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CORPORATE INFORMATION

DIRECTORS

- | | | | | | |
|--------------------------|--|--------------------------|--------------------------|--------------------------|-------------------------------------|
| <input type="checkbox"/> | Chairman (Independent) | <input type="checkbox"/> | <input type="checkbox"/> | : | Dato' Ahmad Badri Bin Mohamed Basir |
| <input type="checkbox"/> | Managing Director (Non-Independent) | <input type="checkbox"/> | <input type="checkbox"/> | : | Osamu Sekiguchi |
| <input type="checkbox"/> | Executive Director (Non-Independent) | <input type="checkbox"/> | <input type="checkbox"/> | : | Hiroyuki Sugae |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Wong Mun Khaw |
| <input type="checkbox"/> | Non-Executive Director (Independent) | <input type="checkbox"/> | <input type="checkbox"/> | : | Dr. Goh Chin Siew |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Peony Lye |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Datuk Sulaiman Bin Daud |
| <input type="checkbox"/> | Non-Executive Director (Non-Independent) | <input type="checkbox"/> | <input type="checkbox"/> | : | Gew Ah Lek |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Takashi Imai |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Hiroshi Nagai |

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 SECRETARIES

- Winnie Chok Kwee Wah (MACS 00550)
- Leong Mee Lee (LS 0001836)

REGISTERED OFFICE

- 6 ½ Miles, Simpang Salak South Baru
- (Lot 3, Jalan Kuchai Lama)
- 58200 Kuala Lumpur
- Tel : 03-79831877
- Fax : 03-79813198

HOME PAGE

- <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

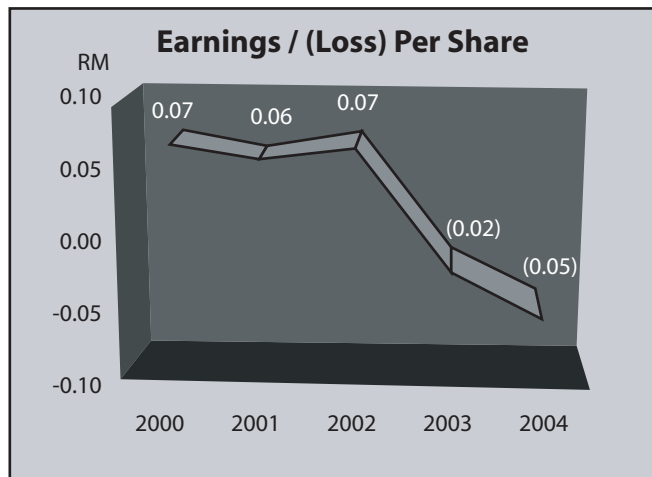
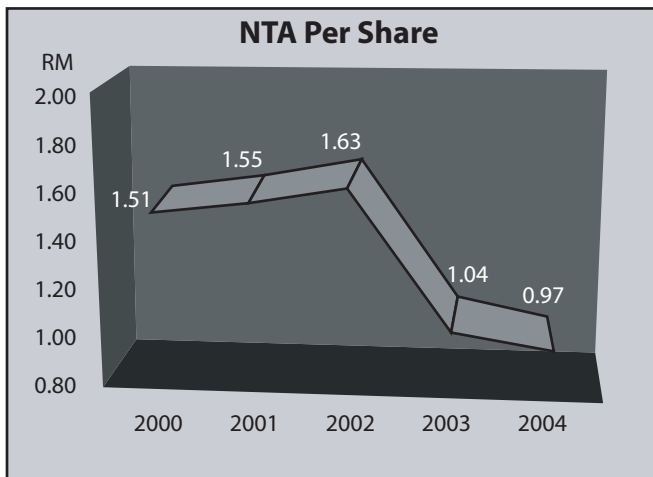
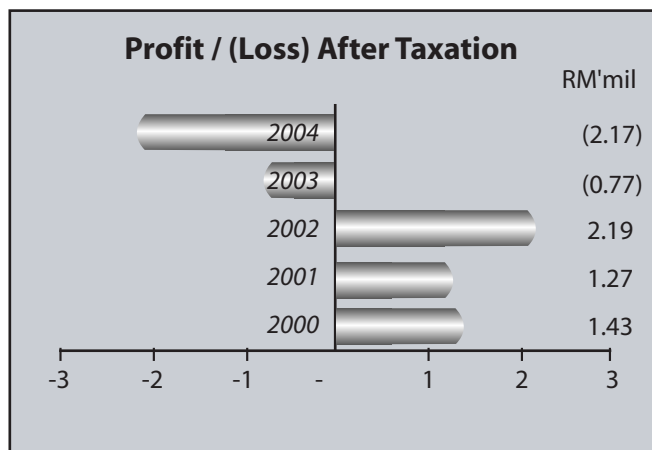
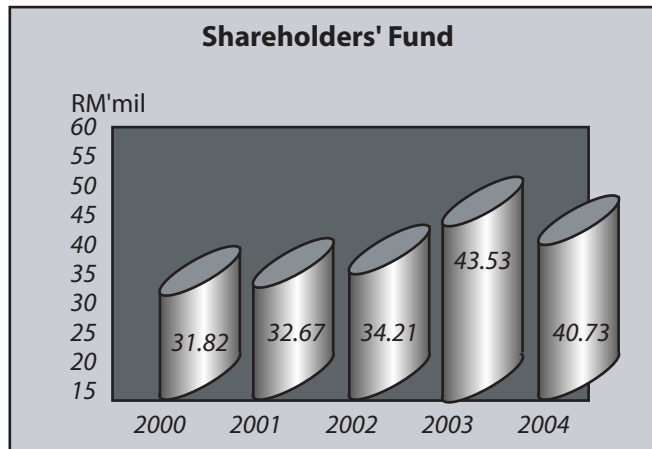
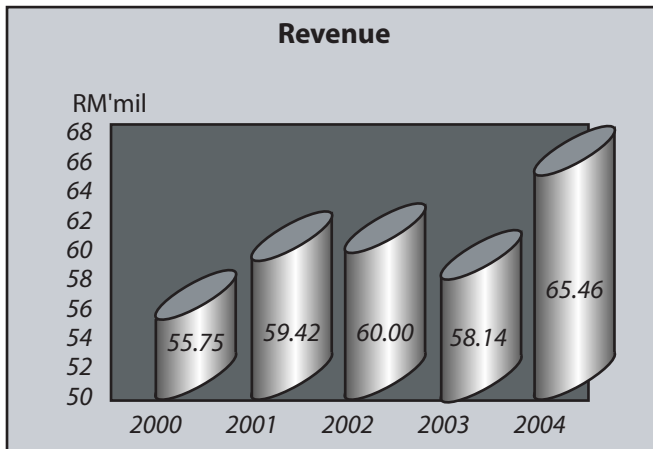
- The Second Board, Bursa Malaysia Securities Berhad

