

ANNUAL REPORT 2010



BOX-PAK (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(21338-W)

FIVE YEARS FINANCIAL HIGHLIGHTS



	2010	2009	2008	2007	2006
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	195,512	158,185	158,550	119,318	98,775
Profit Before Taxation	11,661	15,001	7,047	4,203	2,204
Profit After Taxation and Minority Interest	10,345	12,417	6,514	4,053	1,909
Dividend Rate	7%	5%	5%	-	-
Dividend Net	3,151	2,251	2,611	-	-
Paid-Up Capital	60,023	60,023	60,023	60,023	60,023
Shareholders' Equity	106,783	105,143	70,688	66,908	63,158
Total Assets	182,072	159,324	123,721	107,847	105,717
Total Borrowings	28,811	22,545	28,194	18,086	20,978
Earnings Per Share	17 sen	21 sen	11 sen	7 sen	3 sen
Net Assets Backing Per Share	RM1.78	RM1.75	RM1.18	RM1.11	RM1.05
Borrowing/Shareholders' Equity	27%	21%	40%	27%	33%

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CORPORATE INFORMATION

DIRECTORS

Chairman

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum
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 Izhah

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum
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 Almarhum
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

REGISTERED OFFICE

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

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 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-78418000
Fax : 03-78418008

SOLICITORS

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

Jublin Tan & Tey
18-1, 1st Floor
Jalan Kampung Attap
50460 Kuala Lumpur



PROFILE OF DIRECTORS

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

Y.A.M. TUNKU DATO' SERI NADZARUDDIN IBNI ALMARHUM TUANKU JA'AFAR, aged 51, 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 Dato' Seri Nadzaruddin worked with British Telecommunications in London from 1982 to 1983. In 1985, he joined ESSO Production Malaysia Inc. (EPMI) as a System Analyst until March 1988. He then left EPMI to become the General Manager of Asia-Pacific Videolab Sdn Bhd until April 1990. In May 1990, he joined Antah Holdings Berhad as Executive Assistant to the Managing Director. In December 1992, Tunku 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 Dato' Seri 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 Dato' Seri Nadzaruddin is the Patron and Past President of Persatuan Broker Niaga Hadapan Malaysia (Malaysia Futures Brokers Association). He also served as Deputy President 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

DATO' ANTHONY SEE TEOW GUAN, aged 66, 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 40 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

DATO' SEE TEOW CHUAN, aged 70, a Malaysian, is an Executive Director of the Company. He was appointed to the Board on 28 December 1974.

He has more than 45 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.



PROFILE OF DIRECTORS (CONTD.)

SEE TEOW KOON

MR SEE TEOW KOON, aged 61, a Malaysian, is an Executive Director of the Company. He was appointed to the Board on 1 September 1983.

He has over 40 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

MR SEE TIAU KEE, aged 56, a Malaysian, is an Executive Director of the Company. He was appointed to the Board on 1 September 1983.

He is responsible for the Group's policy on administration, corporate and strategic planning. He joined the Group in 1976 and has over 30 years' experience in tin can manufacturing operations.

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

MR TAN KIM SENG, aged 58, 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.

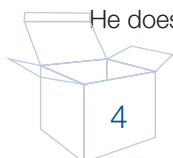
He does not have any family relationship with any director and/or major shareholder of the Company.

SEE LEONG CHYE @ SZE LEONG CHYE

MR SEE LEONG CHYE @ SZE LEONG CHYE, aged 67, 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 40 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.



PROFILE OF DIRECTORS (CONTD.)

DATO' MICHAEL TAN GUAN CHEONG

DATO' MICHAEL TAN GUAN CHEONG, aged 66, a Malaysian, was appointed to the Board on 25 July 2001 as an Independent Non-Executive Director. 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

EN IZLAN BIN IZHAB, aged 66, 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 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.

He is presently director of Malaysia Airports Holdings Berhad, N2N Connect Berhad, OSK-UOB Unit Trust Management Berhad, CIMB Aviva Assurance Berhad, CIMB Aviva Takaful Berhad, K&N Kenanga Holdings Berhad, OSK-UOB Islamic Fund Management Berhad and Kenanga Deutsche Futures Sdn Bhd. He is also a member of Bursa Malaysia Berhad's Appeals Committee.

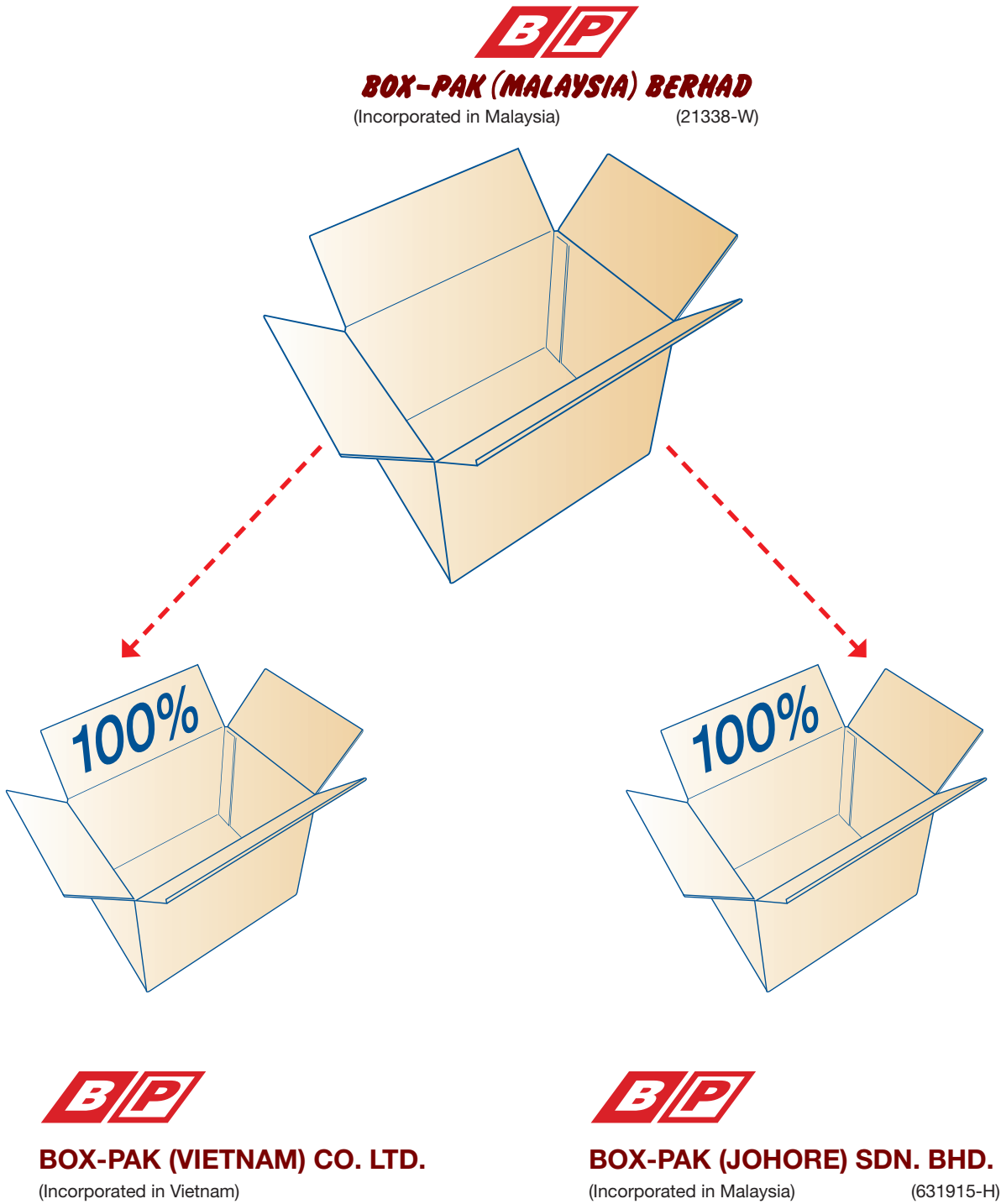
He occasionally lectures on Malaysian securities law, companies law and corporate governance for various public and private sector consultancy and training organizations.

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

The Group has successfully attained ISO 9001:2008 certification for having implemented a quality management system to ensure high product quality in line with the group's objectives of "Total Customer Satisfaction through Teamwork".

The Group strives to maintain a balanced approach between maximizing return to the shareholders as well as fulfilling its social obligations to society by sponsoring generously towards a graphic wall painting in a school to emphasise on recycling of wastes to reduce its impact on the environment. Other charitable events were also held together with its holding company to promote 'Go Green Campaign' where eco-friendly reusable bags and recycling bins were donated to the schools.

The Group in ensuring a safe and healthy working environment have participated in numerous organised events with its holding company such as annual dinner and jungle walks in nurturing a strong team spirit among its employees.

Awareness on Safety (AWAS) Program and the proper discharge of schedule wastes are strongly emphasised in the Group which are in compliance with applicable laws and regulations in the country.

To promote high efficiency in the work place, the 5S Work philosophy is continuously monitored for improved productivity.

The Group in recognising that employees are the most valuable asset continuously enhances the skills and knowledge of its workers through training and seminars.



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 3 to 5.

During the year ended 31 December 2010, 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 Almarhum 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)	3/4
See Tiau Kee (Executive Director)	4/4
Tan Kim Seng (Executive Director)	4/4
See Leong Chye @ Sze Leong Chye (Independent Non-Executive Director)	3/4
Dato' Micheal Tan Guan Cheong (Independent Non-Executive Director)	4/4
Izlan bin Izhab (Non-Independent Non-Executive Director)	3/4

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.



STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

A) DIRECTORS (CONTD.)

I. The Board (contd.)

3. Remuneration Committee

The Remuneration Committee was established on 16 November 2001 whose members are all independent non-executive directors.

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

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

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 2010 are disclosed in the Statutory Accounts as Note 8 of the Notes to the Financial Statements.

4. Nomination Committee

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

The Nomination Committee met twice (2) during the financial year.

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

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

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.

STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

A) DIRECTORS (CONTD.)

