, fittings and motor vehicles RM	Plant and equipment RM	Total RM
Accumulated Depreciation					
Beginning of year	521,766	696,742	2,743,617	21,780,178	25,742,303
Additions	57,974	164,500	420,705	2,334,100	2,977,279
Disposals	-	-	(122,247)	-	(122,247)
End of year	579,740	861,242	3,042,075	24,114,278	28,597,335
Net Book Value	3,020,260	7,295,796	1,442,520	9,966,178	21,724,754

LAND AND BUILDINGS

AT
<----- VALUATION -----> <----- AT COST ----->

1999	Long term leasehold land RM	Buildings RM	Long term leasehold land RM	Buildings RM	Total RM
Valuation/Cost					
Beginning/end of year	2,000,000	1,600,000	819,454	7,337,584	11,757,038
Accumulated Depreciation					
Beginning of year	233,766	288,000	37,598	659,144	1,218,508
Additions	25,974	32,000	11,569	152,931	222,474
End of year	259,740	320,000	49,167	812,075	1,440,982
Net Book Value	1,740,260	1,280,000	770,287	6,525,509	10,316,056

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Company No. 22265-U (Incorporated in Malaysia)

AT
 < VALUATION > <----- AT COST ----->

1998	Land and buildings RM	Land and buildings RM	Furniture, fixtures, fittings and motor vehicles RM	Plant and equipment RM	Total RM
Valuation/Cost					
Beginning of year	3,600,000	8,151,283	4,242,675	32,306,474	48,300,432
Additions	-	5,755	195,403	915,748	1,116,906
Disposals	-	-	(132,980)	(20,709)	(153,689)
End of year	3,600,000	8,157,038	4,305,098	33,201,513	49,263,649
Accumulated Depreciation					
Beginning of year	463,792	525,649	2,453,744	19,520,796	22,963,981
Additions	57,974	171,093	422,849	2,275,677	2,927,593
Disposals	-	-	(132,976)	(16,295)	(149,271)
End of year	521,766	696,742	2,743,617	21,780,178	25,742,303
Net Book Value	3,078,234	7,460,296	1,561,481	11,421,335	23,521,346

LAND AND BUILDINGS

AT
 <----- VALUATION -----> <----- AT COST ----->

1998	Long term leasehold land RM	Buildings RM	Long term leasehold land RM	Buildings RM	Total RM
Valuation/Cost					
Beginning of year	2,000,000	1,600,000	819,454	7,331,829	11,751,283
Additions	-	-	-	5,755	5,755
End of year	2,000,000	1,600,000	819,454	7,337,584	11,757,038

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Company No. 22265-U (Incorporated in Malaysia)

AT
← VALUATION → ← AT COST →

1998	Long term leasehold land RM	Buildings RM	Long term leasehold land RM	Buildings RM	Total RM
Accumulated Depreciation					
Beginning of year	207,792	256,000	14,586	511,063	989,441
Additions	25,974	32,000	23,012	148,081	229,067
End of year	233,766	288,000	37,598	659,144	1,218,508
Net Book Value	1,766,234	1,312,000	781,856	6,678,440	10,538,530

Included in the above are the following fixed assets which have been fully depreciated but are still in use:

	1999 RM	1998 RM
At cost:		
Plant and equipment	10,644,248	10,208,410
Furniture, fixtures, fittings and motor vehicles	1,859,296	1,801,717
	<u>12,503,544</u>	<u>12,010,127</u>

The titles for the long term leasehold land and the apartments are in the process of being transferred from the vendor.

The long term leasehold land, factory and office buildings were revalued in 1990 as approved by the relevant authorities and based on an independent professional valuation on the existing use basis. The surplus arising from the revaluation has been transferred to the capital reserve account.

MALAYSIA PACKAGING INDUSTRY BERHAD

Company No. 22265-U (Incorporated in Malaysia)

8. DEFERRED TAXATION

	1999 RM	1998 RM
(a) At 1 January	-	-
Transfer from profit and loss account	300,000	-
At 31 December	<u>300,000</u>	<u>-</u>
(b) Deferred taxation is in respect of the following:		
Timing differences between depreciation and corresponding capital allowances	7,434,000	-
Timing differences on provisions	(4,220,000)	-
Unutilised investment allowances carried forward	<u>(2,143,000)</u>	<u>-</u>
Net amount of all timing differences	<u>1,071,000</u>	<u>-</u>

Deferred taxation is not provided on the surplus arising from the revaluation of leasehold land and building as it is not the intention of the directors to dispose these properties.

