



- FINANCIAL STATEMENT -

Directors' Report	23 - 26
Statement by Directors	27
Statutory Declaration	27
Report of the Auditors	28
Income Statement	29
Balance Sheet	30
Statement of Changes in Equity	31
Cash Flow Statements	32 - 33
Notes to the Financial Statements	34 - 54

- DIRECTORS' REPORT -

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2005.

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.

RESULTS

	RM
Net loss for the year	<u>(3,334,930)</u>

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

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

DIVIDEND

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend in respect of the current financial year.



- DIRECTORS' REPORT -

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
Datuk Sulaiman bin Daud
Osamu Sekiguchi
Wong Mun Khow
Hiroshi Nagai
Shunichi Komatsu (appointed on 6 July 2005)
Takashi Imai (resigned on 6 July 2005)

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' REPORT -

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 2005	Bought	Sold	31 December 2005
Direct Interest				
Gew Ah Lek	9,900	-	-	9,900
Shunichi Komatsu	-	14,000	-	14,000
Dr. Goh Chin Siew	-	3,000	-	3,000
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 there were no known bad debts 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) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent;
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or



- DIRECTORS' REPORT -

OTHER STATUTORY INFORMATION (CONTD.)

- (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

Kuala Lumpur, Malaysia
12 April 2006

Osamu Sekiguchi

- 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 54 are drawn up in accordance with applicable MASB 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 2005 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
12 April 2006

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 54 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

Gew Ah Lek

Before me,

Commissioner for Oaths
No. W 315
SOH AH KAU



**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 54. 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 2005 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

Kuala Lumpur, Malaysia
12 April 2006

Teoh Soo Hock
No. 2477/10/07 (J)
Partner

- INCOME STATEMENT -

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 RM	2004 RM
Revenue	3	70,640,542	65,459,209
Other operating income		1,899,940	1,577,909
Changes in work-in-progress and finished goods		(43,455)	(24,912)
Consumables and raw materials		(49,968,446)	(45,140,819)
Staff costs	4	(11,063,603)	(10,563,198)
Depreciation		(3,537,070)	(3,249,219)
Other operating expenses		(10,818,186)	(10,104,179)
Loss from operations	6	(2,890,278)	(2,045,209)
Finance costs	7	(444,652)	(127,196)
Loss before taxation		(3,334,930)	(2,172,405)
Taxation	8	-	1,872
Net loss for year		<u>(3,334,930)</u>	<u>(2,170,533)</u>
Loss per share	9	<u>(7.93 sen)</u>	<u>(5.16 sen)</u>

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



- BALANCE SHEET -

**BALANCE SHEET
AS AT 31 DECEMBER 2005**

	Note	2005 RM	2004 RM
NON-CURRENT ASSET			
Property, plant and equipment	10	32,028,460	26,139,492
CURRENT ASSETS			
Inventories	11	9,149,832	8,618,900
Trade receivables	12	19,450,896	19,272,789
Other receivables	13	287,604	326,810
Tax recoverables		240,000	394,376
Cash and bank balances		2,947,985	1,069,444
		<u>32,076,317</u>	<u>29,682,319</u>
CURRENT LIABILITIES			
Provisions for liabilities	14	235,837	206,410
Short term borrowings	15	6,966,908	2,915,666
Trade payables	17	10,737,302	9,868,707
Other payables	18	3,079,589	2,056,795
		<u>21,019,636</u>	<u>15,047,578</u>
NET CURRENT ASSETS		<u>11,056,681</u>	<u>14,634,741</u>
		<u>43,085,141</u>	<u>40,774,233</u>
FINANCED BY:			
Share capital	19	42,042,824	42,042,824
Reserves		(4,645,183)	(1,310,253)
Shareholders' equity		<u>37,397,641</u>	<u>40,732,571</u>
Long term borrowings	15	5,687,500	41,662
		<u>43,085,141</u>	<u>40,774,233</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 2005**

	Share Capital RM	Non Distributable Capital Reserves RM (Note 20)	Retained Profits*/ (Accumulated Losses) RM	Total RM
At 1 January 2004	42,042,824	64,979	1,425,943	43,533,746
Net loss for the year	-	-	(2,170,533)	(2,170,533)
Dividends	-	-	(630,642)	(630,642)
At 31 December 2004	42,042,824	64,979	(1,375,232)	40,732,571
Net loss for the year	-	-	(3,334,930)	(3,334,930)
At 31 December 2005	42,042,824	64,979	(4,710,162)	37,397,641

