

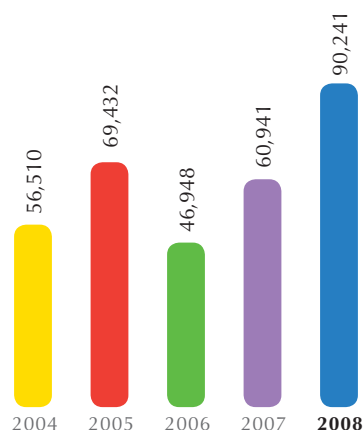
ANNUAL REPORT 2008



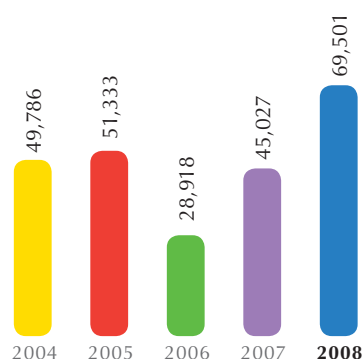
**KIAN JOO CAN FACTORY BERHAD**  
(INCORPORATED IN MALAYSIA) (3186-P)

# Five Year Financial Highlights

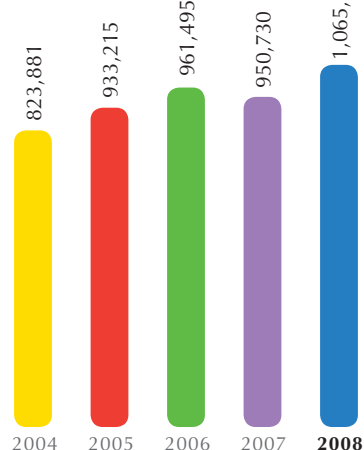
## PROFIT BEFORE TAXATIONS (RM'000)



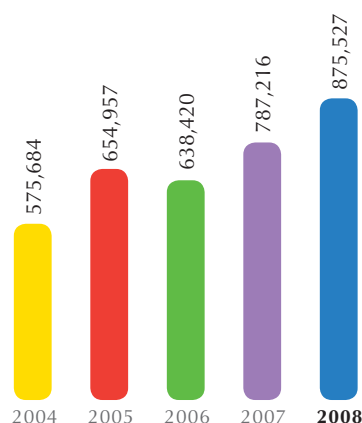
## PROFIT AFTER TAXATION AND MINORITY INTEREST (RM'000)



## TOTAL ASSETS (RM'000)



## REVENUE (RM'000)



|   | 2008<br>RM'000 | 2007<br>RM'000<br>(restated) | 2006<br>RM'000 | 2005<br>RM'000 | 2004<br>RM'000 |
|---|----------------|------------------------------|----------------|----------------|----------------|
| Revenue                                     | 875,527 #      | 787,216 #                    | 638,420 #      | 654,957        | 575,684        |
| Profit Before Taxations                     | 90,241 #       | 60,941 #                     | 46,948 #       | 69,432         | 56,510         |
| Profit After Taxation and Minority Interest | 69,501         | 45,027                       | 28,918         | 51,333         | 49,786         |
| Dividend Rate                               | 35%            | 20%                          | 20%            | 20%            | 20%            |
| Dividend Net                                | 38,865         | 22,208                       | 18,351         | 18,005         | 17,722         |
| Paid-up Capital                             | 111,042        | 111,042                      | 110,862        | 90,709         | 88,737         |
| Shareholders' Equity                        | 691,054        | 659,629                      | 623,183        | 598,633        | 556,802        |
| Total Assets                                | 1,065,127      | 950,730                      | 961,495        | 933,215        | 823,881        |
| Total Borrowings                            | 202,067        | 153,131                      | 202,970        | 209,658        | 141,279        |
| Earning Per Share (sen)                     | 15.65          | 10.14                        | 6.59           | 11.92 **       | 28.14          |
| Net Assets Backing Per share +              | 1.56           | 1.49                         | 1.41 *         | 1.39 **        | 3.14           |
| Borrowings / Shareholders' Equity (%)       | 29%            | 23%                          | 33%            | 35%            | 25%            |

# Excluded results of Multi-Pet Sdn. Bhd. which are classified under "Discontinued Operation" in the Financial Statements

\* Computed based on enlarged capital after 1:5 bonus issue and 2:1 share split

\*\* Computed based on the number of share capital which were adjusted for the proportionate change in the number as if the bonus shares were issued on 1 January 2005

+ Computed based on share capital at the year end

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# Corporate Information

## DIRECTORS

**Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar**  
(Chairman/Independent Non-Executive Director)

**Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar**  
(Independent Non-Executive Director)

**Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah**  
(Independent Non-Executive Director)

**Dato' See Teow Chuan**  
(Managing Director)

**Dato' Anthony See Teow Guan**  
(Executive Director)

**See Teow Koon**  
(Executive Director)

**See Tiau Kee**  
(Executive Director)

**Rick Loh Lap Sang**  
(Independent Non-Executive Director)

**Charles Tan Poh Tei**  
(Independent Non-Executive Director)

## AUDIT COMMITTEE

**Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah**  
(Chairman)

**Rick Loh Lap Sang**

**Charles Tan Poh Tei**

## REMUNERATION COMMITTEE

**Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar**  
(Chairman)

**Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar**

**Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah**

**Rick Loh Lap Sang**

## NOMINATION COMMITTEE

**Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar**  
(Chairman)

**Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar**

**Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah**

**Rick Loh Lap Sang**

## SECRETARY

Chia Kwok Why (MAICSA 7005833)

## AUDITORS

Ernst & Young  
Chartered Accountants

## REGISTERED OFFICE

Lot 10 Jalan Perusahaan 1  
68100 Batu Caves  
Selangor Darul Ehsan  
Tel : 03-6189 6322  
Fax : 03-6189 8185

## SOLICITORS

Shearn Delamore & Co.  
7th Floor, Wisma Hamzah Kwong Hing  
1, Leboh Ampang  
50100 Kuala Lumpur

Shook Lin & Bok  
20th Floor, AmBank Group Building  
55, Jalan Raja Chulan  
50200 Kuala Lumpur

Wan Nadhri Tan  
18-1, 1st Floor  
Jalan Kampung Attap  
50460 Kuala Lumpur

## BANKERS / FINANCIAL COMPANIES / FINANCIAL INSTITUTIONS

AmInvestment Services Berhad  
CIMB Bank Berhad  
Citibank Berhad  
HSBC Bank Malaysia Berhad  
Malaysia Building Society Berhad  
OCBC Bank (Malaysia) Berhad  
Public Bank Berhad  
RHB Bank Berhad

## REGISTRARS

Symphony Share Registrars Sdn Bhd  
Level 26, Menara Multi-Purpose  
Capital Square  
No 8 Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel : 03-2721 2222  
Fax : 03-2721 2530/1



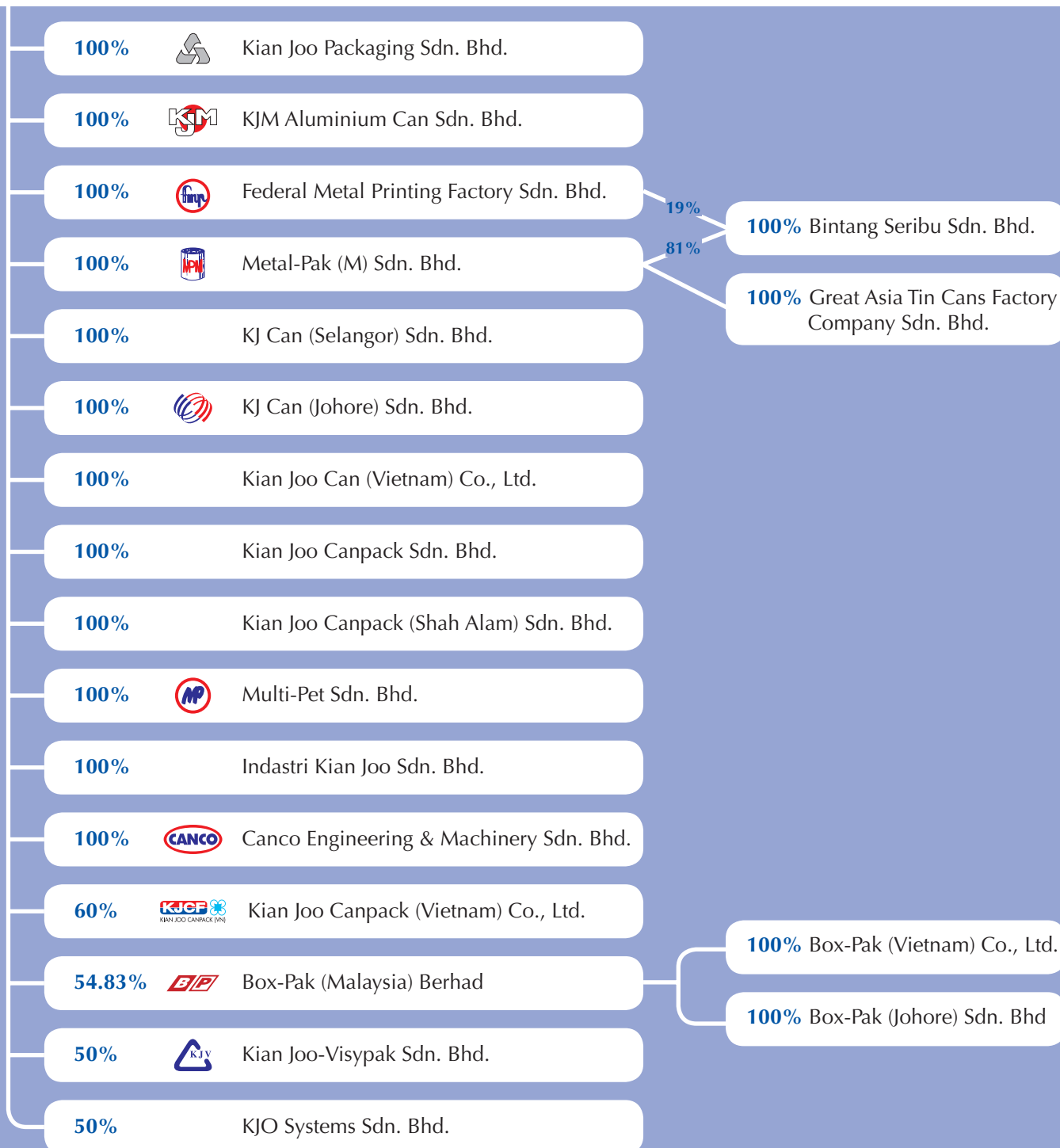
# Corporate Structure



## KIAN JOO CAN FACTORY BERHAD

(INCORPORATED IN MALAYSIA)

(3186-P)



# Profile of Directors

## Y.A.M. TUNKU NAQUIYUDDIN IBNI ALMARHUM TUANKU JA'AFAR

Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar, aged 62, a Malaysian, is the Chairman of the Company. He was appointed to the Board on 30 November 1999. He is also the Chairman of Remuneration Committee and Nomination Committee.

Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar read International Politics at the University College of Wales in Aberystwyth and graduated with a Bachelor of Science degree with Honours in Economics from the same college. Tunku served in the Ministry of Foreign Affairs and was posted as the 2nd Secretary with the Malaysian Embassy in Paris. Tunku later headed Antah Holdings Berhad as its Chairman, a position held till 2007, which was vacated for a 5 year period during his tenure as the Regent of Negeri Sembilan from 1994 to 1999. Tunku was also a Council Member of the Business Council for Sustainable Development, a Geneva-based organization, Founder and Head of the Federation of Public Listed Companies, Council Member of the Canada-ASEAN Center and Committee Member of the Kuala Lumpur Stock Exchange.

Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar is presently Chairman of Sino Hua-an International Berhad, Olympia Industries Berhad and sits on the Boards of Antah Holdings Berhad, Ann Joo Resources Berhad and Orix Leasing Malaysia Berhad.

Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar is the brother of Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar.

## Y.A.M. TUNKU DATO' SERI NADZARUDDIN IBNI ALMARHUM TUANKU JA'AFAR

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar, aged 49 a Malaysian, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 1 June 1994. He is also a member of Remuneration Committee and Nomination Committee. He holds a Bachelor of Science (Honours) degree in Mathematics from Middlesex University, England.

Tunku Dato' Seri Nadzaruddin worked with British Telecommunications in London from 1982 to 1983. In 1985, he joined ESSO Production Malaysia Inc. (EPMI) as a System Analyst until March 1988. He then left EPMI to become the General Manager of Asia-Pacific Videolab Sdn Bhd until April 1990. In May 1990, he joined Antah Holdings Berhad as Executive Assistant to the Managing Director. In December 1992, Tunku Dato' Seri Nadzaruddin was appointed as an Executive Director of Hwang-DBS Securities Bhd (which later changed its name to Hwang-DBS Investment Bank Bhd). In September 1996, he was appointed as Director of Antah Holdings Bhd until May 2000.

On 1 June 1994, he was appointed Chairman of Box-Pak (Malaysia) Berhad, a subsidiary company of Kian Joo Can Factory Berhad. He is an Executive Director of Hwang-DBS Investment Management Berhad. He also holds directorships on Nova MSC Berhad, Hwang-DBS (Malaysia) Berhad, Hwang-DBS Investment Bank Berhad and Universal Trustee (Malaysia) Berhad and sits on the Board of Bata (M) Sdn Bhd.

Tunku Dato' Seri Nadzaruddin is the Patron and Past President of Persatuan Broker Niaga Hadapan Malaysia (Malaysia Futures Brokers Association). He also served as Deputy President of Financial Planning Association of Malaysia (FPAM) from January 2000 until June 2004.

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar is the brother of Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar.



# Profile of Directors (cont'd)

## Y.A.M. RAJA DATO' SERI ASHMAN SHAH IBNI SULTAN AZLAN SHAH

Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah, aged 50, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 24 April 1986. He is also the Chairman of Audit Committee and a member of Remuneration Committee and Nomination Committee of the Company.

Raja Dato' Seri Ashman Shah graduated from the University of Nottingham, United Kingdom, with a B.A. in Economics in 1981. In 1982, he obtained a Postgraduate Diploma-in-Law at Westminster University, London and the following year completed the Bar at Lincoln's Inn, London. Thereafter he obtained his Masters Degree in Law (L.L.M.) at the University of Cambridge, United Kingdom.

Raja Dato' Seri Ashman Shah is also a Non-Executive Director of KKB Engineering Berhad. He was an Executive Director of Kanzen Berhad (formerly known as Dreamland Berhad) from 1986 to 1992.

He does not have any family relationship with any director and/or major shareholder of Company.

## DATO' SEE TEOW CHUAN

Dato' See Teow Chuan, aged 68, a Malaysian, is the Managing Director of the Company. He was appointed to the Board on 30 October 1966. He has been with Kian Joo Can Factory Berhad for more than 40 years and has acquired extensive experience and knowledge in can manufacturing and carton manufacturing business. He assumes an active role in the formulation and implementation of the corporate strategy of the Company.

He is the Executive Director of Box-Pak (Malaysia) Bhd since 1975 and also sits on the Board of several private limited companies.

Dato' See Teow Chuan, Dato' Anthony See Teow Guan, See Teow Koon and See Tiau Kee are brothers.

## DATO' ANTHONY SEE TEOW GUAN

Dato' Anthony See Teow Guan, aged 63, a Singaporean, is an Executive Director of the Company. He was appointed to the Board on 1 January 1972. He completed his Senior Cambridge education in Singapore and moved immediately to Malaysia to work with the Company.

He has over 35 years of experience in the packaging industry. In 1974, he initiated the set up of Box-Pak (Malaysia) Bhd, a subsidiary company of Kian Joo Can Factory Berhad, and serves as the Managing Director. It was listed on the Kuala Lumpur Stock Exchange main board in 1996.

In 1993, he was awarded the "Manager of the Year 1992" by Harvard Business School Alumni Club of Malaysia.

He was the President of the Malaysian Tin Can Manufacturers Association (MTCMA) until June 2004. He also sits on the Board of several private limited companies.

Dato' Anthony See Teow Guan, Dato' See Teow Chuan, See Teow Koon and See Tiau Kee are brothers.

## SEE TEOW KOON

See Teow Koon, age 59, a Malaysian, is an Executive Director of the Company. He was appointed to the Board on 8 October 1974.

He completed his technical studies in Singapore Institute of Technology and in 1967, he furthered his studies in Japan specializing in metal printing and can manufacturing. Subsequently in 1970 he was appointed as Factory Manager of the Company.

He has over 35 years of experience in the packaging industry in particular metal printing and can manufacturing. He is the Executive Director of Box-Pak (Malaysia) Berhad, since 1983. He also sits on the Board of several private limited companies.

See Teow Koon, Dato' See Teow Chuan, Dato' Anthony See Teow Guan and See Tiau Kee are brothers.



## Profile of Directors (cont'd)

### SEE TIAU KEE

See Tiau Kee, aged 54, a Malaysian, is an Executive Director of the Company. He was appointed to the Board on 15 September 1982.

He started his career as a Quality Executive in Metal-Pak (Malaysia) Sdn. Bhd., a wholly owned subsidiary of the Company. Subsequently he was promoted to Production Manager in some of the subsidiary companies of Kian Joo Can Factory Berhad. He has vast experience in can manufacturing operations and has served the Company for over 30 years.

He is the Executive Director of Box-Pak (Malaysia) Berhad since 1983 and also sits on the Board of several private limited companies.

Currently he is the President of the Malaysian Tin Can Manufacturers Association (MTCMA).

See Tiau Kee, Dato' See Teow Chuan, Dato' Anthony See Teow Guan and See Teow Koon are brothers.

### RICK LOH LAP SANG

Rick Loh Lap Sang, aged 57, a Malaysian, was appointed to the Board on 1 January 2004. He is an Independent Non-Executive Director. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

He is a graduate in Accountancy and Marketing. Prior to joining the Company, he was the Managing Director of Sony Music Entertainment (M) Sdn Bhd from 1985 to 2002. From 1982 to 1985, he was the Marketing Director of Socoil/Socma Corp Bhd and from 1972 to 1982 he was the Retail Group Manager of Fitzpatricks/Food Fair Sdn Bhd.

He does not have any family relationship with any director and/or major shareholder of the Company.

### CHARLES TAN POH TEI

Charles Tan Poh Tei, aged 70, a Malaysian, was appointed to the Board on 27 November 2006. He is an Independent Non-Executive Director and a member of Audit Committee of the Company.

Graduated as an accountant from Australia, he joined Lafarge Malayan Cement Berhad (LMCB), formerly known as Malayan Cement Berhad in 1964 as an Assistant Accountant and held various positions until he retired in December 1998 as Finance Director, a post he had held since August 1978.

He was appointed as Non-Executive Director of LMCB in January 1999 and became an Independent Non-Executive Director in January 2002 until he resigned on 31 December 2008.

He is a member of the Malaysian Institute of Accountants, the Australian Society of Certified Practising Accountants and the Institute of Chartered Secretaries & Administrators, UK.

He does not have any family relationship with any director and/or major shareholder of the Company.

*(Save as disclosed, none of the Directors has any conviction of offences within the past 10 years nor has any personal interest in any business arrangement involving the Company)*



# Corporate Social Responsibility

Kian Joo's packaging products have become an integral part of our daily life; housing thousands of brands ranging from food, beverage, chemical and industrial products. As a market leader in the can making industry with more than 50 years under its belt, the Company and its Group of companies have been actively playing its role as a contributor to the environment, the community as well safeguarding the welfare of its employees.

## EMPLOYEES WELFARE

The best resource to invest in a company is its employees; they laid the foundation in building up a successful legacy. The Company ensures all its employees are adequately provided whilst from safety and health awareness to personal accident insurance coverage to assure the employees wellbeing are not compromised during their course of work.

The Company continues its efforts to foster close relationship amongst its staff with alignment of sports programmes such as jungle walks, invitational Futsal Tournament, Badminton, Bowling competitions, learning and leisure tours to craft exhibition and historical town.

During the global fuel crisis and escalating food prices that leads to high cost of living, a Special Relief allowance of close to RM2 million has been awarded to our employees to respite some of their financial burden.

## COMMUNITY WELFARE

The Company identifies itself as a socially conscious corporate citizen by helping the less fortunate and in needs with monetary assistance and resources contribution to the community and various charitable organizations. Schools, associations, community centers and public events such as Seremban Half Marathon are some of the beneficiaries.

Blood donations campaigns were held annually as part of our civic duties in adhering to calls on shortage of blood supplies in local health center.

## THE ENVIRONMENT

The Company recognizes the impact to the environment as residuals from industrial waste will dampen the ecosystem. With this in mind, the Company will carry on to develop resources and explore opportunities in producing environmental friendly products and act in accordance to the regulations.

Investment in advanced technology not only improved material efficiency and decrease operating costs; indefinitely natural resources are least harvested. Inevitable noise and air pollutions are well kept at a control level; with the industrial waste water and sludge are treated in the treatment system to ensure it is safe before discharge.

Recycling is part of the Company's message conveyed to the public for its energy saving and innovative advantage. This was put through during the Annual General Meeting with handouts of door gifts contained in recycling bags.

## THE MARKET PLACE

The Company ensures that all activities undertaken in promoting a sustainable growth in business will not neglect its responsibilities to the community and environment. With accreditations received such as MS ISO 9001:2000 and HACCP, business partners are satisfied with Good Manufacturing Practices helm by the Company.



# Statement of Corporate Governance

The Board of Directors is committed in ensuring that the Group practices good Corporate Governance in line with the Malaysian Code on Corporate Governance introduced in March 2000.

## A) DIRECTORS

### I. The Board

Decisions are made on issues relating to strategy, performance, resources and financial matters at Board's meetings. The executive directors have vast experience in the packaging industries and are able to lead and guide the Group. A brief profile of each director is presented on pages 4 to 6.

During the year ended 31 December 2008, 4 Board Meetings were held. The following is the record of attendance of the Board Members:

| Directors  | No. of Meetings attended |
|--|--------------------------|
| <b>YAM Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar - Chairman</b><br>(Independent Non-Executive Director) | 3/4                      |
| <b>YAM Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar</b><br>(Independent Non-Executive Director) | 4/4                      |
| <b>YAM Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah</b><br>(Independent Non-Executive Director)        | 3/4                      |
| <b>Dato' See Teow Chuan</b><br>(Managing Director)   | 4/4                      |
| <b>Dato' Anthony See Teow Guan</b><br>(Executive Director)   | 4/4                      |
| <b>See Teow Koon</b><br>(Executive Director)   | 4/4                      |
| <b>See Tiau Kee</b><br>(Executive Director)  | 4/4                      |
| <b>Rick Loh Lap Sang</b><br>(Independent Non-Executive Director)   | 2/4                      |
| <b>Charles Tan Poh Tei</b><br>(Independent Non-Executive Director)   | 3/4                      |

In the intervals between Board meetings, decisions are made in the monthly management meetings held together with the operating heads and the executive directors.

The Board is assisted by the following Board Committees:

#### 1. Executive Committee

The Executive Committee (Exco) comprising of the Executive Directors and the Group Financial Controller assumes some of the responsibilities and functions of the Board, oversees the running of the Group and the implementation of the Board's decisions and policies.

#### 2. Audit Committee

The Audit Committee was established on 30 June 1994. Please refer to the Audit Committee Report on page 13.



# Statement of Corporate Governance (cont'd)

## A) DIRECTORS (CONT'D)

### I. The Board (cont'd)

#### 3. Remuneration Committee

The Remuneration Committee was established on 19 November 2001 whose members are all independent non-executive directors.

YAM Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar - Chairman  
YAM Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah  
YAM Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar  
Mr Rick Loh Lap Sang

The Remuneration Committee shall recommend for the Board's approval, the Executive Director's remuneration package and to evaluate the effectiveness of the contributions made by each member of the Board.

Directors' fees are determined by the Board and are based on standard fixed fee and are subject to the approval of shareholders at the Annual General Meeting.

Details of the number of Executive and Non-Executive Directors in remuneration bands of RM50,000 for the year ended 31 December 2008 are disclosed in the Statutory Accounts as Note 31 of the Notes to the Financial Statements.

#### 4. Nomination Committee

The Nomination Committee was set up on 26 February 2003 to formalize procedures for appointments to the Board. All decisions on appointments are made by the Board after considering the recommendations of the Nomination Committee.