9. SHARE CAPITAL

	1999 RM	1998 RM
Ordinary shares of RM1.00 each		
Authorised	<u>38,000,000</u>	<u>38,000,000</u>
Issued and fully paid	<u>21,021,412</u>	<u>21,021,412</u>

10. RESERVES

	1999 RM	1998 RM
Non-distributable:		
Capital reserves	64,979	64,979
Distributable:		
Unappropriated profits	<u>9,726,057</u>	<u>7,804,222</u>
	<u>9,791,036</u>	<u>7,869,201</u>

MALAYSIA PACKAGING INDUSTRY BERHAD

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11. TURNOVER

Turnover represents the invoiced value of sales net of sales tax and less returns. The cost of sales incurred in relation to sales of goods was RM43,602,698 (1998 : RM40,901,549). The cost of sales in relation to sales of goods consist of cost of raw materials, labour and overheads.

12. PROFIT BEFORE TAXATION

	1999	1998
	RM	RM
Profit before taxation is stated after charging/(crediting):		
Auditors' remuneration	16,000	15,000
Directors' remuneration*		
– Fees	72,000	54,000
– Salaries and other emoluments	1,461,172	1,248,122
Depreciation	2,977,279	2,927,593
Interest expenses	394,520	570,872
Provision for doubtful debts, net of recoveries	220,000	484,999
Provision for retirement benefit	10,000	20,713
Fixed assets written off	–	4,414
Loss/(gain) on foreign exchange	95,028	(483,824)
Gain on sale of fixed assets	(4,089)	(36,996)
Interest income	(10,508)	(86,465)
	<u> </u>	<u> </u>

* The estimated monetary value of other benefits for the year not included in the above received by certain directors were RM73,134 (1998 : RM127,633).

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13. TAXATION

	1999	1998
	RM	RM
Current year's provision	–	55,000
Taxation underprovided in respect of prior years	130,569	–
Deferred taxation	300,000	–
	<u>(430,569)</u>	<u>55,000</u>

There is no tax charge for the current financial year as the amount payable is waived in accordance with the Income Tax (Amendment) Bill, 1999. The chargeable income of approximately RM562,000 on which the tax is waived shall be credited to an exempt account from which tax exempt dividends can be declared, subject to agreement with the Inland Revenue Board.

Tax savings arising as a result of utilisation of unutilised capital allowances and reinvestment allowances amount to RM1,373,502 (1998 : RM1,324,896).

As at 31 December, 1999, the Company has unutilised reinvestment allowance amounting to RM2,177,208 (1998 : RM2,935,981) which can be used to offset future taxable profits subject to agreement with Inland Revenue Board.

The Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of its entire retained profits as at 31 December, 1999.

14. EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit after taxation of RM2,342,263 (1998 : RM2,465,901) by the number of ordinary shares in issue of 21,021,412 (1998 : 21,021,412) shares of RM1.00 each.

MALAYSIA PACKAGING INDUSTRY BERHAD

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15. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	1999	1998
	RM	RM
Sales to corporate shareholders	1,905,738	1,992,047
Rental expense charged by corporate shareholder	353,396	351,026
Management fee paid to a corporate shareholder for services rendered by a director	195,252	195,252
	<u> </u>	<u> </u>

The directors are of the opinion that the transactions have been entered into in the normal course of business and have been established on a negotiated basis.

16. CAPITAL COMMITMENTS

	1999	1998
	RM	RM
Contracted but not provided for	-	817,000
	<u> </u>	<u> </u>

17. SEGMENT REPORTING

No segment reporting is done as the Company's activity involves one sector of operation and is predominantly carried out in Malaysia.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

19. CURRENCY

All amounts are stated in Ringgit Malaysia.

MALAYSIA PACKAGING INDUSTRY BERHAD

Company No. 22265-U
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PROPERTIES

As at 31 December 1999

Location	Description	Existing Use	Area (Sq. Ft)	Tenure (Expiry Date)	Approximate Age of Building (Years)	Net Book Value (RM)
1. Part of Lot L. O. No. 3 in the Mukim of Kuala Lumpur and registered under provisional title No. Q.T. (R) 5621 Jalan Kuchai Lama, Petaling 58200 Kuala Lumpur.	Industrial land with a single-storey factory and three-storey office premises	Office and Factory	93,778	Leasehold (31.07.2066)	25	10,217,134
2. Lot 90D, 74-2A, Jalan 2/116B Kuchai Entrepreneurs Park 58200 Kuala Lumpur	Apartment on 2nd Floor of three-storey shop cum apartment building	Staff quarters	870	Leasehold (23.06.2081)	10	45,178
3. Lot 95F, 3-3A, Jalan 2/116B Kuchai Entrepreneurs Park 58200 Kuala Lumpur	Apartment on 3rd Floor of three-storey shop cum apartment building	Staff quarters	932	Leasehold (23.06.2081)	10	53,744

MALAYSIA PACKAGING INDUSTRY BERHAD

Company No. 22265-U (Incorporated in Malaysia)

