



KIAN JOO CAN FACTORY BERHAD

(Incorporated in Malaysia)

(Co. Reg. No. 3186-P)

Condensed Consolidated Statement of Comprehensive Income for the first quarter ended 31 March 2013

(The figures have not been audited)

	Note	CUMULATIVE QUARTER	
		Current Year Quarter Ended 31.03.2013 RM'000 Unaudited	Preceding Year Quarter Ended 31.03.2012 RM'000 Unaudited (Restated)
Revenue		300,618	266,771
Cost of sales		(245,725)	(224,378)
Gross profit		54,893	42,393
Other income		1,175	4,793
Operating expenses		(16,293)	(12,090)
Finance costs		(1,032)	(1,128)
Share of (loss)/profit of associate (net of tax)		(231)	(262)
Profit Before Taxation	19	38,512	33,706
Taxation	21	(6,618)	(5,218)
Profit for the period		31,894	28,488
Other comprehensive income, net of tax			
Foreign currency translation differences for foreign operations		791	(3,848)
Actuarial loss recognised on defined benefit plan		(55)	(122)
Other comprehensive income for the period, net of tax		736	(3,970)
Total comprehensive income for the period		32,630	24,518
Profit attributable to:			
Owners of the company		30,431	27,294
Non-controlling interest		1,463	1,194
Profit for the period		31,894	28,488
Total comprehensive income attributable to:			
Owners of the company		30,756	24,316
Non-controlling interest		1,874	202
Total comprehensive income for the period		32,630	24,518
Earnings per share attributable to owners of the company:			
Basic (sen)			
Continuing operations		6.85	6.14
Discontinued operation		-	-
		6.85	6.14
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 2012 and the accompanying explanatory notes attached to the interim financial statements



KIAN JOO CAN FACTORY BERHAD

(Incorporated in Malaysia)

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Condensed Consolidated Statement of Financial Position As at 31 March 2013

	Note	As at 31.03.2013 RM'000 Unaudited	As at 31.12.2012 RM'000 Audited
ASSETS			
Non-Current Assets			
Property, plant & equipment		612,987	608,161
Land use rights		11,875	12,157
Investment properties		23,904	23,810
Intangible assets		144	137
Investments in associated company		22,479	22,710
Deferred tax assets		474	454
		<u>671,863</u>	<u>667,429</u>
Current Assets			
Inventories		285,529	286,655
Trade and other receivables		286,523	268,455
Tax recoverable		1,373	2,951
Cash and bank balances		129,581	133,683
		<u>703,006</u>	<u>691,744</u>
TOTAL ASSETS		<u><u>1,374,869</u></u>	<u><u>1,359,173</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital		111,042	111,042
Share premium		744	744
Other reserves		(1,211)	(1,591)
Retained earnings	22	894,385	864,009
		<u>1,004,960</u>	<u>974,204</u>
Non-Controlling Interest		60,877	59,003
Total Equity		<u>1,065,837</u>	<u>1,033,207</u>
Non-Current Liabilities			
Retirement benefit obligation		27,336	27,482
Borrowings	24	83,695	59,952
Deferred tax liabilities		18,513	18,429
		<u>129,544</u>	<u>105,863</u>
Current Liabilities			
Retirement benefit obligation		3,814	3,297
Provisions		60	48
Borrowings	24	95,797	122,354
Trade and other payables		77,579	94,071
Derivative financial instrument		2,238	333
		<u>179,488</u>	<u>220,103</u>
Total Liabilities		309,032	325,966
TOTAL EQUITY AND LIABILITIES		<u><u>1,374,869</u></u>	<u><u>1,359,173</u></u>
Net assets per share attributable to owners of the Company (RM)		2.26	2.19

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements



KIAN JOO CAN FACTORY BERHAD

(Incorporated in Malaysia)

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Condensed Consolidated Statement of Changes in Equity For the first quarter ended 31 March 2013