The Nomination Committee currently comprise the following members who are all independent non-executive directors:

YAM Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar (Chairman)  
YAM Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar  
YAM Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah  
Mr Rick Loh Lap Sang

### II. Board Balance

The Board currently has 9 members, comprising 5 Non-Executive Directors and 4 Executive Directors. Out of the 9 Directors, 5 are Independent Directors which is in compliance with Para 15.02 of the Listing Requirements of BMSB.

The Chairman holds a Non Executive position and is primarily responsible for matters pertaining to the Board and overall conduct of the Group.

### III. Re-election

The Articles provide that at least one third of the remaining Directors, save for the Managing Director, be subject to re-election by rotation at each Annual General Meeting. In compliance with the Listing Requirements of BMSB which came into force in 2001, the Managing Director will now also be required to submit himself for re-election by rotation. The amended Articles of Association which was approved by the shareholders at an Extra Ordinary General Meeting held on 31 January 2002 provides for all Directors to submit themselves for re-election at least once every 3 years.

### IV. Directors' Training

All the directors have completed Bursa Malaysia's Mandatory Accreditation Programme. The Directors continues to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with para 15.09 of the Bursa Malaysia's Listing Requirements.



# Statement of Corporate Governance (cont'd)

## B) INVESTORS RELATIONS AND SHAREHOLDER COMMUNICATION

To ensure that the shareholders and investors are well informed of the Group, information is available to shareholders and investors through various disclosures and announcements made to the Bursa Malaysia Securities Berhad which includes the quarterly financial results, Annual Reports and where appropriate, Circulars and press releases. The quarterly results can be assessed through the BMSB website at <http://announcements.bursamalaysia.com.my>.

Key management personnel also hold discussion with analysts to provide information on the Group's strategy, performance and major developments. A press briefing, attended by the Chairman, is also held after each Annual General Meeting.

Shareholders and the public can also access information on the Group's background, products and financial performance through the website at [www.kianjoo.com.my](http://www.kianjoo.com.my).

## C) ACCOUNTABILITY AND AUDIT

### I. Financial Reporting

The Board takes responsibility for presenting a balanced and understandable assessment of the Group's operations and prospects each time it releases its quarterly and annual financial statements to shareholders. The Audit Committee reviews the information to be disclosed to ensure its accuracy and adequacy.

A statement by Directors of their responsibilities in preparing the financial statements is set out on page 11 of this Annual Report.

### II. Internal Controls

The Directors recognize their responsibility for the Group's system of internal controls and the need to review its effectiveness regularly in order to safeguard the Group's assets and therefore shareholders' investments in the Group. Since certain risks and threats are externally driven, unforeseen and beyond the Group's control, the system can only provide reasonable assurance against misstatement or loss.

### III. Relationship with Auditors

Ernst & Young, the external auditors report to the Audit Committee with respect to their audit on each year's statutory financial statements on matters that require their attention. The annual reappointment of auditors is by shareholders, via an ordinary resolution at every Annual General Meeting.

## (D) COMPLIANCE WITH THE CODE

The Group has substantially complied with the Principles and Best Practices of the Code except as disclosed below:

- a) *Nomination of a Senior Independent Non- Executive Director*  
The Board does not consider it necessary to nominate a recognized Senior Independent Non-Executive Director given the separation of the roles of Chairman who is a Non Executive Director and the Managing Director.
- b) *Details of each director's remuneration*  
The Board is of the view that the transparency and accountability aspects applicable to Directors' Remuneration are appropriately served by the 'band disclosure of RM 50,000' as set out under Note 31 of the Notes to the Financial Statements, which complies with the disclosure requirements under the Bursa Malaysia Securities Berhad's Listing Requirements.



# Responsibility Statement By The Board Of Directors

Directors are legally responsible to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results of the Group and of the Company for the financial year then ended.

In preparing those financial statements, the directors have:

- used appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept and which disclose with reasonable accuracy the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, to prevent and detect fraud and other irregularities.



# Chairman Statement

On behalf of the Board of Directors of Kian Joo Can Factory Berhad, I am pleased to present the Annual Report and Audited Financial Statement of the Group and the Company for the year ended 31st December 2008.

## FINANCIAL RESULTS

Despite the difficult year of 2008 where almost all raw materials used by the Group encountered shortages and high prices, the Group's results improved for the year 2008. The revenue increased by 11% from RM787.216 million to RM875.527 million. The Group's profit before tax improved also from RM60.941 million to RM90.241 million, an increase of 48%. Similarly, the profit after tax and minority interest improved from RM45.027 million to RM69.501 million, an increase of 54%. This is also partly attributable to a lowest tax rate and prudent management of raw materials purchased and better operational efficiency.

## REVIEW OF OPERATION AND CORPORATE DEVELOPMENT

The Group's joint-venture company of Kian Joo Canpack (Vietnam) Co. Ltd. (KJCPV) as announced in the 2007 Annual Report is taking shape. KJCPV is a joint-venture company with Kian Joo Can Factory Berhad holdings of 60% and Nihon Canpack Co. Ltd., Japan holdings of 40%. The initial paid-up capital of US\$10.0 million had also been increased by another US\$5.0 million in December 2008 to US\$15.0 million. KJCPV is involved in the co-packer of canned coffee drinks and other functional drinks like orange, juice, tea etc. on an OEM basis for Vietnam market as well as export.

A new high tech factory had been built and completed. All the machineries and equipment had been installed. The official opening of the factory was held on 18th March 2009.

## DIVIDENDS

The Board has recommended a tax exempt final dividend of 10% for approval of shareholders at the Annual General meeting to be held on 28th April 2009. Together with interim tax exempt dividend of 10% and a special tax exempt dividend of 15% paid on 24th September 2008, the total dividend declared for the financial year ended 31st December 2008 would be 35%.

## PROSPECT

In view of the world economic slowdown, it is expected that the packaging business in the region may be affected as well. Therefore, the management will adopt a cautious approach during this difficult period and will continue to take proactive actions to cushion the effect.

## APPRECIATION

On behalf of the Board, I would like to thank the management and staff for their dedication and commitment shown in the performance of their duties during the year. In addition, I would like to express our sincere gratitude to our customers, suppliers, business associates and bankers for their continued support and loyalty.

**YAM Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar**  
CHAIRMAN



# Audit Committee Report

## MEMBERSHIPS AND MEETINGS

The Audit Committee comprises the following directors, all of whom are independent non-executive directors. There were 4 meetings held during the year ended 31 December 2008 and the records of their attendance are as follows:

| <b>Membership</b>   | <b>No. of meetings attended</b> |
|---|---------------------------------|
| YAM Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah – Chairman | 3/4                             |
| Rick Loh Lap Sang   | 3/4                             |
| Charles Tan Poh Tei   | 4/4                             |

## TERMS OF REFERENCE

### Composition Of Audit Committee

The Committee shall be appointed by the Board from its members and shall consist of not less than 3 members of whom a majority shall be independent directors. The Committee shall elect a chairperson from among its members who is not an executive director or employee of the company or any related company.

In this respect, the Board adopts the definition of "independent director" as defined under the Listing Requirements of Bursa Malaysia Securities Berhad.

At least one member of the Audit Committee must be:

- a) a member of the Malaysian Institute of Accountants ("MIA"); or
- b) if he is not a member of the MIA, he must have at least 3 years of working experience and:
  - i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - ii) he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- c) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad.

In the event that a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

## TERMS OF MEMBERSHIP

Members of the Committee shall be appointed for an initial term of 3 years after which they will be eligible for reappointment.

## MEETINGS

The Committee shall meet at least three times a year. In addition, the chairperson shall convene a meeting of the Committee if requested to do so by any members, the management or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee.

The minutes of the meetings of the Audit Committee shall be tabled at Board Meetings to inform the Board of the activities of the Audit Committee.



# Audit Committee Report (cont'd)

## ATTENDANCE AT MEETINGS

The group financial controller, the head of internal audit, and a representative of the external auditors shall normally attend meetings. However, the Committee may invite any person to be in attendance to assist in its deliberations.

## SECRETARY TO AUDIT COMMITTEE

The company secretary shall be the secretary of the Committee and shall be responsible for drawing up the agenda in consultation with the chairperson. The agenda together with relevant explanatory papers and documents shall be circulated to committee members prior to each meeting. The secretary shall be responsible for keeping the minutes of the meeting of the Committee, circulating them to committee members and for ensuring compliance with the Listing requirements of BMSB.

## QUORUM

A quorum shall consist of a majority of Committee members who are non- executive directors.

## AUTHORITY

The Committee is authorized by the Board to investigate any activity within its terms of reference. It has free access to all information and documents it requires for the purpose of discharging its functions and responsibilities. The Audit Committee is also authorized to obtain outside legal or other independent professional advice as it considers necessary.

## DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Audit Committee shall be:

- a) To review the group's quarterly and annual financial statements before submission to the Board. The review shall focus on:
  - any changes in accounting policies and practices
  - major judgmental areas
  - significant audit adjustments from the external auditors
  - the going concern assumption
  - compliance with accounting standards
  - compliance with stock exchange and legal requirements.
- b) To review with the external auditors their plan, scope and nature of audit for the group.
- c) To assess the adequacy and effectiveness of the systems of internal control and accounting control procedures of the group by reviewing the external auditors' management letters and management response.
- d) To hear from the external auditors problems and reservations arising from their interim and final audits.
- e) To review the internal audit plan, consider the major findings of internal audit, fraud investigations and actions and steps taken by management in response to audit findings.
- f) To review any related party transactions that may arise within the group.
- g) To consider the appointment of the external auditors, the terms of reference of their appointment, and any question of resignation or dismissal.
- h) To undertake such other responsibilities as may be agreed to by the Committee and the Board.
- i) To review any appraisal or assessment of the senior staff members of the Internal Audit Department, approve any appointment or termination of senior staff members of the department, and to inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning.
- j) To report to the Board its activities, significant results and findings.



# Audit Committee Report (cont'd)

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION AND THE AUDIT COMMITTEE DURING THE YEAR ENDED 31 DECEMBER 2008

### Internal Audit Function

The Group has an internal audit department with the principal responsibility to undertake regular and systematic reviews of the systems of internal controls to provide reasonable assurance that such systems continue to operate effectively and efficiently.

In attaining such objectives, the following activities were carried out by Internal Audit Department in 2008:

- Conducted periodic checks to determine the extent of compliance with established policies, procedures and statutory requirements.
- Carried out ad-hoc investigations and special reviews requested by management.
- Recommended improvements to the existing systems of controls by way of issuing audit reports to the appropriate level of management for corrective actions and improvements to be taken.
- Taking corrective actions to continuously improve on the controls, processes and operations of the Group based on feedback from management and recommendations from external auditor.
- Coordinating and conducting cross-auditing among the subsidiaries and being part of the Internal Quality Audit Team.

### Summary of Activities of the Audit Committee

During the year ended 31 December 2008, the Audit Committee performed its duties as set out in its terms of reference.

The main activities undertaken by the Audit Committee are as follows:-

- To review with the external auditors their scope of work and audit plan for the year.
- To review the results of the external audit, the audit report and the management letter, including management's response.
- To review the internal audit department's resources requirements, program and plan for the year under review.
- To review the internal audit reports and actions taken by the management to improve on the internal controls system based on internal audit findings.
- To review the annual report and audited financial statement of the Group before submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards approved by MASB.
- To review the quarterly unaudited financial result announcements before recommending them for Board's approval. The review and discussions were conducted with the Group Financial Controller.
- To review the Group's compliance with the Listing Requirements of BMSB, MASB and other relevant legal and regulatory requirements.
- Discussed the significant related party transactions entered into by the Group.
- To review the extent of the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of the Corporate Governance Statements pursuant to the Listing Requirements of BMSB.
- Recommended to the Board the prescribed corporate governance principles and best practices under the Code.



# Other Information

Required By The Listing Requirements Of Bursa Malaysia Securities Berhad

## **Family Relationship**

Dato' See Teow Chuan, Dato' Anthony See Teow Guan, Mr See Teow Koon and Mr See Tiau Kee are siblings.

## **Share Buybacks**

During the financial year, the Company did not enter into any share buyback transactions.

## **Imposition of Sanctions and Penalties**

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

## **Non-Audit fees**

The amount of non-audit fees paid to the external auditors by the Group and the Company for the financial year ended 31 December 2008 amounted to RM5,000 (2007-RM3,000) and RM5,000 (2007-NIL) respectively.

## **Material Contracts**

There were no material contracts involving Directors' or major shareholders' interests that are still subsisting at the end of financial year or since then.

For information on recurrent related party transactions of revenue nature, please refer to page 78 of the Annual Report.

## **Options, Warrants or Convertible Securities**

The Company has not issued any options, warrants or convertible securities during the financial year apart from the Employees' Share Option Scheme.

## **Variance From Unaudited Results Announced**

During the financial year, there were no significant variances noted between the reported results and the unaudited results announced.

## **Profit Estimate, Forecast or Projection**

During the financial year, the Company has not made any profit estimate, forecast or projection.

## **Profit Guarantee**

During the financial year, there were no profit guarantees given by the Company.

## **Revaluation Policy On Landed Properties**

The Company does not have a revaluation policy on landed properties.

## **Utilisation Of Proceeds**

There were no proceeds arising from the corporate exercises during the financial year.



# Statement of Internal Control

Pursuant to paragraph 15.27(b) of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements, the Board of Directors (“the Board”) of Kian Joo Can Factory Bhd (“the Company”) is pleased to provide the following statement on the state of internal control of the Company and its subsidiaries (“the Group”), which has been prepared in accordance with the “Statement on Internal Control: Guidance for Directors of Public Listed Companies issued by the Institute of Internal Auditors Malaysia and as adopted by the Bursa Malaysia.

## RESPONSIBILITIES FOR INTERNAL CONTROL

The Board acknowledges its responsibility for maintaining an effective and sound system of internal control throughout the Group and for reviewing its adequacy and integrity in order to safeguard the Group’s assets and shareholders’ investments. The review of the effectiveness of the system of internal control is a continuous process designed to monitor and mitigate the effects rather than to eliminate risks of failure to achieve business objectives. In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement, fraud or losses. It should also be recognised that the cost of control procedures should not outweigh or exceed the benefits to be expected to arise from such control procedures.

## KEY ELEMENTS OF INTERNAL CONTROL

Key elements of internal control that the Board has established in reviewing the adequacy and integrity of the system of internal control are as follows:

## ORGANISATION STRUCTURE AND RESPONSIBILITY LEVELS

The Group has placed competent and responsible personnel to oversee the Group’s operating functions. The Group has defined clear lines of accountability and delegation of authority that sets out decisions that need to be taken including matters that require Board approval. Key personnel including executive directors are actively involved in the daily operations.

## AUDIT COMMITTEE AND INTERNAL AUDIT

The Audit Committee was established with a view to assist and to provide the Board added focus in discharging the Board’s duties. The key processes undertaken by the Audit Committee in carrying out its review include operations reviews, review external and internal audit reports and regular review of internal control.

The Audit Committee also ensures there are continuous efforts by management to address and resolve areas with control weaknesses. Reports on findings of the internal audit visits are presented to the Audit Committee. These, together with the External Auditors’ reports provide reasonable assurance that control procedures are in place, and being followed.

Regular internal audits are carried out to review the adequacy and integrity of the internal control system based on audit plan reviewed and approved by the Audit Committee. The internal audit department advises on areas for improvement and conducts follow-up reviews to determine the extent to which its recommendation has been implemented.

## RISK MANAGEMENT

The Group’s operations involve management of a wide range of risks. The Board is responsible for identifying business risks and in ensuring the implementation of appropriate systems to manage these risks. In doing so, the Board, through the Audit Committee and the internal audit function, reviews the adequacy and integrity of the Group’s internal control system including compliance with applicable laws, regulations, rules, directives and guidelines.



# Statement of Internal Control (cont'd)

## REPORTING AND REVIEW

There is a monthly management reporting mechanism to monitor and review the financial results for the Group. The executive directors meet with the senior management monthly to discuss and resolve operational and key management issues. Meetings are conducted in the presence of an executive director/senior management to address on issues identified during SIRIM, LLOYD'S, BSI's surveillance audits and the Internal Quality Audits.

Management Review Meetings are conducted at least once every year to review action plans to ensure its continual suitability, adequacy and effectiveness including opportunities and changes, if any, to be made to its Quality Management System including Quality Policy and Objectives.

## OTHER ACTIVITIES

The Company together with its four (4) subsidiaries and one (1) associated company were accredited by SIRIM of Malaysia. Four (4) other subsidiaries were accredited by LLOYD'S of United Kingdom with one(1) subsidiary accredited by BSI of United Kingdom while two other subsidiaries were accredited by the accreditation bodies in Vietnam. The accreditations are in respect of having implemented a Quality Management System conforming to ISO 9001: 2000. One other subsidiary is in the process of obtaining Quality Management System certification.

The Quality Management System lays down procedures in performing key processes with the aim of achieving and maintaining, consistently high quality products. Internal Quality Audits are conducted regularly on the Quality Management System and surveillance audits are carried out by SIRIM and LLOYD'S once a year to ensure that the procedures laid down in the Quality Management System have been complied. Issues identified during the audits are documented and corrective actions taken accordingly.

## CONCLUSION

The Board is satisfied that, during the year under review, there is a continuous process in identifying, evaluating and managing significant risks faced by the Group. The Board is of the opinion that the existing system of internal control is adequate to achieve the above objectives.

The Board recognises the importance of operating a system of internal control that supports the business objectives of the Group. As the Group operates in a dynamic business environment, and continues to grow and evolve, the Board will continuously assess the adequacy of the Group's system of internal control and will take steps to enhance the system, as and when necessary.



# Financial Statements

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# Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are the manufacture and distribution of tin cans and investment holding.

The principal activities of the subsidiaries include the manufacture and distribution of tin cans, 2-piece aluminium beverage cans and corrugated fibreboard cartons, letting of property, provision of contract packing and engineering services.

There have been no significant changes in the nature of these activities during the financial year, except as disclosed in Note 15 to the financial statements.

## RESULTS

|   | Group<br>RM'000 | Company<br>RM'000 |
|---|-----------------|-------------------|
| Profit after tax from continuing operations     | 75,412          | 33,225            |
| Profit for the year from discontinued operation | (2,968)         | -                 |
| <b>Profit for the year</b>                      | <b>72,444</b>   | <b>33,225</b>     |
| Attributable to:-                               |                 |                   |
| Equity holders of the Company                   | 69,501          | 33,225            |
| Minority interests                              | 2,943           | -                 |
|   | <b>72,444</b>   | <b>33,225</b>     |

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

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

## DIVIDENDS

The amount of dividends paid by the Company since 31 December 2007 were as follows:-

|   | RM'000        |
|---|---------------|
| In respect of the financial year ended 31 December 2007 as reported in the directors' report of that financial year:- |               |
| Final tax exempt dividend of 10%, paid on 7 August 2008   | 11,104        |
| In respect of the financial year ended 31 December 2008:-   |               |
| Interim tax exempt dividend of 10%, paid on 24 September 2008   | 11,104        |
| Special tax exempt dividend of 15% paid on 24 September 2008  | 16,656        |
|   | <b>27,760</b> |

Please refer to Note 30 to the financial statements for details of the dividends paid.



# Directors' Report (cont'd)

## DIVIDENDS (CONT'D)

At the forthcoming Annual General Meeting, a final tax exempt dividend of 10% on 444,167,786 ordinary shares, amounting to a dividend payable of RM11,104,000 (2.5 sen per share) in respect of the financial year ended 31 December 2008, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2009.

## DIRECTORS

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

Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar  
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar  
Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah  
Dato' See Teow Chuan  
Dato' Anthony See Teow Guan  
See Teow Koon  
See Tiau Kee  
Rick Loh Lap Sang  
Charles Tan Poh Tei

In accordance with Article 108 of the Company's Articles of Association, Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar, Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah and Dato' Anthony See Teow Guan retire by rotation, being eligible, offer themselves for re-election.

In accordance with Section 129 of the Company's Acticles, Charles Tan Poh Tei did not offer himself for re-election.

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 27 and Note 31 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 36 to the financial statements.



# Directors' Report (cont'd)

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:-

|  | Number of ordinary shares of RM0.25 each  |                              |   | Balance at<br>31.12.2008                   |
|--|---|------------------------------|---|--|
|  | Balance at<br>01.01.2008                  | Acquired                     | Sold                                      |  |
| <b>The Company</b>   |   |                              |   |  |
| Y.A.M. Tunku<br>Naquiyuddin Ibni Almarhum<br>Tuanku Ja'afar            | 323,100<br>* 3,742,200                    | -<br>-                       | -<br>(1,262,300)                          | 323,100<br>* 2,479,900                     |
| Y.A.M. Tunku Dato' Seri<br>Nadzaruddin Ibni Almarhum<br>Tuanku Ja'afar | 360,000<br>* 503,707                      | -<br>-                       | -<br>-                                    | 360,000<br>* 503,707                       |
| Y.A.M. Raja Dato' Seri<br>Ashman Shah Ibni<br>Sultan Azlan Shah        | 1,795,516                                 | -                            | -   | 1,795,516                                  |
| Dato' See Teow Chuan   | 8,835,611<br># 2,756,532<br>* 156,407,577 | 13,184,823<br>1,552,000<br>- | (8,835,611)<br>(1,810,252)<br>(2,538,960) | 13,184,823<br># 2,498,280<br>* 153,868,617 |
| Dato' Anthony<br>See Teow Guan   | 3,245,292<br># 1,527,550<br>* 153,868,617 | 561,500<br>600,000<br>-      | -<br>(410,000)<br>-                       | 3,806,792<br># 1,717,550<br>* 153,868,617  |
| See Teow Koon  | 1,496,678<br># 415,692<br>* 153,868,617   | -<br>-<br>-                  | -<br>-<br>-                               | 1,496,678<br># 415,692<br>* 153,868,617    |
| See Tiau Kee   | 1,440,000<br># 29,000<br>* 153,868,617    | -<br>-<br>-                  | -<br>-<br>-                               | 1,440,000<br># 29,000<br>* 153,868,617     |
| <b>Subsidiary</b>  |   |                              |   |  |
| <b>Box-Pak (Malaysia) Berhad</b>                                       |   |                              |   |  |
| Y.A.M. Tunku<br>Naquiyuddin Ibni Almarhum<br>Tuanku Ja'afar            | 2,520,000                                 | 2,003,300                    | (2,300,000)                               | 2,223,300                                  |
| Y.A.M. Tunku Dato' Seri<br>Nadzaruddin Ibni Almarhum<br>Tuanku Ja'afar | 2,329,500                                 | -                            | -   | 2,329,500                                  |
| Y.A.M. Raja Dato' Seri<br>Ashman Shah Ibni<br>Sultan Azlan Shah        | 15,000                                    | -                            | -   | 15,000                                     |
| Dato' See Teow Chuan   | 220,500<br># 13,500<br>* 32,910,000       | -<br>108,400<br>-            | -<br>-                                    | 220,500<br># 121,900<br>* 32,910,000       |



# Directors' Report (cont'd)

## DIRECTORS' INTERESTS (CONT'D)

|                                | Number of ordinary shares of RM0.25 each |          |      | Balance at<br>31.12.2008 |
|--------------------------------|--|----------|------|--------------------------|
|                                | Balance at<br>01.01.2008                 | Acquired | Sold |                          |
| Dato' Anthony<br>See Teow Guan | 85,500                                   | -        | -    | 85,500                   |
|                                | # 42,000                                 | -        | -    | # 42,000                 |
|                                | * 32,910,000                             | -        | -    | * 32,910,000             |
| See Teow Koon                  | * 32,910,000                             | -        | -    | * 32,910,000             |
| See Tiau Kee                   | * 32,910,000                             | -        | -    | * 32,910,000             |

\* Denotes deemed interest

# Interest in shares held by spouses and children

Dato' See Teow Chuan, Dato' Anthony See Teow Guan, See Teow Koon and See Tiau Kee are deemed to have interest in shares of all the subsidiary companies to the extent the Company has an interest by virtue of their interests in the Company as disclosed above.

