



## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-ninth Annual General Meeting of the Company will be held at 6 1/2 Miles, Simpang Salak South Baru, (Lot 3, Jalan Kuchai Lama), 58200 Kuala Lumpur on Thursday, 17 June 2004 at 10.00 a.m. for the following purposes:

- |  |   |
|--|---|
| 1. To receive and adopt the Report of the Directors and the Financial Statements for the financial year ended 31 December 2003 and the Report of the Auditors thereon.   | <b>RESOLUTION 1</b>   |
| 2. To approve the declaration of a first and final tax exempt dividend of 1.5% for the financial year ended 31 December 2003.  | <b>RESOLUTION 2</b>   |
| 3. To approve the payment of Directors' Fees.  | <b>RESOLUTION 3</b>   |
| 4. To re-elect directors:<br><br>(a) In accordance with Article 87 of the Company's Articles of Association, the following directors retire by rotation and, being eligible, offer themselves for re-election:<br><br>(i) Mr. Kazumitsu Tanabe<br>(ii) Dr. Goh Chin Siew<br>(iii) Ms. Peony Lye<br><br>(b) In accordance with Article 89 of the Company's Articles of Association, the following directors retire and, being eligible, offer themselves for re-election:<br><br>(i) Datuk Sulaiman bin Daud<br>(ii) Koichi Takahashi | <b>RESOLUTION 4</b><br><b>RESOLUTION 5</b><br><b>RESOLUTION 6</b><br><br><b>RESOLUTION 7</b><br><b>RESOLUTION 8</b> |
| 5. To appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration.  | <b>RESOLUTION 9</b>   |

### AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following Ordinary Resolution:

#### **6. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT approval be and is hereby given to the Company (Maypak) to renew the Shareholders' Mandate for the recurrent related party transactions of a revenue or trading nature and with specified class of the Related Parties as stated below as in Section 2.1.2 of the Circular to Shareholders dated 26 May 2004 which are necessary for the Company's day-to-day operations:

- |   |                      |
|---|----------------------|
| i) AJINOMOTO (MALAYSIA) BHD., for the sale of packaging materials by Maypak.  | <b>RESOLUTION 10</b> |
| ii) MALAYSIA VE-TSIN MANUFACTURING CO. BHD., for the sale of packaging materials by Maypak, rental of leasehold land, warehouse and store office and share of security guards' salaries paid by Maypak. | <b>RESOLUTION 11</b> |



## NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

These transactions above are subject further to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders and that such transactions are made on an arm's length basis and on normal commercial terms;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;
- (c) the issuance of circular to shareholders by the listed issuer which shall include the information set out in the Listing Requirements;
- (d) interested Directors, interested major shareholders or interested persons connected with a Director or major shareholder and where it involves the interest of an interested person connected with a Director or major shareholder, such Director or major shareholder must not vote on the resolution approving the transactions. An interested Director or interested major shareholder must also ensure that persons connected with him abstain from voting on the resolution approving the transactions.

AND THAT the authority conferred by the Proposed Shareholders' Mandate shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (AGM) of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is again renewed; or
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (The Act) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of The Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

- 7. To transact any other ordinary business of which due notice shall have been given.



## **NOTICE OF ANNUAL GENERAL MEETING (CONTD.)**

**NOTICE IS ALSO HEREBY GIVEN** that the First and Final Tax Exempt Dividend of 1.5%, if approved, will be paid on 16 July 2004 to depositors registered in the Record of Depositors at the close of business on 8 July 2004.

A depositors shall qualify for entitlement only in respect of:

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 8 July 2004 in respect of ordinary transfers;
- b) Shares bought on the Bursa Malaysia Securities Berhad (Bursa Malaysia) on a cum entitlement basis according to the Rules of the Bursa Malaysia.

By Order of the Board

**Winnie Chok**  
Secretary

Kuala Lumpur  
26 May 2004

### **Notes:**

- 1) *A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.*
- 2) *If the appointer is a corporation, the proxy should be executed under its common seal or under the hand of an officer or attorney duly authorised.*
- 3) *The instrument appointing a 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 48 hours before the time appointed for holding the meeting or adjourned meeting.*

### **EXPLANATORY NOTES ON SPECIAL BUSINESS**

#### **Item 6 of the Agenda**

#### **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution Nos. 10 and 11 if passed, will empower the Company to enter into recurrent transactions of a revenue or trading nature which are necessary for the Company's day to day operations, subject to the transactions made at arm's length and are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.



## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### 1. Name of directors standing for re-election:

- Mr Kazumitsu Tanabe
- Dr Goh Chin Siew
- Ms Peony Lye
- Datuk Sulaiman Bin Daud
- Mr Koichi Takahashi

### 2. Profile of Directors who are standing for re-election

Further details pertaining to directors standing for re-election are outlined on pages 9, 11, 12 and 13 of the Annual Report.

### 3. Detail of Attendance of Directors at Board Meetings

Six (6) Board Meetings were held during the financial year ended 31 December 2003. The attendance of each Director on Board as at 31 December 2003 is as follows:

Name of Director	Date of Appointment	No. of Meetings Attended	Percentage%
Tay How Seng	17/03/1975	6/6	100
Kazumitsu Tanabe	01/07/1999	6/6	100
Dato' Ahmad Badri Bin Mohamed Basir	01/07/1997	6/6	100
Takashi Imai	12/07/2002	4/6	67
Dr Goh Chin Siew	15/08/1990	6/6	100
Hiroyuki Sugae	03/07/2000	6/6	100
Koichi Takahashi	12/06/2002	2/6	33*
Peony Lye	03/11/1995	6/6	100
Gew Ah Lek	24/08/2001	6/6	100
Datuk Sulaiman Bin Daud	01/09/2003	1/1	100

\* Mr Koichi Takahashi resigned from the Board on 17/2/04 for having attended less than 50% of meetings held in the financial year 2003.

### 4. Place, Date and Time of the Board Meetings

The place, date and time of the Board Meetings held during the financial year were as follows:

Date of Meeting	Hour	Place
26 February 2003	11.30 am	Kuala Lumpur
28 March 2003	11.00 am	Kuala Lumpur
29 May 2003	12.30 pm	Kuala Lumpur
16 July 2003	4.00 pm	Kuala Lumpur
27 August 2003	11.00 am	Kuala Lumpur
20 November 2003	11.00 am	Kuala Lumpur



## CORPORATE INFORMATION

### **DIRECTORS**

Tay How Seng (Chairman)  
Kazumitsu Tanabe (Managing Director)  
Hiroyuki Sugae (Executive Director)  
Takashi Imai (Non-Independent Director)  
Koichi Takahashi (Non-Independent Director) (Resigned on 17/2/04, re-appointed on 15/3/04)  
Gew Ah Lek (Non-Independent Director)  
Dr. Goh Chin Siew (Independent Director)  
Peony Lye (Independent Director)  
Dato' Ahmad Badri Bin Mohamed Basir (Independent Director)  
Datuk Sulaiman Bin Daud (Independent Director) (Appointed on 1/9/03)

### **BANKERS**

Bank of Tokyo - Mitsubishi (Malaysia) Berhad (302316-U)  
Malayan Banking Berhad (3813-K)  
RHB Bank Berhad (6171-M)

### **AUDITORS**

Ernst & Young (AF:0039)

### **COMPANY 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  
Tel : 03-79831877  
Fax : 03-79813198

### **HOMEPAGE**

<http://www.maypak.com>

### **REGISTRAR**

Bina Management (M) Sdn. Bhd. (50164-V)  
Lot 10, The Highway Centre,  
Jalan 51/205, 46050 Petaling Jaya,  
Selangor Darul Ehsan;  
Tel : 03-77843922  
Fax : 03-77841988

### **STOCK EXCHANGE LISTING**

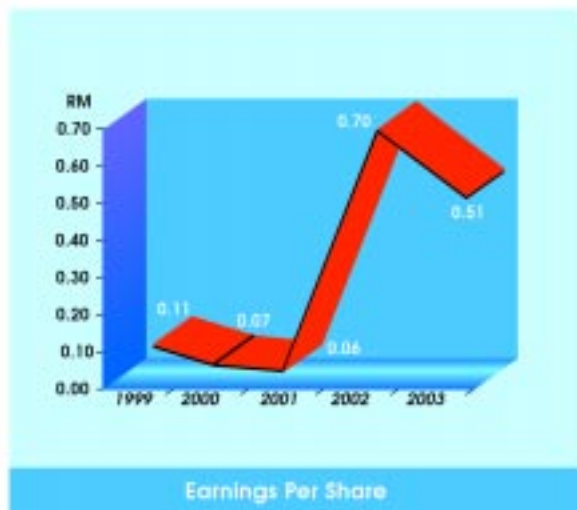
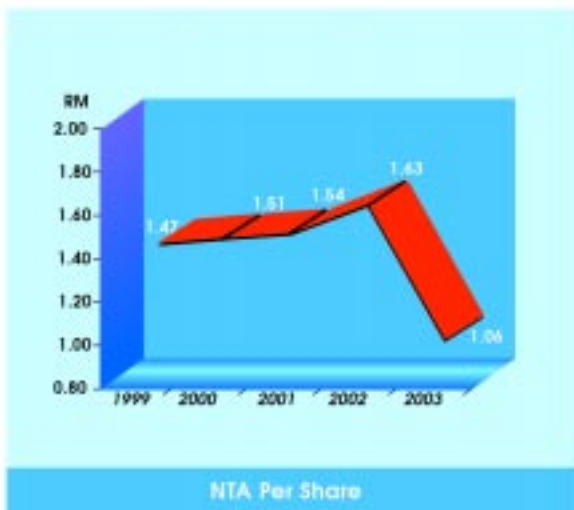
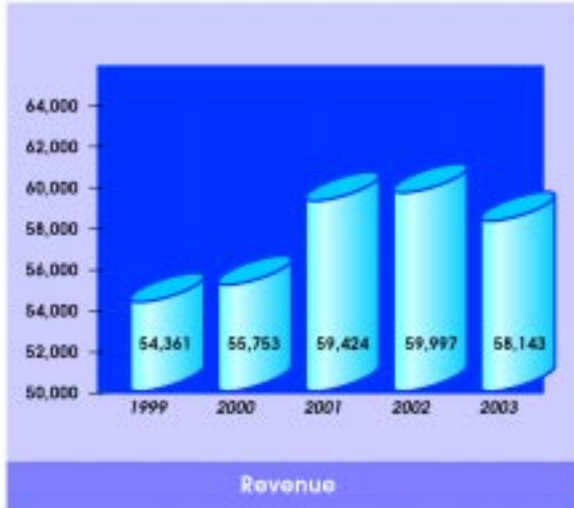
The Second Board, Bursa Malaysia Securities Berhad

### **CERTIFIED MANAGEMENT SYSTEM**

MS ISO 9001 : 2000  
MS ISO 14001 : 1997



## FIVE YEARS FINANCIAL HIGHLIGHTS





## BOARD OF DIRECTORS



**1. Tay How Seng**  
*Chairman*



**2. Kazumitsu Tanabe**  
*Managing Director*

**3. Hiroyuki Sugae**  
*Executive Director*

**4. Takashi Imai**  
*Non-Independent Director*

**5. Koichi Takahashi**  
*Non-Independent Director*

**6. Gew Ah Lek**  
*Non-Independent Director*

**7. Dr. Goh Chin Siew**  
*Independent Director*

**8. Peony Lye**  
*Independent Director*

**9. Dato' Ahmad Badri  
Bin Mohamed Basir**  
*Independent Director*

**10. Datuk Sulaiman Bin Daud**  
*Independent Director*



## PROFILE OF BOARD OF DIRECTORS

### MR TAY HOW SENG

#### *Chairman, Malaysian, aged 77*

Mr Tay was appointed to the Board on 17 March 1975. He is the Chairman and one of the founder members of the Company.

