



KIAN JOO CAN FACTORY BERHAD

(Incorporated in Malaysia)

(Co. Reg. No. 3186-P)

Condensed Consolidated Statement of Comprehensive Income for the fourth quarter ended 31 December 2012

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 31.12.2012 RM'000 Unaudited	Preceding Year Corresponding Quarter 31.12.2011 RM'000 Audited (Restated)	Current Year Quarter Ended 31.12.2012 RM'000 Unaudited	Preceding Year Quarter Ended 31.12.2011 RM'000 Audited (Restated)
Continuing Operations					
Revenue		311,313	290,940	1,161,922	1,083,806
Cost of sales		(240,429)	(240,638)	(960,829)	(874,149)
Gross profit		70,884	50,302	201,093	209,657
Other income		1,662	1,519	5,214	10,898
Operating expenses		(26,480)	(24,226)	(62,903)	(73,281)
Finance costs		(342)	(825)	(3,422)	(4,471)
Share of (loss)/profit of associate (net of tax)		(280)	37	(1,623)	(11)
Gain on disposal of subsidiary		(110)	-	7,944	-
Profit Before Taxation	19	45,334	26,807	146,303	142,792
Taxation	21	1,140	(9,844)	(17,765)	(29,740)
Profit for the period from continuing operations		46,474	16,963	128,538	113,052
Discontinued Operations					
Loss for the period from a discontinued operation	22	-	(607)	(2,589)	(3,307)
Profit for the period		46,474	16,356	125,949	109,745
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(187)	(195)	(3,275)	(7,084)
Non-controlling interest portion of issued share capital in subsidiary		-	-	602	-
Other comprehensive income for the period, net of tax		(187)	(195)	(2,673)	(7,084)
Total comprehensive income for the period		46,287	16,161	123,276	102,661
Profit attributable to:					
Owners of the company		44,651	14,293	118,415	104,044
Non-controlling interest		1,823	2,063	7,534	5,701
Profit for the period		46,474	16,356	125,949	109,745
Total comprehensive income attributable to:					
Owners of the company		44,502	14,535	115,927	99,054
Non-controlling interest		1,785	1,626	7,349	3,607
Total comprehensive income for the period		46,287	16,161	123,276	102,661
Earnings per share attributable to owners of the company:					
Basic (sen)					
Continuing operations		10.05	2.40	26.66	24.16
Discontinued operation		-	0.81	(0.58)	(0.74)
		10.05	3.21	26.08	23.42
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 As at 31 December 2012