CERTIFIED MANAGEMENT SYSTEM

- MS ISO 9001 : 2000
- MS ISO 14001 : 1997



FIVE YEARS FINANCIAL HIGHLIGHTS





PROFILE OF BOARD OF DIRECTORS

DATO' AHMAD BADRI BIN MOHAMED BASIR

Chairman, Malaysian, aged 70

Dato' Ahmad Badri was appointed to the Board on 1 July 1997. He was appointed Non-Executive Chairman of the Company on 18 June 2004. He is also 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 Arts 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 Holdings Bhd., and director in MNI Holdings Bhd and Aseamlease Bhd. Dato' Ahmad Badri also sits on the board of nine (9) other private limited companies and is the Chairman for five (5) of these boards.

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 OSAMU SEKIGUCHI

Managing Director, Japanese, aged 45

Mr. Sekiguchi was appointed to the Board on 1 July 2004. He is the Managing Director of the Company. He is a member of the Audit, Nomination and Remuneration Committee of the Company.

He graduated with a Bachelor of Arts in Commerce from the Waseda University, Japan in 1982.

He joined Ajinomoto Co., Inc., Japan in 1982 and began his career at the Fukuoka branch and has held various positions in Japan.

In 2001, he was posted to Ajinomoto (Malaysia) Berhad (AMB) as Marketing Advisor. Mr. Sekiguchi was the Chief Financial Officer/Director of AMB prior to his assignment to Malaysia Packaging Industry Berhad in July 2004.

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

DR. GOH CHIN SIEW

Independent Non-Executive Director, Malaysian, aged 67

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 and Nomination Committee of the Company.

He graduated from the 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 46

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

MR HIROYUKI SUGAE

Executive Director, Japanese, aged 39

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

He graduated with a Bachelor of Engineering (Mechanical) from Tohoku University in 1989 and went on to pursue and obtained his masters 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 of the Company.

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 54

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 Fellow of Institute of Certified Public Accountants, Singapore; a Fellow Member of Australian Society of Certified Practising Accountants and a member of MIA.

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

MR TAKASHI IMAI

Non-Independent Non-Executive Director, Japanese, aged 56

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 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 Company Berhad and Ajinomoto (Singapore) Pte Ltd. and is currently the Managing Director cum Chief Executive Officer 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.

DATUK SULAIMAN BIN DAUD

Independent Non-Executive Director, Malaysian, aged 58

Datuk Sulaiman was appointed to the Board on 1 September 2003. He is a member of the Audit Committee, Nomination Committee and Remuneration 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 Advanced Management Programme (AMP) in Fountainebleau, France.

Datuk Sulaiman started his working career as 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 and holds directorships in Park May Berhad, Pharmaniaga Berhad, Ho Hup Construction Company Berhad and Axis Systems Holdings Ltd. He is also a Board member of University Putra Malaysia.

Datuk Sulaiman is the Chairman for eight (8) other private limited companies.

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

MS WONG MUN KHOW

Executive Director, Malaysian, aged 52

Ms Wong was appointed to the Board on 1 October 2004.

She obtained her Bachelor of Economics, majoring in Business Administration from the University of Malaya in 1976 and joined the Company in the same year. She was one of the pioneer staff and had served the Company for 29 years in various capacities and positions in Purchasing, General Affairs, Administration, Accounts and Corporate Planning Department. Ms Wong currently heads the Corporate Affairs Department.

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.

MR HIROSHI NAGAI

Non-Independent Non-Executive Director, Japanese, aged 45

Mr. Nagai was appointed to the Board on 7 December 2004 .

He graduated with a Bachelor of Economics from the Waseda University, Japan in 1982.

He joined Dainippon Ink and Chemicals, Incorporated (DIC) in 1982 and began his working career in the Accounting Division, Japan in 1982. Since then, Mr Nagai has served in several positions in DIC. Currently, he is the Regional Business Planning Director of DIC Asia Pacific Pte Ltd., in Singapore. He is also a director of Coates (Lanka) 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 2004.

Company Performance

Turnover increased 13% from RM58.14m in 2003 to RM65.46m in 2004 due to higher export orders. The sharp increase in crude oil prices leading to a corresponding increase in price of petroleum-based products impacted the Company's profitability. The intense competitive environment permitted only marginal cost increases to be passed on to customers.

Cost-saving measures and productivity enhancement efforts by the Company pared losses before tax from RM2.63m in 2003 to RM2.17m in 2004.

Corporate Developments

The Company is investing in additional machineries to boost production capacity. Bottle-necks in some processes had impeded the Company's ability to meet customers' demand for short lead time. Besides, the additional facilities will enable the Company to increase its share of the export market as well as provide the competitive edge. The Company's intensified efforts to expand into the export market yielded higher export earnings to 16% in 2004 against only 9% in 2003.

Prospects

The year ahead is expected to be increasingly competitive and challenging. The government had only recently made a downward revision of the forecasted 2005 GDP growth of 5 ~ 6% from 6% previously, against the 7.1% achieved in 2004.

Production cost increases caused by the uncertainties in the crude oil supply and pricing will continue to erode the already thin margins. The recent all-time high of aluminum ingot prices, a key component base material for special application packaging material deals a double jeopardy to the Company's profitability. However, the Company will continue with its cost-savings and productivity enhancement efforts to face the stiff competition and market challenges.

Dividends

For the first time since the Company's listing in 1990, the Company will not be in the position to distribute dividends. The Directors have therefore not made any recommendation for the payment of dividend for the financial year ended 31 December 2004.

Directorate

The year under review saw changes to the Board with the retirement of Mr. Tay How Seng, who was at the helm of the Company for 29 years as Chairman, and the resignations of Mr. Kazumitsu Tanabe and Mr. Koichi Takahashi who have returned to Japan.

New appointments to the Board during the year included Mr. Osamu Sekiguchi, Mr. Hiroshi Nagai and Ms Wong Mun Khow.