Except for the above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## OTHER STATUTORY INFORMATION

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



# Directors' Report (cont'd)

## OTHER STATUTORY INFORMATION (CONT'D)

(f) In the opinion of the directors:-

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

## SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year are disclosed in Note 32 to the financial statements.

## AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 March 2009.

**DATO' SEE TEOW CHUAN**

**DATO' ANTHONY SEE TEOW GUAN**



# Statement By Directors

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

We, DATO' SEE TEOW CHUAN and DATO' ANTHONY SEE TEOW GUAN, being two of the directors of KIAN JOO CAN FACTORY BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 28 to 86 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 March 2009.

**DATO' SEE TEOW CHUAN**

**DATO' ANTHONY SEE TEOW GUAN**

# Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, SEE SIEW CHOO, being the officer primarily responsible for the financial management of KIAN JOO CAN FACTORY BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 28 to 86 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed **SEE SIEW CHOO**  
at Kuala Lumpur in the Federal  
Territory on 12 March 2009

**SEE SIEW CHOO**

Before me,  
TAN BOON CHUA  
(No. W325)  
Commissioner for Oaths  
Kuala Lumpur



# Independent Auditors' Report

to the members of Kian Joo Can Factory Berhad  
(Incorporated in Malaysia)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Kian Joo Can Factory Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 86.

### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the year then ended.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 37 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company 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 required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.



# Independent Auditors' Report (cont'd)

to the members of Kian Joo Can Factory Berhad  
(Incorporated in Malaysia)

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young  
AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
12 March 2009

**Kua Choo Kai**  
No. 2030/03/10(J)  
Chartered Accountant



# Balance Sheets

as at 31 December 2008

|   | Note | Group            |                              | Company        |                              |
|---|------|------------------|------------------------------|----------------|------------------------------|
|   |      | 2008<br>RM'000   | 2007<br>RM'000<br>(restated) | 2008<br>RM'000 | 2007<br>RM'000<br>(restated) |
| <b>Assets</b>                                 |      |                  |                              |                |                              |
| <b>Non-current assets</b>                     |      |                  |                              |                |                              |
| Property, plant and equipment                 | 3    | 450,714          | 394,409                      | 100,167        | 86,161                       |
| Prepaid land lease payments                   | 4    | 45,789           | 42,854                       | 20,379         | 20,662                       |
| Investment properties                         | 5    | 9,620            | 9,740                        | 6,099          | 6,038                        |
| Intangible asset                              | 6    | 669              | 1,331                        | 311            | 522                          |
| Investment in subsidiary companies            | 7    | -                | -                            | 137,411        | 105,656                      |
| Investment in an associated company           | 8    | 23,423           | 23,518                       | 10,000         | 10,000                       |
| Investment in a jointly controlled entity     | 9    | 768              | 636                          | 528            | 495                          |
| Other investment                              | 10   | 90               | -                            | -              | -                            |
| Amounts due from subsidiary companies         | 7    | -                | -                            | 101,952        | 103,553                      |
| Deferred tax assets                           | 11   | 18,578           | 19,361                       | 13,601         | 10,264                       |
|   |      | 549,651          | 491,849                      | 390,448        | 343,351                      |
| <b>Current assets</b>                         |      |                  |                              |                |                              |
| Inventories                                   | 12   | 259,441          | 198,335                      | 34,124         | 29,791                       |
| Trade and other receivables                   | 13   | 200,932          | 209,386                      | 25,698         | 23,141                       |
| Amount due from an associated company         | 8    | 2,537            | 2,558                        | 2,484          | 2,288                        |
| Amounts due from subsidiary companies         | 7    | -                | -                            | 98,583         | 124,203                      |
| Short term deposits                           | 14   | 21,373           | 24,340                       | 19,503         | 13,650                       |
| Cash and bank balances                        |      | 31,193           | 21,492                       | 1,781          | 1,475                        |
|   |      | 515,476          | 456,111                      | 182,173        | 194,548                      |
| Non-current asset classified as held for sale | 15   | -                | 2,770                        | -              | -                            |
|   |      | 515,476          | 458,881                      | 182,173        | 194,548                      |
| <b>Total assets</b>                           |      | <b>1,065,127</b> | <b>950,730</b>               | <b>572,621</b> | <b>537,899</b>               |



# Balance Sheets (cont'd)

as at 31 December 2008

|   | Note | Group          |                              | Company        |                              |
|---|------|----------------|------------------------------|----------------|------------------------------|
|   |      | 2008<br>RM'000 | 2007<br>RM'000<br>(restated) | 2008<br>RM'000 | 2007<br>RM'000<br>(restated) |
| <b>Equity and liabilities</b>                               |      |                |                              |                |                              |
| <b>Equity attributable to equity holders of the Company</b> |      |                |                              |                |                              |
| Share capital   | 16   | 111,042        | 111,042                      | 111,042        | 111,042                      |
| Reserves  | 17   | 580,012        | 548,587                      | 193,328        | 198,882                      |
|   |      | 691,054        | 659,629                      | 304,370        | 309,924                      |
| <b>Minority interests</b>                                   |      | 52,297         | 30,223                       | -              | -                            |
| <b>Total equity</b>   |      | 743,351        | 689,852                      | 304,370        | 309,924                      |
| <b>Non-current liabilities</b>                              |      |                |                              |                |                              |
| Retirement benefit obligations                              | 18   | 24,878         | 22,832                       | 10,132         | 8,657                        |
| Hire purchase creditors                                     | 19   | 270            | 123                          | 270            | 123                          |
| Term loans (unsecured)                                      | 20   | 23,217         | 26,641                       | 10,000         | 20,000                       |
| Amounts due to subsidiary companies                         | 7    | -              | -                            | 154,943        | 130,704                      |
| Deferred tax liabilities                                    | 11   | 13,432         | 15,494                       | -              | -                            |
|   |      | 61,797         | 65,090                       | 175,345        | 159,484                      |
| <b>Current liabilities</b>                                  |      |                |                              |                |                              |
| Retirement benefit obligations                              | 18   | 521            | 2,549                        | -              | 1,112                        |
| Provision for solid waste disposal                          | 21   | 207            | 218                          | -              | -                            |
| Bank borrowings   | 22   | 178,290        | 126,217                      | 76,618         | 52,143                       |
| Hire purchase creditors                                     | 19   | 290            | 150                          | 290            | 150                          |
| Trade and other payables                                    | 23   | 78,914         | 66,173                       | 15,369         | 14,655                       |
| Amounts due to subsidiary companies                         | 7    | -              | -                            | 420            | 431                          |
| Taxation  |      | 1,757          | 481                          | 209            | -                            |
|   |      | 259,979        | 195,788                      | 92,906         | 68,491                       |
| <b>Total liabilities</b>                                    |      | 321,776        | 260,878                      | 268,251        | 227,975                      |
| <b>Total equity and liabilities</b>                         |      | 1,065,127      | 950,730                      | 572,621        | 537,899                      |

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



# Income Statements

for the year ended 31 December 2008

|  | Note | Group          |                              | Company        |                              |
|--|------|----------------|------------------------------|----------------|------------------------------|
|  |      | 2008<br>RM'000 | 2007<br>RM'000<br>(restated) | 2008<br>RM'000 | 2007<br>RM'000<br>(restated) |
| <b>Continuing operations</b>                                 |      |                |                              |                |                              |
| Revenue  | 24   | 875,527        | 787,216                      | 188,993        | 215,252                      |
| Cost of sales  |      | (733,510)      | (686,826)                    | (143,335)      | (133,821)                    |
| <b>Gross profit</b>  |      | 142,017        | 100,390                      | 45,658         | 81,431                       |
| Other income   |      | 8,120          | 10,642                       | 8,456          | 12,699                       |
| Administrative expenses                                      |      | (48,460)       | (38,389)                     | (11,240)       | (12,500)                     |
| Selling and marketing expenses                               |      | (2,809)        | (2,868)                      | (413)          | (311)                        |
| <b>Operating profit</b>                                      |      | 98,868         | 69,775                       | 42,461         | 81,319                       |
| Finance costs  | 25   | (8,282)        | (9,448)                      | (3,737)        | (5,487)                      |
| Share of (loss)/profit<br>of an associated company           | 8    | (95)           | 593                          | -              | -                            |
| Share of (loss)/profit<br>of a jointly controlled entity     | 9    | (250)          | 21                           | -              | -                            |
| <b>Profit before tax</b>                                     | 26   | 90,241         | 60,941                       | 38,724         | 75,832                       |
| Income tax   | 28   | (14,829)       | (14,488)                     | (5,499)        | (17,527)                     |
| <b>Profit for the year from continuing operations</b>        |      | 75,412         | 46,453                       | 33,225         | 58,305                       |
| <b>Discontinued operation</b>                                |      |                |                              |                |                              |
| (Loss)/Profit for the year<br>from a discontinued operations | 15   | (2,968)        | 404                          | -              | -                            |
| <b>Profit for the year</b>                                   |      | 72,444         | 46,857                       | 33,225         | 58,305                       |

|   | Note | Group          |                |
|---|------|----------------|----------------|
|   |      | 2008<br>RM'000 | 2007<br>RM'000 |
| Attributable to:-   |      |                |                |
| Equity holders of the Company   |      | 69,501         | 45,027         |
| Minority interests  |      | 2,943          | 1,830          |
|   |      | 72,444         | 46,857         |
| Earnings per share attributable to equity holders<br>of the Company (sen) |      |                |                |
| Basic:-   |      |                |                |
| Profit from continuing operations   | 29   | 16.32          | 10.05          |
| (Loss)/profit from a discontinued operations                              | 29   | (0.67)         | 0.09           |
|   | 29   | 15.65          | 10.14          |

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



# Consolidated Statement Of Changes In Equity

for the year ended 31 December 2008

| Group  | Attributable to equity holders of the Company |                                |  |                                  |                                   |  |              | Total equity RM'000 |                           |
|--|---|--------------------------------|--|----------------------------------|-----------------------------------|--|--------------|---------------------|---------------------------|
|  | Share capital RM'000 (Note 16)                | Share premium RM'000 (Note 17) | Share Revaluation reserve RM'000 (Note 17) | Capital reserve RM'000 (Note 17) | Exchange reserve RM'000 (Note 17) | Distributable Retained earnings RM'000 (Note 17) | Total RM'000 |                     | Minority interests RM'000 |
| <b>At 1 January 2007 (as previously stated)</b>  | 110,862                                       | 276                            | 583  | 4,480                            | (89)                              | 507,071  | 623,183      | 28,530              | 651,713                   |
| Effect of adopting FRS 112                       | -   | -                              | -  | -                                | -                                 | 13,433   | 13,433       | 308                 | 13,741                    |
| <b>At 1 January 2007 (restated)</b>              | 110,862                                       | 276                            | 583  | 4,480                            | (89)                              | 520,504  | 636,616      | 28,838              | 665,454                   |
| Currency translation difference                  | -   | -                              | -  | -                                | (454)                             | -  | (454)        | (445)               | (899)                     |
| Profit for the year                              | -   | -                              | -  | -                                | -                                 | 45,027   | 45,027       | 1,830               | 46,857                    |
| Total recognised income and expense for the year | -   | -                              | -  | -                                | (454)                             | 45,027   | 44,573       | 1,385               | 45,958                    |
| Dividends  | -   | -                              | -  | -                                | -                                 | (22,208)   | (22,208)     | -                   | (22,208)                  |
| Issue of ordinary shares:                        | -   | -                              | -  | -                                | -                                 | -  | -            | -                   | -                         |
| Employees' Share Option Scheme                   | 180   | 468                            | -  | -                                | -                                 | -  | 648          | -                   | 648                       |
| <b>At 31 December 2007</b>                       | 111,042                                       | 744                            | 583  | 4,480                            | (543)                             | 543,323  | 659,629      | 30,223              | 689,852                   |
| <b>At 1 January 2008 (as previously stated)</b>  | 111,042                                       | 744                            | 583  | 4,480                            | (543)                             | 530,010  | 646,316      | 30,046              | 676,362                   |
| Effect of adopting FRS 112                       | -   | -                              | -  | -                                | -                                 | 13,313   | 13,313       | 177                 | 13,490                    |
| <b>At 1 January 2008 (restated)</b>              | 111,042                                       | 744                            | 583  | 4,480                            | (543)                             | 543,323  | 659,629      | 30,223              | 689,852                   |
| Currency translation difference                  | -   | -                              | -  | -                                | 329                               | -  | 329          | 128                 | 457                       |
| Profit for the year                              | -   | -                              | -  | -                                | -                                 | 69,501   | 69,501       | 2,943               | 72,444                    |
| Total recognised income and expense for the year | -   | -                              | -  | -                                | 329                               | 69,501   | 69,830       | 3,071               | 72,901                    |
| Dividends  | -   | -                              | -  | -                                | -                                 | (38,865)   | (38,865)     | -                   | (38,865)                  |
| Dividend payable to minority shareholders        | -   | -                              | -  | -                                | -                                 | -  | -            | (1,179)             | (1,179)                   |
| Deferred tax liabilities                         | -   | -                              | 460  | -                                | -                                 | -  | 460          | 12                  | 472                       |
| Incorporation of a subsidiary company            | -   | -                              | -  | -                                | -                                 | -  | -            | 20,170              | 20,170                    |
| <b>At 31 December 2008</b>                       | 111,042                                       | 744                            | 1,043                                      | 4,480                            | (214)                             | 573,959  | 691,054      | 52,297              | 743,351                   |

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



# Statement Of Changes In Equity

for the year ended 31 December 2008

|   | Note   | Non-distributable                    |                                      | Revaluation Reserve<br>RM'000<br>(Note 17) | Distributable                            | Total Equity<br>RM'000 |
|---|--------|--------------------------------------|--------------------------------------|--|--|------------------------|
|   |        | Share Capital<br>RM'000<br>(Note 16) | Share Premium<br>RM'000<br>(Note 17) |  | Retained Earnings<br>RM'000<br>(Note 17) |                        |
| <b>Company</b>  |        |                                      |                                      |  |  |                        |
| <b>At 1 January 2007 (as previously stated)</b>                         |        | 110,862                              | 276                                  | -  | 155,276                                  | 266,414                |
| Effect of adopting FRS 112  | 2.1(a) | -                                    | -                                    | -  | 6,765                                    | 6,765                  |
| <b>At 1 January 2007 (restated)</b>                                     |        | 110,862                              | 276                                  | -  | 162,041                                  | 273,179                |
| Profit for the year, representing total income and expense for the year |        | -                                    | -                                    | -  | 58,305                                   | 58,305                 |
| Dividends   | 30     | -                                    | -                                    | -  | (22,208)                                 | (22,208)               |
| Issue of ordinary shares pursuant to Employees' Share Option Scheme     |        | 180                                  | 468                                  | -  | -  | 648                    |
| <b>At 31 December 2007</b>  |        | 111,042                              | 744                                  | -  | 198,138                                  | 309,924                |
| <b>At 1 January 2008 (as previously stated)</b>                         |        | 111,042                              | 744                                  | -  | 191,131                                  | 302,917                |
| Effect of adopting FRS 112  | 2.1(a) | -                                    | -                                    | -  | 7,007                                    | 7,007                  |
| <b>At 1 January 2008 (restated)</b>                                     |        | 111,042                              | 744                                  | -  | 198,138                                  | 309,924                |
| Profit for the year, representing total income and expense for the year |        | -                                    | -                                    | -  | 33,225                                   | 33,225                 |
| Dividends   | 30     | -                                    | -                                    | -  | (38,865)                                 | (38,865)               |
| Deferred tax liabilities  | 11     | -                                    | -                                    | 86   | -  | 86                     |
| <b>At 31 December 2008</b>  |        | 111,042                              | 744                                  | 86   | 192,498                                  | 304,370                |

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



# Consolidated Cash Flow Statement

for the year ended 31 December 2008

|  | Note | 2008<br>RM'000 | 2007<br>RM'000 |
|--|------|----------------|----------------|
| <b>Cash flows from operating activities</b>  |      |                |                |
| Receipts from customers  |      | 874,097        | 792,489        |
| Payments to suppliers  |      | (664,840)      | (639,959)      |
| Payments for operating expenses  |      | (125,590)      | (53,570)       |
| Other receipts   |      | 12,193         | 3,329          |
| Cash generated from operations   |      | 95,860         | 102,289        |
| Interest paid  |      | (8,282)        | (9,448)        |
| Income tax paid  |      | (12,211)       | (10,147)       |
| Net cash generated from operating activities   |      | 75,367         | 82,694         |
| <b>Cash flows from investing activities</b>  |      |                |                |
| Payment of prepaid land lease  | (a)  | (3,439)        | (380)          |
| Acquisition of property, plant and equipment   | (a)  | (96,262)       | (51,189)       |
| Acquisition of intangible asset  | (a)  | (211)          | (1,593)        |
| Acquisition of investment properties   | (a)  | (137)          | -              |
| Proceeds from disposal of property, plant and equipment                                  |      | 1,854          | 8,279          |
| Investment in jointly controlled entity  |      | -              | (200)          |
| Interest received  |      | 1,646          | 1,813          |
| Net cash used in investing activities  |      | (96,549)       | (43,270)       |
| <b>Cash flows from financing activities</b>  |      |                |                |
| Proceeds from minority shareholders on acquisition of a subsidiary company               | 7    | 20,170         | -              |
| Repayment of hire purchase and lease obligations   |      | (225)          | (187)          |
| Drawdown/(repayment) of term loans, bankers' acceptances and revolving credit            |      | 47,809         | (50,052)       |
| Proceeds from issuance of shares of the Company under the Employees' Share Option Scheme |      | -              | 648            |
| Dividends paid   |      | (40,044)       | (22,208)       |
| Advance to from an associated company  |      | (196)          | (679)          |
| Advances to a jointly controlled entity  |      | (33)           | (269)          |
| Net cash generated from/(used in) financing activities                                   |      | 27,481         | (72,747)       |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                              |      | 6,299          | (33,323)       |
| <b>Effects of exchange rate changes</b>  |      | 494            | (268)          |
| <b>Cash and cash equivalents at beginning of the year</b>                                |      | 45,773         | 79,364         |
| <b>Cash and cash equivalents at end of the year</b>                                      | (b)  | 52,566         | 45,773         |



# Consolidated Cash Flow Statement (cont'd)

for the year ended 31 December 2008

## Notes:-

- a) Acquisition of property, plant and equipment, prepaid land lease, investment properties and intangible asset during the financial year was paid as follows:-

|                               | 2008<br>RM'000 | 2007<br>RM'000 |
|-------------------------------|----------------|----------------|
| Property, plant and equipment |                |                |
| - cash                        | 96,262         | 51,189         |
| - hire purchase               | 512            | 436            |
|                               | 96,774         | 51,625         |
| Prepaid land lease - cash     | 3,439          | 380            |
| Investment properties - cash  | 137            | -              |
| Intangible asset - cash       | 211            | 1,593          |

- (b) Cash and cash equivalents comprise the following:-

|                               |        |        |
|-------------------------------|--------|--------|
| Cash and bank balances        | 31,193 | 21,492 |
| Short term deposits (Note 14) | 21,373 | 24,340 |
| Bank overdrafts (Note 22)     | -      | (59)   |
|                               | 52,566 | 45,773 |

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



# Cash Flow Statement

for the year ended 31 December 2008

|  | Note | 2008<br>RM'000 | 2007<br>RM'000 |
|--|------|----------------|----------------|
| <b>Cash flows from operating activities</b>  |      |                |                |
| Receipts from customers  |      | 149,048        | 141,501        |
| Payments to suppliers  |      | (129,777)      | (119,438)      |
| Payments for operating expenses  |      | (20,282)       | (19,956)       |
| Other receipts   |      | 6,510          | 11,607         |
| Cash generated from operations   |      | 5,499          | 13,714         |
| Interest paid  |      | (3,737)        | (5,487)        |
| Income tax paid  |      | (292)          | (378)          |
| Net cash generated from operating activities   |      | 1,470          | 7,849          |
| <b>Cash flows from investing activities</b>  |      |                |                |
| Dividend received from subsidiary companies  |      | 28,733         | 59,164         |
| Acquisition of property, plant and equipment   | (a)  | (24,701)       | (16,742)       |
| Acquisition of intangible asset  | (a)  | (61)           | (492)          |
| Acquisition of investment properties   | (a)  | (137)          | -              |
| Proceeds from disposal of property, plant and equipment                                  |      | 1,610          | 2,863          |
| Investment in subsidiary company   |      | (31,755)       | -              |
| Investment in jointly controlled company   |      | -              | (200)          |
| Interest received  |      | 3,393          | 4,389          |
| Net cash (used in)/generated from investing activities                                   |      | (22,918)       | 48,982         |
| <b>Cash flows from financing activities</b>  |      |                |                |
| Proceeds from issuance of shares of the Company under the Employees' Share Option Scheme |      | -              | 648            |
| Drawdown/(repayment) of term loans, bankers' acceptances and revolving credit            |      | 14,475         | (60,798)       |
| Repayment of hire purchase and lease obligations   |      | (225)          | (187)          |
| Dividends paid   |      | (38,865)       | (22,208)       |
| Advances to an associated company  |      | (196)          | (381)          |
| Advances to jointly controlled entity  |      | (33)           | (295)          |
| Inter-company receipts/(advances)  |      | 52,451         | (1,308)        |
| Net cash generated from/(used in) financing activities                                   |      | 27,607         | (84,529)       |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                              |      | 6,159          | (27,698)       |
| <b>Cash and cash equivalents at beginning of the year</b>                                |      | 15,125         | 42,823         |
| <b>Cash and cash equivalents at end of the year</b>                                      | (b)  | 21,284         | 15,125         |



# Cash Flow Statement (cont'd)

for the year ended 31 December 2008

**Notes:-**

- (a) Acquisition of property, plant and equipment, investment properties and intangible asset during the financial year was paid as follows:-

|                               | 2008<br>RM'000 | 2007<br>RM'000 |
|-------------------------------|----------------|----------------|
| Property, plant and equipment |                |                |
| - cash                        | 24,701         | 16,742         |
| - hire purchase               | 512            | 436            |
|                               | 25,213         | 17,178         |
| Investment properties - cash  | 137            | -              |
| Intangible asset - cash       | 61             | 492            |

- (b) Cash and cash equivalents comprise the following:-

|                               |        |        |
|-------------------------------|--------|--------|
| Cash and bank balances        | 1,781  | 1,475  |
| Short term deposits (Note 14) | 19,503 | 13,650 |
|                               | 21,284 | 15,125 |

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



# Notes To The Financial Statements

31 December 2008

## 1. CORPORATE INFORMATION

The principal activities of the Company and its subsidiary companies are as disclosed in the Directors' Report.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The registered office and principal place of business is located at Lot 10, Jalan Perusahaan 1, 68100 Batu Caves, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 March 2009.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS") in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 July 2007 as described fully in Note 2.1.

The financial statements of the Group and of the Company have also been prepared on a historical basis modified to include the revaluation of certain assets.

Certain properties of the Group and of the Company were revalued by the directors in periods prior to 1996. As permitted by FRS 116: Property, Plant and Equipment, these assets are stated at their previous revalued amounts (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount) on the basis that the revaluation carried out then, was a one off isolated event and not intended to be an adoption of a revaluation policy in place of historical cost.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

### (b) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Basis of consolidation (cont'd)

#### (i) Subsidiaries (cont'd)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

#### (ii) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Basis of consolidation (cont'd)

#### (iii) Jointly Controlled Entities

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2(b)(ii).

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

### (c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date. The computer software is amortised on a straight line basis over the estimated useful life of 3 years.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

### (d) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Certain properties of the Group and the Company were revalued by the directors in periods prior to 1996. As permitted by FRS 116 Property, Plant and Equipment, these assets are stated at their previous revalued amount (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount) on the basis that the revaluation carried out then, was a one off isolated event and not intended to be an adoption of a revaluation policy in place of historical cost.

Freehold land has an unlimited useful life and therefore is not depreciated. Buildings-in-progress are also not depreciated as these assets are not available for use. Leasehold buildings are depreciated to write off the value over the unexpired lease terms ranging from 30 to 84 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:-



# Notes To The Financial Statements (cont'd)

31 December 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Property, plant and equipment and depreciation (cont'd)

|  | %          |
|--|------------|
| Buildings                                | 2          |
| Plant, machinery and equipment           | 6 2/3 - 20 |
| Furniture, fittings and office equipment | 6 2/3 - 50 |
| Motor vehicles                           | 10 - 20    |

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

### (e) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. These investment properties are depreciated to write off the value over the unexpired lease terms ranging from 22 to 45 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

### (f) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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

### (g) Financial instruments

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

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

### (i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.



# Notes To The Financial Statements (cont'd)

31 December 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Financial instruments (cont'd)

#### (ii) Trade and other receivables

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

#### (iii) Trade and other payables

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

#### (iv) Interest-bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

#### (v) Equity instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

### (h) Provisions for liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Provision for restructuring costs is recognised when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. Costs relating to ongoing activities are not provided for.