	Note	As at 31.12.2012 RM'000 Unaudited	As at 31.12.2011 RM'000 Audited (restated)	As at 01.01.2011 RM'000 Audited (restated)
ASSETS				
Non-Current Assets				
Property, plant & equipment		608,142	632,077	568,694
Land use rights		12,003	12,289	7,752
Investment properties		23,982	23,010	23,519
Intangible assets		135	246	266
Other investment		-	90	90
Investments in associated company		22,710	24,362	24,406
Deferred tax assets		569	32	3,522
		<u>667,541</u>	<u>692,106</u>	<u>628,249</u>
Current Assets				
Inventories		286,655	278,933	230,669
Trade and other receivables		266,901	259,026	245,223
Tax recoverable		170	-	-
Cash and bank balances		133,683	92,917	92,087
		<u>687,409</u>	<u>630,876</u>	<u>567,979</u>
		<u>1,354,950</u>	<u>1,322,982</u>	<u>1,196,228</u>
TOTAL ASSETS				
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		(1,587)	(510)	4,480
Retained earnings	23	<u>861,765</u>	<u>798,871</u>	<u>755,900</u>
		971,964	910,147	872,166
Non-Controlling Interest				
		<u>59,027</u>	<u>64,545</u>	<u>62,361</u>
Total Equity				
		<u>1,030,991</u>	<u>974,692</u>	<u>934,527</u>
Non-Current Liabilities				
Retirement benefit obligation		28,564	22,827	22,876
Borrowings	25	72,079	63,152	10,725
Deferred tax liabilities		18,470	20,988	19,391
		<u>119,113</u>	<u>106,967</u>	<u>52,992</u>
Current Liabilities				
Retirement benefit obligation		2,215	1,891	1,725
Provisions		272	103	151
Borrowings	25	110,226	131,064	103,707
Trade and other payables		91,800	101,152	98,790
Derivative financial instrument		333	4,107	8
Taxation		-	3,006	4,328
		<u>204,846</u>	<u>241,323</u>	<u>208,709</u>
Total Liabilities				
		<u>323,959</u>	<u>348,290</u>	<u>261,701</u>
TOTAL EQUITY AND LIABILITIES				
		<u>1,354,950</u>	<u>1,322,982</u>	<u>1,196,228</u>
Net assets per share attributable to owners of the Company (RM)				
		2.19	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 fourth quarter ended 31 December 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	4,480	755,900	872,166	62,361	934,527
Profit for the period	-	-	-	104,044	104,044	5,701	109,745
Currency translation differences	-	-	(4,990)	-	(4,990)	(2,094)	(7,084)
Total comprehensive income for the period	-	-	(4,990)	104,044	99,054	3,607	102,661
Dividends	-	-	-	(61,073)	(61,073)	-	(61,073)
Dividend paid to non-controlling interest	-	-	-	-	-	(1,423)	(1,423)
At 31 December 2011 (restated)	111,042	744	(510)	798,871	910,147	64,545	974,692
At 1 January 2012 (restated)	111,042	744	(510)	798,871	910,147	64,545	974,692
Profit for the period	-	-	-	118,415	118,415	7,534	125,949
Currency translation differences	-	-	(2,488)	-	(2,488)	(787)	(3,275)
Subscription of shares by non-controlling interest	-	-	-	-	-	602	602
Total comprehensive income for the period	-	-	(2,488)	118,415	115,927	7,349	123,276
Dividends	-	-	-	(55,521)	(55,521)	-	(55,521)
Dividend paid to non-controlling interest	-	-	-	-	-	(1,423)	(1,423)
Disposal of investment in subsidiary	-	-	1,411	-	1,411	(11,444)	(10,033)
At 31 December 2012	111,042	744	(1,587)	861,765	971,964	59,027	1,030,991

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 fourth quarter ended 31 December 2012

	31.12.2012	31.12.2011
	RM'000	RM'000
	Unaudited	Audited
Net cash generated from operating activities		
Receipts from customers	1,170,612	1,081,217
Payments to suppliers	(1,008,434)	(947,074)
	162,178	134,143
Cash generated from operations	162,178	134,143
Interest paid	(3,422)	(4,471)
Income tax paid	(21,317)	(27,271)
	137,439	102,401
Net cash used in investing activities		
Acquisition of property, plant and equipment	(58,326)	(119,107)
Acquisition of intangible assets	-	(499)
Acquisition of land use rights	-	(4,858)
Increase in investment in subsidiary company	(903)	-
Proceeds from disposal of property, plant and equipment	721	4,448
Proceeds from disposal of investment in subsidiary	26,863	-
Dividends received from short term investment	183	-
Interest received	1,434	2,315
	(30,028)	(117,701)
Net cash used in financing activities		
(Repayment of)/Proceeds from term loans, bankers' acceptances and revolving credit	(7,670)	79,882
Repayment of hire purchase and lease obligations	-	(98)
Dividends paid	(56,944)	(62,496)
Advances (to)/from an associate	(292)	2,351
	(64,906)	19,639
Net increase in Cash and Cash Equivalents	42,505	4,339
Effect of Exchange Rate Changes	(94)	(1,948)
Cash and Cash Equivalents at 1 January	91,272	90,526
*Cash and Cash Equivalents at 31 December	133,683	92,917
 *Cash and Cash Equivalents at 31 December comprised the following:		
Cash and bank balances	69,847	37,313
Short term deposits	63,836	55,604
	133,683	92,917

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 RM101,751,000 (31 December 2011: RM101,751,000) was transferred to retained earnings on date of transition to MFRS.

(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.

2. Significant Accounting Policies (cont'd.)

2.1 Application of MFRS 1 (cont'd.)

(c) Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations as a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date transition to MFRS. Accordingly, at date of the transition to MFRS, the cumulative foreign currency translation differences of RM17,317,000 (31 December 2011: RM17,317,000) was transferred to retained earnings.