IV. Directors' Training

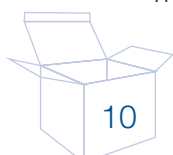
All the directors have completed Bursa Malaysia's Mandatory Accreditation Programme. During the financial year, the Directors have attended various training programmes and seminars to keep abreast with developments on a continuous basis in compliance with para 15.09 of the Bursa Malaysia's Listing Requirements, the details of which are set below:

Name of Director	Courses/Seminars/ Workshops/ Conferences	Organiser	Date
	Basel Requirements	Hwang DBS	13/03/2010
Y.A.M Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	Asia Can Tech 2010 Conference	CanTech International	18/10 to 20/10/2010
	Corrugated Packaging Industry Workshop	Box-Pak Group	25/11/2010
Dato' Anthony See	Asia Can Tech 2010 Conference	CanTech International	18/10 to 20/10/2010
	Corrugated Packaging Industry Workshop	Box-Pak Group	25/11/2010
Dato' See Teow Chuan	Corrugated Packaging Industry Workshop	Box-Pak Group	25/11/2010
Mr See Teow Koon	Asia Can Tech 2010 Conference	CanTech International	18/10 to 20/10/2010
	Corrugated Packaging Industry Workshop	Box-Pak Group	25/11/2010
Mr See Tiau Kee	Corrugated Packaging Industry Workshop	Box-Pak Group	25/11/2010
Mr Tan Kim Seng	Risk Management: Things Can Still Go Wrong	Institute of Internal Auditors, Malaysia	28/10/2010
	Corrugated Packaging Industry Workshop	Box-Pak Group	25/11/2010
Mr See Leong Chye	Corrugated Packaging Industry Workshop	Box-Pak Group	25/11/2010
Dato' Micheal Tan Guan Cheong	Corrugated Packaging Industry Workshop	Box-Pak Group	25/11/2010
En Izlan Bin Izhah	2010 National Conference on Internal Auditing	Institute of Internal Auditors, Malaysia	20/04/2010
	Corrugated Packaging Industry Workshop	Box-Pak Group	25/11/2010

B) INVESTORS RELATIONS AND SHAREHOLDER COMMUNICATION

To ensure that the shareholders and investors are well informed of the Group, information is available to shareholders and investors through various disclosures and announcements made to the Bursa Malaysia Securities Berhad which includes the quarterly financial results, Annual Reports and where appropriate, Circulars and press releases.

The quarterly results can be assessed through the BMSB website at <http://announcements.bursamalaysia.com.my>.



STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

B) INVESTORS RELATIONS AND SHAREHOLDER COMMUNICATION (CONTD.)

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

I. Financial Reporting

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

A statement by Directors of their responsibilities in preparing the financial statements is set out on page 12 of this Annual Report.

II. Internal Controls

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

III. Relationship with Auditors

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

At least twice a year, the Audit Committee will have a separate session with the external auditors without the presence of the Executive Directors and management.

D) COMPLIANCE WITH THE CODE

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

I. 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.

II. 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 8 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 Financial Reporting Standards and 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 comprises the following directors, all of whom are independent non-executive directors. There were 4 meetings held during the year ended 31 December 2010 and the records of their attendance are as follows:

Membership	No. of meetings attended
See Leong Chye@ Sze Leong Chye- Chairman	4/4
Dato' Micheal Tan Guan Cheong	4/4
YAM Tunku Dato Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	4/4

TERMS OF REFERENCE

Composition of Audit Committee

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

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

At least one member of the Audit Committee must be:

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

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

Terms of Membership

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

Meetings

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

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

AUDIT COMMITTEE REPORT (CONTD.)

TERMS OF REFERENCE (CONTD.)

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.

AUDIT COMMITTEE REPORT (CONTD.)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION AND THE AUDIT COMMITTEE DURING THE YEAR ENDED 31 DECEMBER 2010

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 2010:

- 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.

The total cost incurred by the Internal Audit Department for the financial year ended 31 December 2010 amounted to RM59,000.

All internal audit activities were conducted by the in-house audit team.

Summary of Activities of the Audit Committee

During the year ended 31 December 2010, 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.
- 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 accounting standards approved by MASB for entities other than Private Entities.
- 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.

OTHER INFORMATION

REQUIRED BY THE MAIN MARKET 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 2010 amounted to RM Nil (2009-RM Nil) and RM Nil (2009-RM Nil) respectively.

MATERIAL CONTRACTS

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

For information on recurrent related party transactions of revenue nature, please refer to Note 30 of the Notes to the Financial Statements.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company has not issued any options, warrants or convertible securities during the financial year.

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 Group adopted the revaluation model under FRS 116- Property, Plant & Equipments.

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.

For the purposes of this statement, the Group refers to the Company and its subsidiary companies.

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 (CONTD.)

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 31st December 2010.

FINANCIAL RESULTS

The Group's revenue improved by 24% at RM 195.5million as compared to RM 158.2million registered in the year 2009. Despite with higher revenue, the Group profit before taxation for the year was lower by 3.3million to RM 11.7 million compared to RM 15million recorded in year 2009.

The decreased in profit before tax was mainly attributable to the higher paper material cost and currency exchange losses resulted from devaluation of Vietnam Dong and strengthening of the Ringgit Malaysia.

REVIEW OF OPERATIONS

The Malaysian market remained competitive. However, demand for carton packaging continued to grow in Vietnam.

CORPORATE DEVELOPMENTS

In Malaysia:

The Group has upgraded a complete set of corrugators' dry end section to enhance its production efficiency.

In Vietnam:

The Group expanded its operations with a second new corrugators line, three units of high speed printing machine and other supporting equipment for a total investment of US\$5.6million, and operations commenced in second quarter 2010.

The Group has also entered into an agreement to purchase a piece of land in VSIP Bac Ninh Industrial Park, Hanoi, for our expansion in the northern market of Vietnam. The land expected to hand over after second quarter of 2011.

DIVIDENDS

In appreciation of our shareholders trust, the Board of Directors is pleased to recommend a final dividend of 7% less tax of 25% (7sen per share) amounting RM 3,151,233 in respect of the financial year ended 31st December 2010 for shareholders approval at the forthcoming annual general meeting.

CURRENT YEAR'S PROSPECT

The Board expects the performance of the Group for year 2011 to remain satisfactory. The Group will continue its efforts to explore and identify new business opportunities especially the export market to country like Cambodia and Australia.

APPRECIATION

On behalf of the Board, 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 Almarhum Tuanku Ja'afar

CHAIRMAN



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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiary companies include the manufacture and distribution of paper boxes, cartons, general paper and board printing and investment holding.

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 owners of the parent	10,345,137	3,128,341

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

The amount of dividends paid by the Company since 31 December 2009 were as follows:-

	RM
In respect of the financial year ended 31 December 2009 as reported in the directors' report of that financial year:-	
Final dividend of 7% less 25% of taxation, paid on 18 May 2010	3,151,233

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2010 of 7% less tax of 25% (7 sen per share) amounting to RM3,151,233 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 2011.



DIRECTORS' REPORT (CONTD.)

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 Almarhum 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' Michael Tan Guan Cheong
 Izlan Bin Izhab

Pursuant to Article 95 of the Company's Articles of Association, Dato' Anthony See Teow Guan and Dato' Michael Tan Guan Cheong retire by rotation at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

In accordance with Section 129 of the Companies Act 1965, Dato' See Teow Chuan retires, being eligible for re-appointment.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 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 30 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 in the Company and its related corporations during the financial year were as follows:-

	Number of ordinary shares of RM1.00 each			31.12.2010
	01.01.2010	Acquired	Sold	
The Company				
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	2,329,500	-	-	2,329,500
Dato' Anthony See Teow Guan	85,500	-	-	85,500
	# 45,000	-	- #	45,000
	* 32,910,000	-	- *	32,910,000
Dato' See Teow Chuan	220,500	-	-	220,500
	# 133,900	-	(7,000) #	126,900
	* 32,910,000	-	- *	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
	# 20,000	-	- #	20,000



DIRECTORS' REPORT (CONTD.)

DIRECTORS' INTEREST (CONTD.)

Holding Company - Kian Joo Can Factory Berhad	Number of ordinary shares of RM0.25 each			
	01.01.2010	Acquired	Sold	31.12.2010
Y.A.M. Tunku Dato' Seri Nadzaruddin	360,000	-	-	360,000
Ibni Almarhum Tuanku Ja'afar	* 503,707	-	- *	503,707
Dato' Anthony See Teow Guan	3,806,792	535,000	-	4,341,792
	# 766,850	-	(539,600) #	227,250
	* 153,868,617	-	- *	153,868,617
Dato' See Teow Chuan	13,184,823	-	-	13,184,823
	# 3,351,480	1,011,300	(180,000) #	4,182,780
	* 153,868,617	-	- *	153,868,617
See Teow Koon	1,496,678	-	-	1,496,678
	# 415,692	-	- #	415,692
	* 153,868,617	-	- *	153,868,617
See Tiau Kee	1,440,000	-	-	1,440,000
	# 79,000	-	(29,000) #	50,000
	* 153,868,617	-	- *	153,868,617
Tan Kim Seng	1,020,100	1,100,000	-	2,120,100
	* 126,000	180,000	-	306,000
See Leong Chye @ Sze Leong Chye	1,945,533	-	-	1,945,533
	200,800	-	(10,000)	190,800

Interest in shares held by spouses and children.

* Denotes deemed interest.

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 of the Company to the extent the Company has an interest by virtue of their interests in the Company as disclosed above.

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

OTHER STATUTORY INFORMATION

- (a) Before the statements of the comprehensive income and statement of financial position 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.

DIRECTORS' REPORT (CONTD.)

OTHER STATUTORY INFORMATION (CONT'D)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:-
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statement of the Group and of the Company 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.
- (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 25 February 2011.

Dato' Anthony See Teow Guan

Dato' See Teow Chuan



STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES 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 86 are drawn up in accordance with the provisions of the Companies Act, 1965 and 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 2010 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 25 February 2011.

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 86 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed See Siew Choo at
Kuala Lumpur in the Federal Territory
on 25 February 2011

See Siew Choo

Before me,

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



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BOX-PAK (MALAYSIA) BERHAD

(INCORPORATED IN MALAYSIA)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Box-Pak (Malaysia) Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 86.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.



INDEPENDENT AUDITORS' REPORT (CONTD.)

