BOX-PAK (MALAYSIA) BERHAD (21338-W)
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BOX-PAK (MALAYSIA) BERHAD (21338-W)

ANNUAL REPORT 2007

Annual Report 2007

BOX-PAK (MALAYSIA) BERHAD
(Incorporated in Malaysia) (21338-W)

CONTENTS

CORPORATE INFORMATION

Directors

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

Managing Director
Dato' Anthony See Teow Guan

Executive Director
Dato' See Teow Chuan
See Teow Koon
See Tiau Kee
Tan Kim Seng

Independent Non-Executive Director
See Leong Chye @ Sze Leong Chye
Dato' Michael Tan Guan Cheong

Non-Independent Non-Executive Director
Izlan Bin Izhab

Audit Committee

See Leong Chye @ Sze Leong Chye (Chairman)
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar
Dato' Michael Tan Guan Cheong

Remuneration Committee

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar (Chairman)
See Leong Chye @ Sze Leong Chye
Dato' Michael Tan Guan Cheong

Nomination Committee

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar (Chairman)
See Leong Chye @ Sze Leong Chye
Dato' Michael Tan Guan Cheong

Secretary

Chia Kwok Why (MAICSA 7005833)

Auditors

Ernst & Young
Chartered Accountants

Bankers / Financial Companies / Financial Institutions

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

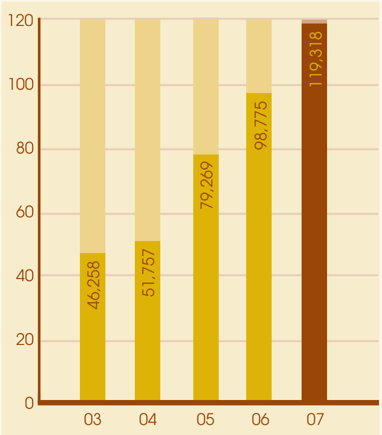
Solicitors

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

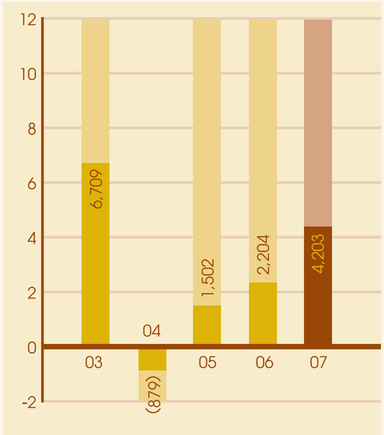
Wan Nadhri Tan
18-1, 1st Floor
Jalan Kampung Attap
50460 Kuala Lumpur

FINANCIAL HIGHLIGHTS

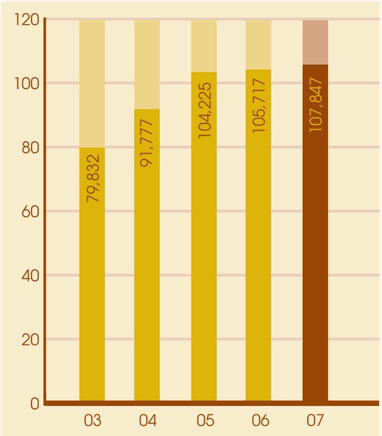
Revenue
(RM'000)



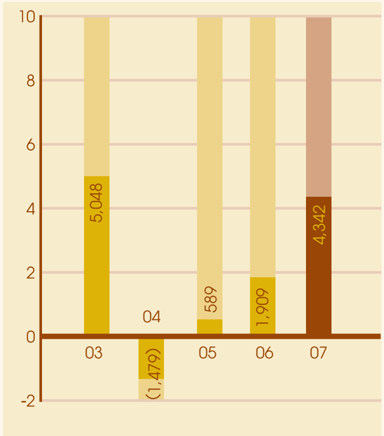
Profit / (Loss) Before Taxation
(RM'000)



Total Assets
(RM'000)



Profit / (Loss) After Taxation
(RM'000)



RM'000	2007	2006	2005	2004	2003
Revenue	119,318	98,775	79,269	51,757	46,258
Profit / (Loss) Before Taxation	4,203	2,204	1,502	(879)	6,709
Profit / (Loss) After Taxation					
and Minority Interest	4,342	1,909	589	(1,479)	5,048
Dividend Rate : Gross	5%	-	-	-	15%
Dividend Net	2,611	-	-	-	6,482
Paid-Up Capital	60,023	60,023	60,023	60,023	60,020
Shareholders' Equity	66,515	63,158	61,576	61,075	66,928
Total Assets	107,847	105,717	104,225	91,777	79,832
Total Bank Borrowings	18,086	20,978	22,468	12,063	2,167
Earnings Per Share (sen)	7 sen	3 sen	1 sen	(2 sen)	8 sen
Net Assets Backing Per Share	RM1.11	RM1.05	RM1.03	RM1.02	RM1.12
Borrowing / Shareholders' Equity	27%	33%	37%	20%	3%

PROFILE OF DIRECTORS

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

Y.A.M. TUNKU DATO' SERI NADZARUDDIN IBNI TUANKU JA'AFAR, aged 48, a Malaysian, is the Chairman of the Company. He was appointed to the Board on 1 June 1994. He is also the Chairman of Remuneration Committee and Nomination Committee and a member of Audit Committee. He holds a Bachelor of Science (Honours) degree in Mathematics from Middlesex University, England.

Tunku 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 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.

Tunku Nadzaruddin is an Executive Director of Hwang-DBS Investment Management Berhad. He also holds directorships on Kian Joo Can Factory Berhad, 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 Nadzaruddin is the Patron and Past President of Persatuan Broker Niaga Hadapan Malaysia (Malaysia Futures Brokers Association). He also served as Deputy President for Financial Planning Association of Malaysia (FPAM) from January 2000 until June 2004.

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

DATO' ANTHONY SEE TEOW GUAN
Managing Director

DATO' ANTHONY SEE TEOW GUAN, aged 62, a Singaporean, is the Managing Director of the Company. He was appointed to the Board on 28 December 1974.

He completed his Senior Cambridge education in Singapore and moved immediately to Malaysia to work with Kian Joo Can Factory Berhad, the holding company. He has over 35 years of experience in the packaging industry. In 1974, he initiated the set up of the Company.

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 is the Executive Director of Kian Joo Can Factory Berhad and also sits on the Board of several private limited companies.

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

DATO' SEE TEOW CHUAN
Executive Director

DATO' SEE TEOW CHUAN, aged 67, a Malaysian, is an Executive Director of the Company. He was appointed to the Board on 28 December 1974.

He has more than 40 years experience and knowledge in can manufacturing and carton manufacturing business. He is the Managing Director of Kian Joo Can Factory Berhad and also sits on the Board of several private limited companies.

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

SEE TEOW KOON
Executive Director

SEE TEOW KOON, aged 58, a Malaysian, is an Executive Director of the Company. He was appointed to the Board on 1 September 1983.

He has over 35 years of experience in the packaging industry in particular metal printing and can manufacturing. 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.

He is the Executive Director of Kian Joo Can Factory Berhad and also sits on the Board of several private limited companies.

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

SEE TIAU KEE
Executive Director

SEE TIAU KEE, aged 53, a Malaysian, is an Executive Director of the Company. He was appointed to the Board on 1 September 1983.

He started his career as a Quality Executive in the subsidiary of Kian Joo Can Factory Berhad, the holding company, and subsequently was promoted to Production Manager. He has vast experience in can manufacturing operations and has served Kian Joo Can Factory Berhad for over 30 years.

He is the Executive Director of Kian Joo Can Factory Berhad and also sits on the Board of several private limited companies.

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

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

TAN KIM SENG
Executive Director

TAN KIM SENG, aged 55, a Malaysian, is an Executive Director cum General Manager of the Company. He was appointed to the Board on 15 June 1991.

He started his career with the Company in 1977 as a Sales Executive and was promoted to General Manager of the Company in 1983. He has over 30 years of experience in the carton manufacturing industry. He assumes an overall management control particularly in the marketing operations of the Company.

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

profile of directors
(cont'd)

SEE LEONG CHYE @ SZE LEONG CHYE
Independent Non-Executive Director

SEE LEONG CHYE @ SZE LEONG CHYE, aged 64, a Malaysian, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 22 May 1996. He is also the Chairman of the Audit Committee, member of the Remuneration Committee and Nomination Committee.

He holds an Honors degree in Bachelor of Engineering from University of Adelaide, South Australia. He has 33 years working experience in manufacturing industries. He is currently the Managing Director of a manufacturing company specializing in metal and plastic closures. He also sits on the Board of several private limited companies.

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

DATO' MICHAEL TAN GUAN CHEONG
Independent Non-Executive Director

DATO' MICHAEL TAN GUAN CHEONG, aged 63, a Malaysian, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 25 July 2001. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee.

He holds a Bachelor of Commerce Degree from Otago University, New Zealand. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants since 1983. He has worked in international audit firms overseas and also in Malaysia. He has more than 20 years' experience in the field of financial services.

He is also a director of YTL Cement Berhad.

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

IZLAN BIN IZHAB
Non-Independent Non-Executive Director

IZLAN BIN IZHAB, aged 63, a Malaysian, is a Non-Independent Non-Executive Director of the Company. He was appointed to the Board on 23 August 2007.

He graduated with a Bachelor of Laws degree at University of London and attended the Advanced Management Program at University of Hawaii. He occasionally lectures on Malaysian securities law, companies law and corporate governance for various public and private sector consultancy and training organizations.

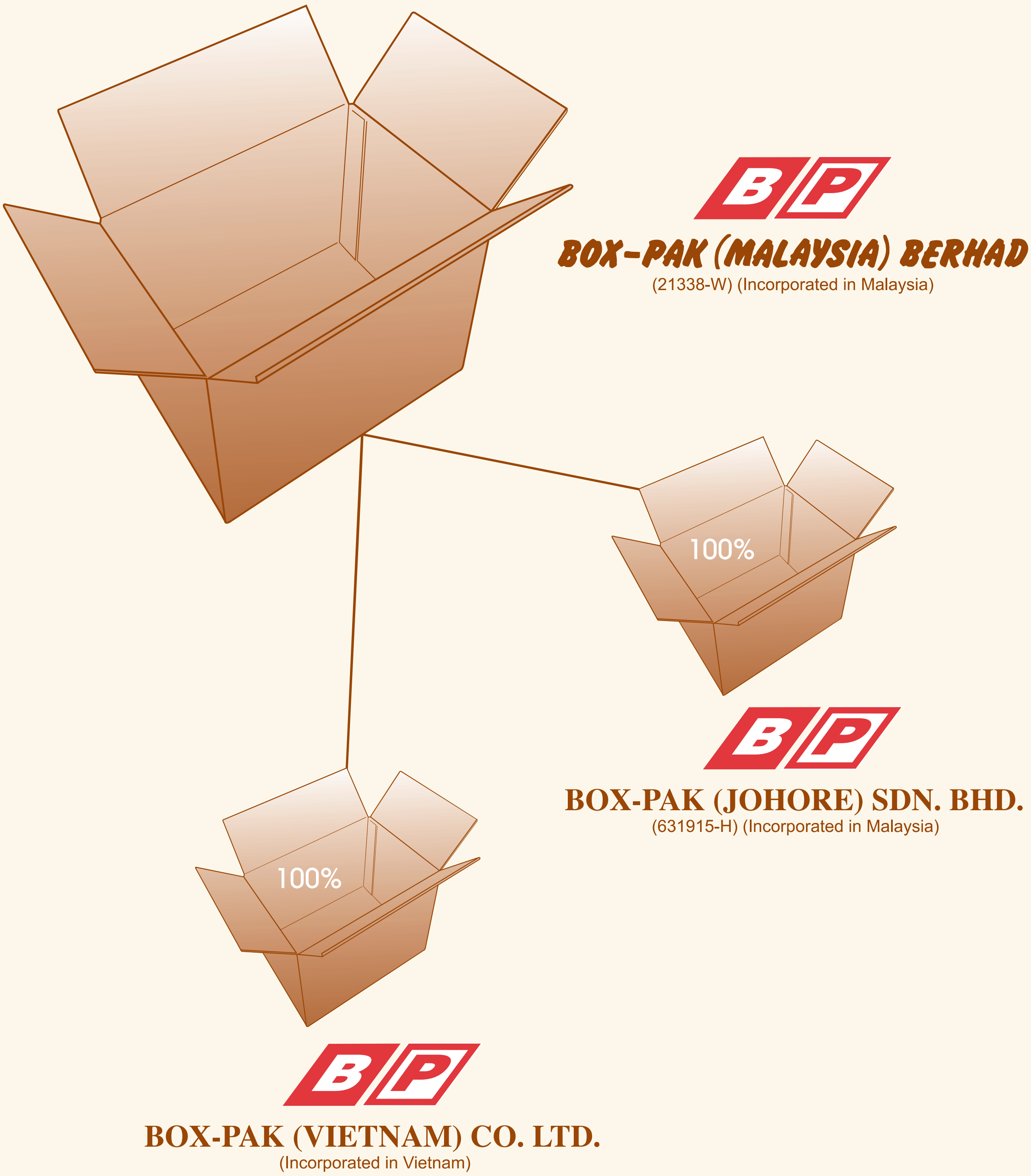
He began his career by serving as an Assistant Legal Officer for Majlis Amanah Rakyat in 1973. He was then the Company Secretary for Kompleks Kewangan Malaysia Berhad from 1975 to 1978, before becoming the Company Secretary for Permodalan Nasional Berhad from 1978 to 1984. He was the Executive Vice-President of Corporate and Legal Affairs of Bursa Malaysia Berhad from 1985 until his retirement in 2000.