He completed his Cambridge School Certificate and is active in business and community associations.

He is also the Chairman of Malaysia Ve-Tsin Manufacturing Co Bhd, Tong Ah Co. Sdn Bhd, Tong Ah Pengarakan Sdn Bhd, How Tian Enterprises Sdn Bhd, Usaha Permai Sdn Bhd, Thong Teck Enterprise Sdn Bhd, Kuantan Enterprises Sdn Bhd, Tay Miang Guan & Co. Sdn Bhd and Tay Miang Guan Pengarakan Sdn Bhd. In community associations, Mr Tay is the President of the Selangor Wine & Spirit Dealers Association, The Associated Liquor Merchants Association of the Federation of Malaya, The Selangor & Kuala Lumpur Teo Chew Association and the Deputy President of the Federated Teochew Associations of Malaysia.

He does not have any family relationship with any director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company.

He has not been convicted of any offence within the past 10 years.

### MR KAZUMITSU TANABE

#### *Managing Director, Japanese, aged 46*

Mr Tanabe was appointed to the Board on 1 July 1999. He is the Managing Director of the Company.

He graduated with a Bachelor of Engineering from The University of Tokyo, Japan in 1981.

He joined Ajinomoto Co. Inc., Japan in 1981 and began his career in Central Research Laboratories, in-charge of automation engineering. In 1991, he was posted to Ajinomoto Bioitalia S.p.A, Italy responsible for Technical Service. In 1993, he was posted to Ajinomoto Co. Inc., Japan, Yokohama Factory as an Engineering Manager. In 1999, he was posted to Malaysia as an Executive Director.

He does not have any family relationship with any director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company.

He has not been convicted of any offence within the past 10 years.



## PROFILE OF BOARD OF DIRECTORS (CONTD.)

### **MR HIROYUKI SUGAE**

#### ***Executive Director, Japanese, aged 37***

Mr Sugae was appointed to the Board on 3 July 2000. Currently, he is the Executive Director/Technical Adviser of the Company.

He graduated with a Bachelor of Engineering (Mechanical) from Tohoku University in 1989 and went on to pursue and obtained his master degree in the same discipline in 1991.

He joined Ajinomoto Co. Inc., Japan in 1991 and began his career in Technical and Engineering Centre, in-charge of Packaging Technology. In 1996, he was posted to Technical Department, Ace Package Co. Ltd in-charge of Production Technology. In 2000, he was posted to Malaysia as an Executive Director.

He does not have any family relationship with any director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company.

He has not been convicted of any offence within the past 10 years.

### **MR TAKASHI IMAI**

#### ***Non-Independent Non-Executive Director, Japanese, aged 54***

Mr Imai was appointed to the Board on 12 July 2002 . He is a member of the Audit Committee of the Company.

He graduated with a Bachelor of Agriculture from The University of Tokyo, Japan in 1971.

He joined Ajinomoto Co. Inc., Japan in 1971 and began his career in the Specialty Chemical Department and has held various positions in Japan and overseas within the Ajinomoto Group of Companies.

He sits on the Board of Malaysia Ve-Tsin Manufacturing Co. Berhad and Ajinomoto (Singapore) Pte Ltd. and is currently the Managing Director of Ajinomoto (Malaysia) Berhad.

He does not have any family relationship with any director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company.

He has not been convicted of any offence within the past 10 years.



## PROFILE OF BOARD OF DIRECTORS (CONTD.)

### MR KOICHI TAKAHASHI

#### *Non-Independent Non-Executive Director, Japanese, aged 57*

Mr Takahashi was appointed to the Board on 12 June 2002 and resigned on 17 February 2004. He was then re-appointed to the Board on 15 March 2004.

He graduated with a Bachelor of Science, Chemistry from Saitama University in 1969.

He has served in several senior positions in Dainippon Ink and Chemicals, Incorporated, and was also appointed as the Managing Director of DIC-France in October 1987.

Currently, he is the Managing Director of DIC Holdings (M) Sdn Bhd

He does not have any family relationship with any director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company.

He has not been convicted of any offence within the past 10 years.

### MR GEW AH LEK

#### *Non-Independent Non-Executive Director, Malaysian, aged 53*

Mr Gew was appointed to the Board on 24 August 2001. He is a member of the Audit Committee of the Company.

He graduated with a Bachelor of Commerce (Accountancy) from Nanyang University, Singapore in 1972. He is a Certified Public Accountant (Singapore) and an Associate Member of Australian Society of Certified Practising Accountants.

He was the Chief Accountant and later promoted to Assistant General Manager of Amoy Canning Corporation (Malaysia) Berhad, which is involved in food and beverages manufacturing and investment holding. He left Amoy Canning after 20 years of service and joined Ajinomoto (Malaysia) Berhad in 1995 as Senior Sales Manager. He is an Executive Director and member of the Audit Committee of Ajinomoto (Malaysia) Berhad.

He does not have any family relationship with any director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company.

He has not been convicted of any offence within the past 10 years.



## PROFILE OF BOARD OF DIRECTORS (CONTD.)

### **DR. GOH CHIN SIEW**

#### ***Independent Non-Executive Director, Malaysian, aged 66***

Dr Goh was appointed to the Board on 15 August 1990. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company.

He graduated from University of Hong Kong, Medical Faculty in 1964, and was a Chan Weng Scholar. He is a fellow of the Royal Australasian College of Physicians (Occupational Medicine) and a member of the Academy of Medicine Malaysia. He was the medical director for Hamburg International Re-Insurer Company, Germany, and medical director/advisor for several local and international insurance companies, besides being a practising Occupational Health Physician.

He is an Independent Non-Executive Director and member of the Audit Committee of Ajinomoto (Malaysia) Berhad.

He does not have any family relationship with any director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company.

He has not been convicted of any offence within the past 10 years.

### **MS PEONY LYE**

#### ***Independent Non-Executive Director, Malaysian, aged 44***

Ms Peony was appointed to the Board on 3 November 1995. She is the Chairperson of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company.

She obtained her L.L.B. (Hons) Barrister-At-Law in 1982 from the London School of Economics. She worked as a legal assistant for several legal firms as well as private companies before becoming a partner with Messrs Eugene Lye & Co. in 1993

She does not have any family relationship with any director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company.

She has not been convicted of any offence within the past 10 years.



## PROFILE OF BOARD OF DIRECTORS (CONTD.)

### DATO' AHMAD BADRI BIN MOHAMED BASIR

#### *Independent Non-Executive Director, Malaysian, aged 68*

Dato' Ahmad Badri was appointed to the Board on 1 July 1997. He is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company.

He graduated with a Bachelor of Art from University Malaya in 1959 and obtained his MPA from Pittsburgh University in 1971. He further obtained his AMP from the Harvard University in 1986.

Dato' Ahmad Badri started his working career in the civil service and has held several positions in the District Offices and Public Services Department. Some of the senior positions held included General Manager of Malayan Railway Administration, Chairman of MARDI, Secretary General of Ministry of Agriculture and Chairman of Bank Pertanian Malaysia.

In the private sector, he is the chairman of KEN Holding Bhd and a Director in MNI Holdings Bhd., Mayban Finance Berhad and Aseamlease Bhd.

He does not have any family relationship with any director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company.

He has not been convicted of any offence within the past 10 years.

### DATUK SULAIMAN BIN DAUD

#### *Independent Non-Executive Director, Malaysian, aged 57*

Datuk Sulaiman Bin Daud was appointed to the Board on 1 September 2003. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

He holds a Diploma in Agriculture, UPM and a Master of Business Administration, IMC Buckingham, United Kingdom and has attended the Stanford-Insead Advance Management Programme (AMP) in Fountainebleau, France.

Datuk Sulaiman started his working career as a Trainee Executive with Malaysian Tobacco Company Ltd in 1968, where he ascended the corporate ladder to be its Deputy Chief Executive and Executive Director. He is currently the Chairman of Bank Pertanian Malaysia Berhad and EPE Power Corporation Berhad and holds directorship in Park May Berhad, Pharmaniaga Berhad, Ho Hup Construction Company Berhad and Axis Systems Holdings Ltd.

He does not have any family relationship with any director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company.

He has not been convicted of any offence within the past 10 years.



## 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 financial year ended 31 December 2003.**



### Company Performance

The year under review has been a difficult and trying one for the Company. The outbreak of SARS (Severe Acute Respiratory Syndrome) and the turmoil in Iraq dominated the global scene. These catastrophic events caused human sufferings and dampened both business and economic activities. Against this backdrop, the Company's turnover decreased 3% to RM58.14m from RM60.00m in the previous year. Profit after tax was also much lower at RM0.18m compared with RM2.19m due to the lower turnover and higher operating expenses arising from the expansion exercise as reported in the last Report.

### Corporate Development

The Renounceable Rights Issue of 1 for 2 and Bonus Issue of 1 for 3 after the Rights Issue to increase the Company's paid-up capital from RM21.02m to RM42.04m to meet present requirement of the Securities Commission for companies listed on the Second Board of Bursa Malaysia Securities Berhad (Bursa Malaysia) to have a minimum paid-up share capital of RM40.00m was successfully carried out during the year. The new shares were granted listing on the Bursa Malaysia on 22 October 2003.