TO THE MEMBERS OF BOX-PAK (MALAYSIA) BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

The supplementary information set out in Note 37 on page 86 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF: 0039
Chartered Accountants

Loke Siew Heng
No. 2871/07/11(J)
Chartered Accountant

25 February 2011
Kuala Lumpur, Malaysia



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Revenue	4	195,512,193	158,185,417	69,439,837	59,187,068
Cost of sales		(168,969,147)	(128,115,440)	(60,149,480)	(47,723,789)
Gross profit		26,543,046	30,069,977	9,290,357	11,463,279
Other income		793,040	728,450	724,407	664,801
Administrative expenses		(13,915,123)	(13,352,365)	(5,728,030)	(5,743,402)
Selling and marketing expenses		(489,972)	(806,166)	(403,697)	(741,876)
Operating profit		12,930,991	16,639,896	3,883,037	5,642,802
Finance costs	5	(1,269,552)	(1,639,110)	-	-
Profit before tax	6	11,661,439	15,000,786	3,883,037	5,642,802
Income tax	9	(1,316,302)	(2,583,293)	(754,696)	(1,787,709)
Profit for the year		10,345,137	12,417,493	3,128,341	3,855,093
Other comprehensive income:					
Revaluation surplus from leasehold land		-	10,974,468	-	10,974,468
Revaluation surplus from leasehold buildings		-	19,985,135	-	4,520,040
Deferred tax liabilities		-	(5,033,509)	-	(3,873,627)
Foreign currency translation		(5,554,195)	(1,637,442)	-	-
Total comprehensive income for the year attributable to owners of the parent		4,790,942	36,706,145	3,128,341	15,475,974
Earning per share attributable to owners of the parent					
Basic (sen)	10	17.24	20.69		

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



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
ASSETS					
Non-current assets					
Property, plant and equipment	11	90,907,436	82,629,734	33,102,199	32,275,866
Land use rights	12	3,615,380	4,347,196	-	-
Investment property	13	6,613,902	6,841,036	6,613,902	6,841,036
Intangible asset	14	20,527	18,710	-	6,550
Investment in subsidiary companies	15	-	-	27,746,365	23,133,415
Other investment	16	90,000	90,000	90,000	90,000
		101,247,245	93,926,676	67,552,466	62,346,867
Current assets					
Inventories	17	27,836,810	20,515,780	7,906,432	9,028,129
Trade and other receivables	18	48,478,984	38,946,151	22,785,939	25,502,465
Other current asset	19	676,838	818,595	92,575	24,225
Tax recoverable		360,453	178,301	360,453	-
Cash and cash equivalents	20	3,471,259	4,938,572	2,102,547	1,927,990
		80,824,345	65,397,399	33,247,947	36,482,809
Total assets		182,071,590	159,324,075	100,800,413	98,829,676

STATEMENTS OF FINANCIAL POSITION (CONTD.)

AS AT 31 DECEMBER 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
EQUITY AND LIABILITIES					
Current liabilities					
Provision for solid waste disposal	21	91,656	76,767	91,656	76,767
Trade and other payables	22	33,208,603	21,268,824	9,443,105	10,535,530
Retirement benefit obligations	23	112,520	-	112,520	-
Borrowings (unsecured)	24	18,085,859	12,700,089	-	-
Tax payable		306,011	1,016,499	-	623,478
Amount due to holding company	18	5,867,986	2,186,507	5,867,986	2,186,507
		57,672,635	37,248,686	15,515,267	13,422,282
Net current asset		23,151,710	28,148,713	17,732,680	23,060,527
Non-current liabilities					
Retirement benefit obligations	23	562,275	499,055	562,275	499,055
Borrowings (unsecured)	24	10,725,592	9,845,088	-	-
Deferred tax liabilities	25	6,328,087	6,587,954	5,265,496	5,428,072
		17,615,954	16,932,097	5,827,771	5,927,127
Total liabilities		75,288,589	54,180,783	21,343,038	19,349,409
Net asset		106,783,001	105,143,292	79,457,375	79,480,267
Equity attributable to owners of the parent					
Share capital	26	60,023,490	60,023,490	60,023,490	60,023,490
Share premium		23,960	23,960	23,960	23,960
Other reserves	27	19,541,570	25,095,765	14,118,630	14,118,630
Retained earnings	28	27,193,981	20,000,077	5,291,295	5,314,187
Total equity		106,783,001	105,143,292	79,457,375	79,480,267
Total equity and liabilities		182,071,590	159,324,075	100,800,413	98,829,676

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Share capital (Note 26) RM	Non-Distributable Share premium RM	Other reserves (Note 27) RM	Distributable retained earnings (Note 28) RM	Total equity RM
At 1 January 2009		60,023,490	23,960	807,113	9,833,465	70,688,028
Total comprehensive income		-	-	24,288,652	12,417,493	36,706,145
Dividend	29	-	-	-	(2,250,881)	(2,250,881)
At 31 December 2009		60,023,490	23,960	25,095,765	20,000,077	105,143,292
At 1 January 2010		60,023,490	23,960	25,095,765	20,000,077	105,143,292
Total comprehensive income		-	-	(5,554,195)	10,345,137	4,790,942
Dividend	29	-	-	-	(3,151,233)	(3,151,233)
At 31 December 2010		60,023,490	23,960	19,541,570	27,193,981	106,783,001

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



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Share capital (Note26) RM	Non-Distributable Share premium RM	Other reserves (Note27) RM	Distributable Retained earnings (Note28) RM	Total equity RM
At 1 January 2009		60,023,490	23,960	2,497,749	3,709,975	66,255,174
Total comprehensive income				11,620,881	3,855,093	15,475,974
Dividend	29	-	-	-	(2,250,881)	(2,250,881)
At 31 December 2009		60,023,490	23,960	14,118,630	5,314,187	79,480,267
At 1 January 2010		60,023,490	23,960	14,118,630	5,314,187	79,480,267
Total comprehensive income					3,128,341	3,128,341
Dividend	29	-	-	-	(3,151,233)	(3,151,233)
At 31 December 2010		60,023,490	23,960	14,118,630	5,291,295	79,457,375

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



CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 RM	2009 RM
Cashflows from operating activities			
Receipts from customers		187,596,937	147,108,795
Payments to suppliers		(171,217,889)	(129,673,311)
Cash generated from operations		16,379,048	17,435,484
Interest paid		(1,269,552)	(1,639,110)
Income tax paid		(2,468,810)	(838,492)
Net cash generated from operating activities		12,640,686	14,957,882
Cashflows from investing activities			
Purchase of property, plant and equipment	11	(21,074,276)	(4,456,968)
Purchase of intangible asset	14	(23,980)	(26,525)
Proceeds from disposal of property, plant and equipment		603,633	106,000
Interest received		27,629	101,229
Net cash used in investing activities		(20,466,994)	(4,276,264)
Cashflows from financing activities			
Drawdown/(repayment) of bank borrowings		6,266,274	(3,808,777)
Inter-company receipts/(advances)		3,681,479	(3,489,399)
Dividends paid		(3,151,233)	(2,250,881)
Net cash generated from/(used in) financing activities		6,796,520	(9,549,057)
Net (decrease)/increase in cash and cash equivalents		(1,029,788)	1,132,561
Effect of foreign exchange rate changes		(437,525)	847,518
Cash and cash equivalents at beginning of year		4,938,572	2,958,493
Cash and cash equivalents at end of year		3,471,259	4,938,572

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



STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 RM	2009 RM
Cashflows from operating activities			
Receipts from customers		67,818,224	57,067,084
Payments to suppliers		(63,294,746)	(50,307,721)
Cash generated from/(used in) operations		4,523,478	6,759,363
Income tax paid		(1,901,204)	(257,628)
Net cash generated from operating activities		2,622,274	6,501,735
Cashflows from investing activities			
Additional investments in a subsidiary company	15	(4,612,950)	-
Proceeds from disposal of property, plant and equipment		172,700	106,000
Acquisition of property, plant and equipment	11	(2,758,635)	(836,246)
Acquisition of intangible asset	14	-	(13,098)
Interest received		10,061	41,470
Net cash used in investing activities		(7,188,824)	(701,874)
Cashflows from financing activities			
Inter-company receipts/(repayment)		7,892,340	(4,070,954)
Dividends paid		(3,151,233)	(2,250,881)
Net cash used in financing activities		4,741,107	(6,321,835)
Net decrease in cash and cash equivalents		174,557	(521,974)
Cash and cash equivalents at beginning of year		1,927,990	2,449,964
Cash and cash equivalents at end of year		2,102,547	1,927,990

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



NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2010

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad. 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 and its subsidiary companies include the manufacture and distribution of paper boxes, cartons, general paper and board printing and investment holding. 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 25 February 2011.

2. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of and Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in Accounting Policies (contd.)

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 34 to the financial statements.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 36).

The revised FRS 101 was adopted retrospectively by the Group and the Company.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in Accounting Policies (contd.)

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The adoption of this Standard does not have significant impact on the financial statements of the Group and the Company.

2.3 Standards Issued but Not Yet Effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 2, Group Cash-settled Share-based Payment Transactions	1 January 2011
IC Interpretation 4, Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18, Transfers of Assets from Customers Improvements to FRSs (2010)	1 January 2011
Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124, Related Party Disclosures (revised)	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

The directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination 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 business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Foreign Currency

(a) 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.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Foreign Currency (contd.)

(b) Foreign currency transactions (contd.)

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.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

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 reporting date.

2.6 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Leasehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.6 Property, Plant and Equipment (contd.)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	%
Leasehold land and buildings	1 2/3 - 2 1/3
Plant, machinery and equipment	6 2/3 - 10
Furniture and fittings	6 2/3 - 10
Office equipment	6 2/3 - 50
Motor vehicles	10 - 20
Others	10

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 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 26 years.

Investment properties are derecognised when either they have been disposed off 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.

2.8 Intangible Assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated 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 are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.9 Land Use Rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.10 Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.11 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.12 Financial Assets (contd.)

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.12 Financial Assets (contd.)

(d) Available-for-sale financial assets (contd.)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.13 Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.13 Impairment of Financial Assets (contd.)

(a) Trade and other receivables and other financial assets carried at amortised cost (contd.)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.14 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.18 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.19 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.20 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.

(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'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.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.20 Employee Benefits (contd.)

(iii) Defined benefit plans (contd.)

The amount recognised in the statement of financial position 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.

2.21 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(b).

2.22 Revenue

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. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue is recognised net of taxes and upon the transfer of significant risk and rewards of ownership of the goods to the customer. 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.

(b) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.22 Revenue (contd.)

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

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

2.23 Income Taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.23 Income Taxes (contd.)

(b) Deferred tax (contd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.25 Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements Made in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

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.

3.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date 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.

(a) 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.

(b) Provision for solid waste disposal

The Group and the Company have to dispose off solid waste in accordance with the environmental requirements. The Group and the Company recognise the provision for liabilities associated with solid waste disposal in accordance with the accounting policy stated in Note 2.16. The estimation of solid waste is based on service provider's price quotation. The best estimate of the provision at 31 December 2010 is RM91,656 (2009: RM76,767). Further details are given in Note 21.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTD.)

3.2 Key Sources of Estimation Uncertainty (contd.)

(c) 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 16 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.

(d) Defined benefit plan

The cost of defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of this plan, such estimates are subject to significant uncertainty. The net retirement benefit obligations of the Group and the Company as at 31 December 2010 is RM674,795 (2009: RM499,055) respectively. Further details are provided in Note 23.