(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	(84,434)	4,480
Retained earnings	671,466	84,434	755,900

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)	17,317	(4,990)
- Capital reserve	4,480	-	4,480
Other reserves, total	83,924	(84,434)	(510)
Retained earnings	714,437	84,434	798,871

2. Significant Accounting Policies (cont'd.)

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
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

The financial statements for the year ended 31 December 2011 was not subject to any audit qualification.

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

There were no dividends paid during the period under review.

9. Segmental Reporting

Segmental results for the year ended 31 December 2012 are as follows: -

	Cans Division	Cartons Division	Contract Packing	Others	Total	Discontinued Operation	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

REVENUE

External sales	827,331	259,862	74,615	114	1,161,922	923	-	1,162,845
Inter-segmental sales	34,798	4,472	-	-	39,270	-	(39,270)	-
Total revenue	862,129	264,334	74,615	114	1,201,192	923	(39,270)	1,162,845

RESULTS

Segment results	111,986	24,082	2,441	(319)	138,190	(2,609)	-	135,581
Other income	10,028	(634)	58	10	9,462	20	(4,248)	5,234
	122,014	23,448	2,499	(309)	147,652	(2,589)	(4,248)	140,815
Finance costs	(5,626)	(1,078)	(966)	-	(7,670)	-	4,248	(3,422)
Share of loss of Associated Co.	-	-	-	(1,623)	(1,623)	-	-	(1,623)
	116,388	22,370	1,533	(1,932)	138,359	(2,589)	-	135,770
Gain on disposal of subsidiary					7,944			7,944
Profit before taxation					146,303	(2,589)		143,714
Taxation								(17,765)
Non-controlling interest								(7,534)
								118,415

	Cans Division	Cartons Division	Contract Packing	Others	Total	Discontinued Operation	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

ASSETS AND LIABILITIES

Segment assets	1,201,261	209,835	25,675	4,098	1,440,869	-	(87,147)	1,353,722
Unallocated corporate assets								1,228
Consolidated total assets								1,354,950
Segment liabilities	(232,781)	(69,447)	(3,212)	(48)	(305,488)	-	-	(305,488)
Unallocated corporate liabilities								(18,471)
Consolidated total liabilities								(323,959)

OTHER INFORMATION

Capital Expenditure	42,436	10,867	5,023	-	58,326	-	-	58,326
Depreciation and amortisation	41,993	6,213	3,739	125	52,070	-	-	52,070
Non-cash expenses other than depreciation	5,587	398	1,554	-	7,539	-	-	7,539

10. Valuation of Property, Plant and Equipment

Upon adoption of MRFS 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

- (a) The Company entered into an agreement with a non-related party on 27 July 2012 to dispose off its entire 60% equity interest in a subsidiary, Kian Joo Canpack (Vietnam) Co., Ltd.. The disposal was completed on 11 October 2012.
- (b) In 2009, a wholly-owned subsidiary of the Company, Canco Engineering And Machinery Company Sdn Bhd ("CEMSB") had obtained its shareholders' approval to commence member voluntary winding-up. A final meeting was held on 19 November 2012 to conclude the voluntary winding-up of CEMSB. On 20 November 2012, the Form 69 prepared by the Liquidator of CEMSB in relation to the final meeting was lodged with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of three months after the said lodgement date, CEMSB will be dissolved.

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 31 December 2012 is as follows:-

	RM'000
Approved and contracted for	38,219
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15. Related Party Transactions

	Financial
	Period to date
	31.12.2012
	<hr/>
	RM'000
Sales to associated company	148
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15. Related Party Transactions (cont'd.)

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

(a) Nature of transaction	Identity of related party	Financial Period to date
		31.12.2012 RM'000
Sales of trading inventories	(i) Hercules Sdn. Bhd.	560
by a subsidiary company	(ii) Hercules Vietnam Co Ltd	399

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

4th Quarter 2012 (4Q2012) versus 4th Quarter 2011 (4Q2011)

The Group recorded a revenue of RM311.3 million in 4Q2012, an increase of 7% from RM290.9 million in 4Q2011. The Group's overall profit before taxation was higher by 74% in 4Q2012 at RM46.5 million, compared to RM26.8 million in 4Q2011.

