



Annual Report 2004 Laporan Tahunan

The Company and Its Business

An ISO 9001 certified company, Advanced Packaging Technology (M) Bhd was incorporated in Malaysia under the Companies Act, 1965 on 31 March 1982 as a private limited company under the name of Goyo Corporation (M) Sdn Bhd. The Company subsequently changed its name to Advanced Packaging Technology (M) Sdn Bhd on 09 June 1982 and was converted to a public company on 27 May 1993. It was listed on the Second Board of the Bursa Malaysia Securities Berhad on 27 May 1994.

The Company commenced operations in April 1985 at its present location at the Bangi Industrial Estate, Selangor Darul Ehsan. Its office, factory and warehouse is sited on a 8,903 square meter ("sq m") 99-year leasehold land.

Advanced Packaging Technology (M) Bhd produces high-quality flexible packaging materials catering to a wide cross-section of industries in both the local and overseas markets such as snack foods, instant noodles, sweets and confectionery, liquid condiments, frozen foods, spices, beverages, medical/ surgical products and pharmaceuticals, among others. Our range of flexible packaging material comprises both single and multi-layers that carry appealing designs. Through close consultation with clients, we tailor-make our products according to their precise specification and design in both roll and pouch form.

Flexible packaging materials are generally made of a composite of various base films, papers or foil which are laminated so that the resultant laminates have more enhanced properties than its original substrates. The basic materials used include oriented polypropylene (OPP) film, cellulosic film, polyester film, nylon film, aluminium foil, metallised films, specialty films, linear low density polyethylene (LLDPE) film, poster paper, polyethylene and polypropylene resin.

Efficient packaging is a must for any product in this modern era. Without it, the brand image and integrity, as well as the quality built into the product during manufacturing and marketing, will be lost when it reaches the consumer. Correct packaging is the principal way of ensuring safe delivery of the product to the end-user in good condition at an economic cost. At Advanced Packaging Technology (M) Bhd, we use our specialised knowledge and skills, as well as specific machinery and facilities to deliver excellence in quality and service to each client.

To demonstrate our commitment in quality, the Company's Quality Management System has been assessed by Zurich Certification Limited, United Kingdom and found to comply with BS EN ISO 9002:1994 and the certificate of registration was issued on 8 December 2000. The Quality Management System was subsequently upgraded and recertified to BS EN ISO 9001:2000 by Independent European Certification Limited, United Kingdom on 21 December 2003. The certification scope covers "Design, Manufacturing and Supply of Flexible Packaging Materials and Blown Film".

Advanced Packaging Technology (M) Bhd currently also produces linear low density polyethylene (LLDPE) film mainly for its internal consumption as well as for external sales.

The Company has on 23 August 2002 incorporated a wholly-owned subsidiary company in Hong Kong by the name of Advanced Packaging Investments (H.K.) Limited as an investment holding company.

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NOTICE of Annual General Meeting

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NOTICE IS HEREBY GIVEN that the Twenty Third Annual General Meeting of Advanced Packaging Technology (M) Bhd ("Company") will be held at Prescott Metro Inn, Wisma Metro Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Thursday, 23 June 2005 at 10.30 a.m. for the following purposes:-

A G E N D A

1. To receive the Audited Financial Statements for the year ended 31 December 2004 and the Directors' and Auditors' Reports thereon. **Resolution 1**
2. To approve the payment of a tax exempt final dividend of 2.0% for the year ended 31 December 2004. **Resolution 2**
3. To approve the payment of Directors' Fees of RM180,000.00 for the year ended 31 December 2004. (2003: RM180,000.00) **Resolution 3**
4. To re-elect the following Directors who retire in accordance with Article 80 of the Company's Articles of Association:
 - (a) Mr Tjin Kiat @ Tan Cheng Keat **Resolution 4**
 - (b) Datuk Ismail bin Haji Ahmad **Resolution 5**
 - (c) Mr Mah Siew Seng **Resolution 6**
5. To re-appoint Dato' Law Sah Lim as a Director pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the next annual general meeting of the Company. **Resolution 7**
6. To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**
7. To transact any other ordinary business for which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders, a tax exempt final dividend of 2.0% in respect of the financial year ended 31 December 2004 will be paid on 15 July 2005 to shareholders whose names appear in the Company's Record of Depositors on 30 June 2005.

A Depositor shall qualify for the entitlement only in respect of :-

Shares transferred into the Depositor's securities account before 4.00 p.m. on 30 June 2005 in respect of ordinary transfers; and

Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

NOTICE

of Annual General Meeting (cont'd)

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By Order of the Board

GOON KOK KEONG
(MAICSA 0698849)
Company Secretary

Petaling Jaya
Selangor Darul Ehsan
30 May 2005

NOTES:

A member of the Company entitled to attend and vote at this meeting may appoint a proxy or proxies to vote in his stead. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.

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

The instrument appointing a proxy must be deposited at the Company's Registered Office at 23B Jalan 52/1, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.

STATEMENT

Accompanying the Notice of Annual General Meeting

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1. NAMES OF DIRECTORS STANDING FOR RE-ELECTION

The names of the Directors standing for re-election at the forthcoming Twenty-third Annual General Meeting are as follows:-

Under Article 80 of the Company's Articles of Association

- a) Tjin Kiat @ Tan Cheng Keat
- b) Datuk Ismail Bin Haji Ahmad
- c) Mah Siew Seng

Under Section 129(6) of the Companies Act, 1965

- a) Dato' Law Sah Lim

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

The number of Board of Directors' Meetings held and attendance by directors during the financial year ended 31 December 2004 are as follows:-

Name of Directors	Number of Meetings Held	Number of Meetings Attended
Chee Sam Fatt	4	4
Tjin Kiat @ Tan Cheng Keat	4	4
Yeo Tek Ling	4	4
Dato' Law Sah Lim	4	4
Eu Hock Seng	4	4
Ng Choo Phuan @ Kuan Choo Phuan (<i>Resigned on 25.2.2005</i>)	4	4
Ng Choo Tim	4	4
Dato' Haji Ghazali b. Mat Ariff	4	4
Datuk Ismail bin Haji Ahmad	4	4
Mah Siew Seng	4	4

3. PLACE, DATE AND HOUR OF THE TWENTY-THIRD ANNUAL GENERAL MEETING

The Twenty-third Annual General Meeting of the Company will be held at Prescott Metro Inn, Wisma Metro Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Thursday, 23 June 2005 at 10.30a.m.

4. DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

The details of the directors standing for re-election at the forthcoming Twenty-third Annual General Meeting are set out on pages 6 to 9 of the Annual Report.

BOARD OF DIRECTORS

Chee Sam Fatt (Chairman)
Tjin Kiat @ Tan Cheng Keat (Managing Director)
Yeo Tek Ling (Finance Director)
Dato' Haji Ghazali b. Mat Ariff
Dato' Law Sah Lim
Datuk Ismail bin Haji Ahmad
Mah Siew Seng
Eu Hock Seng
Ng Choo Phuan @ Kuan Choo Phuan
(Resigned on 25.2.2005)
Ng Choo Tim

SECRETARY

Goon Kok Keong
(MAICSA 0698849)

AUDITORS

PKF
AF0911
Chartered Accountants

AUDIT COMMITTEE

Dato' Haji Ghazali b. Mat Ariff (Chairman)
- Independent Non-Executive Director
Datuk Ismail bin Haji Ahmad
- Non-Independent Non-Executive Director
Mah Siew Seng
- Independent Non-Executive Director

NOMINATION COMMITTEE

Datuk Ismail bin Haji Ahmad (Chairman)
- Non-Independent Non-Executive Director
Eu Hock Seng
- Independent Non-Executive Director
Ng Choo Phuan @ Kuan Choo Phuan
- Independent Non-Executive Director
(Resigned on 25.2.2005)
Ng Choo Tim
- Independent Non-Executive Director
(Appointed on 25.2.2005)

REMUNERATION COMMITTEE

Chee Sam Fatt (Chairman)
- Non-Independent Non-Executive Director
Dato' Haji Ghazali Bin Mat Ariff
- Independent Non-Executive Director
Mah Siew Seng
- Independent Non-Executive Director

REGISTERED OFFICE

23B Jalan 52/1
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7960 0648
Fax: 03-7957 0094

REGISTRAR & SHARE TRANSFER OFFICE

Symphony Share Registrars Sdn. Bhd.
(Formerly known as Malaysian Share Registration
Service Sdn. Bhd.)
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2721 2222
Fax: 03-2721 2530

PRINCIPAL BANKER

Bumiputra-Commerce Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
- Second Board

CHEE SAM FATT

Singaporean
Chairman (Non-Independent Non-Executive Director)

Mr Chee Sam Fatt, aged 69 years, one of the founder director of the Company was appointed to the Board on 31 March 1982. He is currently the Chairman of the Board and the Remuneration Committee.

He held directorships in several private limited companies which were involved in construction and building materials, property development, importation and installation of marble, machine joinery works and assembly and retailing of electrical goods.

Mr Chee does not have any family relationship with any director. He is the husband of Madam Lee Ng Mah @ Lee Wai Chan who is a major shareholder of the Company. He does not have any conflict of interest with the Company and has no record of conviction for any offence within the past ten years.

He is a registered holder of 20,250 ordinary shares in the Company.

TJIN KIAT @ TAN CHENG KEAT*

Malaysian
Managing Director (Non-Independent Executive Director)

Aged 66 years, Mr Tan Cheng Keat, one of the founder directors of the Company was appointed to the Board on 31 March 1982. He was appointed a full time Executive Director on 1 May 1986 and served as Managing Director of the Company since his appointment on 29 June 1989. He is responsible for the overall management of the Company's business as well as spearheading its future direction.