4. REVENUE

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

5. FINANCE COSTS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Interest expense on term loans and bills payable/ trust receipt	(1,269,552)	(1,639,110)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

6 PROFIT BEFORE TAX

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Amortisation of intangible asset (Note 14)	19,343	81,781	6,550	65,835
Amortisation of land use rights (Note 12)	101,873	121,540	-	-
Auditors' remuneration:				
- statutory audit	66,839	55,665	40,000	40,000
- underprovision of audit fee in prior year	6,595	-	6,043	-
Depreciation of property, plant and equipment (Note 11)	6,357,704	4,829,004	1,899,553	1,403,069
Depreciation of investment property (Note 13)	227,134	227,138	227,134	227,138
Allowance for doubtful debts	-	646,350	-	790,816
Reversal of allowance for doubtful debts	(514,953)	(3,750)	(13,263)	-
Employee benefits expense (Note 7)	14,059,047	11,812,599	7,704,977	6,641,521
Non-executive directors' fees remuneration (Note 8)	105,000	105,000	105,000	105,000
Foreign exchange loss/(gain):				
- realised	1,331,528	2,478,715	25,463	(44,489)
- unrealised	908,194	956,932	501,010	142,135
Inventories written off	81,176	18,759	81,176	18,759
Inventories written down	(46,983)	230,440	(46,983)	8,779
Provision for solid waste disposal (Note 21)	259,923	297,779	259,923	297,779
Operating leases:				
- minimum lease payments for land and buildings	60,000	60,000	60,000	60,000
- minimum lease payments for motor vehicles	315,268	276,418	-	-
Gain on disposal of property, plant and equipment	(139,951)	(51,502)	(139,951)	(106,000)
Property, plant and equipment written off	-	8,400	-	-
Interest income	(27,629)	(101,229)	(10,061)	(41,470)
Rental income from investment property	(561,132)	(472,842)	(561,132)	(472,842)

7 EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Wages and salaries	11,831,135	9,704,083	6,620,915	5,584,691
Social security contributions	128,725	89,841	52,775	47,175
Contributions to defined contribution plan	721,465	795,492	488,396	475,501
Increase in liability for defined benefit plan (Note 23)	175,740	173,829	175,740	173,829
Other benefits	1,201,982	1,049,354	367,151	360,325
	14,059,047	11,812,599	7,704,977	6,641,521

Included in employee benefits expense of the Group and of the Company are present and past executive directors' remuneration as disclosed in Note 8.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

8 DIRECTORS' REMUNERATION

	Group/Company	
	2010	2009
	RM	RM
Directors of the Company		
Executive:		
Salaries and other emoluments	1,097,764	1,059,264
Fees	100,000	100,000
Bonus	124,696	58,848
Pension cost:		
- defined contribution plan	104,532	99,072
	1,426,992	1,317,184
Non-executive (Note 6):		
Fees	105,000	105,000
	1,531,992	1,422,184
Analysis:		
Total executive directors' remuneration	1,426,992	1,317,184
Total non-executive directors' remuneration	105,000	105,000
	1,531,992	1,422,184
Total directors' remuneration	1,531,992	1,422,184

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

	Number of Directors	
	2010	2009
Executive directors:-		
Below RM250,000	1	1
RM250,001 - RM300,000	2	2
RM800,001 - RM850,000	2	2
Non Executive directors:		
Below RM50,000	4	4

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

9 INCOME TAX

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Income tax:				
- Malaysian income tax	1,634,990	2,140,993	976,093	1,345,409
- (Over)/under provision in prior year	(58,821)	11,085	(58,821)	11,085
	<hr/> 1,576,169	<hr/> 2,152,078	<hr/> 917,272	<hr/> 1,356,494
Deferred tax (Note 25):				
- Relating to origination and reversal of temporary differences	(404,136)	460,162	(306,845)	460,162
- Under/(over) provision in prior year	144,269	(28,947)	144,269	(28,947)
	<hr/> (259,867)	<hr/> 431,215	<hr/> (162,576)	<hr/> 431,215
Total income tax	<hr/> <hr/> 1,316,302	<hr/> <hr/> 2,583,293	<hr/> <hr/> 754,696	<hr/> <hr/> 1,787,709

Domestic current income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

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 the subsidiary company in Vietnam was 7.5% (2009: 7.5%).

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	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before tax	11,661,439	15,000,786	3,883,037	5,642,802
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	2,915,360	3,750,197	970,759	1,410,701
Income not subject to tax	-	(926)	-	-
Different tax rates in other countries	(1,391,322)	(1,506,886)	-	-
Effect of expenses not deductible for tax purposes	11,504	346,942	3,324	394,870
Utilisation of current year reinvestment allowance	(304,835)	-	(304,835)	-
Deferred tax assets not recognised during the financial year	147	11,828	-	-
(Over)/under provision of tax expense in prior year	(58,821)	11,085	(58,821)	11,085
Under/(over) provision of deferred tax in prior year	144,269	(28,947)	144,269	(28,947)
	<hr/> 1,316,302	<hr/> 2,583,293	<hr/> 754,696	<hr/> 1,787,709

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

10 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per ordinary share is calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2010	2009
Profit for the year attributable to owners of the parent (RM)	10,345,137	12,417,493
Weighted average number of ordinary shares in issue	60,023,490	60,023,490
	<hr/>	<hr/>
Basic earnings per share (sen)	17.24	20.69
	<hr/>	<hr/>

(b) Diluted earnings per share

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

11 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM	Leasehold buildings RM	Plant, machinery and equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Others RM	Total RM
At 31 December 2010							
Cost / valuation							
At 1 January 2010	18,234,336	43,700,998	62,598,857	1,822,472	1,360,042	2,910,332	130,627,037
Additions	-	870,231	18,159,628	99,981	311,098	1,633,338	21,074,276
Disposals	-	(44,618)	(412,861)	(6,593)	(216,552)	(304,512)	(985,136)
Write off	-	-	(3,978,052)	(3,278)	-	-	(3,981,330)
Exchange differences	-	(2,072,180)	(4,916,825)	(71,557)	(24,902)	(418,686)	(7,504,150)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2010	18,234,336	42,454,431	71,450,747	1,841,025	1,429,686	3,820,472	139,230,697
Accumulated depreciation							
At 1 January 2010	1,434,336	4,200,998	38,152,202	1,393,490	781,492	2,034,785	47,997,303
Charge for the year (Note 6)	258,462	1,106,943	3,291,300	142,906	216,639	1,341,454	6,357,704
Disposals	-	-	(321,651)	-	(199,803)	-	(521,454)
Write off	-	-	(3,978,052)	(3,278)	-	-	(3,981,330)
Exchange differences	-	(182,384)	(1,020,930)	(23,465)	(10,323)	(291,860)	(1,528,962)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2010	1,692,798	5,125,557	36,122,869	1,509,653	788,005	3,084,379	48,323,261

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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11 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	Leasehold land RM	Leasehold buildings RM	Plant, machinery and equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Others RM	Total RM
At 31 December 2010							
Net carrying amount							
At 31 December 2010	16,541,538	37,328,874	35,327,878	331,372	641,681	736,093	90,907,436
Analysis of cost							
At valuation	18,234,336	42,454,431	-	-	-	-	60,688,767
At cost	-	-	71,450,747	1,841,025	1,429,686	3,820,472	78,541,930
	18,234,336	42,454,431	71,450,747	1,841,025	1,429,686	3,820,472	139,230,697
Analysis of net carrying amount							
At valuation	16,541,538	37,328,874	-	-	-	-	53,870,412
At cost	-	-	35,327,878	331,372	641,681	736,093	37,037,024
	16,541,538	37,328,874	35,327,878	331,372	641,681	736,093	90,907,436

Group	Leasehold land RM	Leasehold buildings RM	Plant, machinery and equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Others RM	Total RM
At 31 December 2009							
Cost / valuation							
At 1 January 2009	7,259,868	23,937,497	62,925,297	1,778,707	1,409,917	1,849,201	99,160,487
Additions	-	751,100	1,789,707	148,253	492,000	1,275,908	4,456,968
Revaluation surplus	10,974,468	19,985,135	-	-	-	-	30,959,603
Disposals	-	-	(1,285)	(3,224)	(530,000)	(49,989)	(584,498)
Write off	-	-	(32,835)	(16,800)	-	(5,900)	(55,535)
Transfer to intercompanies	-	-	(174,203)	(49,733)	-	-	(223,936)
Exchange differences	-	(972,734)	(1,907,824)	(34,731)	(11,875)	(158,888)	(3,086,052)
At 31 December 2009	18,234,336	43,700,998	62,598,857	1,822,472	1,360,042	2,910,332	130,627,037

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

11 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	Leasehold land	Leasehold buildings	Plant, machinery and equipment	Furniture, fittings and office equipment	Motor vehicles	Others	Total
At 31 December 2009							
Accumulated depreciation							
At 1 January 2009	1,344,712	3,689,268	35,913,770	1,346,774	1,125,155	1,234,834	44,654,513
Charge for the year (Note 6)	89,624	601,373	2,908,124	114,567	191,010	924,306	4,829,004
Disposals	-	-	-	-	(530,000)	-	(530,000)
Write off	-	-	(32,835)	(8,400)	-	(5,900)	(47,135)
Transfer to intercompanies	-	-	(174,203)	(49,733)	-	-	(223,936)
Exchange differences	-	(89,643)	(462,654)	(9,718)	(4,673)	(118,455)	(685,143)
At 31 December 2009	1,434,336	4,200,998	38,152,202	1,393,490	781,492	2,034,785	47,997,303
Net carrying amount							
At 31 December 2009	16,800,000	39,500,000	24,446,655	428,982	578,550	875,547	82,629,734
Analysis of cost							
At valuation	18,234,336	43,700,998	-	-	-	-	61,935,334
At cost	-	-	62,598,857	1,822,472	1,360,042	2,910,332	68,691,703
	18,234,336	43,700,998	62,598,857	1,822,472	1,360,042	2,910,332	130,627,037
Analysis of net carrying amount							
At valuation	16,800,000	39,500,000	-	-	-	-	56,300,000
At cost	-	-	24,446,655	428,982	578,550	875,547	26,329,734
	16,800,000	39,500,000	24,446,655	428,982	578,550	875,547	82,629,734