The Board wishes to record its appreciation and thanks to the outgoing directors especially Mr. Tay How Seng for their invaluable contributions, cooperation and commitment. The Board also extends a warm welcome to the three (3) new directors.



CHAIRMAN'S STATEMENT

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 the Board's gratitude and thanks to our corporate advisers and consultants, the various government agencies and regulatory bodies, the printing union both at national and company level for their cooperation during the year.

Lastly, I would like to thank our employees and staff for their commitment, dedication and cooperation.

DATO' AHMAD BADRI BIN MOHAMED BASIR
CHAIRMAN
13 APRIL 2005

AUDIT COMMITTEE REPORT

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

<input type="checkbox"/>	Name of Member	<input type="checkbox"/>	<input type="checkbox"/>	Designation
1.	Dr. Goh Chin Siew (Chairman)	<input type="checkbox"/>	<input type="checkbox"/>	Independent Non-Executive Director
2.	Peony Lye	<input type="checkbox"/>	<input type="checkbox"/>	Independent Non-Executive Director
3.	Dato' Ahmad Badri Bin Mohamed Basir	<input type="checkbox"/>	<input type="checkbox"/>	Independent Non-Executive Director
4.	Datuk Sulaiman Bin Daud	<input type="checkbox"/>	<input type="checkbox"/>	Independent Non-Executive Director
5.	Takashi Imai	<input type="checkbox"/>	<input type="checkbox"/>	Non-Independent Non-Executive Director
6.	Gew Ah Lek	<input type="checkbox"/>	<input type="checkbox"/>	Non-Independent Non-Executive Director
7.	Osamu Sekiguchi (Appointed on 1/7/2004)	<input type="checkbox"/>	<input type="checkbox"/>	Non-Independent 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

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

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	□ □	5/5
5. Takashi Imai	□ □	4/5
6. Gew Ah Lek	□ □	5/5
7. Osamu Sekiguchi	□ □	2/2

Mr. Osamu Sekiguchi was appointed to the Committee on 1/7/2004.

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

The Malaysian Code on Corporate Governance places the onus of establishing a sound system of internal control on the Board to safeguard shareholders' investment and the Company's assets. In accordance with 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 below a statement on the state of the internal controls of the Company.

RESPONSIBILITIES

The Board recognizes the importance and benefits of having a sound system of internal controls and acknowledges its responsibility for establishing and maintaining such a system, and for reviewing its adequacy and integrity. In this regard, the Board has delegated the responsibility for reviewing the adequacy and integrity of the internal control system to the Audit Committee. Through the Audit Committee, the Board is kept informed of all significant controls issues brought to the attention of the Audit Committee by Management, the Internal Audit Function and the External Auditors.

As there are inherent limitations to any system of internal controls, the internal control system established by Management can only reduce rather than eliminate all the risks that may impede the achievement of the Company's business objectives. As such, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. Furthermore, due consideration is given to the cost of implementation as compared to the expected benefits to be derived, when devising internal control procedures.

RISK MANAGEMENT FRAMEWORK

The daily operations of the Company are closely monitored by the respective Heads of Department and through the weekly and monthly management meetings, significant risks identified and corresponding controls implemented are communicated to Senior Management. Furthermore, the Board also reviews key risks relating to strategic and business plans, and these are communicated to Management.

During the financial year ended 31 December 2004, a Risk Management Committee ("RMC") was established which is chaired by the Executive Director, Mr Hiroyuki Sugae and includes key management staff. The periodic updated key risk profile of the Company would now be reviewed by the RMC prior to it being tabled to the Audit Committee

The abovementioned practices and initiatives effected by Management is the ongoing process adopted by the Company to identify, evaluate and manage significant risks that may affect the Company's achievement of its business objectives.

Internal Audit

During the financial year under review, the out-sourced internal audit function conducted reviews in accordance with the internal audit plan approved by the Audit Committee. The results of the reviews and recommendations for improvement are formally tabled at the quarterly Audit Committee meetings. Follow up visits are conducted to ensure that recommendations for improvement have been implemented.

The internal audit reviews conducted did not reveal significant weaknesses which would result in material losses, contingencies or uncertainties requiring disclosure in the annual report. The system of internal controls will continue to be reviewed, enhanced or updated in line with the changes in the business environment.

INTERNAL CONTROL STATEMENT

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 all authorisation 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 accreditation programmes 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 operations via Emergency Information System.

ASSURANCE

The Board is of the view that the system of internal controls is adequate and is committed to ensure that the system of internal controls must continuously evolve to support the Company's operations. Therefore, reviews of control procedures will be continuously carried out to ensure the ongoing adequacy and effectiveness of the Company's system of internal controls.

This Statement on Internal Control is made in accordance with the resolution adopted by the Board at its meeting held on 13 April 2005.



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:

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.

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 2004, the Board met on 5 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

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

Name	Attendance
1. Dato' Ahmad Badri Bin Mohamed Basir	5/5
2. Osamu Sekiguchi (Appointed on 1/7/2004)	2/2
3. Dr Goh Chin Siew	5/5
4. Peony Lye	5/5
5. Hiroyuki Sugae	5/5
6. Gew Ah Lek	5/5
7. Takashi Imai	4/5
8. Datuk Sulaiman Bin Daud	5/5
9. Wong Mun Khow (Appointed on 1/10/2004)	1/1
10. Hiroshi Nagai (Appointed on 7/12/2004)	-

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 (the Committee) are made up of four (4) independent directors and one (1) executive director 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
5. Osamu Sekiguchi

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

For the year under review, the Committee met thrice (3) to discuss the nomination of candidates proposed by the substantial corporate shareholders to replace their outgoing corporate representatives as well as an executive director, before recommending them to the Board for appointment.

Members of the Remuneration Committee (the Committee) are also made up of four (4) independent directors and one (1) executive director 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
5. Osamu Sekiguchi

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

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 4 to 8 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 Yg. Bhg. Dato' Ahmad Badri Bin Mohamed Basir as the Chairman whilst the executive management of the Company is led by Mr. Osamu Sekiguchi, 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 re-appointment on an annual basis in accordance with Section 129(6) of the Companies' Act, 1965.

CORPORATE GOVERNANCE STATEMENT

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.

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	Salaries & Other Emoluments	Benefits-in-Kind
(RM)	(RM)	(RM)	(RM)
Executive Directors	38,500	887,191	126,666
Non-Executive Directors	105,000	-	-

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	1	8
RM200,001~RM250,000	3	-
RM300,001~RM350,000	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 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

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 11 to 13 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

E. OTHER INFORMATION

1. Share buybacks

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

2. Options, warrants or convertible securities

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

3. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

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

4. Imposition of sanctions/penalties

During the financial year under review, the Company paid a compound fine of RM200 under S33 of the Fire Services Act, 1988.