	Attributable to Owners of the Company						Non-Controlling Interest	Total Equity
	Non-distributable			Distributable		Total		
	Share Capital	Share Premium	Other Reserve	Retained Earnings	RM'000			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2012	111,042	744	(510)	798,871	910,147	64,545	974,692	
Profit for the period	-	-	-	27,294	27,294	1,194	28,488	
Currency translation differences	-	-	(2,856)	-	(2,856)	(992)	(3,848)	
Actuarial gains/(losses) on defined benefit plans	-	-	-	(122)	(122)	-	(122)	
Total comprehensive income for the period	-	-	(2,856)	27,172	24,316	202	24,518	
Subscription of shares by non-controlling interest	-	-	-	-	-	602	602	
At 31 March 2012	111,042	744	(3,366)	826,043	934,463	65,349	999,812	
At 1 January 2013	111,042	744	(1,591)	864,009	974,204	59,003	1,033,207	
Profit for the period	-	-	-	30,431	30,431	1,463	31,894	
Currency translation differences	-	-	380	-	380	411	791	
Actuarial gains/(losses) on defined benefit plans	-	-	-	(55)	(55)	-	(55)	
Total comprehensive income for the period	-	-	380	30,376	30,756	1,874	32,630	
At 31 March 2013	111,042	744	(1,211)	894,385	1,004,960	60,877	1,065,837	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 first quarter ended 31 March 2013

	31.03.2013	31.03.2012
	RM'000	RM'000
	Unaudited	Unaudited
Net cash generated from operating activities		
Receipts from customers	298,973	281,117
Payments to suppliers	(281,982)	(253,157)
	16,991	27,960
Cash generated from operations	16,991	27,960
Interest paid	(1,032)	(1,128)
Income tax paid	(5,042)	(5,913)
	10,917	20,919
Net cash used in investing activities		
Acquisition of property, plant and equipment	(12,667)	(23,381)
Proceeds from disposal of property, plant and equipment	1	23
Dividends received from short term investment	93	-
Interest received	272	447
	(12,301)	(22,911)
Net cash used in financing activities		
(Repayment of)/Proceeds from term loans, bankers' acceptances and revolving credit	(2,988)	(13,289)
Advances (to)/from an associate	6	(271)
	(2,982)	(13,560)
Net increase in Cash and Cash Equivalents	(4,366)	(15,552)
Effect of Exchange Rate Changes	264	(771)
Cash and Cash Equivalents at 1 January	133,683	92,917
*Cash and Cash Equivalents at 31 March	129,581	76,594
 *Cash and Cash Equivalents at 31 March comprised the following:		
Cash and bank balances	95,536	32,761
Short term deposits	34,045	43,833
	129,581	76,594

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements

1. Basis of Preparations

The Interim Financial Statements 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.

This set of Interim Financial Statements have been prepared under the historical cost convention, except for certain financial instruments that were revalued to fair value in accordance with the Malaysian Financial Reporting Standards ("MFRS") 139: Financial Instruments: Recognition and Measurement.

This report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012. The explanatory notes attached to the condensed report 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 2012.

2. Significant Accounting Policies

2.1 Adoption of Standards, Amendments and IC Interpretations

The Group adopted the following Standards, Amendments and IC Interpretations:-

MFRS 3	:	Business Combinations
MFRS 10	:	Consolidated Financial Statements
MFRS 11	:	Joint Arrangements
MFRS 12	:	Disclosure of Interests in Other Entities
MFRS 13	:	Fair Value Measurement
MFRS 119	:	Employee Benefits (revised)
MFRS 127	:	Consolidated and Separate Financial Statements
MFRS 128	:	Investments in Associates and Joint Ventures
Amendments to MFRS 1	:	First Time Adoption of MFRS - Government Loans
Amendments to MFRS 7	:	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	:	Consolidated Financial Instruments: Transition Guidance
Amendments to MFRS 11	:	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	:	Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101	:	Presentation of Items of Other Comprehensive Income
Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle	:	

2. Significant Accounting Policies (cont'd.)

2.1 Adoption of Standards, Amendments and IC Interpretations (cont'd.)

The adoption of the above pronouncements did not have any impact on the financial statements of the Group, except for the following:

MFRS 119: Employee Benefits (revised)

The Group has adopted MFRS 119: Employee Benefits (revised) and applied this standard retrospectively during the current period.