* Distributable

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



- CASH FLOW STATEMENT -

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005 RM	2004 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,334,930)	(2,172,405)
Adjustments for:		
Depreciation	3,537,070	3,249,219
Gain on disposal of property, plant and equipment	(169,625)	(218,505)
Property, plant and equipment written off	34,889	235,687
Provisions for liabilities	46,984	266,684
Inventories written off	964,982	1,116,421
Bad debts written off	-	536
Provision/(reversal) for doubtful debts	1,309,856	(9,991)
Interest expense	444,652	127,196
Net unrealised foreign exchange gain	(50,896)	-
Operating profit before working capital changes	2,782,982	2,594,842
Increase in receivables	(1,448,757)	(1,250,257)
Increase in inventories	(1,495,914)	(2,716,267)
Increase in payables	1,891,389	4,647,658
Cash generated from operations	1,729,700	3,275,976
Utilisation of leave balances	(17,557)	(4,536)
Retirement benefits paid	-	(881,250)
Interest paid	(444,652)	(127,196)
Income tax refund	154,376	245,187
Net cash generated from operating activities	<u>1,421,867</u>	<u>2,508,181</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,468,742)	(4,440,540)
Proceeds from disposal of property, plant and equipment	177,440	268,200
Net cash used in investing activities	<u>(9,291,302)</u>	<u>(4,172,340)</u>

- CASH FLOW STATEMENT -

**CASH FLOW STATEMENT (CONTD.)
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005 RM	2004 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of short term borrowings	3,483,000	1,913,000
Drawdown/(repayment) of term loan	6,500,000	(1,520,000)
Repayment of hire purchase and finance lease payables	(50,004)	(8,334)
Dividend paid	-	(630,642)
Net cash generated from/(used in) financing activities	<u>9,932,996</u>	<u>(245,976)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,063,561	(1,910,135)
EFFECT OF EXCHANGE RATE CHANGES	50,896	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	<u>529,782</u>	<u>2,439,917</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u>2,644,239</u>	<u>529,782</u>
Cash and cash equivalents comprise:		
Cash and bank balances	2,947,985	1,069,444
Bank overdraft (Note 15)	(303,746)	(539,662)
	<u>2,644,239</u>	<u>529,782</u>

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



- NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005

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 262 (2004: 258).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 April 2006.

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).

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.

- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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

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% - 20%
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.

(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).



- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Leases (Contd.)

(i) Operating leases

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

(f) Provisions for Liabilities

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

(g) Income Taxes

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from 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.

(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.

- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(h) Employee Benefits (Contd.)

(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.

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

(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:

	2005	2004
	RM	RM
Japanese Yen	0.0326	0.0370
Singapore Dollar	2.2702	2.3223
United States Dollar	3.7800	3.8000



- NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(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.

(l) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual 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.

**- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(i) Financial Instruments (Contd.)

(iii) Interest-Bearing Borrowings (Contd.)

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

(iv) Equity instruments

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

3. REVENUE

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

4. STAFF COSTS

	2005 RM	2004 RM
Wages and salaries	7,046,410	6,629,640
Social security costs	94,067	76,978
Pension costs - defined contribution plans	964,477	981,563
Unutilised leave	46,984	29,434
Retirement benefit	-	237,250
Other staff related expenses	2,911,665	2,608,333
	<u>11,063,603</u>	<u>10,563,198</u>

Included in staff costs of the Company are executive directors' remuneration amounting to RM1,065,846 (2004: RM1,052,357) as further elaborated in Note 5.