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

11 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company	Leasehold land RM	Leasehold buildings RM	Plant, machinery and equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Others RM	Total RM
At 31 December 2010							
Cost / valuation							
At 1 January 2010	18,234,336	14,192,800	35,358,081	1,375,772	1,189,751	417,271	70,768,011
Additions	-	-	2,378,008	69,528	311,099	-	2,758,635
Disposal	-	-	(287,511)	-	(216,552)	-	(504,063)
Write off	-	-	(3,978,052)	(3,278)	-	-	(3,981,330)
At 31 December 2010	18,234,336	14,192,800	33,470,526	1,442,022	1,284,298	417,271	69,041,253
Accumulated depreciation							
At 1 January 2010	1,434,336	3,092,800	31,619,885	1,253,682	716,822	374,620	38,492,145
Charge for the year (Note 6)	258,462	336,364	1,006,284	85,380	201,232	11,831	1,899,553
Disposal	-	-	(271,511)	-	(199,803)	-	(471,314)
Write off	-	-	(3,978,052)	(3,278)	-	-	(3,981,330)
At 31 December 2010	1,692,798	3,429,164	28,376,606	1,335,784	718,251	386,451	35,939,054
Net carrying amount							
At 31 December 2010	16,541,538	10,763,636	5,093,920	106,238	566,047	30,820	33,102,199
Analysis of cost							
At valuation	18,234,336	14,192,800	-	-	-	-	32,427,136
At cost	-	-	33,470,526	1,442,022	1,284,298	417,271	36,614,117
	18,234,336	14,192,800	33,470,526	1,442,022	1,284,298	417,271	69,041,253
Analysis of net carrying amount							
At valuation	16,541,538	10,763,636	-	-	-	-	27,305,174
At cost	-	-	5,093,920	106,238	566,047	30,820	5,797,025
	16,541,538	10,763,636	5,093,920	106,238	566,047	30,820	33,102,199

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

11 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company	Leasehold land RM	Leasehold buildings RM	Plant, machinery and equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Others RM	Total RM
At 31 December 2009							
Cost / valuation							
At 1 January 2009	7,259,868	9,672,760	34,879,741	1,320,414	1,227,751	423,171	54,783,705
Additions	-	-	314,340	29,906	492,000	-	836,246
Surplus on revaluation	10,974,468	4,520,040	-	-	-	-	15,494,508
Transfer from a subsidiary	-	-	196,835	25,452	-	-	222,287
Disposal	-	-	-	-	(530,000)	-	(530,000)
Write off	-	-	(32,835)	-	-	(5,900)	(38,735)
At 31 December 2009	18,234,336	14,192,800	35,358,081	1,375,772	1,189,751	417,271	70,768,011
Accumulated depreciation							
At 1 January 2009	1,344,712	2,899,345	30,786,439	1,187,663	1,074,194	365,458	37,657,811
Charge for the year (Note 6)	89,624	193,455	866,281	66,019	172,628	15,062	1,403,069
Disposal	-	-	-	-	(530,000)	-	(530,000)
Write off	-	-	(32,835)	-	-	(5,900)	(38,735)
At 31 December 2009	1,434,336	3,092,800	31,619,885	1,253,682	716,822	374,620	38,492,145
Net carrying amount							
At 31 December 2009	16,800,000	11,100,000	3,738,196	122,090	472,929	42,651	32,275,866
Analysis of cost							
At valuation	18,234,336	14,192,800	-	-	-	-	32,427,136
At cost	-	-	35,358,081	1,375,772	1,189,751	417,271	38,340,875
	18,234,336	14,192,800	35,358,081	1,375,772	1,189,751	417,271	70,768,011
Analysis of net carrying amount							
At valuation	16,800,000	11,100,000	-	-	-	-	27,900,000
At cost	-	-	3,738,196	122,090	472,929	42,651	4,375,866
	16,800,000	11,100,000	3,738,196	122,090	472,929	42,651	32,275,866

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

11 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Leasehold land and buildings were revalued on 31 December 2009 by CB Richard Ellis (Malaysia) Sdn. Bhd., an independent professional valuer. Fair values of land are determined by reference to similar industrial lands which have been of land sold or are being offered for sale, adjusting for the necessary factors which affect the values. Fair values of buildings are determined using depreciated replacement cost method.

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

	Group/Company	
	2010	2009
	RM	RM
Leasehold buildings		
Cost	8,796,689	8,796,689
Accumulated depreciation	(2,991,690)	(2,815,756)
Net carrying amount	5,804,999	5,980,933
Leasehold land		
Cost	4,909,169	4,909,169
Accumulated depreciation	(1,286,341)	(1,110,407)
Net carrying amount	3,622,828	3,798,762

12 LAND USE RIGHTS

	Group	
	2010	2009
	RM	RM
Cost		
At 1 January	4,613,250	4,934,951
Exchange differences	(674,578)	(321,701)
At 31 December	3,938,672	4,613,250
Accumulated amortisation		
At 1 January	266,054	164,147
Charge for the year (Note 6)	101,873	121,540
Exchange differences	(44,635)	(19,633)
At 31 December	323,292	266,054
Net carrying amount	3,615,380	4,347,196
Amount to be amortised:		
- Not later than 1 year	101,873	121,540
- Later than 1 year but not later 5 years	407,492	486,160
- Later than 5 years	3,106,015	3,739,496
	3,615,380	4,347,196



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

13 INVESTMENT PROPERTY

	Group/Company	
	2010	2009
	RM	RM
Cost		
At 1 January/31 December	9,901,336	9,901,336
Accumulated depreciation		
At 1 January	3,060,300	2,833,162
Depreciation charge for the year (Note 6)	227,134	227,138
At 31 December	3,287,434	3,060,300
Net carrying amount	6,613,902	6,841,036

Representing investment property held under lease term :

	Group/Company	
	2010	2009
	RM	RM
Leasehold land (finance lease)	3,894,973	3,955,829
Building	2,718,929	2,885,207
	6,613,902	6,841,036

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

The above leasehold land and 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 estimated market value of the investment properties as at 31 December 2010 is approximately RM22,230,000. The market value for the year was obtained from observable market information, determined by reference to similar industrial lands which have been sold or are being offered for sale. No independent valuation by professional valuer has been performed on these investment properties.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

14 INTANGIBLE ASSET

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Computer software				
Cost				
At 1 January	657,502	683,761	596,563	583,465
Additions	23,980	26,525	-	13,098
Write off	-	(40,271)	-	-
Transfer to inter companies	-	(9,200)	-	-
Exchange differences	(10,699)	(3,313)	-	-
At 31 December	670,783	657,502	596,563	596,563
Accumulated amortisation				
At 1 January	638,792	610,025	590,013	524,178
Charge for the year (Note 6)	19,343	81,781	6,550	65,835
Write off	-	(40,271)	-	-
Transfer to inter companies	-	(9,200)	-	-
Exchange differences	(7,879)	(3,543)	-	-
At 31 December	650,256	638,792	596,563	590,013
Net carrying amount				
At 31 December	20,527	18,710	-	6,550

15 INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2010 RM	2009 RM
Unquoted shares at cost:-		
Outside Malaysia		
At 1 January	23,133,415	23,133,415
Subscription of additional shares	4,612,950	-
At 31 December	27,746,365	23,133,415
In Malaysia		
	1,000,000	1,000,000
	28,746,365	24,133,415
Less: Accumulated impairment losses	(1,000,000)	(1,000,000)
	27,746,365	23,133,415

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

15 INVESTMENT IN SUBSIDIARY COMPANIES (CONTD.)

Notes:

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

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2010 %	2009 %
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

16 OTHER INVESTMENT

	Group/Company	
	2010 RM	2009 RM
Golf club membership	90,000	90,000

17 INVENTORIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At cost:-				
Raw materials	23,627,200	18,109,127	6,982,708	8,427,850
Work-in-progress	1,366,022	834,041	319,863	221,865
Finished goods	2,843,588	1,572,612	603,861	378,414
	27,836,810	20,515,780	7,906,432	9,028,129

Cost of goods sold of the Group and of the Company amounted to RM168,969,147 (2009: RM128,115,440) and RM60,149,480 (2009: RM47,723,789) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

18 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current				
Trade receivables				
Third parties	44,992,537	37,077,281	17,763,252	16,141,639
Amount due from related companies	481,269	109,192	404,452	83,300
	45,473,806	37,186,473	18,167,704	16,224,939
Less: Allowance for impairment				
Third parties	(1,004,914)	(1,519,867)	(131,046)	(131,046)
Trade receivables, net	44,468,892	35,666,606	18,036,658	16,093,893
Others receivables				
Other receivables	1,104,463	581,551	317,089	458,830
Deposits	1,631,880	2,697,994	26,490	25,290
VAT recoverable	1,273,749	-	-	-
Amount due from subsidiaries	-	-	5,834,746	10,366,759
Less: Allowance for impairment	-	-	(1,429,044)	(1,442,307)
	4,010,092	3,279,545	4,749,281	9,408,572
Total trade and other receivables	48,478,984	38,946,151	22,785,939	25,502,465
Add: Cash and bank balances (Note 20)	3,471,259	4,938,572	2,102,547	1,927,990
Total loans and receivables	51,950,243	43,884,723	24,888,486	27,430,455

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

18 TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2009: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Neither past due nor impaired	40,422,533	33,023,988	14,142,842	13,479,389
1 to 30 days past due not impaired	2,905,915	1,975,375	2,753,373	1,947,261
31 to 60 days past due not impaired	617,149	493,727	617,149	493,726
61 to 90 days past due not impaired	396,110	113,186	396,110	113,186
91 to 120 days past due not impaired	118,407	60,330	118,406	60,331
More than 121 days past due not impaired	8,778	-	8,778	-
	4,046,359	2,642,618	3,893,816	2,614,504
Impaired	1,004,914	1,519,867	131,046	131,046
	45,473,806	37,186,473	18,167,704	16,224,939

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the Group's and Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group and the Company has trade receivables amounting to RM4,046,359 (2009: RM2,642,618) and RM3,893,816 (2009: RM2,614,504) respectively that are past due at the reporting date but not impaired.

Receivables that are impaired

The Group's and the Company's trade receivables and the amounts that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

18 TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade Receivables (contd.)

	Individually impaired		Total	
	2010 RM	2009 RM	2010 RM	2009 RM
Group				
Trade receivables				
- nominal amounts	1,004,914	1,519,867	1,004,914	1,519,867
Less: Allowance for impairment	(1,004,914)	(1,519,867)	(1,004,914)	(1,519,867)
	-	-	-	-
Company				
Trade receivables				
- nominal amounts	131,046	131,046	131,046	131,046
Less: Allowance for impairment	(131,046)	(131,046)	(131,046)	(131,046)
	-	-	-	-
Movement in allowance accounts:				
	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At 1 January	1,519,867	2,162,467	131,046	131,046
Charge for the year (Note 6)	-	(646,350)	-	-
Reversal of impairment losses	(2,524,781)	3,750	-	-
At 31 December	1,004,914	1,519,867	131,046	131,046

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

18 TRADE AND OTHER RECEIVABLES (CONTD.)

(b) Other receivables

Movement in allowance accounts:

	Company	
	2010 RM	2009 RM
At 1 January	1,442,307	651,491
Charge for the year (Note 6)	-	790,816
Reversal of impairment losses (Note 6)	(13,263)	-
At 31 December	1,429,044	1,442,307

(c) Holding company and related party balances

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.”