His previous marketing experience included serving as Sales Manager of Advanced Electronics (M) Sdn Bhd ("AE") for thirteen years. He was appointed as a director of AE in 1980.

He does not hold any other directorships in public companies and does not have any family relationship with any director and/or major shareholder of the Company. Presently, Mr. Tan holds 2,405,378 ordinary shares in the Company.

He has not been convicted of any offence in the past ten years and has no conflict of interest with the Company.

YEO TEK LING

Malaysian
Finance Director (Non-Independent Executive Director)

A Chartered Management Accountant, Mr Yeo, aged 46 years, was appointed to the Board on 6 January 1994 and became Finance Director in January 1996. He first joined the Company in October 1985 as an Accountant and subsequently assumed the positions of Finance & Administration Manager and Corporate Planner.

Prior to joining the Company, he worked as Assistant Accountant at Associate Pan Malaysia Cement Sdn Bhd for three years.

He is a member of the Chartered Institute of Management Accountants (CIMA), U.K. and the Malaysian Institute of Accountants (MIA). He is in charge of the accounting, financial, taxation, corporate and administrative matters of the Company. Mr. Yeo was instrumental in assisting the Company obtain public listing in 1994 and the ISO 9002 certification in year 2000 as well as the subsequent upgrading to ISO 9001:2000 in 2003. He further assists the Managing Director in management and other operational matters.

Currently, he is a council member of MIA, Chairman of the Professional Accountants in Business Committee and Investigation Committee of MIA and a council member of CIMA, Malaysia Division. He is also a member of the Professional Accountants in Business Committee of the International Federation of Accountants, New York.

Mr Yeo does not have any family relationship with any director and/or major shareholder of the Company. He is not a director of any other public companies. He currently holds 24,338 ordinary shares in the Company. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past ten years.

DATO' LAW SAH LIM*

Malaysian

Director (Non-Independent Non-Executive Director)

Dato' Law Sah Lim is 75 years old. He is one of the founder directors of the Company and was appointed a Board member on 31 March 1982. He served as Chairman of the Company since his appointment to the Board and resigned on 1 January 2003.

With over 47 years of experience in various businesses such as the motor vehicle trade, food manufacturing, sales and assembly of electrical products, leasing, credit and financing, he sits on the Board of several private limited companies. He is not a director of any other public company.

Dato' Law does not have any family relationship with any director and/or major shareholder of the Company. There is no conflict of interest between him and the Company. He has not been convicted of any offence within the past ten years.

He holds 52,829 ordinary shares of RM1.00 each in the Company.

EU HOCK SENG

Singaporean

Director (Independent Non-Executive Director)

A founder director of the Company, Mr Eu Hock Seng, aged 65 years, was appointed to the Board on 31 March 1982. He currently serves as a member of the Nomination Committee.

Mr. Eu graduated from Waseda University of Japan with a Bachelor of Science (Electronic Engineering) degree. He was Head of Manufacturing Department of Setron (S) Ltd, factory manager of East Coast Electronics Sdn Bhd in Malaysia. He also taught the Japanese language at the Singapore National Trade Union Co-operative.

He does not have any family relationship with any director and/or major shareholder of the Company and is not a director of any other public companies. He has not been convicted of any offence within the past ten years and has no conflict of interest with the Company.

He holds 22,421 ordinary shares in the Company.

NG CHOO TIM

Malaysian

Director (Independent Non-Executive Director)

Mr Ng, aged 53 years, was appointed to the Board on 29 June 1989 and is a member of the Nomination Committee. He has been a partner of Syarikat Guan Seng for many years, a company trading in electrical products and furniture.

He does not have any family relationship with any director and / or major shareholder. He is not a director of any other public companies.

There is no conflict of interest between him and the Company. He has not been convicted of any offences within the past ten years.

He holds 1,296,594 ordinary shares in the Company.

DATO' HAJI GHAZALI B. MAT ARIFF

Malaysian

Director (Independent Non-Executive Director)

An Advocate & Solicitor by profession, Dato' Haji Ghazali, aged 64 years, was appointed to the Board on 23 March 1994.

He qualified as a Barrister-at-Law from Lincoln's Inn, London and was called to the English Bar on 21 November 1978. He was admitted as an Advocate & Solicitor of the High Court Malaya on 27 September 1979. He set up a legal firm now known as Messrs Ghazali Ariff & Partners in March 1980 and is currently the Senior Partner of the firm. From 1979 to 1980 he worked as a legal assistant at Messrs Nik Hussain, Ibrahim & Abdullah, Kuala Lumpur. Prior to that he was a college trained teacher from 1962 to 1968 and a lecturer from 1968 to 1974.

Dato' Haji Ghazali is the Chairman of the Audit Committee and also serves as a member of the Remuneration Committee.

He is a director of Eden Enterprises (M) Bhd., and a director of Amalgamated Industrial Steel Berhad, both companies are listed on the Bursa Malaysia Securities Berhad (formerly known as Malaysian Securities Exchange Berhad). He also sits on the Board of several private limited companies. He is the Vice President of Majlis Dato'-Dato' Perlis.

He does not have any family relationship with any director and/or major shareholder of the Company. He has not been convicted of any offence within the past ten years and has no conflict of interest with the Company. He does not hold any shares in the Company.

DATUK ISMAIL BIN HAJI AHMAD *

Malaysian

Director (Non-Independent Non-Executive Director)

Datuk Ismail bin Haji Ahmad, aged 68 years, a Permodalan Nasional Berhad nominee director, was appointed to the Board on 30 December 1998. He is also the Chairman of the Nomination Committee and a member of the Audit Committee.

He holds a Bachelor of Arts (Hons) degree from the University of Malaya, and a Master degree in Public Policy and Administration from the University of Wisconsin, United States of America.

He joined the Administrative and Diplomatic Service in 1964 and had served in the Prime Minister's Department, Ministry of Home Affairs and Ministry of Primary Industries. He served as the Chief Executive Officer of the Commodities Trading Commission from 1981 to 1995.

Datuk Ismail became a member of the Board of Amalgamated Industrial Steel Berhad on 9th December, 2003 and was appointed as its non-executive Chairman on 16th December 2003. Currently, he is also a non-executive director of Manulife Insurance (M) Berhad and Tracoma Berhad.

He does not have any family relationship with any director and/or major shareholder of the Company. He has not been convicted of any offence within the past ten years, has no conflict of interest with the Company and does not hold any shares in the Company.

MAH SIEW SENG *

Malaysian

Director (Independent Non-Executive Director)

A Chartered Accountant by profession, Mr Mah Siew Seng, aged 52 years, was appointed to the Board on 23 March 1994. He is a member of both the Audit Committee and the Remuneration Committee.

Mr. Mah qualified as a Certified Accountant in 1977. Prior to setting up his own practice under the name of Messrs Mah Siew Seng & Co. in Teluk Intan in late 1982, he worked in two chartered accounting firms for about five years. He became a partner of Messrs Lean, Oh & Associates, Petaling Jaya in early 1994.

He is a member of the Malaysian Institute of Accountants, a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Malaysian Institute of Taxation.

He does not have any family relationship with any director and/or major shareholder of the Company. He does not hold directorships in any other public companies but sits on the Board of several private limited companies.

He has not been convicted of any offence within the past ten years and has no conflict of interest with the Company. He does not hold any shares in the Company.

**Directors standing for re-election.*

STATEMENT

on Corporate Governance

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The Board of Directors ("Board") recognises the importance of good corporate governance in conducting the business and affairs of the Company in ensuring the continued growth and success of the Company. The Board is committed to the establishment and implementation of a proper framework for governance and controls that are in line with the principles of and best practices in corporate governance as recommended in the Malaysian Code on Corporate Governance ("Code") and the relevant provisions in the Bursa Malaysia Securities Berhad Listing Requirements.

The following statement sets out and explains the manner in which the Company has applied the principles of Part I of the Code.

1.0 DIRECTORS

1.1 The Board

The Board has the overall responsibility for corporate governance, strategic direction and overseeing the operations of the Group. The Board is also fully aware of the dual role of leadership and control for it to be effective. It is also conscious of the need to commit itself to practising the highest standards of corporate governance in the discharge of its stewardship responsibilities, to protect the investors' interest as a whole and the Company's assets and to enhance the Company's performance and thereby increase shareholders' value.

The Board is led and managed by an experienced team which is responsible for the performance of the Company. The Board provides strategic direction and advice to the Company and guides the Company on its short and long term goal.

Position descriptions and a formal schedule of matters are being established to clearly define and segregate the duties and responsibilities of the Board and management. There are no restrictions on directors in obtaining access, where necessary, to independent professional advice at the Company's expense and access to the advice and service of the Company Secretary.

Management and the Company Secretary assist the Chairman in undertaking its responsibility of organizing and ensuring that notices of meetings, agenda papers and other relevant information are supplied on a timely basis and tabled for the Board to function effectively.

1.2 Composition of The Board / Board Balance

The Board composition currently consists of two Executive Directors and seven Non-Executive Directors, of whom four are Independent. Thus, the Board has a balance of executive and non-executive directors with no individual director dominating decision making at Board meetings. The Board's composition is in compliance with paragraph 15.02 of the Bursa Malaysia Securities Berhad Listing Requirements which requires at least one third of the Board to comprise of independent directors.

The Board members possess a good mix of diverse skills and experience. The executive directors' knowledge of the business is complemented by the independent non-executive directors' objective and unbiased judgment at board deliberations taking into account at all times the best interest of the Company's investors as a whole. The presence of Independent Non-Executive Directors fulfills a pivotal role in corporate governance accountability.

The position and roles of the non-Executive Chairman and that of the Managing Director have been separated to ensure a balance of power and authority. The Board does not have any significant shareholder and is of the opinion that there is an appropriate number of directors which fairly reflects the investment in the Company.