5. DIRECTORS' REMUNERATION

	2005 RM	2004 RM
Executive Directors:		
Salaries and other emoluments	907,186	844,183
Fees	45,500	38,500
Pension costs - defined contribution plan	15,960	43,008
Benefits-in-kind	97,200	126,666
Amount included in staff costs	<u>1,065,846</u>	<u>1,052,357</u>
Benefits-in-kind included in other operating expenses	45,510	-
	<u>1,111,356</u>	<u>1,052,357</u>
Non-Executive Directors:		
Fees	119,000	105,000
Total	<u>1,230,356</u>	<u>1,157,357</u>
Total excluding benefits-in-kind	<u>1,087,646</u>	<u>1,030,691</u>



- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005

5. DIRECTORS' REMUNERATION (CONTD.)

	2005 RM	2004 RM
Analysis excluding benefits-in-kind:		
Total executive directors' remuneration excluding benefits-in-kind (Note 4)	968,646	925,691
Total non-executive directors' remuneration (Note 6)	119,000	105,000
Total directors' remuneration excluding benefits-in-kind	<u>1,087,646</u>	<u>1,030,691</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	
	2005	2004
Executive Directors:		
< RM50,000	-	1
RM150,001 - RM200,000	1	-
RM200,001 - RM250,000	-	3
RM300,001 - RM350,000	-	1
RM400,001 - RM450,000	1	-
RM450,001 - RM500,000	1	-
Non-executive Directors:		
< RM50,000	7	8

6. LOSS FROM OPERATIONS

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

	2005 RM	2004 RM
Auditors' remuneration:		
- Statutory audit	25,000	20,000
- Other services	4,000	4,000
Bad debts written off	-	536
Provision/(reversal) for doubtful debts	1,309,856	(9,991)
Gain on disposal of property, plant and equipment	(169,625)	(218,505)
Non-executive directors' remuneration - fees (Note 5)	119,000	105,000
Property, plant and equipment written off	34,889	235,687
Inventories written off	964,982	1,116,421
Rental expense	751,112	687,956
Net foreign exchange gain		
- Realised	(107,849)	(6,177)
- Unrealised	(50,896)	-
	<u>(50,896)</u>	<u>-</u>

- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005

7. FINANCE COSTS

	2005 RM	2004 RM
Interest expense on:		
Bank overdraft	8,407	15,797
Revolving credit and banker's acceptance	107,873	104,098
Term loan	325,420	6,809
Hire purchase	2,952	492
	<u>444,652</u>	<u>127,196</u>

8. TAXATION

	2005 RM	2004 RM
Malaysian income tax:		
Tax expense for the year	-	-
Overprovided in prior years	-	(1,872)
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 21)	-	-
	<u>-</u>	<u>(1,872)</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2004: 28%) of the estimated assessable profit for the year.

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

	2005 RM	2004 RM
Loss before taxation	<u>(3,334,930)</u>	<u>(2,172,405)</u>
Taxation at Malaysian statutory tax rate of 28% (2004:28%)	(933,780)	(608,273)
Effect of expenses not deductible for tax purposes	55,336	200,947
Underrecognition of deferred tax assets in prior years	(942,876)	(199,187)
Deferred tax assets not recognised during the year	1,821,320	606,513
Overprovision of tax expense in prior years	-	(1,872)
Tax expense for the year	<u>-</u>	<u>(1,872)</u>

As at 31 December 2005, the Company has tax exempt profits available for distribution of approximately RM14,784,000 (2004: RM14,784,000), subject to the agreement of the Inland Revenue Board.



- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005

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.

	2005	2004
Net loss for the year (RM)	(3,334,930)	(2,170,533)
Weighted average number of ordinary shares in issue	42,042,824	42,042,824
Basic loss per share (sen)	<u>(7.93)</u>	<u>(5.16)</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Long term leasehold land, factory, office buildings and office renovation* RM	Plant and equipment RM	Furniture, fixtures, and motor vehicles RM	Printing cylinders RM	Total RM
Cost/Valuation					
At 1 January 2005	13,896,641	39,646,743	5,586,908	2,350,503	61,480,795
Additions	811,816	5,607,579	581,209	2,468,138	9,468,742
Disposals	-	(9,463)	(472,542)	-	(482,005)
Written off	-	(113,123)	-	-	(113,123)
At 31 December 2005	<u>14,708,457</u>	<u>45,131,736</u>	<u>5,695,575</u>	<u>4,818,641</u>	<u>70,354,409</u>
Representing:					
At cost	11,108,457	45,131,736	5,695,575	4,818,641	66,754,409
At valuation	3,600,000	-	-	-	3,600,000
	<u>14,708,457</u>	<u>45,131,736</u>	<u>5,695,575</u>	<u>4,818,641</u>	<u>70,354,409</u>
Accumulated Depreciation					
At 1 January 2005	2,662,184	29,040,414	3,360,573	278,132	35,341,303
Charge for the year	287,416	1,880,404	465,493	903,757	3,537,070
Disposals	-	(1,656)	(427,534)	-	(474,190)
Written off	-	(78,234)	-	-	(78,234)
At 31 December 2005	<u>2,949,600</u>	<u>30,840,928</u>	<u>3,353,532</u>	<u>1,181,889</u>	<u>38,325,949</u>
Net Book Value					
At 31 December 2005					
At cost	9,086,440	14,290,808	2,342,043	3,636,752	29,356,043
At valuation	2,672,417	-	-	-	2,672,417
	<u>11,758,857</u>	<u>14,290,808</u>	<u>2,342,043</u>	<u>3,636,752</u>	<u>32,028,460</u>
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>26,139,492</u>

- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005

10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Long term leasehold land, factory, office buildings and office renovation* RM	Plant and equipment RM	Furniture, fixtures, fittings and motor vehicles RM	Printing cylinders RM	Total RM
Details at 1 January 2004					
Cost	10,060,003	42,935,713	6,226,981	-	59,222,697
Valuation	3,600,000	-	-	-	3,600,000
Accumulated Depreciation	2,386,670	31,124,205	4,178,269	-	37,689,144
Depreciation charge for 2004	275,514	2,294,246	399,485	279,974	3,249,219

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

	Long term leasehold land RM	Factory, office buildings and office renovation RM	Total RM
Cost/Valuation			
At 1 January 2005			
Additions	2,819,454	11,077,187	13,896,641
At 31 December 2005	-	811,816	811,816
	<u>2,819,454</u>	<u>11,889,003</u>	<u>14,708,457</u>
Representing:			
At cost	819,454	10,289,003	11,108,457
At valuation	2,000,000	1,600,000	3,600,000
	<u>2,819,454</u>	<u>11,889,003</u>	<u>14,708,457</u>
Accumulated Depreciation			
At 1 January 2005			
Charge for the year	496,621	2,165,563	2,662,184
At 31 December 2005	37,542	249,874	287,416
	<u>534,163</u>	<u>2,415,437</u>	<u>2,949,600</u>



**- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005**

10. 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
Net Book Value			
At 31 December 2005			
At cost	700,874	8,385,566	9,086,440
At valuation	1,584,417	1,088,000	2,672,417
	<u>2,285,291</u>	<u>9,473,566</u>	<u>11,758,857</u>
At 31 December 2004			
At cost	712,442	7,793,251	8,505,693
At valuation	1,610,391	1,118,373	2,728,764
	<u>2,322,833</u>	<u>8,911,624</u>	<u>11,234,457</u>
Details at 1 January 2004			
Cost	819,454	9,240,549	10,060,003
Valuation	2,000,000	1,600,000	3,600,000
Accumulated Depreciation	459,079	1,927,591	2,386,670
	<u>37,542</u>	<u>237,972</u>	<u>275,514</u>

- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005

10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (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 2005 would have been RM870,709 (2004: RM901,557).

- (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) During the financial year, the Company acquired property, plant and equipment at aggregate costs of RM9,468,742 (2004: RM4,540,540) of which RM Nil (2004: RM100,000) 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 RM110,396 (2004: RM139,195).

11. INVENTORIES

	2005	2004
	RM	RM
At cost:		
Raw materials	6,485,475	5,911,088
Work-in-progress	1,403,123	836,895
Finished goods	<u>1,261,234</u>	<u>1,870,917</u>
	<u>9,149,832</u>	<u>8,618,900</u>

The cost of inventories recognised as an expense during the financial year amounted to RM66,937,922 (2004: RM61,734,385).

12. TRADE RECEIVABLES

	2005	2004
	RM	RM
Trade receivables	21,494,724	20,006,761
Less: Provision for doubtful debts	<u>(2,043,828)</u>	<u>(733,972)</u>
	<u>19,450,896</u>	<u>19,272,789</u>

Included in trade receivables are amounts due from corporate shareholders, Ajinomoto (Malaysia) Berhad and Malaysia Ve-Tsin Manufacturing Company Berhad, amounting to RM265,302 (2004: RM283,499) and RM Nil (2004: RM5,210) respectively. The amounts due from corporate shareholders are unsecured, interest free and subject to the Company's normal credit term.



**- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005**

12. TRADE RECEIVABLES (CONTD.)

The Company's normal credit term ranges from 90 - 120 (2004: 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 (2004: 30) customers representing approximately 78% (2004: 83%) of total trade receivables.

13. OTHER RECEIVABLES

	2005 RM	2004 RM
Deposits	53,819	47,475
Prepayments	135,089	253,335
Advance payment for trade purchases	61,996	-
Sundry debtors	36,700	26,000
	<u>287,604</u>	<u>326,810</u>

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

14. PROVISIONS FOR LIABILITIES

	Unutilised leave RM	Total RM
At 1 January 2005	206,410	206,410
Additional provision during the year	46,984	46,984
Utilisation of provision during the year	(17,557)	(17,557)
At 31 December 2005	<u>235,837</u>	<u>235,837</u>
At 31 December 2005:		
Current	<u>235,837</u>	<u>235,837</u>
At 31 December 2004:		
Current	<u>206,410</u>	<u>206,410</u>

- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005

15. BORROWINGS

	2005 RM	2004 RM
Short Term Borrowings		
Unsecured:		
Term loan	812,500	-
Bank overdraft	303,746	539,662
Revolving credit	2,600,000	-
Banker's acceptance	3,209,000	2,326,000
Hire purchase and finance lease payables (Note 16)	41,662	50,004
	<u>6,966,908</u>	<u>2,915,666</u>
Long Term Borrowings		
Unsecured:		
Term loan	5,687,500	-
Hire purchase and finance lease payables (Note 16)	-	41,662
	<u>5,687,500</u>	<u>41,662</u>
Total Borrowings		
Term loan	6,500,000	-
Bank overdraft	303,746	539,662
Revolving credit	2,600,000	-
Banker's acceptance	3,209,000	2,326,000
Hire purchase and finance lease payables (Note 16)	41,662	91,666
	<u>12,654,408</u>	<u>2,957,328</u>

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

	2005 %	2004 %
Unsecured:		
Term loan	5.50	1.79
Bank overdraft	6.5 - 7.3	6.5 - 7.0
Revolving credit	3.6 - 3.8	-
Banker's acceptance	3.3 - 3.9	3.8



**- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005**

16. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	2005 RM	2004 RM
Minimum lease payments:		
Not later than 1 year	44,118	52,956
Later than 1 year and not later than 2 years	-	44,118
	<u>44,118</u>	<u>97,074</u>
Less: Future finance changes		
Present value of finance lease liabilities	(2,456)	(5,408)
	<u>41,662</u>	<u>91,666</u>
Present value of finance lease liabilities:		
Not later than 1 year	41,662	50,004
Later than 1 year and not later than 2 years	-	41,662
	<u>41,662</u>	<u>91,666</u>
Analysed as:		
Due within 12 months	41,662	50,004
Due after 12 months	-	41,662
	<u>41,662</u>	<u>91,666</u>

The hire purchase and finance lease payables bore interest at the balance sheet date of 5.71% (2004: 5.71%) per annum.

17. TRADE PAYABLES

The normal credit terms granted to the Company ranges from 60 - 90 (2004: 60 - 90) days.

18. OTHER PAYABLES

	2005 RM	2004 RM
Accruals	662,974	386,338
Sundry payables	2,416,615	1,670,457
	<u>3,079,589</u>	<u>2,056,795</u>

Included in sundry payables is an amount of RM293,693 (2004: RM294,619) for rental of property, due to Malaysia Ve-Tsin Manufacturing Company Berhad, a corporate shareholder.

- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005

19. SHARE CAPITAL

	Number of Ordinary Share of RM1 Each		Amount	
	2005	2004	2005 RM	2004 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/end of year	<u>42,042,824</u>	<u>42,042,824</u>	<u>42,042,824</u>	<u>42,042,824</u>

20. OTHER RESERVE (NON-DISTRIBUTABLE)

	2005 RM	2004 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.

21. DEFERRED TAX

	2005 RM	2004 RM
At 1 January	-	-
Recognised in the income statement (Note 8)	-	-
At 31 December	<u>-</u>	<u>-</u>



- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005

21. 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	Others RM	Total RM
At 1 January 2005	1,779,954	488,317	-	2,268,271
Recognised in the income statement	<u>549,972</u>	<u>(226,611)</u>	<u>14,251</u>	<u>337,612</u>
At 31 December 2005	<u>2,329,926</u>	<u>261,706</u>	<u>14,251</u>	<u>2,605,883</u>
At 1 January 2004	1,573,943	499,370	-	2,073,313
Recognised in the income statement	<u>206,011</u>	<u>(11,053)</u>	<u>-</u>	<u>194,958</u>
At 31 December 2004	<u>1,779,954</u>	<u>488,317</u>	<u>-</u>	<u>2,268,271</u>

