

- CONTENTS -

Corporate Information	2
Five Years Financial Highlights	3
Profile of Board of Directors	4 - 8
Chairman's Statement	9 - 10
Audit Committee Report	11-13
Internal Control Statement	14 - 15
Corporate Governance Statement	16 - 21
Financial Statements	22 - 54
Analysis of Shareholdings	55
List of Thirty Largest Shareholders	56
Properties	57



- CORPORATE INFORMATION -

DIRECTORS

Chairman (Independent)	:	Dato' Ahmad Badri Bin Mohamed Basir
Managing Director (Non-Independent)	:	Osamu Sekiguchi
Executive Director (Non-Independent)	:	Hiroyuki Sugae (resigned on 31.5.06) Wong Mun Khow (resigned on 31.5.06) Manabu Watanabe (appointed on 1.6.06)
Non Executive Director (Independent)	:	Dr. Goh Chin Siew (resigned on 31.5.06) Peony Lye (resigned on 31.5.06) Datuk Sulaiman Bin Daud (appointed on 1.6.06) Ho Chee Siong
Non Executive Director (Non-Independent)	:	Gew Ah Lek Shunichi Komatsu Hiroshi Nagai Ryuichi Ozaki (appointed on 1.6.06)

BANKERS

Bank of Tokyo – Mitsubishi UFJ (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 01836)

