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KIAN JOO CAN FACTORY BERHAD

(3186-P)

(Incorporated in Malaysia)



KJCF

KIAN JOO CAN FACTORY BERHAD

C O N T E N T S

2	Notice Of Annual General Meeting
3	Corporate Structure
4	Corporate Information
5	Board of Directors
6	Five Year Financial Highlights
9	Terms of Reference of the Audit Committee
16	Chairman's Statement
13	Financial Statements
39	List of Properties
41	Analysis of Shareholdings
42	Top Twenty Shareholders
43	Proxy Form

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of **Kian Joo Can Factory Berhad** will be held at the conference room, Lot 6, Jalan Perusahaan Satu, 68100 Batu Caves, Selangor, on Tuesday, 16 June 1998 at 11.30 a.m. for the following purposes:-

1. To receive and adopt the Accounts for the financial year ended 31 December 1997 together with the Directors' and Auditors' Reports thereon. **(Resolution 1)**
2. To approve the payment of a final tax exempt dividend of 10% and a special tax exempt dividend of 20% in respect of the year ended 31 December 1997. **(Resolution 2)**
3. To re-elect the following Directors retiring under the provision of the Articles of Association of the Company:-
Dato' Anthony See Teow Guan **(Resolution 3)**
Y.A.M. Tunku Nadzaruddin Ibni DYMM Tuanku Ja'afar **(Resolution 4)**
4. To approve the payment of Directors' fees of RM85,000 for the year ended 31 December 1997 (1996: RM85,000). **(Resolution 5)**
5. To re-appoint Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business.

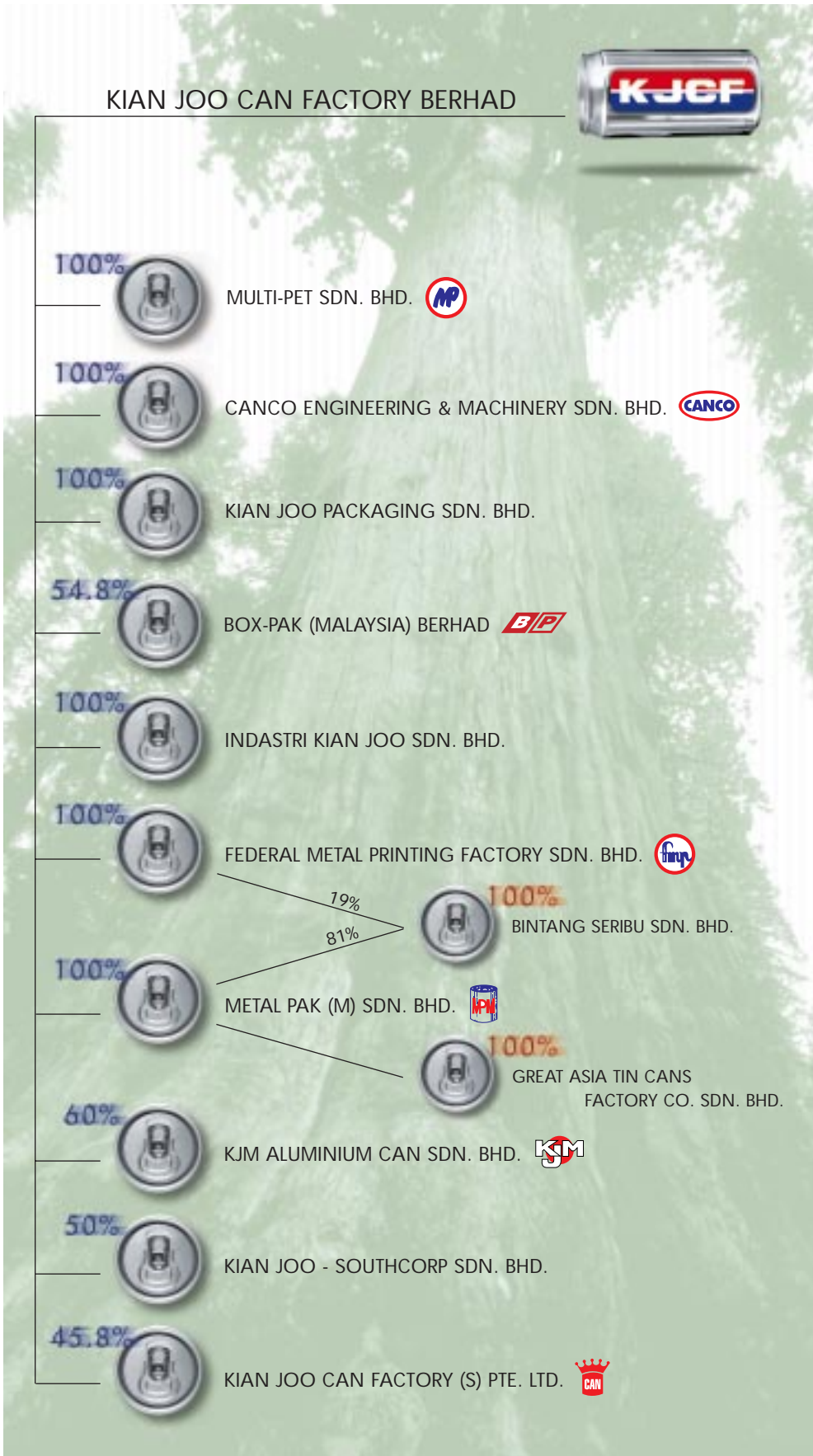
By order of the Board

Chia Kwok Why
Secretary

Batu Caves, Selangor
29 May 1998

Notes:

1. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.*
2. *If the member is a corporation this Proxy Form must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.*
3. *All Proxy Forms should be deposited at the Registered Office, Lot 10, Jalan Perusahaan Satu, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time fixed for holding the meeting.*



CORPORATE INFORMATION

DIRECTORS

Y.A.M. Tunku Nadzaruddin Ibni DYMM Tuanku Ja'afar	(Chairman)
Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah	
See Teow Chuan	(Managing Director)
Dato' Anthony See Teow Guan	(Executive Director)
See Teow Koon	(Executive Director)
See Tiau Kee	(Executive Director)
See Ean Seng	
Datuk Gnanalingam s/o Gunanath Lingam	(Alternate director to Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah)

AUDIT COMMITTEE

Y.A.M. Tunku Nadzaruddin Ibni DYMM Tuanku Ja'afar	(Chairman)
See Ean Seng	(Non-executive director)
Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah	(Non-executive director)

SECRETARY

Chia Kwok Why

AUDITORS

Ernst & Young
Public Accountants

SOLICITORS

Shearn Delamore & Co.
16th Floor, Wisma Hamzah Kwong Hing, 50100 Kuala Lumpur

BANKERS

Hongkong Bank Malaysia Berhad
Bank of Commerce (M) Berhad
Citibank Berhad
Deutsche Bank (M) Berhad
Public Bank Berhad
OCBC (Malaysia) Berhad
Sime Bank Berhad
RHB Bank Berhad
Bank of Nova Scotia Berhad

REGISTRARS

Kian Joo Services Sdn. Bhd.
Lot 2, Jalan Perusahaan Empat, 68100 Batu Caves, Selangor Darul Ehsan
Tel: 03-6896322
Fax: 03-6898185

REGISTERED OFFICE

Lot 10, Jalan Perusahaan Satu, 68100 Batu Caves, Selangor Darul Ehsan
Tel: 03-6896322
Fax: 03-6898185



standing from left to right

See Teow Koon (*Executive Director*)

See Tiau Kee (*Executive Director*)

See Ean Seng

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

sitting from left to right

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

Y.A.M. Tunku Nadzaruddin Ibni DYMM Tuanku Ja'afar (*Chairman*)

See Teow Chuan (*Managing Director*)