(i) Cans Division

The Cans Division generated a total operating revenue of RM232.0 million in 4Q2012, an increase of 9% from RM212.9 million in 4Q2011. Profit before taxation of this division was 90% higher in 4Q2012 at RM39.6 million compared to RM20.8 million in 4Q2011.

The increase in revenue experienced by the Cans Division was attributable to increases in both domestic and export sales and expansion in capacity. The improved sales in 4Q2012 compared to 4Q2011 was mainly attributable to increased sales to the beverage and dry food sector customers.

Improvement in profit before taxation in 4Q2012 compared to 4Q2011 was mainly attributable to reversal of previous impairment loss on inventory and improved operating efficiency from increased sales volume. In 4Q2012, there was a reduction in derivative loss of RM3.1 million compared to 4Q2011.

(ii) Cartons Division

Revenue from Cartons Division increased by 3% in 4Q2012 to RM72.4 million, from RM70.3 million in 4Q2011. The profit before tax was recorded at RM4.8 million in 4Q2012, an decrease of 17% from RM5.8 million in 4Q2011.

The increase in revenue in the current quarter compared to last year's corresponding quarter was attributable to strong demand from domestic and Vietnam customers. Profit before tax in 4Q2012 was lower compared to the same quarter last year due to RM1.4 million derivative losses in cross-currency swap contract pertaining to a loan obtained to finance the expansion in the Vietnam operations.

16. Operating Segments Review (cont'd.)

4th Quarter 2012 (4Q2012) versus 4th Quarter 2011 (4Q2011) (cont'd.)

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division in 4Q2012 increased marginally to RM14.7 mil from RM14.2 mil in 4Q2011. This improvement in sales was mainly attributable to increased sales to domestic customers, while export sales declined in the current quarter.

The Division suffered a loss before taxation of RM2.1 mil in 4Q2012 compared to a profit before taxation of RM0.7 mil in 4Q2011. This was mainly due to a write down on inventories, and impairment loss on receivables recognised in the current quarter.

Financial Year Ended 31 December 2012 (FY2012) versus 31 December 2011 (FY2011)

The Group recorded a revenue of RM1,161.9 million in FY2012, an increase of 7% from RM1,083.8 million in FY2011. The Group's overall profit before taxation was marginally higher in FY2012 at RM146.3 million, compared to RM142.8 million in FY2011.

(i) Cans Division

The Cans Division generated a total operating revenue of RM861.9 million in FY2012, an increase of 7% from RM806.5 million in FY2011. Profit before taxation of this division was lower in FY2012 at RM116.4 million compared to RM121.7 million in FY2011.

The increase in revenue of the Cans Division in FY2012 was mainly attributable to domestic and export sales to beverage industry customers. Another major contributor to the increase in revenue is the Division's Vietnam operation, with increased sales of dry food cans.

The decrease of 4% in profit before taxation in FY2012 amounting to RM5.3 million was due to factors such as lower selling margins and higher operational costs in the current year compared to last year.

(ii) Cartons Division

Revenue from Cartons Division increased by 6% in FY2012 to RM264.3 million, from RM248.7 million in FY2011. The profit before tax was recorded at RM22.4 million in FY2012, an increase of 27% from RM17.6 million in FY2011.

The increase in revenue in FY2012 compared to the last year was mainly due to strong demand from customers in food and beverage sectors of both Malaysia and Vietnam operations. The Vietnam operation continued to be the major contributor to the revenue and profit before taxation of the Cartons Division. The higher profit before tax in FY2012 compared to FY2011 was mainly due to improved operating efficiencies that the Division enjoyed from its high sales volume.

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division in FY2012 was higher by 16% at RM74.6 million, compared to RM64.5 million in FY2011. Profit before taxation of the Division was at RM1.5 million in FY2012, a decrease from RM3.9 million in FY2011.

This division's significant improvement in FY2012 revenue was mainly attributable to improvements to both domestic and export sales compared to last year, with a majority of the increase coming from domestic sales. The reduction in profit before tax in FY2012 was mainly attributable to a write down on inventories and impairment loss on receivables.

17. Material Change In Performance of Operating Segments of Current Quarter (4Q2012) Compared With Preceding Quarter (3Q2012)

The Group recorded a revenue of RM311.3 million in 4Q2012, an increase of 11% from RM279.8 million in 3Q2012, while profit before tax experienced an increase to RM46.5 million in 4Q2012, from RM36.4 million in 3Q2012.