### (i) Employee benefits

#### (i) Short term benefits

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

#### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Employee benefits (cont'd)

#### (iii) Defined benefit plans

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

#### (iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

### (j) Leases

#### (i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:-

- Property held under operating lease that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2(e)); and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

#### (ii) Finance Leases - the Group as Lessee

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



# Notes To The Financial Statements (cont'd)

31 December 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) Leases (cont'd)

#### (ii) Finance Leases - the Group as Lessee (cont'd)

Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired; are recognised in the profit and loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in the accordance with that for depreciable property, plant and equipment as described in Note 2(d).

#### (iii) Operating Lease - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2(n)(ii)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### (k) Income tax

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as an income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

### (l) Foreign currencies

#### (i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.



# Notes To The Financial Statements (cont'd)

31 December 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Foreign currencies (cont'd)

#### (ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

#### (iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:-

- a) Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- b) Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- c) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

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

|                              | 2008<br>RM | 2007<br>RM |
|------------------------------|------------|------------|
| One (1) United States Dollar | 3.4690     | 3.3065     |
| One (1) Vietnam Dong         | 0.0002     | 0.0002     |
| One (1) Singapore Dollar     | 2.4115     | 2.2938     |
| One (1) Hong Kong Dollar     | 0.4476     | 0.4238     |
| One (1) Sterling Pound       | 5.0131     | 6.6070     |
| One (1) Swiss Franc          | 3.2833     | 2.9445     |
| One (1) Japanese Yen         | 0.0384     | 0.0295     |
| One (1) Euro                 | 4.9012     | 4.8756     |



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (m) Impairment of non-financial assets

The carrying amounts of assets, other than investment property, inventories and deferred tax assets, 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 to determine the amount of impairment loss.

For goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

### (n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:-

#### i) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### ii) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

#### iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

#### iv) Dividend Income

Dividend income is recognised when the Group's right to receive payment is established.



# Notes To The Financial Statements (cont'd)

31 December 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Changes in accounting policies and effects arising from adoption of revised FRS and amendment to FRS:-

On 1 January 2008, the Group and the Company adopted the following revised FRS and amendment to FRS:-

- FRS 107 : Cash Flow Statements
- FRS 112 : Income Taxes
- FRS 118 : Revenue
- FRS 134 : Interim Financial Reporting
- FRS 137 : Provisions, Contingent Liabilities and Contingent Assets
- Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates
  - Net Investment in a Foreign Operation

The above new and revised FRS, amendment to FRS do not have any significant impact on the financial statements of the Group and the Company except as discussed below:-

#### (a) FRS 112 : Income Taxes

Prior to 1 January 2008, the Group and the Company did not account for unutilised tax reinvestment or other similar tax allowance as a deferred tax asset. The revised FRS 112 requires that entities with unutilised tax reinvestment or other similar tax allowance in excess of the normal capital allowance will have to recognise deferred tax asset to the extent that it is probable that the future taxable profit will be available against which the unutilised reinvestment or other similar tax allowance can be utilised.

This change in accounting policy has been accounted for retrospectively and certain comparatives have been restated.

| Description of change                    | Previously stated<br>RM'000 | Increase/<br>(Decrease)<br>RM'000 | Restated<br>RM'000 |
|--|-----------------------------|-----------------------------------|--------------------|
| <b>As at 1 January 2007</b>              |                             |                                   |                    |
| <b>Group</b>                             |                             |                                   |                    |
| Retained earnings                        | 507,071                     | 13,433                            | 520,504            |
| Minority interests                       | 28,530                      | 308                               | 28,838             |
| <b>Company</b>                           |                             |                                   |                    |
| Retained earnings                        | 155,276                     | 6,765                             | 162,041            |
| <b>As at 31 December 2007</b>            |                             |                                   |                    |
| <b>Group</b>                             |                             |                                   |                    |
| <b>Balance sheet</b>                     |                             |                                   |                    |
| Investment in an associated company      | 23,027                      | 491                               | 23,518             |
| Deferred tax assets                      | 6,362                       | 12,999                            | 19,361             |
| Retained earnings                        | 530,010                     | 13,313                            | 543,323            |
| Minority interests                       | 30,046                      | 177                               | 30,223             |
| <b>Income statement</b>                  |                             |                                   |                    |
| Share of profit of an associated company | 902                         | (309)                             | 593                |
| Income tax                               | 14,546                      | (58)                              | 14,488             |
| Profit for the year attributable to:-    |                             |                                   |                    |
| - Equity holders of the Company          | 45,147                      | (120)                             | 45,027             |
| - Minority interests                     | 1,961                       | (131)                             | 1,830              |
| <b>Company</b>                           |                             |                                   |                    |
| <b>Balance sheet</b>                     |                             |                                   |                    |
| Deferred tax assets                      | 3,257                       | 7,007                             | 10,264             |
| Retained earnings                        | 191,131                     | 7,007                             | 198,138            |
| <b>Income statement</b>                  |                             |                                   |                    |
| Income tax                               | 17,769                      | (242)                             | 17,527             |
| Profit for the year                      | 58,063                      | 242                               | 58,305             |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Changes in accounting policies and effects arising from adoption of revised FRS and amendment to FRS: (cont'd)-

#### (b) Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

Prior to 1 January 2008, exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation are recognised in equity in the consolidated financial statements only when that monetary item is denominated either in the functional currency of the reporting entity or the foreign operation. If the monetary item is denominated in a currency other than the functional currency of the reporting entity or the foreign operation, the exchange differences are recognised in profit or loss. Under the Amendment to FRS 121, such exchange differences should always be recognised in equity in the consolidated financial statements and should not be dependent on the currency of the monetary item.

This change in accounting policy has not resulted in any significant impact on the financial statement of the Group and the Company.

The Malaysian Accounting Standards Board has also issued the following revised FRS and Interpretations which will be effective for annual period beginning on or after 1 July 2007. These FRSs and Interpretations are, however, not applicable to the Group and the Company.

|                       |   |
|-----------------------|---|
| FRS 111 :             | Construction Contracts  |
| FRS 120 :             | Accounting for Government Grants and Disclosure of Government Assistance                                |
| IC Interpretation 1 : | Changes in Existing Decommissioning, Restoration and Similar Liabilities                                |
| IC Interpretation 2 : | Members' Shares in Co-operative Entities and Similar Instruments  |
| IC Interpretation 5 : | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds    |
| IC Interpretation 6 : | Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment |
| IC Interpretation 7 : | Applying the Restatement Approach under FRS1292004 - Financial Reporting in Hyperinflationary Economies |
| IC Interpretation 8 : | Scope of FRS 2  |

### 2.2 Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRS and Interpretations were issued but have not been applied by the Group and the Company:-

| FRS, Amendment to FRS and Interpretations                         | Effective for financial periods beginning on or after |
|---|---|
| FRS 4 : Insurance contract  | 1 Jan 2010  |
| FRS 7 : Financial Instruments : Disclosures                       | 1 Jan 2010  |
| FRS 8 : Operating Segments  | 1 Jul 2009  |
| FRS 139 : Financial Instruments : Recognition and Measurement     | 1 Jan 2010  |
| IC Interpretation 9 : Reassessment of Embedded Derivatives        | 1 Jan 2010  |
| IC Interpretation 10 : Interim Financial Reporting and Impairment | 1 Jan 2010  |

The new FRS and interpretations above are expected to have significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements up on the initial application of FRS 139.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Significant accounting estimates and judgements

#### a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

##### i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

##### ii) Operating lease commitments - The Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

#### b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

##### i) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and unutilised reinvestment allowances to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and reinvestment allowances can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses, capital allowances and reinvestment allowances of the Group was approximately RM111,632,000 (2007: RM105,111,000) and the unrecognised tax losses, capital allowances reinvestment allowances and other deductible temporary differences of the Group was approximately RM47,283,000 (2007: RM47,722,000). Further details are provided in Note 11.

##### iii) Provision for solid waste disposal

The Group has to dispose of solid waste in accordance with the environmental requirements. The Group recognises the provision for liabilities associated with solid waste disposal in accordance with the accounting policy stated in Note 2(h). The estimation of solid waste is based on service provider's price quotation. The best estimate of the provision at 31 December 2008 is RM207,000 (2007: RM218,000). Further details are provided in Note 21.



# Notes To The Financial Statements (cont'd)

31 December 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Significant accounting estimates and judgements (cont'd)

#### a) Critical judgements made in applying accounting policies (cont'd)

##### iv) Depreciation of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 10 to 15 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### v) Defined benefit plan

The cost of defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of this plan, such estimates are subject to significant uncertainty. The net retirement benefit obligations of the Group and of the Company at 31 December 2008 are RM25,399,000 (2007: RM25,381,000) and RM10,132,000 (2007: RM9,769,000) respectively. Further details are provided in Note 18.

## 3. PROPERTY, PLANT AND EQUIPMENT

|                                 | Land and<br>buildings*<br>RM'000 | Plant,<br>machinery<br>and<br>equipment<br>RM'000 | Furniture,<br>fittings<br>and office<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Capital<br>work-in-<br>progress<br>RM'000 | Total<br>RM'000 |
|---------------------------------|----------------------------------|---|---|-----------------------------|---|-----------------|
| <b>Group</b>                    |                                  |   |   |                             |   |                 |
| <b>At 31 December 2008</b>      |                                  |   |   |                             |   |                 |
| <b>Cost</b>                     |                                  |   |   |                             |   |                 |
| At 1 January 2008               | 186,943                          | 602,185   | 32,340  | 12,108                      | 47,159                                    | 880,735         |
| Additions                       | 8,972                            | 24,327  | 3,483   | 997                         | 58,995                                    | 96,774          |
| Disposals                       | -                                | (3,016)   | (43)  | (506)                       | -   | (3,565)         |
| Written off                     | (177)                            | (3,044)   | (1,140)   | -                           | (1,070)                                   | (5,431)         |
| Reclassification                | -                                | 28,050  | 123   | -                           | (28,173)                                  | -               |
| Exchange differences            | 1,215                            | 2,720   | (20)  | (42)                        | 52  | 3,925           |
| At 31 December 2008             | 196,953                          | 651,222   | 34,743  | 12,557                      | 76,963                                    | 972,438         |
| <b>Accumulated depreciation</b> |                                  |   |   |                             |   |                 |
| At 1 January 2008               | 28,586                           | 423,320   | 24,908  | 9,512                       | -   | 486,326         |
| Charge for the year (Note 26)   | 3,542                            | 31,272  | 2,229   | 1,303                       | -   | 38,346          |
| Disposals                       | -                                | (2,946)   | (42)  | (478)                       | -   | (3,466)         |
| Written off                     | (3)                              | (2,807)   | (941)   | -                           | -   | (3,751)         |
| Exchange differences            | 1,332                            | 3,049   | (66)  | (46)                        | -   | 4,269           |
| At 31 December 2008             | 33,457                           | 451,888   | 26,088  | 10,291                      | -   | 521,724         |
| <b>Net carrying amount</b>      |                                  |   |   |                             |   |                 |
| At 31 December 2008             | 163,496                          | 199,334   | 8,655   | 2,266                       | 76,963                                    | 450,714         |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

|   | Land and<br>buildings*<br>RM'000 | Plant,<br>machinery<br>and<br>equipment<br>RM'000 | Furniture,<br>fittings<br>and office<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Capital<br>work-in-<br>progress<br>RM'000 | Total<br>RM'000 |
|---|----------------------------------|---|---|-----------------------------|---|-----------------|
| <b>Group (cont'd)</b>                   |                                  |   |   |                             |   |                 |
| <b>Analysis of cost</b>                 |                                  |   |   |                             |   |                 |
| At deemed cost (or valuation) in:-      |                                  |   |   |                             |   |                 |
| - 1990                                  | 34,112                           | -   | -   | -                           | -   | 34,112          |
| - 1996                                  | 8,118                            | -   | -   | -                           | -   | 8,118           |
| At cost                                 | 154,723                          | 651,222   | 34,743  | 12,557                      | 76,963                                    | 930,208         |
|   | 196,953                          | 651,222   | 34,743  | 12,557                      | 76,963                                    | 972,438         |
| <b>Analysis of net carrying amount</b>  |                                  |   |   |                             |   |                 |
| At deemed cost (or valuation) in:-      |                                  |   |   |                             |   |                 |
| - 1990                                  | 25,261                           | -   | -   | -                           | -   | 25,261          |
| - 1996                                  | 5,656                            | -   | -   | -                           | -   | 5,656           |
| At cost                                 | 132,579                          | 199,334   | 8,655   | 2,266                       | 76,963                                    | 419,797         |
|   | 163,496                          | 199,334   | 8,655   | 2,266                       | 76,963                                    | 450,714         |
| <b>At 31 December 2007</b>              |                                  |   |   |                             |   |                 |
| <b>Cost</b>                             |                                  |   |   |                             |   |                 |
| At 1 January 2007                       | 187,234                          | 601,225   | 31,323  | 11,668                      | 40,722                                    | 872,172         |
| Additions                               | 931                              | 17,772  | 2,570   | 1,089                       | 29,263                                    | 51,625          |
| Disposals                               | -                                | (14,648)  | (1,195)   | (636)                       | (602)                                     | (17,081)        |
| Written off                             | -                                | (175)   | (683)   | -                           | -   | (858)           |
| Reclassification                        | -                                | 22,146  | -   | -                           | (22,146)                                  | -               |
| Reclassified as held for sale (Note 15) | -                                | (19,570)  | -   | -                           | -   | (19,570)        |
| Exchange differences                    | (1,222)                          | (4,565)   | 325   | (13)                        | (78)                                      | (5,553)         |
| At 31 December 2007                     | 186,943                          | 602,185   | 32,340  | 12,108                      | 47,159                                    | 880,735         |
| <b>Accumulated depreciation</b>         |                                  |   |   |                             |   |                 |
| At 1 January 2007                       | 25,607                           | 426,364   | 23,501  | 8,332                       | -   | 483,804         |
| Charge for the year                     | 3,216                            | 28,375  | 2,697   | 1,766                       | -   | 36,054          |
| Disposals                               | -                                | (11,699)  | (699)   | (580)                       | -   | (12,978)        |
| Written off                             | -                                | (140)   | (614)   | -                           | -   | (754)           |
| Reclassified as held for sale (Note 15) | -                                | (16,800)  | -   | -                           | -   | (16,800)        |
| Exchange differences                    | (237)                            | (2,780)   | 23  | (6)                         | -   | (3,000)         |
| At 31 December 2007                     | 28,586                           | 423,320   | 24,908  | 9,512                       | -   | 486,326         |
| <b>Net carrying amount</b>              |                                  |   |   |                             |   |                 |
| At 31 December 2007                     | 158,357                          | 178,865   | 7,432   | 2,596                       | 47,159                                    | 394,409         |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

|  | Land and<br>buildings*<br>RM'000 | Plant,<br>machinery<br>and<br>equipment<br>RM'000 | Furniture,<br>fittings<br>and office<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Capital<br>work-in-<br>progress<br>RM'000 | Total<br>RM'000 |
|--|----------------------------------|---|---|-----------------------------|---|-----------------|
| <b>Group (cont'd)</b>                  |                                  |   |   |                             |   |                 |
| <b>Analysis of cost</b>                |                                  |   |   |                             |   |                 |
| At deemed cost (or valuation) in:-     |                                  |   |   |                             |   |                 |
| - 1990                                 | 34,112                           | -   | -   | -                           | -   | 34,112          |
| - 1996                                 | 8,118                            | -   | -   | -                           | -   | 8,118           |
| At cost                                | 144,713                          | 602,185   | 32,340  | 12,108                      | 47,159                                    | 838,505         |
|  | 186,943                          | 602,185   | 32,340  | 12,108                      | 47,159                                    | 880,735         |
| <b>Analysis of net carrying amount</b> |                                  |   |   |                             |   |                 |
| At deemed cost (or valuation) in:-     |                                  |   |   |                             |   |                 |
| - 1990                                 | 25,843                           | -   | -   | -                           | -   | 25,843          |
| - 1996                                 | 5,818                            | -   | -   | -                           | -   | 5,818           |
| At cost                                | 126,696                          | 178,865   | 7,432   | 2,596                       | 47,159                                    | 362,748         |
|  | 158,357                          | 178,865   | 7,432   | 2,596                       | 47,159                                    | 394,409         |
| <b>Company</b>                         |                                  |   |   |                             |   |                 |
| <b>At 31 December 2008</b>             |                                  |   |   |                             |   |                 |
| <b>Cost</b>                            |                                  |   |   |                             |   |                 |
| At 1 January 2008                      | 43,438                           | 94,218  | 11,470  | 4,762                       | 20,010                                    | 173,898         |
| Additions                              | 1,742                            | 3,993   | 1,088   | 375                         | 18,015                                    | 25,213          |
| Reclassification                       | -                                | 26,546  | -   | -                           | (26,546)                                  | -               |
| Write off                              | -                                | -   | (5)   | -                           | (146)                                     | (151)           |
| Disposals                              | -                                | (3,502)   | (132)   | (68)                        | (1,887)                                   | (5,589)         |
| At 31 December 2008                    | 45,180                           | 121,255   | 12,421  | 5,069                       | 9,446                                     | 193,371         |
| <b>Accumulated depreciation</b>        |                                  |   |   |                             |   |                 |
| At 1 January 2008                      | 5,003                            | 69,506  | 9,215   | 4,013                       | -   | 87,737          |
| Charge for the year (Note 26)          | 419                              | 7,361   | 882   | 458                         | -   | 9,120           |
| Write off                              | -                                | -   | (5)   | -                           | -   | (5)             |
| Disposals                              | -                                | (3,502)   | (78)  | (68)                        | -   | (3,648)         |
| At 31 December 2008                    | 5,422                            | 73,365  | 10,014  | 4,403                       | -   | 93,204          |
| <b>Net carrying amount</b>             |                                  |   |   |                             |   |                 |
| At 31 December 2008                    | 39,758                           | 47,890  | 2,407   | 666                         | 9,446                                     | 100,167         |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

|   | Land and<br>buildings*<br>RM'000 | Plant,<br>machinery<br>and<br>equipment<br>RM'000 | Furniture,<br>fittings<br>and office<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Capital<br>work-in-<br>progress<br>RM'000 | Total<br>RM'000 |
|---|----------------------------------|---|---|-----------------------------|---|-----------------|
| <b>Company (cont'd)</b>                   |                                  |   |   |                             |   |                 |
| <b>Analysis of cost</b>                   |                                  |   |   |                             |   |                 |
| At deemed costn (or valuation) in<br>1990 | 8,830                            | -   | -   | -                           | -   | 8,830           |
| At cost                                   | 36,350                           | 121,255   | 12,421  | 5,069                       | 9,446                                     | 184,541         |
|   | 45,180                           | 121,255   | 12,421  | 5,069                       | 9,446                                     | 193,371         |
| <b>Analysis of net carrying amount</b>    |                                  |   |   |                             |   |                 |
| At deemed cost (or valuation) in 1990     | 5,177                            | -   | -   | -                           | -   | 5,177           |
| At cost                                   | 34,581                           | 47,890  | 2,407   | 666                         | 9,446                                     | 94,990          |
|   | 39,758                           | 47,890  | 2,407   | 666                         | 9,446                                     | 100,167         |
| <b>At 31 December 2007</b>                |                                  |   |   |                             |   |                 |
| <b>Cost</b>                               |                                  |   |   |                             |   |                 |
| At 1 January 2007                         | 44,503                           | 92,702  | 10,631  | 4,828                       | 7,206                                     | 159,870         |
| Additions                                 | 452                              | 2,855   | 967   | 100                         | 12,804                                    | 17,178          |
| Disposals                                 | (1,517)                          | (1,339)   | (128)   | (166)                       | -   | (3,150)         |
| At 31 December 2007                       | 43,438                           | 94,218  | 11,470  | 4,762                       | 20,010                                    | 173,898         |
| <b>Accumulated depreciation</b>           |                                  |   |   |                             |   |                 |
| At 1 January 2007                         | 4,595                            | 66,490  | 8,641   | 3,557                       | -   | 83,283          |
| Charge for the year (Note 26)             | 408                              | 4,355   | 702   | 622                         | -   | 6,087           |
| Disposals                                 | -                                | (1,339)   | (128)   | (166)                       | -   | (1,633)         |
| At 31 December 2007                       | 5,003                            | 69,506  | 9,215   | 4,013                       | -   | 87,737          |
| <b>Net carrying amount</b>                |                                  |   |   |                             |   |                 |
| At 31 December 2007                       | 38,435                           | 24,712  | 2,255   | 749                         | 20,010                                    | 86,161          |
| <b>Analysis of cost</b>                   |                                  |   |   |                             |   |                 |
| At deemed cost (or valuation) in 1990     | 8,830                            | -   | -   | -                           | -   | 8,830           |
| At cost                                   | 34,608                           | 94,218  | 11,470  | 4,762                       | 20,010                                    | 165,068         |
|   | 43,438                           | 94,218  | 11,470  | 4,762                       | 20,010                                    | 173,898         |
| <b>Analysis of net carrying amount</b>    |                                  |   |   |                             |   |                 |
| At deemed cost (or valuation) in 1990     | 5,339                            | -   | -   | -                           | -   | 5,339           |
| At cost                                   | 33,096                           | 24,712  | 2,255   | 749                         | 20,010                                    | 80,822          |
|   | 38,435                           | 24,712  | 2,255   | 749                         | 20,010                                    | 86,161          |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

\* Land and Buildings of the Group:-

|                                 | Freehold<br>land<br>RM'000 | Leasehold<br>building<br>RM'000 | Total<br>RM'000 |
|---------------------------------|----------------------------|---------------------------------|-----------------|
| <b>Group</b>                    |                            |                                 |                 |
| <b>At 31 December 2008</b>      |                            |                                 |                 |
| <b>Cost</b>                     |                            |                                 |                 |
| At 1 January 2008               | 57,095                     | 59,810                          | 186,943         |
| Additions                       | -                          | 8,948                           | 8,972           |
| Write off                       | -                          | -                               | (177)           |
| Exchange differences            | -                          | 1,215                           | 1,215           |
| At 31 December 2008             | 57,095                     | 69,973                          | 196,953         |
| <b>Accumulated depreciation</b> |                            |                                 |                 |
| At 1 January 2008               | -                          | 12,549                          | 28,586          |
| Charge for the year             | -                          | 1,498                           | 3,542           |
| Write off                       | -                          | -                               | (3)             |
| Exchange differences            | -                          | 1,332                           | 1,332           |
| At 31 December 2008             | -                          | 15,379                          | 33,457          |
| <b>Net carrying amount</b>      |                            |                                 |                 |
| At 31 December 2008             | 57,095                     | 54,594                          | 163,496         |
| <b>At 31 December 2007</b>      |                            |                                 |                 |
| <b>Cost</b>                     |                            |                                 |                 |
| At 1 January 2007               | 57,095                     | 60,244                          | 187,234         |
| Additions                       | -                          | 788                             | 931             |
| Exchange differences            | -                          | (1,222)                         | (1,222)         |
| At 31 December 2007             | 57,095                     | 59,810                          | 186,943         |
| <b>Accumulated depreciation</b> |                            |                                 |                 |
| At 1 January 2007               | -                          | 11,547                          | 25,607          |
| Charge for the year             | -                          | 1,239                           | 3,216           |
| Exchange differences            | -                          | (237)                           | (237)           |
| At 31 December 2007             | -                          | 12,549                          | 28,586          |
| <b>Net carrying amount</b>      |                            |                                 |                 |
| At 31 December 2007             | 57,095                     | 47,261                          | 158,357         |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

\* Land and Buildings of the Group:- (cont'd)