### Prospects

Terrorism fears and Middle East supply security concerns coupled with the rampant demand growth in China have driven crude oil prices to an all time 13-year high of almost USD40.00 per barrel recently. The hike in oil prices is expected to add to production costs and curtail economic growth.

The Company will continue to expand its export market and strive for further cost efficiency and productivity enhancement to meet the challenges posed by recent events on the global scene.

### Dividend

The Directors are recommending the payment of a first and final tax-exempt dividend of 1.5% for the year. Despite the lower rate, the quantum proposed represent an increase of 50% over that previously paid in 2002 due to the increase in paid-up capital from RM21.02m to RM42.04m.

The recommended dividend, upon approval by shareholders in the forthcoming Annual General Meeting will be paid on 16 July 2004.



## CHAIRMAN'S STATEMENT (CONTD.)

### Directorate

During the year, the Board was sad to lose one of its long serving member, the late Dato' Seri Haji Mohd Bakri Bin Abdul Rais who passed away on 19 May 2003.

On behalf of the Board, I would like to express our sincere condolences to the family of the late Dato' Seri Haji Mohd Bakri as well as put on record our sincere appreciation for his past services and contribution to the Board.

Datuk Sulaiman Bin Daud, the Chairman of Bank Pertanian and board member of several other public listed companies have been appointed to the Board. The other board members join me in welcoming Datuk Sulaiman to the Board.

### Acknowledgement

On behalf of the Board, I would like to express our sincere appreciation to our valued customers, suppliers, bankers, business associates and shareholders for their confidence and continued support.

I wish also to extend our gratitude and thanks to our corporate consultants and regulatory authorities for their assistance, advice and guidance in connection with our Company's corporate exercise. The commitment and dedication of our employees must also be acknowledged.

Finally, I wish to take this opportunity to bid farewell to my fellow board members, stakeholders, business associates and friends, as I shall be retiring from the Board and Company after the forth-coming Annual General Meeting.

As one of the founder members, I have served the Board since the Company's inception in 1975. The last 29 years have been very challenging and memorable.

Our Company, granted pioneer status for converting has grown from a single line to the present 4-line production. The Company's expansion through the years has created employment opportunities to both Malaysian and foreign workers.

In keeping with the Company's pioneer status, it has led the converting industry by being the first converter to be listed on the Second Board of Bursa Malaysia (previously known as the Kuala Lumpur Stock Exchange) in 1990, and obtained certification from SIRIM QAS International Sdn Bhd, for the Company's ISO 9002:1994 and 9001:2000 Quality Management System in 1995 and 2002 respectively as well as the ISO 14001:1997, Environmental Management System in 2000.

I shall cherish and remember the friendship, support and cooperation that had been extended to me the last 29 years.

Thank you.

**TAY HOW SENG**

CHAIRMAN  
12 May 2004



## AUDIT COMMITTEE REPORT

The Audit Committee was first set up on 20 April 1994. Details of the members of the present Committee are as follows :-

<b>Name of Member</b>	<b>Designation</b>
1. Dr. Goh Chin Siew (Chairman)	Independent Non-Executive Director
2. Peony Lye	Independent Non-Executive Director
3. Dato' Ahmad Badri Bin Mohamed Basir	Independent Non-Executive Director
4. Datuk Sulaiman Bin Daud (Appointed on 1/9/2003)	Independent Non-Executive Director
5. Takashi Imai	Non-Independent Non-Executive Director
6. Gew Ah Lek	Non-Independent Non-Executive Director

### TERMS OF REFERENCE OF THE AUDIT COMMITTEE

#### MEMBERSHIP

The Audit Committee ("the Committee") shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three (3) members of which a majority of whom shall be independent non-executive directors.

The Chairman of the Committee shall be elected among its members of whom shall be an independent director. No alternate director of the Board shall be appointed as a member of the Committee.

At least one member of the Committee shall be:

- a member of the Malaysian Institute of Accountants ("MIA"); or
- if he or she is not a member of the MIA, he or she must have at least three years' working experience and he or she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
- he or she must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- A degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance would include persons who are members of professional accountancy organisations which have been admitted as full members of the International Federation of Accountants (IFAC); or
- at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements, the vacancy shall be filled within three (3) months.

The Board shall review the terms of reference and performance of the Committee and each of its members at least once every three (3) years.

In order to form a quorum for the meeting, the majority of the members present must be independent non-executive directors.



## AUDIT COMMITTEE REPORT (CONTD.)

### MEETINGS AND MINUTES

Meetings shall be held not less than four (4) times a year. The director responsible for the financial management and a representative of the external auditors shall normally attend the meetings. At least once a year the Committee shall meet with the external auditors without any executive member of the board present. The external auditors may request a meeting if they consider it necessary.

The Secretary of the Committee shall be the Company Secretary. Minutes of each meeting shall be circulated to each member of the Board.

### AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference and is authorised to seek any information it requires from employees, who are required to cooperate with any request made by the Committee.

The Committee is also authorised by the Board to obtain external legal or other independent professional advice as and when necessary.

### FUNCTIONS

The Committee shall undertake the following responsibilities and duties:

- Review with the external auditors, the audit plan, the evaluation of the system of internal control, the audit reports and the Company's accounting policies and reporting requirements;
- Review the assistance given by the Company officers to the external auditors;
- Consider the nomination and appointment of the external auditors and review their independence and objectivity;
- Review any letter of resignation from the external auditors and any questions of resignation or dismissal;
- Review the quarterly results and year end annual financial statements prior to the approvals by the Board, focusing particularly on;
  - changes in or implementation of major accounting policy changes;
  - significant and unusual events; and
  - compliance with accounting standards and other legal requirements;
- Review any related party transaction and conflict of interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises question on management integrity;
- Review with internal auditors the internal audit plan and controls.



## AUDIT COMMITTEE REPORT (CONTD.)

### SUMMARY OF ACTIVITIES

The Audit Committee held five (5) meetings during the financial year. Details of the members of the Committee and their attendance at the meeting are as follows:-

Name of Member	Attendance
1. Dr. Goh Chin Siew	5/5
2. Peony Lye	5/5
3. Dato' Ahmad Badri Bin Mohamed Basir	5/5
4. Datuk Sulaiman Bin Daud	1/1
5. Takashi Imai	3/5
6. Gew Ah Lek	5/5

Datuk Sulaiman Bin Daud was appointed to the Committee on 1/9/2003 to replace Dato' Seri Haji Mohd Bakri Bin Abdul Rais.

In line with the terms of reference of the Committee, the following activities were carried out:-

- reviewed the audited financial statements and unaudited quarterly financial results of the Company prior to recommendations to the Board for approval for announcement;
- discussed and reviewed the external and internal auditors' scope of work and the audit planning memorandum, the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board;
- reviewed recurrent related party transactions of the Company;
- reviewed the Company's compliance with the Bursa Malaysia Securities Berhad (Bursa Malaysia) Listing Requirements, Malaysian Accounting Standards Board and other relevant legal and regulatory requirements;
- reviewed the effectiveness of the Company's internal control system, risk assessment framework and quarterly reports submitted by the internal auditors;
- discussed and reviewed the annual internal audit plan with the internal auditors.



## INTERNAL CONTROL STATEMENT

### INTRODUCTION

Pursuant to paragraph 15.27 (b) of the Bursa Malaysia Securities Berhad (Bursa Malaysia) Listing Requirements, the Board of Directors ("the Board") of Malaysia Packaging Industry Berhad is pleased to provide the following statement on the state of internal controls of the Company, which has been prepared in accordance with the "Statement on Internal Control: Guidance for Directors of Public Listed Companies".

### RESPONSIBILITIES

The Board acknowledges its responsibility for the Company's systems of internal controls and risk management, and for reviewing the adequacy and integrity of the internal control system. In this regard, the Board has delegated the responsibility for reviewing the adequacy and integrity of the internal control system to the Audit Committee. In turn, the Audit Committee assesses the adequacy and integrity of the system of internal controls through independent reviews conducted on reports it receives from the out-sourced internal audit function and Management.

As there are inherent limitations in any system of internal controls, such systems put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Company's business objectives. Therefore, the internal control system established by Management can only provide reasonable and not absolute assurance against material misstatement or loss.

### RISK MANAGEMENT FRAMEWORK

Key risks relating to the Company's strategic and business plans are reviewed and considered by the Board and Management in their evaluation of these plans at the Board's and Management's periodic meetings. During the periodic management meetings, significant risks identified and the corresponding internal controls implemented are communicated to Senior Management.

Management with the assistance of the external consultant has completed the validation and the update of the key risk profile of the Company subsequent to the financial year end. The risks that are identified are evaluated and prioritised for resource planning and allocation of responsibility. The prioritisation process involves rating the risks according to the possibility of the risk occurring and its impact to the Company in the event the risk takes place after taking into account the existing controls that are put in place to manage the identified risks. The Company's updated key risk profile was presented to the Audit Committee on 21 April 2004. The role of the Audit Committee is to ensure that key risks of the Company are identified and that internal controls are put in place to manage these risks.

The abovementioned procedures on risk management serves as the on-going process used to identify, evaluate and managed significant risks.

### INTERNAL CONTROL

During the financial year under review, the out-sourced internal audit function conducted audit on areas of significant risks as highlighted in the Company's key risk profile developed by Management. The out-sourced internal audit function advises Management on areas for improvement and subsequent reviews the extent to which its recommendations have been implemented. Management is required to explain any purported lack of non-compliance pursuant to the internal audit reports issued. The internal audit reports and management's responses are then tabled at the Audit Committee meetings and Audit Committee will update the Board of its conclusions.

The review on the internal control system conducted did not reveal significant weaknesses that would result in any material losses, contingencies or uncertainties that would require disclosure in the annual



## **INTERNAL CONTROL STATEMENT (CONTD.)**

report. The system of internal control will continue to be reviewed, enhanced or updated in line with the changes in the business environment. The Board will continue to seek regular assurance on the effectiveness of the internal control system through independent reviews of reports prepared by the out-sourced internal audit function and Management.