(i) Cans Division

The total operating revenue generated by the Cans Division was RM232.0 million in 4Q2012, an increase of 9% from RM206.7 million in 3Q2012. Profit before tax was RM43.0 million in 4Q2012, an increase of 93% from RM22.2 million in 3Q2012.

The RM25.3 million increase in revenue was mainly attributable to strong demand from food and beverage sectors in the domestic and export markets. The Division's Vietnam operation contributed significantly to the increase in sales in the current quarter, from sales to the dry food segment.

Profit before tax improved significantly in 4Q2012 compared to 3Q2012 due to economies of scale achieved from the large volume orders, especially from the beverage customers as well as a reversal of previous impairment loss on inventories.

(ii) Cartons Division

Revenue from Cartons Division increased in 4Q2012 to RM72.4 million, from RM65.3 million in 3Q2012. The profit before tax of this division decreased by 30% in 4Q2012 to RM4.8 million, from RM6.9 million in 3Q2012.

The higher sales in 4Q2012 was mainly attributable to orders from customers to meet festive season carton demands. Despite the higher sales, profit before taxation declined due to lower margins and derivative losses incurred from a cross-currency swap contract pertaining to a loan to finance expansion in the Vietnam operations.

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division decreased to RM14.7 million in the current quarter, from RM15.9 million in 3Q2012. The decrease in sales was attributable to a decrease in domestic demand. In 4Q2012, the division experienced a loss before taxation of RM2.1 million, compared to a profit before taxation of RM0.3 million in 3Q2012. This was mainly attributable to the write down of inventories and an impairment loss on receivables recognised in 4Q2012.

18. Commentary On Prospects

Due to the stiff market competition in Malaysia and Vietnam and uncertain global economic outlook, the Board expects the Group to continuously focus on strategies to maintain its market share in Malaysia and Vietnam.

Movements in the cost of key materials and fluctuations in the foreign currency exchange rate, the adoption of regulation pertaining to minimum wages and new retirement age will have an impact on the Group's results. The Group will strive to overcome these challenges to achieve satisfactory results for financial year 2013.

19. Profit Before Taxation

Included in profit before taxation are the following items:

	Current Year Quarter 31.12.2012 RM'000	Preceding Year Corresponding Quarter 31.12.2011 RM'000	Current Year To Date 31.12.2012 RM'000	Preceding Year To Date 31.12.2011 RM'000
Interest income	(286)	(395)	(1,435)	(2,307)
Other income including investment income	(1,662)	(1,059)	(5,214)	(10,898)
Interest expense	342	825	3,422	4,471
Depreciation and amortisation	12,192	13,945	51,553	49,494
Impairment in respect of receivables	452	(919)	446	(717)
Impairment in respect of inventories	456	1,044	2,392	3,104
Gain on disposal of quoted or unquoted investments or properties	(110)	-	(7,854)	-
Gain on disposal of property, plant and equipment	6	(193)	(298)	(3,600)
Impairment of assets	-	-	56	-
Foreign exchange (gain)/loss	135	1,312	(728)	6,595
(Gain)/loss on derivatives	2,038	3,706	(2,779)	6,993
(Reversal of previous impairment)/ write-down of inventories	(12,097)	67	(2,165)	(1,735)

20. Variance from Forecast Profit and Profit Guarantee

No profit forecast or guarantee was issued by the Group.

21. Taxation

	Current Year Quarter 31.12.2012 RM'000	Preceding Year Corresponding Quarter 31.12.2011 RM'000	Current Year To Date 31.12.2012 RM'000	Preceding Year Corresponding Year To Date 31.12.2011 RM'000
Group				
Income Tax				
- current year	(2,709)	(6,219)	(20,790)	(25,387)
- over/(under) provision in prior year	-	788	-	732
Deferred taxation	3,849	(4,413)	3,025	(5,085)
	1,140	(9,844)	(17,765)	(29,740)

The effective tax rate for the financial period under review is lower than the statutory tax rate due to availability of reinvestment allowance and other tax incentives in certain subsidiaries.