Encik Izlan is the Chairman for N2N Connect Berhad, Non-Executive Director for Malaysia Airports Holdings Berhad and Apex Equity Holdings Berhad.

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 STRUCTURE



CORPORATE SOCIAL RESPONSIBILITY

Box-Pak (Malaysia) Berhad and its subisidiaries have been actively playing its role in maintaining the corporate social responsibility operation.

The company invested in high tech machineries with advanced technology to achieve the highest quality standard of products. Production operations are run and supported by continual process and system improvement with noise and air pollution control level undertaken with full compliance to all existing permissible levels.

The company has waste water treatment system where waste water and sludge from the production processes is treated before discharge. In addition, the company has also installed a drying process for the sludge before sending over to approved institution for discharge. Production processes and machinery are constantly upgraded to meet the changing environmental laws and regulations.

All paper waste and scraps are collected for recycling purposes. These contributed to sustainable recycling and improvement in the environment.

Recognising that employees are important assets, the Company shall continue to care for the welfare of all employees by constantly upgrading the employees skills to meet the performance standards. Training on team development learning, workshop on motivation and industrial safety were provide to ensure high level of awareness of safety requirements at all levels.

The Company's Occupational Safety and Health Policy are actively and effectively implemented to ensure occupational safety and healths of employees are not compromised. A safety unit is set up to ensure the working conditions are in compliant with the Occupational Safety and Health, Act 1994 (OSHA) requirements. It has been a part of our production methodology in applying 5S philosophy (Seiri, Seition, Seiso, Seiketsu and Shitsuke) and AWAS (Awareness of Safety) in organizing and managing the workplace to improve efficiency and improving work flow.

The Company through its sports club and also in conjunction with its holding and related companies organized activities such as annual dinners, jungle walks, marathon, futsal tournament and bowling competitions.

Operating activities of the companies within the Group are practiced in line with the guidelines set in the Code of Corporate Governance. The Board ensures that all activities undertaken by the company will promote a sustainable growth in business that does not neglect our responsibilities to the community and environment.

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 2007, 4 Board Meetings were held. The following is the record of attendance of the Board Members:

Directors	No. of Meetings attended
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar - Chairman (Independent Non-Executive Director)	4/4
Dato' Anthony See Teow Guan (Managing Director)	4/4
Dato' See Teow Chuan (Executive Director)	4/4
See Teow Koon (Executive Director)	4/4
See Tiau Kee (Executive Director)	4/4
Tan Kim Seng (Executive Director)	4/4
See Leong Chye@ Sze Leong Chye (Independent Non-Executive Director)	4/4
Dato' Michael Tan Guan Cheong (Independent Non- Executive Director)	4/4
Dato' Nik Mohamed bin Nik Mohd Salleh - resigned on 23 August 2007 (Non-Independent Non-Executive Director)	3/3
Izlan bin Izhab - appointed on 23 August 2007 (Non-Independent Non-Executive Director)	1/1

In the intervals between Board meetings, monthly management meetings are 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 17 May 1996. Please refer to the Audit Committee Report on pages 13 to 15.

3. **Remuneration Committee**

   The Remuneration Committee was established on 16 November 2001 whose members are all non-executive directors. There were two (2) meetings held during the year which were attended by all the members.

A) DIRECTORS (cont'd)

I. The Board (cont'd)

3. Remuneration Committee (cont'd)

Members

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

Mr See Leong Chye @ Sze Leong Chye
(Independent Non - Executive Director)

Dato' Michael Tan Guan Cheong
(Independent Non - Executive Director)

The Remuneration Committee shall recommends 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 2007 are disclosed in the Statutory Accounts as Note 24 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. There was one (1) meeting held on 22 August 2007 which was attended by all the members.

Members

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

Mr See Leong Chye @ Sze Leong Chye
(Independent Non-Executive Director)

Dato' Michael Tan Guan Cheong
(Independent Non-Executive Director)

II. Board Balance

The Board currently has 9 members, comprising 4 Non-Executive Directors and 5 Executive Directors. Out of the 9 Directors, 3 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.

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.

Key management personnel also hold discussion with analysts to provide information on the Group 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 www.boxpak.com.my.

C) ACCOUNTABILITY AND AUDIT

1. 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 12 of this Annual Report.

2. 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.

3. 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:

1. *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 Managing Director.

2. *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 24 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.

AUDIT COMMITTEE REPORT

MEMBERSHIPS AND MEETINGS

The Audit Committee had 4 meetings during the year ended 31 December 2007. The members of the Audit Committee and the record of their attendance are as follows:

Membership	No. of Meetings attended
See Leong Chye@ Sze Leong Chye - Chairman (Independent Non-Executive Director)	4/4
Dato' Michael Tan Guan Cheong (Independent Non-Executive Director)	4/4
Tan Kim Seng - resigned on 21 November 2007 (Executive Director)	4/4
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar - appointed on 21 November 2007 (Independent Non-Executive Director)	N/A

In compliance with the Revised Code on Corporate Governance, Mr Tan Kim Seng being an executive director resigned on 21 November 2007 as an Audit Committee member. He is replaced by Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar.

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.

Meetings (cont'd)

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.

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 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.

Summary of Activities of the Internal Audit Function and The Audit Committee During The Year Ended 31 December 2007

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.

The following activities were carried out by Internal Audit Department in 2007:

- 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 and procedures by way of issuing audit reports to the appropriate level of management for corrective action 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.

Summary of Activities of the Audit Committee

During the year ended 31 December 2007, 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:-

- Reviewed with the external auditors their scope of work and audit plan for the year.
- Reviewed the results of the external audit, the audit report and the management letter, including management's response.
- Reviewed the internal audit department's program and plan for the year under review.
- Reviewed the internal audit reports and actions taken by management to improve on the internal controls system based on internal audit findings.
- Reviewed 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.
- Reviewed the quarterly unaudited financial result announcements before recommending them for the Board's approval. The review and discussions were conducted with the Group Financial Controller.
- Reviewed the Group's compliance with the Listing Requirements of BMSB, MASB and other relevant legal and regulatory requirements.
- Reviewed the significant related party transactions entered into by the Group.
- Reviewed the extent of the Group 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 on 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' Anthony See Teow Guan, Dato' See Teow Chuan, 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 2007 amounted to RM3,000 (2006-RM3,000) and RM3,000 (2006-RM3,000) 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 69 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 Box Pak (Malaysia) Berhad ("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's surveillance audit 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 was accredited by SIRIM of Malaysia since 18 April 1995 for having implemented a Quality Management System conforming to ISO 9001: 2000 with another subsidiary accredited by an accreditation body in Vietnam.

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 audit are carried out by SIRIM once a year to ensure that the procedures laid down in the Quality Management System has 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.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Box-Pak (Malaysia) Berhad, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the company for the year ended 31 December 2007.

FINANCIAL RESULTS

The Group continued to improve its revenue for year 2007 by 21% to RM119.318 million from RM98.775 million registered in the year 2006. The group profit before taxation also grew by 91% to RM4.203 million in 2007 compared to RM2.204 million recorded in year 2006.

The improved performance was achieved through higher revenue arising from the increase in market share and also improvement in productivity and operational efficiency.

REVIEW OF OPERATIONS

In Malaysia, the outlook for packaging industry is expected to remain competitive. As for Vietnam operations, the demand of carton packaging continued to remain strong with current operations running at full capacity. Thus, the group expansion plan for additional production capacity to meet its domestic and export demand of cartons will commence after the Second Quarter of year 2008.

DIVIDENDS

In appreciation of our shareholders trust, the Board of Directors is pleased to recommend a final dividend of 5.0 sen of which 2.5 sen as ordinary dividend and 2.5 sen as tax exempt dividend in respect of the financial year ended 31 December 2007 subject to shareholders approval at the forthcoming annual general meeting.

chairman's statement
(cont'd)

CURRENT YEAR'S PROSPECT

Despite the escalating paper prices in the global market due to supply shortages, the Board expects the Group to maintain its profitable performance for the financial year 2008.

APPRECIATION

I would like to express my sincere appreciation to all valued and loyal shareholders, customers, suppliers, business associates and bankers for their invaluable support and confidence in the Group. My appreciation also goes to the board of directors for their wise counsel and to the management and staff for their dedication and continued commitment to improve the overall performance of the Group.

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

FINANCIAL STATEMENTS

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 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the manufacture and distribution of paper boxes, cartons, general paper and board printing and investment holding.

The principal activities of the subsidiary companies are the manufacture and distribution of paper boxes, cartons, general paper and board printing.

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

RESULTS

	Group RM	Company RM
Profit for the year, attributable to equity holders of the Company	4,341,956	1,417,795

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

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

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

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007 of 2.5% less tax of 26% (2.5 sen per share) amounting to RM1,110,435 and tax exempt dividend of 2.5% (2.5 sen per share) amounting to RM1,500,587 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 2008.

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 Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	
Dato' Anthony See Teow Guan	
Dato' See Teow Chuan	
See Teow Koon	
See Tiau Kee	
Tan Kim Seng	
See Leong Chye @ Sze Leong Chye	
Dato' Tan Guan Cheong	
Izlan Bin Izhab	(Appointed on 23 August 2007)
Dato' Nik Mohamed Bin Nik Mohd Salleh	(Resigned on 23 August 2007)

DIRECTORS (cont'd)

Pursuant to Article 93 of the Company's Articles of Association, Dato' Anthony See Teow Guan, Dato' See Teow Chuan and Dato' Tan Guan Cheong retire by rotation at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

Pursuant to Article 87 of the Company's Articles of Association, Izlan Bin Izhab who was appointed since the date of last annual general meeting, retires at the forthcoming annual general meeting and being eligible, offers 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, other than those arising from the share options granted under the Employee Share Options Scheme.