Dato' Haji Ghazali bin Mat Ariff was appointed on 28 May 2002 as the senior independent non-executive director to whom all concerns regarding the Company may be conveyed.

1.3 Board and Committee Meetings

The Chairman is responsible for ensuring Board effectiveness. At the beginning of each financial year, management prepares in advance a schedule of board and committee meetings for the entire financial year. Relevant agenda papers for each meeting are circulated at the time when notice of meetings are sent. When requested by the Board or Board Committees, additional information are promptly supplied to enable them to effectively discharge their responsibilities.

The Board and Audit Committee meet at least four times a year at a quarterly interval. Additional meetings are convened and held as and when deemed necessary. Attendance at meetings are detailed in the Statement Accompanying the Notice of Annual General Meeting and the Audit Committee Report.

Senior members of the staff had been requested to attend the Audit Committee meetings when clarification was sought. Decisions and recommendations of the Committee are reported to the Board at the Board's next meeting by the Audit Committee Chairman.

1.4 Supply of Information

All Board and Board Committee members are provided with the requisite notice, agenda and Board Papers necessary for their review prior to the convening of each meeting. All information and documents are provided in a timely manner to ensure that Directors and committee members have sufficient time to understand and appreciate issues to be deliberated at the Board or Board Committee meetings. The Board is given full access to both financial and other performance information pertaining to the Company and no restrictions have been placed upon the directors, individually or as a board, to take independent professional advice at the Company's expense.

All members of the Board have ready and direct access to the advice and services of the Company Secretary. The Chairman has always received the positive support of the Company Secretary in ensuring the effective functioning of the Board.

1.5 Appointment and Re-election of Directors

The Nomination Committee is responsible for proposing new nominees to the Board and Board committees. It is also responsible for reviewing annually the required mix of skills, experience and competencies of the non-executive directors and assessing individual director's contribution and the effectiveness of the Board as a whole.

In accordance with Article 80 of the Company's Articles of Association, all Directors shall retire by rotation and submit themselves for re-election at least once in every three years. Directors over seventy (70) years old of age are required to submit themselves for re-election annually in accordance with Section 129 (6) of the Companies Act 1965. Information on Directors seeking re-election at the forth coming Annual General Meeting is set out in the Statement Accompanying the Notice of Annual General Meeting.

The Board takes cognizance of the need to monitor and review its size to ensure that its number does not undermine its effectiveness.

1.6 Directors' Training

All the Directors of the Company have attended the Mandatory Accreditation Programme conducted by the Bursa Malaysia Securities Bhd.

As the Continuous Education Programme (CEP) has been repealed by Bursa Malaysia with effect from 1 January 2005, the Board will endeavour to adopt a training programme deemed appropriate for the Directors.

STATEMENT

on Corporate Governance (cont'd)

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2.0 Directors' Remuneration

The remuneration of the executive directors are decided by the Board without the executive directors' participation in determining their own remuneration. The Remuneration Committee reviews and recommends to the Board the remuneration package of the executive directors. There is awareness that the remuneration of executive directors should be structured to link rewards to corporate and individual performance and that of the non-executive directors be reflective of their expertise and level of responsibilities.

Directors' Fees paid are approved by shareholders at the Company's annual general meeting based on the recommendation of the Board. Any changes in Directors' Fees are highlighted in the notice calling for the annual general meeting.

Details of Directors' remuneration received, receivable and inclusive of the recommended directors' fees in respect of the financial year ended 31 December 2004, distinguishing between Executive and Non-Executive Directors are set out below:-

CATEGORY OF REMUNERATION	EXECUTIVE DIRECTORS (RM)	NON-EXECUTIVE DIRECTORS (RM)
Salary	357,600.00	-
Fees	36,000.00	144,000.00
Bonus	101,250.00	-
Benefits-in-kind	22,925.00	-
EPF & Socso	81,015.00	-
Others	17,713.00	-
Total	616,503.00	144,000.00

BAND OF REMUNERATION (RM)	EXECUTIVE	NON-EXECUTIVE
Below 50,000	-	8
50,001 to 100,000	-	-
100,001 to 150,000	-	-
150,001 to 200,000	1	-
200,001 to 250,000	-	-
250,001 to 300,000	-	-
300,001 to 350,000	-	-
350,001 to 400,000	-	-
400,001 to 450,000	1	-
450,001 to 500,000	-	-

Details of individual director's remuneration are not disclosed for reasons of confidentiality and sensitivity of such disclosures.

3.0 Board Committees

The Board had established three committees namely, the Audit, Nomination and Remuneration Committees. Duties and responsibilities of these committees are contained in their respective terms of reference. These committees assist the Board in the discharge of its duties by examining issues within their terms of reference and reporting back to the Board with recommendations, recognizing at all times that the Board is the ultimate platform for decision making.

3.1 Audit Committee

On 23 March 1994, the Audit Committee was set up and its terms of reference established and subsequently revised to be in line with the revamped Bursa Malaysia Securities Berhad listing requirements and the Malaysian Code on Corporate Governance. Particulars of its terms of reference, composition and other relevant information and activities are detailed in the Audit Committee Report.

3.2 Nomination Committee

The Nomination Committee was established on 27 February 2002. Two independent non-executive directors and one non-independent non-executive director were appointed by the Board to the Nomination Committee. The members of the Nomination Committee are:-

- (i) Datuk Ismail bin Haji Ahmad (Chairman) (Non-Independent Non-Executive Director);
- (ii) Mr Eu Hock Seng (independent non-executive director); and
- (iii) Mr Ng Choo Phuan @ Kuan Choo Phuan (independent non-executive director), resigned on 25 February 2005 .
- (iv) Mr Ng Choo Tim (independent non-executive director), appointed on 25 February 2005 .

The terms of reference of the Nomination Committee are:-

- (a) to propose new nominees for the board;
- (b) to recommend to the board, candidates for all directorships to be filled by the shareholders or directors;
- (c) to consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within bounds of practicability, by any other senior executive or any director or shareholder;
- (d) to recommend to the board, directors to fill the seats on board committees;
- (e) to assess directors on an ongoing basis.
- (f) to review annually the required mix of skills, experience and other qualities, including core competencies which non-executive directors should bring to the board and submit its recommendations to the board;
- (g) to carry out a process implemented by the board on an annual basis for assessing the effectiveness of the board as a whole, the committees of the board and for assessing the contribution of each individual director.

The Nomination Committee met once during the financial year under review.

3.3 Remuneration Committee

Comprising of two independent non-executive directors and one non-independent non-executive director, the Remuneration Committee was set up on 27 February 2002. It is responsible for recommending to the Board the remuneration of the executive directors in all its forms, and where necessary, draws advice from outside.

The following are members of the Remuneration Committee:-

- (i) Mr Chee Sam Fatt (Chairman) (non-independent non-executive director);
- (ii) Dato' Haji Ghazali b. Mat Ariff (independent non-executive director); and
- (iii) Mr Mah Siew Seng (independent non-executive director).

The Remuneration Committee met once during the period under review.

4.0 Accountability and Audit

4.1 Financial Reporting

The Board aims to provide and present a true, fair, and clear assessment of the Company's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results as well as the Chairman's statement in the Annual Report. The Board is assisted by the Audit Committee in reviewing the quality of its financial reporting.

Towards this end, the Board is aware of its responsibility in ensuring that the Company's accounting records are properly kept in compliance with the Companies Act, 1965 and approved accounting standards and that the financial statements for the financial year are prepared to reflect a true and fair view of the state of affairs of the Company.

4.2 Internal Control

The Board is responsible for maintaining a sound system of internal controls including financial, operational and compliance controls and risk management to protect shareholders' investment and safeguard the Company's assets. It is aware of the importance of ongoing monitoring processes and control activities to identify and rectify operational deficiencies and to detect and prevent actual or suspected fraud, and other irregularities and improprieties.

During the year under review, PKF Management Consulting Sdn Bhd had undertaken internal audit function to ensure best practices are adopted in internal control by the Company. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the business operations. This assists the Board /Audit Committee in obtaining assurance of a regular review and appraisal of the adequacy, integrity and effectiveness of the system of internal controls.

The Statement on Internal Control as set out in this Annual Report provides an overview on the state of internal controls within the Group.

4.3 Relationship with External Auditors

The Company has established an appropriate and transparent relationship with its external auditors through the Audit Committee. Notice of each Audit Committee meeting is extended to the external auditors and the latter has to date attended all of the Audit Committee meetings.

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee Report.

5.0 Relationship With Shareholders

Recognising the importance of maintaining effective communication with its shareholders and the public in general, the Board is committed to the timely dissemination of information. All shareholders of the Company are served with annual reports/circulars and notice of meeting accordingly. At the Annual General Meeting, shareholders are given the opportunity to ask relevant questions pertaining to the Company.

Quarterly results and all relevant and important information are announced for dissemination through the Bursa Malaysia Securities Berhad. Members of the public can obtain the full Annual Report, financial statements and announcements from the Bursa Malaysia Securities Berhad's website. The Company also endeavours to provide appropriate information upon requests by institutional investors, fund managers and analysts and the press.

This statement was made in accordance with a Board resolution passed on 26 April 2005.

Status of Utilisation of Proceeds

The Company did not implement any corporate proposal for the raising of funds during the financial year.

Share Buy-Back

The Company did not make any share buy-back during the financial year.

Options, Warrants and Convertible Securities

No options, warrants and convertible securities were exercised during the financial year.

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

The Company did not sponsor any ADR or GDR programme during the financial year.

Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any relevant regulatory bodies during the financial year.

Non-Audit Fees

The amount of no non-audit fees paid or payable to the Auditors, Messrs. PKF, for the financial year was RM5,000.00

Variance in Results

There was no material variance between the Company's audited results for the financial year ended 31 December 2004 and the unaudited results previously released for the financial quarter ended 31 December 2004.

