



KIAN JOO CAN FACTORY BERHAD

(Incorporated in Malaysia)

(Co. Reg. No. 3186-P)

Condensed Consolidated Statement of Comprehensive Income for the second quarter ended 30 June 2012

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 30.06.2012 RM'000 Unaudited	Preceding Year Corresponding Quarter 30.06.2011 RM'000 Unaudited	Current Year Quarter 30.06.2012 RM'000 Unaudited	Preceding Year Quarter 30.06.2011 RM'000 Unaudited
Continuing Operations					
Revenue		304,626	261,864	571,397	517,170
Cost of sales		(258,036)	(211,093)	(482,414)	(414,577)
Gross profit		46,590	50,771	88,983	102,593
Other income		937	4,851	2,601	8,045
Operating expenses		(17,556)	(15,487)	(26,639)	(30,538)
Finance costs		(1,009)	(1,187)	(2,137)	(2,349)
Share of (loss)/profit of associate (net of tax)		(546)	125	(808)	(122)
Profit Before Taxation	19	28,416	39,073	62,000	77,629
Taxation	21	(8,031)	(7,138)	(13,249)	(14,358)
Profit for the period		20,385	31,935	48,751	63,271
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		5,779	(135)	1,931	(11,847)
Non-controlling interest portion of issued share capital in subsidiary		-	-	602	-
Other comprehensive income for the period, net of tax		5,779	(135)	2,533	(11,847)
Total comprehensive income for the period		26,164	31,800	51,284	51,424
Profit attributable to:					
Owners of the company		18,433	30,601	45,605	61,298
Non-controlling interest		1,952	1,334	3,146	1,973
Profit for the period		20,385	31,935	48,751	63,271
Total comprehensive income attributable to:					
Owners of the company		22,748	30,346	47,064	52,699
Non-controlling interest		3,416	1,454	4,220	(1,275)
Total comprehensive income for the period		26,164	31,800	51,284	51,424
Earnings per share attributable to owners of the company:					
Basic (sen)					
Continuing operations		4.15	6.89	10.27	13.80
Discontinued operation		-	-	-	-
		4.15	6.89	10.27	13.80
Diluted (sen)					
Continuing operations		-	-	-	-
Discontinued operation		-	-	-	-
		-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements



KIAN JOO CAN FACTORY BERHAD

(Incorporated in Malaysia)

(Co. Reg. No. 3186-P)

**Condensed Consolidated Statement of Financial Position
at 30 June 2012**

	As at 30.06.2012	As at 31.12.2011	As at 01.01.2011
	RM'000	RM'000	RM'000
Note	Unaudited	Audited (restated)	Audited (restated)
ASSETS			
Non-Current Assets			
Property, plant & equipment	644,071	632,077	568,694
Land use rights	13,681	12,289	7,752
Investment properties	22,932	23,010	23,519
Intangible assets	191	246	266
Other investment	0	90	90
Investments in associated company	23,554	24,362	24,406
Deferred tax assets	32	32	3,522
	<u>704,461</u>	<u>692,106</u>	<u>628,249</u>
Current Assets			
Inventories	282,222	278,933	230,669
Trade and other receivables	263,681	259,026	245,223
Cash and bank balances	85,702	92,917	92,087
	<u>631,605</u>	<u>630,876</u>	<u>567,979</u>
TOTAL ASSETS	<u>1,336,066</u>	<u>1,322,982</u>	<u>1,196,228</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital	111,042	111,042	111,042
Share premium	744	744	744
Other reserves	(16,368)	(17,827)	(12,837)
Retained earnings	22 861,793	816,188	773,217
	<u>957,211</u>	<u>910,147</u>	<u>872,166</u>
Non-Controlling Interest	68,765	64,545	62,361
Total Equity	<u>1,025,976</u>	<u>974,692</u>	<u>934,527</u>
Non-Current Liabilities			
Retirement benefit obligation	23,590	22,827	22,876
Borrowings	24 72,842	63,152	10,725
Deferred tax liabilities	21,552	20,988	19,391
	<u>117,984</u>	<u>106,967</u>	<u>52,992</u>
Current Liabilities			
Retirement benefit obligation	1,988	1,891	1,725
Provision for solid waste disposal	209	103	151
Borrowings	24 99,077	131,064	103,707
Trade and other payables	85,106	101,152	98,790
Derivative financial instrument	2,573	4,107	8
Taxation	3,153	3,006	4,328
	<u>192,106</u>	<u>241,323</u>	<u>208,709</u>
Total Liabilities	<u>310,090</u>	<u>348,290</u>	<u>261,701</u>
TOTAL EQUITY AND LIABILITIES	<u>1,336,066</u>	<u>1,322,982</u>	<u>1,196,228</u>
Net assets per share attributable to owners of the Company (RM)	2.16	2.05	1.96