### **Other Key Elements Of Internal Control**

The Company has a number of internal controls in place. The controls include the following:-

- Clearly defined and structured lines of reporting and responsibility within the Company, including authorization levels for all divisions within the Company;
- Regular and comprehensive information provided to management via monthly performance reports for monitoring and controlling of the Company's performance;
- Regular weekly meetings among the senior management staff to evaluate and monitor the progress of business operations;
- Adherence and application of its quality and environment management system manuals and other programs implemented through its ISO 9001 and ISO 14001 accreditations programme for the Company;
- Monthly meetings among executive directors to evaluate and monitor the progress of business operations;
- Twice yearly meetings among section heads to evaluate and monitor the progress of business operations; and
- Daily monitoring and control of business operation via Emergency Information System.

### **ASSURANCE**

The Board is of the view that the system of internal controls instituted throughout the Company's operations is adequate. Notwithstanding this, reviews of all the control procedures will be continuously carried out to ensure the ongoing adequacy and effectiveness of the systems of internal control, in order to safeguard shareholders' investments and the Company's assets.

This Internal Control Statement is formally approved on 21 April 2004.



## CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the Board) fully appreciates the importance of exercising high standards of corporate governance in the conduct of the Company's business and affairs through transparency, accountability and corporate performance.

The Board is thus committed to support the recommendations of the Malaysian Code of Corporate Governance as amended in March 2000 (the Code) by implementing the principles and best practices set out in the Code.

The Board and management are committed to ensuring the highest standards of corporate governance are observed throughout the Company. It is a continuous evolving process and the adherence is aimed at aligning with both the spirit and letter of the Code.

The Company has complied with the Best Practices in Corporate Governance set out in Part II of the Code except that:

1. the Board has not identified a Senior Independent Non-executive Director to whom concerns may be conveyed as there are a number of very experienced and competent senior independent directors on the board. As such, the Board does not consider it necessary to appoint one person as a Senior Independent Non-executive Director.
2. the Board has not formulated or implemented a process to carry out an annual assessment of the effectiveness of the board as a whole, the committees of the board and assessing the individual contribution of each individual director. The Board is still studying the matter and will formulate a suitable evaluation process for the board, committees and directors.

The following statements set out how the Company has applied the principles in Part 1 of the Code:-

### A. Board of Directors

#### 1. Board Responsibilities

The Board is entrusted with directing the Company's operation to enhancing long term shareholders' value.

The schedule of matters reserved specifically for the Board's decision includes approval of corporate plans and annual budgets, approval of major capital expenditure projects, consideration of significant financial matters and review of financial and operating performance of the Company to ensure compliance with applicable laws, rules and regulations of relevant statutory bodies.

No individual or group of individuals on the Board dominate decisions of the Board.

#### 2. Meetings

The Board ordinarily meets at least five (5) times a year to deliberate and consider on matters relating to financial results, major investment and business plans of the Company.

In the financial year ended 31 December 2003, the Board met on 6 occasions.

The Board receives the agenda and documents for deliberation prior to and in advance of each meeting to enable the Directors to obtain further explanation where necessary. All proceedings of the Board meetings are minuted and signed by the Chairman of the meeting.



## CORPORATE GOVERNANCE STATEMENT (CONTD.)

Details of each existing Directors' meeting attendance are as below:-

Name	Attendance
1) Tay How Seng	6/6
2) Kazumitsu Tanabe	6/6
3) Dato' Ahmad Badri Bin Mohamed Basir	6/6
4) Datuk Sulaiman Bin Daud (Appointed on 1/9/2003)	1/1
5) Dr Goh Chin Siew	6/6
6) Takashi Imai	4/6
7) Hiroyuki Sugae	6/6
8) Peony Lye	6/6
9) Gew Ah Lek	6/6
10) Koichi Takahashi(Resigned on 17/2/2004, re-appointed on 15/3/2004)	2/6

### 3. Board Committees

To enhance business and operational efficiency, the Board delegates certain responsibilities to three (3) Board Committees namely, Audit, Nomination and Remuneration Committee.

The Nomination and Remuneration committees were established on 28 May 2001.

The Nomination Committee is made up wholly of four (4) independent directors comprising of the following members:

1. Dato' Ahmad Badri Bin Mohamed Basir (Chairman)
2. Peony Lye
3. Dr. Goh Chin Siew
4. Datuk Sulaiman Bin Daud

The Committee is tasked with evaluating and recommending candidates for appointment to the Board.

For the year under review, the Committee met twice to discuss the nomination of candidates proposed by the substantial corporate shareholders to replace their outgoing corporate representatives, before recommending them to the Board for appointment.

Members of the Remuneration Committee are also made up wholly of independent directors who include the following:

1. Peony Lye (Chairperson)
2. Dato' Ahmad Badri Bin Mohamed Basir
3. Dr. Goh Chin Siew
4. Datuk Sulaiman Bin Daud

The Committee is responsible for recommending to the Board the remuneration of the executive directors. For the year under review, the Committee held one (1) meeting.



## CORPORATE GOVERNANCE STATEMENT (CONTD.)

### **4. Board Balance**

As at the date of this statement, the Board consists of ten (10) members, comprising three (3) executive directors and seven (7) non-executive directors of which four (4) are independent.

The profile of each Director is presented on pages 9 to 13 of this annual report.

The Directors, with their diverse background in business, financial, professional, technical and public services collectively bring with them a wide range of experience and expertise to ensure the Company is guided by a competent Board.

The Company practises a clear demarcation of power and authority. The role of the Chairman and Managing Director are separated and clearly defined to ensure a balance of authority and power.

The Board is led by Mr. Tay How Seng as the Chairman whilst the executive management of the Company is led by Mr. Kazumitsu Tanabe, the Managing Director.

### **5. Supply of Information**

The Chairman ensures that all Directors have full and timely access to information. Board papers are distributed prior to meetings at least three (3) working days in advance to enable the Directors to obtain explanation where necessary.

The Directors have access to all information within the Company whether as a full board or in their individual capacities to the extent that the information required is pertinent to the discharge of their duties as director in the furtherance of the Company's interest and benefit.

The Directors have access to advice and services of the Company Secretary and are allowed to take independent professional advice where necessary and in appropriate circumstance in the furtherance of their duties as directors at the Company's expense.

### **6. Directors' Training**

All Directors' have attended and successfully completed the Mandatory Accreditation Program (MAP) as required by the Bursa Malaysia Listing Requirements. The Directors will continue to undergo other relevant training programme to enable them to enhance their knowledge and skills and be updated on new regulatory requirements in accordance with the paragraph 15.09 and Practice Note 5/2001.

Newly appointed Directors are briefed on the Company's business process and operation to ensure they have a comprehensive understanding of the Company's operations.

### **7. Re-election**

In accordance with the Company's Articles of Association, all directors including the Managing Director retire from office at least once in every three (3) years and offer themselves for re-election.

Directors over seventy (70) years of age are required to submit themselves for reappointment on an annual basis in accordance with Section 129(6) of the Companies' Act, 1965.



## CORPORATE GOVERNANCE STATEMENT (CONTD.)

### B. Directors' Remuneration

The Managing Director and Technical Adviser /Executive Director are corporate representatives of a substantial corporate shareholder. Their remuneration packages were based on the remuneration policy and guidelines as set by the corporate shareholder in accordance with their experience and performance.

The remuneration package of the Chairman was based on an agreement signed with the substantial corporate shareholders since the inception of the Company.

Bonus payments to all the Executive Directors are dependent on Company's performance.

The remuneration to Non-executive Directors are decided by the full Board after taking into consideration the market norms, responsibility, experience and profitability of the Company.

The aggregate remuneration of the Directors categorised into the appropriate components is as follows:-

Category	Fees (RM)	Salaries & Other Emoluments (RM)	Benefit in Kind (RM)
Executive Directors	57,534	1,047,311	149,447
Non-Executive Directors	134,246	-	-

The number of Director of the Company whose total remuneration during the financial year under review that fall within the following bands are as follows:-

Amount of Remuneration	Executive Director	Non-executive Director
Below RM50,000	-	7
RM300,001~RM350,000	1	-
RM400,001~RM450,000	1	-
RM500,001~RM550,000	1	-

### C. Shareholders

#### 1. Dialogue between the Company and Investors

The Company communicates with its shareholders via the annual report and Annual General Meeting. In addition, the Company has established a web site at [www.maypak.com](http://www.maypak.com) which shareholders can access for information.

#### 2. Annual General Meeting

It is the Company's practice to send the Notice of the AGM to shareholders at least 21 days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Company's performance in general. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholders with written answers after the AGM.



## CORPORATE GOVERNANCE STATEMENT (CONTD.)

### D. Accountability and Audit

#### 1. *Financial Reporting*

It is the Board's objective to provide and present a balanced and understandable assessment of the Company's position and prospects through the annual financial statements and quarterly announcements to the shareholders. The Board scrutinizes these announcements at its Board meeting prior to publication, to ensure that they are accurate and present a balanced assessment of the Company's affairs.

#### 2. *Statement of Directors' Responsibility for Preparing the Annual Audited Financial Statements*

The Board is responsible to prepare the financial statements in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies' Act, 1965 so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the results and cash flows of the Company for the financial year.

In preparing for financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made reasonable and prudent judgements and estimates; and
- ensured that all applicable accounting standards have been complied with.

The directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

#### 3. *Internal Control*

The Board recognises the importance of a sound system of internal control to safeguard shareholders' investment and the Company's assets. The internal audit function in the Company is being out-sourced to external consultants to assist in identifying, evaluating, monitoring and managing the significant risks to ensure proper risk management, adequacy and integrity of the internal control systems in line with the requirements of the Statement on Internal Control-Guidance for Directors of Public Listed Companies and the Code. The internal auditors report directly to the Audit Committee.

#### 4. *Relationship with the Auditors*

The role of the Audit Committee in relation to the external auditors and the key features underlying their relationship are included in the Audit Committee's terms of reference as detailed on pages 16 to 18 of the Annual Report.

#### 5. *Conflict of Interest*

None of the Directors have any family relationship with other Directors and/or major shareholders of the Company nor any personal interest in any business arrangement involving the Company.



## **CORPORATE GOVERNANCE STATEMENT (CONTD.)**

### **E. Other Information**

#### **1. Utilisation of Proceeds**

The gross proceeds of RM10,510,706 arising from the Company's renounceable rights issue of 1 for 2 has been utilised in accordance with Section 5.2 of the Abridged Prospectus dated 4 September 2003. Full repayment of the US dollar denominated off-shore loan was made on 6 May 2004.

#### **2. Share buybacks**

During the financial year, there were no share buybacks by the Company.

#### **3. Options, warrants or convertible securities**

The Company did not issue any options, warrants or convertible securities during the financial year.