Profit Guarantee

The Company did not provide any profit guarantee and as such there is no issue of shortfall in the profit guaranteed.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving directors and major shareholders either subsisting at the end of the financial year or entered into since the end of the previous financial year.

Revaluation Policy on Landed Properties

The Company has not revalued its landed property and as such does not have a revaluation policy on its landed property.

It is the general policy of the Company to revalue its landed properties once every five years or at such shorter period as may be considered appropriate taking into account prevailing economic conditions, industry outlook and the advice of professional valuers.

Recurrent Related Party Transaction of a Revenue or Trading Nature

There were no recurrent related party transactions of a revenue or trading nature which require shareholders' mandate during the financial year.

Employees' Share Option Scheme (ESOS)

The Company has not implemented any share option scheme for its employees.

Accounts

The statutory declaration in relation to the Accounts has been signed by a person who fulfils the requirements of paragraph 9.27 of the Bursa Malaysia Securities Berhad Listing Requirements.

This statement was made in accordance with a Board resolution passed on 26 April 2005

STATEMENT

on Internal Control

pg 16

INTRODUCTION

The Board of Directors ("Board") of Advanced Packaging Technology (M) Bhd. ("APT or the Group") strongly supports the need for good corporate governance and is committed to its responsibility of maintaining a sound system of internal controls in the Group. The Board is pleased to provide the following Statement On Internal Control, which outlines the nature and scope of internal controls of the Group during the year pursuant to Paragraph 15.27(b) of the Bursa Malaysia Securities Berhad Listing Requirements which requires the directors of public listed companies to include a statement in the annual report on the state of internal controls.

RESPONSIBILITY

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board is ultimately responsible for the Group's system of internal controls which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. However, in view of the limitations that are inherent in any system of internal controls, the system as such is designed to manage risks within an acceptable risk profile and to mitigate the effects rather than eliminate the risk of failure to achieve business objectives. It is imperative to note that any control system can only provide reasonable, and not absolute assurance against material misstatement, fraud or loss.

RISK MANAGEMENT

The Board is aware and recognises various risks inherent in the business processes and thus risk management is regarded by the Board as an integral part of the business operations. Thus, the Board of Directors is committed to maintaining a strong control structure and environment for the proper conduct of the business. Management is responsible for creating a risk-aware culture within the organisation. The management has also been vested with the responsibility of identifying and evaluating risks faced by the Group for the Board's consideration, implementing appropriate internal controls system and ensuring compliance with the applicable laws, regulations, standards and guidelines and implementing policies adopted by the Board.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to external consultants. This provides the Board with the independent assurance and assistance it requires in identifying principal risks, reviewing the adequacy and integrity of the internal controls and the implementation of appropriate systems to manage these risks. The internal audit function also assists the Audit Committee in discharging its duties and responsibilities.

Internal audits are being undertaken by PKF Management Consulting Sdn Bhd and Pannell Kerr Forster Consultants Sdn. Bhd. with effect from the financial year ended 31 December 2002 under an internal audit plan to provide independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system, in anticipating potential risk exposures over key business processes. The internal audit function adopts a risk-based methodology approaches and prepares its audit strategy and plan based on the risk profiles of the business operations.

The internal audit function reviews regularly the internal controls of the key functional areas of the business operations, which has been approved by the Audit Committee. The internal audit findings are reported directly to the Audit Committee on either a quarterly or half yearly basis, and by extension to the Board of Directors. The management is responsible for ensuring that corrective actions on reported weaknesses are carried out as recommended by the internal audit function within the agreed time frame.

STATEMENT

on Internal Control (cont'd)

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QUALITY ASSURANCE

As part of the overall system of controls, the Group has implemented a Quality Management System complying with the BS EN ISO 9001:2000 requirements in carrying out control on quality of the Group's core business of manufacturing of flexible packaging materials and blown film.

The Board views compliance to ISO 9001:2000 standards as an on-going commitment and regular upgrading and monitoring are carried out by management on a continuous basis.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, other key elements of internal controls are described below:

- Independence of the Audit Committee in discharging its duties and responsibilities.
- Defined delegation of responsibilities and authorities to the Board Committees.
- Proper implementation of procedures in line with ISO 9001:2000 standards.
- Proper organisational structure and job specification for employees.
- Communication of quality policy and objectives to employees.
- Proper process of the annual profit forecast approved by the Board.
- Regular reviews of management's financial and progress reports by the Board.
- Holding of ad-hoc meetings regularly at management and operational levels to identify, discuss and resolve business and operational issues.
- Continuous training and development for staff to enhance and improve employees' competencies and proficiencies. This is implemented through a combination of on-the-job training and internal and external training courses.

CONCLUSION

The Board of Directors is of the view that there was no material losses incurred during the current financial year as a result of weaknesses in internal control. The Board continues to monitor and ensure that appropriate measures are undertaken to strengthen the control environment.

This statement was approved by the Board on 26 April 2005.

DIRECTORS' responsibility statement

Under paragraph 15.27 (a) of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Board of Directors is required to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The Directors of the Company are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the financial and cash flow positions and state of affairs of the Company and, where applicable, the Group as at the financial year end.

The directors have, through the Statement by Directors on page 26 of the Annual Report given their opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Company for the financial year ended 31 December 2004.

In preparing the financial statements, the Directors are responsible for ensuring that appropriate accounting policies are adopted and applied consistently and where judgements and estimates were made, they were based on prudence and reasonableness. The directors are also responsible for ensuring that proper accounting and other records are kept to sufficiently explain the transactions and financial position of the Company and to enable true and fair financial statements to be prepared.

This statement was approved by the Board on 26 April 2005.

The Board of Directors is pleased to present the report on the Audit Committee and its activities during the financial year ended 31 December 2004 in compliance with paragraph 15.16 of the Bursa Malaysia Securities Berhad Listing Requirements.

COMPOSITION, MEETINGS AND ATTENDANCE

The composition of the Audit Committee, the number of meetings held during the financial year and particulars of attendance are as follows:-

Name	Designation	Number of Applicable Meetings	Attendance
a) Dato' Haji Ghazali b. Mat Ariff	Chairman		
	- Independent Non-Executive	4	4
b) Mah Siew Seng	Member		
	- Independent Non-Executive	4	4
c) Datuk Ismail bin Haji Ahmad	Member		
	- Non-Independent Non-Executive	4	4

TERMS OF REFERENCE

A. Composition

1. The Audit Committee shall be appointed from amongst the Directors of the Company and shall consist of not less than three members.
2. A majority of the Audit Committee shall be independent directors.
3. At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants (MIA); or if he is not a member of MIA, he must have at least three years' working experience and have passed the examination specified in Part I of the First Schedule of the Accountants Act, 1967 or be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967 or fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad.
4. An alternate director shall not be appointed as a member of the Audit Committee.

B. Chairman

1. The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent director.

C. Meetings

1. Audit Committee meetings shall be held not less than four times a year.
2. A quorum for the meeting shall be a majority of independent directors.
3. Besides the Finance Director and representatives of the internal and external auditors who shall normally attend the Audit Committee meetings, other directors and employees may attend the meeting only at the invitation of the Audit Committee.
4. At least once a year the Audit Committee shall meet with the external auditors without the presence of any executive board members.

5. The Chairman shall convene a committee meeting upon receipt of a request from the external auditor to consider any matter which the external auditor believes should be brought to the attention of the directors and shareholders.
6. The Company Secretary shall be the Secretary of the Audit Committee.
7. The minutes of each meeting shall be distributed to the members of the Board.

D. Retirement and Resignation

1. Any vacancy in the Audit Committee resulting in the non-compliance of paragraph 15.10(1) of the Listing Requirements shall be filled within three months.

E. Duties of the Audit Committee

1. To review the following and report the same to the Board of Directors:-
 - (a) with the external auditor, the nature and scope of the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report;
 - (d) the assistance given by the employees of the company to the external auditor;
 - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments and unusual events arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements.
 - (h) any related party transactions and conflict of interest situation that may arise within the company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
2. To consider the appointment of an external auditor, the audit fee and any questions of resignation or dismissal.
3. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).
4. To review the external auditor's management letter and management's response.

5. To do the following where an in-house internal audit function exists:-
 - (a) review any appraisal or assessment of the performance of members of the internal audit function;
 - (b) approve any appointment or termination of senior staff members of the internal audit function;
 - (c) inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
6. To consider the major findings of internal investigations and management's response.
7. To consider any other topics as defined by the Board.

F. Rights and Authority of the Audit Committee

The Audit Committee shall, wherever necessary and reasonable for the performance of its duties and in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company.
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

G. Review of the Audit Committee

1. The Board of Directors shall review the term of office and performance of the Audit Committee and each of its members at least once in every three years to determine whether the Audit Committee and its members have carried out their duties in accordance with their term of reference.

H. Reporting of Breaches to the Exchange

1. Where the Audit Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

The Audit Committee had carried out the following activities during the financial year ended 31 December 2004 :-

- (a) reviewed the quarterly unaudited financial results and announcements for submission to the Board for approval and release to the Bursa Malaysia Securities Berhad.
- (b) reviewed the scope of work, audit plan and audit fees of external auditors in relation to the audit of the preceding year end financial statements and accounts., the external auditors' report and discussed the audit fees.

- (c) reviewed the external auditor's report, findings, management letter and management's response.
- (d) reviewed the internal audit report prepared by PKF Management Consulting Sdn Bhd and management's response.
- (e) met with representatives of Pannell Kerr Forster Consultants Sdn. Bhd, discussed and finalized their proposals on the provision of internal audit services for 2005. It also reviewed and recommended for approval of the Board the internal audit plan for 2005.