As a result of MFRS 119: Employee Benefits adoption, actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. The expected returns on plan assets of defined benefit plans are not recognised in profit or loss and instead, the interest on net defined benefit obligation (net of the plan assets) is recognised in profit or loss, calculated using the discount rate used to measure the net pension obligation or asset.

Effects From Adoption of MFRS 119: Employee Benefits (revised)

(a) Condensed Consolidated Statement of Comprehensive Income

	As previously reported RM '000	Effects of adoption of MFRS 119 RM '000	Restated RM '000
<u>Period ended 31 March 2012</u>			
Staff costs	(1,891)	122	(1,769)
Profit before taxation	33,584	122	33,706
Profit for the period	28,366	122	28,488
Other comprehensive income			
- Foreign currency translation differences	(3,848)	-	(3,848)
- Actuarial gains/(losses) on defined benefit plans	-	(122)	(122)
Total comprehensive income	24,518	-	24,518
<u>Year ended 31 December 2012</u>			
Staff costs	(121,315)	486	(120,829)
Profit before taxation	143,716	486	144,202
Profit for the period	128,167	486	128,653
Other comprehensive income			
- Foreign currency translation differences	(3,276)	-	(3,276)
- Actuarial gains/(losses) on defined benefit plans	-	(486)	(486)
Total comprehensive income	124,891	-	124,891

2. Significant Accounting Policies (cont'd.)

2.2 Standards Issued But Not Yet Effective

Amendments to MFRS 9	: Mandatory Effective Date of MFRS 9 and Transition Disclosures
Amendments to MFRS 10	: Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	: Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	: Consolidated and Separate Financial Statements: Investment Entities
Amendments to MFRS 132	: Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect to the financial statements of the Group upon their initial application.

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

The financial statements for the year ended 31 December 2012 was not subject to any audit qualification.

4. Seasonal or Cyclical Factors

The business operations of the Group were 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

As at 1 January 2013, the Group revised the estimated useful lives for Plant and Machinery from 10 years to 15 years, to better reflect the commercial reality of the usage of Plant and Machinery within the Group.

Whilst the change in estimated useful lives for Plant and Machinery reduces the yearly depreciation expense compared to the previous estimate, there is no material impact to the results for the quarter/year under review.

There are no other changes in estimates other than as disclosed above 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.

KIAN JOO CAN FACTORY BERHAD (3186-P)
PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

8. Dividends Paid

There were no dividends paid during the period under review.

9. Segmental Reporting

Segmental results for the year ended 31 March 2013 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	221,953	65,802	12,834	29	300,618	-	300,618
Inter-segmental sales	7,762	1,149	-	-	8,911	(8,911)	-
Total revenue	229,715	66,951	12,834	29	309,529	(8,911)	300,618

RESULTS

Segment results	34,567	3,789	303	(60)	38,599	-	38,599
Other income	1,863	191	6	-	2,060	(884)	1,176
	36,430	3,980	309	(60)	40,659	(884)	39,775
Finance costs	(1,540)	(164)	(212)	-	(1,916)	884	(1,032)
Share of loss of Associated Co.	-	-	-	(231)	(231)	-	(231)
Profit before taxation	34,890	3,816	97	(291)	38,512	-	38,512
Taxation							(6,618)
Non-controlling interest							(1,463)
							30,431

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	1,208,360	226,996	21,448	4,238	1,461,042	(88,020)	1,373,022
Unallocated corporate assets							1,847
Consolidated total assets							1,374,869
Segment liabilities	(204,728)	(83,141)	(2,592)	(58)	(290,519)	-	(290,519)
Unallocated corporate liabilities							(18,513)
Consolidated total liabilities							(309,032)

OTHER INFORMATION

Capital Expenditure	6,367	6,189	111	-	12,667	-	12,667
Depreciation and amortisation	8,096	1,408	498	56	10,058	-	10,058
Non-cash expenses other than depreciation	2,031	306	(456)	-	1,881	-	1,881

10. Valuation of Property, Plant and Equipment

The Group did not carry out any revaluation exercise during the period under review.