5. Variation in results

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

6. Profit Guarantee

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

7. 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.

8. 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.

9. 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.

This Statement of Corporate Governance is made in accordance with the resolution adopted by the Board at its meeting held on 13 April 2005.

DIRECTORS' REPORTS

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2004.

PRINCIPAL ACTIVITY

The principal activity of the Company is 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

	RM
Net loss for the year	<u>(2,170,533)</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 other than the effects arising from the change in accounting policy as disclosed in Note 2 (b) to the financial statements

DIVIDEND

The amount of dividends paid by the Company since 31 December 2003 were as follows:

	RM
In respect of the financial year ended 31 December 2003 as reported in the directors' report of that year:	
First and final tax exempt dividend of 1.5%, paid on 16 July 2004	<u>630,642</u>



DIRECTORS' REPORTS

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:

Dr. Goh Chin Siew
Peony Lye
Dato' Ahmad Badri bin Mohamed Basir
Hiroyuki Sugae
Gew Ah Lek
Takashi Imai
Datuk Sulaiman bin Daud
Osamu Sekiguchi (appointed on 1 July 2004)
Koichi Takahashi (resigned on 27 August 2004)
Wong Mun Khoo (appointed on 1 October 2004)
Hiroshi Nagai (appointed on 7 December 2004)
Tay How Seng (retired on 17 June 2004)
Kazumitsu Tanabe (resigned on 1 July 2004)

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 the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 5 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 the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' REPORTS

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 2004	Bought	Sold	31 December 2004
Direct Interest				
Takashi Imai	14,000	-	-	14,000
Gew Ah Lek	-	9,900	-	9,900
Indirect Interest				
Gew Ah Lek	8,000	-	-	*8,000

* Deemed interest by virtue of the shares held by his spouse

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.

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 in the financial statements of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.



DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTD.)

- (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.
- (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.

Dato' Ahmad Badri bin Mohamed Basir

Osamu Sekiguchi

Kuala Lumpur, Malaysia
13 April 2005

STATEMENT BY DIRECTORS / STATUTORY DECLARATION

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Ahmad Badri bin Mohamed Basir and Osamu Sekiguchi, 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 29 to 58 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 2004 and of the results and the cash flows of the Company for the year then ended.

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

Dato' Ahmad Badri bin Mohamed Basir

Osamu Sekiguchi

Kuala Lumpur, Malaysia
13 April 2005

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 29 to 58 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 13 April 2005

Gew Ah Lek

Before me,

Commissioner for Oaths
No. W 392
ABAS BIN HASAN



REPORT OF THE AUDITORS

REPORT OF THE AUDITORS TO THE MEMBERS OF MALAYSIA PACKAGING INDUSTRY BERHAD

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 29 to 58. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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 MASB 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 2004 and of the results and the cash flows 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
13 April 2005

INCOME STATEMENT

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 RM	2003 RM
Revenue	3	65,459,209	58,143,429
Other operating income		1,577,909	41,279
Changes in work-in-progress and finished goods		(24,912)	(203,210)
Consumables and raw materials		(45,140,819)	(34,899,534)
Staff costs	4	(10,563,198)	(10,444,611)
Depreciation		(3,249,219)	(3,020,801)
Other operating expenses		(10,104,179)	(12,036,720)
Loss from operations	6	(2,045,209)	(2,420,168)
Finance costs, net	7	(127,196)	(206,707)
Loss before taxation		(2,172,405)	(2,626,875)
Taxation	8	1,872	1,861,549
Net loss for the year		(2,170,533)	(765,326)
Loss per share	9	(5.16 sen)	(2.17 sen)
Net dividends per share	10	-	1.50 sen

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



BALANCE SHEET

BALANCE SHEET
AS AT 31 DECEMBER 2004

	Note	2004 RM	2003 RM
NON-CURRENT ASSET			
Property, plant and equipment	11	26,139,492	25,133,553
CURRENT ASSETS			
Inventories	12	8,618,900	7,019,054
Trade receivables	13	19,272,789	18,052,786
Other receivables	14	326,810	287,101
Tax recoverable		394,376	637,691
Cash and bank balances		1,069,444	2,439,917
		<u>29,682,319</u>	<u>28,436,549</u>
CURRENT LIABILITIES			
Provisions for liabilities	15	206,410	825,512
Short term borrowings	16	2,915,666	1,933,000
Trade payables	18	9,868,707	5,341,311
Other payables	19	2,056,795	1,936,533
		<u>15,047,578</u>	<u>10,036,356</u>
NET CURRENT ASSETS		<u>14,634,741</u>	<u>18,400,193</u>
		<u>40,774,233</u>	<u>43,533,746</u>
FINANCED BY:			
Share capital	20	42,042,824	42,042,824
Reserves		(1,310,253)	1,490,922
Shareholders' equity		<u>40,732,571</u>	<u>43,533,746</u>
Long term borrowings	17	41,662	-
		<u>40,774,233</u>	<u>43,533,746</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 2004

	Share Capital RM	Non distributable Capital Reserves RM (Note 21)	Distributable Retained Profits/ (Accumulated loss) RM	Total RM
At 1 January 2003	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 loss for the year	-	-	(765,326)	(765,326)
Dividends	-	-	(420,428)	(420,428)
At 31 December 2003	<u>42,042,824</u>	<u>64,979</u>	<u>1,425,943</u>	<u>43,533,746</u>
At 1 January 2004				
As previously stated	42,042,824	64,979	2,370,455	44,478,258
Prior year adjustments (Note 23)	-	-	(944,512)	(944,512)
As restated	<u>42,042,824</u>	<u>64,979</u>	<u>1,425,943</u>	<u>43,533,746</u>
Net loss for the year	-	-	(2,170,533)	(2,170,533)
Dividends (Note 10)	-	-	(630,642)	(630,642)
At 31 December 2004	<u>42,042,824</u>	<u>64,979</u>	<u>(1,375,232)</u>	<u>40,732,571</u>