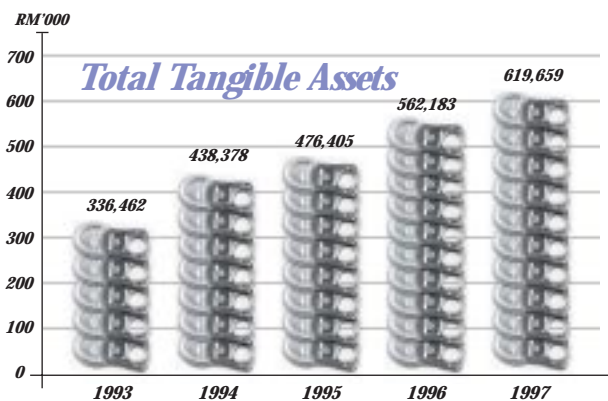
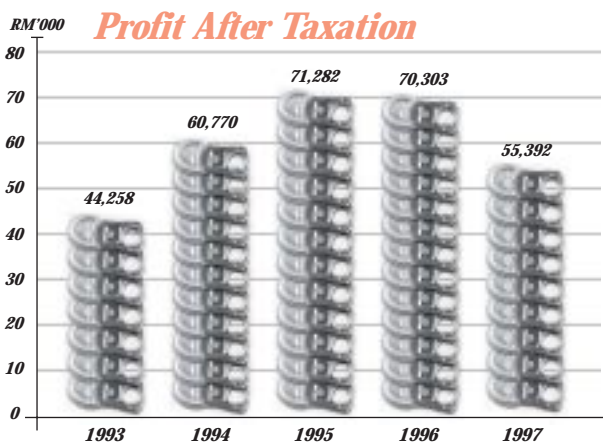
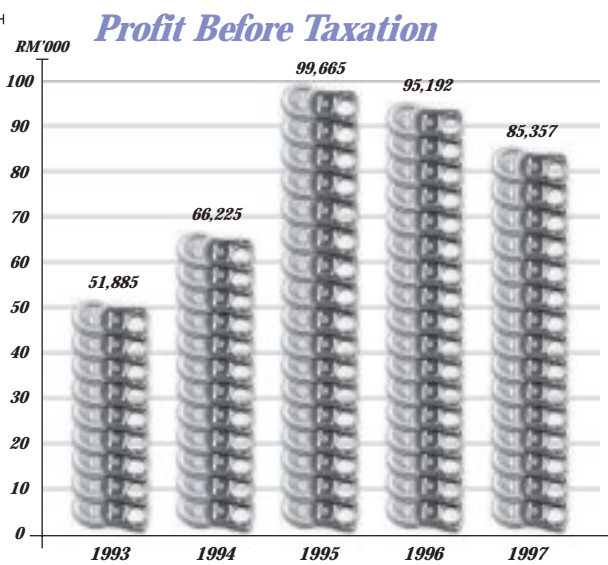
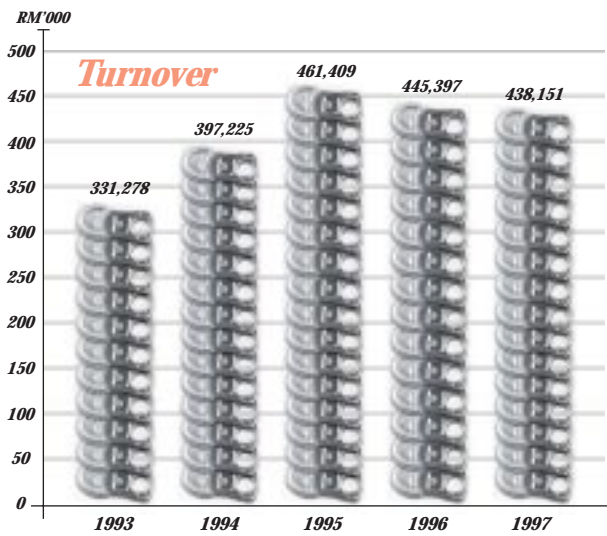
FIVE YEAR FINANCIAL HIGHLIGHTS

	1997 RM'000	1996 RM'000	1995 RM'000	1994 RM'000	1993 RM'000
Turnover	438,151	445,397	461,409	397,225	331,278
Profit Before Taxation	85,357	95,192	99,665	66,225	51,885
Profit After Taxation And Minority Interest	55,392	70,303	71,282	60,770	44,258
Dividend Rate	40%	40%	10%	10%	10%
Dividend Net	23,144	23,142	5,784	3,856	2,622
Paid-up Capital	57,860	57,860	57,840	57,838	38,559
Shareholders' Equity	401,014	368,766	314,642	249,120	190,294
Total Tangible Assets	619,659	562,183	476,405	438,378	336,462
Total Bank Borrowings	11,107	13,345	20,648	64,487	106,365
Earnings Per Share	47.87 sen	60.75 sen	61.6 sen	52.5 sen	38.3 sen
Net Assets Backing Per Share	RM3.47	RM3.19	RM2.72	RM2.15	RM1.65
Borrowings/Shareholders' Equity	3%	4%	7%	26%	56%



FIVE YEAR FINANCIAL HIGHLIGHTS (CONT'D)

annual report 1997



TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Audit Committee shall be governed by the following 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 not:

- a) be executive directors of the company or any related corporation;
- b) comprise a spouse, parent, brother, sister, son or adopted son, daughter or adopted daughter of an executive director of the company or of any related corporation; or
- c) comprise persons having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the functions of the Committee.

The Committee shall elect a chairperson from among its members who is not an executive director or employee of the company or any related corporation.

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 member, the management or the internal or external auditors to consider any matter 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.

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

Any one of the company secretaries 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 KLSE requirements.

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:

- to review the company's and the group's half-yearly 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.
- to review with the external auditors their plan, scope and nature of audit for the company and the group.
- to assess the adequacy and effectiveness of the systems of internal control and accounting control procedures of the company and the group by reviewing the external auditors' management letters and management response.
- to hear from the external auditors problems and reservations arising from their interim and final audits.
- 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.
- to review any related party transactions that may arise within the company or the group.
- to consider the appointment of the external auditors, the terms of reference of their appointment, and any question of resignation or dismissal.
- to undertake such other responsibilities as may be agreed to by the Committee and the Board.
- to report to the Board its activities, significant results and findings.





On behalf of the Directors, I am pleased to present your Company's Annual Report for the financial year ended 31st December 1997.

FINANCIAL RESULTS

Group turnover was slightly lower at RM438.151 million in Financial Year 1997 (FY 1997) compared to RM445.397 million in FY 1996. The decline is mainly due to the reduction of selling price of aluminium cans at the beginning of the year.

Group operating profit before taxation declined from RM95.192 million to RM85.357 million in FY 1997 down 10% mainly due to higher raw materials cost as a result of the significant depreciation of the Ringgit against the U.S. dollars during the second half of the year.

The Group's net earnings for FY 1997 showed a 21% decline as compared to FY 1996. However, the earnings of FY 1996 included an extraordinary income of RM1.782 million for partial disposal of equity interest in a subsidiary company. If this profit is excluded, the Group's net earning decline is only 19%. Tax charge was also higher by 15% in FY 1997.

The Associated companies contributed RM7.517 million in FY 1997 compared to RM8.193 million in FY 1996 down 8%.



GROUP HIGHLIGHTS

The Group (KJCF) entered into a joint-venture agreement with Mitsubishi Materials Corp. (MMC) and Mitsubishi Corp. (MC) and formed a new joint-venture company called KJM Aluminium Can Sdn. Bhd. to produce and manufacture 2-piece Aluminium SLIM retortable cans. KJCF will hold 60% of the share capital and MMC 25% and MC 15%. A paid-up capital of RM40.00 million had been paid and total cost of the new factory, land and machineries is expected to cost RM110.00 million. The major portion of the fundings will be sourced locally from local banks. The factory is now under construction and is expected to commence trial production in January 1999.