The net carrying amount of freehold land and leasehold building stated at deemed cost, had the properties been disclosed at historical cost less depreciation, would have been:-

|                          | Freehold<br>land<br>RM'000 | Leasehold<br>building<br>RM'000 | Total<br>RM'000 |
|--------------------------|----------------------------|---------------------------------|-----------------|
| <b>2008</b>              |                            |                                 |                 |
| Cost                     | 323                        | 22,930                          | 23,253          |
| Accumulated depreciation | -                          | (9,129)                         | (9,129)         |
| Net carrying amount      | 323                        | 13,801                          | 14,124          |
| <b>2007</b>              |                            |                                 |                 |
| Cost                     | 323                        | 22,930                          | 23,253          |
| Accumulated depreciation | -                          | (8,778)                         | (8,778)         |
| Net carrying amount      | 323                        | 14,152                          | 14,475          |

\* Land and buildings of the Company:-

|                                 | Freehold<br>land<br>RM'000 | Freehold<br>building<br>RM'000 | Leasehold<br>building<br>RM'000 | Total<br>RM'000 |
|---------------------------------|----------------------------|--------------------------------|---------------------------------|-----------------|
| <b>Company</b>                  |                            |                                |                                 |                 |
| <b>At 31 December 2008</b>      |                            |                                |                                 |                 |
| <b>Cost</b>                     |                            |                                |                                 |                 |
| At 1 January 2008               | 23,991                     | 9,263                          | 10,184                          | 43,438          |
| Additions                       | -                          | 24                             | 1,718                           | 1,742           |
| At 31 December 2008             | 23,991                     | 9,287                          | 11,902                          | 45,180          |
| <b>Accumulated depreciation</b> |                            |                                |                                 |                 |
| At 1 January 2008               | -                          | 1,912                          | 3,091                           | 5,003           |
| Charge for the year             | -                          | 185                            | 234                             | 419             |
| At 31 December 2008             | -                          | 2,097                          | 3,325                           | 5,422           |
| <b>Net carrying amount</b>      |                            |                                |                                 |                 |
| At 31 December 2008             | 23,991                     | 7,190                          | 8,577                           | 39,758          |
| <b>At 31 December 2007</b>      |                            |                                |                                 |                 |
| <b>Cost</b>                     |                            |                                |                                 |                 |
| At 1 January 2007               | 25,508                     | 9,263                          | 9,732                           | 44,503          |
| Additions                       | -                          | -                              | 452                             | 452             |
| Disposal                        | (1,517)                    | -                              | -                               | (1,517)         |
| At 31 December 2007             | 23,991                     | 9,263                          | 10,184                          | 43,438          |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

\* Land and buildings of the Company:- (cont'd)

|                                 | Freehold<br>land<br>RM'000 | Freehold<br>building<br>RM'000 | Leasehold<br>building<br>RM'000 | Total<br>RM'000 |
|---------------------------------|----------------------------|--------------------------------|---------------------------------|-----------------|
| <b>Company (cont'd)</b>         |                            |                                |                                 |                 |
| <b>Accumulated depreciation</b> |                            |                                |                                 |                 |
| At 1 January 2007               | -                          | 1,727                          | 2,868                           | 4,595           |
| Charge for the year             |                            | 185                            | 223                             | 408             |
| At 31 December 2007             | -                          | 1,912                          | 3,091                           | 5,003           |
| <b>Net carrying amount</b>      |                            |                                |                                 |                 |
| At 31 December 2007             | 23,991                     | 7,351                          | 7,093                           | 38,435          |

The net carrying amount of freehold land and leasehold building stated at deemed cost, had the properties been disclosed at historical cost less depreciation, would have been:-

|                          | Freehold<br>land<br>RM'000 | Leasehold<br>building<br>RM'000 | Total<br>RM'000 |
|--------------------------|----------------------------|---------------------------------|-----------------|
| <b>2008</b>              |                            |                                 |                 |
| Cost                     | 323                        | 5,922                           | 6,245           |
| Accumulated depreciation | -                          | (3,020)                         | (3,020)         |
| Net carrying amount      | 323                        | 2,902                           | 3,225           |
| <b>2007</b>              |                            |                                 |                 |
| Cost                     | 323                        | 5,922                           | 6,245           |
| Accumulated depreciation | -                          | (2,904)                         | (2,904)         |
| Net carrying amount      | 323                        | 3,018                           | 3,341           |

Net book value of furniture, fittings and equipment of the Group and of the Company acquired under hire purchase and finance lease arrangements are RM669,512 (2007: RM310,141). Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 19 to the financial statements.

The freehold land and leasehold building of the Group and of the Company revalued in 1990 and 1996 on an open market value basis are now carried at deemed cost as permitted by FRS 116 Property, Plant and Equipment.



# Notes To The Financial Statements (cont'd)

31 December 2008

## 4. PREPAID LAND LEASE PAYMENTS

|                                 | Group          |                | Company        |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| <b>Leasehold land</b>           |                |                |                |                |
| <b>Cost</b>                     |                |                |                |                |
| At 1 January                    | 51,160         | 51,278         | 23,706         | 23,706         |
| Additions                       | 3,439          | 380            | -              | -              |
| Exchange differences            | 435            | (498)          | -              | -              |
| At 31 December                  | 55,034         | 51,160         | 23,706         | 23,706         |
| <b>Accumulated amortisation</b> |                |                |                |                |
| At 1 January                    | 8,306          | 7,120          | 3,044          | 2,761          |
| Amortisation charge (Note 26)   | 693            | 1,109          | 283            | 283            |
| Exchange differences            | 246            | 77             | -              | -              |
| At 31 December                  | 9,245          | 8,306          | 3,327          | 3,044          |
| <b>Net carrying amount</b>      |                |                |                |                |
| At 31 December                  | 45,789         | 42,854         | 20,379         | 20,662         |
| <b>Analysed as:</b>             |                |                |                |                |
| Long term leasehold land        | 45,427         | 42,481         | 20,218         | 20,497         |
| Short term leasehold land       | 362            | 373            | 161            | 165            |
|                                 | 45,789         | 42,854         | 20,379         | 20,662         |

The net carrying amount of leasehold land stated at deemed cost, had the properties been disclosed at historical cost less depreciation, would have been:-

|                          |         |         |         |         |
|--------------------------|---------|---------|---------|---------|
| Cost                     | 18,339  | 18,339  | 6,644   | 6,644   |
| Accumulated depreciation | (4,714) | (4,531) | (1,721) | (1,646) |
| Net carrying amount      | 13,625  | 13,808  | 4,923   | 4,998   |

The leasehold land of the Group and of the Company revalued in 1990 and 1996 on an open market value basis are now carried at deemed cost as permitted by FRS 116: Property, Plant and Equipment.



# Notes To The Financial Statements (cont'd)

31 December 2008

## 5. INVESTMENT PROPERTIES

|                                 | Group          |                | Company        |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| <b>Cost</b>                     |                |                |                |                |
| At 1 January                    | 12,043         | 12,043         | 6,410          | 6,410          |
| Addition                        | 137            | -              | 137            | -              |
| At 31 December                  | 12,180         | 12,043         | 6,547          | 6,410          |
| <b>Accumulated depreciation</b> |                |                |                |                |
| At 1 January                    | 2,303          | 2,045          | 372            | 298            |
| Charge for the year (Note 26)   | 257            | 258            | 76             | 74             |
| At 31 December                  | 2,560          | 2,303          | 448            | 372            |
| <b>Net carrying amount</b>      |                |                |                |                |
| At 31 December                  | 9,620          | 9,740          | 6,099          | 6,038          |

The investment properties consist of buildings which are held under lease terms and are leased to third parties.

The leasehold building of the Group and of the Company which were revalued by independent professional valuers in 1996 on an open market value basis are now carried at deemed cost as permitted by FRS 116 Property, Plant and Equipment.

The market value of the investment property as at 31 December 2008 is approximately RM12,295,000 (2007: RM12,295,000). The market value is arrived at by reference to transacted prices for similar properties.

## 6. INTANGIBLE ASSET

Computer Software

|                                 | Group          |                | Company        |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| <b>Cost</b>                     |                |                |                |                |
| At 1 January                    | 3,845          | 2,542          | 1,545          | 1,053          |
| Additions                       | 211            | 1,593          | 61             | 492            |
| Write off                       | (136)          | (206)          | -              | -              |
| Disposal                        | -              | -              | (125)          | -              |
| Exchange difference             | -              | (84)           | -              | -              |
| At 31 December                  | 3,920          | 3,845          | 1,481          | 1,545          |
| <b>Accumulated amortisation</b> |                |                |                |                |
| At 1 January                    | 2,514          | 2,157          | 1,023          | 1,020          |
| Amortisation charge (Note 26)   | 748            | 606            | 152            | 3              |
| Written off                     | (11)           | (197)          | -              | -              |
| Disposal                        | -              | -              | (5)            | -              |
| Exchange difference             | -              | (52)           | -              | -              |
| At 31 December                  | 3,251          | 2,514          | 1,170          | 1,023          |
| <b>Net carrying amount</b>      |                |                |                |                |
| At 31 December                  | 669            | 1,331          | 311            | 522            |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 7. SUBSIDIARY COMPANIES

|   | Company        |                |
|---|----------------|----------------|
|   | 2008<br>RM'000 | 2007<br>RM'000 |
| Quoted shares at cost in Malaysia         |                |                |
| At 1 January/31 December                  | 19,155         | 19,155         |
| Unquoted shares:                          |                |                |
| - in Malaysia, at cost                    |                |                |
| At 1 January                              | 76,688         | 76,688         |
| Subscription of additional shares         | 1,500          | -              |
|   | 78,188         | 76,688         |
| Less: Accumulated impairment loss         | (1,000)        | (1,000)        |
| At 31 December                            | 77,188         | 75,688         |
| - outside Malaysia, at cost               |                |                |
| At 1 January                              | 10,813         | 10,813         |
| Incorporation of a new subsidiary company | 19,619         | -              |
| Subscription of additional shares         | 10,636         | -              |
| At 31 December                            | 41,068         | 10,813         |
| Total unquoted shares                     | 118,256        | 86,501         |
| Total investments in subsidiary companies | 137,411        | 105,656        |
| Market value of quoted shares in Malaysia | 20,404         | 29,619         |

### Notes:-

- On 24 January 2008, the Company invested USD6 million in Kian Joo Canpack (Vietnam) Co., Ltd. a 60:40 joint venture business between the Company and Nihon Canpack Co., Ltd.  
  
On 15 December 2008, the Company subscribed additional USD3 million in Kian Joo Canpack (Vietnam) Co., Ltd.
- The details of the subsidiary companies are disclosed in Note 37 to the financial statements.
- Amounts due from/(to) subsidiary companies

|                                       | Company        |                |
|---------------------------------------|----------------|----------------|
|                                       | 2008<br>RM'000 | 2007<br>RM'000 |
| Amounts due from subsidiary companies | 218,082        | 246,250        |
| Allowance for doubtful debts          | (17,547)       | (18,494)       |
|                                       | 200,535        | 227,756        |
| Less: Portion in current assets       | (98,583)       | (124,203)      |
|                                       | 101,952        | 103,553        |
| Amounts due to subsidiary companies   | 155,363        | 131,135        |
| Less: Portion in current liabilities  | (420)          | (431)          |
|                                       | 154,943        | 130,704        |

The amounts due from/(to) subsidiary companies are unsecured, non-interest bearing and have no fixed terms of repayment, except for amounts of RM50,000,000 (2007: RM76,608,000) due from certain subsidiary companies, which bear interest at 1.0% to 4.4% (2007: 1.0% to 5.5%) per annum.



# Notes To The Financial Statements (cont'd)

31 December 2008

## 8. INVESTMENT IN AN ASSOCIATED COMPANY

|                                    | Group          |                | Company        |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| In Malaysia:-                      |                |                |                |                |
| Unquoted shares, at cost           | 10,000         | 10,000         | 10,000         | 10,000         |
| Share of post-acquisition reserves | 13,423         | 13,518         | -              | -              |
|                                    | 23,423         | 23,518         | 10,000         | 10,000         |

The summarised financial information of the associate are as follows:-

|                               | 2008<br>RM'000  | 2007<br>RM'000<br>(restated) |
|-------------------------------|-----------------|------------------------------|
| <b>Assets and liabilities</b> |                 |                              |
| Current assets                | 16,352          | 27,397                       |
| Non-current assets            | 46,113          | 50,326                       |
| <b>Total assets</b>           | <b>62,465</b>   | <b>77,723</b>                |
| Current liabilities           | (14,813)        | (26,970)                     |
| Non-current liabilities       | (806)           | (3,907)                      |
| <b>Total liabilities</b>      | <b>(15,619)</b> | <b>(30,877)</b>              |
| <b>Results</b>                |                 |                              |
| Revenue                       | 35,882          | 41,856                       |
| Profit for the year           | -               | 1,185                        |

### Notes:-

- (a) Share of post-acquisition reserves

|                                  | Group          |                              |
|----------------------------------|----------------|------------------------------|
|                                  | 2008<br>RM'000 | 2007<br>RM'000<br>(restated) |
| As at 1 January                  | 13,518         | 12,925                       |
| Share of (loss)/profit after tax | (95)           | 593                          |
| <b>As at 31 December</b>         | <b>13,423</b>  | <b>13,518</b>                |

- b) The details of the associated company are set out in Note 37 to the financial statements.
- c) The amount due from associated company is non-trade related, unsecured, non-interest bearing and has no fixed term of repayment.



# Notes To The Financial Statements (cont'd)

31 December 2008

## 9. INVESTMENT IN JOINTLY CONTROLLED ENTITY

|                                    | Group          |                | Company        |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| In Malaysia:-                      |                |                |                |                |
| Unquoted shares, at cost           | 200            | 200            | 200            | 200            |
| Share of post-acquisition reserves | (395)          | (145)          | -              | -              |
|                                    | (195)          | 55             | 200            | 200            |
| Long term receivable               | 963            | 581            | 328            | 295            |
|                                    | 768            | 636            | 528            | 495            |

The settlement of the long term receivable amount is not likely to occur in the foreseeable future. In substance, it forms part of the Group's net investment in the jointly controlled entity.

The Group's aggregate share of the current assets, non current assets, current liabilities, non-current liabilities, income and expenses of the jointly controlled entity is as follows:-

|                               | Company        |                |
|-------------------------------|----------------|----------------|
|                               | 2008<br>RM'000 | 2007<br>RM'000 |
| <b>Assets and liabilities</b> |                |                |
| Current assets                | 555            | 464            |
| Non-current assets            | 76             | 46             |
| Total assets                  | 631            | 510            |
| Current liabilities           | (823)          | (455)          |
| Non-current liabilities       | (4)            | -              |
| Total liabilities             | (827)          | (455)          |
| <b>Results</b>                |                |                |
| (Loss)/profit for the year    | (250)          | 21             |

- The details of the jointly controlled entity are set out in Note 37 to the financial statements.
- The amount due from jointly controlled entity is non-trade related, unsecured, non-interest bearing and has no fixed term of repayment.

## 10. OTHER INVESTMENT

|                      | Group/Company  |                |
|----------------------|----------------|----------------|
|                      | 2008<br>RM'000 | 2007<br>RM'000 |
| Golf club membership | 90             | -              |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 11. DEFERRED TAXATION

|  | Group          |                              | Company        |                              |
|--|----------------|------------------------------|----------------|------------------------------|
|  | 2008<br>RM'000 | 2007<br>RM'000<br>(restated) | 2008<br>RM'000 | 2007<br>RM'000<br>(restated) |
| At 1 January                                 | (3,867)        | (9,408)                      | (10,264)       | (10,386)                     |
| Recognised in the income statement (Note 28) | (807)          | 5,541                        | (3,251)        | 122                          |
| Recognised in revaluation reserve            | (472)          | -                            | (86)           | -                            |
| At 31 December                               | (5,146)        | (3,867)                      | (13,601)       | (10,264)                     |

Presented after appropriate offsetting as follows:-

|                          |          |          |
|--------------------------|----------|----------|
| Deferred tax assets      | (18,578) | (19,361) |
| Deferred tax liabilities | 13,432   | 15,494   |
|                          | (5,146)  | (3,867)  |

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

Deferred tax liabilities/(assets) of the Group:-

|                                    | Capital allowance and depreciation differences<br>RM'000 | Revaluation of leasehold land and buildings<br>RM'000 | Provisions<br>RM'000 | Unutilised capital allowances<br>RM'000 | Unabsorbed tax losses<br>RM'000 | Unutilised reinvestment allowances<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|------------------------------------|--|---|----------------------|---|---------------------------------|--|------------------|-----------------|
| At 1 January 2007                  | 25,568   | 5,176   | (5,939)              | (12,893)                                | (6,872)                         | (12,941)                                     | (1,507)          | (9,408)         |
| Recognised in the income statement | 4,719  | (2,067)   | (2,615)              | 456                                     | 3,928                           | (58)   | 1,178            | 5,541           |
| At 31 December 2007                | 30,287   | 3,109   | (8,554)              | (12,437)                                | (2,944)                         | (12,999)                                     | (329)            | (3,867)         |
| Recognised in the income statement | (6,060)  | 4,045   | (189)                | 2,429                                   | 1,220                           | (3,177)                                      | 925              | (807)           |
| Recognised in equity               | (2)  | (470)   | -                    | -                                       | -                               | -  | -                | (472)           |
| At 31 December 2008                | 24,225   | 6,684   | (8,743)              | (10,008)                                | (1,724)                         | (16,176)                                     | 596              | (5,146)         |

Deferred tax liabilities/(assets) of the Company:-

|                                    | Capital allowance and depreciation differences<br>RM'000 | Revaluation of leasehold land and buildings<br>RM'000 | Provisions<br>RM'000 | Unutilised capital allowances<br>RM'000 | Unutilised reinvestment allowances<br>RM'000 | Allowance for doubtful debts<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|------------------------------------|--|---|----------------------|---|--|--|------------------|-----------------|
| At 1 January 2007                  | 4,681  | 1,898   | (2,570)              | (5,759)                                 | (6,765)                                      | 19                                     | (1,890)          | (10,386)        |
| Recognised in the income statement | 2,792  | (1,898)   | (43)                 | 33                                      | (242)  | (2,254)                                | 1,734            | 122             |
| At 31 December 2007                | 7,473  | -   | (2,613)              | (5,726)                                 | (7,007)                                      | (2,235)                                | (156)            | (10,264)        |
| Recognised in the income statement | (1,590)  | 2,188   | (867)                | (1,315)                                 | (4,311)                                      | 2,062                                  | 582              | (3,251)         |
| Recognised in equity               | -  | (86)  | -                    | -                                       | -  | -                                      | -                | (86)            |
| At 31 December 2008                | 5,883  | 2,102   | (3,480)              | (7,041)                                 | (11,318)                                     | (173)                                  | 426              | (13,601)        |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 11. DEFERRED TAXATION (CONT'D)

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

|  | Group          |                |
|--|----------------|----------------|
|  | 2008<br>RM'000 | 2007<br>RM'000 |
| Unabsorbed tax losses                  | 13,956         | 13,791         |
| Unutilised capital allowances          | 18,891         | 19,502         |
| Unutilised reinvestment allowances     | 13,837         | 13,837         |
| Other deductible temporary differences | 599            | 592            |
|  | 47,283         | 47,722         |

Included in the amounts above was unabsorbed tax losses, unutilised capital allowances and unutilised reinvestment allowances of Multi-Pet Sdn. Bhd. ("MUP") of RM34,841,913 (2007: RM34,993,307) which is not available for offsetting future taxable profit as MUP has ceased its operation during the year.

The Group is entitled to claim reinvestment allowances under the Schedule 7A of the Income Tax Act, 1967. These reinvestment allowances claimed, when approved by the Inland Revenue Board will enable the Company to distribute tax exempt dividends to the shareholders.

## 12. INVENTORIES

|                                  | Group          |                | Company        |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| <b>At cost:-</b>                 |                |                |                |                |
| Raw materials                    | 171,118        | 120,882        | 17,397         | 13,889         |
| Work-in-progress                 | 22,756         | 27,192         | 10,487         | 10,919         |
| Finished goods                   | 49,103         | 42,307         | 5,125          | 4,983          |
| Spare parts and consumables      | 9,078          | 5,523          | -              | -              |
| Goods in transit                 | 5,026          | 2,391          | -              | -              |
|                                  | 257,081        | 198,295        | 33,009         | 29,791         |
| <b>At net realisable value:-</b> |                |                |                |                |
| Raw materials                    | 2,185          | -              | 1,115          | -              |
| Finished goods                   | 175            | 40             | -              | -              |
|                                  | 259,441        | 198,335        | 34,124         | 29,791         |

Cost of goods sold of the Group and of the Company amounted to RM733,509,875 (2007: RM686,826,047) and RM143,335,293 (2007: RM133,820,447) respectively.



# Notes To The Financial Statements (cont'd)

31 December 2008

## 13. TRADE AND OTHER RECEIVABLES

|                                    | Group          |                | Company        |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Trade receivables                  | 194,351        | 192,801        | 25,464         | 22,301         |
| Less: Allowance for doubtful debts | (4,547)        | (3,140)        | (693)          | (776)          |
|                                    | 189,804        | 189,661        | 24,771         | 21,525         |
| Other receivables                  | 3,106          | 10,241         | 692            | 1,192          |
| Less: Allowance for doubtful debts | (31)           | (22)           | -              | -              |
|                                    | 3,075          | 10,219         | 692            | 1,192          |
| Deposits and prepayments           | 5,297          | 5,839          | 235            | 214            |
| Tax recoverable                    | 1,108          | 3,257          | -              | 210            |
| Value added tax recoverable        | 1,648          | 410            | -              | -              |
|                                    | 11,128         | 19,725         | 927            | 1,616          |
|                                    | 200,932        | 209,386        | 25,698         | 23,141         |

The Group's normal trade credit term ranges from 30 to 120 (2007:30 to 120) days. Other credit terms are assessed and approved on a case-by-case basis.

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

## 14. SHORT TERM DEPOSITS

|                               | Group          |                | Company        |                |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Deposits placed with:         |                |                |                |                |
| - licensed banks              | 1,883          | 10,703         | 13             | 13             |
| - other financial institution | 19,490         | 13,637         | 19,490         | 13,637         |
|                               | 21,373         | 24,340         | 19,503         | 13,650         |

The range of interest rates during the financial year and the maturities of deposits at the financial year end were as follows:-

|                             | Group                  |                    | Company                |                    |
|-----------------------------|------------------------|--------------------|------------------------|--------------------|
|                             | Interest<br>Rates<br>% | Maturities<br>Days | Interest<br>Rates<br>% | Maturities<br>Days |
| <b>2008</b>                 |                        |                    |                        |                    |
| Licensed banks              | 3.01 - 4.00            | 1 - 31             | 3.01 - 3.23            | 1 - 31             |
| Other financial institution | 3.05 - 3.50            | 1 - 31             | 3.05 - 3.50            | 1 - 31             |
| <b>2007</b>                 |                        |                    |                        |                    |
| Licensed banks              | 3.90 - 4.50            | 4 - 31             | 3.40 - 4.50            | 4 - 31             |
| Other financial institution | 2.96 - 3.62            | 1 - 32             | 2.96 - 3.62            | 1 - 32             |

Other financial institution is a building society in Malaysia.

Other information on financial risks of cash and cash equivalents are disclosed in Note 38.



# Notes To The Financial Statements (cont'd)

31 December 2008

## 15. DISCONTINUED OPERATION

On 1 April 2007, MUP, a 100% owned subsidiary of the Company ceased operation. RM2,770,498 of the property, plant and equipment of MUP has been presented as non-current asset held for sales and the results from this subsidiary is presented separately on the consolidated income statement as discontinued operation.

The revenue, results and cash flow of MUP were as follows:-

|  | 2008<br>RM'000 | 2007<br>RM'000 |
|--|----------------|----------------|
| Revenue  | -              | 1,711          |
| Expenses   | (2,968)        | (1,307)        |
| (Loss)/profit before tax of discontinued operation       | (2,968)        | 404            |
| Income tax expense                                       | -              | -              |
| <u>(Loss)/profit after tax of discontinued operation</u> | <u>(2,968)</u> | <u>404</u>     |

Property, plant and equipment amounted to RM2,770,498 of MUP has been classified as held for sale on the consolidated balance sheet as at 31 December 2007. Property, plant and equipment with carrying amounts of RM5,580 had been disposed off during the financial year ended 31 December 2008. Full impairment had been made on the remaining assets with carrying amounts of RM2,764,918. Please refer to Note 3 to the financial statements for details of property, plant and equipment reclassified.