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements



KIAN JOO CAN FACTORY BERHAD

(Incorporated in Malaysia)

(Co. Reg. No. 3186-P)

Condensed Consolidated Statement of Changes in Equity

For the second quarter ended 30 June 2012

	Attributable to Owners of the Company						Total Equity RM'000
	Non-distributable			Distributable		Non-Controlling Interest RM'000	
	Share Capital RM'000	Share Premium RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000		
At 1 January 2011 (restated)	111,042	744	(12,837)	773,217	872,166	62,361	934,527
Profit for the period	-	-	-	61,298	61,298	1,973	63,271
Currency translation differences	-	-	(8,599)	-	(8,599)	(3,248)	(11,847)
Total comprehensive income for the period	-	-	(8,599)	61,298	52,699	(1,275)	51,424
Dividends	-	-	-	(33,313)	(33,313)	-	(33,313)
Dividend payable to non-controlling interest	-	-	-	-	-	(1,423)	(1,423)
At 30 June 2011 (restated)	111,042	744	(21,436)	801,202	891,552	59,663	951,215
At 1 January 2012 (restated)	111,042	744	(17,827)	816,188	910,147	64,545	974,692
Profit for the period	-	-	-	45,605	45,605	3,146	48,751
Currency translation differences	-	-	1,459	-	1,459	472	1,931
Issuance of share capital by non-controlling interest	-	-	-	-	-	602	602
Total comprehensive income for the period	-	-	1,459	45,605	47,064	4,220	51,284
At 30 June 2012	111,042	744	(16,368)	861,793	957,211	68,765	1,025,976

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements



KIAN JOO CAN FACTORY BERHAD

(Incorporated in Malaysia)

(Co. Reg. No. 3186-P)

Condensed Consolidated Statement of Cash Flows For the second quarter ended 30 June 2012

	30.06.2012	30.06.2011
	RM'000	RM'000
	Unaudited	Unaudited
Net cash generated from operating activities		
Receipts from customers	574,986	529,438
Payments to suppliers	(508,682)	(474,037)
	<hr/>	<hr/>
Cash generated from operations	66,304	55,401
Interest paid	(2,137)	(2,349)
Income tax paid	(12,367)	(12,930)
Income tax refunded	-	96
	<hr/>	<hr/>
	51,800	40,218
Net cash used in investing activities		
Acquisition of property, plant and equipment	(38,212)	(46,570)
Acquisition of intangible assets	-	-
Acquisition of land use rights	-	-
Proceeds from disposal of property, plant and equipment	263	3,660
Interest received	881	1,326
	<hr/>	<hr/>
	(37,068)	(41,584)
Net cash used in financing activities		
Proceeds from bankers' acceptances	4,439	26,318
Proceeds from subscription of shares by a non-controlling interest in a subsidiary company	602	-
Repayment of term loans, bankers' acceptances and revolving credit	(26,965)	(17,953)
Repayment of hire purchase and lease obligations	-	(98)
Dividends paid	-	(34,736)
Advances to an associate	(261)	1,646
	<hr/>	<hr/>
	(22,185)	(24,823)
Net increase in Cash and Cash Equivalents	(7,453)	(26,189)
Effect of Exchange Rate Changes	238	(1,368)
Cash and Cash Equivalents at 1 January	92,917	90,526
	<hr/>	<hr/>
*Cash and Cash Equivalents at 30 June	85,702	62,969
	<hr/> <hr/>	<hr/> <hr/>
*Cash and Cash Equivalents at 30 June comprised the following:		
Cash and bank balances	44,788	38,068
Short term deposits	40,914	24,901
	<hr/>	<hr/>
	85,702	62,969
	<hr/> <hr/>	<hr/> <hr/>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements

1. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

This condensed consolidated interim financial statements (Condensed Report) are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting, and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The date of transition to the MFRS framework is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The impact of the transition from FRS to MFRS is described in Note 2.1 below.