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

There were no changes to the composition of the Group during the period under review.

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 March 2013 is as follows:-

	RM'000
Approved and contracted for	47,652
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15. Related Party Transactions

	Financial Period to date 31.03.2013 RM'000
Sales to associated company	109
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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
		31.03.2013 RM'000
Sales of trading inventories	(i) Hercules Sdn. Bhd.	114
by a subsidiary company	(ii) Hercules Vietnam Co., Ltd	97

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

1st Quarter 2013 (1Q2013) versus 1st Quarter 2012 (1Q2012)

The Group recorded a revenue of RM300.6 million in 1Q2013, an increase of 13% from RM266.8 million in 1Q2012. The Group's overall profit before taxation was higher by 14% in 1Q2013 at RM38.5 million, compared to RM33.7 million in 1Q2012.

(i) Cans Division

The Cans Division generated a total operating revenue of RM229.7 million in 1Q2013, an increase of 15% from RM200.5 million in 1Q2012. Profit before taxation of this division was 17% higher in 1Q2013 at RM34.9 million compared to RM29.8 million in 1Q2012.

The increase in revenue experienced by the Cans Division was attributable to increases in both domestic and export sales to food and beverage customers, and the expansion of capacity from the new aluminium can line commissioned in 4Q2012.

Improvement in profit before taxation in 1Q2013 compared to 1Q2012 was mainly attributable to improved operating efficiency due to higher orders from customers in food, beverage and dairy products segments, which managed to negate the impact of implementing the minimum wage policy. Apart from this, lower raw material costs in current quarter helped to improve the Division's results compared to 1Q2012.

(ii) Cartons Division

Revenue from Cartons Division increased by 13% in 1Q2013 to RM67.0 million, from RM59.4 million in 1Q2012. Profit before tax was recorded at RM3.8 million in 1Q2013, an decrease of 12% from RM4.3 million in 1Q2012.

The increase in revenue in the current quarter compared to last year's corresponding quarter was attributable to growing demand from domestic and Vietnam customers. Profit before tax in 1Q2013 was lower due to minimum wages policy implementation and higher operating overheads compared to 1Q2012. The Division also recorded a loss of RM0.5 million from its cross-currency swap contracts.

16. Operating Segments Review (cont'd.)

1st Quarter 2013 (1Q2013) versus 1st Quarter 2012 (1Q2012) (cont'd.)

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division in 1Q2013 decreased to RM12.8 mil from RM16.0 mil in 1Q2012. This significant drop in revenue was mainly attributable to the decrease in orders from domestic and export beverage industry customers.

Despite the decrease in revenue, the Division managed to record a profit before tax of RM0.1 million, compared to a loss of RM0.2 million in 1Q2012. The improvement in results was mainly due to the disposal of the Division's Vietnam operation, which experienced a loss of RM1.0 million in 1Q2012.

17. Material Change In Performance of Operating Segments of Current Quarter (1Q2013) Compared With Preceding Quarter (4Q2012)

The Group recorded a revenue of RM300.6 million in 1Q2013, a decrease of 3% from RM311.3 million in 4Q2012, while profit before tax experienced a decrease of 15% to RM38.5 million in 1Q2013, from RM45.4 million in 4Q2012.

(i) Cans Division

The total operating revenue generated by the Cans Division was RM229.7 million in 1Q2013, a marginal decrease from RM232.2 million in 4Q2012. Profit before tax was RM34.9 million in 1Q2013, a decrease of 19% from RM43.1 million in 4Q2012.

The slight decrease in 1Q2013 revenue compared to 4Q2012 was mainly attributable to a drop in domestic sales, as sales in 4Q2012 was boosted by festive season orders. The Division's Vietnam operation continued to contribute significantly to this Division, with growth in sales.

The decrease in profit before tax of this Division was mainly attributable to losses on derivatives of RM1.8 million in the current quarter, compared to a gain of RM4.2 million in 4Q2012.

(ii) Cartons Division

Revenue from Cartons Division decreased in 1Q2013 to RM67.0 million, from RM72.4 million in 4Q2012. The profit before tax of this division decreased by 21% in 1Q2013 to RM3.8 million, from RM4.8 million in 4Q2012.