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 or the fixed salary of a full-time employee of the Company as shown in Notes 24 to the financial statements) 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 27 to the financial statements.

DIRECTORS' INTEREST

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

	Number of Ordinary Shares of RM1.00 Each			
The Company	**1.1.2007**	**Acquired**	**Sold**	**31.12.2007**
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	2,329,500	-	-	2,329,500
Dato' Anthony See Teow Guan	85,500	-	-	85,500
	* 32,952,000	-	-	* 32,952,000
Dato' See Teow Chuan	220,500	-	-	220,500
	* 32,959,000	-	(49,000)	* 32,910,000
See Teow Koon	* 32,910,000	-	-	* 32,910,000
See Tiau Kee	* 32,910,000	-	-	* 32,910,000
Tan Kim Seng	12,000	-	-	12,000
	* 66,000	-	-	* 66,000
See Leong Chye @ Sze Leong Chye	12,000	-	-	12,000

	Number of Ordinary Shares of RM0.25 Each			
Holding Company - Kian Joo Can Factory Berhad	**1.1.2007**	**Acquired**	**Sold**	**31.12.2007**
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	360,000	-	-	360,000
Dato' Anthony See Teow Guan	2,645,292	600,000	-	3,245,292
	* 154,468,967	500,400	-	154,969,367
Dato' See Teow Chuan	7,802,311	1,033,300	-	8,835,611
	* 158,117,829	100,000	-	158,217,829
See Teow Koon	1,496,678	-	-	1,496,678
	* 154,284,309	-	-	154,284,309
See Tiau Kee	1,380,000	60,000	-	1,440,000
	* 153,868,617	29,000	-	153,897,617

DIRECTORS' INTEREST (cont'd)

Holding Company - Kian Joo Can Factory Berhad	Number of Ordinary Shares of RM0.25 Each 1.1.2007	Acquired	Sold	31.12.2007
Tan Kim Seng	46,800	486,400	-	533,200
	* 126,000	-	-	126,000
See Leong Chye @ Sze Leong Chye	2,788,533	-	(843,000)	1,945,533

* Denotes deemed interest which includes interest in shares held by spouses.

	Option Price RM	Number of Options Over Ordinary Shares of RM1.00 Each 1.1.2007	Granted	Exercised	Lapsed	31.12.2007
Tan Kim Seng	1.83	600,000	-	-	(600,000)	-

Dato' Anthony See Teow Guan, Dato' See Teow Chuan, 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.

EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme ("Scheme") was approved by the shareholders at an Extraordinary General Meeting convened on 31 January 2002. The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings.

As at 31 December 2007, the remaining 2,030,000 of options granted have lapsed.

The salient features of the Scheme are disclosed in Note 15(b) to the financial statements.

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:-

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:-

   (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (cont'd)

(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:-

 (i) 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

 (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:-

 (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the 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.

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 18 April 2008.

DATO' ANTHONY SEE TEOW GUAN

DATO' SEE TEOW CHUAN

STATEMENT BY DIRECTORS

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

We, **DATO' ANTHONY SEE TEOW GUAN** and **DATO' SEE TEOW CHUAN**, being two of the directors of **BOX-PAK (MALAYSIA) BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 28 to 75 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 2007 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 18 April 2008.

DATO' ANTHONY SEE TEOW GUAN

DATO' SEE TEOW CHUAN

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 **BOX-PAK (MALAYSIA) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 28 to 75 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 18 April 2008.

SEE SIEW CHOO

Before me,

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

REPORT OF THE AUDITORS

to the members of BOX-PAK (Malaysia) Berhad (Incorporated in Malaysia)

We have audited the financial statements set out on pages 28 to 75. These financial statements are the responsibility of the Company's directors.

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

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:-

  (i) the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary company of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report thereon of the subsidiary company of which we have not acted as auditors, as indicated in Note 7 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies 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.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Kua Choo Kai
No. 2030/03/10(J)
Partner

Kuala Lumpur, Malaysia
18 April 2008

BALANCE SHEETS
as at 31 December 2007

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	34,351,045	37,419,646	12,150,524	13,678,864
Prepaid land lease payments	4	12,882,974	13,573,988	10,082,328	10,232,811
Investment property	5	3,217,764	3,384,043	3,217,764	3,384,043
Intangible asset	6	162,345	100,659	118,567	24,329
Investment in subsidiary companies	7	-	-	20,538,010	16,207,207
Amount due from a subsidiary company	7	-	-	1,069,511	3,347,841
		50,614,128	54,478,336	47,176,704	46,875,095
Current assets					
Inventories	8	14,314,671	14,658,108	4,612,424	6,201,563
Trade and other receivables	9	31,236,591	26,490,176	16,488,308	14,727,551
Amount due from a subsidiary company	7	-	-	3,058,743	4,618,368
Amounts due from related companies	10	500,713	222,734	486,228	159,685
Cash and cash equivalents	11	11,180,841	9,995,536	10,913,619	8,260,711
		57,232,816	51,366,554	35,559,322	33,967,878
TOTAL ASSETS		107,846,944	105,844,890	82,736,026	80,842,973
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	12	60,023,490	60,023,490	60,023,490	60,023,490
Share premium		23,960	23,960	23,960	23,960
Other reserves	13	929,960	1,915,029	2,471,559	2,471,559
Retained earnings	14	5,537,777	1,195,821	4,993,744	3,575,949
Total equity		66,515,187	63,158,300	67,512,753	66,094,958
Non-current liabilities					
Retirement benefit obligations	15	1,020,690	2,094,038	1,020,690	2,094,038
Borrowings (unsecured)	16	6,640,813	10,590,016	-	-
Deferred tax liabilities	17	1,196,012	1,318,810	1,196,012	1,318,810
		8,857,515	14,002,864	2,216,702	3,412,848
Current liabilites					
Retirement benefit obligations	15	1,366,620	269,496	1,366,620	269,496
Provision for solid waste deposit	18	136,031	119,133	136,031	119,133
Borrowings (unsecured)	16	11,445,349	10,388,293	547,000	367,680
Trade and other payables	19	18,536,970	17,883,498	9,967,648	10,578,858
Amount due to holding company	10	989,272	23,306	989,272	-
		32,474,242	28,683,726	13,006,571	11,335,167
Total liabilities		41,331,757	42,686,590	15,223,273	14,748,015
TOTAL EQUITY AND LIABILITIES		107,846,944	105,844,890	82,736,026	80,842,973

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

INCOME STATEMENTS

for the year ended 31 December 2007

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Revenue	20	119,318,079	98,775,438	51,817,726	49,234,012
Cost of sales		(106,644,324)	(87,980,788)	(45,785,567)	(43,230,697)
Gross profit		12,673,755	10,794,650	6,032,159	6,003,315
Other income		581,780	1,429,368	482,957	1,423,684
Administrative expenses		(6,997,144)	(7,814,014)	(4,695,782)	(4,889,274)
Selling and marketing expenses		(653,624)	(739,067)	(529,902)	(527,854)
Other expenses		-	(1,160)	-	-
Operating profit		5,604,767	3,669,777	1,289,432	2,009,871
Finance costs	21	(1,401,543)	(1,466,014)	(1,054)	(877)
Profit before tax	22	4,203,224	2,203,763	1,288,378	2,008,994
Income tax	25	138,732	(294,407)	129,417	(294,407)
Profit for the year, attributable to equity holders of the Company		4,341,956	1,909,356	1,417,795	1,714,587
Basic earnings per share (sen)	26	7.23	3.18		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2007

		Non-Distributable		Distributable	
	Share Capital (Note 12)	Share Premium	Other Reserves (Note 13)	(Accumulated Loss)/ Retained Earnings (Note 14)	Total Equity
	RM	RM	RM	RM	RM
At 1 January 2006	60,023,490	23,960	2,241,776	(713,535)	61,575,691
Profit for the year	-	-	-	1,909,356	1,909,356
Effect of changes in tax rate	-	-	83,559	-	83,559
Foreign currency translation	-	-	(410,306)	-	(410,306)
At 31 December 2006	60,023,490	23,960	1,915,029	1,195,821	63,158,300
At 1 January 2007	60,023,490	23,960	1,915,029	1,195,821	63,158,300
Profit for the year	-	-	-	4,341,956	4,341,956
Foreign currency translation	-	-	(985,069)	-	(985,069)
At 31 December 2007	60,023,490	23,960	929,960	5,537,777	66,515,187

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2007

	Share Capital (Note 12) RM	Non-Distributable Share Premium RM	Non-Distributable Other Reserves (Note 13) RM	Distributable Retained Earnings (Note 14) RM	Total Equity RM
At 1 January 2006	60,023,490	23,960	2,388,000	1,861,362	64,296,812
Profit for the year	-	-	-	1,714,587	1,714,587
Effect of changes in tax rate	-	-	83,559	-	83,559
At 31 December 2006	60,023,490	23,960	2,471,559	3,575,949	66,094,958
At 1 January 2007	60,023,490	23,960	2,471,559	3,575,949	66,094,958
Profit for the year	-	-	-	1,417,795	1,417,795
At 31 December 2007	60,023,490	23,960	2,471,559	4,993,744	67,512,753

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

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2007

	Note	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		116,070,034	93,957,936
Payments to suppliers		(106,170,064)	(80,733,864)
Payments for operating expenses		(2,601,495)	(11,922,902)
Other receipts		336,682	2,086,777
Cash generated from operations		7,635,157	3,387,947
Interest paid		(1,401,543)	(1,466,014)
Income tax paid		(503,611)	(381,309)
Net cash generated from operating activities		5,730,003	1,540,624
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(1,818,917)	(3,688,259)
Acquisition of prepaid land lease	4	(53,075)	(231,384)
Purchase of intangible asset	6	(177,850)	(45,497)
Proceeds from disposal of property, plant and equipment		829,030	21,000
Interest received	22	134,738	235,323
Net cash used in investing activities		(1,086,074)	(3,708,817)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown/(repayment) of bank borrowings		179,320	(1,484,888)
Inter-company receipts		856,258	23,306
Inter-company advances		(4,016,961)	(1,614,289)
Net cash used in financing activities		(2,981,383)	(3,075,871)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,662,546	(5,244,064)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(109,561)	1,330,373
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		9,627,856	13,541,547
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11	11,180,841	9,627,856

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

CASH FLOW STATEMENT

for the year ended 31 December 2007

	Note	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		50,809,183	47,933,446
Payments to suppliers		(36,063,257)	(40,226,236)
Payments for operating expenses		(12,392,191)	(7,262,037)
Other receipts		103,173	1,151,923
Cash generated from operations		2,456,908	1,597,096
Interest paid		(1,054)	(877)
Income tax paid		(503,611)	(381,309)
Net cash generated from operating activities		1,952,243	1,214,910
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional investments in a subsidiary company	7	(4,330,803)	(2,166,268)
Proceeds from disposal of property, plant and equipment		740,128	21,000
Acquisition of property, plant and equipment	3	(336,949)	(273,073)
Acquisition of intangible asset	6	(177,850)	-
Interest received	22	126,135	229,639
Net cash used in investing activities		(3,979,339)	(2,188,702)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings		547,000	-
Inter-company receipts		4,827,227	2,434,201
Inter-company advances		(326,543)	(5,198,895)
Net cash generated from/(used in) financing activities		5,047,684	(2,764,694)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,020,588	(3,738,486)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		7,893,031	11,631,517
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11	10,913,619	7,893,031

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

1. CORPORATE INFORMATION

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. The registered office of the Company is located at Lot 10, Jalan Perusahaan 1, 68100 Batu Caves, Selangor Darul Ehsan. The principal place of business of the Company is located at Lot 4, Jalan Perusahaan 2, 68100 Batu Caves, Selangor Darul Ehsan.