These explanatory notes attached to the condensed interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

2. Significant Accounting Policies

2.1 Application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this Condensed Report are consistent with those of the audited financial statements for the year ended 31 December 2011, except as discussed below:

(a) Property, plant and equipment

The Group has previously adopted the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment, and all items of property, plant equipment were initially recorded at cost. Subsequent to recognition, plant and equipment were measured at cost less accumulated depreciation and accumulated impairment losses. Freehold land, leasehold land and buildings were measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard the revalued amounts of freehold land and buildings and leasehold land and buildings as at 31 December 2009 as deemed cost at the date of transition, as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM101,750,657 (30 June 2011: RM101,750,657; 31 December 2011: RM101,750,657) was transferred to retained earnings on date of transition to MFRS.

2. Significant Accounting Policies (cont'd.)

2.1 Application of MFRS 1 (cont'd.)

(b) Land use rights

The Group's treatment of land use rights, which were stated at cost under FRS is consistent with that of MFRS. Subsequent to the transition to MFRS, the land use rights will continue to be amortised over its lease terms.

(c) Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. This treatment of translation differences under FRS is consistent with the requirement of MFRS.

(d) Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The reconciliations of equity for comparative periods and at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

As at 1 January 2011:

Equity	FRS as at 01.01.2011 RM '000	Reclassification RM '000	MFRS as at 01.01.2011 RM '000
Other reserves, comprising:			
- Asset revaluation reserve	101,751	(101,751)	-
- Foreign currency translation reserve	(17,317)	-	(17,317)
- Capital reserve	4,480	-	4,480
Other reserves, total	88,914	(101,751)	(12,837)
Retained earnings	671,466	101,751	773,217

2. Significant Accounting Policies (cont'd.)

2.1 Application of MFRS 1 (cont'd.)

As at 30 June 2011:

Equity	FRS as at 30.06.2011 RM '000	Reclassification RM '000	MFRS as at 30.06.2011 RM '000
Other reserves, comprising:			
- Asset revaluation reserve	101,751	(101,751)	-
- Foreign currency translation reserve	(25,916)	-	(25,916)
- Capital reserve	4,480	-	4,480
Other reserves, total	80,315	(101,751)	(21,436)
Retained earnings	699,451	101,751	801,202

As at 31 December 2011:

Equity	FRS as at 31.12.2011 RM '000	Reclassification RM '000	MFRS as at 31.12.2011 RM '000
Other reserves, comprising:			
- Asset revaluation reserve	101,751	(101,751)	-
- Foreign currency translation reserve	(22,307)	-	(22,307)
- Capital reserve	4,480	-	4,480
Other reserves, total	83,924	(101,751)	(17,827)
Retained earnings	714,437	101,751	816,188

2.2 MFRSs, Amendments to MFRS and IC Interpretation Issued But Not Yet Effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

FRSs, IC Interpretation and Amendments to IC Interpretation	Effective for annual periods beginning on or after
Amendments to MFRS 101 : Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 9 : Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2013
MFRS 10 : Consolidated Financial Statements	1 January 2013
MFRS 11 : Joint Arrangements	1 January 2013
MFRS 12 : Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 : Fair Value Measurement	1 January 2013

2. Significant Accounting Policies (cont'd.)

2.2 MFRSs, Amendments to MFRS and IC Interpretation Issued But Not Yet Effective (cont'd.)

FRSs, IC Interpretation and Amendments to IC Interpretation	Effective for annual periods beginning on or after
MFRS 119 : Employee Benefits	1 January 2013
MFRS 127 : Separate Financial Statements	1 January 2013
MFRS 128 : Investment in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7 : Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities	1 January 2014

3. Qualification of Audit Report of the Preceding Annual Financial Statements

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

4. Seasonal or Cyclical Factors

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

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

6. 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 on the financial year-to-date results.

7. Issuance, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

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

8. Dividends Paid

A final tax exempt (single-tier) dividend of 10% and a special tax exempt (single-tier) dividend of 15% on 444,167,786 ordinary shares in respect of the financial year ended 31 December 2011, amounting to RM27.8 million was paid on 12 July 2012.