#### **4. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")**

During the financial year, the Company did not sponsor any ADR or GDR program.

#### **5. Imposition of sanctions/penalties**

There were no sanctions/penalties imposed on the Company by the relevant regulatory bodies.

#### **6. Variation in results**

There is no variance between the results for the financial year and the unaudited results previously announced by the Company.

#### **7. Profit Guarantee**

The Company did not issue any profit guarantee for the financial year.

#### **8. Recurrent Related Party Transactions of A Revenue or Trading Nature**

Pursuant to paragraph 10.09 of the Bursa Malaysia Listing Requirements, the Company will be seeking a mandate from its shareholders for recurrent related party transactions of a revenue or trading nature, entered into or to be entered into between the Company and related parties, at the forthcoming Annual General Meeting of the Company.

#### **9. Material Contracts**

The Company does not have any material contracts involving directors' and major shareholders' interest, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

#### **10. Non-Audit Fees**

During the financial year under review, the Company paid a total of RM4,000 to its external auditors, Ernst & Young for reviewing the Internal Control Statement.





## DIRECTORS' REPORT

### DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2003.

### PRINCIPAL ACTIVITY

The principal activity of the Company is the manufacture of printed and laminated flexible light packaging materials.

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

### RESULT

	<b>RM</b>
Net profit for the year	<u>179,186</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statement of changes in equity.

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

### DIVIDEND

The amount of dividends paid by the Company since 31 December 2002 were as follows:

	<b>RM</b>
In respect of the financial year ended 31 December 2002 as reported in the directors' report of that year:	
First and final tax exempt dividend of 2%, paid on 18 July 2003	<u>420,428</u>

At the forthcoming Annual General Meeting, a first and final tax exempt dividend in respect of the financial year ended 31 December 2003, of 1.5% on 42,042,824 ordinary shares, amounting to a total dividend payable of RM630,642 (1.5 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2004.



## DIRECTORS' REPORT (CONTD.)

### DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tay How Seng  
Kazumitsu Tanabe  
Dr. Goh Chin Siew  
Peony Lye  
Dato' Ahmad Badri bin Mohamed Basir  
Hiroyuki Sugae  
Gew Ah Lek  
Koichi Takahashi  
Takashi Imai  
Datuk Sulaiman bin Daud (appointed 1 September 2003)  
Dato' Seri Haji Mohd. Bakri bin Abdul Rais (deceased on 19 May 2003)

### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of 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 a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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 2003	Bought	Sold	31 December 2003
<b>The Company</b>				
<b>Direct Interest</b>				
Tay How Seng	1,000,000	1,000,000	-	2,000,000
Takashi Imai	10,500	3,500	-	14,000

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.



## **DIRECTORS' REPORT (CONTD.)**

### **ISSUE OF SHARES**

During the financial year, the Company increased its paid-up share capital from RM21,021,412 to RM42,042,824 by way of the following:

- (a) a renounceable rights issue of 10,510,706 new shares on the basis of one Rights Issue for every two existing shares held in the Company at the price of RM1 each; and
- (b) a bonus issue of 10,510,706 new shares on the basis of one new share for every three existing shares held after the Rights Issue.

The Rights Issue and Bonus Issue was implemented to increase the Company's issued and paid-up share capital from RM21,021,412 to RM42,042,824 to enable the Company to meet the present requirements of the Securities Commission for companies listed on the Second Board of the Bursa Malaysia Securities Berhad to have a minimum issued and paid-up share capital of RM40,000,000.

The new ordinary shares rank pari passu in all respects with existing ordinary shares.

### **OTHER STATUTORY INFORMATION**

- (a) Before the income statement and balance sheet of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper 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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) 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
  - (ii) any contingent liability of the Company which has arisen since the end of the financial year.



## DIRECTORS' REPORT (CONTD.)

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

### AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

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

Tay How Seng

Kazumitsu Tanabe

Kuala Lumpur, Malaysia  
21 April 2004



## STATEMENT BY DIRECTORS

### STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

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 financial statements set out on pages 34 to 60 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company as at 31 December 2003 and of the result and the cash flow of the Company for the year then ended.

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

Tay How Seng

Kazumitsu Tanabe

Kuala Lumpur, Malaysia  
21 April 2004

### STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Gew Ah Lek, being the director primarily responsible for the financial management of Malaysia Packaging Industry Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 34 to 60 are in my opinion, 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 Gew Ah Lek at  
Kuala Lumpur in Wilayah Persekutuan  
on 21 April 2004

Gew Ah Lek

Before me,

Commissioner for Oaths  
No. W315  
SOH AH KAU



## REPORT OF THE AUDITORS

### REPORT OF THE AUDITORS TO THE MEMBERS OF MALAYSIA PACKAGING INDUSTRY BERHAD (Incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 34 to 60. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Company as at 31 December 2003 and of the result and the cash flow of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; 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.

Ernst & Young  
AF: 0039  
Chartered Accountants

Wong Kang Hwee  
No. 1116/01/06 (J)  
Partner

Kuala Lumpur, Malaysia  
21 April 2004



## INCOME STATEMENT

### INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	2003 RM	2002 RM
Revenue	3	58,143,429	59,996,944
Other operating income		41,279	100,205
Changes in work-in-progress and finished goods		(1,147,722)	(44,284)
Consumables and raw materials		(33,010,510)	(33,748,004)
Staff costs	5	(10,301,282)	(9,919,641)
Depreciation		(3,020,801)	(2,572,375)
Other operating expenses		(12,180,049)	(10,510,914)
(Loss)/profit from operations	4	(1,475,656)	3,301,931
Finance costs, net	7	(206,707)	(107,928)
(Loss)/profit before taxation		(1,682,363)	3,194,003
Taxation	8	1,861,549	(1,008,947)
Net profit for the year		<u>179,186</u>	<u>2,185,056</u>
Earnings per share	9	<u>0.51 sen</u>	<u>7.00 sen</u>
Net dividends per share	10	<u>-</u>	<u>2.00 sen</u>

The accompanying notes form an integral part of the financial statements.



## BALANCE SHEET

### BALANCE SHEET AS AT 31 DECEMBER 2003

	Note	2003 RM	2002 RM
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment	11	25,133,553	25,382,209
<b>CURRENT ASSETS</b>			
Inventories	12	7,963,566	7,106,214
Trade receivables	13	18,052,786	17,766,298
Other receivables	14	287,101	219,593
Tax recoverable		637,691	-
Cash and bank balances		2,439,917	753,879
		<u>29,381,061</u>	<u>25,845,984</u>
<b>CURRENT LIABILITIES</b>			
Provisions for liabilities	15	825,512	695,378
Short term borrowings	16	1,933,000	7,016,000
Trade payables	17	5,341,311	4,899,564
Other payables	18	1,936,533	2,709,821
Tax payable		-	208,609
		<u>10,036,356</u>	<u>15,529,372</u>
<b>NET CURRENT ASSETS</b>		<u>19,344,705</u>	<u>10,316,612</u>
		<u>44,478,258</u>	<u>35,698,821</u>
<b>FINANCED BY:</b>			
Share capital	19	42,042,824	21,021,412
Reserves		2,435,434	13,187,382
Shareholders' equity		<u>44,478,258</u>	<u>34,208,794</u>
Deferred tax liabilities	21	-	1,490,027
		<u>44,478,258</u>	<u>35,698,821</u>

The accompanying notes form an integral part of the financial statements.



## STATEMENT OF CHANGES IN EQUITY

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2003

	Share Capital RM	Non- Distributable Capital Reserves RM (Note 20)	Distributable Retained Profits RM	Total RM
<b>At 1 January 2002</b>				
As previously stated	21,021,412	64,979	11,580,427	32,666,818
Prior year adjustment (Note 22)	-	-	(222,652)	(222,652)
<b>As restated</b>	21,021,412	64,979	11,357,775	32,444,166
Net profit for the year	-	-	2,185,056	2,185,056
Dividends (Note 10)	-	-	(420,428)	(420,428)
<b>At 31 December 2002</b>	21,021,412	64,979	13,122,403	34,208,794
<b>At 1 January 2003</b>				
As previously stated	21,021,412	64,979	13,754,430	34,840,821
Prior year adjustment (Note 22)	-	-	(632,027)	(632,027)
<b>As restated</b>	21,021,412	64,979	13,122,403	34,208,794
Issuance of rights issue	10,510,706	-	-	10,510,706
Issuance of bonus issue	10,510,706	-	(10,510,706)	-
Net profit for the year	-	-	179,186	179,186
Dividends (Note 10)	-	-	(420,428)	(420,428)
<b>At 31 December 2003</b>	42,042,824	64,979	2,370,455	44,478,258

The accompanying notes form an integral part of the financial statements.



## CASH FLOW STATEMENT

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

	2003 RM	2002 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(1,682,363)	3,194,003
Adjustment for:		
Depreciation	3,020,801	2,572,375
Gain on disposal of property, plant and equipment	(999)	(89,795)
Property, plant and equipment written off	13,355	229,095
Provisions for liabilities	143,329	87,875
Utilisation of leave balances	(13,195)	-
Inventories written off	507,024	510,665
Bad debts written off	47,653	311,494
Provision for doubtful debts	16,334	(557,165)
Interest expenses	227,394	139,018
Interest income	(20,686)	(10,288)
Operating profit before working capital changes	2,258,647	6,387,277
Increase in receivables	(417,983)	(1,912,147)
Increase in inventories	(1,364,376)	(451,116)
(Decrease)/increase in payables	(331,541)	664,519
Cash generated from operations	144,747	4,688,533
Interest paid	(227,394)	(139,018)
Income tax paid	(474,778)	(1,533,635)
Net cash (used in)/generated from operating activities	(557,425)	3,015,880
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,785,501)	(9,008,960)
Proceeds from disposal of property, plant and equipment	1,000	89,800
Interest received	20,686	10,288
Net cash used in investing activities	(2,763,815)	(8,908,872)



## CASH FLOW STATEMENT (CONTD.)

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTD.)