The holding company of the Company is Kian Joo Can Factory Berhad, which is incorporated in Malaysia and produces financial statements available for public use.

The principal activities of the Company are the manufacture and distribution of paper boxes, cartons, general paper and board printing and investment holding. The principal activities of the subsidiary companies are the manufacture and distribution of paper boxes, cartons, general paper and board printing. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 April 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory as described fully in Note 2.3.

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 Company were revalued by the directors in periods prior to 1998. 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).

2.2 Summary of Significant Accounting Policies

(a) Subsidiary Companies and Basis of Consolidation

(i) Subsidiary Companies

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, investment in subsidiaries is stated at cost less impairment losses. On disposal of such investment, the difference between the net disposal proceeds and their carrying amount is included in profit or loss.

(ii) Basis of Consolidation

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(a) Subsidiary Companies and Basis of Consolidation (cont'd)

(ii) Basis of Consolidation (cont'd)

Subsidiary companies 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.

Acquisitions of subsidiary companies 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.

(b) 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.

(c) 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 are stated at cost less accumulated depreciation and any accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(c) Property, Plant and Equipment, and Depreciation (cont'd)

Capital work-in-progress is not depreciated as this asset is not available for use. Leasehold buildings are depreciated to write off the value over the unexpired lease terms ranging from 36 to 68 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:-

	%
Buildings	2 - 2 1/3
Plant, machinery and equipment	6 2/3 - 10
Furniture and fittings	6 2/3 - 10
Office equipment	6 2/3 - 33 1/3
Motor vehicles	10 - 20
Others	10

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 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.

(d) 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. The investment properties are depreciated to write off the value over the unexpired lease terms of 28 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.

(e) 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.

(f) Financial Instruments

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(f) Financial Instruments (cont'd)

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

(i) Cash and Cash Equivalents

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

(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 the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-Bearing Loans and 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.

(g) Provisions

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 time is recognised as finance cost.

(h) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(h) Employee Benefits (cont'd)

(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").

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligations under the Scheme, calculated using the Projected Unit Credit Method, is determined based on triennial 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. The Group's foreign subsidiary in Vietnam also make contribution to its country's statutory pension scheme.

(iii) Defined Benefit Plans

The Group's obligation under defined benefit plans is determined based on actuarial computations by independent actuaries using the Projected Unit Credit Method, through which the amount of benefit that employees have earned in return for their services in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for 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 past service costs and the present value of any economic benefits in the form of refunds from the plan or reductions in future contributions to the plan.

(iv) Share-Based Compensation

The Company's Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(i) 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 lease, with the following exceptions:

- Property held under operating leases 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 2.2(d)); 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) Operating Leases -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.

Leasehold land of the Company have not been revalued since they were first revalued in 1996. The directors have not adopted a policy of regular revaluation of such asset and no later revaluation has been recorded. As permitted under the transitional provisions of FRS 116 Property, Plant and Equipment, this asset continues to be stated at its 1996 valuation less accumulated depreciation.

(iii) Operating Leases -the Group as Lessor

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 2.2(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.

(j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(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 the initial recognition of an asset or liability in a transaction which 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.

(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.

(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 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. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, 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 Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(l) Foreign Currencies (cont'd)

(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:-

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- 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

- 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 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.

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

	2007 RM	2006 RM
One (1) United States Dollar	3.3065	3.5315
One (1) Vietnam Dong	0.0002	0.0002
One (1) Singapore Dollar	2.2938	2.3028
One (1) Sterling Pound	6.6070	6.9315
One (1) Japanese Yen	0.0295	0.0297
One (1) Euro	4.8756	4.6460

(m) Impairment of Non-Financial Assets

The carrying amounts of the Group's 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 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.

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 to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(m) Impairment of Non-Financial Assets (cont'd)

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.

An impairment loss for an asset 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 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 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.

(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 right to receive payment is established.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 January 2007, the Group and the Company adopted the following revised FRSs and amendment to FRS:

FRS 117 : Leases
FRS 124 : Related Party Disclosures

Amendment to FRS119$_{2004}$: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The MASB has also issued FRS 6 : Exploration for and Evaluation of Mineral Resources which will be effective for annual periods beginning on or after 1 January 2007. This FRS is, however, not applicable to the Group or the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd)

The adoption of the revised FRS 124 and Amendment to FRS 119$_{2004}$ give rise to additional disclosures but did not result in significant changes in accounting policies of the Group and of the Company. The principal changes in accounting policies and their effects resulting from the adoption of the revised FRS 117 are discussed below:

(a) Leasehold Land Held for Own Use

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. 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. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the upfront payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and 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 relating to the land element represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group and the Company have applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The effects on the balance sheets as at 31 December 2007 are set out below:

	Group RM	Company RM
Decrease in property, plant and equipment	(12,882,974)	(10,082,328)
Increase in prepaid land lease payments	12,882,974	10,082,328

There were no effects on the consolidated income statement for the year ended 31 December 2007 and the Company's separate financial statements.

The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as such, certain comparatives have been restated.

2006	Previously Stated RM	Adjustment RM	Restated RM
Group			
Property, plant and equipment	50,993,634	(13,573,988)	37,419,646
Prepaid land lease payments	-	13,573,988	13,573,988
Company			
Property, plant and equipment	23,911,675	(10,232,811)	13,678,864
Prepaid land lease payments	-	10,232,811	10,232,811

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new and revised FRS, amendment to FRS and Interpretations were issued but not yet effective and 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 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139	Financial Instruments : Recognition and Measurement	Deferred
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7	Applying the Restatement Approach under FRS 129_{2004} - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8	Scope of FRS 2	1 July 2007

The above new and revised FRS, amendment to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the following:-

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

This amendment requires that where an entity has a monetary item that forms part of its net investment in a foreign operation, the exchange differences arising from such monetary items should always be recognised in equity in the consolidated financial statements and should not be dependent on the currency of the monetary item. Prior to this amendment, 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 of the foreign operation. The Group will apply this amendment for the financial period beginning 1 January 2008. As it is not possible to reasonably estimate the exchange rates applicable to such monetary items for future periods, the directors are therefore unable to determine if the initial adoption of this amendment will have a material impact on the consolidated financial statements for the financial year ending 31 December 2008.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made in Applying Accounting Policies

The following is the judgement made by management in the process of applying the Group's accounting policy that has the most significant effect on the amounts recognised in the Financial Statements.

(i) Classification Between Investment Property 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.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end, that have a significant risk of causing a material adjustment 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) 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 2.2(g). The estimation of solid waste is based on service provider's price quotation. The best estimate of the provision at 31 December 2007 is RM136,031 (2006: RM119,113). Further details are given in Note 18.

(iii) 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.

(iv) Defined Benefit Plan

The cost of defined benefit pension plans and other post employment medical benefits 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 employee liability of the Group and the Company at 31 December 2007 is RM2,387,310 (2006: RM2,363,534). Further details are given in Note 15.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold Buildings RM	Plant, Machinery and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Others RM	Capital Work-In-Progress RM	Total RM
At 31 December 2007							
Cost							
At 1 January 2007	17,418,198	55,178,368	1,480,220	1,599,017	991,167	680,928	77,347,898
Additions	-	1,346,513	49,189	109,837	313,378	-	1,818,917
Disposals	-	(102,402)	(21,075)	(325,123)	-	(602,328)	(1,050,928)
Reclassification	-	78,600	-	-	-	(78,600)	-
Exchange differences	(850,095)	(3,457,541)	199,830	(10,307)	181,614	-	(3,936,499)
At 31 December 2007	16,568,103	53,043,538	1,708,164	1,373,424	1,486,159	-	74,179,388
Accumulated depreciation							
At 1 January 2007	2,904,016	34,067,729	1,192,204	1,162,742	601,561	-	39,928,252
Charge for the year (Note 22)	193,455	2,002,172	86,249	228,517	361,607	-	2,872,000
Disposals	-	(29,599)	(19,635)	(325,123)	-	-	(374,357)
Exchange differences	(207,045)	(2,440,935)	(2,567)	(5,510)	58,505	-	(2,597,552)
At 31 December 2007	2,890,426	33,599,367	1,256,251	1,060,626	1,021,673	-	39,828,343
Net carrying amount							
At 31 December 2007	13,677,677	19,444,171	451,913	312,798	464,486	-	34,351,045

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Leasehold Buildings RM	Plant, Machinery and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Others RM	Capital Work-In-Progress RM	Total RM
At 31 December 2007							
Analysis of cost							
At deemed cost (or valuation) in 1996	8,118,169	-	-	-	-	-	8,118,169
At cost	8,449,934	53,043,538	1,708,164	1,373,424	1,486,159	-	66,061,219
	16,568,103	53,043,538	1,708,164	1,373,424	1,486,159	-	74,179,388
Analysis of net carrying amount							
At deemed cost (or valuation) in 1996	5,817,665	-	-	-	-	-	5,817,665
At cost	7,860,012	19,444,171	451,913	312,798	464,486	-	28,533,380
	13,677,677	19,444,171	451,913	312,798	464,486	-	34,351,045

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Leasehold Buildings RM	Plant, Machinery and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Others RM	Capital Work-In-Progress RM	Total RM
At 31 December 2006							
Cost							
At 1 January 2006	17,796,639	53,744,907	1,463,356	1,535,236	879,111	721,199	76,140,448
Additions	362,218	2,906,825	33,302	93,223	292,691	-	3,688,259
Disposals	-	(128,157)	(1,450)	-	-	-	(129,607)
Reclassification	(118,309)	-	-	-	118,309	-	-
Transfer to intangible asset (Note 6)	-	-	-	-	-	(40,271)	(40,271)
Exchange differences	(622,350)	(1,345,207)	(14,988)	(29,442)	(298,944)	-	(2,310,931)
At 31 December 2006	17,418,198	55,178,368	1,480,220	1,599,017	991,167	680,928	77,347,898
Accumulated depreciation							
At 1 January 2006	2,567,331	31,848,945	1,100,166	976,984	272,654	-	36,766,080
Charge for the year (Note 22)	390,810	2,474,911	94,254	210,120	306,550	-	3,476,645
Disposals	-	(108,000)	(290)	-	-	-	(108,290)
Reclassification	(30,700)	-	-	-	30,700	-	-
Exchange differences	(23,425)	(148,127)	(1,926)	(24,362)	(8,343)	-	(206,183)
At 31 December 2006	2,904,016	34,067,729	1,192,204	1,162,742	601,561	-	39,928,252
Net carrying amount							
At 31 December 2006	14,514,182	21,110,639	288,016	436,275	389,606	680,928	37,419,646

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Leasehold Buildings RM	Plant, Machinery and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Others RM	Capital Work-In-Progress RM	Total RM
At 31 December 2006							
Analysis of cost							
At deemed cost (or valuation) in 1996	8,118,169	-	-	-	-	-	8,118,169
At cost	9,300,029	55,178,368	1,480,220	1,599,017	991,167	680,928	69,229,729
	17,418,198	55,178,368	1,480,220	1,599,017	991,167	680,928	77,347,898
Analysis of net carrying amount							
At deemed cost (or valuation) in 1996	5,980,027	-	-	-	-	-	5,980,027
At cost	8,534,155	21,110,639	288,016	436,275	389,606	680,928	31,439,619
	14,514,182	21,110,639	288,016	436,275	389,606	680,928	37,419,646