9. Segmental Reporting

Segmental results for the period ended 30 June 2012 are as follows: -

	Cans Division	Cartons Division	Contract Packing	Others	Total	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
External sales	402,532	124,193	44,615	57	571,397	-	571,397
Inter-segmental sales	20,727	2,437	-	121	23,285	(23,285)	-
Total revenue	423,259	126,630	44,615	178	594,682	(23,285)	571,397
RESULTS							
Segment results	49,325	10,793	1,604	(120)	61,602	-	61,602
Other income	5,108	399	42	-	5,549	(2,206)	3,343
	54,433	11,192	1,646	(120)	67,151	(2,206)	64,945
Finance costs	(3,224)	(618)	(501)	-	(4,343)	2,206	(2,137)
Share of loss of Associated Co.	-	-	-	(808)	(808)	-	(808)
Profit before taxation	51,209	10,574	1,145	(928)	62,000	-	62,000
Taxation							(13,249)
Non-controlling interest							(3,146)
							45,605

	Cans Division	Cartons Division	Contract Packing	Others	Total	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS AND LIABILITIES							
Segment assets	1,190,485	196,870	58,972	4,254	1,450,581	(117,302)	1,333,279
Unallocated corporate assets							2,787
Consolidated total assets							1,336,066
Segment liabilities	(222,548)	(59,742)	(3,039)	(49)	(285,378)	(6)	(285,384)
Unallocated corporate liabilities							(24,706)
Consolidated total liabilities							(310,090)
OTHER INFORMATION							
Capital Expenditure	30,751	5,850	1,611	-	38,212	-	38,212
Depreciation and amortisation	20,364	3,078	2,293	62	25,797	-	25,797
Non-cash expenses other than depreciation	(8)	(422)	(105)	-	(535)	-	(535)

10. Valuation of Property, Plant and Equipment

Upon adoption of MFRS 1, the Group has elected to measure all its property, plant and equipment using the cost model. Consequently, the Group elected to regard the revalued amounts of leasehold land and buildings as at 31 December 2009 as deemed cost.

11. Material Events Subsequent to the End of the Interim Period

There were no significant events subsequent to the end of the period under review to the date of this announcement that are not disclosed in the quarterly financial statements.

12. Changes in the Composition of the Group

The Company entered into an agreement with a non-related party on 27 July 2012 to dispose off its entire 60% stake in a subsidiary, Kian Joo Canpack (Vietnam) Co., Ltd.. The disposal is expected to be completed within one (1) month from the date of the agreement.

13. 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.

14. Capital Commitments

The amount of capital commitments as at 30 June 2012 is as follows:-

	RM'000
Approved and contracted for	6,519

15. Related Party Transactions

	Financial Period to date 30.06.2012 RM'000
Sales to associated company	70

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

		Financial Period to date 30.06.2012 RM'000
(a) Nature of transaction	Identity of related party	
Sales of trading inventories	(i) Hercules Sdn. Bhd.	270
by a subsidiary company	(ii) Hercules Vietnam Co Ltd	192

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

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

16. Operating Segments Review

2nd Quarter 2012 (2Q2012) versus 2nd Quarter 2011 (2Q2011)

The Group recorded a revenue of RM304.6 million in 2Q2012, an increase of 16% from RM261.9 million in 2Q2011. The Group's overall profit before taxation was lower by 27% in 2Q2012 at RM28.4 million, compared to RM39.1 million in 2Q2011.

(i) Cans Division

The Cans Division generated a total operating revenue of RM210.2 million in 2Q2012, an increase of 13% from RM186.1 million in 2Q2011. Profit before taxation of this division was lower in 2Q2012 at RM21.5 million compared to RM34.7 million in 2Q2011.

The increase in revenue of RM24.1 million from Cans Division was mainly supported by an increase in domestic sales, mainly contributed by strong demand for food and beverage cans.

Profit before taxation was lower by RM13.2 million in 2Q2012 compared to 2Q2011. This was mainly attributable to lower margins due to downward revision of selling price, higher operating costs and write down/write-off of inventory during the quarter.

(ii) Cartons Division

Revenue from Cartons Division increased by 10% in 2Q2012 to RM65.8 million, from RM60.0 million in 2Q2011. The profit before tax was recorded at RM6.2 million in 2Q2012, an increase of 44% from RM4.3 million in 2Q2011.

The increase in revenue in the current quarter compared to last year's corresponding quarter was attributable to revenue growth in both Malaysia and Vietnam operations. The higher profit before tax in 2Q2012 compared to the same quarter last year was mainly due to operating efficiency from an increased production volume to meet strong domestic demand in Malaysia and Vietnam.