SUMMARY OF INTERNAL AUDIT FUNCTION'S ACTIVITIES

During the year, the Company has outsourced its internal audit function to PKF Management Consulting Sdn. Bhd. (PMCSB) to ensure best practices are adopted in internal control. It has drawn up an internal audit plan by adopting a risk-based approach to provide independent assessment on the adequacy, efficiency and effectiveness of the Company's internal control system in anticipating potential risk exposures over key business processes.

The internal audit function reports directly to the Audit Committee. PMCSB carried out and completed audits of certain key processes and principal risk areas on a periodic basis during the year. Internal audit reports were issued to the Company incorporating findings and recommendations with regards to weaknesses noted. Management is responsible for ensuring that corrective actions are carried out within the agreed time frame.

This statement was made in accordance with a Board resolution passed on 26 April 2005.

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Advanced Packaging Technology (M) Bhd for the financial year ended 31 December 2004.

OVERVIEW

The year under review presented challenging times for the Company. The business conditions during the year continued to be competitive and the price of raw materials escalated due to the hike in crude oil price particularly in the second half-year.

However, with improvement in the standards of living and higher disposable income of the consumers, the future of the flexible packaging materials industry in Malaysia is still encouraging.

FINANCIAL PERFORMANCE

The Group recorded a turnover of RM22.56 million for the year ended 31 December 2004 which was 0.13% higher when compared to the preceding year figures of RM22.53 million. However, net profit before tax for the year under review decreased by RM0.52 million or 13.33% to RM3.38 million from RM3.90 million in year 2003. Higher raw materials cost and the inability to increase selling price in tandem with the increase in raw material cost were the main reasons which contributed to the decrease in the net profit for the year.

PROSPECTS

Barring unforeseen circumstances, the Board expects the Company to achieve satisfactory results for the current financial year.

DIVIDEND

Your Board of Directors has recommended a tax exempt final dividend of 2.00 sen per share (2003: 4.00 sen per share tax exempt) for the financial year ended 31 December 2004. The proposed dividend is subject to the approval of the shareholders at the Annual General Meeting to be held on 23 June 2005. No interim dividend was paid during the year (2003: nil).

CORPORATE DEVELOPMENT

The Company through its wholly owned subsidiary, Advanced Packaging Investments (H.K.) Limited (APIL) had on 02 December, 2002 entered into a joint venture contract with Wafangdian Laohu Cement Company Ltd. (WLCC), a company incorporated in the People's Republic of China (PRC), to build a new clinker plant in the PRC. APIL holds a 25% equity interest in the joint venture company.

However, owing to the financial problems faced by the joint venture partner, WLCC, in contributing its share capital to DACC and the difficulty in obtaining loan to finance the project, and certain new lending restrictions imposed by the government of the PRC in 2004 to cool down its over-heating economy, the project is currently still not yet completed. The completion of the project is very much dependant on the availability of loans from the banks in the PRC to WLCC and may be further delayed by the demise of the Chairman of WLCC, Mr. Xi Jiaqi. The Company is currently looking for alternatives with a view to speed up the project.

DIRECTORATE

The Board wishes to put on record its appreciation to Mr. Ng Choo Phuan @ Kuan Choo Phuan who resigned from the Board during the period under review for his invaluable contribution to the Company.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to extend our heartfelt thanks and appreciation to the management and staff for their dedication, hard work and commitment. I would also like to thank all our valuable customers, bankers, government authorities, business associates and shareholders for their continued support.

Chee Sam Fatt
Chairman
5 May, 2005

The Directors have pleasure in submitting their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2004.

Principal activities

The Company is principally engaged in the manufacturing and distribution of flexible packaging materials. The principal activities of the subsidiary are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Net profit for the year	2,431,844	2,516,280

Reserves and provisions

There were no material transfers to and from reserves or provisions during the financial year except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid a tax exempt final dividend of 4.00% totaling RM1,640,340 in respect of the financial year ended 31 December 2003, on 23 July 2004.

The final dividend recommend by the Directors in respect of the year ended 31 December 2004 is 2.00% tax exempt dividend totaling RM820,170.

Directors

Directors who served since the date of the last report are:-

Chee Sam Fatt
Tjin Kiat @ Tan Cheng Keat
Yeo Tek Ling
Dato' Haji Ghazali b. Mat Ariff
Dato' Law Sah Lim
Datuk Ismail bin Haji Ahmad
Mah Siew Seng
Eu Hock Seng
Ng Choo Phuan @ Kuan Choo Phuan - Resigned on 25.2.2005
Ng Choo Tim

Directors' interest in shares

The shareholdings in the Company of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1 each			At 31.12.2004
	At 1.1.2004	Bought	Sold	
Shareholdings registered in the name of Directors:				
Dato' Law Sah Lim	839	105,790	(54,800)	51,829
Tjin Kiat @ Tan Cheng Keat	2,405,378	-	-	2,405,378
Yeo Tek Ling	24,338	-	-	24,338
Chee Sam Fatt	20,250	-	-	20,250
Eu Hock Seng	22,421	-	-	22,421
Ng Choo Phuan @ Kuan Choo Phuan	523,991	-	(523,991)	-
Ng Choo Tim	1,296,594	-	-	1,296,594

None of the other Directors holding office at 31 December 2004 had any interest in the ordinary shares of the Company during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director has received nor become entitled to receive any benefit (other than a benefit included in aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the 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.

There were no arrangements during or at the end of the financial year, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares

There were no changes in the issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year.

Other statutory information

Before the financial statements of the Group and the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts had been written off and adequate provision made for doubtful debts, and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the financial statements of the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to current assets in the Group and in the Company financial statements misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secured the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Group and the Company for the financial year ended 31 December 2004 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Auditors

The auditors, Messrs PKF, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TJIN KIAT @ TAN CHENG KEAT

NG CHOO TIM

Kuala Lumpur

Dated : 26 April 2005

STATEMENT by Directors

pursuant to section 169 (15)
of the companies act, 1965

pg 26

In the opinion of the Directors, the accompanying financial statements are drawn up in accordance with the provision of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2004 and of the results of their operations and the cash flows for the year ended on that date.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TJIN KIAT @ TAN CHENG KEAT

NG CHOO TIM

Kuala Lumpur

Dated : 26 April 2005

STATUTORY declaration pursuant to section 169 (16) of the companies act, 1965

We, TJIN KIAT @ TAN CHENG KEAT and YEO TEK LING, being the Directors primarily responsible for the financial management of ADVANCED PACKAGING TECHNOLOGY (M) BHD, do solemnly and sincerely declare that to the best of our knowledge and belief, the accompanying financial statements are correct, and we 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
TJIN KIAT @ TAN CHENG KEAT and YEO TEK LING at
Kuala Lumpur in Wilayah Persekutuan on 26 April 2005

TJIN KIAT @ TAN CHENG KEAT

YEO TEK LING

Before me,

Maisharah Binti Abu Hasan
COMMISSIONER FOR OATHS
(W-181)

REPORT of the Auditors

to the Members of Advanced
Packaging Technology (M) Bhd
(82982-K) (Incorporated in Malaysia)

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We have audited the accompanying financial statements of ADVANCED PACKAGING TECHNOLOGY (M) BHD. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we consider necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and the Company as at 31 December 2004 and of the results of their operations and cash flows for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and the Company;
- and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditor's report thereon of the subsidiary of which we have not acted as auditors, as indicated in Note 8 to the financial statements.

We are satisfied that the financial statements of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary was not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Act.

PKF
AF 0911
CHARTERED ACCOUNTANTS

ANTHONY JOSEPH SKELCHY
251/03/05 (J/PH)
PARTNER

Kuala Lumpur

Dated : 26 April 2005

INCOME Statements

for the year ended
31 December 2004

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	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue		22,564,161	22,528,028	22,564,161	22,528,028
Other operating income		887,479	337,675	887,479	337,675
Changes in inventories of finished goods and work-in-progress		229,025	(54,200)	229,025	(54,200)
Raw materials used		(14,087,328)	(12,440,119)	(14,087,328)	(12,440,119)
Staff costs (inclusive of Directors' remuneration)	2	(2,952,108)	(3,142,876)	(2,899,608)	(3,052,876)
Depreciation		(1,368,434)	(1,189,691)	(1,368,434)	(1,189,691)
Other operating expenses		(2,615,426)	(3,089,755)	(2,583,532)	(3,024,459)
Operating profits	3	2,657,369	2,949,062	2,741,763	3,104,358
Interest income		743,501	967,173	743,501	967,173
Finance cost		(20,637)	(20,514)	(20,595)	(20,387)
Profit before tax		3,380,233	3,895,721	3,464,669	4,051,144
Income tax expense	4	(948,389)	(752,409)	(948,389)	(752,409)
Net profit for the year		2,431,844	3,143,312	2,516,280	3,298,735
Basic earnings per share (sen)	5	5.93	7.67		
Dividends per share (sen)	6	4.00	4.95	4.00	4.95