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Leasehold Buildings RM	Plant, Machinery and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Others RM	Capital Work-In-Progress RM	Total RM
At 31 December 2007							
Cost							
At 1 January 2007	9,672,760	34,571,163	1,203,945	1,443,037	423,171	602,328	47,916,404
Additions	-	181,837	45,275	109,837	-	-	336,949
Disposal	-	-	(21,075)	(325,123)	-	(602,328)	(948,526)
At 31 December 2007	9,672,760	34,753,000	1,228,145	1,227,751	423,171	-	47,304,827
Accumulated depreciation							
At 1 January 2007	2,512,435	29,203,628	1,107,766	1,079,365	334,346	-	34,237,540
Charge for the year (Note 22)	193,455	785,068	47,786	219,162	16,050	-	1,261,521
Disposal	-	-	(19,635)	(325,123)	-	-	(344,758)
At 31 December 2007	2,705,890	29,988,696	1,135,917	973,404	350,396	-	35,154,303
Net carrying amount							
At 31 December 2007	6,966,870	4,764,304	92,228	254,347	72,775	-	12,150,524

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Leasehold Buildings RM	Plant, Machinery and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Others RM	Capital Work-In-Progress RM	Total RM
At 31 December 2007							
Analysis of cost							
At deemed cost (or valuation) in 1996	8,118,169	-	-	-	-	-	8,118,169
At cost	1,554,591	34,753,000	1,228,145	1,227,751	423,171	-	39,186,658
	9,672,760	34,753,000	1,228,145	1,227,751	423,171	-	47,304,827
Analysis of net carrying amount							
At deemed cost (or valuation) in 1996	5,817,665	-	-	-	-	-	5,817,665
At cost	1,149,205	4,764,304	92,228	254,347	72,775	-	6,332,859
	6,966,870	4,764,304	92,228	254,347	72,775	-	12,150,524

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Leasehold Buildings RM	Plant, Machinery and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Others RM	Capital Work-In-Progress RM	Total RM
At 31 December 2006							
Cost							
At 1 January 2006	9,791,069	34,443,786	1,187,095	1,266,069	304,862	602,328	47,595,209
Additions	-	163,000	16,850	93,223	-	-	273,073
Disposal	-	(108,000)	-	-	-	-	(108,000)
Reclassification	(118,309)	-	-	-	118,309	-	-
Transfer from a subsidiary company	-	72,377	-	83,745	-	-	156,122
At 31 December 2006	9,672,760	34,571,163	1,203,945	1,443,037	423,171	602,328	47,916,404
Accumulated depreciation							
At 1 January 2006	2,347,314	28,027,822	1,056,975	836,729	272,654	-	32,541,494
Charge for the year (Note 22)	195,821	1,283,806	50,791	242,636	30,992	-	1,804,046
Disposal	-	(108,000)	-	-	-	-	(108,000)
Reclassification	(30,700)	-	-	-	30,700	-	-
At 31 December 2006	2,512,435	29,203,628	1,107,766	1,079,365	334,346	-	34,237,540
Net carrying amount							
At 31 December 2006	7,160,325	5,367,535	96,179	363,672	88,825	602,328	13,678,864

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Leasehold Buildings RM	Plant, Machinery and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Others RM	Capital Work-In-Progress RM	Total RM
At 31 December 2006							
Analysis of cost							
At deemed cost (or valuation) in 1996	8,118,169	-	-	-	-	-	8,118,169
At cost	1,554,591	34,571,163	1,203,945	1,443,037	423,171	602,328	39,798,235
	9,672,760	34,571,163	1,203,945	1,443,037	423,171	602,328	47,916,404
Analysis of net carrying amount							
At deemed cost (or valuation) in 1996	5,980,027	-	-	-	-	-	5,980,027
At cost	1,180,298	5,367,535	96,179	363,672	88,825	602,328	7,698,837
	7,160,325	5,367,535	96,179	363,672	88,825	602,328	13,678,864

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

As at balance sheet date, the net book value of leasehold buildings stated at deemed cost, had the properties been disclosed at historical cost less depreciation, would have been:-

	Group/Company 2007 RM	Group/Company 2006 RM
Leasehold buildings		
Cost	8,796,689	8,796,689
Accumulated depreciation	(2,463,889)	(2,287,956)
Net carrying amount	6,332,800	6,508,733

The leasehold buildings 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.

4. PREPAID LAND LEASE PAYMENTS

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Long term leasehold land				
Cost				
At 1 January	15,717,048	15,496,419	12,298,082	12,298,082
Additions	53,075	231,384	-	-
Exchange differences	(315,737)	(10,755)	-	-
At 31 December	15,454,386	15,717,048	12,298,082	12,298,082
Accumulated amortisation				
At 1 January	2,143,060	1,914,789	2,065,271	1,914,788
Charge for the year (Note 22)	327,483	230,961	150,483	150,483
Exchange differences	100,869	(2,690)	-	-
At 31 December	2,571,412	2,143,060	2,215,754	2,065,271
Net carrying amount	12,882,974	13,573,988	10,082,328	10,232,811

As at balance sheet date, the net book value of leasehold land stated at deemed cost, had the land been disclosed at historical cost less depreciation, would have been:-

	Group/Company 2007 RM	Group/Company 2006 RM
Leasehold land		
Cost	9,028,044	9,028,044
Accumulated depreciation	(2,079,819)	(1,976,114)
Net carrying amount	6,948,225	7,051,930

5. INVESTMENT PROPERTY

	Group/Company 2007 RM	Group/Company 2006 RM
Cost		
At 1 January/31 December	4,863,122	4,863,122
Accumulated depreciation		
At 1 January	1,479,079	1,312,800
Depreciation charge for the year (Note 22)	166,279	166,279
At 31 December	1,645,358	1,479,079
Net carrying amount	3,217,764	3,384,043

The investment property consists of building which is held under lease terms.

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 leasehold building is RM3,500,000. The market value is arrived at by reference to recent transacted prices for similar property.

6. INTANGIBLE ASSET

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Computer Software				
Cost				
At 1 January	509,688	424,741	405,615	405,615
Additions	177,850	45,497	177,850	-
Transfer from property, plant and equipment (Note 3)	-	40,271	-	-
Exchange differences	(3,608)	(821)	-	-
At 31 December	683,930	509,688	583,465	405,615
Accumulated amortisation				
At 1 January	409,029	361,716	381,286	354,757
Charge for the year (Note 22)	112,894	47,442	83,612	26,529
Exchange differences	(338)	(129)	-	-
At 31 December	521,585	409,029	464,898	381,286
Net carrying amount				
At 31 December	162,345	100,659	118,567	24,329

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2007 RM	Company 2006 RM
Unquoted shares at cost:-		
Outside Malaysia		
At 1 January	16,207,207	14,040,939
Subscription of additional shares	4,330,803	2,166,268
At 31 December	20,538,010	16,207,207
In Malaysia	1,000,000	1,000,000
	21,538,010	17,207,207
Less: Accumulated impairment losses	(1,000,000)	(1,000,000)
	20,538,010	16,207,207

Notes:-

(a) The details of the subsidiary companies are disclosed as follows:-

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2007 %	Proportion of Ownership Interest 2006 %
Held by the Company:				
Box-Pak (Johore) Sdn. Bhd.	Malaysia	Corrugated fibre board carton manufacturer	100	100
* Box-Pak (Vietnam) Co., Ltd.	Vietnam	Corrugated fibre board carton manufacturer	100	100

* Audited by a firm of auditors other than Ernst & Young

(b) Amounts due from subsidiary companies

	Company 2007 RM	Company 2006 RM
Amount due from subsidiary companies	4,779,745	8,617,700
Less: Provision for doubtful debts	(651,491)	(651,491)
	4,128,254	7,966,209
Less: Portion in current assets	(3,058,743)	(4,618,368)
	1,069,511	3,347,841

The amounts due from subsidiary companies are unsecured, non-interest bearing and have no fixed terms of repayment.

8. INVENTORIES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
At cost:-				
Raw materials	12,639,519	12,966,928	3,968,370	5,826,505
Work-in-progress	444,993	548,779	135,708	140,395
Finished goods	1,017,050	936,087	295,237	175,310
Goods in transit	213,109	59,353	213,109	59,353
	14,314,671	14,511,147	4,612,424	6,201,563
At net realisable value:-				
Finished goods	-	146,961	-	-
	14,314,671	14,658,108	4,612,424	6,201,563

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Trade receivables				
Trade receivables	28,523,908	25,275,863	15,003,927	13,995,384
Less: Provision for doutful debts	(749,305)	(824,183)	-	-
	27,774,603	24,451,680	15,003,927	13,995,384
Other receivables	894,429	649,331	365,967	257,813
Deposits	1,247,309	91,322	97,810	86,690
Prepayments	413,267	381,617	122,936	226
Tax recoverable	906,983	387,438	897,668	387,438
Value added tax recoverable	-	528,788	-	-
	3,461,988	2,038,496	1,484,381	732,167
	31,236,591	26,490,176	16,488,308	14,727,551

Included in trade receivables is an amount of RM270,453 (2006: RM284,571) due from an associated company of the holding company. This amount is unsecured, non-interest bearing and have no fixed terms of repayment.

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

Further details on related party transactions are disclosed in Note 27.

Other information on financial risks of other receivables are disclosed in Note 32.

10.HOLDING AND RELATED COMPANIES

The holding company is Kian Joo Can Factory Berhad, a company incorporated in Malaysia.

Related companies in these financial statements refer to member companies within the Kian Joo Can Factory Berhad group of companies.

The amounts due from/(to) related and holding companies are unsecured, non-interest bearing and have no fixed terms of repayment.

Further details on related party transactions are disclosed in Note 27.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash on hand and at banks	1,317,454	3,015,531	1,050,232	1,280,706
Deposits with:				
Licensed banks	-	3,970,037	-	3,970,037
Other financial institution	9,863,387	3,009,968	9,863,387	3,009,968
Cash and bank balances	11,180,841	9,995,536	10,913,619	8,260,711

Other financial institution is a building society in Malaysia.

Other information on financial risks of cash and cash equivalents are disclosed in Note 32.

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:-

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash and bank balances	11,180,841	9,995,536	10,913,619	8,260,711
Bank overdraft (Note 16)	-	(367,680)	-	(367,680)
Total cash and cash equivalents	11,180,841	9,627,856	10,913,619	7,893,031

12. SHARE CAPITAL

	Number of Ordinary Shares of RM 1.00 Each		Amount	
Group/Company	2007	2006	2007 RM	2006 RM
Authorised:-				
At 1 January/31 December	70,000,000	70,000,000	70,000,000	70,000,000
Issued and fully paid:-				
At 1 January/31 December	60,023,490	60,023,490	60,023,490	60,023,490

13. OTHER RESERVES

	Asset Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Total RM
Group			
At 1 January 2006	2,388,000	(146,224)	2,241,776
Effect of changes in tax rate (Note 17)	83,559	-	83,559
Foreign currency translation	-	(410,306)	(410,306)
At 31 December 2006	2,471,559	(556,530)	1,915,029
At 1 January 2007	2,471,559	(556,530)	1,915,029
Foreign currency translation	-	(985,069)	(985,069)
At 31 December 2007	2,471,559	(1,541,599)	929,960

13. OTHER RESERVES (cont'd)

	Asset Revaluation Reserve RM
Company	
At 1 January 2006	2,388,000
Effect of changes in tax rate (Note 17)	83,559
At 31 December 2006	2,471,559
At 1 January 2007/31 December 2007	2,471,559

The nature and purpose of each category of reserve are as follows:-

(a) Asset revaluation reserve

Asset revaluation reserve is used to record increases in fair value as a result of revaluation of leasehold land and buildings, net of deferred taxation effect and to record the change in tax rate from 28% to 26% into revaluation reserve.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

14. RETAINED EARNINGS

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 be entitled to deduct tax 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 2007 to distribute cash dividend payments to ordinary sharholdings as defined under the Finance Act 2007. As at 31 December 2007, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

15. EMPLOYEE BENEFITS

(a) Retirement benefit obligations

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.