ANALYSIS OF SHAREHOLDINGS

As at 10 April 2000

Class of shares : RM1.00 Ordinary Share

Voting rights : 1 Vote per Ordinary Share

Distribution of Shareholdings

Range	No. of Shareholders	%	No. of Shares	%
1 - 1,000	1,065	52.78	984,700	4.68
1,001 - 5,000	768	38.06	2,078,675	9.89
5,001 - 10,000	100	4.95	786,600	3.74
10,001 & ABOVE	85	4.21	17,171,437	81.69
TOTAL	2,018	100.00	21,021,412	100.00

20 Largest Shareholders

Name	No. of shares	%
1. Malaysia Ve-Tsin Manufacturing Co. Bhd	4,204,284	20.00
2. Dainippon Ink & Chemicals Incorporated	3,153,212	15.00
3. Ajinomoto Co., Inc.	2,102,141	10.00
4. Ajinomoto (Malaysia) Berhad	2,102,140	10.00
5. Ace Package Co. Ltd.	1,051,070	5.00
6. Tay How Seng	1,000,000	4.76
7. Cartaban Nominees (Asing) Sdn Bhd <i>Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken Ag</i>	700,000	3.33
8. Pacific Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Chuat Chong @ Lee Huan Chong (SPK)</i>	337,000	1.60
9. Malpac Nominees (Asing) Sdn Bhd <i>Vickers Ballas & Company Pte Ltd for Ettrick Company Limited (V9567)</i>	326,052	1.55
10. Ng Hin Kwee	133,000	0.63
11. Tasec Nominees (Asing) Sdn Bhd <i>Meespierson Asia Limited for Savern Finance Limited</i>	110,000	0.52
12. Mah King Woon Sendirian Berhad	96,000	0.46
13. Loh Suit Tsing @ Loh Chwee Ngan	85,500	0.41
14. Chong Kim Fatt	84,000	0.40
15. Lee Kah Loon	72,000	0.34
16. Yap Qwee Beng	68,000	0.32
17. Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tiong Kiong Choon (T181)</i>	63,000	0.30
18. Loh Lye Yong	55,000	0.26
19. Ling Choay Hua @ Ling Chong Hua	52,000	0.25
20. Cheng Sin Huat	50,000	0.24
	15,844,399	75.37

MALAYSIA PACKAGING INDUSTRY BERHAD

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Substantial Shareholders

Name	No. of shares	%
1. Malaysia Ve-Tsin Manufacturing Co. Bhd	4,204,284	20.00
2. Dainippon Ink & Chemicals Incorporated	3,153,212	15.00
3. Ajinomoto Co., Inc.	2,102,141	10.00
4. Ajinomoto (Malaysia) Berhad	2,102,140	10.00
5. Ace Package Co. Ltd.	1,051,070	5.00
6. Tay How Seng	1,000,000	4.76
7. Cartaban Nominees (Asing) Sdn Bhd <i>Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken Ag</i>	700,000	3.33
	<u>14,312,847</u>	<u>68.09</u>

DIRECTORS' SHAREHOLDINGS

As at 21 January, 2000

Name	No. of Ordinary Shares of RM1.00 each
1. Tay How Seng	1,000,000
2. Dato' Haji Mohd. Bakri bin Abdul Rais	500
3. Dato' Ahmad Badri bin Mohamed Basir	NIL
4. Kazumitsu Tanabe	NIL
5. Yasushi Akasaka	NIL
6. Shinichi Matsumoto	NIL
7. Minoru Iseda	NIL
8. Dr. Goh Chin Siew	NIL
9. Peony Lye	NIL

MALAYSIA PACKAGING INDUSTRY BERHAD

Company No. 22265-U
(Incorporated in Malaysia)

FORM OF PROXY

No. of Shares Held	
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I/We,
of
being a member/members of MALAYSIA PACKAGING INDUSTRY BERHAD, hereby
appoint
of
or failing him
of

as my/our proxy to vote for me/us and on my/our behalf at the TWENTY-FIFTH ANNUAL GENERAL MEETING of the Company to be held at 6 1/2 Miles, Simpang Salak South Baru, (Lot 3, Jalan Kuchai Lama), 58200 Kuala Lumpur on Tuesday, 6th June 2000 at 2.00 p.m. and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below (if no indication is given, the proxy will vote as he thinks fit or abstain from voting):-

No.		For	Against
1.	Adoption of the Report of the Directors and the Accounts for the year ended 31-12-99 and the Report of the Auditors thereon.		
2.	Declaration of a first and final tax exempt dividend of 2%.		
3.	Approval of Directors' Fees		
4.	Re-election of Directors:- Article 87 – (i) Mr. Yasushi Akasaka (ii) Mr. Minoru Iseda		
5.	Re-appointment of Directors in compliance with Section 129(6) of the Companies Act, 1965:- i) Mr. Tay How Seng ii) YB Dato' Haji Mohd. Bakri Bin Abdul Rais		
6.	Appointment of Auditors		

Dated this day of 2000.

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Signature

NOTES:

An instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing and in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.

This proxy must be deposited at the office of Bina Management (M) Sdn. Bhd., Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time appointed for holding the meeting.