The accompanying notes form an integral part of the financial statements

BALANCE Sheets

as at 31 December 2004

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	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Long term assets					
Property, plant and equipment	7	10,129,935	10,590,433	10,129,935	10,590,433
Investment in subsidiary	8	-	-	4,921	4,921
Investment in joint venture	9	10,810,566	10,828,091	-	-
Amount due from a subsidiary	10	-	-	11,147,887	11,063,444
		<u>20,940,501</u>	<u>21,418,524</u>	<u>21,282,743</u>	<u>21,658,798</u>
Current assets					
Inventories	11	6,261,945	3,766,636	6,261,945	3,766,636
Trade receivables	12	5,194,975	5,069,388	5,194,975	5,069,388
Other receivables, deposits and prepayments	13	776,109	529,640	776,109	529,640
Cash and cash equivalents	14	19,801,963	21,331,043	19,801,963	21,331,043
		<u>32,034,992</u>	<u>30,696,707</u>	<u>32,034,992</u>	<u>30,696,707</u>
Current liabilities					
Trade payables		1,530,101	1,497,494	1,530,101	1,497,494
Amount due to Directors	15	180,000	180,000	180,000	180,000
Other payables and accruals		861,924	1,024,061	856,483	1,018,61
Tax payable		91,383	-	91,383	-
		<u>2,663,408</u>	<u>2,701,555</u>	<u>2,657,967</u>	<u>2,696,106</u>
Net current assets		29,371,584	27,995,152	29,377,025	28,000,601
Long term and deferred Liabilities					
Deferred taxation	16	1,230,906	1,150,000	1,230,906	1,150,000
Provision for staff gratuity	17	466,566	423,043	466,566	423,043
		<u>(1,697,472)</u>	<u>(1,573,043)</u>	<u>(1,697,472)</u>	<u>(1,573,043)</u>
		<u>48,614,613</u>	<u>47,840,633</u>	<u>48,962,296</u>	<u>48,086,356</u>
Financed by:					
Share capital	18	41,008,500	41,008,500	41,008,500	41,008,500
Reserves	19	7,606,113	6,832,133	7,953,796	7,077,856
Shareholders' funds		<u>48,614,613</u>	<u>47,840,633</u>	<u>48,962,296</u>	<u>48,086,356</u>

The accompanying notes form an integral part of the financial statements

STATEMENT of Changes in Equity

for the year ended
31 December 2004

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	Note	Share capital RM	Non-distributable Translation reserve RM	Distributable Retained profits RM	Total RM
Group					
At 1 January 2003		18,226,000	(8,395)	27,357,877	45,575,482
Currency translation differences		-	24,026	-	24,026
Issue of shares	18	22,782,500	-	(22,782,500)	-
Net profit for the year		-	-	3,143,312	3,143,312
Dividends	6	-	-	(902,187)	(902,187)
At 31 December 2003		41,008,500	15,631	6,816,502	47,840,633
Currency translation differences		-	(17,524)	-	(17,524)
Net profit for the year		-	-	2,431,844	2,431,844
Dividends	6	-	-	(1,640,340)	(1,640,340)
At 31 December 2004		41,008,500	(1,893)	7,608,006	48,614,613
Company					
At 1 January 2003		18,226,000	-	27,463,808	45,689,808
Issue of shares	18	22,782,500	-	(22,782,500)	-
Net profit for the year		-	-	3,298,735	3,298,735
Dividends	6	-	-	(902,187)	(902,187)
At 31 December 2003		41,008,500	-	7,077,856	48,086,356
Net profit for the year		-	-	2,516,280	2,516,280
Dividends	6	-	-	(1,640,340)	(1,640,340)
At 31 December 2004		41,008,500	-	7,953,796	48,962,296

The accompanying notes form an integral part of the financial statements

CASH Flow Statements

for the year ended
31 December 2004

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	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash flows generated from/ (used in) operating activities				
Profit before tax	3,380,233	3,895,721	3,464,669	4,051,144
Adjustments for:				
Depreciation	1,368,434	1,189,691	1,368,434	1,189,691
Gain on disposal of property, plant and equipment	(82,965)	(6,000)	(82,965)	(6,000)
Interest income	(743,501)	(967,173)	(743,501)	(967,173)
Property, plant and equipment written off	827	4,465	827	4,465
Provision for staff gratuity	49,274	47,174	49,274	47,174
Operating profit before working capital changes	3,972,302	4,163,878	4,056,738	4,319,301
(Increase)/Decrease in inventories	(2,495,309)	856,453	(2,495,309)	856,453
(Increase)/Decrease in trade and other receivables	(535,238)	709,472	(535,238)	346,254
Decrease in trade and other payables	(129,529)	(670,929)	(129,522)	(670,949)
Cash generated from operations	812,226	5,058,874	896,669	4,851,059
Tax refund	65,121	-	65,121	-
Income tax paid	(678,040)	(1,270,279)	(678,040)	(1,270,279)
Staff gratuity paid	(5,751)	(12,975)	(5,751)	(12,975)
Net cash from operating activities	193,556	3,775,620	277,999	3,567,805
Cash flows generated from/ (used in) investing activities				
Advances to subsidiary	-	-	(84,443)	(10,596,250)
Investment in joint venture	-	(10,828,091)	-	-
Interest received	743,501	967,173	743,501	967,173
Proceeds from disposal of property, plant and equipment	87,000	6,000	87,000	6,000
Purchase of property, plant and equipment	(912,797)	(1,662,366)	(912,797)	(1,662,366)
Net cash used in investing activities	(82,296)	(11,517,284)	(166,739)	(11,285,443)

CASH Flow Statements

for the year ended
31 December 2004 (cont'd)

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	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash flows used in financing activity				
Dividend paid	(1,640,340)	(902,187)	(1,640,340)	(902,187)
Net cash used in financing activity	(1,640,340)	(902,187)	(1,640,340)	(902,187)
Net decrease in cash and cash equivalents	(1,529,080)	(8,643,851)	(1,529,080)	(8,619,825)
Cash and cash equivalents at beginning of year	21,331,043	29,950,868	21,331,043	29,950,868
Foreign exchange differences on opening balances	-	24,026	-	-
Cash and cash equivalents at end of year	19,801,963	21,331,043	19,801,963	21,331,043
Cash and cash equivalents comprise:				
Cash and bank balances	801,963	1,831,043	801,963	1,831,043
Deposits with licensed banks	19,000,000	19,500,000	19,000,000	19,500,000
	19,801,963	21,331,043	19,801,963	21,331,043

The accompanying notes form an integral part of the financial statements

NOTES to the Financial Statements

as at 31 December 2004

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous year.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Revenue and income recognition

i) Sales of goods

Revenue represents invoiced value of goods supplied less returns and discounts and is recognised in the income statement upon delivery of goods and customer's acceptance.

ii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the assets.

(c) Basis of consolidation

A subsidiary is an enterprise controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. The subsidiary is consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. The subsidiary excluded on these grounds is accounted for as investment.

Under the acquisition method of accounting, the results of subsidiary acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary's net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiary's net assets is reflected as goodwill or negative goodwill as appropriate.

NOTES to the Financial Statements

as at 31 December 2004 (cont'd)

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

Depreciation

Leasehold land is amortised over the initial lease period of ninety nine (99) years expiring in 2086.

Other property, plant and equipment are depreciated on a straight-line basis to write off the cost of the assets over the term of their estimated useful lives at the following principal annual rates:

Building	2%	-	10%
Plant, machinery and tools	7 1/2%	-	10%
Furniture, fittings and equipment	10%	-	20%
Motor vehicles			20%

(e) Investment in subsidiary

Investment in subsidiary is stated at cost in the Company, less impairment loss where applicable.

(f) Joint venture

A joint venture is a contractual agreement whereby the Group and other parties have joint control over an economic activity.

(g) Receivables

Trade and other receivables are stated at cost less allowance for doubtful debts. Amount due from subsidiary is stated at cost.

(h) Inventories

Raw materials, work in progress, finished goods and consumables are stated at the lower of cost and net realisable value. In arriving at net realisable value, allowance is made for all obsolete inventories.

Cost of raw materials and consumables, which is determined on first in first out basis, includes all cost incurred in bringing them to their present location and condition.

Cost of work in progress and finished goods includes the cost of raw materials, direct labour and an appropriate proportion of the fixed and variable production overheads.

NOTES to the Financial Statements

as at 31 December 2004 (cont'd)

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Cash and cash equivalents

Cash and cash equivalents consist of balances and deposits with banks and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Liabilities

Trade and other payables are stated at cost.

(k) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of the previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. Temporary differences are not recognised for the initial recognition of assets or liabilities that is not a business combination and that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(l) Employee benefits

The Company has a staff gratuity scheme for employees who are eligible under their employment contracts. Gratuity for employees is provided for in the financial statements taking into consideration the length of service and basic salary earnings of eligible employees.

(m) Impairment

The carrying amounts of the Group's asset are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement. Any subsequent increase in recoverable amount is recognised in the income statement.

NOTES to the Financial Statements

as at 31 December 2004 (cont'd)

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment (cont'd)

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(n) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date or forward rates, where applicable. Foreign exchange differences arising on translation are recognised in the income statement.

The closing rates used in the translation for foreign currency monetary assets and liabilities are as follows:

	2004	2003
	RM	RM
1 US Dollar	3.80	3.80
1 Brunei Dollar	2.35	2.21
1 Singapore Dollar	2.35	2.21
100 Thai Baht	9.93	9.40
100 Hong Kong Dollar	49.35	49.43

2. STAFF COSTS

Staff costs include Directors' remunerations, salaries, wages, bonus and allowances, statutory contributions for employees and other employee related expenses. The total number of employees, inclusive of executive Directors, of the Group and the Company as at the end of the financial year are 97 and 96 (2003: 113 and 112) respectively.

NOTES to the Financial Statements

as at 31 December 2004 (cont'd)

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3. OPERATING PROFITS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Operating profit is arrived at after charging:				
Auditors' remuneration	30,739	30,448	25,000	25,000
Allowance for doubtful debts	97,513	209,901	97,513	209,901
Bad debts written off	-	23,909	-	23,909
Depreciation	1,368,434	1,189,691	1,368,434	1,189,691
Directors' emoluments				
- fees				
- executive	36,000	36,000	36,000	36,000
- non-executive	144,000	144,000	144,000	144,000
- remunerations				
- Directors of the Company	557,578	532,064	557,578	532,064
- Director of a subsidiary	52,500	90,000	-	-
Inventories written off	32,273	97,848	32,273	97,848
Loss on foreign exchange				
- realised	-	2,949	-	2,949
Property, plant and equipment written off	827	4,465	827	4,465
Provision for staff gratuity and crediting:	49,274	47,174	49,274	47,174
Bad debts recovered	-	(11,315)	-	(11,315)
Gain on disposal of property, plant and equipment	(82,965)	(6,000)	(82,965)	(6,000)
Gain on foreign exchange				
- realised	(1,709)	-	(1,709)	-
- unrealised	(605)	(9,180)	(605)	(9,180)
Reversal of allowance for doubtful debts	(500,735)	(32,744)	(500,735)	(32,744)

Estimated cash value of benefits-in-kind for the executive Directors are RM22,925 and RM22,925 (2003: RM31,900 and RM31,900) for the Group and the Company respectively.