15. EMPLOYEE BENEFITS (cont'd)

(a) Retirement benefit obligations (cont'd)

The amounts recognised in the balance sheet are determined as follows:-

	Group/Company 2007 RM	Group/Company 2006 RM
Present value of unfunded defined benefit obligations	2,480,288	2,920,023
Unrecognised actuarial gain	(92,978)	(556,489)
Net liability	2,387,310	2,363,534

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

	Group/Company 2007 RM	Group/Company 2006 RM
At 1 January	2,920,023	2,103,676
Current service cost	113,127	132,701
Interest Cost	153,996	200,156
Actuarial (gain)/losses	(437,362)	483,490
Benefits paid by the plan	(269,496)	-
At 31 December	2,480,288	2,920,023
Analysed as:		
Current	1,366,620	269,496
Non current	1,020,690	2,094,038
	2,387,310	2,363,534

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

	Group/Company 2007 RM	Group/Company 2006 RM
Current service cost	113,127	132,701
Interest cost	153,996	200,156
Actuarial loss recognised	26,149	-
Total, included in employees benefit expense (Note 23)	293,272	332,857

	Group/Company 2007 %	Group/Company 2006 %
Principal actuarial assumptions used:-		
Discount rate	6	7
Expected rate of salary increases	5-6	3-6

15. EMPLOYEE BENEFITS (cont'd)

(b) Employee Share Options Scheme ("Scheme")

The Employees' Share Option Scheme ("Scheme") was approved by the shareholders at an Extraordinary General Meeting convened on 31 January 2002.

The salient features of the Scheme are as follows:-

(i) Eligible persons are employees of the Company (including full-time Executive Directors) in the employment of the Company with at least two years of service as at the offer date. Foreign employees of the Company (save for the Executive Directors) are not entitled to the scheme. No employee and Executive Director shall participate at anytime in more than one Employee Share Option Scheme implemented by any company within the group of its holding company, Kian Joo Can Factory Berhad.

(ii) The total number of shares to be offered shall not exceed 10% of the enlarged issued and paid-up ordinary share capital of the Company at any point of time during the existence of the Scheme.

(iii) No option shall be granted for less than 1,000 ordinary shares and not more than 400,000 ordinary shares before bonus issue of new ordinary shares during the financial year ended 31 December 2002, to any individual eligible employee.

(iv) The option price shall be at a discount of not more than 10% from the weighted average market price of the shares as shown in the daily official list issued by the Bursa Malaysia for the five trading days preceding the offer date, or at par value of the shares of the Company, whichever is higher.

(v) The Scheme shall be in force at the discretion of the Committee appointed by the Board of Directors subject to the maximum period of five years from the date of its approval by the Company in a general meeting or the date of the last approval by the relevant authorities, whichever shall be the latest date subject to any extension as may be approved by the aforesaid authorities.

(vi) The maximum allowable allotment for each eligible employee is based on a predetermined scale of maximum entitlement for each category and grade of employee. The criteria for the basis of allotment would be based on seniority, performance and length of service.

(vii) A grantee will be allowed to exercise not more than 20% of the options granted to him per year.

(viii) In the event of any alteration in the capital structure of the Company during the option period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or otherwise howsoever, the Company shall cause such adjustment to be made to:-

  (i) the number of shares which a grantee shall be entitled to subscribe for upon the exercise of each option; and/or

  (ii) the subscription price

  as shall be necessary to give a grantee the same proportion of the issued capital of the Company as that to which he was entitled prior to the event giving rise to such adjustment.

The option price for the options granted on 8 April 2002 was subsequently adjusted from RM2.74 per share to RM1.83 per share following a bonus issue in the same financial year.

As at 31 December 2007, the remaining 2,030,000 of options granted have lapsed and no further options were granted thereafter.

16. BORROWINGS (UNSECURED)

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Short term borrowings					
Bills payable/trust receipt		547,000	-	547,000	-
Bank overdraft		-	367,680	-	367,680
Term loans		10,898,349	10,020,613	-	-
		11,445,349	10,388,293	547,000	367,680
Long term borrowings					
Term loans		6,640,813	10,590,016	-	-
Total borrowings					
Bills payable/trust receipt		547,000	-	547,000	-
Bank overdraft (Note 11)		-	367,680	-	367,680
Term loans (a)		17,539,162	20,610,629	-	-
		18,086,162	20,978,309	547,000	367,680

(a) Details of the term loans are as follow:-

Loan	Repayment Term
Type 1	14 quarterly instalments commencing 18 months from the date of drawdown
Type 2	16 quarterly instalments after 12 months of drawdown
Type 3	17 quarterly instalments after 12 months of drawdown

Other information on financial risks of borrowings are disclosed in Note 32.

17. DEFERRED TAX LIABILITIES

	Group/Company 2007 RM	Group/Company 2006 RM
At 1 January	1,318,810	1,258,995
Recognised in income statement (Note 25)	(122,798)	143,374
Recognised in equity (Note 13)	-	(83,559)
At 31 December	1,196,012	1,318,810

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

Deferred Tax Liabilities of the Group:-

	Capital Allowance and Depreciation Differences RM	Revaluation of Leasehold Land RM	Total RM
At 1 January 2006	1,050,930	1,169,821	2,220,751
Recognised in income statement	(17,458)	(18,664)	(36,122)
Recognised in equity	-	(83,559)	(83,559)
At 31 December 2006	1,033,472	1,067,598	2,101,070
Recognised in income statement	(73,032)	(114,974)	(188,006)
At 31 December 2007	960,440	952,624	1,913,064

17. DEFERRED TAX LIABILITIES (cont'd)

Deferred Tax Assets of the Group:-

	Unutilised Capital Allowances RM	Provisions RM	Others RM	Total RM
At 1 January 2006	(273,137)	(643,105)	(45,514)	(961,756)
Recognised in income statement	230,554	(108,215)	57,157	179,496
At 31 December 2006	(42,583)	(751,320)	11,643	(782,260)
Recognised in income statement	10,356	95,251	(40,399)	65,208
At 31 December 2007	(32,227)	(656,069)	(28,756)	(717,052)

Deferred Tax Liabilities of the Company:-

	Capital Allowance and Depreciation Differences RM	Revaluation of Leasehold Land RM	Total RM
At 1 January 2006	989,717	1,169,821	2,159,538
Recognised in income statement	1,172	(18,664)	(17,492)
Recognised in equity	-	(83,559)	(83,559)
At 31 December 2006	990,889	1,067,598	2,058,487
Recognised in income statement	(62,676)	(114,974)	(177,650)
At 31 December 2007	928,213	952,624	1,880,837

Deferred Tax Assets of the Company:-

	Unutilised Capital Allowances RM	Provisions RM	Others RM	Total RM
At 1 January 2006	(244,684)	(643,105)	(12,754)	(900,543)
Recognised in income statement	244,684	(108,215)	24,397	160,866
At 31 December 2006	-	(751,320)	11,643	(739,677)
Recognised in income statement	-	95,251	(40,399)	54,852
At 31 December 2007	-	(656,069)	(28,756)	(684,825)

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

	Group	
	2007 RM	2006 RM
Unabsorbed tax losses	1,679,000	4,240,000
Unutilised capital allowances	107,000	359,000
	1,786,000	4,599,000

The Group is entitled to claim reinvestment incentives 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.

As at 31 December 2007, the Group has a balance of unutilised reinvestment allowances of approximately RM973,000 (2006: RM2,527,000) subject to the agreement by the Inland Revenue Board.

18. PROVISION FOR SOLID WASTE DISPOSAL

	Group/Company 2007 RM	Group/Company 2006 RM
At 1 January	119,133	263,125
Reversal of provision no longer required	-	(149,812)
Additional provision during the year (Note 22)	76,428	69,498
Utilisation of provision during the year	(59,530)	(63,678)
At 31 December	136,031	119,133

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.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade payables				
Third parties	14,917,786	14,443,526	7,280,519	7,771,032
Other payables				
Other payables	659,371	697,007	537,349	518,814
Value added tax payable	314,840	151,873	-	-
Accruals	2,644,973	2,591,092	2,149,780	2,289,012
	3,619,184	3,439,972	2,687,129	2,807,826
	18,536,970	17,883,498	9,967,648	10,578,858

The normal trade credit term granted to the Company ranges from 60 to 90 days.

20. REVENUE

This represents the invoiced value of goods sold less trade discounts and returns.

21. FINANCE COSTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest expense on:				
- term loans	1,400,489	1,465,137	-	-
- bank overdrafts	1,054	877	1,054	877
	1,401,543	1,466,014	1,054	877

22. PROFIT BEFORE TAX

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Amortisation of intangible asset (Note 6)	112,894	47,442	83,612	26,529
Amortisation of prepaid land lease payments (Note 4)	327,483	230,961	150,483	150,483
Auditors' remuneration:				
- statutory audit	46,563	40,078	32,000	26,000
- underprovision of audit fee in prior year	6,000	300	6,000	-
- other services	3,000	3,000	3,000	3,000
Depreciation of property, plant and equipment (Note 3)	2,872,000	3,476,645	1,261,521	1,804,046
Depreciation of investment property (Note 5)	166,279	166,279	166,279	166,279
Provision for doubtful debts				
- trade and other receivables	-	707,183	-	-
- subsidiary company	-	-	-	300,000
- Reversal of overprovision	(74,878)	-	-	-
Employee benefits expense (Note 23)	8,626,781	8,448,329	6,054,977	5,646,652
Non-executive directors' fees remuneration (Note 24)	100,000	50,000	100,000	50,000
Foreign exchange loss:				
- realised	3,227	89,822	39,091	41,966
- unrealised	76,789	421,142	111,151	221,384
Inventories written off	3,294	6,333	3,294	6,333
Inventories written down	226,904	5,664	226,904	-
Provision for solid waste disposal (Note 18)	76,428	69,498	76,428	69,498
Operating leases:				
- minimum lease payments for land and buildings	105,960	139,840	45,960	29,840
- minimum lease payments for motor vehicles	269,862	265,194	-	-
Gain on disposal of property, plant and equipment	(117,959)	(19,840)	(136,360)	(21,000)
Interest income	(134,738)	(235,323)	(126,135)	(229,639)
Rental income from investment property	(219,022)	(912,726)	(219,022)	(912,726)
Direct operating expenses of investment property	51,397	51,397	51,397	51,397

23. EMPLOYEE BENEFITS EXPENSE

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Wages and salaries	7,310,341	6,881,584	4,967,846	4,592,357
Social security contributions	68,770	66,754	42,363	41,132
Contributions to defined contribution plan	623,009	585,041	429,348	400,732
Increase in liability for defined benefit plan (Note 15(a))	293,272	332,857	293,272	332,857
Other benefits	331,389	582,093	322,148	279,574
	8,626,781	8,448,329	6,054,977	5,646,652

Included in employee benefits expense of the Group and of the Company are present and past executive directors' remuneration as disclosed in Note 24.