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division in 2Q2012 was higher by 83% at RM28.6 million, compared to RM15.6 million in 2Q2011. The division recorded a profit before taxation of RM1.3 million in the current quarter, compared to a loss before taxation of RM0.1 million in 2Q2011.

The significant improvement in 2Q2012 revenue was mainly attributable to improvements to both domestic and export sales compared to last year's corresponding quarter. The improvement in profitability of this division was mainly due to improved operating efficiency from increased sales volume.

16. Operating Segments Review (cont'd.)

Financial Period Ended 30 June 2012 (6M2012) versus 30 June 2011 (6M2011)

The Group recorded a revenue of RM571.4 million in 6M2012, an increase of 10% from RM517.2 million in 6M2011. The Group's overall profit before taxation was lower by 20% in 6M2012 at RM62.0 million, compared to RM77.6 million in 6M2011.

(i) Cans Division

The Cans Division generated a total operating revenue of RM402.5 million in 6M2012, an increase of 10% from RM366.4 million in 6M2011. Profit before taxation of this division was lower in 6M2012 at RM51.2 million compared to RM70.4 million in 6M2011.

Revenue in the Cans Division experienced an increase of RM36.1 million in 6M2012 compared to 6M2011, due to increases in both domestic and export sales.

The decrease of 27% in profit before taxation in 6M2012, amounting to RM19.2 million, was attributable to factors such as downward revision in selling price, higher operating costs and write down/write-off of inventories.

(ii) Cartons Division

Revenue from Cartons Division increased by 9% in 6M2012 to RM124.2 million, from RM114.4 million in 6M2011. The profit before tax was recorded at RM10.6 million in 6M2012, an increase of 58% from RM6.7 million in 6M2011.

The increase in revenue was mainly due to revenue growth in Malaysia and Vietnam operations, with the Vietnam operations being the major contributor. The higher profit before tax in 6M2012 compared to the same period last year was mainly due to improved operating efficiencies. Profit before tax for 6M2011 was also lower due to the devaluation of Vietnam Dong during that period.

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division in 6M2012 was higher by 23% at RM44.6 million, compared to RM36.3 million in 6M2011. The division recorded an increase of 71% in profit before taxation at RM1.2 million in 6M2012, compared to a profit before tax of RM0.7 million in 6M2011.

This division's significant improvement in 6M2012 revenue was mainly attributable to improvements to both domestic and export sales compared to the corresponding period in the last year. This increase in sales resulted in an increase in volume, and in turn, resulted in an increase of profit before taxation.

17. Material Change In Performance of Operating Segments of Current Quarter (2Q2012) Compared With Preceding Quarter (1Q2012)

The Group recorded a revenue of RM304.6 million in 2Q2012, an increase of 14% from RM266.8 million in 1Q2012, while profit before tax experienced a decrease of 15% to RM28.4 million in 2Q2012, from RM33.6 million in 1Q2012.

(i) Cans Division

The total operating revenue generated by the Cans Division was RM210.2 million in 2Q2012, 9% higher from RM192.4 million in 1Q2012. Profit before tax was RM21.5 million in 2Q2012, a decrease of 28% from RM29.7 million in 1Q2012.

The RM17.8 million increase in revenue generated by the Cans Division in the current quarter was mainly due to higher domestic sales, which accounted for above 90% of the increase in sales in this division.

Profit before tax decreased by RM8.2 million, as the full impact of reduction in selling price in 1Q2012 was recorded in 2Q2012. The decrease in profit was also contributed by higher operating cost and loss on derivatives.

(ii) Cartons Division

Revenue from Cartons Division increased by 13% in 2Q2012 to RM65.8 million, from RM58.4 million in 1Q2012. The profit before tax of this division increased by 44% in 2Q2012 to RM6.2 million, from RM4.3 million in 1Q2012.

The increase in current quarter revenue compared to 1Q2012 was mainly due to stronger sales recorded in the Malaysia and Vietnam operations. The higher production tonnage from increased sales resulted in better production efficiency and a higher profit before tax in the current quarter compared to the preceding quarter.