Amounts due from related companies and subsidiaries and amount due to holding company are unsecured, non-interest bearing and are repayable upon demand.

Further details on related party transactions are disclosed in Note 30.

19 OTHER CURRENT ASSET

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Prepayments	676,838	818,595	92,575	24,225

20 CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash on hand and at banks	3,437,832	3,904,805	2,069,120	894,223
Deposits with:				
Licensed banks	33,427	32,643	33,427	32,643
Other financial institution	-	1,001,124	-	1,001,124
	3,471,259	4,938,572	2,102,547	1,927,990

Other financial institution is a building society in Malaysia.

Other information on financial risks of cash and cash equivalents are disclosed in Note 35.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

21 PROVISION FOR SOLID WASTE DISPOSAL

	Group/Company	
	2010	2009
	RM	RM
At 1 January	76,767	110,105
Additional provision during the year (Note 6)	259,923	297,779
Utilisation of provision during the year	(245,034)	(331,117)
	<hr/>	<hr/>
At 31 December	91,656	76,767

The Group and the Company have to dispose off solid waste in accordance with environmental requirements. A provision has been made for estimated solid waste disposal cost based on service provider's price quotation.

22 TRADE AND OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current				
Trade payables				
Third parties	26,407,941	14,262,050	5,833,564	5,788,858
	<hr/>	<hr/>	<hr/>	<hr/>
Other payables				
Other payables	2,458,139	1,893,576	546,961	692,440
Value added tax payable	-	144,531	-	-
Accruals	4,342,523	4,968,667	3,062,580	4,054,232
	<hr/>	<hr/>	<hr/>	<hr/>
	6,800,662	7,006,774	3,609,541	4,746,672
	<hr/>	<hr/>	<hr/>	<hr/>
	33,208,603	21,268,824	9,443,105	10,535,530
	<hr/>	<hr/>	<hr/>	<hr/>
Total trade and other payables	33,208,603	21,268,824	9,443,105	10,535,530
Add: Loan and borrowings (Note 24)	28,811,451	22,545,177	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities carried at amortised cost	62,020,054	43,814,001	9,443,105	10,535,530

(a) Trade Payables

These amounts are non-interest bearing. Trade payables are normally settled on 60 to 90 days (2009: 60 to 90 days) terms.

(b) Other Payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of six months (2009: average term of six months).



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

23 RETIREMENT BENEFIT OBLIGATIONS

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

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

	Group/Company	
	2010	2009
	RM	RM
Present value of unfunded defined benefit obligations	570,978	476,723
Unrecognised actuarial loss	103,817	22,332
	674,795	499,055

	Group/Company	
	2010	2009
	RM	RM
Not later than 1 year	112,520	-
Later than 1 year and not later than 2 years	319,579	100,729
Later than 2 years and not later than 5 years	249,524	453,808
Later than 5 years	(6,828)	(55,482)
	674,795	499,055

Included in provision for retirement benefit are amounts payable to directors of RM403,861 (2009: RM380,011) for the Group and RM403,861 (2009: RM380,011) for the Company.

	Group/Company	
	2010	2009
	RM	RM
Representing:		
Current	112,520	-
Non current	562,275	499,055
	674,795	499,055

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

23 RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

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

	Group/Company	
	2010	2009
	RM	RM
At 1 January	476,723	390,272
Current service cost	41,897	39,453
Interest cost	52,358	46,998
	<hr/>	<hr/>
At 31 December	570,978	476,723
	<hr/>	<hr/>

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

	Group/Company	
	2010	2009
	RM	RM
Current service cost	41,897	39,453
Interest cost	52,358	46,998
Actuarial loss recognised	81,485	87,378
	<hr/>	<hr/>
Total, included in employees benefit expense (Note 7)	175,740	173,829
	<hr/>	<hr/>

	2010	2009
	%	%
Principal actuarial assumptions used:-		
Discount rate	6	6
Expected rate of salary increases	5	5
	<hr/>	<hr/>

24 BORROWINGS

	Group	
	2010	2009
	RM	RM
Short term borrowings		
Unsecured:		
Bills payable/trust receipt	10,948,772	7,115,981
Term loans	7,137,087	5,584,108
	<hr/>	<hr/>
	18,085,859	12,700,089
	<hr/>	<hr/>



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

24 BORROWINGS (CONTD.)

	Group	
	2010 RM	2009 RM
Long term borrowings		
Unsecured:		
Term loans	10,725,592	9,845,088
Total borrowings		
Bills payable/trust receipt	10,948,772	7,115,981
Term loans	17,862,679	15,429,196
	28,811,451	22,545,177

Details of the term loans are as follow:-

Loan	Repayment Term
Type 1 cost of fund + 0.4% Aug-08	17 quarterly instalments after 12 months of drawdown
Type 2 cost of fund + 0.4% Jun-09	16 quarterly instalments after 15 months of drawdown

The term loans are secured by a corporate guarantee given by the Company to a bank for credit facilities granted to its subsidiary as disclosed in Note 33.

Other information on financial risks of borrowings are disclosed in Note 35.

The remaining maturities of the loans and borrowings as at 31 December 2010 are as follows:

	Group	
	2010 RM	2009 RM
On demand or within one year	18,085,859	12,700,088
More than 1 year and less than 2 years	9,123,832	7,862,569
More than 2 year and less than 5 years	1,601,760	1,982,520
	28,811,451	22,545,177

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

25 DEFERRED TAX LIABILITIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At 1 January	6,587,954	1,123,230	5,428,072	1,123,230
Recognised in profit or loss	(259,867)	431,215	(162,576)	431,215
Recognised in other comprehensive income (Note 27)	-	5,033,509	-	3,873,627
At 31 December	6,328,087	6,587,954	5,265,496	5,428,072

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 and buildings RM	Total RM
At 1 January 2009	1,114,734	646,441	1,761,175
Recognised in profit or loss	(31,460)	(8,303)	(39,763)
Recognised in other comprehensive income	-	5,033,509	5,033,509
At 31 December 2009	1,083,274	5,671,647	6,754,921
Recognised in profit or loss	31,485	(141,454)	(109,969)
At 31 December 2010	1,114,759	5,530,193	6,644,952

Deferred tax assets of the Group:

	Unutilised reinvestment allowances RM	Unutilised capital allowances RM	Provisions RM	Others RM	Total RM
At 1 January 2009	(377,461)	(224,895)	(108,832)	73,243	(637,945)
Recognised in profit or loss	377,461	224,895	(35,124)	(96,254)	470,978
At 31 December 2009	-	-	(143,956)	(23,011)	(166,967)
Recognised in profit or loss	-	-	(47,656)	(102,242)	(149,898)
At 31 December 2010	-	-	(191,612)	(125,253)	(316,865)



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

25 DEFERRED TAX LIABILITIES (CONTD.)

Deferred tax liabilities of the Company:

	Capital allowance and depreciation differences RM	Revaluation of leasehold land and buildings RM	Total RM
At 1 January 2009	1,082,165	646,441	1,728,606
Recognised in profit or loss	1,109	(8,303)	(7,194)
Recognised in other comprehensive income	-	3,873,627	3,873,627
At 31 December 2009	1,083,274	4,511,765	5,595,039
Recognised in profit or loss	31,485	(44,163)	(12,678)
At 31 December 2010	1,114,759	4,467,602	5,582,361

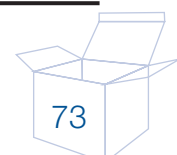
Deferred tax assets of the Company:

	Unutilised reinvestment allowances RM	Unutilised capital allowances RM	Provisions RM	Others RM	Total RM
At 1 January 2009	(377,461)	(192,326)	(108,832)	73,243	(605,376)
Recognised in profit or loss	377,461	192,326	(35,124)	(96,254)	438,409
At 31 December 2009	-	-	(143,956)	(23,011)	(166,967)
Recognised in profit or loss	-	-	(47,656)	(102,242)	(149,898)
At 31 December 2010	-	-	(191,612)	(125,253)	(316,865)

The Company 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.

Deferred tax assets of a dormant subsidiary of the Group have not been recognised in respect of the following items:

	2010 RM	Group 2009 RM
Unabsorbed tax losses	1,714,115	1,713,529
Unutilised capital allowances	342,245	342,245
	2,056,360	2,055,774



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

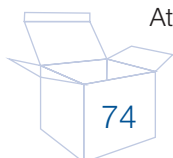
26 SHARE CAPITAL

Group/Company	Number of ordinary shares of RM 1.00 each		Amount	
	2010	2009	2010 RM	2009 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

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

27 OTHER RESERVES

Group	Revaluation reserve RM	Foreign currency translation reserve RM	Total RM
At 1 January 2009	2,497,749	(1,690,636)	807,113
Foreign currency translation	-	(1,637,442)	(1,637,442)
Surplus on revaluation	30,959,603	-	30,959,603
Deferred tax (Note 25)	(5,033,509)	-	(5,033,509)
At 31 December 2009	28,423,843	(3,328,078)	25,095,765
At 1 January 2010	28,423,843	(3,328,078)	25,095,765
Foreign currency translation	-	(5,554,195)	(5,554,195)
At 31 December 2010	28,423,843	(8,882,273)	19,541,570
Company		2010 RM	2009 RM
Revaluation reserve			
At 1 January		14,118,630	2,497,749
Revaluation surplus from leasehold land		-	10,974,468
Revaluation surplus from leasehold building		-	4,520,040
Deferred tax (Note 25)		-	(3,873,627)
At 31 December		14,118,630	14,118,630



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

27 OTHER RESERVES (CONTD.)

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.

(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.

28 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 Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 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 Section 108 balance. Accordingly, during the transitional period, the Company may utilise the tax credit in the Section 108 balance as at 31 December 2010 and 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2010 and 2009, the Company has sufficient tax credit in the Section 108 balance to pay franked dividends out of its entire retained earnings.

As at 31 December 2010, the Company has tax exempt profits available for distribution as dividend of approximately RM4,452,000 (2009: RM3,233,000), subject to the agreement of the Inland Revenue Board.

29 DIVIDENDS

(i) Paid and proposed dividends

	2010 Sen	2009 Sen
Final dividend of 5% less 25% of taxation	-	3.75
Final dividend of 7% less 25% of taxation	5.25	-
	5.25	3.75

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

29 DIVIDENDS (CONTD.)

(ii) Dividends accounted for in the financial statements

	2010 RM	2009 RM
Dividend payments		
- Final dividend proposed in 2008 paid in 2009	-	2,250,881
- Final dividend proposed in 2009 paid in 2010	3,151,233	-
	3,151,233	2,250,881

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2010 of 7% less tax of 25% (7 sen per share) amounting to RM3,151,233 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 2011.