NOTES to the Financial Statements

as at 31 December 2004 (cont'd)

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4. INCOME TAX EXPENSE

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current tax expense	912,215	910,265	912,215	910,265
(Over)/under provision in prior years	(44,732)	2,144	(44,732)	2,144
Deferred tax expense - origination/(reversal) of temporary differences (Note 16)	80,906	(160,000)	80,906	(160,000)
	<u>948,389</u>	<u>752,409</u>	<u>948,389</u>	<u>752,409</u>

Reconciliation of effective tax rate

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit before tax	<u>3,380,233</u>	<u>3,895,721</u>	<u>3,464,669</u>	<u>4,051,144</u>
Income tax using				
Malaysian tax rate	946,465	1,090,802	970,107	1,134,320
Non deductible expenses	7,667	42,740	7,667	42,740
Tax losses not recognised	23,642	43,518	-	-
Deferred tax				
previously not recognised	25,069	(210,000)	25,069	(210,000)
Double deduction	(9,722)	(8,975)	(9,722)	(8,975)
Reinvestment allowances	-	(207,820)	-	(207,820)
	<u>993,121</u>	<u>750,265</u>	<u>993,121</u>	<u>750,265</u>
Under provision in prior years	<u>(44,732)</u>	<u>2,144</u>	<u>(44,732)</u>	<u>2,144</u>
	<u>948,389</u>	<u>752,409</u>	<u>948,389</u>	<u>752,409</u>

Tax losses not recognised relates to the losses before tax of the subsidiary, which is incorporated in Hong Kong for the year amounting to approximately RM84,436 (2003: RM155,424).

5. EARNINGS PER ORDINARY SHARE

Basic earnings per share of the Group is based on the net profit attributable to ordinary shareholders of RM2,431,844 (2003: RM3,143,312) respectively and the issued share capital of 41,008,500 (2003: 41,008,500) ordinary shares.

NOTES to the Financial Statements

as at 31 December 2004 (cont'd)

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6. DIVIDENDS

	2004 RM	2003 RM
Final paid:		
2003 – 4.00% per share tax exempt (2002: 4.95% per share tax exempt)	1,640,340	902,187

7. PROPERTY, PLANT AND EQUIPMENT

Group and Company	Long term leasehold land RM	Building RM	Plant, machinery and tools RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Cost						
At beginning of year	739,000	4,255,229	17,948,631	503,708	849,569	24,296,137
Additions	-	11,350	257,245	44,100	600,102	912,797
Disposals	-	-	-	(22,000)	(257,884)	(279,884)
Written off	-	-	-	(5,613)	-	(5,613)
At end of year	739,000	4,266,579	18,205,876	520,195	1,191,787	24,923,437
Accumulated depreciation						
At beginning of year	138,625	1,316,810	11,134,546	332,555	783,168	13,705,704
Charge for the year	7,390	94,126	1,131,418	47,885	87,615	1,368,434
Disposals	-	-	-	(17,967)	(257,883)	(275,850)
Written off	-	-	-	(4,786)	-	(4,786)
At end of year	146,015	1,410,936	12,265,964	357,687	612,900	14,793,502
Net book value						
At 31 December 2004	592,985	2,855,643	5,939,912	162,508	578,887	10,129,935
At 31 December 2003	600,375	2,938,419	6,814,085	171,153	66,401	10,590,433
Depreciation charge for the year ended 31 December 2003	7,390	89,974	1,023,069	47,114	22,144	1,189,691

NOTES to the Financial Statements

as at 31 December 2004 (cont'd)

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8. INVESTMENT IN SUBSIDIARY

	Company	
	2004 RM	2003 RM
Unquoted shares at cost	4,921	4,921

The details of the subsidiary are as follows:

Name of company	Place of incorporation	Percentage of equity held		Principal Activity
		2004	2003	
Advanced Packaging Investments (HK) Ltd	Hong Kong	100%	100%	Investment holding company

The subsidiary is not audited by PKF Malaysia.

9. INVESTMENT IN JOINT VENTURE

	Group	
	2004 RM	2003 RM
At cost	10,810,566	10,828,091
Cost of investment in joint venture includes the following:		
Capital contribution	10,336,549	10,336,549
Professional fees	475,911	475,911
Others	(1,894)	15,631
	10,810,566	10,828,091
The Group's interest in the assets of the joint venture is as follows:-		
Long term assets	4,286,089	1,914,820
Net current assets	6,019,034	8,390,303
	10,305,123	10,305,123

There is no Group's interest in revenue and expenses as the joint venture company has not commenced operations.

NOTES to the Financial Statements

as at 31 December 2004 (cont'd)

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9. INVESTMENT IN JOINT VENTURE (continued)

Details of jointly controlled entity are as follows:

Name	Principal activities	Proportion of ownership interest equity held	
		2004	2003
Dalian Advanced Cement Company Ltd#	The Company has not commenced operations. The intended principal activities are that of production and sales of clinker and cement	25%	25%

Held by Advanced Packaging Investments (HK) Ltd.

10. AMOUNT DUE FROM SUBSIDIARY

Amount due from subsidiary represents interest free advances, which is not repayable within the next twelve (12) months.

11. INVENTORIES

	Group and Company	
	2004	2003
	RM	RM
At cost		
Raw materials	5,062,729	2,825,660
Work-in-progress	451,551	207,812
Finished goods	420,562	435,276
Consumables	327,103	297,888
	<u>6,261,945</u>	<u>3,766,636</u>

12. TRADE RECEIVABLES

	Group and Company	
	2004	2003
	RM	RM
Trade receivables	5,939,445	6,253,114
Allowance for doubtful debts		
- Specific	294,470	433,726
- General	450,000	750,000
	<u>(744,470)</u>	<u>(1,183,726)</u>
	<u>5,194,975</u>	<u>5,069,388</u>

NOTES to the Financial Statements

as at 31 December 2004 (cont'd)

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13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in other receivables, deposits and prepayments of the Company are excess taxes paid amounting to nil (2003: RM163,182). Subject to the agreement by the Inland Revenue Board, the excess taxes paid is refundable.

14. CASH AND CASH EQUIVALENTS

	Group and Company	
	2004	2003
	RM	RM
Deposits placed with licensed banks	19,000,000	19,500,000
Cash and bank balances	801,963	1,831,043
	<u>19,801,963</u>	<u>21,331,043</u>

15. AMOUNT DUE TO DIRECTORS

This represents Directors' fees payable.

16. DEFERRED TAXATION

The amount, determined after appropriate offsetting, are as follows:

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Deferred tax liabilities	1,487,713	1,478,000	1,487,713	1,478,000
Deferred tax assets	(256,807)	(328,000)	(256,807)	(328,000)
At end of year	<u>1,230,906</u>	<u>1,150,000</u>	<u>1,230,906</u>	<u>1,150,000</u>

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Property, plant and equipment - capital allowances	1,487,713	1,475,000	1,487,713	1,475,000
Unrealised foreign exchange gain	(169)	3,000	(169)	3,000
Retirement benefits	(130,638)	(118,000)	(130,638)	(118,000)
Allowance for doubtful debts - general	(126,000)	(210,000)	(126,000)	(210,000)
At end of year	<u>1,230,906</u>	<u>1,150,000</u>	<u>1,230,906</u>	<u>1,150,000</u>

NOTES to the Financial Statements

as at 31 December 2004 (cont'd)

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17. PROVISION FOR STAFF GRATUITY

	Group and Company	
	2004 RM	2003 RM
At beginning of year	423,043	388,844
Current year's provision	49,274	47,174
	<hr/>	<hr/>
	472,317	436,018
Amount paid during the year	(5,751)	(12,975)
	<hr/>	<hr/>
At end of year	466,566	423,043
	<hr/>	<hr/>

18. SHARE CAPITAL

	Group and Company	
	2004 RM	2003 RM
Authorised:		
100,000,000 ordinary shares of RM1 each	100,000,000	100,000,000
	<hr/>	<hr/>
Issued and fully paid:		
At beginning of year	41,008,500	18,226,000
Issued during the year	-	22,782,500
	<hr/>	<hr/>
At end of year	41,008,500	41,008,500
	<hr/>	<hr/>

In the previous year, the Company had issued and allotted 22,782,500 new ordinary shares of RM1 each by way of a bonus issue by capitalising the retained profits amounting to RM22,782,500 (Note 19). The bonus issue was issued to the existing shareholders of the Company on the basis of five (5) new ordinary shares of RM1 each for every four (4) existing ordinary shares of RM1 each.

19. RESERVES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Distributable:				
Retained profits	7,608,006	6,816,502	7,953,796	7,077,856
Non-distributable:				
Currency translation reserve	(1,893)	15,631	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	7,606,113	6,832,133	7,953,796	7,077,856
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES to the Financial Statements

as at 31 December 2004 (cont'd)

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19. RESERVES (continued)

Based on the estimated tax credits available, and the prevailing tax rates applicable to dividend, all of the retained profits of the Company are available for distribution by way of dividend without incurring additional tax liability.