The Group had purchased several pieces of freehold industrial lands in Nilai, Negeri Sembilan in 1997. These are:-

	<u>Description of Properties</u>	<u>Area</u>	<u>Purchase price</u>
1)	Lot 123, Phase 3, Arab-Malaysian Industrial Park Nilai, Seremban, Negeri Sembilan.	Approx. 3.1 acres	RM2,228,094.00
2)	Lot 107, Phase 3 forming part of land held under Lots 3715 and 3716, G.T. 3338, Mukim of Setul, Daerah Seremban, Negeri Sembilan.	Approx. 2.89 acres	RM2,082,382.50
3)	Lot 146, Phase 3 forming part of land held under Lots 3715 and 3716, G.T. 3338, Mukim of Setul, Daerah Seremban, Negeri Sembilan.	Approx. 2.2 acres	RM1,629,144.00

CHAIRMAN'S STATEMENT (CONT'D)

<u>Description of Properties</u>	<u>Area</u>	<u>Purchase price</u>
4) Lot 147, Phase 3 forming part of land held under Lots 3715 and 3716, G.T. 3338, Mukim of Setul, Daerah Seremban, Negeri Sembilan.	Approx. 2.2 acres	RM1,849,557.60

It is expected that future expansion will be headed in the direction of Nilai area as most of its customers had also relocated to Nilai or the surrounding areas.

A brand new factory for its subsidiary, Metal-Pak Sdn. Bhd., is being constructed and will be ready in June 1998. Metal-Pak will then relocate the operation to the new factory.

The Group also purchased from CarnaudMetalBox Packaging Sdn. Bhd. (CMB) the Johore operation at Tampoi. The total purchase price of RM17.5 million was for the factory building and land and all production equipment inside the factory. The land and factory had since been valued by licenced valuer at RM12.5 million.

DIVIDEND

Your Directors have decided to recommend a second and final tax exempt dividend of 10% (5 sen per share) and a special tax exempt dividend of 20% to be paid on 22nd June 1998 in respect of the year ended 31st December 1997, and together with the interim 10% tax exempt dividend paid on 10th November 1997 the total dividend paid and proposed for 1997 will amount to 40% (1996: 40%).

The total amount of dividend to be paid amounted to RM23.142 million.

YEAR 2000 COMPLIANT

The Group is in the process of reviewing all its computer system, both hardware and software to be year 2000 compliant.

CURRENT YEAR'S PROSPECT

The economic turmoil and the currency volatility will continue to put pressure on the Group's profit margin. However, the Directors expect the profitability of the Group to be maintained for 1998 barring further unforeseen circumstances.

On behalf of the Board of Directors, I wish to express our appreciation and thanks to our customers, staff and employees of the Group and Company for their contribution despite the very difficult trading condition that everyone is facing. We look forward to further co-operation and understanding for the year ahead.

Y.A.M. TUNKU NADZARUDDIN IBNI DYMM TUANKU JA'AFAR
CHAIRMAN

30 March 1998



FINANCIAL STATEMENTS

14	Directors' Report
19	Statement by Directors
19	Statutory Declaration
20	Report of the Auditors
21	Balance Sheets
22	Profit and Loss Accounts
23	Consolidated Cash Flow Statement
24	Notes to the Accounts

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited accounts of the Group and of the Company for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of manufacturing and distribution of tin cans.

The principal activities of the Group include the manufacturing and distribution of tin cans, 2-piece aluminium beverage cans, polyethelene terephalate products and corrugated fibreboard cartons, provision of engineering services and letting of property.

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

RESULTS

	Group RM'000	Company RM'000
Profit before taxation	85,357	45,828
Taxation	(26,135)	(7,007)
Profit after taxation	59,222	38,821
Minority interest	(3,830)	-
	55,392	38,821
Less : Dividends		
- Interim dividend paid	(5,786)	(5,786)
- Proposed final and special dividends	(17,358)	(17,358)
Retained profit for the year	32,248	15,677

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

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

DIVIDENDS

The dividends paid or declared by the Company since the date of the last report were as follows:-

	RM'000
In respect of the financial year ended 31 December 1996 as shown in the Directors' Report of that financial year:-	
Final dividend of 10% and a special dividend of 20%, both tax exempt	17,358
In respect of the financial year ended 31 December 1997:-	
Interim dividend of 10%, tax exempt	5,786

The Directors now recommend a final dividend of 10%, tax exempt, amounting to RM5,786,000 and a special dividend of 20%, tax exempt, amounting to RM11,572,000 in respect of the current financial year.

SHARE CAPITAL

During the year, the issued and paid-up capital of the Company was increased from RM57,860,008 to RM57,860,058 comprising 115,720,117 ordinary shares of RM0.50 each as a result of the exercise of 100 Detachable Warrants by the warrant holders at a subscription price of RM6.50 per share.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 25 to the accounts.

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 Nadzaruddin Ibni DYMM Tuanku Ja'afar
Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah
See Teow Chuan
Dato' Anthony See Teow Guan
See Teow Koon
See Tiau Kee
See Ean Seng
Datuk Gnanalingam s/o Gunanath Lingam
(Alternate director to Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah)

In accordance with Article 95 of the Company's Articles of Association, Dato' Anthony See Teow Guan and Y.A.M. Tunku Nadzaruddin Ibni DYMM Tuanku Ja'afar retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company is a party, whereby 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 any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act 1965.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTEREST IN SHARES

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965, an interest in shares and debentures of the Company and its related corporations, as stated below:

<u>The Company</u>	<u>Number of ordinary shares of RM0.50 each</u>			
	<u>At</u> <u>1.1.97</u>	<u>Bought</u>	<u>Sold</u>	<u>At</u> <u>31.12.97</u>
Mr. See Teow Chuan	95,309	-	-	95,309
	* 42,741,276	-	-	* 42,741,276
Dato' Anthony See Teow Guan	106,470	-	56,000	50,470
	* 42,741,276	-	-	* 42,741,276
Mr. See Teow Koon	* 42,851,746	-	-	* 42,851,746
Mr. See Ean Seng	48,605	4,000	-	52,605
	* 41,250	-	39,797	* 1,453
Mr. See Tiau Kee	* 42,741,276	-	-	* 42,741,276
Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah	498,750	-	-	498,750
Dato' Gnanalingam s/o Gunanath Lingam (alternate to Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah)	6,000	-	-	6,000

<u>Subsidiary</u> <u>Box-Pak (Malaysia) Berhad</u>	<u>Number of ordinary shares of RM1.00 each</u>			
	<u>At</u> <u>1.1.96</u>	<u>Bought</u>	<u>Sold</u>	<u>At</u> <u>31.12.96</u>
Y.A.M. Tunku Nadzaruddin Ibni DYMM Tuanku Ja'afar	2,103,000	-	30,000	2,073,000
Mr. See Teow Chuan	8,000	-	5,000	3,000
Dato' Anthony See Teow Guan	7,000	-	-	7,000
Mr. See Teow Koon	7,000	-	7,000	-
Mr. See Ean Seng	-	36,000	-	36,000
Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah	-	10,000	-	10,000

<u>The Company</u>	<u>No. of warrants</u>			<u>At</u> <u>31.12.97</u>
	<u>At</u> <u>1.1.97</u>	<u>Bought</u>	<u>Sold</u>	
Mr. See Teow Chuan	37,374	-	-	37,374
	* 5,698,835	-	-	* 5,698,835
Dato' Anthony See Teow Guan	15,353	10,000	-	25,353
	* 5,698,835	-	-	* 5,698,835
Mr. See Teow Koon	15,353	-	-	15,353
	* 5,698,835	-	-	* 5,698,835
Mr. See Ean Seng	2,000	24,500	-	26,500
	* -	200	-	200
Mr. See Tiau Kee	* 5,698,835	-	-	* 5,698,835
Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah	66,500	-	-	66,500
Mr. Gnanalingam s/o Gunanath Lingam (alternate to Y.A.M. Raja Dato' Seri Ashman Shah Ibni Sultan Azlan Shah)	1,500	-	1,500	-

* Denotes indirect interest

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

OTHER STATUTORY INFORMATION

(a) Before the profit and loss accounts and balance sheets 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 all known bad debts had been written off 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 have been written down to an amount which they might be expected so to realise.

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

- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and the Company inadequate to any substantial extent; and
- (ii) the values attributed to current assets in the accounts of the Group and of the Company misleading.