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



CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,172,405)	(2,626,875)
Adjustments for:		
Depreciation	3,249,219	3,020,801
Gain on disposal of property, plant and equipment	(218,505)	(999)
Property, plant and equipment written off	235,687	13,355
Provisions for liabilities	266,684	143,329
Inventories written off	1,116,421	1,451,536
Bad debts written off	536	47,653
(Reversal)/provision for doubtful debts	(9,991)	16,334
Interest expenses	127,196	227,394
Interest income	-	(20,686)
Operating profit before working capital changes	<u>2,594,842</u>	<u>2,271,842</u>
Increase in receivables	(1,250,257)	(417,983)
Increase in inventories	(2,716,267)	(1,364,376)
Increase/(decrease) in payables	4,647,658	(331,541)
Cash generated from operations	<u>3,275,976</u>	<u>157,942</u>
Utilisation of leave balances	(4,536)	(13,195)
Retirement benefits paid	(881,250)	-
Interest paid	(127,196)	(227,394)
Income tax refund/(paid)	245,187	(474,778)
Net cash generated from/(used in) operating activities	<u>2,508,181</u>	<u>(557,425)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,440,540)	(2,785,501)
Proceeds from disposal of property, plant and equipment	268,200	1,000
Interest received	-	20,686
Net cash used in investing activities	<u>(4,172,340)</u>	<u>(2,763,815)</u>

CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTD.)

	2004	2003
	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(repayment) of short term borrowings	1,904,666	(3,943,000)
Repayment of term loan	(1,520,000)	(1,140,000)
Proceeds from rights issue	-	10,510,706
Dividend paid	(630,642)	(420,428)
Net cash (used in)/generated from financing activities	<u>(245,976)</u>	<u>5,007,278</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,910,135)	1,686,038
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	<u>2,439,917</u>	<u>753,879</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (Note 24)	<u>529,782</u>	<u>2,439,917</u>
Cash and cash equivalents comprise:		
Cash and bank balances	1,069,444	2,439,917
Bank overdraft (Note 16)	(539,662)	-
	<u>529,782</u>	<u>2,439,917</u>

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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

1. CORPORATE INFORMATION

The principal activity of the Company is 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 258 (2003: 263).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 April 2005.

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 within property, plant and equipment.

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

(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).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Property, Plant and Equipment and Depreciation (Contd.)

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%
Printing cylinders	25%

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.

Printing cylinder costs were previously recognised as expenses in the period in which they are incurred. During the year, such costs are recognised as assets as they are held for use in the production of goods. The changes is necessary to better reflect future economic benefits and useful lives associated with these assets. The effects on the financial statements of the above changes are increases in the carrying value of property, plant and equipment of RM 2,072,371 and depreciation charge of RM 278,132 and reduction in printing cylinder expenses of RM2,350,503 and net loss of RM 2,072,371. The above change is accounted of prospectively as the amount of any resulting adjustment that relates to prior periods is not reasonably determinable.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(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 is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(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.

(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.

(i) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2(b).

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(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 the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the 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 is also recognised directly in equity.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2004

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. 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, 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 transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(j) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the 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.

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

	2004	2003
	RM	RM
Japanese Yen	0.0370	0.0355
Singapore Dollar	2.3223	2.2342
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 a 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.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(I) 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 arrangement. 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 recognised directly in 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(I) Financial Instruments (Contd.)

(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. STAFF COSTS

	2004 RM	2003 RM
Wages and salaries	6,629,640	6,879,100
Social security costs	76,978	74,950
Pension costs - defined contribution plans	981,563	1,037,947
Unutilised leave	29,434	49,329
Retirement benefit	237,250	94,000
Other staff related expenses	2,608,333	2,309,285
	<u>10,563,198</u>	<u>10,444,611</u>

Included in staff costs of the Company are executive directors' remuneration amounting to RM1,052,357 (2003: RM1,254,292) as further elaborated in Note 5.

5. DIRECTORS' REMUNERATION

	2004 RM	2003 RM
Executive Directors:		
Salaries and other emoluments	844,183	959,200
Fees	38,500	57,534
Pension costs - defined contribution plan	43,008	88,111
Benefits-in-kind	126,666	149,447
Amount included in staff costs	<u>1,052,357</u>	<u>1,254,292</u>
Non-Executive Directors:		
Fees	105,000	134,246
Total	<u>1,157,357</u>	<u>1,388,538</u>
Total excluding benefits-in-kind	<u>1,030,691</u>	<u>1,239,091</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

5. DIRECTORS' REMUNERATION (CONTD.)

	2004 RM	2003 RM
Analysis excluding benefits-in-kind:		
Total executive directors' remuneration excluding benefits-in-kind (Note 4)	925,691	1,104,845
Total non-executive directors' remuneration (Note 6)	<u>105,000</u>	<u>134,246</u>
Total directors' remuneration excluding benefits-in-kind	<u>1,030,691</u>	<u>1,239,091</u>

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

	Number of Directors	
	2004	2003
Executive Directors:		
< RM50,000	1	-
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM200,001 - RM250,000	3	-
RM300,001 - RM350,000	1	1
RM400,001 - RM450,000	-	1
RM500,001 - RM550,000	-	1
Non-executive Directors:		
< RM50,000	8	7

6. LOSS FROM OPERATIONS

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

	2004 RM	2003 RM
Auditors' remuneration:		
- Statutory audit	20,000	20,000
- Other services	4,000	4,000
Bad debts written off	536	47,653
(Reversal)/provision for doubtful debts	(9,991)	16,334
Realised gain/(loss) on foreign exchange	(6,117)	48,262
Gain on disposal of property, plant and equipment	(218,505)	(999)
Non-executive directors' remuneration - fees (Note 5)	105,000	134,246
Property, plant and equipment written off	235,687	13,355
Inventories written off	1,116,421	1,451,536
Rental expense	<u>687,956</u>	<u>693,047</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

7. FINANCE COSTS, NET

	2004	2003
	RM	RM
Interest expense on borrowings	127,196	271,108
Interest income from deposits	-	(20,686)
	<u>127,196</u>	<u>250,422</u>
Less amount capitalised in qualifying assets:		
Work-in-progress	-	(43,715)
	<u>127,196</u>	<u>206,707</u>

8. TAXATION

	2004	2003
	RM	RM
Malaysian income tax:		
Tax expense for the year	-	-
Overprovided in prior years	(1,872)	(371,522)
Deferred tax:		
Relating to reversal of temporary differences (Note 22)	-	(1,490,027)
	<u>(1,872)</u>	<u>(1,861,549)</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

8. TAXATION (CONTD.)

A reconciliation of income tax expense applicable to 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:

	2004 RM	2003 RM
(Loss)/profit before taxation	<u>(2,172,405)</u>	<u>(2,626,875)</u>
Taxation at Malaysian statutory tax rate of 28% (2003:28%)	(608,273)	(735,525)
Expenses not deductible for tax purposes	200,947	211,806
Utilisation of previous year's unrecognised reinvestment allowances	(199,187)	-
Deferred tax assets recognised on unutilised reinvestment allowances	-	(1,285,374)
Deferred tax assets not recognised during the year	606,513	319,066
Overprovided in prior years	<u>(1,872)</u>	<u>(371,522)</u>
Tax expense for the year	<u>(1,872)</u>	<u>(1,861,549)</u>

As at 31 December 2004, the Company has tax exempt profits available for distribution of approximately RM15,415,000 (2003: RM15,415,000), subject to the agreement of the Inland Revenue Board.