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division increased significantly to RM28.6 million in the current quarter, from RM16.0 million in 1Q2012. The improvement in sales was mainly attributable to an increase in domestic sales. Profit before taxation of this division improved to RM1.3 million in the current quarter from a loss before tax of RM0.2 million in 1Q2012, despite a loss of RM1.1 million incurred by the Division's operation in Vietnam in 2Q2012.

18. Commentary On Prospects

Up until 2Q2012, the world economy continued to remain unstable, and this economic condition would likely persist throughout the year. In such an environment, the Group would face downwards pressure on selling prices and margins, as well as fluctuations in raw material costs.

The Group will continue to develop its regional market in the 2012 financial year. Barring unforeseen circumstances, the Board expects the Group's overall performance for year 2012 to be satisfactory.

19. Profit Before Taxation

Included in the profit before taxation are the following items:

	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Year To Date
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
Interest income	(434)	(682)	(881)	(1,326)
Other income including				
investment income	(937)	(4,851)	(2,601)	(8,045)
Interest expense	1,009	1,187	2,137	2,349
Depreciation and amortisation	13,820	11,781	25,901	23,306
Provision for and write off of				
receivables	-	-	(6)	-
Provision for and write off of				
inventories	1,128	639	1,534	1,670
Gain on disposal of quoted or				
unquoted investments or				
properties	-	-	-	-
Gain on disposal of property,				
plant and equipment	-	(1,929)	(23)	(3,545)
Impairment of assets	-	-	56	-
Foreign exchange (gain)/loss	729	596	(1,217)	2,764
Loss/(gain) on derivatives	2,387	536	(742)	(162)
Write-down of inventories	1,576	183	768	575

20. Variance from Forecast Profit and Profit Guarantee

No profit forecast or guarantee was issued by the Group.

21. Taxation

	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Year To Date
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
Group				
Income Tax				
- current year	(7,458)	(6,645)	(12,685)	(13,284)
Deferred taxation	(574)	(493)	(565)	(1,074)
	(8,031)	(7,138)	(13,249)	(14,358)

The effective tax rate for the financial period under review is lower than the statutory tax rate due to utilisation of capital allowances and tax losses and tax exempt income from subsidiary companies.



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22. Retained Earnings

	As at 30.06.2012 RM'000	As at 31.12.2011 RM'000 (restated)
Total retained earnings of Group:		
- Realised	677,800	643,033
- Unrealised	103,091	102,614
	<hr/>	<hr/>
	780,891	745,647
Add: Consolidated adjustments	80,902	70,541
	<hr/>	<hr/>
Total Group retained earnings as per Consolidated Accounts	861,793	816,188
	<hr/>	<hr/>

23. Status of Corporate Proposals

(i) Proposed Bonus & Warrants Issues

On 25 February 2011, the Company has via its adviser, HwangDBS Investment Bank Berhad ("HwangDBS"), announced that it proposed to implement the following:

- (i) a bonus issue of 222,083,893 new ordinary shares of RM0.25 each in the Company ("KJCF Shares") ("Bonus Shares"), to be credited as fully paid up, on the basis of one (1) Bonus Share for every two (2) KJCF Shares held ("Proposed Bonus Issue"); and
- (ii) a renounceable rights issue of 166,562,919 five (5)-year warrants 2011/2016 ("Warrants") on the basis of one (1) Warrant for every four (4) KJCF Shares held after the Proposed Bonus Issue at an issue price of RM0.01 per Warrant ("Proposed Rights Issue").

On 11 April 2011, HwangDBS, on behalf of the Board of Directors of the Company, made the following applications:

- (i) additional listing application for the Bonus Shares in respect of the Proposed Bonus Issue to Bursa Malaysia Securities Berhad ("Bursa Securities");
- (ii) initial listing application for the listing of the Warrants in respect of the Proposed Rights Issue and the additional listing application for the listing of additional KJCF Shares to be issued pursuant to the exercise of the Warrants to Bursa Securities; and
- (iii) application to Bank Negara Malaysia ("BNM") in respect of the Proposed Rights Issue pursuant to the Exchange Control Regulations.

BNM has, via its letter dated 18 April 2011, approved the Company's application for the issuance of Warrants to non-resident shareholders of the Company pursuant to the Proposed Rights Issue. The approval from BNM is not subject to any condition.

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23. Status of Corporate Proposals (cont'd.)