STATEMENT BY DIRECTORS

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

We, Y.A.M. TUNKU NADZARUDDIN IBNI DYMM TUANKU JA'AFAR and SEE TEOW CHUAN, being two of the Directors of KIAN JOO CAN FACTORY BERHAD, do hereby state that in the opinion of the Directors, the accounts set out on pages 21 to 38 are drawn up so as to give a true and fair view of:-

- (i) the state of affairs of the Group and of the Company as at 31 December 1997 and of the results of the business of the Group and of the Company for the year ended on that date ; and
- (ii) the cash flows of the Group for the year ended 31 December 1997.

On behalf of the Board,

Y.A.M. TUNKU NADZARUDDIN IBNI)	
DYMM TUANKU JA'AFAR)	
)	
)	DIRECTORS
)	
SEE TEOW CHUAN)	

Batu Caves, Selangor Darul Ehsan
30 March 1998

STATUTORY DECLARATION

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

I, SEE SIEW CHOO, being the officer primarily responsible for the financial management of KIAN JOO CAN FACTORY BERHAD do solemnly and sincerely declare that the accounts set out on pages 21 to 38 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 Batu Caves in the state of Selangor
Darul Ehsan on 30 March 1998

SEE SIEW CHOO

Before me,

REPORT OF THE AUDITORS

to the members of kian joo can factory berhad

We have audited the accounts set out on pages 21 to 38 in accordance with approved auditing standards.

In our opinion:-

- (a) the accounts are properly drawn up in accordance with the provisions of the Companies Act 1965 so as to give a true and fair view of:
- (i) the state of affairs of the Group and of the Company as at 31 December 1997 and of the results of the Group and of the Company and the cash flows of the Group for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the accounts.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies have been properly kept in accordance with the provisions of the Act.

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

The Auditors' Reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act 1965.

ERNST & YOUNG AF: 0039

Public Accountants

Ong Seng Pheow 1021/3/99(J/PH)

Partner

Kuala Lumpur, Malaysia

30 March 1998

BALANCE SHEETS

as at 31 december 1997

	Note	<u>Group</u>		<u>Company</u>	
		<u>1997</u> RM'000	<u>1996</u> RM'000	<u>1997</u> RM'000	<u>1996</u> RM'000
FIXED ASSETS	2	219,767	219,433	59,929	59,373
SUBSIDIARY COMPANIES	3	-	-	25,295	18,686
ASSOCIATED COMPANIES	4	19,074	22,280	12,742	17,392
INVESTMENT	5	750	750	750	750
CURRENT ASSETS					
Stocks	6	94,288	77,139	30,672	22,830
Trade debtors	7	133,775	117,146	31,048	25,941
Other debtors, deposits and prepayments		18,360	6,740	30,127	7,819
Fixed deposits with licensed banks		127,200	112,846	85,006	105,840
Cash and bank balances		6,445	5,849	3,749	1,283
		380,068	319,720	180,602	163,713
CURRENT LIABILITIES					
Trade creditors		22,395	15,391	10,754	5,929
Bank borrowings	8	11,107	13,345	3,045	4,702
Other creditors and accruals		12,504	9,686	2,661	2,688
Hire purchase and lease creditors	9	-	69	-	-
Taxation		22,264	23,644	4,296	3,710
Proposed dividends		17,358	17,358	17,358	17,358
		85,628	79,493	38,114	34,387
NET CURRENT ASSETS		294,440	240,227	142,488	129,326
		534,031	482,690	241,204	225,527
FINANCED BY:					
SHARE CAPITAL	10	57,860	57,860	57,860	57,860
SHARE PREMIUM	11	266	266	266	266
RESERVES	12	342,888	310,640	100,569	84,892
SHAREHOLDERS' FUNDS		401,014	368,766	158,695	143,018
MINORITY INTEREST	13	44,837	26,307	-	-
BONDS	14	80,000	80,000	80,000	80,000
DEFERRED TAXATION	15	8,180	7,617	2,509	2,509
		534,031	482,690	241,204	225,527

The annexed notes form an integral part of the accounts.

PROFIT AND LOSS ACCOUNTS

for the year ended 31 december 1997

	Note	Group		Company	
		1997 RM'000	1996 RM'000	1997 RM'000	1996 RM'000
TURNOVER	16	438,151	445,397	133,483	134,210
COST OF SALES		353,618	347,465	117,832	118,670
OPERATING PROFIT	17	77,840	86,999	45,828	32,155
SHARE OF PROFITS FROM ASSOCIATED COMPANIES		7,517	8,193	-	-
PROFIT BEFORE TAXATION		85,357	95,192	45,828	32,155
TAXATION	18	(26,135)	(22,695)	(7,007)	(4,136)
PROFIT AFTER TAXATION		59,222	72,497	38,821	28,019
MINORITY INTEREST		(3,830)	(2,194)	-	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		55,392	70,303	38,821	28,019
DIVIDENDS	19	(23,144)	(23,142)	(23,144)	(23,142)
RETAINED PROFIT FOR THE YEAR	12	32,248	47,161	15,677	4,877
EARNINGS PER SHARE	20				
- Basic		48 sen	61 sen		
- Fully diluted		44 sen	56 sen		

The annexed notes form an integral part of the accounts.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 december 1997

annual report 1997

	<u>1997</u>	<u>1996</u>
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	421,622	442,006
Payment to suppliers	(279,294)	(238,230)
Payment of operating expenses	(83,985)	(79,400)
Other receipts	5,861	8,102
Cash generated from operations	64,204	132,478
Interest paid	(3,171)	(3,157)
Income tax paid	(25,676)	(23,952)
Net cash generated from operating activities	35,357	105,369
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from an associated company	2,650	-
Purchase of fixed assets	(27,097)	(25,878)
Proceeds from disposal of fixed assets	394	977
Proceeds from partial disposal of a subsidiary company	-	27,993
Acquisition of investment in an associated company	-	(5,000)
Interest received	10,347	5,642
Net cash(used in)/generated from investing activities	(13,706)	3,734
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subscription of shares by minority shareholders in a subsidiary company	16,000	-
Issue of shares	-	264
Repayment of hire purchase and lease obligations	(69)	(247)
Repayment of bank borrowings	(1,635)	(6,695)
Bank borrowings obtained	-	1,087
Dividends paid	(23,144)	(11,568)
Dividends paid to minority shareholders of a subsidiary company	(1,264)	-
Net change in associated companies' balances	4,014	6,789
Net cash used in financing activities	(6,098)	(10,370)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,553	98,733
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	106,985	8,252
CASH AND CASH EQUIVALENTS CARRIED FORWARD	122,538	106,985
CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING:-		
Cash and bank balances	6,445	5,849
Bank overdrafts	(11,107)	(11,710)
Fixed deposits with licensed banks	127,200	112,846
	122,538	106,985

NOTES TO THE ACCOUNTS

31 december 1997

1. SIGNIFICANT ACCOUNTING POLICIES**(a) Accounting Convention**

The accounts are prepared under the historical cost convention and modified by the revaluation of certain freehold land, leasehold land, factory buildings and shares in subsidiary companies and comply with approved accounting standards.

(b) Basis of Consolidation

The consolidated accounts incorporate the accounts of the Company and all its subsidiaries. All the subsidiaries are consolidated using the acquisition method of accounting except those acquisitions of subsidiary companies which meet the criteria for merger accounting under Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, are accounted under that method.

(i) Under the acquisition method of accounting, the results of subsidiaries acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated accounts.

The difference between the acquisition cost and these fair values is reflected as goodwill or reserve on consolidation as appropriate.

Goodwill on consolidation is written off against reserve.

(ii) Under the merger method of accounting, the results of the subsidiary companies are presented as if the companies had been combined through the current and previous financial years.

All significant intra-group transactions are eliminated in the consolidated accounts.

(c) Associated Companies

Associated company is a company in which the Company has a long term equity interest of between 20 and 50 percent and where it exercises significant influence through Board representation.

The Group equity-accounts for its share of post-acquisition results and reserves of associated companies based on the latest audited accounts of the companies concerned.

The Group's share of results and reserves of associated companies acquired or disposed is included in the consolidated accounts from the date of acquisition and up to the date of disposal.