	2003 RM	2002 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment)/drawdown of short term borrowings	(3,943,000)	4,356,000
Repayment of term loan	(1,140,000)	(1,140,000)
Proceeds from rights issue	10,510,706	-
Dividend paid	(420,428)	(420,428)
Net cash generated from financing activities	<u>5,007,278</u>	<u>2,795,572</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	1,686,038	(3,097,420)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>		
	<u>753,879</u>	<u>3,851,299</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>		
	<u>2,439,917</u>	<u>753,879</u>
<b>Cash and cash equivalents comprise:</b>		
Cash in hand	12,082	13,993
Cash at banks	2,427,835	739,886
	<u>2,439,917</u>	<u>753,879</u>

The accompanying notes form an integral part of the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

### 1. CORPORATE INFORMATION

The principal activity of the Company is the manufacture of printed and laminated flexible light packaging materials. There has been no significant change in the nature of this activity during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at 6 1/2 Miles, Simpang Salak South Baru (Lot 3, Jalan Kuchai Lama), 58200 Kuala Lumpur.

The number of employees in the Company at the end of the financial year was 263 (2002: 259).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 April 2004.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

The financial statements of the Company have been prepared under the historical cost convention except for the revaluation of leasehold land included under property, plant and equipment.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year ended 31 December 2003, the Company adopted the following Malaysian Accounting Standards Board ("MASB") Standards for the first time:

#### (i) MASB 25 , Income Taxes

The adoption of MASB 25 resulted in the disclosure as set out in Notes 8 and 21.

The standard require retrospective application. The effect of adoption are summarised in the statement of changes in equity and further information is disclosed in Note 22.

#### (ii) MASB 27 , Borrowing Costs

The standard require retrospective application. The effect of adoption have not given rise to any adjustments to the opening balances of retained profits of prior and current year or to changes in comparatives.

#### (iii) MASB 29 , Employee Benefits

The standard require retrospective application. Apart from the inclusion of the new policy and extended disclosure as required by the standard, the adoption of the standard has not had an effect on the financial statements presented, nor led to a restatement of prior year results.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### (b) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(k).

Long term leasehold land and buildings are stated at valuation less any identified impairment losses. Long term leasehold land and buildings of the Company have not been revalued since it was first revalued in 1990. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standard 16 (Revised) : Property, Plant and Equipment adopted by the Malaysian Accounting Standards Board, these assets continue to be stated at their 1990 valuation less accumulated depreciation.

Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against an increase on unutilised earlier valuation in respect of the same asset and is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

Long term leasehold land is depreciated over the period of the lease. Work-in-progress is not depreciated. Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

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

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

#### (c) Inventories

Inventories are stated at the lower of cost (determined on a weighted average basis) and net realisable value. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

#### (d) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and at bank which have an insignificant risk of changes in value.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### (e) Leases

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incident to ownership. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

#### (f) Provisions for Liabilities

Provisions for liabilities are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

#### (g) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax asset is also charged or credited directly in equity.

Prior to the adoption of MASB 25 Income Taxes on 1 January 2003, deferred tax was provided using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 22.



## **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2003**

### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **(h) Employee Benefits**

##### **(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### **(ii) Defined contribution plan**

As required by law, the Company makes contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

##### **(iii) Defined benefit plan**

The Company operates an unfunded, defined benefit Retirement Benefit Plan ("the Plan") for its eligible employee.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations.

#### **(i) Revenue Recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transactions will flow to the enterprise and the amount of the revenue can be measure reliably.

##### **(i) Sales of goods**

Revenue relating to sale of goods is recognised net of sales tax and discounts upon the transfer of risks and rewards.

##### **(ii) Interest Income**

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

#### **(j) Foreign Currencies**

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All exchange rate differences are taken to the income statement.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### (j) Foreign Currencies (Contd.)

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	2003 RM	2002 RM
Japanese Yen	0.0355	0.0320
Singapore Dollar	2.2342	2.1915
United States Dollar	3.8000	3.8000

#### (k) Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when impairment losses recognised for the asset no longer exist or have decreased.

#### (l) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

##### (i) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

##### (ii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

##### (iii) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### (iii) Interest-Bearing Borrowings (Contd.)

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Company's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as an expense in the income statement as an expense in the period in which they are incurred.

#### (iv) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 3. REVENUE

Revenue represents the invoiced value of sales net of sales tax and less returns.

### 4. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is stated after charging/(crediting):

	<b>2003</b>	<b>2002</b>
	<b>RM</b>	<b>RM</b>
Staff costs (Note 5)	10,301,282	9,919,641
Non-executive director's remuneration (Note 6)	134,246	56,300
Auditors' remuneration:		
- Statutory audit	20,000	19,000
- Other services	4,000	75,000
Bad debts written off	47,653	311,494
Provision for doubtful debts	16,334	(557,165)
Realised loss on foreign exchange	48,262	114,191
Gain on disposal of property, plant and equipment	(999)	(89,795)
Property, plant and equipment written off	13,355	229,095
Inventories written off	507,024	510,665
Rental expense	693,047	564,844
Provision for liabilities	143,329	87,875



**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2003

**5. STAFF COSTS**

	2003 RM	2002 RM
Wages and salaries	6,879,100	6,194,997
Social security costs	74,950	76,019
Pension costs - defined contribution plans	1,037,947	990,008
Other staff related expenses	2,309,285	2,658,617
	10,301,282	9,919,641

Included in staff costs of the Company are executive directors' remuneration amounting to RM1,254,292 (2002: RM1,386,096) as further elaborated in Note 6.

**6. DIRECTORS' REMUNERATION**

Included in staff costs are:

	2003 RM	2002 RM
Executive Directors:		
Salaries and other emoluments	959,200	1,110,513
Fees	57,534	24,000
Pension costs - defined contribution plan	88,111	105,944
Benefits-in-kind	149,447	145,639
	1,254,292	1,386,096
Non-Executive Directors:		
Fees	134,246	56,300
Total	1,388,538	1,442,396
Total excluding benefits-in-kind	1,239,091	1,296,757

Analysis excluding benefits-in-kind:

Total executive directors' remuneration excluding benefits-in-kind (Note 5)	1,104,845	1,240,457
Total non-executive directors' remuneration (Note 4)	134,246	56,300
Total directors' remuneration excluding benefits-in-kind	1,239,091	1,296,757



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

### 6. DIRECTORS' REMUNERATION (CONTD.)

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2003	2002
Executive Directors:		
RM250,001 - RM300,000	-	1
RM300,001 - RM350,000	1	-
RM400,001 - RM450,000	1	-
RM450,001 - RM500,000	-	1
RM500,001 - RM550,000	1	-
RM550,001 - RM600,000	-	1
Non-executive Directors:		
RM5,001 - RM10,000	-	7
RM10,001 - RM15,000	7	-

### 7. FINANCE COSTS, NET

	2003 RM	2002 RM
Interest expense on borrowings	271,108	139,018
Interest income from deposits	(20,686)	(10,288)
	<u>250,422</u>	<u>128,730</u>
Less amount capitalised in qualifying assets:		
Work-in-progress	(43,715)	(20,802)
	<u>206,707</u>	<u>107,928</u>

### 8. TAXATION

	2003 RM	2002 RM
Tax expense for the year:		
Malaysian income tax	-	1,126,000
Deferred tax:		
Relating to reversal of temporary differences (Note 21)	(1,490,027)	(117,053)
Overprovided in prior years:		
Malaysian income tax	(371,522)	-
	<u>(1,861,549)</u>	<u>1,008,947</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2003

**8. TAXATION (CONTD.)**

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2002: 28%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	<b>2003</b> <b>RM</b>	<b>2002</b> <b>RM</b>
(Loss)/profit before taxation	(1,682,363)	3,194,003
Taxation at Malaysian statutory tax rate of 28% (2002:28%)	(471,062)	894,321
Expenses not deductible for tax purposes	211,806	471,248
Utilisation of current year's reinvestment allowances	-	(356,622)
Deferred tax assets recognised on unutilised reinvestment allowances	(1,285,374)	-
Deferred tax assets not recognised during the year	54,603	-
Overprovided in prior years	(371,522)	-
Tax expense for the year	<u>(1,861,549)</u>	<u>1,008,947</u>

Unabsorbed capital allowances and reinvestment allowances are analysed as follows:

	<b>2003</b> <b>RM</b>	<b>2002</b> <b>RM</b>
Unabsorbed capital allowances carried forward	<u>2,126,602</u>	-
Unabsorbed reinvestment allowances carried forward	<u>4,590,623</u>	-

As at 31 December 2003, the Company has tax exempt profits available for distribution of approximately RM15,367,000 (2002: RM15,788,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profits as at 31 December 2003.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

### 9. EARNINGS PER SHARE

The earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	2003 RM	2002 RM
Net profit for the year	179,186	2,185,056
Weighted average number of ordinary shares in issue	35,212,037	31,532,118
Basic earnings per share (sen)	0.51	7.00

The calculation of basic earnings per share has been adjusted retrospectively due to the increase in the number of ordinary shares during the year as a result of the rights issue and bonus issue. There are no instrument in issuance which have a dilutive effect to the earnings per share of the Company.

### 10. DIVIDENDS

	Amount		Net dividends per share	
	2003 RM	2002 RM	2003 sen	2002 sen
Ordinary tax exempt dividend of 2% paid on 18 July 2003	-	420,428	-	2

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 December 2003, of 1.5% on 42,042,824 ordinary shares, amounting to a total dividend payable of RM630,642 (1.5 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2004.