24. DIRECTORS' REMUNERATION

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Directors of the Company				
Executive:-				
Salaries and other emoluments	999,464	905,264	999,464	905,264
Fees	105,000	55,000	105,000	55,000
Bonus	117,696	103,696	117,696	103,696
Pension cost:				
- defined contribution plan	98,232	87,312	98,232	87,312
- defined benefit plan	120,000	146,040	120,000	146,040
	1,440,392	1,297,312	1,440,392	1,297,312
Non-executive (Note 22):-				
Fees	100,000	50,000	100,000	50,000
	1,540,392	1,347,312	1,540,392	1,347,312
Other Directors				
Executive				
Salaries and other emoluments	118,930	148,488	-	-
Total directors' remuneration	1,659,322	1,495,800	1,540,392	1,347,312
Analysis:-				
Total executive directors' remuneration	1,559,322	1,445,800	1,440,392	1,297,312
Total non-executive directors' remuneration	100,000	50,000	100,000	50,000
Total directors' remuneration	1,659,322	1,495,800	1,540,392	1,347,312

24. DIRECTORS' REMUNERATION (cont'd)

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

	Number of Directors	
	2007	2006
Executive directors:-		
Below RM50,000	2	2
RM250,001 - RM300,000	2	2
RM600,001 - RM650,000	1	1
Non Executive directors:-		
Below RM50,000	4	4

25. INCOME TAX

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Income tax:				
- Malaysian income tax	79,315	448,904	88,630	448,904
- Overprovision in prior years	(95,249)	(297,871)	(95,249)	(297,871)
	(15,934)	151,033	(6,619)	151,033
Deferred tax (Note 17):				
- Relating to origination and reversal of temporary differences	(23,752)	4,783	(23,752)	4,783
- Relating to changes in tax rate	(46,914)	(7,869)	(46,914)	(7,869)
- (Over)/underprovision in prior years	(52,132)	146,460	(52,132)	146,460
	(122,798)	143,374	(122,798)	143,374
Total income tax	(138,732)	294,407	(129,417)	294,407

Domestic current income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% in subsequent years of assessment. The computation of deferred tax as at 31 December 2007 has reflected these changes.

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 company in Vietnam was Nil (2006: Nil) as the subsidiary company is currently enjoying income tax at zero rate under under local jurisdiction.

25. INCOME TAX (cont'd)

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	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before tax	4,203,224	2,203,763	1,288,378	2,008,994
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	1,134,870	617,054	347,862	562,518
Effect of changes in tax rate on opening balance of deferred tax	(46,914)	(7,869)	(46,914)	(7,869)
Income not subject to tax	(19,648)	(53,074)	(19,648)	(53,074)
Income taxed at zero rate on a subsidiary company in Vietnam	(728,260)	(318,051)	-	-
Effect of expenses not deductible for tax purposes	156,810	422,456	156,303	328,246
Deferred tax assets not recognised during the financial year	-	192,587	-	-
Effect of utilisation of previously unrecognised unutilised capital allowances	(68,570)	-	-	-
Effect of utilisation of reinvestment allowances	(419,639)	(384,003)	(419,639)	(384,003)
Reversal of deferred tax assets arising from control transfer of property, plant and equipment	-	(23,282)	-	-
Overprovision of tax expense in prior years	(95,249)	(297,871)	(95,249)	(297,871)
(Over)/ Underprovision of deferred tax in prior years	(52,132)	146,460	(52,132)	146,460
Tax expense for the year	(138,732)	294,407	(129,417)	294,407

26. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group	
	2007	2006
Profit after tax (RM)	4,341,956	1,909,356
Weighted average number of ordinary shares in issue	60,023,490	60,023,490
Basic earnings per share (sen)	7.23	3.18

(b) Diluted earnings per share

As at 31 December 2007, the ESOS of the Company has lapsed and there are no other dilutive effects on shares. As such, no calculation was made on diluted earnings per share.

The Company's diluted earnings per ordinary share for year ended 31 December 2006 has not been presented due to the anti-dilutive effect of the Employee Share Options.

27. RELATED PARTY DISCLOSURES

(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	
	2007 RM	2006 RM	2007 RM	2006 RM
Sales to holding company	(216,249)	(152,774)	(216,249)	(152,774)
Sales to a subsidiary company	-	-	-	(2,183,121)
Sales to related companies	(3,212,424)	(1,611,694)	(2,963,971)	(1,224,113)
Sales to an associated company of the holding company	(521,508)	-	(521,508)	-
Rental received from related company	(79,628)	-	(79,628)	-
Rental paid/payable to holding company	60,000	110,000	-	-
Purchase of property, plant and equipment from a subsidiary company	-	-	78,600	156,122

The related companies and their relationship with the Company are as follows:-

Related companies	Relationship
Kian Joo Can Factory Berhad	Holding company
Federal Metal Printing Factory Sdn. Bhd.	Subsidiary of the holding company
Kian Joo Canpack Sdn. Bhd.	Subsidiary of the holding company
Metal-Pak (Malaysia) Sdn. Bhd.	Subsidiary of the holding company
Kian Joo Packaging Sdn. Bhd.	Subsidiary of the holding company
KJ Can (Johore) Sdn. Bhd.	Subsidiary of the holding company
KJ Can (Vietnam) Co. Ltd.	Subsidiary of the holding company

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

(i)

Nature of transaction	Identity of related party	2007 RM	2006 RM
Sales of trading inventories	Kian Joo-Visypak Sdn. Bhd. ("KJV")	521,508	722,493
Rental income receivable	Kian Joo-Visypak Sdn. Bhd. ("KJV")	-	912,726

The party is an associated company of the holding company. This party is also deemed related to the Company by virtue of common directorships held by Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar, Dato' Anthony See Teow Guan and Dato' See Teow Chuan in KJV and the Company.

(ii)

Nature of transaction	Identity of related party	2007 RM	2006 RM
Sales of trading inventories	(i) Hercules Sdn. Bhd.	550,116	310,895
	(ii) Hercules (Vietnam) Co. Ltd.	77,462	104,968
	(ii) Metal Closure & Seals Sdn. Bhd.	113,741	251,251

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 the 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 24.

28. CAPITAL COMMITMENTS

	Group	
	2007	2006
	RM	RM
Capital expenditure, approved and contracted for:-		
Leasehold land	887,805	1,877,681
Building construction	7,140,764	-
	8,028,569	1,877,681

29. OPERATING LEASES

(a) Operating Lease Payables

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

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Future minimum rentals payments:-				
Not later than 1 year	95,335	85,455	35,335	25,455
Later than 1 year and not later than 2 years	4,830	-	4,830	-
	100,165	85,455	40,165	25,455

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

(b) Operating Lease Receivable

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

	Group/Company	
	2007	2006
	RM	RM
Not later than 1 year	468,708	-
Later than 1 year and not later than 2 years	336,708	-
Later than 2 years and not later than 5 years	175,200	-
	980,616	-

The above lease receivable is in respect of the rental income from letting of factory building to a third party, determined on a per square foot basis pursuant to rental agreement dated 1 July 2007. The agreement will expire on 30 June 2010.

30. CONTINGENT LIABILITY

	Company	
	2007	2006
	RM	RM
Unsecured :-		
Guarantees given to financial institutions for credit facilities granted to a subsidiary company	17,539,162	20,978,309

31. SEGMENT INFORMATION

(a) Business Segments

No business segment information is presented as the Group operates principally within one industry.

(b) Geographical Segments

The Group operates mainly in Malaysia and Vietnam.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	Malaysia RM	Vietnam RM	Total RM	Elimination RM	Consolidated RM
31 December 2007					
Revenue and Expenses					
Revenue					
External sales	56,773,124	62,544,955	119,318,079	-	119,318,079
Inter-segment sales	-	-	-	-	-
Total revenue	56,773,124	62,544,955	119,318,079	-	119,318,079
Results					
Segment results	1,541,520	4,097,747	5,639,267	(34,500)	5,604,767
Finance costs					(1,401,543)
Taxation					138,732
Net profit for the year					4,341,956
Assets and Liabilities					
Segment assets	61,659,430	49,433,970	111,093,400	(4,153,439)	106,939,961
Unallocated corporate assets					906,983
Consolidated total assets					107,846,944
Segment liabilities	(16,404,244)	(11,670,926)	(28,075,170)	4,829,575	(23,245,595)
Unallocated corporate liabilities					(18,086,162)
Consolidated total liabilities					(41,331,757)
Other Information					
Capital expenditure	514,799	1,538,102	2,052,901	-	2,052,901
Depreciation and amortisation	1,718,870	1,759,786	3,478,656	-	3,478,656
Non-cash expenses other than depreciation	369,700	309,174	678,874	-	678,874

31. SEGMENT INFORMATION (cont'd)

(b) Geographical Segments (cont'd)

	Malaysia RM	Vietnam RM	Total RM	Elimination RM	Consolidated RM
31 December 2006					
Revenue and Expenses					
Revenue					
External sales	50,444,318	48,331,120	98,775,438	-	98,775,438
Inter-segment sales	2,183,121	-	2,183,121	(2,183,121)	-
Total revenue	52,627,439	48,331,120	100,958,559	(2,183,121)	98,775,438
Results					
Segment results	1,068,744	2,601,033	3,669,777	-	3,669,777
Finance costs					(1,466,014)
Taxation					(294,407)
Net profit for the year					1,909,356
Assets and Liabilities					
Segment assets	63,598,154	45,948,878	109,547,032	(4,618,368)	104,928,664
Unallocated corporate assets					916,226
Consolidated total assets					105,844,890
Segment liabilities	(13,739,201)	(11,496,086)	(25,235,287)	4,630,009	(20,605,278)
Unallocated corporate liabilities					(22,081,312)
Consolidated total liabilities					(42,686,590)
Other Information					
Capital expenditure	274,623	3,690,517	3,965,140	-	3,965,140
Depreciation and amortisation	2,227,644	1,693,683	3,921,327	-	3,921,327
Non-cash expenses other than depreciation	1,333,537	209,140	1,542,677	-	1,542,677

32. 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 risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the period under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(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 2007. 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.

32. FINANCIAL INSTRUMENTS (cont'd)

(b) Interest Rate Risk (cont'd)

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 following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:-

	Note	WAEIR %	Within 1 Year RM	More Than 1 Year But Not Later Than 2 Years RM	More Than 2 Years But Not Later Than 5 Years RM	Total RM
At 31 December 2007						
Group						
Floating rate						
Cash and bank balances	11	3.14	11,180,841	-	-	11,180,841
Bills payable/ trust receipt	16	3.50	(547,000)	-	-	(547,000)
Term loans	16	5.15	(10,898,349)	(5,720,983)	(919,830)	(17,539,162)
Company						
Floating rate						
Cash and bank balances	11	3.14	10,913,619	-	-	10,913,619
Bills payable/ trust receipt	16	3.50	(547,000)	-	-	(547,000)
At 31 December 2006						
Group						
Floating rate						
Cash and bank balances	11	3.14	9,995,536	-	-	9,995,536
Bank overdraft	16	6.80	(367,680)	-	-	(367,680)
Term loans	16	8.48	(10,020,613)	(5,468,479)	(5,121,537)	(20,610,629)
Company						
Floating rate						
Cash and bank balances	11	3.14	8,260,711		-	8,260,711
Bank overdraft	16	7.25	(367,680)	-	-	(367,680)

32. FINANCIAL INSTRUMENTS (cont'd)

(c) Foreign Currency Risk

The Group operates in Malaysia and Vietnam and is exposed to various currencies, mainly United States Dollar ("USD"), Singapore Dollar ("SGD") and Vietnam Dong ("VND"). Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

The Group is not engaged in any hedging transactions.