9. LOSS PER SHARE

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

	2004 RM	2003 RM
Net loss for the year	(2,170,533)	(765,326)
Weighted average number of ordinary shares in issue	42,042,824	35,212,037
Basic loss per share (sen)	<u>(5.16)</u>	<u>(2.17)</u>

10. DIVIDENDS

	Amount		Net dividends per share	
	2004 RM	2003 RM	2004 sen	2003 sen
Ordinary tax exempt dividend of 1.5% paid on 16 July 2004	<u>-</u>	<u>630,642</u>	<u>-</u>	<u>1.50</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

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	Printing cylinders RM	Work-in- progress RM	Total RM
Cost/Valuation						
At 1 January						
2004	13,660,003	42,935,713	6,226,981	-	-	62,822,697
Additions	236,638	1,244,632	588,921	2,470,349	-	4,540,540
Disposals	-	(1,592,447)	(494,094)	-	-	(2,086,541)
Written off	-	(2,941,155)	(734,900)	(119,846)	-	(3,795,901)
At 31 December						
2004	13,896,641	39,646,743	5,586,908	2,350,503	-	61,480,795
Representing:						
At cost	10,296,641	39,646,743	5,586,908	2,350,503	-	57,880,795
At valuation	3,600,000	-	-	-	-	3,600,000
	13,896,641	39,646,743	5,586,908	2,350,503	-	61,480,795
Accumulated Depreciation						
At 1 January						
2004	2,386,670	31,124,205	4,178,269	-	-	37,689,144
Charge for the year	275,514	2,294,246	399,485	279,974	-	3,249,219
Disposals	-	(1,553,253)	(483,593)	-	-	(2,036,846)
Written off	-	(2,824,784)	(733,588)	(1,842)	-	(3,560,214)
At 31 December						
2004	2,662,184	29,040,414	3,360,573	278,132	-	35,341,303



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Long term leasehold land, factory, office buildings and office renovation*	Plant and equipment	Furniture, fixtures, fittings and motor vehicles	Printing cylinders	Work-in- progress	Total
	RM	RM	RM	RM	RM	RM
Net Book Value						
At 31 December 2004						
At cost	8,505,693	10,606,329	2,226,335	2,072,371	-	23,410,728
At valuation	2,728,764	-	-	-	-	2,728,764
	<u>11,234,457</u>	<u>10,606,329</u>	<u>2,226,335</u>	<u>2,072,371</u>	<u>-</u>	<u>26,139,492</u>
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
	<u>11,273,333</u>	<u>11,811,508</u>	<u>2,048,712</u>	<u>-</u>	<u>-</u>	<u>25,133,553</u>
Details at 1 January 2003						
Cost	9,622,190	35,605,525	5,164,594	-	6,082,440	56,474,749
Valuation	3,600,000	-	-	-	-	3,600,000
Accumulated Depreciation	<u>2,160,091</u>	<u>28,811,732</u>	<u>3,720,717</u>	<u>-</u>	<u>-</u>	<u>34,692,540</u>
Depreciation charge						
for 2003	<u>288,885</u>	<u>2,313,980</u>	<u>417,936</u>	<u>-</u>	<u>-</u>	<u>3,020,801</u>

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

	Long term leasehold land	Factory, office buildings and office renovation	Total
	RM	RM	RM
Cost/Valuation			
At 1 January 2004	2,819,454	10,840,549	13,660,003
Additions	-	236,638	236,638
At 31 December 2004	<u>2,819,454</u>	<u>11,077,187</u>	<u>13,896,641</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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

	Long term leasehold land RM	Factory, office buildings and office renovation RM	Total RM
Representing:			
At cost	819,454	9,477,187	10,296,641
At valuation	<u>2,000,000</u>	<u>1,600,000</u>	<u>3,600,000</u>
	<u>2,819,454</u>	<u>11,077,187</u>	<u>13,896,641</u>
Accumulated Depreciation			
At 1 January 2004	459,079	1,927,591	2,386,670
Charge for the year	<u>37,542</u>	<u>237,972</u>	<u>275,514</u>
At 31 December 2004	<u>496,621</u>	<u>2,165,563</u>	<u>2,662,184</u>
Net Book Value			
At 31 December 2004			
At cost	712,442	7,793,251	8,505,693
At valuation	<u>1,610,391</u>	<u>1,118,373</u>	<u>2,728,764</u>
	<u>2,322,833</u>	<u>8,911,624</u>	<u>11,234,457</u>
At 31 December 2003			
At cost	724,011	7,760,958	8,484,969
At valuation	<u>1,636,364</u>	<u>1,152,000</u>	<u>2,788,364</u>
	<u>2,360,375</u>	<u>8,912,958</u>	<u>11,273,333</u>
Details at 1 January 2003			
Cost	819,454	8,802,736	9,622,190
Valuation	2,000,000	1,600,000	3,600,000
Accumulated Depreciation	421,536	1,738,555	2,160,091
Depreciation charge for 2003	<u>37,543</u>	<u>251,342</u>	<u>288,885</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

11. PROPERTY, PLANT AND EQUIPMENT

- (a) 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 reserve 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 2004 would have been RM901,557 (2003: RM932,406).

- (b) 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.
- (c) Borrowing costs capitalised during the financial year under work-in-progress amounted to RM Nil (2003: RM43,715) .
- (d) During the financial year, the Company acquired property, plant and equipment at aggregate costs of RM4,540,540 (2003: RM2,785,501) of which RM100,000 (2003: RM Nil) was acquired by means of finance lease arrangements. Net book value of property, plant and equipment held under hire purchase and finance lease arrangements is RM139,195 (2003: RM Nil).