(d) Depreciation of Fixed Assets

Freehold land and capital work-in-progress are not depreciated. Leasehold land is amortised evenly over the unexpired lease terms ranging from 75 to 94 years. Other fixed assets are depreciated over the estimated useful lives on a straight line basis. The principal annual rates of depreciation used are as follows:-

	%
Buildings	2
Motor vehicles	20
Furniture, fittings and equipment	10
Plant, machinery and equipment	10

(e) Investment

Investment in subsidiary companies is stated at valuation and other long term investment is stated at cost. They are written down only when the Directors are of the opinion that there is a permanent diminution in value.

(f) Stocks

Trading stocks are stated at the lower of cost and net realisable value after adequate provision has been made for damaged, obsolete and slow moving items. Cost is determined on a first-in first-out basis. Work-in-progress and finished goods comprise raw materials, labour and manufacturing overheads.

(g) Transactions in Foreign Currencies

Transactions in foreign currencies are recorded in Ringgit Malaysia at the exchange rate ruling at the time of the transaction or at contracted rates where applicable. Foreign currency assets and liabilities are reported in Ringgit Malaysia at the exchange rates ruling at the balance sheet date. All gains and losses are included in the profit and loss account.

(h) Deferred Taxation

Deferred taxation is provided for on timing differences using the liability method except where it can be demonstrated with reasonable probability that the tax deferrals will continue in the foreseeable future.

NOTES TO THE ACCOUNTS (CONT'D)

31 december 1997

2. FIXED ASSETS

	At Valuation				
	1990			1996	
	Freehold land RM'000	Leasehold land & buildings		Leasehold land and buildings Long term RM'000	Freehold land and buildings RM'000
		Long term RM'000	Short term RM'000		
GROUP					
COST/VALUATION					
At 1 January	740	40,818	1,100	23,705	18,407
Additions	-	53	-	-	4,073
Reclassification					
Disposals	-	-	-	-	-
At 31 December	740	40,871	1,100	23,705	22,480
ACCUMULATED DEPRECIATION					
At 1 January	-	3,845	143	1,450	242
Charge for the year	-	643	24	379	133
Disposal	-	-	-	-	-
At 31 December	-	4,488	167	1,829	375
NET BOOK VALUE					
At 31 December 1997	740	36,383	933	21,876	22,105
At 31 December 1996	740	36,973	957	22,255	18,165
	At Valuation in 1990			At Cost	
	Freehold land RM'000	Leasehold land and buildings RM'000	Freehold land and buildings RM'000	Leasehold land	
				Long term RM'000	Short term RM'000
	COMPANY				
COST/VALUATION					
At 1 January	740	20,060	14,149	229	1,058
Additions	-	-	2,303	-	-
Disposals	-	-	-	-	-
At 31 December	740	20,060	16,452	229	1,058
ACCUMULATED DEPRECIATION					
At 1 January	-	1,836	242	15	146
Depreciation charge	-	306	133	4	36
Disposals	-	-	-	-	-
At 31 December	-	2,142	375	19	182
NET BOOK VALUE					
At 31 December 1997	740	17,918	16,077	210	876
At 31 December 1996	740	18,224	13,907	214	912

NOTES TO THE ACCOUNTS (CONT'D)

annual report 1997

31 december 1997

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At Cost						Total	
<u>Leasehold land and buildings</u>		<u>Plant and machinery</u>	<u>Furniture and fittings</u>	<u>Motor vehicles</u>	<u>Capital work in progress</u>	<u>1997</u>	<u>1996</u>
<u>Long term</u>	<u>Short term</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
7,575	1,354	245,801	12,216	4,310	4,055	360,081	329,803
325	-	16,153	1,505	2,506	2,853	27,468	41,509
-	-	4,835	-	-	(4,835)	-	-
-	-	(374)	(5)	(811)	-	(1,190)	(11,231)
7,900	1,354	266,415	13,716	6,005	2,073	386,359	360,081
641	171	125,834	5,050	3,272	-	140,648	116,835
157	42	23,606	1,242	858	-	27,084	25,188
-	-	(326)	(3)	(811)	-	(1,140)	(1,375)
798	213	149,114	6,289	3,319	-	166,592	140,648
7,102	1,141	117,301	7,427	2,686	2,073	219,767	-
6,934	1,183	119,967	7,166	1,038	4,055	-	219,433

At Cost					Total	
<u>Building</u>	<u>Plant, machinery and equipment</u>	<u>Furniture, fittings and equipment</u>	<u>Motor vehicles</u>	<u>Capital work in progress</u>	<u>1997</u>	<u>1996</u>
<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
296	51,429	5,086	2,191	37	95,275	88,205
-	1,187	576	1,456	166	5,688	13,145
-	-	(5)	(443)	-	(448)	(6,075)
296	52,616	5,657	3,204	203	100,515	95,275
25	29,874	2,112	1,652	-	35,902	30,846
6	3,695	484	466	-	5,130	5,095
-	-	(3)	(443)	-	(446)	(39)
31	33,569	2,593	1,675	-	40,586	35,902
265	19,047	3,064	1,529	203	59,929	-
271	21,555	2,974	539	37	-	59,373

NOTES TO THE ACCOUNTS (CONT'D)

31 december 1997

2. FIXED ASSETS (CONT'D)

Land and buildings of the Group and of the Company stated at valuation in 1990 were revalued in September 1990 by the Directors based on valuation carried out by independent professional firms of valuers on an open market value basis modified by the relevant authorities.

Land and buildings of the Group stated at valuation in 1996 were revalued by an independent professional firm of valuers on an open market value basis. The valuation was modified by the relevant authorities and adopted by the Directors in May 1996.

3. SUBSIDIARY COMPANIES

	<u>Company</u>	
	<u>1997</u>	<u>1996</u>
	RM'000	RM'000
Quoted shares, at cost	16,729	16,729
Quoted shares, at valuation	6,854	6,854
Unquoted shares, at cost	24,000	-
Unquoted shares, at valuation	29,134	29,134
Amount owing by subsidiary companies	25,658	23,462
Amount owing to subsidiary companies	(77,080)	(57,493)
	25,295	18,686
Market value of quoted shares	30,716	138,222

The amount owing by/(to) subsidiary companies are unsecured and non-interest bearing.

The details of the subsidiary companies are set out in Note 26 to the accounts.

The quoted and unquoted shares at valuation were revalued in September 1990 by the Directors based on the net tangible assets of the subsidiaries as a result of revaluation of certain landed properties of the subsidiaries concerned. The revaluation was carried out by an independent professional firm of valuers.

4. ASSOCIATED COMPANIES

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	11,135	11,135	11,135	11,135
Share of post acquisition reserves	(a) 5,676	4,868	-	-
	(b) 16,811	16,003	11,135	11,135
Amount owing by associated companies	2,263	6,345	1,607	6,257
Amount owing to associated companies	-	(68)	-	-
	19,074	22,280	12,742	17,392

NOTES TO THE ACCOUNTS (CONT'D)

annual report 1997

31 december 1997

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4. ASSOCIATED COMPANIES (CONT'D)

The amounts owing by/(to) associated companies are trade related and non interest bearing.

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	RM'000	RM'000	RM'000	RM'000
(a) Share of post-acquisition reserves				
As at 1 January	4,868	1,675	-	-
For the year	808	3,193	-	-
As at 31 December	5,676	4,868	-	-
			<u>Group</u>	
			<u>1997</u>	<u>1996</u>
			RM'000	RM'000
(b) Group's interest in associated companies:				
Group's share of net tangible assets (NTA)			19,710	17,060
Less : Exchange reserve on translation of NTA of an associated company not accounted for			(2,899)	(1,057)
			16,811	16,003

The details of the associated companies are set out in Note 26 to the accounts.