The following amounts have been included in arriving at (loss)/profit before tax of discontinued operation:-

|   | 2008<br>RM'000 | 2007<br>RM'000 |
|---|----------------|----------------|
| Auditors' remuneration                            |                |                |
| - current   | 4              | 6              |
| - overprovision in prior year                     | (3)            | -              |
| Allowance for doubtful debts                      | -              | 49             |
| Depreciation of property, plant and equipment     | -              | 358            |
| Employee benefit expense                          | -              | 151            |
| Inventories written off                           | -              | 570            |
| Gain on disposal of property, plant and equipment | (50)           | (1,194)        |
| Property, plant and equipment written off         | 335            | 81             |
| Impairment of property, plant and equipment       | 2,765          | -              |
| Intangible asset written off                      | -              | 9              |
| Rental (income)/expense:                          |                |                |
| - buildings                                       | -              | 90             |
| - machinery                                       | -              | 4              |
| - machinery                                       | -              | (55)           |
| Foreign exchange loss/(gain):                     |                |                |
| - realised  | -              | 2              |
| - unrealised                                      | -              | 2              |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 16. SHARE CAPITAL

|  | Note | No. of shares | Group/Company<br>Par Value<br>RM | Amount<br>RM'000 |
|--|------|---------------|----------------------------------|------------------|
| <b>Authorised:-</b>  |      |               |                                  |                  |
| At 31 December 2007/ 2008  |      | 2,000,000,000 | 0.25                             | 500,000          |
| <b>Issued and fully paid:-</b>   |      |               |                                  |                  |
| At 1 January 2007  |      | 443,447,786   | 0.25                             | 110,862          |
| Issue of ordinary shares pursuant to<br>Employees' Share Option Scheme in 2007 | (a)  | 720,000       | 0.25                             | 180              |
| At 31 December 2007/ 2008  |      | 444,167,786   | 0.25                             | 111,042          |

### Note:-

- a) In the previous financial year, the Company increased its issued and paid up capital from RM110,861,947 to RM111,041,947 by the way of issuance of 720,000 new ordinary shares of RM0.25 each to eligible employees of the Group under the Employees Share Option Scheme ("Scheme") at an exercise price of RM0.90 per share for cash. The Scheme had expired since 7 April 2007 and the remaining amount of options has lapsed.

All the new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

## 17. RESERVES

|                            |     | Group          |                              | Company        |                              |
|----------------------------|-----|----------------|------------------------------|----------------|------------------------------|
|                            |     | 2008<br>RM'000 | 2007<br>RM'000<br>(restated) | 2008<br>RM'000 | 2007<br>RM'000<br>(restated) |
| <b>Non-distributable:-</b> |     |                |                              |                |                              |
| Share premium              | (a) | 744            | 744                          | 744            | 744                          |
| Revaluation reserve        | (b) | 1,043          | 583                          | 86             | -                            |
| Capital reserve            | (c) | 4,480          | 4,480                        | -              | -                            |
| Exchange reserve           | (d) | (214)          | (543)                        | -              | -                            |
|                            |     | 6,053          | 5,264                        | 830            | 744                          |
| <b>Distributable:-</b>     |     |                |                              |                |                              |
| Retained earnings          | (e) | 573,959        | 543,323                      | 192,498        | 198,138                      |
| At 31 December             |     | 580,012        | 548,587                      | 193,328        | 198,882                      |

### Notes:-

- a) The share premium arose from the issuance of ordinary shares at a consideration higher than the par value of the ordinary shares.
- b) The revaluation reserve arose as a result of the revaluation of land and buildings of the Company and certain subsidiary companies, as disclosed in Note 3, Note 4 and Note 5 to the financial statements, net of deferred taxation effect.



# Notes To The Financial Statements (cont'd)

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## 17. RESERVES (CONT'D)

### Notes:- (cont'd)

- c) The capital reserve arose as a result of capitalisation of retained earnings and revaluation reserve for bonus issue by a subsidiary company, Box-Pak (Malaysia) Berhad, in 1996.
- d) The exchange reserve arose from the translation of the financial statements of the foreign subsidiary companies.
- e) Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not entitled to deduct on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2008 and 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2008 and 2007, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

As at 31 December 2008, the Company has tax exempt profits available for distribution of approximately RM16,299,765 (2007: RM49,314,493), subject to the agreement of the Inland Revenue Board.

## 18. RETIREMENT BENEFIT OBLIGATIONS

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Present value of unfunded defined benefit obligations: |                |                |                |                |
| Not later than 1 year                                  | 3,145          | 2,348          | 858            | 970            |
| Later than 1 year but not later than 2 years           | 1,026          | 3,087          | 304            | 781            |
| Later than 2 years but not later than 5 years          | 4,205          | 3,465          | 2,101          | 1,350          |
| Later than 5 years                                     | 22,255         | 22,140         | 8,612          | 8,524          |
|  | 30,631         | 31,040         | 11,875         | 11,625         |
| Unrecognised actuarial gains                           | (5,232)        | (5,659)        | (1,743)        | (1,856)        |
|  | 25,399         | 25,381         | 10,132         | 9,769          |
| Analysed as:   |                |                |                |                |
| Current  | 521            | 2,549          | -              | 1,112          |
| Non-current  | 24,878         | 22,832         | 10,132         | 8,657          |
|  | 25,399         | 25,381         | 10,132         | 9,769          |

Included in provision for retirement benefit are amounts payable to directors of RM6,179,000 (2007: RM7,533,000) for the Group and RM2,341,000 (2007: RM2,308,000) for the Company.



# Notes To The Financial Statements (cont'd)

31 December 2008

## 18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The Group operates an unfunded, defined retirement benefit scheme and provision is made at contracted rates for benefits that would become payable on retirement of eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits varying between 18 days and 52 days per year of final salary upon attainment of the retirement age of 55.

The movement in the present value of the defined benefit obligations over the years is as follows:-

|                           | Group          |                | Company        |                |
|---------------------------|----------------|----------------|----------------|----------------|
|                           | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| At 1 January              | 31,041         | 30,431         | 11,625         | 11,475         |
| Current service cost      | 1,496          | 1,484          | 471            | 470            |
| Interest cost             | 1,576          | 1,651          | 539            | 598            |
| Actuarial losses          | (80)           | (482)          | -              | -              |
| Benefits paid by the plan | (3,402)        | (2,044)        | (760)          | (918)          |
| <b>At 31 December</b>     | <b>30,631</b>  | <b>31,040</b>  | <b>11,875</b>  | <b>11,625</b>  |

The amounts recognised in the income statement are as follows:-

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Current service cost                           | 1,496          | 1,484          | 471            | 470            |
| Interest cost                                  | 1,576          | 1,651          | 539            | 598            |
| Net actuarial loss                             | 348            | 352            | 113            | 101            |
| <b>Total, included in staff cost (Note 27)</b> | <b>3,420</b>   | <b>3,487</b>   | <b>1,123</b>   | <b>1,169</b>   |

Principal actuarial assumptions used:-

|                                   | 2008<br>% | 2007<br>% |
|-----------------------------------|-----------|-----------|
| Discount rate                     | 6         | 6         |
| Expected rate of salary increases | 5 - 6     | 5 - 6     |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 19. HIRE PURCHASE CREDITORS

Details of the hire purchase balance are as follows:-

|  | Group/Company<br>2008         |   | Group/Company<br>2007         |   |
|--|-------------------------------|---|-------------------------------|---|
|  | Minimum<br>Payments<br>RM'000 | Present<br>Value of<br>Payments<br>RM'000 | Minimum<br>Payments<br>RM'000 | Present<br>Value of<br>Payments<br>RM'000 |
| Amount repayable within:-                    |                               |   |                               |   |
| 1 year after balance sheet date              | 311                           | 290                                       | 158                           | 150                                       |
| Later than 1 year and not later than 2 years | 181                           | 171                                       | 121                           | 114                                       |
| Later than 2 year and not later than 5 years | 101                           | 99  | 8                             | 9   |
|  | 593                           | 560                                       | 287                           | 273                                       |
| Less: Unexpired interest                     | (33)                          | -   | (14)                          | -   |
|  | 560                           | 560                                       | 273                           | 273                                       |
| Less: Amount due within 12 months            | (290)                         | (290)                                     | (150)                         | (150)                                     |
|  | 270                           | 270                                       | 123                           | 123                                       |

Please refer to Note 3 to the financial statements on net book value of assets acquired under hire purchase.

## 20. TERMS LOANS (UNSECURED)

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Term loan (unsecured):-                     |                |                |                |                |
| - Type 1                                    | -              | 14             | -              | -              |
| - Type 2                                    | 1,006          | 3,340          | -              | -              |
| - Type 3                                    | 3,448          | 11,602         | -              | -              |
| - Type 4                                    | 20,000         | 30,000         | 20,000         | 30,000         |
| - Type 5                                    | 10,361         | 2,598          | -              | -              |
| - Type 6                                    | 5,552          | -              | -              | -              |
|   | 40,367         | 47,554         | 20,000         | 30,000         |
| Amount repayable within 12 months (Note 22) | (17,150)       | (20,913)       | (10,000)       | (10,000)       |
| Amount repayable after 12 months            | 23,217         | 26,641         | 10,000         | 20,000         |

Term loan balances are analysed as follows:-

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| Amount payable within:-                      |        |        |        |        |
| 1 year after balance sheet date              | 17,150 | 20,913 | 10,000 | 10,000 |
| More than 1 year but not later than 2 years  | 19,413 | 15,721 | 10,000 | 10,000 |
| More than 2 years but not later than 5 years | 3,804  | 10,920 | -      | 10,000 |
|  | 40,367 | 47,554 | 20,000 | 30,000 |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 20. TERMS LOANS (UNSECURED) (CONT'D)

Details of the term loans are as follows:-

| Loan   | Interest Rate %     | Commencing Date | Repayment Term  |
|--------|---------------------|-----------------|---|
| Type 1 | 6.37 - 6.58         | Jun-98          | 48 quarterly equal instalments commencing from the date of drawdown           |
| Type 2 | cost of fund + 0.4% | May-04          | 14 quarterly equal instalments commencing 18 months from the date of drawdown |
| Type 3 | cost of fund + 0.4% | Feb-05          | 16 quarterly instalments after 12 months of drawdown                          |
| Type 4 | 4.24 - 4.51         | Aug-05          | 5 equal annual instalments commencing from the date of first drawdown         |
| Type 5 | cost of fund + 0.4% | Aug-07          | 17 quarterly instalments on the 12 months commencing from the first drawdown  |
| Type 6 | cost of fund + 0.4% | Jun-08          | 16 quarterly instalments after 15 months of drawdown                          |

This term loan is secured by a corporate guarantee from the Company and a charge on the asset of a subsidiary company.

## 21. PROVISION FOR SOLID WASTE DISPOSAL

|  | Group          |                |
|--|----------------|----------------|
|  | 2008<br>RM'000 | 2007<br>RM'000 |
| At 1 January                                   | 218            | 416            |
| Additional provision during the year (Note 26) | 962            | 643            |
| Utilisation of provision during the year       | (973)          | (841)          |
| At 31 December                                 | 207            | 218            |

The Group has to dispose of solid waste in accordance with environmental requirements. A provision has been made for estimated solid waste based on service provider's price quotation.

## 22. BANK BORROWINGS

|                             | Group          |                | Company        |                |
|-----------------------------|----------------|----------------|----------------|----------------|
|                             | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Bank borrowings:            |                |                |                |                |
| - bankers' acceptances      | 111,140        | 75,245         | 16,618         | 12,143         |
| - bank overdrafts           | -              | 59             | -              | -              |
| - revolving credit          | 50,000         | 30,000         | 50,000         | 30,000         |
| - term loans                |                |                |                |                |
| - current portion (Note 20) | 17,150         | 20,913         | 10,000         | 10,000         |
|                             | 178,290        | 126,217        | 76,618         | 52,143         |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 22. BANK BORROWINGS (CONT'D)

Certain bankers' acceptances and bank overdrafts of the Group are secured by a corporate guarantee from the Company.

The effective interest rates per annum at the balance sheet date for bank borrowings, excluding term loans, were as follows:-

|                      | Group       |             | Company     |             |
|----------------------|-------------|-------------|-------------|-------------|
|                      | 2008<br>%   | 2007<br>%   | 2008<br>%   | 2007<br>%   |
| Bank overdraft       | -           | 6.37 - 6.58 | -           | -           |
| Bank overdraft       | -           | 6.37 - 6.58 | -           | -           |
| Bankers' acceptances | 3.57 - 3.95 | 3.57 - 3.95 | 3.65 - 3.93 | 3.62 - 3.75 |
| Revolving credit     | 4.35 - 4.40 | 4.35 - 4.40 | 4.23 - 4.35 | 4.35 - 4.40 |

## 23. TRADE AND OTHER PAYABLES

|                         | Group          |                | Company        |                |
|-------------------------|----------------|----------------|----------------|----------------|
|                         | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Trade payables          | 48,164         | 35,994         | 7,849          | 6,916          |
| Other payables          | 13,267         | 12,892         | 2,285          | 2,106          |
| Value added tax payable | 180            | 315            | -              | -              |
| Accrued expenses        | 17,303         | 16,972         | 5,235          | 5,633          |
|                         | 78,914         | 66,173         | 15,369         | 14,655         |

The normal trade credit term granted to the Group ranges from 30 to 90 (2007: 30 to 90) days.

## 24. REVENUE

Revenue of the Group and of the Company consists of the following:-

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Sales of goods                                     | 875,407        | 787,036        | 152,221        | 139,754        |
| Dividend income from unquoted subsidiary companies | -              | -              | 35,127         | 75,498         |
| Dividend income from quoted subsidiary companies   | -              | -              | 1,645          | -              |
| Others   | 120            | 180            | -              | -              |
|  | 875,527        | 787,216        | 188,993        | 215,252        |

## 25. FINANCE COSTS

|                           | Group          |                | Company        |                |
|---------------------------|----------------|----------------|----------------|----------------|
|                           | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Interest on:-             |                |                |                |                |
| - term loans              | 3,637          | 5,068          | 1,199          | 3,653          |
| - bank overdrafts         | 3              | 1              | -              | -              |
| - bankers' acceptances    | 2,541          | 3,030          | 433            | 485            |
| - revolving credit        | 2,079          | 1,325          | 2,083          | 1,325          |
| - hire purchase creditors | 22             | 24             | 22             | 24             |
|                           | 8,282          | 9,448          | 3,737          | 5,487          |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 26. PROFIT BEFORE TAX

The following amounts have been included at arriving at profit before tax:-

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Non executive directors' remuneration (Note 31)    | 491            | 498            | 386            | 398            |
| Allowance for doubtful debts                       |                |                |                |                |
| - trade and other receivables                      | 1,526          | -              | -              | -              |
| - subsidiary company                               | -              | -              | -              | 819            |
| Auditors' remuneration:                            |                |                |                |                |
| - audit fee  | 271            | 209            | 48             | 48             |
| - non audit fee                                    | 5              | 3              | 5              | -              |
| - underprovision in prior year                     | 17             | 17             | 5              | 10             |
| Bad debts written off                              | -              | 125            | -              | 103            |
| Depreciation of:                                   |                |                |                |                |
| - property, plant and equipment                    | 38,346         | 35,696         | 9,120          | 6,087          |
| - investment properties (Note 5)                   | 257            | 258            | 76             | 74             |
| Amortisation of:                                   |                |                |                |                |
| - prepaid land lease payments (Note 4)             | 693            | 1,109          | 283            | 283            |
| - intangible asset (Note 6)                        | 748            | 606            | 152            | 3              |
| Employee benefits expense (Note 27)                | 72,795         | 67,460         | 14,036         | 15,694         |
| Foreign exchange loss/(gain):                      |                |                |                |                |
| - realised   | 6,144          | 1,166          | 594            | 100            |
| - unrealised                                       | 144            | 1,341          | (515)          | 601            |
| Inventories written off                            | -              | 3              | -              | -              |
| Property, plant and equipment written off          | 1,345          | 23             | 146            | -              |
| Intangible assets written off                      | 125            | -              | -              | -              |
| Provision for solid waste disposal: (Note 21)      |                |                |                |                |
| - current year provision                           | 962            | 643            | -              | -              |
| Operating leases:                                  | 2,498          | 1,298          | 50             | 12             |
| - minimum lease payments for building              | 1,504          | 479            | 17             | 12             |
| - minimum lease payments for plant and machineries | 219            | 95             | -              | -              |
| - motor vehicle                                    | 417            | 429            | -              | -              |
| - equipment  | 57             | 73             | 19             | -              |
| - accommodation                                    | 301            | 222            | 14             | -              |
| Inventories written down                           | 38             | 227            | -              | -              |
| Bad debts recovered                                | (3)            | (148)          | (3)            | (54)           |
| Gain on disposal of property, plant and equipment  | (1,699)        | (2,982)        | (1,610)        | (1,346)        |
| Interest income                                    | (1,646)        | (1,813)        | (3,393)        | (4,389)        |
| Rental income from investment properties           | (3,483)        | (2,492)        | (3,010)        | (2,153)        |
| Direct operating expenses of investment properties | 243            | 187            | 181            | 122            |
| Reversal of allowance for doubtful debts:          |                |                |                |                |
| - subsidiary companies                             | -              | -              | (947)          | -              |
| - trade and other receivables                      | (110)          | (1,153)        | (83)           | (156)          |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 27. EMPLOYEE BENEFITS EXPENSE

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Wages and salaries                                       | 57,151         | 55,693         | 10,090         | 11,945         |
| Termination benefits arising from restructuring exercise | 1,901          | -              | -              | -              |
| Social security costs                                    | 681            | 681            | 210            | 219            |
| Short term accumulating compensated absences             | 336            | (25)           | 30             | 25             |
| Pension cost - defined contribution plan                 | 5,790          | 5,401          | 1,779          | 1,766          |
| Pension cost - defined benefit plan (Note 18):-          | 3,420          | 3,487          | 1,123          | 1,169          |
| Other benefits   | 3,516          | 2,223          | 804            | 570            |
|  | 72,795         | 67,460         | 14,036         | 15,694         |

(a) Directors' remuneration

The directors' remuneration included in employee benefits expense of the Group and of the Company is analysed as follows:-

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Directors' emolument payable to directors of:-              |                |                |                |                |
| - the Company   | 4,452          | 4,460          | 1,388          | 1,386          |
| - subsidiary companies who are not directors of the Company | 3,998          | 1,926          | -              | -              |
| Directors' fees payable to directors of:-                   |                |                |                |                |
| - the Company   | 701            | 708            | 586            | 598            |
| - subsidiary companies who are not directors of the Company | 90             | 95             | -              | -              |

Further information on directors' remuneration is disclosed in Note 31 to the financial statements.

## 28. TAXATION

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Income tax:   |                |                |                |                |
| - Malaysian income tax                                | 15,810         | 8,704          | 8,872          | 17,093         |
| - (Over)/under provision in prior years               | (174)          | 209            | (122)          | 278            |
| - Real property gain tax under provided in prior year | -              | 34             | -              | 34             |
|   | 15,636         | 8,947          | 8,750          | 17,405         |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 28. TAXATION (CONT'D)

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Deferred tax (Note 11):  |                |                |                |                |
| - Relating to origination and reversal of temporary difference                                     | 22             | 7,000          | (4,624)        | 499            |
| - Effect of change in tax rate on temporary differences recognised as deferred tax during the year | (675)          | (954)          | 220            | (351)          |
| - Effect of change in tax tax on opening of deferred tax   | 799            | 232            | 454            | -              |
| - (Over)/Underprovision of deferred tax in prior years   | (953)          | (737)          | 699            | (26)           |
|  | (807)          | 5,541          | (3,251)        | 122            |
|  | 14,829         | 14,488         | 5,499          | 17,527         |

There were no income tax nor deferred tax expenses for MUP. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. During the current financial year, the income tax rate applicable to subsidiary companies in Vietnam was Nil (2007: Nil) as these subsidiary companies are currently enjoying income tax at zero rate under the local jurisdiction.

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year, except for the tax incentive of 6% (2007: 7%) exempted for the first RM500,000 (2007: RM500,000) taxable profit to certain subsidiary companies of the Company by the Authority. The domestic statutory tax rate will be reduced to 25% from the current year rate of 26% with effect from year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

### Notes:-

- a) A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:-

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Profit before tax   | 90,241         | 60,941         | 38,724         | 75,832         |
| Taxation at Malaysian statutory tax rate of 26% (2007: 27%)             | 23,463         | 16,454         | 10,068         | 20,475         |
| Effect of share results of an associate and a jointly controlled entity | 89             | (166)          | -              | -              |
| Effect of lower tax rates for small and medium scale companies          | (34)           | (47)           | -              | -              |
| Effect of income not subject to tax                                     | (5)            | (459)          | (1,307)        | (4,050)        |
| Income taxed at zero rate on a subsidiary company in Vietnam            | (3,234)        | (728)          | -              | -              |
| Effect of expenses not deductible for tax purposes                      | 1,497          | 1,628          | 251            | 1,167          |
| Deferred tax assets not recognised during the financial year            | 164            | 841            | -              | -              |
| Effect of utilisation of prior year unrecognised capital allowances     | (239)          | -              | -              | -              |
| Effect of utilisation of current year reinvestment allowances           | (5,861)        | (767)          | (4,764)        | -              |
| Balance carried forward   | 15,840         | 16,756         | 4,248          | 17,592         |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 28. TAXATION (CONT'D)

Notes:- (cont'd)

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Balance brought forward  | 15,840         | 16,756         | 4,248          | 17,592         |
| Deferred tax assets recognised on:   |                |                |                |                |
| - unutilised capital allowances  | -              | (1,080)        | -              | -              |
| - reinvestment allowance   | (8)            | -              | -              | -              |
| Effect of change in tax rate on opening of deferred tax  | 799            | 232            | 454            | -              |
| Effect of change in tax rate on temporary differences  | (675)          | (954)          | 220            | (351)          |
| Reversal of deferred tax liabilities arising from control transfer of property, plant and equipment to related company | -              | 28             | -              | -              |
| Under/(over)provision in prior years:  |                |                |                |                |
| - income tax   | (174)          | 209            | (122)          | 278            |
| - deferred tax   | (953)          | (737)          | 699            | (26)           |
| - real property gain tax   | -              | 34             | -              | 34             |
| <b>Tax expense for the year</b>  | <b>14,829</b>  | <b>14,488</b>  | <b>5,499</b>   | <b>17,527</b>  |

## 29. EARNINGS PER SHARE

### (a) Basic earnings per share

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

|   | Group          |                    |
|---|----------------|--------------------|
|   | 2008           | 2007<br>(restated) |
| Profit after taxation and minority interests (RM'000)             |                |                    |
| Continuing operations   | 72,469         | 44,623             |
| Discontinued operation  | (2,968)        | 404                |
|   | <b>69,501</b>  | <b>45,027</b>      |
| <b>Weighted average number of ordinary shares in issue ('000)</b> | <b>444,168</b> | <b>444,168</b>     |
| Basic earnings per share (sen)                                    |                |                    |
| Continuing operations   | 16.32          | 10.05              |
| Discontinued operation  | (0.67)         | 0.09               |
|   | <b>15.65</b>   | <b>10.14</b>       |

### (b) Diluted earnings per share

The Group does not have any potential dilutive ordinary shares. Accordingly, the diluted earnings per share is not presented.



# Notes To The Financial Statements (cont'd)

31 December 2008

## 30. DIVIDENDS

### (i) Paid and proposed dividends

Dividends per share as disclosed in the income statement is computed as follows:-

|  | Group/Company |             |
|--|---------------|-------------|
|  | 2008<br>Sen   | 2007<br>Sen |
| Paid:-                                 |               |             |
| Interim tax exempt dividend of 10% (a) | 2.50          | 2.50        |
| Special tax exempt dividend of 15% (b) | 3.75          | -           |
| Proposed:-                             |               |             |
| Final tax exempt dividend of 10% (c)   | 2.50          | 2.50        |
|  | 8.75          | 5.00        |

#### Notes:-

- Interim dividend per share is calculated by dividing the interim dividend declared for the year of RM11,104,195 (2007: RM11,104,195) by the number of ordinary shares of RM0.25 each in issue of 444,167,786 (2007: 444,167,786 ordinary shares of RM0.25 each).
- Special tax exempt dividend per share is calculated by dividing the special tax dividend declared for the year of RM16,656,292 (2007: RM NIL) by the number of ordinary shares of RM0.25 each in issue of 444,167,786 (2007: NIL).
- Final dividend per share is calculated by dividing the final dividend proposed for the year 2008 of RM11,104,000 (2007: RM11,104,195) by the number of ordinary shares of RM0.25 each in issue of 444,167,786 (2007: 444,167,786).