**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2003

**11. PROPERTY, PLANT AND EQUIPMENT**

	Long term leasehold land, factory, office buidings and office renovation* RM	Plant and equipment RM	Furniture, fixtures, fittings and motor vehicles RM	Work-in- progress RM	Total RM
<b>Cost/Valuation</b>					
At 1 January 2003	13,222,190	35,605,525	5,164,594	6,082,440	60,074,749
Additions	736,160	1,252,394	796,947	-	2,785,501
Disposals	-	-	(4,133)	-	(4,133)
Written off	-	(26,096)	(7,324)	-	(33,420)
Reclassification	(298,347)	6,103,890	276,897	(6,082,440)	-
At 31 December 2003	13,660,003	42,935,713	6,226,981	-	62,822,697
<b>Representing:</b>					
At cost	10,060,003	42,935,713	6,226,981	-	59,222,697
At valuation	3,600,000	-	-	-	3,600,000
	13,660,003	42,935,713	6,226,981	-	62,822,697
<b>Accumulated Depreciation</b>					
At 1 January 2003	2,160,091	28,811,732	3,720,717	-	34,692,540
Charge for the year	288,885	2,313,980	417,936	-	3,020,801
Disposals	-	-	(4,132)	-	(4,132)
Written off	-	(18,095)	(1,970)	-	(20,065)
Reclassification	(62,306)	16,588	45,718	-	-
At 31 December 2003	2,386,670	31,124,205	4,178,269	-	37,689,144
<b>Representing:</b>					
At cost	1,575,034	31,124,205	4,178,269	-	36,877,508
At valuation	811,636	-	-	-	811,636
	2,386,670	31,124,205	4,178,269	-	37,689,144
<b>Net Book Value</b>					
At 31 December 2003					
At cost	8,484,969	11,811,508	2,048,712	-	22,345,189
At valuation	2,788,364	-	-	-	2,788,364
	11,273,333	11,811,508	2,048,712	-	25,133,553
At 31 December 2002					
At cost	8,215,761	6,793,793	1,443,877	6,082,440	22,535,871
At valuation	2,846,338	-	-	-	2,846,338
	11,062,099	6,793,793	1,443,877	6,082,440	25,382,209
<b>Depreciation charge for 2002</b>	261,637	1,917,741	392,997	-	2,572,375

\* Long term leasehold land, factory, office buildings and office renovation



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

### 11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Long term leasehold land RM	Factory, office buildings and office renovation RM	Total RM
<b>Cost/Valuation</b>			
At 1 January 2003	2,819,454	10,402,736	13,222,190
Additions	-	736,160	736,160
Reclassification	-	(298,347)	(298,347)
At 31 December 2003	<u>2,819,454</u>	<u>10,840,549</u>	<u>13,660,003</u>
<b>Representing:</b>			
At cost	819,454	9,240,549	10,060,003
At valuation	2,000,000	1,600,000	3,600,000
	<u>2,819,454</u>	<u>10,840,549</u>	<u>13,660,003</u>
<b>Accumulated Depreciation</b>			
At 1 January 2003	421,536	1,738,555	2,160,091
Charge for the year	37,543	251,342	288,885
Reclassification	-	(62,306)	(62,306)
At 31 December 2003	<u>459,079</u>	<u>1,927,591</u>	<u>2,386,670</u>
<b>Representing:</b>			
At cost	95,443	1,479,591	1,575,034
At valuation	363,636	448,000	811,636
	<u>459,079</u>	<u>1,927,591</u>	<u>2,386,670</u>
<b>Net Book Value</b>			
At 31 December 2003			
At cost	724,011	7,760,958	8,484,969
At valuation	1,636,364	1,152,000	2,788,364
	<u>2,360,375</u>	<u>8,912,958</u>	<u>11,273,333</u>
At 31 December 2002			
At cost	735,580	7,480,181	8,215,761
At valuation	1,662,338	1,184,000	2,846,338
	<u>2,397,918</u>	<u>8,664,181</u>	<u>11,062,099</u>
<b>Depreciation charge for 2002</b>	<u>37,543</u>	<u>224,094</u>	<u>261,637</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

### 11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (a) Included in the above are the following property, plant and equipment which have been fully depreciated but are still in use:

	2003 RM	2002 RM
At cost:		
Buildings	22,232	22,232
Plant and equipment	18,685,306	18,695,236
Furniture, fixtures and fittings	2,029,165	1,796,046
Motor vehicles	1,085,425	959,357
	21,822,128	21,472,871

- (b) The long term leasehold land and buildings were revalued in 1990 by Jurukor Hartanah, an independent professional valuer, as approved by the relevant authorities and based on open market value on the existing use basis. The surplus arising from the revaluation has been transferred to the capital reserves account.

Had the revalued assets been carried at cost less accumulated depreciation, the net book value of the assets that would have been included in the financial statements of the Company as at 31 December 2003 would have been RM932,406 (2002: RM963,255).

- (c) The Company is the beneficiary owner of the long term leasehold land. The long term leasehold land is currently registered under the name of Malaysia Ve-Tsin Manufacturing Company Berhad, a corporate shareholder.
- (d) Borrowing costs capitalised during the financial year under work-in-progress amounted to RM43,715 (2002: RM20,802).

### 12. INVENTORIES

	2003 RM	2002 RM
At cost:		
Raw materials	4,336,154	4,626,524
Work-in-progress	1,754,127	632,034
Finished goods	1,873,285	1,847,656
	7,963,566	7,106,214

The cost of inventories recognised as an expense during the financial year in the Company amounted to RM34,158,232 (2002: RM33,792,288).



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

### 13. TRADE RECEIVABLES

	2003 RM	2002 RM
Trade receivables	18,796,749	18,493,927
Less: Provision for doubtful debts	(743,963)	(727,629)
	18,052,786	17,766,298

Included in trade receivables are amounts due from corporate shareholders, Ajinomoto (Malaysia) Berhad and Malaysia Ve-Tsin Manufacturing Company Berhad, amounting to RM580,043 (2002: RM201,845) and RM Nil (2002: RM4,182) respectively. The amounts due from corporate shareholders are unsecured, interest free and have no fixed terms of repayment.

The Company's normal credit term ranges from 90 - 120 days. Other credit terms are assessed and approved on a case-by-case basis.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

### 14. OTHER RECEIVABLES

	2003 RM	2002 RM
Deposits	61,176	51,875
Prepayments	200,325	144,656
Sundry debtors	25,600	23,062
	287,101	219,593

The company has no significant concentration of credit risk that may arise from exposure to a single debtor or group of debtors.



**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2003

**15. PROVISIONS FOR LIABILITIES**

	Unutilised leave RM	Retirement benefit RM	Total RM
At 1 January 2003	145,378	550,000	695,378
Additional provision during the year	49,329	94,000	143,329
Utilisation of provision during the year	(13,195)	-	(13,195)
At 31 December 2003	<u>181,512</u>	<u>644,000</u>	<u>825,512</u>
At 31 December 2003: Current	<u>181,512</u>	<u>644,000</u>	<u>825,512</u>
At 31 December 2002: Current	<u>145,378</u>	<u>550,000</u>	<u>695,378</u>

**16. SHORT TERM BORROWINGS**

	2003 RM	2002 RM
Unsecured:		
Revolving credits	-	4,356,000
Term loan	1,520,000	2,660,000
Bankers acceptance	413,000	-
	<u>1,933,000</u>	<u>7,016,000</u>

The term loan amounting to USD400,000 (2002: USD700,000) is unsecured, bears interest of between 1.79% to 1.94% (2002: 1.94% to 2.63%) per annum and is repayable on 6 May 2004.

The weighted average effective interest rates at balance sheet date for borrowings, were as follows:

	2003 %	2002 %
Unsecured:		
Revolving credit	3.7	3.7
Bankers acceptance	3.8	-

**17. TRADE PAYABLES**

The normal credit terms granted to the Company ranges from 60 - 90 days.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

### 18. OTHER PAYABLES

	2003 RM	2002 RM
Accruals	430,000	1,025,134
Sundry payables	1,506,533	1,684,687
	1,936,533	2,709,821

Included in sundry payables is an amount of RM113,835 (2002: RM143,593) for rental of property, due to Malaysia Ve-Tsin Manufacturing Company Berhad, a corporate shareholder.

### 19. SHARE CAPITAL

	Number of Ordinary Share of RM1 Each		Amount	
	2003	2002	2003 RM	2002 RM
Authorised:				
At beginning of year	50,000,000	38,000,000	50,000,000	38,000,000
Created during the year	-	12,000,000	-	12,000,000
At end of year	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid:				
At beginning	21,021,412	21,021,412	21,021,412	21,021,412
Issued and paid up during the year	21,021,412	-	21,021,412	-
At end of year	42,042,824	21,021,412	42,042,824	21,021,412

During the financial year, the Company increased its paid-up share capital from RM21,021,412 to RM42,042,824 by way of the following:

- (a) a renounceable rights issue of 10,510,706 new shares on the basis of one Rights Issue for every two existing shares held in the Company at the price of RM1 each; and
- (b) a bonus issue of 10,510,706 new shares on the basis of one new share for every three existing shares held after the Rights Issue.

The new ordinary shares rank pari passu in all respects with existing ordinary shares.

The Rights Issue and Bonus Issue was implemented to increase the Company's issued and paid-up share capital from RM21,021,412 to RM42,042,824 to enable the Company to meet the present requirements of the Securities Commission for companies listed on the Second Board of the Bursa Malaysia Securities Berhad to have a minimum issued and paid-up share capital of RM40,000,000.



**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2003

**20. OTHER RESERVES (NON-DISTRIBUTABLE)**

	2003 RM	2002 RM
Revaluation reserve - leasehold land		
Balance at 1 January/31 December	64,979	64,979

Capital reserves arise from the revaluation of long term leasehold land and buildings in 1990.

**21. DEFERRED TAX**

	2003 RM	2002 RM
At 1 January	1,490,027	1,607,080
Recognised in the income statement (Note 8)	(1,490,027)	(117,053)
At 31 December	-	1,490,027

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

**Deferred Tax Liabilities of the Company:**

	Accelerated Capital Allowances RM	Revaluation of leasehold land and building RM	Total RM
At 1 January 2003	1,174,717	510,423	1,685,140
Recognised in the income statement	399,226	(11,053)	388,173
At 31 December 2003	1,573,943	499,370	2,073,313



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

### 21. DEFERRED TAX (CONTD.)

#### Deferred Tax Assets of the Company:

	Unabsorbed Capital Allowances RM	Unutilised Reinvestment Allowances RM	Provision for liabilities RM	Total RM
At 1 January 2003	-	-	(195,113)	(195,113)
Recognised in the income statement	(595,449)	(1,285,374)	2,623	(1,878,200)
At 31 December 2003	(595,449)	(1,285,374)	(192,490)	(2,073,313)

Deferred tax assets have not been recognised in respect of the following item:

	2003 RM	2002 RM
Other deductible temporary differences	195,011	-

### 22. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

#### (a) Changes in Accounting Policies

In the prior year and during the financial year, the Company applied new MASB Standards, and accordingly modified certain accounting policies.

The changes in accounting policies which resulted in prior year adjustments are discussed below:

##### (i) MASB 19: Events after the Balance Sheet Date

Prior to 1 November 2001, dividend proposed after the balance sheet date were accrued as liabilities at the balance sheet date. In the prior year, in compliance with the MASB 19, the proposed dividend have been accounted for as an appropriation of undistributed income in the year where the obligation to pay was established.