22. Discontinued Operation

On 30 July 2012, the Company announced the decision of the Board of Directors to dispose of one of its subsidiaries, Kian Joo Canpack Vietnam, Co. Ltd. ("KJCPV"), which was previously reported in the Contract Packing segment. The disposal of KJCPV was completed on 11 October 2012.

The results of KJCPV for the financial year ended 31 December are as follows:

	2012 RM'000	2011 RM'000
Revenue	923	2,321
Expenses	(3,510)	(5,628)
Loss from operations	(2,587)	(3,307)
Finance costs	-	-
Loss before tax from discontinued operation	(2,587)	(3,307)
Taxation	(2)	-
Loss for the period from discontinued operation	(2,589)	(3,307)

The following were included in the loss from discontinued operation:

	Current Year Quarter 31.12.2012 RM'000	Preceding Year Corresponding Quarter 31.12.2011 RM'000	Current Year To Date 31.12.2012 RM'000	Preceding Year To Date 31.12.2011 RM'000
Interest income	-	(1)	(1)	(8)
Depreciation and amortisation	76	213	517	643

23. Retained Earnings

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000 (restated)
Total retained earnings of Group:		
- Realised	706,841	643,033
- Unrealised	89,269	85,297
	796,110	728,330
Add: Consolidated adjustments	65,655	70,541
Total Group retained earnings as per Consolidated Accounts	861,765	798,871



KIAN JOO CAN FACTORY BERHAD (3186-P)

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
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24. Status of Corporate Proposals

Proposed Bonus Issue and Proposed Rights Issue

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 the Warrants to non-resident shareholders of the Company pursuant to the Proposed Rights Issue. The approval from BNM is not subject to any condition.

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

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

- (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);
- (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.

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

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 ("CISB's Appeal") 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.

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. On 20 June 2012, the Federal Court adjourned the application for leave to a later date to be fixed by the Federal Court. Subsequently, at the case management on 17 October 2012, the Federal Court fixed 23 November 2012 for further case management on CISB's application for leave to appeal. On 22 January 2013, the Federal Court adjourned the hearing of CISB's application for leave to appeal to a later date to be fixed.

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. On 20 November 2012, the High Court re-fixed the Suit for further case management on 4 December 2012. On 4 December 2012, and subsequently on 29 January 2013, CISB sought a further mention date for the Suit, which the High Court then fixed for further mention on 14 March 2013.

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

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

CISB's Appeal and the Suit remains, and is pending the outcome of the Federal Court's decision on applications made by interested parties to review the Federal Court's decision on 5 January 2012, in which the Federal Court allowed the Liquidators of Kian Joo Holdings Sdn Bhd (in liquidation), a former substantial shareholder of the Company, to complete the sale of the Company's shares to CISB.

The injunction sought by CISB to restrain the Company from proceeding with the Proposed Bonus Issue and Proposed Rights Issue has not been granted.

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

25. Group Borrowings and Debt Securities

Total Group borrowings as at 31 December 2012 are as follows:-

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
Current - unsecured		
- Banker's acceptances	51,393	55,588
- Trust receipts/bill discounts	8,834	10,249
- Revolving credit	50,000	50,000
- Term loans	-	15,227
	110,226	131,064
Non-current - unsecured		
- Term loans	72,079	63,152
	182,306	194,216

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

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
Current - unsecured		
- Trust receipts/bill discounts (denominated in USD)	7,977	8,118
- Trust receipts/bill discounts (denominated in VND)	-	2,131
- Term loans (denominated in USD)	4,142	6,050
- Term loans (denominated in VND)	-	807
	12,119	17,106
Non-current - unsecured		
- Term loans (denominated in USD)	6,417	10,932
	18,536	28,038

All the Group's borrowings are unsecured.