The net unhedged financial assets and financial liabilities of the Group as at 31 December 2007 that are not denominated in their functional currencies are as follows:-

Functional currency of the Group	USD RM	SGD RM	EURO RM
At 31 December 2007			
Trade receivables			
Ringgit Malaysia	128,050	-	-
Vietnam Dong	12,770,676	-	-
	12,898,726	-	-
Trade payables			
Ringgit Malaysia	(553,759)	(54,430)	(11,700)
Vietnam Dong	(7,637,267)	-	-
	(8,191,026)	(54,430)	(11,700)
Other payables			
Ringgit Malaysia	-	-	-
Vietnam Dong	(122,022)	-	-
	(122,022)	-	-
Term loans (unsecured)			
Vietnam Dong	(17,539,162)	-	-
Net exposure	(12,953,484)	(54,430)	(11,700)

Functional currency of the Group	USD RM	SGD RM	EURO RM	JPY RM	GBP RM
At 31 December 2006					
Trade receivables					
Ringgit Malaysia	437,278	-	-	-	-
Vietnam Dong	(9,437,873)	-	-	-	-
	(9,000,595)	-	-	-	-
Trade payables					
Ringgit Malaysia	(673,080)	(75,992)	(27,350)	(5,668)	-
Vietnam Dong	(5,914,466)	-	-	-	-
	(6,587,546)	(75,992)	(27,350)	(5,668)	-

32. FINANCIAL INSTRUMENTS (cont'd)

(c) Foreign Currency Risk (cont'd)

Functional currency of the Group (cont'd)	USD RM	SGD RM	EURO RM	JPY RM	GBP RM
Other payables					
Ringgit Malaysia	(19,699)	-	-	-	(5,450)
Vietnam Dong	(305,312)	-	-	-	-
	(325,011)	-	-	-	(5,450)
Term loans (unsecured)					
Vietnam Dong	(20,610,629)	-	-	-	-
Net exposure	(36,523,781)	(75,992)	(27,350)	(5,668)	(5,450)

(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.

(e) Credit Risk

Credit risk, 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 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 a 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) holding, subsidiary, related 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 eventully be received or settled.

The fair values of all other financial assets and liabilities of the Group and the Company as at 31 December 2007 are not materially different from their carrying values.

LIST OF PROPERTIES

as at 31 December 2007

Location	Description	Area (sq.m)	Tenure	Expiry Date	Age of Buildings (Years)	NBV Land & Building (RM'000)
Lot 4 Jalan Perusahaan 2 Batu Caves, Selangor	Land & Building	18,848	Leasehold	05.09.2074	15	12,972
Lot 7 Jalan Perusahaan 2 Batu Caves, Selangor	Land & Building	12,840	Leasehold	05.09.2074	23	7,295
22 Dai Lo Huu Nghi Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Vietnam	Land & Building	44,230	Leasehold	11.02.2046	04	9,511

ANALYSIS OF SHAREHOLDINGS

as at 25 APRIL 2008

Authorised Share Capital	RM 70,000,000
Issued & Fully Paid-up Capital	RM 60,023,490
Class of Shares	Ordinary share of RM1.00 each
Voting Rights	One vote per ordinary share
Number of Shareholders	1,837

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No of Holders	% of Holders	No of Shares	% of Shares
Less than 100	21	1.14	440	0.00
100 - 1000	126	6.86	97,684	0.16
1,001 - 10,000	1,531	83.34	4,602,981	7.67
10,001 - 100,000	147	8.00	3,900,585	6.50
100,001 - to less than 5% of issued shares	10	0.55	6,683,500	11.14
5% and above of issued shares	2	0.11	44,738,300	74.53
	1,837	100.00	60,023,490	100.00

THIRTY LARGEST SHAREHOLDERS AS AT 25 APRIL 2008

	Name	No of Shares	% of Shares
1.	Kian Joo Can Factory Berhad	32,910,000	54.83
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	11,828,300	19.71
3.	Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	2,329,500	3.88
4.	Kenanga Nominees (Tempatan) Sdn Bhd Kenanga Capital Sdn Bhd for Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	2,300,000	3.83
5.	Permodalan Nasional Berhad	1,000,000	1.67
6.	See Teow Chuan	220,500	0.37
7.	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	220,000	0.37
8.	ECM Libra Avenue Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Chai Kok (CA048Q)	166,500	0.28
9.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt an for EFG Bank	129,000	0.21
10.	Kuar Leong Chee	114,000	0.19
11.	Kheng Hwa Paper Products Sdn Bhd	103,500	0.17
12.	Chong Chiew Tshung	100,500	0.17
13.	Tan Yew	92,000	0.15
14.	Yoe Shan Khiam @ Yee Shan Khiam	90,000	0.15
15.	Wong Ah Ngau	88,900	0.15
16.	Chan Chai Kok	86,000	0.14
17.	Ooi Lian Song @ Ng Guan Song	86,000	0.14
18.	See Sew Chew @ See Siew Choo	77,000	0.13

THIRTY LARGEST SHAREHOLDERS AS AT 25 APRIL 2008 (cont'd)

	Name	No of Shares	% of Shares
19.	Kah Hin Loong Sdn Bhd	70,335	0.12
20.	HSBC Nominees (Asing) Sdn Bhd AAB SG BR for Archer Associates Limited	67,500	0.11
21.	Lim Siew Jong	66,000	0.11
22.	Teh Teaw Kee	65,000	0.11
23.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leow Peng Lim	60,100	0.10
24.	Tan Han Hon	60,000	0.10
25.	See Teow Guan	55,500	0.09
26.	Starview Restoran Sdn Bhd	55,000	0.09
27.	Ding Poi Chung	52,500	0.09
28.	Kheng Hwa Tin Factory Sdn. Berhad	51,000	0.08
29.	Lee Chee Keong	50,000	0.08
30.	Ting Sie Hang	50,000	0.08

SUBSTANTIAL SHAREHOLDERS AS AT 25 APRIL 2008

	Name	Direct Interest No of Shares	%	Indirect Interest No of Shares	%
1.	Kian Joo Can Factory Berhad	32,910,000	54.83	-	-
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	11,828,300	19.71	-	-
3.	Dato' Anthony See Teow Guan	85,500	0.14	32,952,000	54.90
4.	Dato' See Teow Chuan	220,500	0.37	32,959,000	54.91
5.	See Teow Koon	-	0.00	32,910,000	54.83
6.	See Tiau Kee	-	0.00	32,910,000	54.83

DIRECTORS' SHAREHOLDINGS AS AT 25 APRIL 2008

	Name of Director	Direct Interest No of Shares	%	Indirect Interest No of Shares	%	No. of Options*
1.	Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	2,329,500	3.88	-	-	-
2.	Dato' Anthony See Teow Guan	85,500	0.14	32,952,000	54.90	-
3.	Dato' See Teow Chuan	220,500	0.37	32,959,000	54.91	-
4.	See Teow Koon	-	-	32,910,000	54.83	-
5.	See Tiau Kee	-	-	32,910,000	54.83	-
6.	Tan Kim Seng	12,000	0.02	66,000	0.11	-
7.	See Leong Chye @ Sze Leong Chye	12,000	0.02	-	-	-
8.	Dato' Michael Tan Guan Cheong	-	-	-	-	-
9.	Izlan Bin Izhab	-	-	-	-	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 34th Annual General Meeting of Box-Pak (Malaysia) Bhd. will be held at the Conference Room, Lot 4, Jalan Perusahaan 2, 68100 Batu Caves, Selangor Darul Ehsan on Monday, 23 June 2008 at 11.00 a.m. to transact the following businesses:-

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company and the Group for year ended 31 December 2007, together with the reports of the Directors and Auditors thereon; **Resolution 1**

2. To declare a First and Final Dividend of 5% in respect of financial year ended 31 December 2007, made up of:-

   a) a 2.5% tax exempt dividend, amounting to RM1,500,587; and
   b) a 2.5% less tax @ 26% dividend, amounting to RM1,110,435 net **Resolution 2**

3. To approve the payment of Directors' Fees for the financial year ended 3 December, 2007; **Resolution 3**

4. To re-elect the following directors retiring by rotation pursuant to Article 93 of the Company's Articles of Association, and being eligible, offer themselves for re-election:

   i.) Dato' Anthony See Teow Guan **Resolution 4**
   ii.) Dato' See Teow Chuan **Resolution 5**
   ii.) Dato' Michael Tan Guan Cheong **Resolution 6**

5. To re-elect En Izlan Bin Izhab, the director appointed during the year and retiring in accordance with Article 87 of the Company's Article of Association. **Resolution 7**

6. To re-appoint the retiring auditors, Messrs Ernst & Young, Chartered Accountants, and to authorise the Directors to fix their remuneration. **Resolution 8**

As Special Business

To consider and, if thought fit, to pass the following Resolutions:

7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **Resolution 9**

   "THAT, subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, the Company is hereby authorised 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 30 May 2008 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 favourable to the related 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 to such extension as may be allowed pursuant to Section 143(2) of the Act; or

(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."

8. Proposed Amendments to the Articles of Association of the Company **Special Resolution 1**

"That the proposed amendments to the Articles of Association of the Company as set out in Appendix 1 of the Circular to Shareholders dated 30 May 2008 be and are hereby approved."

9. 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 First and Final Dividend of 2.5% Tax Exempt and 2.5% less tax of 26% for the financial year ended 31 December 2007, if approved at the forthcoming Annual General Meeting, will be payable on 18 July 2008.

The entitlement date shall be fixed on 30 June 2008 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 30 June 2008; and

(b) Shares bought on Bursa Malaysia Securites Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Secuties Berhad.

By order of the Board,

Chia Kwok Why
Company Secretary

Batu Caves, Selangor
Date : 30 May 2008

Notes :

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy may but need not be a member of the Company. However, pursuant to Article 77 of the Articles of Associates, no person shall be appointed a proxy unless he is a Member of the Company and qualified to vote or an advocate, and approved Company auditors or person approved by Registrar, or a person approved in writing by the Director.

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.

EXPLANATORY NOTES ON SPECIAL BUSINESS

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

   Resolution 9, seek to secure mandate from Shareholders to enable the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature. The Mandate from Shareholders is on an annual basis and subject to renewal at the next AGM.

2. **Proposed Amendments to the Articles of Association of the Company**

   Special Resolution 1, if passed, will amend the Articles of Associationof the Company to be in line with the Listing Requirements of Bursa Malaysia Securities Berhad currently in force.

   Further information on the Proposed Renewal of Shareholders' Mandate and Proposed Amendments to the Articles of Association of the Company are set out in the Circular to Shareholders dated 30 May 2008 which is despatched together with the Company's annual report 2007.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election are:-

Dato' See Teow Guan
Dato' See Teow Chuan
Dato' Tan Guan Cheong
Encik Izlan Bin Izhab

The details of the above Directors are set out on pages 4 to 6.

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 2007 and the attendance of the Directors are set out on page 9.

3. Date, Time and Place of the 34th Annual General Meeting:-

Date : Monday, 23 June 2008
Time : 11.00 a.m.
Place : Conference Room
Lot 4, Jalan Perusahaan 2,
68100 Batu Caves,
Selangor Darul Ehsan.

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PROXY FORM

BOX-PAK (MALAYSIA) BERHAD
(21338-W) (Incorporated in Malaysia)

I/We ____
(Full Name in Block Letters)

of ____
(Address)

being a member of **BOX-PAK (MALAYSIA) 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, Lot 4, Jalan Perusahaan 2, 68100 Batu Caves, Selangor Darul Ehsan on Monday, 23 June 2008 at 11.00 a.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 2007 and the Reports of the Directors and Auditors thereon		
2	Declaration of First and Final Dividend of 5% in respect of financial year ended 31 December 2007		
3	Approval of Directors' Fees for year ended 31 December 2007		
4	Re-election of Director - Dato' See Teow Guan		
5	Re-election of Director - Dato' See Teow Chuan		
6	Re-election of Director - Dato' Tan Guan Cheong		
7	Re-election of Director - Encik Izlan Bin Izhab		
8	Re-appointment of Messrs Ernst & Young as Auditors		
9	**Special Business** - Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Special Resolution 1	**Special Business** - Amendments to Articles of Association of the Company		

Number of shares held
CDS Account No.

____
Signature

Date:

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. Where the proxy is being appointed by a member who is an individual, the proxy must be a member of the Company and qualified to vote, or is an advocate, or an approved company auditor or person approved by the Registrar or a person approved tin writing by the Directors;

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.

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The Share Registrars

Box-Pak (Malaysia) Berhad (21338-W)

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

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