On 18 May 2011, the Company announced that Bursa Securities has requested for a court confirmation that:

- (i) the orders by the Court of Appeal dated 25 August 2010 and the Federal Court dated 21 February 2011 ("Orders"), in relation to a litigation involving Can-One International Sdn Bhd ("CISB"), Kian Joo Holdings Sdn Bhd (in liquidation) and others, do not bind the Company; and
- (ii) the Company is allowed to proceed with the Proposed Bonus Issue and Proposed Rights Issue.

On 20 May 2011, the Company was served with a Statement of Claim and Writ of Summons by CISB ("Suit") to, among other things:

- (i) claim that the Proposed Bonus Issue and Proposed Rights Issue are allegedly in breach of the Orders;
- (ii) claim that the Proposed Bonus Issue and Proposed Rights Issue are allegedly null and void; and
- (iii) seek an injunction to restrain the Company from proceeding with the Proposed Bonus Issue and Proposed Rights Issue.

At the hearing of the Suit on 4 July 2011, the Kuala Lumpur High Court dismissed CISB's injunction with costs, while the Company's application to strike out the Suit has been allowed with costs.

On 8 July 2011, the Company was served with Notices of Appeal by CISB to the Court of Appeal against the decisions of the Kuala Lumpur High Court given on 4 July 2011.

On 3 August 2011, the Company filed Notices of Motion for orders that:

- (i) CISB's appeals be struck out;
- (ii) costs of the motions be paid by CISB; and
- (iii) such other order or relief as the Court deems fit.

On 18 August 2011, CISB served two (2) Notices of Motion on the Company's solicitors to move the Court of Appeal for, inter-alia, orders that:

- (i) the Notices of Motion dated 3 August 2011 filed by the Company be struck out. The Notices of Motion filed by the Company is to strike out the two (2) appeals by CISB to the Court of Appeal appealing against the decisions of the High Court granted on 4 July 2011, which had, inter-alia, dismissed CISB's injunction application and had allowed the Company's applications to strike out the Suit;
- (ii) the Judgement(s) of the High Court dated 4 July 2011 to dismiss CISB's injunction application and to allow the Company's applications to strike out the Suit be stayed pending the hearing of CISB's appeal(s) against the Judgement(s);

23. Status of Corporate Proposals (cont'd.)

- (iii) until the hearing of CISB's appeal, the Company be restrained from, inter-alia, acting, implementing or continuing to act or implement, including convening any directors' or any general meeting of the Company, taking, continuing and directing any steps or actions with a view of passing, effecting or enforcing any decisions or resolutions, whether incidental to the Proposed Bonus Issue and the Proposed Rights Issue or any other corporate exercise, including declaring any benefits or dividends or causing any dispositions, which have the effect of diluting the share capital or assets of KJCF;
- (iv) that the costs of the Notices of Motion filed by CISB be borne by the Company; and
- (v) that there be such further and/or other directions or orders as may be deemed necessary.

At the hearing on 24 August 2011 for the Notices of Motions filed by the Company, the Court of Appeal ordered the following:

- (i) CISB's Notices of Motion to strike out the Notices of Motion dated 3 August 2011, filed by the Company to strike out the two (2) appeals by CISB to the Court of Appeal appealing against the judgements of the High Court as delivered on 4 July 2011 were allowed;
- (ii) CISB's applications to stay the judgement(s) of the High Court dated 4 July 2011 dismissing CISB's injunction application and allowing KJCF's applications to strike out the Suit pending the hearing of CISB's appeal(s) against the aforesaid judgement(s) were dismissed; and
- (iii) CISB's applications for an injunction that KJCF be restrained from, inter-alia, acting, implementing or continuing to act or implement, including convening any directors' or any general meeting of the Company, taking, continuing and directing any steps or actions with a view of passing, effecting or enforcing any decisions or resolutions, whether incidental to the Proposed Bonus Issue and the Proposed Rights Issue or any other corporate exercise, including declaring any benefits or dividends or causing any dispositions, which have the effect of diluting the share capital or assets of KJCF were dismissed.

At the hearing on 8 November 2011 for CISB's appeals against the decisions of the Kuala Lumpur High Court given on 4 July 2011, the Court of Appeal decided as follows:

- (i) CISB's appeal against the striking out of the Suit by the High Court as delivered on 4 July 2011 was allowed, as the court held that there were triable issues; and
- (ii) CISB's appeal against the High Court's dismissal of their application for injunction against the Company was dismissed.