### (ii) Dividends accounted for in the financial statements

|  | Group/Company  |                |
|--|----------------|----------------|
|  | 2008<br>RM'000 | 2007<br>RM'000 |
| Dividend payments:-                            |                |                |
| - Interim dividend                             | 11,104         | 11,104         |
| - Special dividend                             | 16,657         | -              |
| - Final dividend proposed in 2006 paid in 2007 | -              | 11,104         |
| - Final dividend proposed in 2007 paid in 2008 | 11,104         | -              |
|  | 38,865         | 22,208         |

At the forthcoming Annual General Meeting, a final tax exempt dividend of 10% on 444,167,786 ordinary shares, amounting to a dividend payable of RM11,104,000 (2.5 sen per share) in respect of the financial year ended 31 December 2008, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profit in the financial year ending 31 December 2009.



# Notes To The Financial Statements (cont'd)

31 December 2008

## 31. DIRECTORS' REMUNERATION

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| <b>Directors of the Company</b>                          |                |                |                |                |
| Executive:-  |                |                |                |                |
| Salaries and other emoluments                            | 3,547          | 3,546          | 1,125          | 1,125          |
| Fees   | 280            | 280            | 200            | 200            |
| Bonus  | 370            | 394            | 125            | 125            |
| Pension cost - defined contribution plan                 | 332            | 331            | 105            | 105            |
| Pension cost - defined benefit plan                      | 203            | 189            | 33             | 31             |
|  | 4,732          | 4,740          | 1,588          | 1,586          |
| Non-Executive:-  |                |                |                |                |
| Fees   | 421            | 428            | 386            | 398            |
|  | 5,153          | 5,168          | 1,974          | 1,984          |
| <b>Other Directors</b>                                   |                |                |                |                |
| Executive:-  |                |                |                |                |
| Salaries and other emoluments                            | 1,496          | 1,431          | -              | -              |
| Fees   | 20             | 25             | -              | -              |
| Bonus  | 127            | 154            | -              | -              |
| Pension cost - defined contribution plan                 | 144            | 133            | -              | -              |
| Pension cost - defined benefit plan                      | 2,231          | 208            | -              | -              |
|  | 4,018          | 1,951          | -              | -              |
| Non-Executive:-  |                |                |                |                |
| Fees   | 70             | 70             | -              | -              |
|  | 4,088          | 2,021          | -              | -              |
| Total directors' remuneration                            | 9,241          | 7,189          | 1,974          | 1,984          |
| <b>Analysis:-</b>  |                |                |                |                |
| Total executive directors' remuneration                  | 8,750          | 6,691          | 1,588          | 1,586          |
| Total non-executive directors' remuneration<br>(Note 26) | 491            | 498            | 386            | 398            |
| Total directors' remuneration                            | 9,241          | 7,189          | 1,974          | 1,984          |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 31. DIRECTORS' REMUNERATION (CONT'D)

The number of directors of the Company whose total remuneration falls within the respective bands are analysed as follows:-

|                           | Number of Directors |      |
|---------------------------|---------------------|------|
|                           | 2008                | 2007 |
| Executive directors:-     |                     |      |
| RM100,001 - RM150,000     | -                   | -    |
| RM200,001 - RM250,000     | -                   | -    |
| RM600,001 - RM650,000     | -                   | -    |
| RM700,001 - RM750,000     | -                   | -    |
| RM750,001 - RM800,000     | -                   | -    |
| RM800,001 - RM850,000     | -                   | -    |
| RM850,001 - RM900,000     | -                   | -    |
| RM950,001 - RM1,000,000   | -                   | -    |
| RM1,000,001 - RM1,050,000 | 1                   | 1    |
| RM1,050,001 - RM1,100,000 | -                   | -    |
| RM1,100,001 - RM1,150,000 | -                   | -    |
| RM1,150,001 - RM1,200,000 | 1                   | 1    |
| RM1,200,001 - RM1,250,000 | 1                   | 1    |
| RM1,250,001 - RM1,300,000 | 1                   | 1    |
| Non Executive directors:- |                     |      |
| Below RM50,000            | -                   | -    |
| RM50,001 - RM100,000      | 5                   | 5    |

## 32. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

During the year, the Company and Nihon Canpack Co., Ltd. had jointly formed a new company, Kian Joo Canpack (Vietnam) Co., Ltd. ("KJCV"), a company incorporated in Vietnam with an authorised share capital of USD15 million. KJCV will be owned by the Company and Nihon Canpack Co., Ltd. at 60% and 40% respectively. Details of the said investment are further disclosed in Note 7(a).

## 33. CAPITAL COMMITMENTS

|                               | Group          |                | Company        |                |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Capital expenditure           |                |                |                |                |
| Approved and contracted for:- |                |                |                |                |
| Property, plant and equipment | 20,577         | 23,652         | 8,767          | 21,038         |
| Leasehold land                | -              | 2,283          | -              | -              |
| Building construction         | 1,798          | 7,141          | -              | -              |
|                               | <u>22,375</u>  | <u>33,076</u>  | <u>8,767</u>   | <u>21,038</u>  |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 34. OPERATING LEASE PAYABLES

The future minimum lease payable under non-cancellable operating leases are summarised as follows:-

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| 1 year after balance sheet date             | 100            | 201            | 12             | 3              |
| More than 1 year but not later than 2 years | 16             | 5              | -              | -              |
|   | 116            | 206            | 12             | 3              |

The above lease payables are in respect of the rental of staff quarters, warehouse and machinery, on terms and conditions mutually agreed by both parties.

## 35. OPERATING LEASE RECEIVABLES

The future minimum lease receivable under non-cancellable operating leases are summarised as follows:-

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| 1 year after balance sheet date              | 1,328          | 2,583          | 833            | 2,114          |
| More than 1 year but not later than 2 years  | 176            | 1,007          | -              | 671            |
| More than 2 years but not later than 5 years | -              | 176            | -              | -              |
|  | 1,504          | 3,766          | 833            | 2,785          |

The above lease receivable is in respect of the rental income from letting of factory building and industrial land.

## 36. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:-

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Sales to subsidiary companies                                       | -              | -              | (52,696)       | (57,604)       |
| Sales to an associated company                                      | (333)          | (522)          | -              | -              |
| Rental receivable from subsidiary companies                         | -              | -              | (792)          | (3,192)        |
| Management fees receivable from an associated company               | (168)          | (610)          | (168)          | (610)          |
| Interest income receivable from subsidiary companies                | -              | -              | (2,565)        | (2,751)        |
| Transfer of property, plant and equipment to subsidiary companies   | -              | -              | (1,941)        | (1,517)        |
| Transfer of property, plant and equipment from a subsidiary company | -              | -              | 54             | -              |
| Transfer of intangible asset to an associated company               | (120)          | -              | (120)          | -              |
| Purchases from subsidiary companies                                 | -              | -              | 16,309         | 30,509         |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 36. RELATED PARTY TRANSACTIONS (CONT'D)

Apart from the above, the Group also entered into the following related party transactions:-

| Nature of transaction                                | Identity of related party             | 2008<br>RM'000 | 2007<br>RM'000 |
|--|---------------------------------------|----------------|----------------|
| Sales of trading inventories by a subsidiary company | (i) Hercules Sdn. Bhd.                | 286            | 550            |
|  | (ii) Hercules (Vietnam) Co., Ltd.     | 179            | 78             |
|  | (iii) Metal Closure & Seals Sdn. Bhd. | 53             | 114            |

The parties are deemed related to the Group by virtue of common directorship held by See Leong Chye @ Sze Leong Chye in these parties and a subsidiary company.

- (b) The Group and the Company do not have any key management personnel who have authority and responsibility for planning, directing and controlling the activities of the Group and the Company directly or indirectly, except for the directors. The directors' remunerations are as disclosed in Note 31.

## 37. SUBSIDIARIES, ASSOCIATE AND JOINTLY CONTROLLED ENTITY

Details of the Company's subsidiaries, associate and jointly controlled entity are as follows:-

| Company | Country of Incorporation | Nature of Business | Effective Interest Held |           |
|---------|--------------------------|--------------------|-------------------------|-----------|
|         |                          |                    | 2008<br>%               | 2007<br>% |

### (a) Subsidiary companies of the Company

|  |          |  |       |       |
|--|----------|--|-------|-------|
| Box-Pak (Malaysia) Berhad ("BP")         | Malaysia | Corrugated fibre board carton manufacturer   | 54.83 | 54.83 |
| Canco Engineering & Machinery Sdn. Bhd.  | Malaysia | Inactive                                     | 100   | 100   |
| Federal Metal Printing Factory Sdn. Bhd. | Malaysia | Metal printing and can manufacturer          | 100   | 100   |
| Indastri Kian Joo Sdn. Bhd.              | Malaysia | Letting out of factory building              | 100   | 100   |
| ^ Kian Joo Can (Vietnam) Co., Ltd.       | Vietnam  | Can manufacturer                             | 100   | 100   |
| ^ Kian Joo Canpack (Vietnam) Co., Ltd.   | Vietnam  | Provision of contract packing services       | 60    | -     |
| Kian Joo Packaging Sdn. Bhd.             | Malaysia | 2-piece aluminium beverage cans manufacturer | 100   | 100   |
| Kian Joo Canpack Sdn. Bhd.               | Malaysia | Provision of contract packing services       | 100   | 100   |
| Kian Joo Canpack (Shah Alam) Sdn. Bhd.   | Malaysia | Provision of contract packing services       | 100   | 100   |
| KJ Can (Johore) Sdn. Bhd.                | Malaysia | Can manufacturer                             | 100   | 100   |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 37. SUBSIDIARIES, ASSOCIATE AND JOINTLY CONTROLLED ENTITY (CONT'D)

| Company   | Country of Incorporation | Nature of Business                               | Effective Interest Held |           |
|---|--------------------------|--|-------------------------|-----------|
|   |                          |  | 2008<br>%               | 2007<br>% |
| KJ Can (Selangor) Sdn. Bhd.                         | Malaysia                 | Can manufacturer                                 | 100                     | 100       |
| ^ KJ Can (Singapore) Pte. Ltd.                      | Singapore                | Dormant  | 100                     | 100       |
| KJM Aluminium Can Sdn. Bhd.                         | Malaysia                 | 2-piece aluminium retortable can manufacturer    | 100                     | 100       |
| Metal-Pak (Malaysia) Sdn. Bhd. ("MP")               | Malaysia                 | Can manufacturer                                 | 100                     | 100       |
| Multi-Pet Sdn. Bhd.                                 | Malaysia                 | Ceased operation                                 | 100                     | 100       |
| <b>(b) Subsidiary companies of BP</b>               |                          |  |                         |           |
| Box-Pak (Johore) Sdn. Bhd.                          | Malaysia                 | Corrugated fibre board carton manufacturer       | 54.83                   | 54.83     |
| ^ Box-Pak (Vietnam) Co., Ltd.                       | Vietnam                  | Corrugated fibre board carton manufacturer       | 54.83                   | 54.83     |
| <b>(c) Subsidiary companies of MP</b>               |                          |  |                         |           |
| Bintang Seribu Sdn. Bhd.                            | Malaysia                 | Letting out of factory building                  | 100                     | 100       |
| Great Asia Tin Cans Factory Company Sdn. Bhd.       | Malaysia                 | Letting out of factory building                  | 100                     | 100       |
| <b>(d) Associated company of the Company</b>        |                          |  |                         |           |
| Kian Joo-Visypak Sdn. Bhd.                          | Malaysia                 | Polyethylene terephthalate products manufacturer | 50                      | 50        |
| <b>(e) Jointly controlled entity of the Company</b> |                          |  |                         |           |
| KJO Systems Sdn. Bhd.                               | Malaysia                 | Packaging machinery manufacturer                 | 50                      | 50        |

^ Audited by firms of auditors other than Ernst & Young



# Notes To The Financial Statements (cont'd)

31 December 2008

## 38. FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives and policies

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

### (b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt. The Group had no substantial long-term interest-bearing assets as at 31 December 2008 other than amounts due from certain subsidiary companies which bear interest at a fixed rate. The investments in other financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

### (c) Foreign exchange risk

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia except for foreign exchange risks arising from imports and exports and from a country in which foreign subsidiary companies operate. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EURO"), Swiss Franc ("CHF"), Japanese Yen ("JPY"), Vietnam Dong ("VND"), Thai Baht ("Thai") and Sterling Pound ("GBP").

The Group is not engaged in any hedging transactions.

The net unhedged financial assets and financial liabilities of the Group as at 31 December 2008 that are not denominated in their functional currencies are as follows:-

| Functional currency<br>of the Group | JPY<br>RM'000 | SGD<br>RM'000 | EURO<br>RM'000 | GBP<br>RM'000 | THAI<br>RM'000 | CHF<br>RM'000 | USD<br>RM'000 |
|-------------------------------------|---------------|---------------|----------------|---------------|----------------|---------------|---------------|
| <b>31 December 2008</b>             |               |               |                |               |                |               |               |
| <b>Trade receivables</b>            |               |               |                |               |                |               |               |
| Ringgit Malaysia                    | -             | 10,691        | -              | -             | -              | -             | 6,965         |
| Vietnam Dong                        | -             | -             | -              | -             | -              | -             | 720           |
|                                     | -             | 10,691        | -              | -             | -              | -             | 7,685         |
| <b>Trade payables</b>               |               |               |                |               |                |               |               |
| Ringgit Malaysia                    | -             | (1,038)       | (581)          | -             | -              | -             | (4,771)       |
| Vietnam Dong                        | (144)         | (8)           | (71)           | -             | -              | -             | (6,925)       |
|                                     | (144)         | (1,046)       | (652)          | -             | -              | -             | (11,696)      |
| <b>Other receivables</b>            |               |               |                |               |                |               |               |
| Ringgit Malaysia                    | -             | -             | -              | -             | -              | -             | 121           |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Foreign exchange risk (cont'd)

| Functional currency<br>of the Group | JPY<br>RM'000 | SGD<br>RM'000 | EURO<br>RM'000 | GBP<br>RM'000 | THAI<br>RM'000 | CHF<br>RM'000 | USD<br>RM'000 |
|-------------------------------------|---------------|---------------|----------------|---------------|----------------|---------------|---------------|
| <b>31 December 2008 (cont'd)</b>    |               |               |                |               |                |               |               |
| <b>Other payables</b>               |               |               |                |               |                |               |               |
| Ringgit Malaysia                    | -             | (143)         | (80)           | (4)           | -              | (1)           | (797)         |
| <b>Term loans (unsecured)</b>       |               |               |                |               |                |               |               |
| Vietnam Dong                        | -             | -             | -              | -             | -              | -             | (19,112)      |
| <b>Net exposure</b>                 | (144)         | 9,502         | (732)          | (4)           | -              | (1)           | (23,799)      |
| <b>31 December 2007</b>             |               |               |                |               |                |               |               |
| <b>Trade receivables</b>            |               |               |                |               |                |               |               |
| Ringgit Malaysia                    | -             | 11,655        | 350            | -             | -              | -             | 18,756        |
| Vietnam Dong                        | -             | -             | -              | -             | -              | -             | 12,771        |
|                                     | -             | 11,655        | 350            | -             | -              | -             | 31,527        |
| <b>Trade payables</b>               |               |               |                |               |                |               |               |
| Ringgit Malaysia                    | -             | (855)         | (182)          | -             | -              | -             | (2,397)       |
| Vietnam Dong                        | -             | -             | -              | -             | -              | -             | (7,739)       |
|                                     | -             | (855)         | (182)          | -             | -              | -             | (10,136)      |
| <b>Other receivables</b>            |               |               |                |               |                |               |               |
| Ringgit Malaysia                    | -             | 48            | 33             | -             | 7              | -             | 648           |
| <b>Other payables</b>               |               |               |                |               |                |               |               |
| Ringgit Malaysia                    | -             | (56)          | (1)            | -             | -              | (61)          | (211)         |
| Vietnam Dong                        | -             | -             | -              | -             | -              | -             | (122)         |
|                                     | -             | (56)          | (1)            | -             | -              | (61)          | (333)         |
| <b>Term loans (unsecured)</b>       |               |               |                |               |                |               |               |
| Vietnam Dong                        | -             | -             | -              | -             | -              | -             | (17,554)      |
| <b>Net exposure</b>                 | -             | 10,744        | 167            | -             | -              | (61)          | 3,504         |

### (d) Liquidity risk

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



# Notes To The Financial Statements (cont'd)

31 December 2008

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### (e) Credit risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

### (f) Fair values

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

The carrying amounts of term loans which are mainly variable rate borrowings, are considered to be reasonable estimate of their fair values as the borrowings will be repriced immediately in the event of any changes to the market interest rates.

It is not practicable to determine the fair value of amounts due from/(to) subsidiary and associated companies due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Group and the Company do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The fair values of all other financial assets and liabilities of the Group and of the Company as at 31 December 2008 are not materially different from their carrying values.

## 39. SEGMENT INFORMATION

### (a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

### (b) Business segments:-

The Group operates mainly in five major business segments:-

- (i) General cans - manufacture and distribution of tin cans.
- (ii) Aluminium cans - manufacture and distribution of 2-piece aluminium beverage cans.
- (iii) Corrugated cartons - manufacture and distribution of corrugated fibreboard cartons.
- (iv) Contract packing services - carbonated beverage contract packing service and packing of milk powder on OEM basis.

Other business segments include letting out of factory building and provision of industrial and mechanical engineering services and manufacture and distribution of mineral water bottles and plastic pails for storage of paints and lubricants.



# Notes To The Financial Statements (cont'd)

31 December 2008

## 39. SEGMENT INFORMATION (CONT'D)

### (b) Business segments:- (cont'd)

| 31 December 2008                             | Continuing operations  |                          |                              |                                     |                 |                  |                                  |                       |                            |  |
|--|------------------------|--------------------------|------------------------------|-------------------------------------|-----------------|------------------|----------------------------------|-----------------------|----------------------------|--|
|  | General cans<br>RM'000 | Aluminium cans<br>RM'000 | Corrugated cartons<br>RM'000 | Contract packing services<br>RM'000 | Other<br>RM'000 | Total<br>RM'000  | Discontinued operation<br>RM'000 | Elimination<br>RM'000 | Total operations<br>RM'000 |  |
| <b>Revenue</b>                               |                        |                          |                              |                                     |                 |                  |                                  |                       |                            |  |
| External sales                               | 390,878                | 292,776                  | 154,833                      | 36,920                              | 120             | 875,527          | -                                | -                     | 875,527                    |  |
| Inter-segment sales                          | 11,886                 | 12,500                   | 3,717                        | -                                   | 249             | 28,352           | -                                | (28,352)              | -                          |  |
| <b>Total Revenue</b>                         | <b>402,764</b>         | <b>305,276</b>           | <b>158,550</b>               | <b>36,920</b>                       | <b>369</b>      | <b>903,879</b>   | <b>-</b>                         | <b>(28,352)</b>       | <b>875,527</b>             |  |
| <b>Results</b>                               |                        |                          |                              |                                     |                 |                  |                                  |                       |                            |  |
| Segment results                              | 44,064                 | 44,315                   | 9,485                        | 301                                 | 11              | 98,176           | (2,968)                          | 692                   | 95,900                     |  |
| Finance costs                                | -                      | -                        | -                            | -                                   | -               | (8,282)          | -                                | -                     | (8,282)                    |  |
| Share of loss from associated company        | -                      | -                        | -                            | -                                   | (95)            | (95)             | -                                | -                     | (95)                       |  |
| Share of loss from jointly controlled entity | -                      | -                        | -                            | -                                   | (250)           | (250)            | -                                | -                     | (250)                      |  |
| Profit before tax                            | -                      | -                        | -                            | -                                   | -               | 89,549           | (2,968)                          | 692                   | 87,273                     |  |
| Income tax expense                           | -                      | -                        | -                            | -                                   | -               | (14,829)         | -                                | -                     | (14,829)                   |  |
| <b>Net profit for the year</b>               | <b>-</b>               | <b>-</b>                 | <b>-</b>                     | <b>-</b>                            | <b>-</b>        | <b>74,720</b>    | <b>(2,968)</b>                   | <b>692</b>            | <b>72,444</b>              |  |
| <b>Assets and liabilities</b>                |                        |                          |                              |                                     |                 |                  |                                  |                       |                            |  |
| Segment assets                               | 623,862                | 432,091                  | 123,246                      | 93,292                              | 5,243           | 1,277,734        | 9                                | (259,030)             | 1,018,713                  |  |
| Investment in associated company             | -                      | -                        | -                            | -                                   | 23,423          | 23,423           | -                                | -                     | 23,423                     |  |
| Investment in jointly control entity         | -                      | -                        | -                            | -                                   | 768             | 768              | -                                | -                     | 768                        |  |
| Unallocated corporate assets                 | -                      | -                        | -                            | -                                   | -               | -                | -                                | -                     | 22,223                     |  |
| <b>Consolidated total assets</b>             | <b>-</b>               | <b>-</b>                 | <b>-</b>                     | <b>-</b>                            | <b>-</b>        | <b>1,065,127</b> | <b>-</b>                         | <b>-</b>              | <b>1,065,127</b>           |  |
| Segment liabilities                          | 340,882                | 190,632                  | 31,542                       | 38,065                              | 1,989           | 603,110          | -                                | (387,450)             | 215,660                    |  |
| Unallocated corporate liabilities            | -                      | -                        | -                            | -                                   | -               | -                | -                                | -                     | 106,116                    |  |
| <b>Consolidated total liabilities</b>        | <b>-</b>               | <b>-</b>                 | <b>-</b>                     | <b>-</b>                            | <b>-</b>        | <b>321,776</b>   | <b>-</b>                         | <b>-</b>              | <b>321,776</b>             |  |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 39. SEGMENT INFORMATION (CONT'D)

### (b) Business segments:- (cont'd)

| 31 December 2008 (cont'd)                      | Continuing operations |                |                    |                           |        |           |                        |             |                  |          |
|--|-----------------------|----------------|--------------------|---------------------------|--------|-----------|------------------------|-------------|------------------|----------|
|  | General cans          | Aluminium cans | Corrugated cartons | Contract packing services | Other  | Total     | Discontinued operation | Elimination | Total operations |          |
|  | RM'000                | RM'000         | RM'000             | RM'000                    | RM'000 | RM'000    | RM'000                 | RM'000      | RM'000           | RM'000   |
| <b>Other information</b>                       |                       |                |                    |                           |        |           |                        |             |                  |          |
| Capital expenditure                            | 38,685                | 4,753          | 19,700             | 37,423                    | -      | 100,561   | -                      | -           | -                | 100,561  |
| Depreciation and amortisation                  | 21,195                | 12,764         | 3,803              | 2,176                     | 106    | 40,044    | -                      | -           | -                | 40,044   |
| Non-cash expenses other than depreciation      | 4,083                 | 1,901          | 1,507              | 123                       | -      | 7,614     | 3,100                  | (54)        |                  | 10,660   |
| <b>31 December 2007</b>                        |                       |                |                    |                           |        |           |                        |             |                  |          |
| <b>Revenue</b>                                 |                       |                |                    |                           |        |           |                        |             |                  |          |
| External sales                                 | 354,268               | 292,227        | 115,938            | 24,603                    | 180    | 787,216   | 1,706                  | -           | -                | 788,922  |
| Inter-segment sales                            | 4,882                 | 12,992         | 3,375              | 291                       | -      | 21,540    | 5                      | (21,545)    |                  | -        |
| Total Revenue                                  | 359,150               | 305,219        | 119,313            | 24,894                    | 180    | 808,756   | 1,711                  | (21,545)    |                  | 788,922  |
| <b>Results</b>                                 |                       |                |                    |                           |        |           |                        |             |                  |          |
| Segment results                                | 20,717                | 47,945         | 5,605              | (1,818)                   | 55     | 72,504    | 404                    | (2,729)     |                  | 70,179   |
| Finance costs                                  | -                     | -              | -                  | -                         | -      | (9,448)   | -                      | -           |                  | (9,448)  |
| Share of losses from associated company        | -                     | -              | -                  | -                         | 593    | 593       | -                      | -           |                  | 593      |
| Share of losses from jointly controlled entity | -                     | -              | -                  | -                         | 21     | 21        | -                      | -           |                  | 21       |
| Profit before tax                              |                       |                |                    |                           |        | 63,670    | 404                    | (2,729)     |                  | 61,345   |
| Income tax expense                             |                       |                |                    |                           |        | (14,488)  | -                      | -           |                  | (14,488) |
| Net profit for the year                        |                       |                |                    |                           |        | 49,182    | 404                    | (2,729)     |                  | 46,857   |
| <b>Assets and liabilities</b>                  |                       |                |                    |                           |        |           |                        |             |                  |          |
| Segment assets                                 | 562,765               | 391,996        | 106,278            | 38,435                    | 4,511  | 1,103,985 | 2,770                  | (205,355)   |                  | 901,400  |
| Investment in associated company               | -                     | -              | -                  | -                         | 23,518 | 23,518    | -                      | -           |                  | 23,518   |
| Investment in jointly control entity           | -                     | -              | -                  | -                         | 636    | 636       | -                      | -           |                  | 636      |
| Unallocated corporate assets                   | -                     | -              | -                  | -                         | -      | -         | -                      | -           |                  | -        |
| Consolidated total assets                      |                       |                |                    |                           |        | 950,730   |                        |             |                  | 950,730  |