30 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	
	2010 RM	2009 RM	2010 RM	2009 RM
Sales to holding company	(110,085)	(64,489)	(110,085)	(64,489)
Sales to related companies	(3,387,568)	(2,849,571)	(2,798,714)	(2,552,205)
Rental received from related company	-	(53,086)	-	(53,086)
Rental paid/payable to holding company	60,000	60,000	60,000	60,000

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

Related companies

Kian Joo Can Factory Berhad
Federal Metal Printing Factory Sdn. Bhd.
Kian Joo Canpack Sdn. Bhd.
Metal-Pak (Malaysia) Sdn. Bhd.
Kian Joo Packaging Sdn. Bhd.
Kian Joo Can (Johore) Sdn. Bhd.
Kian Joo Can (Vietnam) Co. Ltd.

Relationship

Holding company
Subsidiary of the holding company
Subsidiary of the holding company
Subsidiary of the holding company
Subsidiary of the holding company
Subsidiary of the holding company
Subsidiary of the holding company



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

30 RELATED PARTY DISCLOSURES (CONTD.)

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

(i) Nature of transaction	Identity of related party	2010 RM	2009 RM
Sales of trading inventories	Kian Joo-Visypak Sdn. Bhd. ("KJV")	298,086	189,000

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 Ilni Tuanku Almarhum 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	2010 RM	2009 RM
Sales of trading inventories	(i) Hercules Sdn. Bhd.	622,318	668,681
	(ii) Hercules (Vietnam) Co. Ltd.	277,284	139,422

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 8.

31 CAPITAL COMMITMENTS

	Group	
	2010 RM	2009 RM
Capital expenditure, approved and contracted for:-		
Land and building construction	4,509,928	-
Machinery	835,632	3,660,036
	<u>5,345,560</u>	<u>3,660,036</u>

32 OPERATING LEASE COMMITMENTS

(a) Operating Lease - As Lessee

The Group has entered into non-cancellable operating lease agreements for the rental of hostel. These leases have an average life of two (2) years with renewal option included in the contracts. There are no restrictions placed upon the Group by entering into the leases.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

32 OPERATING LEASE COMMITMENTS (CONTD.)

(a) Operating Lease - As Lessee (contd.)

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

	Group/Company	
	2010	2009
	RM	RM
Future minimum rentals payments:-		
Not later than 1 year	121,268	89,215
Later than 1 year and not later than 2 years	16,930	8,780
	<u>138,198</u>	<u>97,995</u>

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	
	2010	2009
	RM	RM
Not later than 1 year	<u>295,932</u>	<u>259,200</u>

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 11 June 2010. The agreement will expire on 30 June 2011.

33 CONTINGENT LIABILITY

	Company	
	2010	2009
	RM	RM
Unsecured :-		
Guarantees given to financial institutions for credit facilities granted to a subsidiary company	<u>17,567,875</u>	<u>17,477,700</u>

34 SEGMENT INFORMATION

(a) Business Segments

The Group's activities are primarily in one industry segment of manufacturing and distribution of paper boxes, cartons, general paper and board printing. Other reporting segment include investment holding which is not of a sufficient size to be reported separately.

Management monitors the operating results of the Group as a whole for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has only one reportable segment.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

34 SEGMENT INFORMATION (CONTD.)

(b) Geographical Information

The Group's geographical information is based on the location of the Group's assets. Sales to external customers disclosed in the geographical information is based on the geographical location of the customers.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysia	69,439,837	59,187,068	39,806,101	39,213,452
Vietnam	126,072,356	98,998,349	61,441,144	54,713,224
	<u>195,512,193</u>	<u>158,185,417</u>	<u>101,247,245</u>	<u>93,926,676</u>

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2010 RM	2009 RM
Property, plant and equipment	90,907,436	82,629,734
Land use rights	3,615,380	4,347,196
Investment property	6,613,902	6,841,036
Intangible assets	20,527	18,710
Other investment	90,000	90,000
	<u>101,247,245</u>	<u>93,926,676</u>

35 FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Financial Controller. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

35 FINANCIAL INSTRUMENTS (CONTD.)

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's primary interest rate risk relates to its floating interest-bearing debt. 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.

The investments in other financial assets are mainly short term in nature and they are not held for speculative purposes and includes funds placed in fixed deposits which yield better returns than cash at bank.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM 155,472 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, higher/lower interest income. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

The following tables set out the carrying amounts, the effective interest rates 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	Interest rate range %	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 2010						
Group						
Floating rate						
Cash and bank balances	20	1.85-2.75	3,471,259	-	-	3,471,259
Term loans and bills payable/ trust receipt	24	2.92-4.95	(18,085,859)	(9,123,832)	(1,601,760)	(28,811,451)
Company						
Floating rate						
Cash and bank balances	20	1.85-2.75	2,102,547	-	-	2,102,547

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

35 FINANCIAL INSTRUMENTS (CONTD.)

(b) Interest Rate Risk (contd.)

	Note	Interest rate range %	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 2009						
Group						
Floating rate						
Cash and bank balances	20	1.85-2.30	4,938,572	-	-	4,938,572
Term loans bills payable/ trust receipt	17	2.92-4.95	(12,700,089)	(7,862,569)	(1,982,519)	(22,545,177)
Company						
Floating rate						
Cash and bank balances	20	1.85-2.30	1,927,990	-	-	1,927,990

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

35 FINANCIAL INSTRUMENTS (CONTD.)

(c) Foreign Currency Risk (contd.)

The net unhedged financial assets and financial liabilities of the Group as at 31 December 2010 that are not denominated in their functional currencies are as follows:

Functional Currency of the Group	Net financial assets / liabilities held in non-functional currencies		
	USD RM	SGD RM	EURO RM
At 31 December 2010			
Trade receivables			
Ringgit Malaysia	43,602	6,415	-
Vietnam Dong	6,416,946	-	-
	<hr/> 6,460,548	<hr/> 6,415	<hr/> -
Trade payables			
Ringgit Malaysia	(21,328)	-	(16,229)
Vietnam Dong	(2,099,941)	-	-
	<hr/> (2,121,269)	<hr/> -	<hr/> (16,229)
Term loans (unsecured)			
Vietnam Dong	(26,793,239)	-	-
	<hr/> (22,453,960)	<hr/> 6,415	<hr/> (16,229)
At 31 December 2009			
Trade receivables			
Ringgit Malaysia	15,731	5,228	-
Vietnam Dong	5,285,363	-	-
	<hr/> 5,301,094	<hr/> 5,228	<hr/> -
Trade payables			
Ringgit Malaysia	(90,240)	(7,337)	(16,229)
Vietnam Dong	(2,853,282)	-	(23,420)
	<hr/> (2,943,522)	<hr/> (7,337)	<hr/> (39,649)
Term loans (unsecured)			
Vietnam Dong	(15,429,196)	-	-
	<hr/> (13,071,624)	<hr/> (2,109)	<hr/> (39,649)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

35 FINANCIAL INSTRUMENTS (CONTD.)

(c) Foreign Currency Risk (contd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the VND exchange rates against the respective functional currencies of the Group entities, with all other variables held constant. The exposure to the other currencies are not significant, hence the effect of the changes in the exchange rates are not explained below.

	Group 2010 RM'000 Profit net of tax
VND/RM - strengthened 1%	(74)
- weakened 1%	76
USD/RM - strengthened 1%	(225)
- weakened 1%	225

(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.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	← 2010 →			Total RM
	On demand or within one year RM	One to five years RM	Over five years RM	
Financial liabilities:				
Trade and other payables	33,208,603	-	-	33,208,603
Loans and borrowings	18,582,447	11,112,656	-	29,695,103
Total undiscounted financial liabilities	51,791,050	11,112,656	-	62,903,706

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

35 FINANCIAL INSTRUMENTS (CONTD.)

(d) Liquidity Risk (contd.)

Company	← 2010 →			Total RM
	On demand or within one year RM	One to five years RM	Over five years RM	
Financial liabilities:				
Trade and other payables, excluding financial guarantees *	9,443,105	-	-	9,443,105

* At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

(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.

Exposure to credit risk

At the reporting date, the Group's and Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position
- A nominal amount of RM17,567,875 (2009: RM17,477,700) relating to a corporate guarantee provided by the Company to a bank on a subsidiary's term loan

(f) Fair Values

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

Current	Note
Trade and other receivables	18
Due from other related companies	18
Trade and other payables	22
Borrowings	24

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

35 FINANCIAL INSTRUMENTS (CONTD.)

(f) Fair Values (contd.)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

36 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes only equity attributable to the owners of the parent.

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Loans and borrowings	28,811,451	22,545,177	-	-
Trade and other payables	33,208,603	21,268,824	9,443,105	10,535,530
Less: Cash and bank balances	(3,471,259)	(4,938,572)	(2,102,547)	(1,927,990)
Net debt	58,548,795	38,875,429	7,340,558	8,607,540
Equity attributable to the owners of the parent	106,783,001	105,143,292	79,457,375	79,480,267
Total capital	106,783,001	105,143,292	79,457,375	79,480,267
Capital and net debt	165,331,796	144,018,721	86,797,933	88,087,807
Gearing Ratio	35%	27%	8%	10%

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 31 DECEMBER 2010

37 SUPPLEMENTARY EXPLANATORY NOTE ON DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 2010 RM	Company 2010 RM
Total retained profits of the Company and its subsidiaries		
- Realised	25,091,303	5,193,948
- Unrealised	56	97,347
	<hr/> 25,091,359	<hr/> 5,291,295
Less: consolidation adjustments	2,102,622	-
	<hr/> 27,193,981	<hr/> 5,291,295
Total retained profits as per financial statements	<hr/> <hr/>	<hr/> <hr/>

The determination of realised and unrealised profits above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.