REGISTERED OFFICE

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

HOMEPAGE

<http://www.maypak.com>

REGISTRAR

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

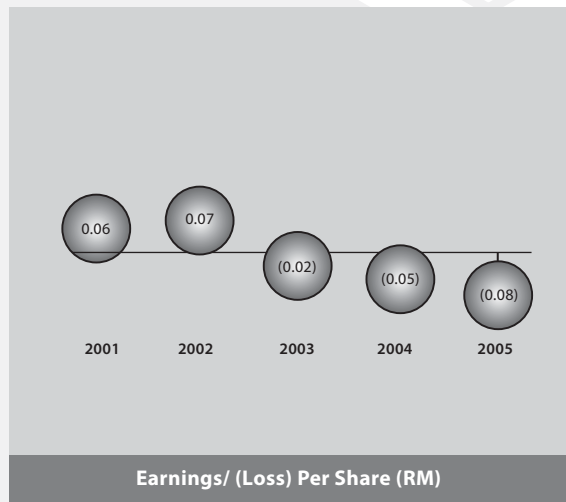
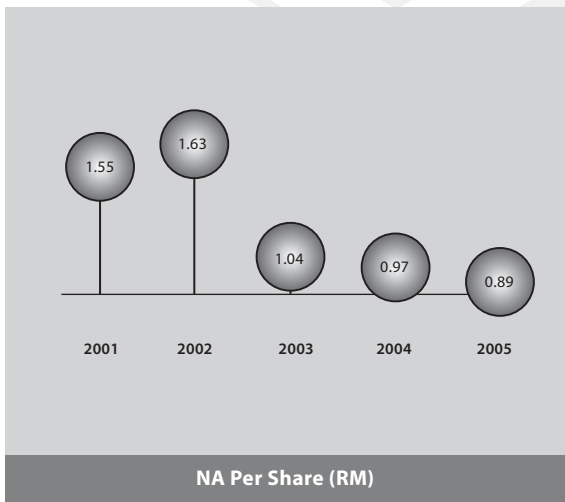
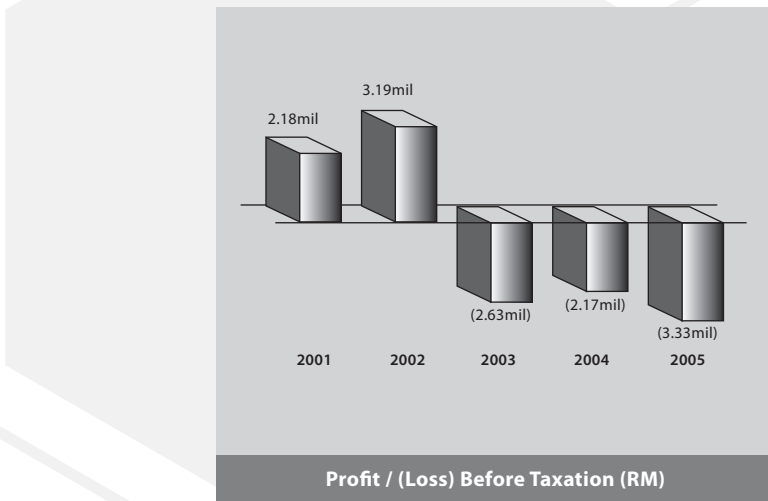
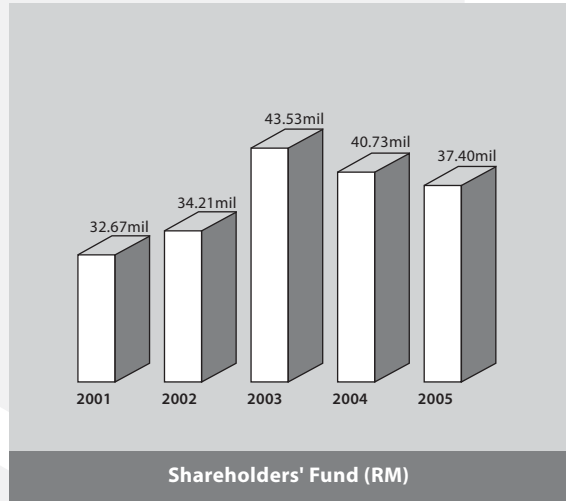
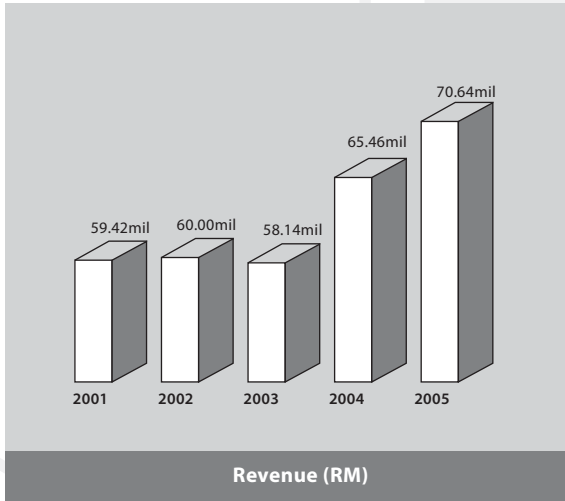
STOCK EXCHANGE LISTING

The Second Board, Bursa Malaysia Securities Berhad

CERTIFIED MANAGEMENT SYSTEM

MS ISO 9001 : 2000
MS ISO 14001 : 2004

- FIVE YEARS FINANCIAL HIGHLIGHTS -





- PROFILE OF BOARD OF DIRECTORS -

DATO' AHMAD BADRI BIN MOHAMED BASIR

Independent Chairman, Malaysian, aged 71

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 46

Mr. Sekiguchi was appointed to the Board on 1 July 2004. He is the Managing Director and member of the Remuneration Committee of the Company. He resigned as a member of the Audit and Nomination Committee of the Company on 31 May 2006.

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 -

MR MANABU WATANABE

Non-Independent Executive Director, aged 55

Mr Manabu Watanabe was appointed to the Board as a Joint Managing Director on 1 June 2006. He is a member of Audit and Remuneration Committee of the Company.

He graduated with a Bachelor of Agriculture from the University of Tokyo in 1977.

He joined Toyo Seikan Kaisha, Ltd in 1977 and began his career in the Research & Development Department, Head Office and has held various positions within Toyo Seikan Group of 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.