Deferred Tax Assets of the Company:

	Unabsorbed Capital Allowances RM	Revaluation Unutilised Reinvestment Allowances RM	Provision for liabilities RM	Total RM
At 1 January 2005	(1,387,587)	(786,789)	(93,895)	(2,268,271)
Recognised in the income statement	<u>(1,102,664)</u>	<u>786,789</u>	<u>(21,737)</u>	<u>(337,612)</u>
At 31 December 2005	<u>(2,490,251)</u>	<u>-</u>	<u>(115,632)</u>	<u>(2,605,883)</u>
At 1 January 2004	(595,449)	(1,285,374)	(192,490)	(2,073,313)
Recognised in the income statement	<u>(792,138)</u>	<u>498,585</u>	<u>98,595</u>	<u>(194,958)</u>
At 31 December 2004	<u>(1,387,587)</u>	<u>(786,789)</u>	<u>(93,895)</u>	<u>(2,268,271)</u>

- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005

21. DEFERRED TAX (CONTD.)

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

	2005 RM	2004 RM
Unutilised reinvestment allowances	10,423,759	6,148,264
Unabsorbed capital allowances	2,229,218	-
	<u>12,652,977</u>	<u>6,148,264</u>

The unutilised reinvestment allowances and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the Company.

Deferred tax assets have not been recognised in the financial statements as its realisation cannot be anticipated reliably at this juncture.

22. COMMITMENTS

	2005 RM	2004 RM
Contracted but not provided for	<u>73,075</u>	<u>3,884,005</u>

23. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2005 RM	2004 RM
Sales of finished goods to Ajinomoto (Malaysia) Berhad, Ajinomoto Philippines Corp. and Ajitrade Pte Ltd., subsidiaries of an associate investor, Ajinomoto Co. Inc.	6,929,218	5,679,047
Rental expense charged by Malaysia Ve-Tsin Manufacturing Company Berhad, a corporate shareholder	545,727	545,727
Miscellaneous operating expenses paid to Malaysia Ve-Tsin Manufacturing Company Berhad, a corporate shareholder	173,902	172,649
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>87,445</u>	<u>100,500</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.



- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005

24. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

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

(b) Interest Rate Risk

The Company's primary interest rate risk relates to interest-bearing debt, the Company had no substantial long-term interest-bearing assets as at 31 December 2005. 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.

- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005

24. FINANCIAL INSTRUMENTS (CONTD.)

(c) Foreign Exchange Risk (Contd.)

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 2005:

Functional Currency of the Company	Japanese Yen RM	Singapore Dollar RM	United States Dollar RM
Trade Receivables Ringgit Malaysia	-	452,680	2,069,581
Cash and bank balances Ringgit Malaysia	-	372,056	949,151
Trade Payables Ringgit Malaysia	101,700	4,888	1,269,005

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
Cash and bank balances Ringgit Malaysia	-	640,630	219,263
Trade Payables Ringgit Malaysia	131,701	10,195	123,071

(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.



- NOTES TO THE FINANCIAL STATEMENTS -
31 DECEMBER 2005

24. FINANCIAL INSTRUMENTS (CONTD.)

(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 12.

(f) Fair values

The carrying amounts of financial assets and liabilities of the Company at the balance sheet date approximated their fair values except for the following:

	Carrying Amount RM	Fair Value RM
At 31 December 2005:		
Hire purchase and finance lease payables	41,662	42,524
Term loan	6,500,000	6,402,850
	<hr/>	<hr/>
At 31 December 2004:		
Hire purchase and finance lease payables	91,666	92,141
Term loan	-	-
	<hr/>	<hr/>

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

25. 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.

26. SUBSEQUENT EVENT

Subsequent to the balance sheet date, the Company became a subsidiary of Toyo Seikan Kaisha, Ltd., a company incorporated in Japan.