12. INVENTORIES

	2004	2003
	RM	RM
At cost:		
Raw materials	5,911,088	4,336,154
Work-in-progress	836,895	809,615
Finished goods	<u>1,870,917</u>	<u>1,873,285</u>
	<u>8,618,900</u>	<u>7,019,054</u>

The cost of inventories recognised as an expense during the financial year amounted to RM55,761,153 (2003: RM44,223,452).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

13. TRADE RECEIVABLES

	2004 RM	2003 RM
Trade receivables	20,006,761	18,796,749
Less: Provision for doubtful debts	<u>(733,972)</u>	<u>(743,963)</u>
	<u>19,272,789</u>	<u>18,052,786</u>

Included in trade receivables are amounts due from corporate shareholders, Ajinomoto (Malaysia) Berhad and Malaysia Ve-Tsin Manufacturing Company Berhad, amounting to RM283,499 (2003: RM580,043) and RM5,210 (2003: RM Nil) respectively. The amounts due from corporate shareholders are unsecured, interest free and subject to the Company's normal credit term.

The Company's normal credit term ranges from 90 - 120 (2003: 90 - 120) days. Other credit terms are assessed and approved on a case-by-case basis.

As at balance sheet date, the Company has a significant concentration of credit risk in the form of outstanding balances due from 30 (2003: 30) customers representing approximately 83% (2003: 85%) of total trade receivables.

14. OTHER RECEIVABLES

	2004 RM	2003 RM
Deposits	47,475	61,176
Prepayments	253,335	200,325
Sundry debtors	<u>26,000</u>	<u>25,600</u>
	<u>326,810</u>	<u>287,101</u>

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 2004

15. PROVISIONS FOR LIABILITIES

	Unutilised leave RM	Retirement benefit RM	Total RM
At 1 January 2004	181,512	644,000	825,512
Additional provision during the year	29,434	237,250	266,684
Utilisation of provision during the year	<u>(4,536)</u>	<u>(881,250)</u>	<u>(885,786)</u>
At 31 December 2004	<u>206,410</u>	<u>-</u>	<u>206,410</u>
At 31 December 2004:			
Current	<u>206,410</u>	<u>-</u>	<u>206,410</u>
At 31 December 2003:			
Current	<u>181,512</u>	<u>644,000</u>	<u>825,512</u>

16. SHORT TERM BORROWINGS

	2004 RM	2003 RM
Unsecured:		
Term loan	-	1,520,000
Bank overdraft	539,662	-
Bankers acceptance	2,326,000	413,000
Hire purchase and finance lease payables (Note 17)	<u>50,004</u>	<u>-</u>
	<u>2,915,666</u>	<u>1,933,000</u>

The term loan in prior year was unsecured, bears interest of between 1.79% to 1.94% per annum and was repaid on 6 May 2004.

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

	2004 %	2003 %
Unsecured:		
Bank overdraft	6.5 - 7.0	6.5 - 7.0
Bankers acceptance	3.8	3.8
Term loan	1.79	1.79 - 1.94

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

17. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	2004 RM	2003 RM
Minimum lease payments:		
Not later than 1 year	52,956	-
Later than 1 year and not later than 2 years	44,118	-
	<u>97,074</u>	<u>-</u>
Less: Future finance charges	(5,408)	-
Present value of finance lease liabilities	<u>91,666</u>	<u>-</u>
Present value of finance lease liabilities:		
Not later than 1 year	50,004	-
Later than 1 year and not later than 2 years	41,662	-
	<u>91,666</u>	<u>-</u>
Analysed as:		
Due within 12 months	50,004	-
Due after 12 months	41,662	-
	<u>91,666</u>	<u>-</u>

18. TRADE PAYABLES

The normal credit terms granted to the Company ranges from 60 - 90 (2003: 60 - 90) days.

19. OTHER PAYABLES

	2004 RM	2003 RM
Accruals	246,338	430,000
Sundry payables	1,810,457	1,506,533
	<u>2,056,795</u>	<u>1,936,533</u>

Included in sundry payables is an amount of RM294,619 (2003: RM113,835) for rental of property, due to Malaysia Ve-Tsin Manufacturing Company Berhad, a corporate shareholder.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

20. SHARE CAPITAL

	Number of Ordinary Share of RM1 Each		Amount	
	2004	2003	2004 RM	2003 RM
Authorised:				
At beginning/end of year	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
Issued and fully paid:				
At beginning	42,042,824	21,021,412	42,042,824	21,021,412
Issued and paid up during the year	<u>-</u>	<u>21,021,412</u>	<u>-</u>	<u>21,021,412</u>
At end of year	<u>42,042,824</u>	<u>42,042,824</u>	<u>42,042,824</u>	<u>42,042,824</u>

21. OTHER RESERVE (NON-DISTRIBUTABLE)

	2004 RM	2003 RM
Revaluation reserve - leasehold land		
Balance at 1 January/31 December	<u>64,979</u>	<u>64,979</u>

The capital reserve arose from the revaluation of long term leasehold land and buildings in 1990.

22. DEFERRED TAX

	2004 RM	2003 RM
At 1 January	-	1,490,027
Recognised in the income statement (Note 8)	<u>-</u>	<u>(1,490,027)</u>
At 31 December	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

22. DEFERRED TAX (CONTD.)

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 2004	1,573,943	499,370	2,073,313
Recognised in the income statement	206,011	(11,053)	194,958
At 31 December 2004	<u>1,779,954</u>	<u>488,317</u>	<u>2,268,271</u>

Deferred Tax Assets of the Company:

	Unabsorbed Capital Allowances RM	Unutilised Reinvestment Allowances RM	Provision for liabilities RM	Total RM
At 1 January 2004	(595,449)	(1,285,374)	(192,490)	(2,073,313)
Recognised in the income statement	(792,138)	498,585	98,595	(194,958)
At 31 December 2004	<u>(1,387,587)</u>	<u>(786,789)</u>	<u>(93,895)</u>	<u>(2,268,271)</u>

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

	2004 RM	2003 RM
Unutilised reinvestment allowances	<u>3,805,068</u>	<u>1,636,221</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

23. PRIOR YEAR ADJUSTMENTS

Pursuant to the computerisation of the Company's inventories system in the prior year, there were inadvertent data transfer and computational errors within the "work-in-progress" module resulting in an overstatement of work-in-progress of the Company. The above have the following effects on the financial statements:

	2004 RM	2003 RM
Effects on retained profits:		
At 1 January, as previously stated	2,370,455	13,122,403
Effects on overstatement of work-in-progress	(944,512)	-
At 1 January, as restated	<u>1,425,943</u>	<u>13,122,403</u>
Effects on net profit for the year:		
Net (loss)/profit for the year, as previously stated	(2,170,533)	179,186
Effects on overstatement of work-in-progress	-	(944,512)
Net (loss) for the year	<u>(2,170,533)</u>	<u>(765,326)</u>

Comparatives amounts as at 31 December 2003 has been restated as follows:

	Previously Stated RM	Adjustments RM	Restated RM
Inventories	<u>7,963,566</u>	<u>(944,512)</u>	<u>7,019,054</u>

24. COMMITMENTS

	2004 RM	2003 RM
Contracted but not provided for	<u>3,884,005</u>	<u>379,297</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2004	2003
	RM	RM
Sales of finished goods to Ajinomoto (Malaysia) Berhad, Ajinomoto Philippines Corp. and Ajitrade Pte Ltd., subsidiaries of an associate investor, Ajinomoto Co., Inc.	5,679,047	4,122,540
Rental expense charged by Malaysia Ve-Tsin Manufacturing Company Berhad, an associate investor	545,727	550,988
Miscellaneous operating expenses paid to Malaysia Ve-Tsin Manufacturing Company Berhad, an associate investor	172,649	157,948
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	<u>100,500</u>	<u>84,750</u>

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 those obtainable in transactions with unrelated parties.

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.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

26. FINANCIAL INSTRUMENTS (CONTD.)

(b) Interest Rate Risk

The Company's primary interest rate risk relates to interest-bearing debt, the Company had no substantial long-term interest-bearing assets as at 31 December 2004. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes.

(c) Foreign Exchange Risk

The Company exports its products to various countries 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 2004:

Functional Currency of the Company	Japanese Yen RM	Singapore Dollar RM	United States Dollar RM
Trade Receivables			
Ringgit Malaysia	-	642,071	1,350,682
Trade Payables			
Ringgit Malaysia	131,701	10,195	123,071

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

26. FINANCIAL INSTRUMENTS (CONTD.)

(c) Foreign Exchange Risk (Contd.)

At 31 December 2003:

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

(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 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 at a reasonable level to its overall debt position. As far as possible, the Company raises committed funding from financial institutions and 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 by 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 has a significant concentration of credit risk as disclosed in Note 13 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

26. FINANCIAL INSTRUMENTS (CONTD.)

(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 22 APRIL 2005

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	81	3.92	3,577	0.01
100 - 1,000	150	7.25	93,160	0.22
1,001 - 10,000	1,641	79.31	5,082,229	12.09
10,001 - 100,000	174	8.41	4,135,498	9.84
100,001 to less than 5% of issued shares	19	0.92	4,556,704	10.83
5% and above of issued shares	4	0.19	28,171,656	67.01
	<u>2,069</u>	<u>100.00</u>	<u>42,042,824</u>	<u>100.00</u>

SUBSTANTIAL SHAREHOLDERS

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

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Ahmad Badri Bin Mohamed Basir	-	-	-	-
Osamu Sekiguchi	-	-	-	-
Dr. Goh Chin Siew	-	-	-	-
Peony Lye	-	-	-	-
Hiroyuki Sugae	-	-	-	-
Gew Ah Lek	9,900	0.02	8,000	0.02
Takashi Imai	14,000	0.03	-	-
Datuk Sulaiman bin Daud	-	-	-	-
Wong Mun Khow	-	-	-	-
Hiroshi Nagai	-	-	-	-



LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 22 APRIL 2005

	No. of Shares	%
1. Ajinomoto Co., Inc.	11,354,525	27.01
2. Malaysia Ve-Tsin Manufacturing Comapny Berhad	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. <i>Beneficiary: Bank of Tokyo Mitsubishi Luxembourg S. A. for Osterreichische Volksbanken AG</i>	933,334	2.22
6. HDM Nominees (Asing) Sdn. Bhd. <i>Beneficiary: DBS Vickers Secs (S) Pte. Ltd. for Ettrick Company Limited</i>	434,736	1.03
7. Dato' Teo Soo Cheng	320,000	0.76
8. Tsunami Pacific Sdn. Bhd.	286,300	0.68
9. Tsunami Capital Sdn. Bhd.	281,100	0.67
10. Ng Hin Kwee	233,000	0.55
11. Tasec Nominees (Asing) Sdn. Bhd. <i>Beneficiary: TA Securities (HK) Ltd. for Jeffrey Smith</i>	220,000	0.52
12. Goh Yai Heng	200,000	0.48
13. Chuah Chew Hing	197,000	0.47
14. HLB Nominees (Tempatan) Sdn. Bhd. <i>Beneficiary: Pledged Securities Account for Loh Kuan Fong</i>	168,000	0.40
15. Chok Koon Lan	165,000	0.39
16. Citicorp Nominees (Tempatan) Sdn. Bhd. <i>Beneficiary: Pledged Securities Account for Khor Keng Saw @ Khaw Ah Soay</i>	162,700	0.39
17. Soh Poh Yen	142,667	0.34
18. Chua Eng Ho Wa'a @ Chua Eng Wah	142,000	0.34
19. Loh Kee Fook	142,000	0.34
20. MKW Consolidated Sdn. Bhd.	140,667	0.33
21. Wan Sazrudeen Bin Wan Zaid	139,000	0.33
22. Tiong Kiong Choon	126,000	0.30
23. Citicorp Nominees (Tempatan) Sdn. Bhd. <i>Beneficiary: Pledged Securities Account for Chew Chin Tian</i>	123,200	0.29
24. Tan Gaik Leong	86,667	0.21
25. Teo Soo Cheng Sdn. Bhd.	80,000	0.19
26. Yap Swee Fatt	70,000	0.17
27. Mah King Woon Sendirian Berhad	68,000	0.16
28. Teoh Ah Koo @ Teo Kai Joo	64,000	0.15
29. Cheng Sin Huat	63,000	0.15
30. Khor Cheong Chew @ Victor Khor Cheong Chew @ Khor Chong Chew	60,000	0.14
	<u>33,220,027</u>	<u>79.01</u>

PROPERTIES

AS AT 31 DECEMBER 2004

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)	30	11,173,880	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)	15	26,738	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)	15	33,839	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.