26. Material Litigation

On 10 January 2013, the Company received a Writ and Statement of Claim dated 7 January 2013 from the solicitor of Dato' See Teow Chuan ("Plaintiff"), the previous managing director of the Company. The Plaintiff's claim is for the following:

- A) Judgement be entered against the Company ("Defendant") that the Defendant pays the Plaintiff:
- (I) the sum of RM6,528,057.90 or such sum as determined by the Kuala Lumpur High Court ("High Court"), being the retirement gratuity payable to the Plaintiff;
 - (II) interest at the rate of 8% per annum on the sum in prayer (A)(I) above from 19 June 2012 or such date as determined by the High Court until one day before the date of judgement;
 - (III) the sum of RM344,390.31 [ie. (RM60,501.00 x 5) + RM41,885.31] or such sum as determined by the High Court, being the salaries for January 2012 to May 2012, and for June 2012 up to the Plaintiff's retirement on 18 June 2012 payable to the Plaintiff;
 - (IV) interest at the rate of 8% per annum on the following sums the total of which is the sum in prayer (A)(III) above, or such sum as determined by the High Court, from the following respective date or such date as determined by the High Court until one day before the date of judgement:
 - (a) the sum of RM60,501.00, being the salary for January 2012, from 1 February 2012;
 - (b) the sum of RM60,501.00, being the salary for February 2012, from 1 March 2012;
 - (c) the sum of RM60,501.00, being the salary for March 2012, from 1 April 2012;
 - (d) the sum of RM60,501.00, being the salary for April 2012, from 1 May 2012;
 - (e) the sum of RM60,501.00, being the salary for May 2012, from 1 June 2012; and
 - (f) the sum of RM41,885.31, being the salary for June 2012 up to 18 June 2012, from 19 June 2012
 - (V) the sum of RM56,870.94 or such sum as determined by the High Court, being the contractual bonus payable to the Plaintiff;
 - (VI) interest at the rate of 8% per annum on the sum in prayer (A)(V) above from 19 June 2012 or such date as determined by the High Court until one day before the date of judgement;
 - (VII) interest at the rate of 5% per annum on the judgement debt [ie. sums in prayers (A)(I) to (VI) above] from the date of judgement until the full realisation thereof;
- B) an Order that the Defendant makes contribution to the Plaintiff's account in the Employees' Provident Fund at the statutory rate of 12% of:
- (I) the sum of RM344,390.31 [ie. (RM60,501.00 X 5) + RM41,885.31] or such sum as determined by the High Court, being the salaries for January 2012 to May 2012, and for June 2012 up to the Plaintiff's retirement on 18 June 2012 payable to the Plaintiff;
 - (II) the sum of RM56,870.94 or such sum as determined by the High Court, being the contractual bonus payable to the Plaintiff;

26. Material Litigation (cont'd.)

- C) Judgement be entered against the Defendant that the Defendant pays the Plaintiff:
- (I) general damages in the sum as determined by the High Court;
 - (II) aggravated damages in the sum as determined by the High Court; and
 - (III) exemplary damages in the sum as determined by the High Court;
 - (IV) Interest at the rate of 8% per annum on the sum in prayers (C)(I) to (III) above from 19 June 2012 or such date as determined by the High Court until one day before the date of judgement;
 - (V) Interest at the rate of 5% per annum on the judgement sum [ie. sums in prayers (C)(I) to (IV) above] from the date of judgement until the full realisation thereof;
- D) a Declaration that the payment of the Plaintiff's retirement gratuity is not subject to Section 137 of the Companies Act, 1967 and the approval of the Defendants' shareholders;
- E) an Order that the costs of this action on a full indemnity basis be paid by the Defendant to the Plaintiff; and
- F) such further and/or other relief that the High Court may deem fit and just.

The High Court has fixed the above for case management on 20 February 2013.

Save as disclosed above and in Note 24, there is no other pending material litigation against the Group for the financial period under review.

27. Dividend

The Directors are recommending a final tax exempt (single-tier) dividend of 10% (2.50 sen per share) and a special tax exempt (single-tier) dividend of 15% (3.75 sen per share) on 444,167,786 ordinary shares in respect of the financial year ended 31 December 2012, subject to approval by shareholders at the forthcoming Annual General Meeting of the Company.

28. Earnings Per Share

	Current Quarter 31.12.2012	Preceding Year Corresponding Quarter 31.12.2011	Financial Year to Date 31.12.2012	Preceding Year Corresponding Year to Date 31.12.2011
Profit attributable to owners of the company (RM '000)	44,651	14,293	118,415	104,044
Weighted average number of ordinary shares	444,167,786	444,167,786	444,167,786	444,167,786
Basic earnings per share (sen)	10.05	3.21	26.08	23.42



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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 on 19 February 2013.

Batu Caves, Selangor Darul Ehsan

19 February 2013