MR GEW AH LEK

Non-Independent Non-Executive Director, Malaysian, aged 55

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 Accountant, 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 -

DATUK SULAIMAN BIN DAUD

Independent Non-Executive Director, Malaysian, aged 59

Datuk Sulaiman was appointed to the Board on 1 September 2003. He is the Chairman of the Remuneration Committee as well as a member of the Audit Committee and Nomination Committee of the Company.

He holds a Diploma in Agriculture, UPM and a Master of Business Administration, IMC Buckingham, United Kingdom and has attended the Stanford-Insead 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 Berhad and holds directorship 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.

MR HIROSHI NAGAI

Non-Independent Non-Executive Director, Japanese, aged 46

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.

- PROFILE OF BOARD OF DIRECTORS -

MR SHUNICHI KOMATSU

Non Independent Non Executive Director, Japanese, aged 47

Mr. Komatsu was appointed to the Board on 6 July 2005. He resigned as a member of the Audit Committee of the Company on 31 May 2006. He is a member of the Nomination and Remuneration Committee of the Company.

He graduated with a Bachelor of Agriculture from the Faculty of Agricultural Economics, University of Tokyo, Japan in 1981.

He joined Ajinomoto Co., Inc., Japan in 1981 and began his career with the Nagoya Sales Department and has held various positions in Japan and overseas within the Ajinomoto Group of Companies.

He also sits on the Board of Ajinomoto (Malaysia) Berhad, Ajinomoto (Singapore) Pte Ltd, and Malaysia Ve-Tsin Manufacturing Company Berhad. He is also a member of Audit Committee, Nomination Committee and Remuneration Committee in 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.

MR RYUICHI OZAKI

Non-Independent Non-Executive Director, aged 63

Mr Ryuichi Ozaki was appointed to the Board on 1 June 2006. He is a member of the Nomination Committee of the Company.

He joined Toyo Seikan Kaisha Ltd in 1965 and began his career in the Distribution Department, Sendai Plant and has held various positions within Toyo Seikan Group of Companies. He is a Senior Executive Director of Toyo Seiken Kaisha, 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.



- PROFILE OF BOARD OF DIRECTORS -

MR HO CHEE SIONG

Independent Non-Executive Director, aged 40

Mr Ho was appointed to the Board on 1 June 2006. He is the Chairman of the Audit Committee and a member of the Nomination Committee of the Company.

He is a member of Malaysian Institute of Certified Public Accountant (MACPA), Malaysian Institute of Accountants (MIA) and associate member of Malaysian Institute of Taxation (MIT).

He is currently an Executive Director of GMM Corporate Services Sdn Bhd. He is also an Independent Non Executive Director and a member of audit committee of Axis Incorporation Berhad and Kzen Solutions 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.

- 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 2005.

Company's Performance

Turnover increased 8% from RM65.5m in year 2004 to RM70.6m in year 2005 due mainly to higher export sales.

Crude oil prices which maintained its upward trend and breached the USD70 per barrel in August 2005 had a negative effect on the Company's bottom line despite continuous cost-saving measures and productivity enhancement efforts being carried out.

The RM1.31m provision for doubtful debts aggravated the Company's net loss to RM3.33m for the financial year ended 2005 compared with the RM2.17m net loss incurred in 2004.

Corporate Developments

Investments in new facilities which included in additional production line as well as auxiliary equipment which commenced in 2004 were completed in 2005. Upgrading of the Company's ERP (Enterprise Resource Planning) system was similarly completed in the 4th quarter of 2005.

The disposal of 52.01% equity interest by the Ajinomoto group of companies comprising Ajinomoto Co., Inc, Ajinomoto (Malaysia) Berhad and Malaysia Ve-Tsin Manufacturing Company Berhad to Toyo Seikan Kaisha, Ltd., Japan (TSK) triggered an unconditional take-over offer for the remaining shares in the Company not held by TSK.

The take-over exercise has been completed and to-date, TSK holds 54.95% equity interest in the Company.