LIST OF PROPERTIES

FOR THE YEAR ENDED 31 DECEMBER 2010

Location	Description	Year of last revaluation/ acquisition	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	2009	18,848	Leasehold	05.09.2074	18	27,305
Lot 7 Jalan Perusahaan 2 Batu Caves, Selangor	Land & Building	1993	12,840	Leasehold	05.09.2074	26	6,614
22 Dai Lo Huu Nghi Vietnam Singapore Industrial Park Thuan An District Binh Duong Province, Vietnam	Land & Building	2009	44,230	Leasehold	11.02.2046	07	30,181

ANALYSIS OF SHAREHOLDINGS

AS AT 11 MARCH 2011

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	2,127

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No of holders	% of holders	No of shares	% of shares
Less than 100	23	1.08	455	0.00
100 - 1,000	136	6.39	105,302	0.18
1,001 - 10,000	1,663	78.19	6,031,998	10.05
10,001 - 100,000	274	12.88	7,762,935	12.93
100,001 - to less than 5% of issues shares	29	1.36	10,112,800	16.85
5% and above of issued shares	2	0.09	36,010,000	59.99
	2,127	100.00	60,023,490	100.00

THIRTY LARGEST SHAREHOLDERS

Name	No of shares	% of shares
1. Kian Joo Can Factory Berhad	32,910,000	54.83
2. Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	3,100,000	5.16
3. Y.A.M. Tunku Nadzaruddin Ibni Tuanku Ja'afar	2,329,500	3.88
4. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Y.A.M Tunku Naquiyuddin Ibni Tuanku Jaafar	2,002,300	3.34
5. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for MAAKL Progress Fund (4082)	742,500	1.24
6. HDM Nominees (Asing) Sdn Bhd Lim & Tan Securities Pte Ltd for Nelly Menon Mrs.Nelly Rolles @Yeo May Lian	671,300	1.12
7. ECML Nominees (Tempatan) Sdn. Bhd Pledged Securities Account for Chan Chai Kok (04CA048Q-004)	333,500	0.56
8. Gan Li Li	282,800	0.47
9. Lee Sing Gee	278,000	0.46
10. Ong Kim Suan	223,700	0.37
11. See Teow Chuan	220,500	0.37
12. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Y.A.M Tunku Naquiyuddin Ibni Tuanku Jaafar	220,000	0.37
13. Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yoke Fong @ Wong Nyok Fing (M)	200,400	0.33
14. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Wong Lee Yun (PB)	200,000	0.33
15. HSBC Nominees (Asing) Sdn Bhd Exempt AN For HSBC Private Bank (Suisse) S.A. (Spore TST AC CL)	200,000	0.33
16. Lin Hai Moh @ Lin See Yan	200,000	0.33



ANALYSIS OF SHAREHOLDINGS (CONTD.)

AS AT 11 MARCH 2011

THIRTY LARGEST SHAREHOLDERS (CONTD.)

Name	No of shares	% of shares
17. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Teh Swee Heng (MM1118)	192,700	0.32
18. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock (Margin)	148,000	0.25
19. Kuar Leong Chee	147,000	0.24
20. Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yoong Fui Kien (C)	143,000	0.24
21. Wong Ah Ngau	142,900	0.24
22. Chong Chiew Tshung	141,000	0.23
23. Hlb Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Capitol Realty Sdn Bhd	140,000	0.23
24. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Yoke Fong @ Wong Nyok Fing (M09)	132,900	0.22
25. Ooi Lian Song @ Ng Guan Song	131,000	0.22
26. DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt AN for EFG Bank AG (Hongkong)	129,000	0.21
27. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Mak Tian Meng (MY0343)	126,900	0.21
28. H'ng Swee Ching	122,000	0.20
29. Chien Tai Hing	107,000	0.18
30. Kheng Hwa Paper Products Sdn. Bhd.	103,500	0.17

SUBSTANTIAL SHAREHOLDERS

Name	Direct interest		Indirect interest	
	No of shares	%	No of shares	%
1. Kian Joo Can Factory Berhad	32,910,000	54.83	-	-
2. Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	3,100,000	5.16	-	-
3. Dato' Anthony See Teow Guan	85,500	0.14	32,955,000	54.90
4. Dato' See Teow Chuan	220,500	0.37	33,036,900	55.04
5. Mr See Teow Koon	-	-	32,910,000	54.83
6. Mr See Tiau Kee	-	-	32,910,000	54.83

ANALYSIS OF SHAREHOLDINGS (CONTD.)

AS AT 11 MARCH 2011

DIRECTORS' SHAREHOLDINGS

Name	Direct interest		Indirect interest	
	No of shares	%	No of shares	%
1. Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	2,329,500	3.88	-	-
2. Dato' Anthony See Teow Guan	85,500	0.14	32,955,000	54.90
3. Dato' See Teow Chuan	220,500	0.37	33,036,900	55.04
4. Mr See Teow Koon	-	-	32,910,000	54.83
5. Mr See Tiau Kee	-	-	32,910,000	54.83
6. Mr Tan Kim Seng	12,000	0.02	66,000	0.11
7. Mr 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 37th Annual General Meeting of Box-Pak (Malaysia) Bhd. will be held at the Conference Room of the Company at Lot 4, Jalan Perusahaan 2, 68100 Batu Caves, Selangor Darul Ehsan on Thursday, 28 April 2011 at 11:00a.m. for the following purposes:-

AS ORDINARY BUSINESS

- | | | |
|---|--|------------------------------|
| 1 | To receive and adopt the Audited Financial Statements of the Group and the Company for year ended 31 December 2010, together with the Directors and Auditors Reports thereon; | Resolution 1 |
| 2 | To declare a final dividend of 7% less 25% tax for the financial year ended 31 December 2010; | Resolution 2 |
| 3 | To approve the payment of Directors' Fees for the financial year ended 31 December 2010; | Resolution 3 |
| 4 | To re-elect directors retiring by rotation pursuant to Article 95 of the Articles of Association:
(i) Dato' See Teow Guan
(ii) Dato' Tan Guan Cheong | Resolution 4
Resolution 5 |
| 5 | To consider and if thought fit, to pass the following resolution :-

"THAT Dato' See Teow Chuan (a director over the age of 70 years and retires in accordance with Section 129 of the Companies Act, 1965), be hereby re-appointed as a director of the Company and to hold office until the conclusion of the next Annual General Meeting" ; | Resolution 6 |
| 6 | To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors and to authorize the Directors to fix their remuneration. | Resolution 7 |

AS SPECIAL BUSINESS

- 7 To consider and, if thought fit, to pass the following Ordinary Resolution with or without modifications -

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

"THAT, subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, approval is hereby given to the Company and its subsidiaries to enter into or transact all recurrent related party transactions of a revenue and trading nature which are necessary for the day to day operations of the Company from time to time, the nature and the contracting parties are set out in a table under Section 2.1 of the Circular to Shareholders dated 6 April 2011

PROVIDED THAT

- (i) the transactions are in the ordinary course of business, 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 other, based on the following information:-

NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

- (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 the 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.”

Resolution 8

- 8 To consider and if thought fit, to pass the following **SPECIAL RESOLUTION**:

Proposed amendment to the Articles of Association

“**THAT** the existing provisions in Article 137 be deleted in its entirety and substituted with the following new provisions –

Existing Article 137

Unless otherwise directed any dividend may be paid by cheque or warrant sent through the post to the registered address of the Member or persons entitled. Every such cheque shall be made payable to the person to whom it is sent. All dividends unclaimed for one year after having been declared may be invested or otherwise used by the Directors for the benefit of the Company until claimed. No unpaid dividend or interest shall bear interest as against the Company.

Amended Article 137

Any dividend, interest or other money payable in respect of any share may be paid by cheque or warrant or by way of telegraphic transfer or electronic transfer or remittance to the Members registered in the Register and or Record of Depositors. Every such cheque or warrant shall be sent by post to the registered address of the Member shown in the Register of Members or the Record of Depositors (as the case may be) or by directly crediting the Member’s dividend entitlements into his bank accounts as provided to the Central Depository from time to time by the Member. Every such cheque or warrant or direct crediting shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged or that any discrepancy in the in the details of the bank account(s) given by the Member. Every such cheque or warrant or direct crediting shall be sent at the risk of the person entitled to the money thereby represented.

Special
Resolution 1

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



NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

NOTICE OF DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS ALSO HEREBY GIVEN that the Final Dividend of 7% less 25% tax for the financial year ended 31 December 2010, if approved, will be made payable on 26 May 2011.

The entitlement date shall be fixed on 6 May 2011 and a Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the Depositor's Security Account before 4:00p.m. on 6 May 2011;
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad

By order of the Board,

Chia Kwok Why
Company Secretary

Batu Caves, Selangor
Date: 6 April 2011

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 80 of the Articles of Association, no person shall be appointed a proxy unless he is a Member of the Company and qualified to vote or an advocate, an approved Company auditor or person approved by the Registrar, or a person approved in writing by the Directors.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or, in the case of a corporation, under its common seal or the hands of its attorney.
3. To be valid, the completed proxy forms must be deposited with the Company's Share Registrar at Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. **Explanatory Notes on Special Business**

Proposed Renewal of shareholders' mandate for recurrent related party transactions

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

Further information on the Renewal of Shareholders' Mandate are set out in the Circular to Shareholders dated 6 April 2011, which is dispatched together with the Company's annual report 2010.

Proposed amendment to Article 137 of the Articles of Association

The proposed amendment to Article 137 will facilitate the payment of cash dividend entitlements via electronic transfer directly into the bank accounts of the shareholders ("eDividend") eDividend eliminates the inconvenience of Members having to deposit dividend cheques into banking accounts by themselves and avoid problems such as misplaced, lost, expired and unauthorized deposit of dividend cheques

STATEMENT ACCOMPANYING NOTICE OF 37TH ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF LISTING REQUIREMENTS OF BURSA MALAYSIA
SECURITIES BERHAD

For information on Directors standing for re-election at the 37th Annual General Meeting, please refer to Director's Profile on pages 3 to 5 of the Company's 2010 Annual Report.



PROXY FORM

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 Thursday, 28 April 2011 at 11.00 a.m. and at any adjournment thereof.

Resolution	Matters relating to	For	Against
1	Receipt and adopt the Audited Financial Statements of the Company and the Group for year ended 31 December 2010, together with the reports of the Directors and Auditors thereon		
2	Declaration of Final Dividend of 7% less 25% tax in respect of financial year ended 31 December 2010		
3	Approval of payment of Directors' Fees for the financial year ended 31 December 2010		
4	Re-election of Director - Dato' See Teow Guan		
5	Re-election of Director - Dato' Tan Guan Cheong		
6	Re-appointment of Director - Dato' See Teow Chuan		
7	Re-appointment of Messrs Ernst & Young, Chartered Accountants as Auditors and to authorize the Directors to fix their remuneration		
8	Special Business - Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Special Resolution 1	Proposed amendment of Article of Association to facilitate the implementation of eDividend		

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 in writing by the Directors;
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or, in the case of a corporation, under its common seal or the hands of its attorney.
3. To be valid, the completed proxy forms must be deposited with the Company's Share Registrar at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Fold here

Affix
Postage
Here

The Share Registrars

BOX-PAK (MALAYSIA) BERHAD

(21338-W)

Level 6, Symphony House

Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

Fold here

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

Lot 4, Jalan Perusahaan 2

68100 Batu Caves

Selangor Darul Ehsan, Malaysia

Tel +603 6189 6688

Fax +603 6189 2515

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