Following that, the Federal Court fixed 10 May 2012 for further case management of CISB's application for leave to appeal against the Court of Appeal's decision given on 8 November 2011 to dismiss CISB's application for an injunction against the Company, while the Suit was fixed for further mention on 16 May 2012 by the High Court.

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23. Status of Corporate Proposals (cont'd.)

On 10 May 2012, the Federal Court fixed 20 June 2012 for further case management of CISB's application for leave to appeal against the Court of Appeal's decision given on 8 November 2011. Subsequently on 20 June 2012, the Federal Court adjourned the application for leave to a later date to be fixed by the Federal Court.

Meanwhile on 16 May 2012, the High Court fixed 4 June 2012 for further case management of the Suit. On 4 June 2012, the High Court fixed 30 July 2012 for further case management of the Suit, and subsequently on 30 July 2012, the suit was re-fixed for further case management on 28 November 2012.

In summary, the Suit remains and will proceed in due course to trial, while the injunction sought by CISB to restrain the Company from proceeding with the Proposed Bonus Issue and Proposed Rights Issue has not been granted.

As at the date of authorisation for issue of this report, the applications to Bursa Securities are still pending approval.

(ii) Proposed Disposal of a Subsidiary

The Company entered into an agreement with a non-related party on 27 July 2012 to dispose of its entire 60% stake in a subsidiary, Kian Joo Canpack (Vietnam) Co., Ltd.. The disposal is expected to be completed within one (1) month from the date of the agreement.

Save as disclosed above, there are no other corporate proposals announced but not completed as at the reporting date.

24. Group Borrowings and Debt Securities

Total Group borrowings are as follows:-

	As at 30.06.2012 RM'000	As at 31.12.2011 RM'000
Current	99,077	131,064
Non-current	72,842	63,152
	171,919	194,216

The details of borrowings which are denominated in US Dollars and Vietnam Dong are as follows: -

	As at 30.06.2012 RM'000	As at 31.12.2011 RM'000
Termed borrowings	14,158	19,919
Trade borrowings	7,905	8,119
	22,063	28,038

All the Group's borrowings are unsecured.

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25. Financial Instruments

Details of the outstanding derivative financial instruments as at 30 June 2012 are as follows:-

Type of derivative	Notional amount RM'000	Fair value RM'000	Fair value net loss RM'000
Commodity derivative contracts			
- less than 1 year	23,050	20,477	(2,573)

Commodity derivative contracts were entered into by the Group to hedge against aluminium price movements for purchases of aluminium contracted by the Group.

Fair values of the above derivative contracts were determined using market rates at the end of reporting period. The subsequent cumulative change in fair values of the firm commitments attributable to the hedged risk is recognised as an asset or liability with the corresponding gain or loss recognised in profit or loss.

The above commodity derivative contracts are subject to credit risk arising from possibility of default of the counterparty in meeting its contractual obligations where the Group has a gain in the contract. This risk, however, is minimal as the financial instruments were executed only with credit-worthy financial institutions in Malaysia that are governed by appropriate policies and procedures.

There were no other off balance sheet financial instruments as at the reporting date save as disclosed above.

26. Material Litigation

There was no pending litigation against the Group for the financial period under review, save as disclosed in Note 23.

27. Dividend

For the financial period under review, the Board of Directors is pleased to declare a 10% interim tax exempt (single-tier) dividend per ordinary share, amounting to RM11.1 million (2011 interim tax exempt (single-tier) dividend of 10%: RM11.1 million) and a 15% special tax exempt (single-tier) dividend per ordinary share, amounting to RM16.7 million (2011 special dividend of 15% tax exempt (single-tier) dividend: RM16.7 million). The interim dividend and special dividend will be paid on 28 September 2012 to shareholders whose names appear in the Record of Depositors on 12 September 2012.



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28. Earnings Per Share

	Current Quarter 30.06.2012	Preceding Year Corresponding Quarter 30.06.2011	Financial Year to Date 30.06.2012	Preceding Year Corresponding Year to Date 30.06.2011
Profit attributable to owners of the company (RM '000)	18,433	30,601	45,605	61,298
Weighted average number of ordinary shares	444,167,786	444,167,786	444,167,786	444,167,786
Basic earnings per share (sen)	4.15	6.89	10.27	13.80

29. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors passed on 27 August 2012.

Batu Caves, Selangor Darul Ehsan
27 August 2012