Prospects

The year ahead is expected to be even more challenging than 2005. The un-relentless surge in crude oil price has breached another level of USD75 per barrel at the start of the 2nd quarter 2006. The interest rate hikes to narrow the gap between Malaysian rates with that of US is expected to dampen business sentiments.

Nevertheless, the entry of the TSK bodes well for the Company. TSK has indicated its intention to establish Maypak as one of its main production centres in the ASEAN region. However, the change in substantial shareholder is not expected to have an immediate impact on the Company's financial performance.



- CHAIRMAN'S STATEMENT -

Dividends

The Directors have not made any recommendation for the payment of dividend for the financial year ended 31 December 2005.

Directorate

The year under review saw changes to the Board with the re-assignment of Mr. Takashi Imai back to the head office of Ajinomoto Co., Inc. Mr. Shunichi Komatsu succeeded Mr. Imai on the Maypak Board.

As at the date of this Report, four (4) directors namely Dr Goh Chin Siew, Ms Peony Lye, Ms Wong Mun Khow and Mr. Hiroyuki Sugae have resigned.

The Board wishes to record its appreciation and thanks to the outgoing directors for their invaluable contributions, cooperation and commitment to the Company.

The Board also extends a warm welcome to the three (3) new directors namely, Mr. Manabu Watanabe, Mr. Ryuichi Ozaki and Mr. Ho Chee Siong.

Acknowledgement

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

I wish also to extend our gratitude and thanks to our corporate 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 continued commitment, dedication and cooperation.

DATO' AHMAD BADRI BIN MOHAMED BASIR
CHAIRMAN
1 JUNE 2006

- AUDIT COMMITTEE REPORT -

Members of the Audit Committee in the financial year ended 31 December 2005 are as follow:-

Name of Member	Designation
1. Dr. Goh Chin Siew (Chairman)	Independent Non-Executive Director
2. Peony Lye	Independent Non-Executive Director
3. Dato' Ahmad Badri Bin Mohamed Basir	Independent Non-Executive Director
4. Datuk Sulaiman Bin Daud	Independent Non-Executive Director
5. Shunichi Komatsu (Appointed 6 July 2005)	Non-Independent Non-Executive Director
6. Gew Ah Lek	Non-Independent Non-Executive Director
7. Osamu Sekiguchi	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.



- AUDIT COMMITTEE REPORT -

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.

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 meetings 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. Gew Ah Lek	5/5
6. Osamu Sekiguchi	5/5
7. Shunichi Komatsu (Appointed 6 July 2005)	1/2

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 the recurrent related party transactions of the Company;
- reviewed the Company's compliance with the Bursa Malaysia Securities Berhad (Bursa Securities) 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 Board of Directors (“the Board”) of Malaysia Packaging Industry Berhad is committed to ensuring that a sound system of internal control exists to safeguard shareholders’ investment and the Company’s assets. In this regard, the Board is pleased to provide below a statement on the state of the internal controls of the Company prepared pursuant to paragraph 15.27 (b) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements and in accordance with the Statement on Internal Control - Guidance for Directors of Public Listed Companies.

RESPONSIBILITIES

The Board affirms its responsibility for establishing and maintaining a sound system of internal controls and risk management practices and for reviewing its adequacy and integrity. The Board has delegated the responsibility of reviewing the adequacy and integrity of the Company’s system of internal controls to the Audit Committee. The Board is kept informed of all significant internal control issues brought to the attention of the Audit Committee by Management, the Internal Audit Function and the External Auditors.

As there are inherent limitations in any system of internal control, such system of internal controls established by Management can only manage, rather than eliminate all risks that may impede the achievement of the Company’s corporate objectives. The system can only provide reasonable but not absolute assurance against material misstatement or loss. In addition, 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

Respective Heads of Department are responsible for managing their own department’s risks. Weekly and monthly management meetings are held to ensure that risks faced by the Company are closely monitored and appropriately addressed. It is at these meetings that key risks and corresponding controls implemented are communicated amongst the Management team and to Senior Management.