Subject to the agreement by the tax authorities, the Company has tax exempt income account of approximately RM6,769,000 (2003: RM8,364,000) available for distribution as tax exempt dividend.

In the previous financial year, the Company has capitalised RM22,782,500 of its retained profits as bonus issue of five (5) new ordinary shares of RM1 each for every four (4) existing ordinary shares for RM1 each (Note 18).

20. SEGMENTAL INFORMATION

Business segments

Business segmental information has not been prepared as the Group's revenue, operating profit, assets and liabilities, depreciation, capital and non-cash expenditure are mainly confined to one (1) industry segment carried out in Malaysia namely the manufacturing and distribution of flexible packaging materials.

Geographical segments

The activities of the Group are mainly carried out in Malaysia except for the investment in joint venture in China, which has yet to commence operations. Accordingly, the segmental information by geographical location is presented as below:

	Malaysia		Outside Malaysia		Consolidated	
	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM
Segment assets by location of assets	42,164,927	41,287,140	10,810,566	10,828,091	52,975,493	52,115,231

21. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Exposure to credit, interest rate and currency risk arises in the normal course of the Group and the Company's business. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

NOTES to the Financial Statements

as at 31 December 2004 (cont'd)

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21. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

At the balance sheet date, the Group and the Company has no borrowings. As such, the Company is not exposed to any interest rate risk.

Foreign currency risk

The Group and the Company incur foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily US dollars. In view of the present pegging of Ringgit Malaysia to US dollars, the Group and the Company does not hedge this exposure.

Fair values

Recognised financial instruments

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.

Company	2004		2003	
	Carrying Amount RM	Fair value RM	Carrying amount RM	Fair value RM
Amount due from subsidiary	11,147,887	*	11,063,444	*

* In the opinion of the Directors, it is not practicable to determine the fair values of amounts due from subsidiary as the repayment terms are not fixed. However, the Directors do not anticipate that the carrying amounts recorded at balance sheet date to be significantly different from the values that would eventually be received or settled.

22. CAPITAL COMMITMENT

	Group and Company	
	2004 RM	2003 RM
Acquisition of property, plant and equipment not provided for in the financial statements are as follows:		
Approved but not contracted for	-	600,000
Approved and contracted for	553,112	-
	<u>553,112</u>	<u>600,000</u>

NOTES to the Financial Statements

as at 31 December 2004 (cont'd)

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23. GENERAL INFORMATION

The financial statements were approved and authorised for issue by the Board of Directors on 26.4.2005.

The registered office of the Company is located at 23B Jalan 52/1, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lot 2, Jalan P/2A, Kawasan MIEL, Bangi Industrial Estate, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.

LIST of Properties

as at 31 December 2004

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Location/Address	Description/ Existing Use	Land/ (Built-up) Area Sq. m	Tenure	Age of Building	Net Book Value RM
Location: Lot HS(M) 9617 PT11447 Mukim of Kajang Daerah Ulu Langat Selangor Darul Ehsan	Industrial Land erected with office, factory and warehouse premises / Own use	8,903 / 5,666	99 years leasehold Expiring on 29 September 2086	21 years old	3,448,628
Address: Lot 2 Jalan P/2A Kawasan MIEL Bangi Industrial Estate 43650 Bandar Baru Bangi Selangor Darul Ehsan					

ANALYSIS of Shareholdings

as at 29 April 2005

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SHAREHOLDERS

The company had 1,470 shareholders as at 29 April 2005. There is only one class of share, namely ordinary share of RM1.00 each. Each share entitles the holder to one vote.

ANALYSIS BY SIZE OF SHAREHOLDINGS

As at 29 April 2005

Size of Shareholdings	No of Shareholders	Total Shareholdings	%
Less than 100	34	1,715	0.00
100 - 1,000	118	90,073	0.22
1,001 - 10,000	1,072	4,019,138	9.80
10,001 - 100,000	201	4,735,026	11.55
100,001 to less than 5% of issued shares	43	27,374,080	66.75
5% and above of issued shares	2	4,788,468	11.68
Total	1,470	41,008,500	100.00

SUBSTANTIAL SHAREHOLDERS

As at 29 April 2005

No.	Name of Shareholders	No. of Shares	%
1.	Tjin Kiat @ Tan Cheng Keat	2,405,378	5.87
3.	Lee Ng Mah @ Lee Wai Chan	2,383,090	5.81

DIRECTORS' SHAREHOLDINGS

As at 29 April 2005

No.	Name of Directors	No. of Shares	%
1.	Chee Sam Fatt	20,250	0.05
2.	Tjin Kiat @ Tan Cheng Keat	2,405,378	5.87
3.	Yeo Tek Ling	24,338	0.06
4.	Dato' Law Sah Lim	52,829	0.13
5.	Eu Hock Seng	22,421	0.05
6.	Ng Choo Tim	1,296,594	3.16
7.	Dato' Haji Ghazali B. Mat Ariff	-	0.00
8.	Mah Siew Seng	-	0.00
9.	Datuk Ismail Bin Haji Ahmad	-	0.00

ANALYSIS of Shareholdings

as at 29 April 2005 (cont'd)

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THIRTY (30) LARGEST SHAREHOLDERS

As at 29 April 2005

No.	Name of Shareholders	No. of Shares	%
1.	Tjin Kiat @ Tan Cheng Keat	2,405,378	5.87
2.	Lee Ng Mah @ Lee Wai Chan	2,383,090	5.81
3.	Chee Chin Tsai	2,039,434	4.97
4.	Chee Chin Hung	1,932,986	4.71
5.	Lee Kim Mua @ Lim Kim Moi	1,833,252	4.47
6.	AllianceGroup Nominess (Tempatan) Sdn Bhd Account for Wong Chee Weng	1,500,00	3.66
7.	TA Nominees (Tempatan) Sdn Bhd Account for Siow Chung Peng	1,445,500	3.52
8.	Citicorp Nominees (Tempatan) Sdn Bhd Account for Law Geok King	1,360,000	3.32
9.	Ng Choo Tim	1,296,594	3.16
10.	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	1,281,775	3.13
11.	Tan Kok Chiew	1,023,991	2.50
12.	Cartaban Nominees (Asing) Sdn Bhd Bank Of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken AG	1,017,000	2.48
13.	Liew Say Fah	900,000	2.19
14.	Eu Chin Fen	870,449	2.12
15.	Law Mong Yong	783,991	1.91

ANALYSIS of Shareholdings

as at 29 April 2005 (cont'd)

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THIRTY (30) LARGEST SHAREHOLDERS

As at 29 April 2005 (cont'd)

No.	Name of Shareholders	No. of Shares	%
16.	Tan Wooi Bee @ Nur Huda Tan	768,256	1.87
17.	Ng Soh Hin	711,000	1.73
18.	Law Geok King	688,188	1.68
19.	Law Geok Beng	676,937	1.65
20.	Law Ling Ling	661,948	1.61
21.	Teoh Ee Yeong @ Teoh Keat Siang	658,000	1.60
22.	Law Geok Eng	643,188	1.57
23.	Ng Chow Yok	592,794	1.45
24.	Citicorp Nominees (Tempatan) Sdn Bhd Account for Wong Chee Weng	550,000	1.34
25.	Tan Tjen Wan @ Tan Cheng Guan	553,931	1.35
26.	Tan Wooi Hong	488,800	1.19
27.	Tasek Maju Realty Sdn Bhd	450,000	1.10
28.	Tan Foei Kia @ Tan Hooi Chia	337,431	0.82
29.	Public Nominees (Tempatan) Sdn Bhd Account for Siow Chung Peng	300,000	0.73
30.	Wong Wai Lin	300,000	0.73

FORM of Proxy



ADVANCED PACKAGING TECHNOLOGY (M) BHD
(COMPANY NO. 82982-K)
(Incorporated in Malaysia)

I/We _____
(Full Name in Block Letters)

of _____
(Address)

being a member/members of ADVANCED PACKAGING TECHNOLOGY (M) BHD hereby appoint * "the Chairman of the meeting"

or _____
(Full Name in Block Letters)

of _____
(Address)

or failing him/her _____
(Full Name in Block Letters)

of _____
(Address)

as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Prescott Metro Inn, Wisma Metro Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Thursday, 23 June 2005 at 10.30 a.m. and at any adjournment thereof on the following resolutions in the manner indicated below:-

		FOR	AGAINST
RESOLUTION 1	To receive the Audited Financial Statements for the year ended 31 December 2004 and the Directors' and Auditors' Reports thereon.		
RESOLUTION 2	To approve the payment of a tax exempt final dividend of 2.0%.		
RESOLUTION 3	To approve the payment of Directors' Fees.		
RESOLUTION 4	To re-elect Mr Tjin Kiat @ Tan Cheng Keat as Director.		
RESOLUTION 5	To re-elect Datuk Ismail bin Haji Ahmad as Director.		
RESOLUTION 6	To re-elect Mr Mah Siew Seng as Director.		
RESOLUTION 7	To re-appoint Dato' Law Sah Lim as Director		
RESOLUTION 8	To re-appoint Messrs PKF as Auditors and to authorise the Directors to fix their remuneration.		

(Please indicate with an 'X' in the appropriate spaces provided above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

* Delete the words 'the Chairman of the meeting' if you wish to appoint some other person(s) to be your proxy.

Dated this.....day of.....2005

No. of Shares held

Signature

NOTES:

A member of the Company entitled to attend and vote at this meeting may appoint a proxy or proxies to vote in his stead. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.

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

The instrument appointing a proxy must be deposited at the Company's Registered Office at 23B Jalan 52/1, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.

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Affix
Stamp

The Company Secretary
ADVANCED PACKAGING TECHNOLOGY (M) BHD (82982-K)
23B Jalan 52/1
46200 Petaling Jaya
Selangor Darul Ehsan

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