5. INVESTMENT

	<u>Group/Company</u>	
	<u>1997</u>	<u>1996</u>
	RM'000	RM'000
Debentures at cost (unquoted)	750	750

6. STOCKS

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	RM'000	RM'000	RM'000	RM'000
Raw materials				
- on hand	62,149	46,452	19,858	12,958
- in transit	4,626	232	-	-
Work-in-progress	12,201	11,947	6,722	5,872
Finished goods	16,360	17,758	4,283	4,000
Sundry stocks	436	750	-	-
	95,772	77,139	30,863	22,830
Provision for obsolete stocks	(1,484)	-	(191)	-
	94,288	77,139	30,672	22,830

NOTES TO THE ACCOUNTS (CONT'D)

31 december 1997

7. TRADE DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	RM'000	RM'000	RM'000	RM'000
Trade debtors	133,828	117,310	31,048	26,035
Provision for doubtful debts	(53)	(164)	-	(94)
	133,775	117,146	31,048	25,941

8. BANK BORROWINGS (UNSECURED)

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	RM'000	RM'000	RM'000	RM'000
Bankers' acceptances	-	1,635	-	1,635
Bank overdrafts	11,107	11,710	3,045	3,067
	11,107	13,345	3,045	4,702

The bank borrowings of the Group are secured by a negative pledge on the assets of certain subsidiary companies and bear interest at rates ranging from 9.65% to 10.95% (1996 : 9.15% to 9.85%) per annum.

9. HIRE PURCHASE AND LEASE CREDITORS

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	RM'000	RM'000	RM'000	RM'000
Hire purchase creditors	-	20	-	-
Lease creditors	-	53	-	-
	-	73	-	-
Less: Interest-in-suspense	-	(4)	-	-
	-	69	-	-

10. SHARE CAPITAL

	<u>NUMBER OF ORDINARY</u>		<u>Group/Company</u>	
	<u>SHARES OF RM0.50 EACH</u>		<u>1997</u>	<u>1996</u>
	<u>1997</u>	<u>1996</u>	RM'000	RM'000
Authorised:				
Ordinary shares of RM0.50 each	200,000,000	200,000,000	100,000	100,000
Issued and fully paid:				
Ordinary shares of RM0.50 each				
At 1 January	115,720,017	115,679,417	57,860	57,840
Exercise of warrants	100	40,600	-	20
At 31 December	115,720,117	115,720,017	57,860	57,860

NOTES TO THE ACCOUNTS (CONT'D)

annual report 1997

31 december 1997

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11. SHARE PREMIUM

	<u>Group/Company</u>	
	<u>1997</u>	<u>1996</u>
	RM'000	RM'000
At 1 January	266	22
Arising from shares issued due to exercise of warrants	-	244
At 31 December	266	266

12. RESERVES

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	RM'000	RM'000	RM'000	RM'000
Non-distributable reserves:				
Reserves arising from revaluation of land and buildings and quoted and unquoted shares in subsidiary companies (Note a)	12,357	12,357	24,092	24,092
Capital reserve (Note b)	4,480	4,480	-	-
Reserve on consolidation (Note c)	4,814	4,814	-	-
Distributable reserves:				
Profit and loss account (Note d)	321,237	288,989	76,477	60,800
	342,888	310,640	100,569	84,892
(a) Revaluation reserves:				
At 1 January	12,357	11,165	24,092	24,092
Arising from revaluation of leasehold land and building by a subsidiary company	-	5,866	-	-
Less:				
Utilised for bonus issue by a subsidiary company	-	(3,018)	-	-
	-	2,848	-	-
	12,357	14,013	24,092	24,092
Transfer to distributable reserves due to dilution of equity interest in a subsidiary company	-	(1,656)	-	-
At 31 December	12,357	12,357	24,092	24,092

NOTES TO THE ACCOUNTS (CONT'D)

31 december 1997

12. RESERVES (CONT'D)

	Group		Company	
	1997 RM'000	1996 RM'000	1997 RM'000	1996 RM'000
(b) Capital reserve:				
At 1 January	4,480	-	-	-
Transfer from the following reserves due to bonus issue by a subsidiary company:-				
Revaluation reserve	-	3,018	-	-
Profit and loss account	-	5,149	-	-
	4,480	8,167	-	-
Transfer to distributable reserves due to dilution of equity interest in a subsidiary company	-	(3,687)	-	-
At 31 December	4,480	4,480	-	-
(c) Reserve on consolidation:				
At 1 January	4,814	3,981	-	-
Reversal of goodwill on consolidation written off in prior years due to partial disposal of a subsidiary company	-	833	-	-
At 31 December	4,814	4,814	-	-
(d) Profit and Loss Account:				
At 1 January	288,989	241,634	60,800	55,923
Retained profit for the year	32,248	47,161	15,677	4,877
	321,237	288,795	76,477	60,800
Less:				
Utilised for bonus issue by a subsidiary company	-	(5,149)	-	-
Add:				
Transfer from the following reserves due to dilution of equity interest in a subsidiary company:				
- revaluation reserve	-	1,656	-	-
- capital reserve	-	3,687	-	-
At 31 December	321,237	288,989	76,477	60,800

NOTES TO THE ACCOUNTS (CONT'D)

annual report 1997

31 december 1997

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13. MINORITY INTEREST

	<u>Group</u>	
	<u>1997</u> RM'000	<u>1996</u> RM'000
At 1 January	26,307	-
During the year	18,530	26,307
	44,837	26,307

14. BONDS

	<u>Group</u>		<u>Company</u>	
	<u>1997</u> RM'000	<u>1996</u> RM'000	<u>1997</u> RM'000	<u>1996</u> RM'000
3% Redeemable Non-Convertible Bonds 1994/1999 with Detachable Warrants	80,000	80,000	80,000	80,000

The 3% Redeemable Non-Convertible Bonds 1994/1999 ("Bonds") at nominal value of RM1.00 each are constituted by a Trust Deed dated 16 November 1994 made by the Company and the Trustee for the holders of the Bonds. Interest on the Bonds is payable annually in arrears.

The Detachable Warrants ("Warrants") are constituted by a Deed Poll dated 16 November 1994 made by the Company and the Trustee for the holders of the Warrants. Each Warrant will entitle its registered holder to subscribe for one ordinary share of RM0.50 each in the Company at a subscription price of RM6.50 per share. As at the balance sheet date, the number of Warrants remaining unexercised is 15,379,029 (1996 : 15,379,129).

15. DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	<u>1997</u> RM'000	<u>1996</u> RM'000	<u>1997</u> RM'000	<u>1996</u> RM'000
As at 1 January	7,617	7,975	2,509	2,509
Transferred from/(to) profit and loss account	563	(358)	-	-
At 31 December	8,180	7,617	2,509	2,509

16. TURNOVER

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

Turnover of the Group represents the invoiced value of goods sold and services rendered less trade discounts and returns.

NOTES TO THE ACCOUNTS (CONT'D)

31 december 1997

17. OPERATING PROFIT

	Group		Company	
	1997 RM'000	1996 RM'000	1997 RM'000	1996 RM'000
Operating profit is arrived at after charging:-				
Directors' remuneration payable to directors of				
- holding company	2,207	1,972	947	899
- subsidiary companies who are not directors of the holding company	1,539	740	-	-
Directors' fees payable to directors of				
- holding company	150	150	85	85
- subsidiary companies who are not directors of the holding company	48	48	-	-
Auditors' remuneration				
- current year	110	75	30	20
- underprovision in prior years	29	9	10	5
Rent				
- buildings	1,024	530	84	86
- machinery	431	384	261	174
Interest				
- leases	1	17	-	2
- hire purchase	3	5	-	-
- overdrafts	738	624	182	128
- bonds	2,400	2,400	2,400	2,400
- other bank borrowings	46	133	10	20
Depreciation of fixed assets	27,084	25,188	5,130	5,095
Stocks written off	125	-	-	-
Bad and doubtful debts	221	-	-	-
and crediting:-				
Gain on sale of fixed assets	344	918	166	62
Dividend income				
- from quoted subsidiary company	-	-	2,194	2,194
- from unquoted subsidiary companies	-	-	21,146	1,146
- from associated company	-	-	6,167	3,786
Interest income	11,181	5,642	9,420	5,519
Rental receivable	2,059	1,311	815	945
Gain arising from the partial disposal of equity interest in a subsidiary company	-	1,782	-	12,225

NOTES TO THE ACCOUNTS (CONT'D)

annual report 1997

31 december 1997

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18. TAXATION

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the year:				
Malaysian taxation				
- current year	23,882	21,985	7,632	4,136
- deferred taxation	563	(358)	-	-
	24,445	21,627	7,632	4,136
Share of taxation of associated companies				
- in Malaysia	1,233	2,218	-	-
- outside Malaysia	476	132	-	-
	26,154	23,977	7,632	4,136
Overprovision in prior year	(19)	(1,282)	(625)	-
	26,135	22,695	7,007	4,136

The effective tax rate on the profit of the Group is higher than the statutory tax rate due to certain expenses being disallowed for taxation purposes.