The Company has a Risk Management Committee which meets periodically to assess and evaluate the critical risks faced by the Company. The Risk Management Committee is chaired by Mr. Hiroyuki Sugae, an Executive Director and includes Key Senior Management staff. In addition, once a year, the controls developed to address a selected key risk is tested through the conduct of a mock exercise and the results are reviewed by the Risk Management Committee to assess the effectiveness of the controls.

On an annual basis, the Board is briefed on the critical risks faced by the Company and the activities of the Risk Management Committee.

The above practice is the manner adopted by Senior Management as the ongoing process of identifying and managing risks faced by the Company.

INTERNAL AUDIT

During the financial year, the out-sourced internal audit function conducted internal audit 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 also conducted to ensure that recommendations for improvement are implemented on a timely basis.

From the internal audit reviews conducted, no significant weaknesses were identified which have result in material losses, contingencies or uncertainties requiring separate disclosure in the annual report.

- INTERNAL CONTROL STATEMENT -

Other Key Elements of Internal Control

The other key elements of internal control are as follows:

- Clearly defined and structured lines of reporting and responsibility within the Company, including 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 environmental 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

Although the Board maintains that the current system of internal controls established by the Company is adequate, it also acknowledges that the Company's system of internal controls has to continuously evolve in order to safeguard shareholders' interests and the Company's assets.

As such, there is an ongoing commitment by the Board to strengthen the Company's control environment and related risk management practices.

This Statement on Internal Control is made in accordance with the resolution adopted by the Board at its meeting held on 23 May 2006.



- CORPORATE GOVERNANCE STATEMENT -

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

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

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

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

1. the Board has not identified a Senior Independent Non-executive Director to whom concerns may be conveyed as there are a number of very experienced and competent senior independent directors on the board. As such, the Board does not consider it necessary to appoint one person as a Senior Independent Non-executive Director.

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 groups 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 2005, 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 during the financial year ended 31 December 2005 are as below:-

Name	Attendance
1. Dato' Ahmad Badri Bin Mohamed Basir	5/5
2. Osamu Sekiguchi	5/5
3. Datuk Sulaiman Bin Daud	5/5
4. Dr Goh Chin Siew	5/5
5. Hiroyuki Sugae	5/5
6. Peony Lye	5/5
7. Gew Ah Lek	5/5
8. Wong Mun Khow	5/5
9. Hiroshi Nagai	4/5
10. Shunichi Komatsu (Appointed on 6 July 2005)	1/2

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 Committee is 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 once (1) to discuss the nomination of the candidate proposed by a substantial corporate shareholders to replace their outgoing corporate representative before recommending to the Board for appointment.

Members of the Remuneration 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.



- CORPORATE GOVERNANCE STATEMENT -

4. Board Balance

As at the date of this report, the Board consists of nine (9) members, comprising two (2) executive directors and seven (7) non-executive directors of which three (3) 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' appointed during the financial ended 31 December 2005 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.

For the year under review, the Board members were up-dated on the requirements of the new Financial Reporting Standards (FRS) as well as the impending implementation of the Goods and Services Tax (GST).

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

7. Re-election

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

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

- CORPORATE GOVERNANCE STATEMENT -

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 two Executive Directors are dependent on Company's performance.

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

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

Category	Fees (RM)	Salaries & Other Emoluments (RM)	Benefit-in-Kind (RM)
Executive Directors	45,500	907,186	97,200
Non-Executive Directors	119,000	-	-

The number of Directors 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	-	8
RM150,001~RM200,000	1	-
RM400,001~RM450,000	1	-
RM450,001~RM500,000	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 or have 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*

Nil

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 incurred the following fees to its external auditors, Ernst & Young.

RM31,020 - consultation and other services

This Statement of Corporate Governance is made in accordance with the resolution adopted by the Board at its meeting held on 23 May 2006.