##### (ii) MASB 25: Income Taxes

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

### 22. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTD.)

#### (b) Prior Year Adjustments

The changes in accounting policies have been applied retrospectively and comparatives have been restated. The effects of changes in accounting policies are as follows:

	2003 RM	2002 RM
<b>Effects on retained profits:</b>		
At 1 January, as previously stated	13,754,430	11,580,427
Effects of adopting MASB 19	-	420,428
Effects of adopting MASB 25	(632,027)	(643,080)
	<u>(632,027)</u>	<u>(222,652)</u>
At 1 January, as restated	<u>13,122,403</u>	<u>11,357,775</u>

	2003 RM	2002 RM
<b>Effects on net profit for the year:</b>		
Net profit before changes in accounting policies	168,133	2,174,003
Effects of adopting MASB 25	11,053	11,053
Net profit for the year	<u>179,186</u>	<u>2,185,056</u>

Comparatives amounts as at 31 December 2002 have been restated as follows:

	Previously Stated RM	Adjustments RM	Restated RM
Deferred tax liabilities	858,000	632,027	<u>1,490,027</u>

### 23. COMMITMENTS

	2003 RM	2002 RM
Contracted but not provided for	<u>379,297</u>	<u>2,211,000</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

### 24. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2003 RM	2002 RM
Sales of finished goods to Ajinomoto (Malaysia) Berhad, a corporate shareholder	4,122,540	3,533,089
Sales of finished goods to Malaysia Ve-Tsin Manufacturing Company Berhad, a corporate shareholder	-	44,495
Rental expense charged by Malaysia Ve-Tsin Manufacturing Company Berhad, a corporate shareholder	550,988	460,214
Miscellaneous operating expenses paid to Malaysia Ve-Tsin Manufacturing Company Berhad, a corporate shareholder	157,948	114,679
Purchase of property, plant and equipment from Malaysia Ve-Tsin Manufacturing Company Berhad, a corporate shareholder	-	50,000
Purchase of property, plant and equipment and consumables from Fix-On Concept Sdn. Bhd., a company in which Mr. Meng Pek, an officer of the company, is a substantial shareholder	84,750	79,143

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

### 25. COMPARATIVES

The comparative figures have been audited by a firm of chartered accountants other than Ernst & Young.

### 26. FINANCIAL INSTRUMENTS

#### (a) Financial Risk Management Objectives and Policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is to not engage in speculative transactions.

#### (b) Interest Rate Risk

The Company's primary interest rate risk relates to interest-bearing debt, as the Company had no substantial long-term interest-bearing assets as at 31 December 2003. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

### (c) Foreign Exchange Risk

The Company exports its products worldwide and is exposed to various currencies, mainly Japanese Yen, United States Dollar and Singapore Dollar. Foreign currency denominated assets and liabilities together with expected cash flows give rise to foreign exchange exposures. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Company that are not denominated in their functional currencies are as follows:

#### At 31 December 2003:

Functional Currency of the Company	Japanese Yen RM	Singapore Dollar RM	United States Dollar RM
<b>Borrowings</b>			
Ringgit Malaysia	-	-	1,520,000
<b>Trade Receivables</b>			
Ringgit Malaysia	-	1,392,342	175,179
<b>Trade Payables</b>			
Ringgit Malaysia	163,739	4,133	242,413

#### At 31 December 2002:

<b>Borrowings</b>			
Ringgit Malaysia		-	2,660,000
<b>Trade Receivables</b>			
Ringgit Malaysia		1,152,578	263,986

### (d) Liquidity Risk

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Company strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Company raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

### (e) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Company management reporting procedures. The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.



## **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2003**

**(f) Fair values**

The carrying amounts of cash and cash equivalents, trade and other receivables or payables approximated their fair values due to the relatively short term maturity of these financial instruments.

### **27. SEGMENTAL INFORMATION**

**(a) Business Segment:**

Segmental reporting by business activities has not been prepared as the Company is principally engaged only in the manufacture of printed and laminated flexible light packaging materials.

**(b) Geographical Segment:**

Segmental reporting by geographical regions has not been prepared as the Company's operations are predominantly in Malaysia.



## ANALYSIS OF SHAREHOLDINGS

As at 13 MAY 2004

Class of shares : RM1.00 Ordinary Share  
Voting rights : 1 Vote per Ordinary Share

### DISTRIBUTION OF SHAREHOLDINGS

	No. of Shareholders	%	No. of Shares	%
Less than 100	54	2.52	2,442	0.01
100 to 1,000	144	6.72	92,195	0.22
1,001 to 10,000	1,734	81.00	5,406,260	12.86
10,001 to 100,000	191	8.92	4,709,467	11.20
100,001 to less than 5% of issued shares	14	0.65	3,660,804	8.71
5% and above of issued shares	4	0.19	28,171,656	67.00
	<b>2,141</b>	<b>100.00</b>	<b>42,042,824</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS

	No. of Shares	%
Ajinomoto Co., Inc.	11,354,525	27.01
Malaysia Ve-Tsin Mfg. Co. Bhd.	8,408,568	20.00
Dainippon Ink and Chemicals Incorporated	4,204,283	10.00
Ajinomoto (Malaysia) Berhad	4,204,280	10.00
	<b>28,171,656</b>	<b>67.01</b>

### DIRECTORS' SHAREHOLDINGS

	..... Direct .....		..... Indirect .....	
	No. of shares	%	No. of shares	%
Tay How Seng	--	--	--	--
Kazumitsu Tanabe	--	--	--	--
Dato' Ahmad Badri Bin Mohamed Basir	--	--	--	--
Dr. Goh Chin Siew	--	--	--	--
Gew Ah Lek	--	--	8,000	0.02
Hiroyuki Sugae	--	--	--	--
Peony Lye	--	--	--	--
Koichi Takahashi	--	--	--	--
Takashi Imai	14,000	0.03	--	--
Datuk Sulaiman Bin Daud	--	--	--	--



## LIST OF THIRTY LARGEST SHAREHOLDERS

As at 13 MAY 2004

	No. of Shares	%
1. Ajinomoto Co., Inc	11,354,525	27.01
2. Malaysia Ve-Tsin Mfg. Co. Bhd.	8,408,568	20.00
3. Dainippon Ink and Chemicals Incorporated	4,204,283	10.00
4. Ajinomoto (Malaysia) Berhad	4,204,280	10.00
5. Cartaban Nominees (Asing) Sdn. Bhd. Beneficiary: Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken AG	933,334	2.22
6. HDM Nominees (Asing) Sdn. Bhd. Beneficiary: DBS Vickers Secs (S) Pte. Ltd. for Ettrick Company Limited	434,736	1.03
7. Chuah Chew Hing	323,000	0.77
8. Dato' Teo Soo Cheng	320,000	0.76
9. Ng Hin Kwee	266,000	0.63
10. Tasec Nominees (Asing) Sdn. Bhd. Beneficiary: Meespierson Asia Limited for Savern Finance Limited	220,000	0.52
11. Goh Yai Heng	200,000	0.48
12. Hong Leong Finance Berhad Beneficiary: Pledged Securities Account for Loh Kuan Fong	168,000	0.40
13. Chua Eng Ho Wa'a @ Chua Eng Wah	154,000	0.37
14. Soh Poh Yen	142,667	0.34
15. MKW Consolidated Sdn. Bhd.	140,667	0.33
16. Inter-Pacific Equity Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Tiong Kiong Choon	126,000	0.30
17. Citicorp Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Chew Chin Tian	122,400	0.29
18. Loh Kee Fook	110,000	0.26
19. Citicorp Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Khor Keng Saw @ Khaw Ah Soay	96,700	0.23
20. Tan Gaik Leong	86,667	0.21
21. Teo Soo Cheng Sdn. Bhd.	80,000	0.19
22. Cheng Sin Huat	77,900	0.19
23. Eu Mui @ Ee Soo Mei	72,000	0.17
24. Yap Swee Fatt	70,000	0.17
25. Mah King Woon Sendirian Berhad	68,000	0.16
26. Malacca Equity Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Ng Choon Liang	68,000	0.16
27. Botly Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Goh Swee Joo	65,000	0.15
28. Teoh Ah Koo @ Teo Kai Joo	64,000	0.15
29. Yap Qwee Beng	62,000	0.15
30. Khor Cheong Chew @ Victor Khor Cheong Chew @ Khor Chong Chew	60,000	0.14
	32,702,727	77.78



**PROPERTIES**  
As at 31 DECEMBER 2003

Address	Description (Sq-Ft)	Existing Use	Tenure (Expiry Date)	Approximate Age of Building (Years)	Net Book Value (RM)	Date of Revaluation (DR)/Date of Acquisition (DA)
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 (93,778)	Office and factory	Leasehold (31.07.2066)	29	11,205,087	16.2.1976(DA) 6.3.1990(DR) 30.3.1995(DA)
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 (870)	Staff quarters	Leasehold (23.06.2081)	14	30,426	19.3.1992(DA)
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 (932)	Staff quarters	Leasehold (23.06.2081)	14	37,820	18.3.1993(DA)

**Revaluation Policy on Landed Properties**

The Company does not have a policy to revalue its landed properties on a regular basis. There was no revaluation of its landed properties during the financial year under review.



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## FORM OF PROXY

NO. OF SHARES HELD

I/We.....  
of.....  
being a member/members of MALAYSIA PACKAGING INDUSTRY BERHAD, hereby appoint.....  
..... (NRIC No.....)  
of.....  
or failing him..... (NRIC No.....)  
of.....  
as my/our proxy to vote for me/us and on my/our behalf at the TWENTY-NINTH 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 Thursday, 17 June 2004 at 10.00 a.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 Financial Statements for the financial year ended 31-12-2003 and the Report of the Auditors thereon.		
2.	Declaration of a first and final tax exempt dividend of 1.5%.		
3.	Approval of Directors' Fees.		
4.	Re-election of Mr. Kazumitsu Tanabe as director.		
5.	Re-election of Dr. Goh Chin Siew as director.		
6.	Re-election of Ms. Peony Lye as director.		
7.	Re-election of Datuk Sulaiman bin Daud as director.		
8.	Re-election of Mr. Koichi Takahashi as director		
9.	Appointment of Auditors.		
10.	Proposed renewal of shareholders' mandate - Ajinomoto (Malaysia) Bhd.		
11.	Proposed renewal of shareholders' mandate - Malaysia Ve-Tsin Mfg. Co. Bhd.		

Dated this ..... day of ..... 2004

The proportion of \*my/our holding to be represented by my \*proxy/proxies are as follows:

First Named Proxy	%
Second Named Proxy	%
	100%

In case of a vote taken by show of hands, the first proxy shall vote on \*my/our behalf.

.....  
Signature of Shareholder

Tel No. ....

### 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 (48) hours before the time appointed for holding the meeting.