The effective tax rate on the profit of the Company is lower than the statutory tax rate due to certain tax exempt dividend income from a subsidiary company.

The Company has approximately RM13,460,000 (1996 : RM14,489,000) tax exempt income available for distribution as tax exempt dividend and based on estimated tax credits available, the entire retained profits of the Company is available for distribution by way of cash dividends without incurring additional tax liability.

As at 31 December 1997, unabsorbed capital allowances, unutilised reinvestment allowance and tax exempt income of the Group amounted to approximately RM3,321,000 (1996: RM205,000), RM4,830,000 (1996 : Nil) and RM95,924,000 (1996 : RM114,359,000) respectively. These amounts are subject to agreement of the Inland Revenue Board.

19. DIVIDENDS

	<u>Group/Company</u>	
	<u>1997</u>	<u>1996</u>
	RM'000	RM'000
Interim dividend of 10%, tax exempt	5,786	5,784
Proposed dividends:-		
- final dividend of 10%, tax exempt	5,786	5,784
- special dividend of 20%, tax exempt	11,572	11,574
	23,144	23,142

NOTES TO THE ACCOUNTS (CONT'D)

31 december 1997

20. EARNINGS PER SHARE

- (a) The basic earnings per share is calculated by dividing the Group's profit after taxation and minority interest of RM55,392,000 (1996: RM70,303,000) by the weighted average number of ordinary shares in issue during the year of 115,720,117 (1996: 115,699,884).
- (b) The fully diluted earnings per ordinary share is calculated by dividing the Group's adjusted earnings of RM58,322,180 (1996 : RM72,836,630) by the enlarged weighted average number of shares issued and issuable of 131,099,146 (1996 : 131,079,013). The Group's adjusted earnings of RM58,322,180 (1996 : RM72,836,630) has been adjusted to take into account the notional interest savings after tax on the RM80,000,000 3% Bonds, the notional interest savings after tax deemed to be derived from repayment of interest-bearing borrowings and the notional interest income after tax deemed to be derived from fixed deposits at 10% on the cash receivable of RM99,963,689 (1996 : RM99,964,338) arising from the exercise of the balance of 15,379,029 (1996 : 15,379,129) Warrants. The enlarged weighted average number of shares issued and issuable of 131,099,146 is calculated based on the assumption that the balance of the Warrants were fully exercised at a subscription price of RM6.50 per share into ordinary shares of RM0.50 each on 1 January 1997.

21. SIGNIFICANT INTER-COMPANY TRANSACTIONS

	<u>Company</u>	
	<u>1997</u> RM'000	<u>1996</u> RM'000
Sales to subsidiary companies	30,327	28,637
Rental receivable from subsidiary companies	792	792
Purchases from subsidiary companies	16,766	17,376
Rent payable to subsidiary company	12	12

22. CONTINGENT LIABILITIES

	<u>Company</u>	
	<u>1997</u> RM'000	<u>1996</u> RM'000
Guarantees given to financial institutions for credit facilities granted to subsidiary companies	8,063	8,643

23. COMMITMENTS

	<u>Group</u>		<u>Company</u>	
	<u>1997</u> RM'000	<u>1996</u> RM'000	<u>1997</u> RM'000	<u>1996</u> RM'000
Capital expenditure - approved and contracted for	15,289	5,796	5,797	2,005

NOTES TO THE ACCOUNTS (CONT'D)

annual report 1997

31 december 1997

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24. SEGMENTAL REPORTING

	<u>Turnover</u>		<u>Profit/(loss)</u> <u>before taxation</u>		<u>Total tangible</u> <u>assets employed</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Manufacturing						
- Cans	431,935	422,986	98,539	83,783	638,550	542,481
- Corrugated carton	51,535	58,386	11,633	12,353	79,410	73,207
- Polyethelene terephalate products	39,995	48,803	4,588	6,305	22,696	21,308
Property	168	42	125	1	1,105	1,042
Others	2,232	2,340	(5)	(115)	4,735	4,807
	525,865	532,557	114,880	102,327	746,496	642,845
Share of turnover of associated companies	(37,306)	(35,687)	-	-	-	-
Consolidation adjustment	(50,408)	(51,473)	(29,523)	(7,135)	(126,837)	(80,662)
	438,151	445,397	85,357	95,192	619,659	562,183

25. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 5 June 1997, the Company entered into a joint venture agreement with Mitsubishi Material Corporation (MMC) and Mitsubishi Corporation (MC), both of which are incorporated in Japan, for the purpose of undertaking the manufacturing and distribution of 2-piece aluminium retortable cans. A subsidiary company, KJM Aluminium Can Sdn. Bhd. (formerly known as Highest Prosper Sdn. Bhd.) was acquired for that purpose. The equity interests in KJM Aluminium Can Sdn. Bhd. held by the Company is 60%, and 25% and 15% for MMC and MC respectively.

26. SUBSIDIARY AND ASSOCIATED COMPANIES

Details of the Company's subsidiary and associated companies are listed below:-

<u>Company</u>	<u>Country of</u> <u>Incorporation</u>	<u>Nature of</u> <u>Business</u>	<u>Equity Interest Held</u>	
			<u>1997</u>	<u>1996</u>
			%	%
Metal-Pak (Malaysia) Sdn. Bhd.	Malaysia	Can manufacturer	100	100
Box-Pak (Malaysia) Berhad	Malaysia	Corrugated fibre board carton manufacturer	54.85	54.85

NOTES TO THE ACCOUNTS (CONT'D)

31 december 1997

26. SUBSIDIARY AND ASSOCIATED COMPANIES (CONT'D)

<u>Company</u>	<u>Country of Incorporation</u>	<u>Nature of Business</u>	<u>Equity Interest Held</u>	
			<u>1997</u> %	<u>1996</u> %
Canco Engineering & Machinery Sdn. Bhd.	Malaysia	Industrial and mechanical engineering services	100	100
Indastri Kian Joo Sdn. Bhd.	Malaysia	Letting out of factory building	100	100
Great Asia Tin Cans Factory Co. Sdn. Bhd.	Malaysia	Can manufacturer	100	100
Bintang Seribu Sdn. Bhd.	Malaysia	Tinplate cutting operations	100	100
Multi-Pet Sdn. Bhd.	Malaysia	Polyethelene terephalate products manufacturer	100	100
Kian Joo Packaging Sdn. Bhd.	Malaysia	2-piece aluminium beverage can manufacturer	100	100
Federal Metal Printing Factory Sdn. Bhd.	Malaysia	Metal printing and can manufacturer	100	100
* KJM Aluminium Can Sdn. Bhd. (Formerly known as Highest Prosper Sdn. Bhd.)	Malaysia	2-piece aluminium retortable can manufacturer	60	-
* Kian Joo Can Factory (S) Pte. Ltd.	Singapore	Can manufacturer	46	46
* Kian Joo - Southcorp Sdn. Bhd. (Formerly known as Kian Joo-Smorgon Sdn. Bhd.)	Malaysia	Polyethelene terephalate products manufacturer	50	50
* Associated and subsidiary companies not audited by Ernst & Young				

