

KIAN JOO CAN FACTORY BERHAD (3186-P)
NOTES TO THE INTERIM FINANCIAL REPORT (UNAUDITED)

1 Accounting Policies and Methods of Computation

The interim financial statements have been prepared in accordance with MASB 26, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Board).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2003

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2003.

2 Qualification of audit report of the preceding annual financial statements

There were no qualification on audit report of the preceding financial statements.

3 Seasonal or Cyclical Factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

4 Extraordinary Items

There were no extraordinary items for the financial period under review.

5 Changes in estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years that have a material effect in the current financial period.

6 Issuance, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period under review.

The details of the issued and paid-up capital of the Company as at 30 June 2004 are as follows: -

	No. of Shares	RM
As at 1 January 2004 - Ordinary shares issued pursuant to ESOS	175,756,661 1,348,000	87,878,331 674,000
As at 30 June 2004	177,104,661	88,552,331

7 Dividends Paid

No dividend was paid during the period under review.

8 Segmental Reporting

Segmental results for the period ended 30 June 2004 are as follows: -

	General Cans	Aluminium Cans	Corrugated Cartons	Pet Products	Others	Total	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE AND EXPENSES								
Revenue								
External sales	128,102	113,627	21,081	6,980	62	269,852	0	269,852
Inter-segment sales	688	1,481	409	414	240	3,232	(3,232)	0
	128,790	115,108	21,490	7,394	302	273,084	(3,232)	269,852
RESULTS								
Operating Segment results	6,513	21,953	654	(2,614)	(140)	26,366		26,366
Interest income								810
Finance cost								(2,667)
Share of profit of Associated Company				318		318		318
Profit before taxation								24,827
Taxation								(4,784)
Minority interest								(290)
Net profit for the year								19,753

9 Valuation of property, plant and equipment

There were no amendments in the valuation of property, plant and equipment since the last annual financial statements.

10 Material events subsequent to the end of the interim period

There are no material events subsequent to the end of the period under review that have not been reflected in the quarterly financial statements.

11 Changes in the Composition of the Group

There were changes in the composition of the Group during the period under review.

12 Changes in contingent liabilities or contingent assets

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

13 Related Party Transactions

	Financial Period to date 30.6.2004 RM'000
Sales to associated company	269
Management fees receivable from associated company	529
Rental receivable from associate company	1,095
Purchases from associated company	-

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

<u>(i) Nature of transaction</u>	<u>Identity of related party</u>	Financial Period to date 30.6.2004 RM'000
Sales of trading inventories by a subsidiary company	Hercules Sdn Bhd ("Hercules")	145
Sales of trading inventories by a subsidiary company	Metal Closures & Seals Sdn Bhd ("Metal Closures")	123

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

The above transactions were entered into in the normal course of business on terms that the Directors consider comparable to those had the transactions been entered into with third parties.

14 Review of Performance of the Company and its Principal Subsidiaries

For the financial period ended 30 June 2004, Group revenue improved 13.2% to RM269.852 million from RM238.452 million for the corresponding preceding period. Profit before tax was down 4.5% from RM26.007 million in the preceding period to RM24.827 million for the current period under review. The improved revenue was contributed mainly from the aluminium cans and general cans divisions. However, Group operating profit was affected by higher raw material cost during the period under review.

15 Comparison with Preceding Quarter's Results

Group revenue improved marginally to RM136.181 million in the current quarter compared to RM133.671 million in preceding quarter. Profit before tax was lower at RM10.578 million for the current quarter compared with RM14.250 million in the preceding quarter. The lower operating profit was mainly attributable to lower contribution from the aluminium cans, corrugated cartons and PET divisions.

16 Current Year Prospects

Market condition for the packaging industries is expected to remain competitive and raw material prices continue to rise during the year 2004. However, the Group will continue to focus efforts on growth and efficiencies in operations to meet the challenges ahead.

17 Variance from Forecast Profit and Profit Guarantee

This is not applicable to the Group.

18 Taxation

	Current Quarter RM'000	Year to date RM'000
Income Tax		
- current year	-1368	-4799
- over / (under) provision	0	0
Deferred taxation	-37	104
	-1405	-4695
Share of taxation of associated company	-34	-89
	-1439	-4784

The effective tax rate for the financial period under review is lower than the statutory tax rate due to certain tax incentive being claimed for tax purposes and utilisation of unabsorbed tax losses by certain subsidiary companies.

19 Profits on Sale of Unquoted Investments and /or Properties

There were no profits on sale of investments and/or properties for the financial period under review.

20 Purchase or Disposal of Quoted Securities

(a) There were no purchase or disposal of quoted securities for the financial period under review.

(b) Investment in quoted shares as at 30.6.2004

	At Cost	At Book Value	At Market Value
	RM'000	RM'000	RM'000
Quoted shares -	19,155	-	56,605

21 Status of Corporate Proposals

There were no corporate proposals announced which were pending completion.

22 Group Borrowings and Debt Securities

Total Group borrowings as at 30.6.2004 are as follows:-

	RM'000
Current	103,864
Non-current	32,959
	<u>136,823</u>

The detail of borrowings which are denominated in Vietnam Dong are as follows: -

	VND '000 000
Current	9,091
Non-current	12,228
(NOTE - VND 4137 = RM1)	<u>21,319</u>

All the Group borrowings are unsecured.

23 Off Balance Sheet Financial Instruments

The Group has not entered into any contract for financial instruments with off Balance Sheet risks.

24 Material Litigation

There was no pending litigation against the Group for the financial period under review.

25 Dividend

(a) A final tax exempt dividend of 10% (5 sen per share) for the financial year ended 31 December 2003 was approved by shareholders of the Company at the Annual General Meeting held on 9 June 2004 and was paid on 8 July 2004.

- (b) For the financial period under review, the Board of Directors is pleased to declare an interim tax exempt dividend of 10% (5 sen per share) amounting to RM8.855 million payable on 28 September 2004 to shareholders registered at the close of business on 16 September 2004.

26 Earnings per share

	Current Quarter 30.6.2004	Financial Year to date 30.6.2004
Basic earnings per share		
Issued ordinary shares at beginning of period	176,453,661	175,756,661
Effect of ordinary shares issued during the period	370,220	711,381
Weighted average number of ordinary shares	<u>176,823,881</u>	<u>176,468,042</u>
Basic earnings per share (sen)	5.14	11.19
Diluted earnings per share		
Weighted average number of ordinary shares	176,823,881	176,468,042
Effect of Employee Share Option Scheme	2,868,440	2,930,357
Weighted average number of ordinary shares (diluted)	<u>179,692,320</u>	<u>179,398,399</u>
Diluted earnings per share (sen)	5.06	11.01

27 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 August 2004

BY ORDER OF THE BOARD,
Chia Kwok Why
Secretary.
Batu Caves, Selangor Darul Ehsan.
20 August 2004