- ANALYSIS OF SHAREHOLDINGS - AS AT 24 APRIL 2006

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	110	5.39	4,807	0.01
100 to 1,000	150	7.35	89,994	0.22
1,001 to 10,000	1,565	76.72	4,926,932	11.72
10,001 to 100,000	196	9.61	5,248,865	12.48
100,001 to less than 5% of issued shares	16	0.78	3,316,970	7.89
5% and above of issued shares	3	0.15	28,455,256	67.68
	<u>2,040</u>	<u>100.00</u>	<u>42,042,824</u>	<u>100.00</u>

SUBSTANTIAL SHAREHOLDERS

	No. of Shares	%
Toyo Seikan Kaisha, Ltd.	22,148,833	52.68
Dainippon Ink And Chemicals Incorporated	4,204,283	10.00
Ajinomoto (Malaysia) Berhad	2,102,140	5.00
	<u>28,455,256</u>	<u>67.68</u>

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
	No. of shares	%	No. of shares	%
1 Dato' Ahmad Badri Bin Mohamed Basir	-	-	-	-
2 Dr. Goh Chin Siew	5,000	0.01	-	-
3 Osamu Sekiguchi	-	-	-	-
4 Shunichi Komatsu	14,000	0.03	-	-
5 Datuk Sulaiman Bin Daud	-	-	-	-
6 Hiroshi Nagai	-	-	-	-
7 Hiroyuki Sugae	-	-	-	-
8 Gew Ah Lek	9,900	0.02	8,000	0.02
9 Peony Lye	-	-	-	-
10 Wong Mun Khow	-	-	-	-



**- LIST OF THIRTY LARGEST SHAREHOLDERS -
AS AT 24 APRIL 2006**

	No. of Shares	%
1. Toyo Seikan Kaisha, Ltd.	22,148,833	52.68
2. Dainippon Ink and Chemicals Incorporated	4,204,283	10.00
3. Ajinomoto (Malaysia) Berhad	2,102,140	5.00
4. HDM Nominees (Asing) Sdn. Bhd. Beneficiary: DBS Vickers Secs (S) Pte. Ltd. for Ettrick Company Limited	434,736	1.03
5. Chuah Chew Hing	340,000	0.81
6. Dato' Teo Soo Cheng	333,300	0.79
7. Goh Yai Heng	300,000	0.71
8. Teo Geok Suan	235,900	0.56
9. Citigroup Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Khor Keng Saw @ Khaw Ah Soay	234,000	0.55
10. RHB Capital Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Teh Kian Lang	200,100	0.48
11. HLB Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Loh Kuan Fong	168,000	0.40
12. Tasec Nominees (Asing) Sdn. Bhd. Beneficiary: TA Securities (HK) Ltd. for Jeffrey Smith	150,000	0.36
13. Soh Poh Yen	142,667	0.34
14. Chua Eng Ho Wa'a @ Chua Eng Wah	142,000	0.34
15. Loh Kee Fook	142,000	0.34
16. MKW Consolidated Sdn. Bhd.	140,667	0.33
17. Lim Kuan Seng	118,400	0.28
18. Citigroup Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Chew Chin Tian	118,200	0.28
19. Amsec Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Lee Choi Fok @ Lee Choon Fook	117,000	0.28
20. Lim Kim Huat	100,000	0.24
21. Pua Soon	100,000	0.24
22. Tsunami Pacific Sdn. Bhd.	100,000	0.24
23. Ooi Kim Lan	86,667	0.21
24. Chuah Cheng Soon	86,000	0.20
25. TA Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Chua Eng Ho Waa @ Chua Eng Wah	84,000	0.20
26. Teo Soo Cheng Sdn. Bhd.	80,000	0.19
27. Khuzairi Bin Abdul Karim	75,000	0.18
28. Yap Swee Fatt	70,000	0.17
29. Mah King Woon Sendirian Berhad	68,000	0.16
30. Teoh Ah Koo @ Teo Kai Joo	64,000	0.15
	<u>32,685,893</u>	<u>77.74</u>

**- PROPERTIES -
AS AT 31 DECEMBER 2005**

Address	Description (Sq-Ft)	Existing Use	Tenure (Expiry Date)	Approximate Age of Buiding (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)	31	11,705,949	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)	16	23,050	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)	16	29,858	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.



Note: This page has been left blank intentionally.



Note: This page has been left blank intentionally.



Note: This page has been left blank intentionally.