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

LIST OF PROPERTIES

as at 31 december 1997

<u>Location</u>	<u>Description</u>	<u>Area (sq.m.)</u>	<u>Tenure</u>	<u>Expiry Date</u>	<u>Age of Buildings (Years)</u>
Lot PT 2 Jalan Perusahaan 4 Batu Caves, Selangor	Factory Building	11,713	Leasehold	05.09.2074	17
Lot No. 28833 To 28836 Batu Caves, Selangor	Factory Building	9,919	Freehold	-	3
Lot No. 28829 To 28832 Batu Caves, Selangor	Factory Building	16,895	Freehold	-	2
Lot 6 Jalan Perusahaan 1 Batu Caves, Selangor	Factory Building	8,514	Leasehold	05.09.2074	9
Lot 8 Jalan Perusahaan 1 Batu Caves, Selangor	Factory Building	8,452	Leasehold	05.09.2074	21
Lot 10 Jalan Perusahaan 1 Batu Caves, Selangor	Factory Building	9,919	Leasehold	05.09.2074	21
Lot PT 765, Mukim of Kuala Lumpur Wilayah Persekutuan	Factory Building	1,963	Freehold	-	-
Lot No. 3846, Chembong, Rembau Negeri Sembilan	Factory Building	4,249	Leasehold	27.06.2049	-
PLO 456 Pasir Gudang Ind Estate Johor	Land for Development	12,140	Leasehold	04.09.2021	-
Lot 123, Phase 3 Arab Malaysian Industrial Perak, Nilai	Land for Development	12,000	Freehold	-	-
Lot 22 & 24, Sec 16 Town of Shah Alam Selangor	Factory Building	3,902	Leasehold	31.10.2070	25
Lot 21, Sec 16 Town of Shah Alam Selangor	Factory Building	1,951	Leasehold	31.10.2070	13

GROUP OF PROPERTIES (CONT'D)

as at 31 december 1997

<u>Location</u>	<u>Description</u>	<u>Area (sq.m.)</u>	<u>Tenure</u>	<u>Expiry Date</u>	<u>Age of Buildings (Years)</u>
PT No. 14350 Mukim of Damansara Shah Alam, Selangor	Land for Development	19,777	Freehold	-	-
Lot 10, Lorong 2A Cheras Jaya Ind Estate Balakong, Selangor	Factory Building	6,028	Leasehold	14.05.2088	20
Lot 196, Jalan Kawat 15/18 Tapak Perusahaan Shah Alam Town of Shah Alam Selangor	Factory Building	11,427	Leasehold	12.06.2073	6
Lot No. 3, Jalan Kawat 15/18 Tapak Perusahaan Shah Alam Town of Shah Alam Selangor	Factory Building	12,140	Leasehold	16.07.2074	6
Lot 18, Jalan Pengapit 15/19 Shah Alam, Selangor	Factory Building	7,641	Leasehold	04.11.2080	6
Lot 4 Jalan Perusahaan Dua Batu Caves, Selangor	Factory Building	18,848	Leasehold	05.09.2074	5
Lot 7 Jalan Perusahaan Dua Batu Caves, Selangor	Factory Building	12,840	Leasehold	05.09.2074	13
2736 & 2737 Mukim of Ulu Kinta District of Kinta, Perak	Factory Building	5,344	Leasehold	13.07.2036	19

ANALYSIS OF SHAREHOLDINGS

annual report 1997

as at 5 may 1998

Authorised Share Capital	:	RM100,000,000
Issued & Fully Paid-Up Capital	:	RM57,860,058.50 sen
Class of Shares	:	Ordinary Shares of RM0.50 sen each
Voting Rights	:	One vote per ordinary shares
Number of Shareholders	:	2,423

DISTRIBUTION OF SHAREHOLDINGS

<u>Size of Shareholdings</u>	<u>No of Holders</u>	<u>% of Holders</u>	<u>No of Shares Held</u>	<u>% of Issued Capital</u>
Less than 500	84	3.47	31,043	0.03
500 to 5,000	1,867	77.05	3,421,202	2.96
5,001 to 10,000	172	7.10	1,386,183	1.20
10,001 to 100,000	214	8.83	7,758,142	6.70
100,001 to 1,000,000	74	3.05	21,522,886	18.60
More than 1,000,000	12	0.50	81,600,661	70.51
	2,423	100.00	115,720,117	100.00

TOP TWENTY SHAREHOLDERS

as at 5 may 1998

<u>Name</u>	<u>No of Shares Held</u>	<u>% of Issued Capital</u>
1. Kian Joo Holdings Sdn. Bhd. – In Liquidation	42,741,276	36.94
2. Cartaban Nominees (Asing) Sdn. Bhd.	8,551,300	7.39
3. Employees Provident Fund Board	7,358,000	6.36
4. Chase Malaysia Nominees (Asing) Sdn. Bhd. London General	6,412,400	5.54
5. Rothputra Nominees (Tempatan) Sdn. Bhd. - Account 3	3,464,000	2.99
6. HSBC Nominees (Asing) Sdn. Bhd. A/c 318-103470-085	3,300,000	2.85
7. Citicorp Nominees (Asing) Sdn. Bhd. Citibank LDN General A/c Client 1118130099	2,410,400	2.08
8. Amanah Raya Berhad	1,920,000	1.66
9. Lembaga Tabung Haji	1,873,000	1.62
10. Multi-Purpose Bank Nominees (Tempatan) Sdn. Bhd. Account 0110003050	1,500,000	1.30
11. Arab-Malaysian Nominees (Tempatan) Sdn. Bhd. AMTB A/c of Pacific Pearl Fund	1,070,000	0.92
12. Multi-Purpose Bank Nominees (Tempatan) Sdn. Bhd.	1,000,285	0.86
13. HSBC Nominees (Asing) Sdn. Bhd. A/c 318-725819-085	994,500	0.85
14. Mr See Leong Chye@Sze Leong Chye	974,293	0.84
15. HSBC Nominees (Asing) Sdn. Bhd. A/c 301-337358-089	809,500	0.70
16. Chase Malaysia Nominees (Asing) Sdn. Bhd. Account LUX Mutual	663,000	0.57
17. Citicorp Nominees (Asing) Sdn. Bhd. NTC Account AUFC 112606	608,000	0.52
18. Mr Billy Yong Har Chye	600,000	0.52
19. BBMB Securities Nominees (Tempatan) Sdn. Bhd. Account 16 (PET 001)	538,000	0.46
20. CIMSEC Nominees (Tempatan) Sdn. Bhd. - A/c CBMB	500,000	0.43

SUBSTANTIAL SHAREHOLDERS

	<u>No of Shares Held</u>	<u>% of Issued Capital</u>
1. Kian Joo Holdings Sdn. Bhd. – In Liquidation	42,741,276	36.94
2. Cartaban Nominees (Asing) Sdn. Bhd.	8,551,300	7.39
3. Employees Provident Fund Board	7,358,000	6.36
4. Chase Malaysia Nominees (Asing) Sdn. Bhd. Account London General	6,412,400	5.54

PROXY FORM

annual report 1997

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I/We _____
(Full Name In Capital Letters)
of _____
(Address)
being a member of Kian Joo Can Factory Berhad hereby appoint *The Chairman of the meeting or
_____ of failing
(Full Name)
him _____ of failing
(Address)
_____ of
(Full Name)
_____ of
(Address)

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the conference room, Lot 6, Jalan Perusahaan Satu, 68100 Batu Caves, Selangor, Malaysia on Tuesday, 16 June 1998 at 11.30 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be cast on the resolutions specified in the Notice of Meeting.

RESOLUTIONS	FOR	AGAINST
1. Adoption of Accounts and Reports (Resolution 1)		
2. Declaration of Final Dividend (Resolution 2)		
3. Election of Directors: Dato' Anthony See Teow Guan (Resolution 3) Y.A.M. Tunku Nadzruddin Ibni DYMM Tuanku Ja'afar (Resolution 4)		
4. Approval of Directors' Fees (Resolution 5)		
5. Re-Appointment of Ernst & Young as Auditors and authorising Directors to fix their remuneration (Resolution 6)		

Subject to any voting instruction so given, the proxy/proxies will vote, or abstain from voting on the resolution as he may think fit.

Signed this _____ day of _____, 1998 _____
Signature of Member(s)

* Delete if not applicable

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. If the member is a corporation this Proxy Form must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. All Proxy Forms should be deposited at the Registered Office, Lot 10, Jalan Perusahaan Satu, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time fixed for holding the meeting.

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Affix
stamp
here

The Secretary

KIAN JOO CAN FACTORY BERHAD (3186-P)

Lot 10, Jalan Perusahaan Satu

68100 Batu Caves

Selangor Darul Ehsan

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