# Notes To The Financial Statements (cont'd)

31 December 2008

## 39. SEGMENT INFORMATION (CONT'D)

### (b) Business segments:- (cont'd)

| 31 December 2007 (cont'd)                 | Continuing operations  |                          |                              |                                     |                 |                                  | Total operations<br>RM'000 |
|---|------------------------|--------------------------|------------------------------|-------------------------------------|-----------------|----------------------------------|----------------------------|
|   | General cans<br>RM'000 | Aluminium cans<br>RM'000 | Corrugated cartons<br>RM'000 | Contract packing services<br>RM'000 | Other<br>RM'000 | Discontinued operation<br>RM'000 |                            |
| <b>Assets and liabilities (cont'd)</b>    |                        |                          |                              |                                     |                 |                                  |                            |
| Segment liabilities                       | 345,819                | 141,516                  | 22,597                       | 35,922                              | 31              | 545,885                          | (378,809)                  |
| Unallocated corporate liabilities         |                        |                          |                              |                                     |                 |                                  |                            |
| Consolidated total liabilities            |                        |                          |                              |                                     |                 |                                  | 260,878                    |
| <b>Other information</b>                  |                        |                          |                              |                                     |                 |                                  |                            |
| Capital expenditure                       | 38,346                 | 12,206                   | 2,106                        | 755                                 | -               | 53,413                           | 185                        |
| Depreciation and amortisation             | 19,585                 | 12,588                   | 3,479                        | 1,978                               | 39              | 37,669                           | 358                        |
| Non-cash expenses other than depreciation | 3,940                  | 1,192                    | 677                          | 40                                  | -               | 5,849                            | 711                        |

### (c) Geographical segments:-

The Group's five major business segments are operated in Malaysia and Vietnam. Performance and positions of respective countries are as follows:-

|                                       | Malaysia                               |  | Vietnam        |                |
|---------------------------------------|--|--|----------------|----------------|
|                                       | Continuing operation<br>2008<br>RM'000 | Discontinued operation<br>2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Total revenue from external customers | 720,069                                | 675,874                                  | -              | 1,706          |
| Segment assets                        | 913,126                                | 858,280                                  | -              | 2,770          |
| Capital expenditure                   | 42,190                                 | 50,156                                   | -              | 185            |
|                                       |  |  | 155,458        | 111,342        |
|                                       |  |  | 152,001        | 89,680         |
|                                       |  |  | 58,371         | 3,257          |



# List Of Properties

as at 31 December 2008

| Location   | Description          | Area (sq.m) | Tenure    | Expiry Date | Age of Buildings (Years) | NBV Land & Building (RM'000) |
|--|----------------------|-------------|-----------|-------------|--------------------------|------------------------------|
| Lot PT 2<br>Jalan Perusahaan 4<br>Batu Caves, Selangor                       | Land & Building      | 11,713      | Leasehold | 05.09.2074  | 28                       | 6,923                        |
| Lot No 26685 (28833 - 28836)<br>Batu Caves, Selangor                         | Land & Building      | 7,299       | Freehold  | -           | 14                       | 4,048                        |
| Lot No 28829 to 28832<br>Batu Caves, Selangor                                | Land & Building      | 16,895      | Freehold  | -           | 13                       | 8,466                        |
| Lot 6 Jalan Perusahaan 1<br>Batu Caves, Selangor                             | Land & Building      | 8,514       | Leasehold | 05.09.2074  | 20                       | 5,354                        |
| Lot 8 Jalan Perusahaan 1<br>Batu Caves, Selangor                             | Land & Building      | 8,452       | Leasehold | 05.09.2074  | 32                       | 3,572                        |
| Lot 10 Jalan Perusahaan 1<br>Batu Caves, Selangor                            | Land & Building      | 9,919       | Leasehold | 05.09.2074  | 32                       | 5,388                        |
| Lot PT 765, Mukim of<br>Kuala Lumpur   | Land for Development | 1,963       | Freehold  | -           | -                        | 740                          |
| Lot No 3846, Chembong<br>Rembau, Negeri Sembilan                             | Land for Development | 4,249       | Leasehold | 27.06.2049  | -                        | 161                          |
| Lot 123, Phase 3<br>Arab-Malaysian Industrial Park<br>Nilai, Negeri Sembilan | Land for Development | 12,553      | Freehold  | -           | -                        | 2,254                        |
| Lot 146<br>Arab-Malaysian Industrial Park<br>Nilai, Negeri Sembilan          | Land for Development | 9,007       | Freehold  | -           | -                        | 1,803                        |
| Lot 147<br>Arab-Malaysian Industrial Park<br>Nilai, Negeri Sembilan          | Land for Development | 9,007       | Freehold  | -           | -                        | 1,925                        |
| Lot 107<br>Arab-Malaysian Industrial Park<br>Nilai, Negeri Sembilan          | Land & Building      | 11,785      | Freehold  | -           | 04                       | 12,894                       |
| Lot 22 & 24, Sec 16<br>Town of Shah Alam<br>Selangor                         | Land & Building      | 3,902       | Leasehold | 31.10.2070  | 35                       | 2,444                        |
| Lot 21, Section 16<br>Town of Shah Alam<br>Selangor                          | Land & Building      | 1,951       | Leasehold | 31.10.2070  | 24                       | 706                          |



# List Of Properties (cont'd)

as at 31 December 2008

| Location  | Description     | Area (sq.m) | Tenure    | Expiry Date | Age of Buildings (Years) | NBV Land & Building (RM'000) |
|---|-----------------|-------------|-----------|-------------|--------------------------|------------------------------|
| PT No 14350<br>Mukim of Damansara<br>Shah Alam, Selangor                                  | Land & Building | 19,777      | Freehold  | -           | 10                       | 12,339                       |
| Lot 135 Jalan Kawat 15/18<br>Tapak Perusahaan<br>Shah Alam, Town of Shah Alam<br>Selangor | Land & Building | 11,427      | Leasehold | 12.06.2073  | 32                       | 3,954                        |
| Lot 3 Jalan Kawat 15/18<br>Tapak Perusahaan<br>Shah Alam, Town of Shah Alam<br>Selangor   | Land & Building | 12,140      | Leasehold | 16.07.2074  | 17                       | 5,053                        |
| Lot 18 Jalan Pengapit 15/19<br>Shah Alam, Selangor  | Land & Building | 7,641       | Leasehold | 04.11.2080  | 17                       | 2,939                        |
| Lot 4 Jalan Perusahaan 2<br>Batu Caves, Selangor  | Land & Building | 18,848      | Leasehold | 05.09.2074  | 16                       | 12,688                       |
| Lot 7 Jalan Perusahaan 2<br>Batu Caves, Selangor  | Land & Building | 12,840      | Leasehold | 05.09.2074  | 24                       | 7,068                        |
| 2736 & 2737<br>Mukim of Ulu Kinta<br>District of Kinta, Perak                             | Land & Building | 5,344       | Leasehold | 15.07.2036  | 30                       | 670                          |
| 733 Jalan Tampoi<br>81200 Johor Bahru, Johor  | Land & Building | 16,709      | Freehold  | -           | 40                       | 14,906                       |
| 23 Jalan Dewani, Lorong 1<br>Johor Bahru, Johor   | Shophouse       | 180         | Freehold  | -           | 28                       | 455                          |
| Lot 104, 105 & 106<br>Arab-Malaysian Industrial Park<br>Nilai, Negeri Sembilan            | Land & Building | 39,603      | Freehold  | -           | 11                       | 30,080                       |
| HS (D) 80122 PT No 5141<br>Mukim Damansara<br>Daerah Petaling, Selangor                   | Land & Building | 31,142      | Freehold  | -           | 16                       | 17,863                       |
| 17 Dai Lo Doc Lap, VSIP<br>Thuan An District<br>Binh Duong Province<br>Vietnam            | Land & Building | 22,201      | Leasehold | 11.02.2046  | 06                       | 8,484                        |



# List Of Properties (cont'd)

as at 31 December 2008

| Location   | Description     | Area (sq.m) | Tenure    | Expiry Date | Age of Buildings (Years) | NBV Land & Building (RM'000) |
|--|-----------------|-------------|-----------|-------------|--------------------------|------------------------------|
| HS (D) 54826, No PT 15637<br>Mukim Petaling<br>Daerah Petaling, Selangor                                       | Land & Building | 40,468      | Leasehold | 02.09.2090  | 7                        | 16,945                       |
| HS (D) 187255, PTD 62907 &<br>HS (D) 187256, PTD 62908 &<br>Mukim Tebrau<br>Daerah Johor Bahru, Johor          | Land & Building | 18,483      | Freehold  | -           | 14                       | 9,477                        |
| 22 Dai Lo Huu Nghi<br>Vietnam Singapore Industrial Park<br>Thuan An District<br>Binh Duong Province<br>Vietnam | Land & Building | 44,230      | Leasehold | 11.02.2046  | 06                       | 18,246                       |
| Lot 16641<br>Lot 16640<br>Mukim Setul, Daerah Seremban<br>Negeri Sembilan                                      | Land & Building | 8,535       | Freehold  | -           | 2                        | 1,060                        |



# Analysis Of Shareholdings

as at 13 March 2009

|                                |                               |
|--------------------------------|-------------------------------|
| Authorised Share Capital       | RM 500,000,000                |
| Issued & Fully Paid-up Capital | RM 111,041,947                |
| Class of Shares                | Ordinary share of RM0.25 each |
| Voting Rights                  | One vote per ordinary share   |
| Number of Shareholders         | 6,433                         |

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings                      | No of Holders | % of Holders | No of shares | % of shares |
|--|---------------|--------------|--------------|-------------|
| 1 - 1,000                                  | 504           | 2.00         | 403,914      | 0.01        |
| 1,001 - 10,000                             | 3,929         | 64.95        | 19,997,508   | 3.25        |
| 10,001 - 100,000                           | 1,726         | 28.15        | 52,049,914   | 8.30        |
| 100,001 - to less than 5% of issues shares | 272           | 4.86         | 168,376,900  | 42.52       |
| 5% and above of issued shares              | 2             | 0.04         | 203,339,550  | 45.92       |
|  | 6,433         | 100.00       | 444,167,786  | 100.00      |

## THIRTY LARGEST SHAREHOLDERS

| Name  | No of shares | % of Shares |
|---|--------------|-------------|
| 1.) Kian Joo Holdings Sdn Bhd - In Liquidation              | 153,868,617  | 34.64       |
| 2.) Employees Provident Fund Board                          | 49,470,933   | 11.14       |
| 3.) See Teow Chuan  | 13,184,823   | 2.97        |
| 4.) Ng Siek Chuan   | 10,012,000   | 2.25        |
| 5.) Permodalan Nasional Berhad                              | 9,572,400    | 2.16        |
| 6.) Yong Har Chye   | 4,900,000    | 1.10        |
| 7.) HSBC Nominees (Asing) Sdn Bhd                           | 4,706,900    | 1.06        |
| Exempt An For Credit Suisse (SG BR-TST-Asing)               |              |             |
| 8.) Amsec Nominees (Tempatan) Sdn Bhd                       | 4,700,000    | 1.06        |
| Gnanalingam A/L Gunanath Lingan                             |              |             |
| 9.) Alliancegroup Nominees (Tempatan) Sdn Bhd               | 4,170,000    | 0.94        |
| Pheim Asset Management Sdn Bhd for Employees Provident Fund |              |             |
| 10.) Citigroup Nominees (Asing) Sdn Bhd                     | 3,566,680    | 0.80        |
| CBNY For DFA Emerging Markets Fund                          |              |             |
| 11.) Lembaga Tabung Angkatan Tentera                        | 3,225,900    | 0.73        |
| 12.) Hong Leong Assurance Berhad                            | 3,135,000    | 0.71        |
| As Beneficial Owner (Unitlinked GF)                         |              |             |
| 13.) See Teow Guan  | 2,823,792    | 0.64        |
| 14.) Amsec Nominees (Tempatan) Sdn Bhd                      | 2,080,000    | 0.47        |
| Amitrustee Berhad for HLG Dividend Fund (UT-HLG-DIV)        |              |             |
| 15.) Raja Ashman Shah Bin Raja Azlan Shah                   | 1,795,516    | 0.40        |
| 16.) Malaysia Nominees (Tempatan) Sendirian Berhad          | 1,736,200    | 0.39        |
| Great Eastern Life Assurance (Malaysia) Berhad (NON PAR1)   |              |             |
| 17.) See Sew Chew @ See Siew Choo                           | 1,725,573    | 0.39        |
| 18.) OSK Nominees (Tempatan) Sdn Berhad                     | 1,679,100    | 0.38        |
| Pledged Securities Account for Ng Kok Hin                   |              |             |
| 19.) TA Nominees (Tempatan) Sdn Bhd                         | 1,675,000    | 0.38        |
| Pledged Securities Account for See Yong Hin                 |              |             |
| 20.) Migan Sdn Bhd  | 1,624,400    | 0.37        |



# Analysis Of Shareholdings (cont'd)

as at 13 March 2009

## THIRTY LARGEST SHAREHOLDERS (CONT'D)

| Name  | No of shares | % of Shares |
|---|--------------|-------------|
| 21.) See Leong Chye @ Sze Leong Chye  | 1,528,533    | 0.34        |
| 22.) Kenanga Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for H N Holdings Sdn Bhd | 1,506,700    | 0.34        |
| 23.) Kumpulan Wang Simpanan Pekerja   | 1,500,000    | 0.34        |
| 24.) See Teow Koon  | 1,496,678    | 0.34        |
| 25.) Foo Kim Fong @ Foo Ah Fook   | 1,480,000    | 0.33        |
| 26.) See Tiau Kee   | 1,440,000    | 0.32        |
| 27.) W.Gan Sdn Bhd  | 1,431,700    | 0.32        |
| 28.) Lew Man Yai @ Lew Moon Wai   | 1,423,279    | 0.32        |
| 29.) Cartaban Nominees (Asing) Sdn Bhd<br>Caceis Bank Paris for Prevoir Renaissance Vietnam     | 1,400,000    | 0.32        |
| 30.) HDM Nominees (Asing) Sdn Bhd<br>UOB Kay Hian Pte Ltd for Hock Lian Seng Investment P/L     | 1,360,080    | 0.31        |

## SUBSTANTIAL SHAREHOLDERS

| Name   | Direct Interest |       | Indirect interest |       |
|--|-----------------|-------|-------------------|-------|
|  | No of Shares    | %     | No of Shares      | %     |
| 1.) Kian Joo Holdings Sdn Bhd - In Liquidation | 153,868,617     | 34.64 | -                 | -     |
| 2.) Employees Provident Fund Board             | 50,970,933      | 11.48 | 4,170,000.00      | 0.94  |
| 3.) Dato' See Teow Chuan                       | 13,184,823      | 2.97  | 156,376,897       | 35.21 |
| 4.) Dato' Anthony See Teow Guan                | 3,806,792       | 0.86  | 155,586,167       | 35.03 |
| 5.) See Teow Koon                              | 1,496,678       | 0.34  | 154,284,309       | 34.74 |
| 6.) See Tiau Kee                               | 1,440,000       | 0.32  | 153,947,617       | 34.66 |

## DIRECTORS' SHAREHOLDINGS

| Name of Director   | Direct Interest |      | Indirect interest |       |
|--|-----------------|------|-------------------|-------|
|  | No of Shares    | %    | No of Shares      | %     |
| 1.) YAM Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar               | 323,100         | 0.07 | 2,479,900         | 0.56  |
| 2.) YAM Tunku Dato' Seri Nadzaruddin Ibni Almarhum<br>Tuanku Ja'afar | 360,000         | 0.08 | -                 | -     |
| 3.) YAM Raja Dato' Seri Ashman Shah Ibni Sultan Azlan<br>Shah        | 1,795,516       | 0.40 | -                 | -     |
| 4.) Dato' See Teow Chuan   | 13,184,823      | 2.97 | 156,376,897       | 35.21 |
| 5.) Dato' Anthony See Teow Guan                                      | 3,806,792       | 0.86 | 155,586,167       | 35.03 |
| 6.) See Teow Koon  | 1,496,678       | 0.34 | 154,284,309       | 34.74 |
| 7.) See Tiau Kee   | 1,440,000       | 0.32 | 153,947,617       | 34.66 |
| 8.) Rick Loh Lap Sang  | -               | -    | -                 | -     |
| 9.) Charles Tan Poh Tei  | -               | -    | -                 | -     |



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 51st Annual General Meeting of Kian Joo Can Factory Berhad will be held at the Conference Room of the Company at Lot 6, Jalan Perusahaan 1, 68100 Batu Caves, Selangor Darul Ehsan on Tuesday, 28 April 2009 at 3.00 p.m. for the following purposes:-

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company and the Group for year ended 31 December 2008, together with the reports of the Directors and Auditors thereon; **Resolution 1**
2. To declare a 10% Tax Exempt Final Dividend in respect of financial year ended 31 December 2008; **Resolution 2**
3. To approve the payment of Directors' Fees for the financial year ended 31 December 2008; **Resolution 3**
4. To re-elect the following directors retiring by rotation pursuant to Article 108 of the Articles of Association, and being eligible, offer themselves for re-election
  - i) Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar **Resolution 4**
  - ii) Dato' Anthony See Teow Guan **Resolution 5**
  - iii) Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah **Resolution 6**
5. To re-appoint the retiring auditors, Messrs Ernst & Young, Chartered Accountants, and to authorise the Directors to fix their remuneration. **Resolution 7**

## AS SPECIAL BUSINESS

6. To consider and, if thought fit, with or without modifications, to pass the following Ordinary Resolution:

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

"THAT, subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, approval is hereby given to the Company and its subsidiaries to enter into or transact all recurrent related party transactions of a revenue and trading nature which are necessary for the day to day operations of the Company from time to time, the nature and the contracting parties are set out in a table under Section 2.2 of the Circular to Shareholders dated 6 April 2009 PROVIDED THAT

- (i) the transactions are in the ordinary course of business on an arm's length basis on normal commercial terms and on terms not more parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and
- (ii) disclosure of the aggregate value of the transactions conducted pursuant to this shareholders' mandate during the financial year of the Company is made in the annual report by providing a breakdown of the aggregate value of the transactions, amongst others, based on the following information:-
  - (a) the type of transactions made; and
  - (b) the names of the related parties involved in each type of transactions made and their relationships with the Company and its subsidiaries.

AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of next AGM of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act but shall not extend such extension as may be allowed pursuant to Section 143(2) of the Act; or



# Notice of Annual General Meeting (cont'd)

- (c) revoke or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

## Resolution 8

7. To transact any other business of the Annual General Meeting of which due notice shall have been given.

### NOTICE OF DIVIDEND PAYMENT AND ENTITLEMENT DATE

**NOTICE IS ALSO HEREBY GIVEN** that a Final Dividend of 10% Tax Exempt for the financial year ended 31 December 2008, if approved at the forthcoming Annual General Meeting, will be payable on 28 May 2009.

The entitlement date shall be fixed on 15 May 2009 and a Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 15 May 2009;  
(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad

By order of the Board,

Chia Kwok Why  
Company Secretary

Batu Caves, Selangor  
Date : 6 April 2009

### Notes :

1. A member of the Company entitled to attend and vote at the Meeting may appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, under its common seal or the hands of its attorney.
3. Duly completed forms of proxy should be deposited to Symphony Share Registrars Sdn Bhd at Level 26, Menara Multi Purpose, Capital Square, No.8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. **Explanatory Notes on Special Business**

#### **Proposed Renewal of shareholders' mandate for recurrent related party transactions**

Resolution 8, seek to secure mandate from Shareholders to enable the Company and its subsidiaries to enter into recurrent related party transactions of revenue or trading nature. The Mandate from Shareholders is on an annual basis and subject to renewal at the next AGM.

Relevant information on the Renewal of Shareholders' Mandate are set out in the Circular to Shareholders dated 6 April 2009 which is dispatched together with the Company's annual report 2008.



# Statement Accompanying Notice Of Annual General Meeting

1. Directors retiring and standing for re-election pursuant to Article 108 of the Articles of Association are -

**Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar**

**Dato' Anthony See Teow Guan**

**Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah**

The profiles of the three Directors are set out on pages 4 to 6 of the 2008 Annual Report.

2. Details of Attendance of Directors at Board Meetings:-

There were a total of four (4) board meetings held during the financial year ended 31 December 2008 and the attendance of the Directors are set out on page 8 of the 2008 Annual Report

3. Date, Time and Place of the 51st Annual General Meeting:-

Date : Tuesday, 28 April 2009

Place : Conference Room of the Company  
Lot 6, Jalan Perusahaan Satu,  
68100 Batu Caves,  
Selangor Darul Ehsan.

Time : 3.00 p.m.





KIAN JOO GROUP

**KIAN JOO CAN FACTORY BERHAD**

(INCORPORATED IN MALAYSIA)

(3186-P)

# PROXY FORM

I/We \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(Address)

being a member of KIAN JOO CAN FACTORY BERHAD hereby appoint

(i) \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_ and /or  
(Address)

(ii) \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(Address)

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held at the Conference Room of the Company at Lot 10, Jalan Perusahaan 1, 68100 Batu Caves, Selangor Darul Ehsan on Tuesday, 28 April 2009 at 3.00 p.m. and at any adjournment thereof.

Votes to be casted by proxy shall be set out as below (marked with "x") -

| Resolution | Matters relating to  | For | Against |
|------------|--|-----|---------|
| 1          | Adoption of the Financial Statements for year ended 31 December 2008 and the Reports of the Directors and Auditors thereon         |     |         |
| 2          | Declaration of a 10% Tax Exempt Final Dividend   |     |         |
| 3          | Approval of Directors' Fees for year ended 31 December 2008  |     |         |
| 4          | Re-election of Director - Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar  |     |         |
| 5          | Re-election of Director - Dato' Anthony See Teow Guan  |     |         |
| 6          | Re-election of Director - Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah  |     |         |
| 7          | Re-appointment of Messrs Ernst & Young as Auditors   |     |         |
| 8          | <b>Special Business</b> - Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature |     |         |

|                    |               |                              |
|--------------------|---------------|------------------------------|
| _____<br>Signature | _____<br>Date | <b>Number of Shares Held</b> |
|                    |               | _____                        |
|                    |               | <b>CDS Account No.</b>       |
|                    |               | _____                        |

Notes :

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing. If such appointor is a corporation, under its common seal or the hands of its attorney;
3. Duly completed form of proxy should be deposited with Messrs Symphony Share Registrars Sdn Bhd at Level 26, Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than 48 hours before the time for holding the meeting.

*Please fold here*

Affix  
stamp  
here

The Share Registrars

**KIAN JOO CAN FACTORY BERHAD**

(3186-P)

Level 26, Menara Multi-Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur

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**KIAN JOO CAN FACTORY BERHAD** (3186-P)

Lot 10, Jalan Perusahaan 1

68100 Batu Caves

Selangor Darul Ehsan, Malaysia

**Tel** +603 6189 6322

**Fax** +603 6189 8185

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