Decrease in revenue in the current quarter is attributable to higher sales in 4Q2012 from festive season orders. Lower sales, higher operating overheads and costs resulted in lower profit before taxation in the current quarter compared to 4Q2012.

17. Material Change In Performance of Operating Segments of Current Quarter (1Q2013) Compared With Preceding Quarter (4Q2012) (cont'd.)

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division decreased to RM12.8 million in the current quarter, from RM14.7 million in 4Q2012. The decrease in sales was attributable to a decrease in domestic and export demand from the beverage sector customers. 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.

In the current quarter, the Division made a profit before taxation of RM0.1 million, compared to a loss before taxation of RM2.1 million in 4Q2012.

18. Commentary On Prospects

Due to the intense competition in Malaysia and Vietnam and an uncertain global economic climate, the Board will work towards maintaining its market share in Malaysia and Vietnam.

The recent petition for anti-dumping protection by the sole supplier of tin plates in Malaysia, Perusahaan Sadur Timah Malaysia ("PERSTIMA"), to the Ministry of International Trade and Industry ("MITI") against importation of tin plates from the Republic of Korea and People's Republic of China poses a significant threat to the future sustainability of players in the tin can industry.

The competitiveness of tin can manufacturers in Malaysia and its downstream industries will inevitably be weakened by increased material cost if the anti-dumping petition is successful.

The Group, together with other industry players has engaged MITI in official dialogues to disallow PERSTIMA's application for anti-dumping duty protection which, if allowed, will cause prices of canned products to spike. This inflation which could be avoided should not burden Malaysians.

The implementation of the minimum wages and minimum retirement age policies by the Group, as required by law will also result in higher operating expenses in the current financial year.

The Group's ability to manage the above challenges will determine the performance for the year ahead. 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 31.03.2013 RM'000	Preceding Year Corresponding Quarter 31.03.2012 RM'000
Interest income	(272)	(448)
Other income including investment income	(1,175)	(4,793)
Interest expense	1,032	1,128
Depreciation and amortisation	10,058	12,081
Impairment in respect of receivables	-	(6)
Impairment in respect of inventories	906	406
Gain on disposal of quoted or unquoted investments or properties	-	-
(Gain)/loss on disposal of property, plant and equipment	-	(23)
Impairment of assets	-	56
Foreign exchange (gain)/loss	107	(1,946)
(Gain)/loss on derivatives	1,841	(3,129)
(Reversal of previous impairment)/write-down of inventories	(1,161)	(808)

20. Variance from Forecast Profit and Profit Guarantee

No profit forecast or guarantee was issued by the Group.

21. Taxation

	Current Year Quarter 31.03.2013 RM'000	Preceding Year Corresponding Quarter 31.03.2012 RM'000
Group		
Income Tax		
- current year	(6,347)	(5,227)
Deferred taxation	(271)	9
	(6,618)	(5,218)

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. Retained Earnings

	As at 31.03.2013 RM'000	As at 31.12.2012 RM'000
Total retained earnings of Group:		
- Realised	760,336	709,744
- Unrealised	83,075	88,579
	843,411	798,323
Add: Consolidated adjustments	50,974	65,686
Total Group retained earnings as per Consolidated Accounts	894,385	864,009

23. 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.

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;

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

- (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.

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.

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

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. 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 27 February 2013, the Federal Court fixed the case management date on 7 March 2013, and subsequently fixed the date for further case management on 14 March 2013. On 14 March 2013, CISB sought a further mention date pending the decision on review application in the Federal Court. As such the Federal Court fixed a further mention date on 6 June 2013.

Since the further mention of the Suit on 16 May 2012, the High Court fixed 4 June 2012, 30 July 2012, 28 November 2012 and 4 December 2012 for further case management of the Suit. Further mentions of the suit were held on 29 January 2013, 14 March 2013 and 22 April 2013. However, on 11 April 2013, the High Court struck out the Suit with no order as to costs.

As at the date of this report, the Proposal is pending fulfillment of certain conditions set by Bursa Malaysia Securities Berhad. Approval from shareholders has yet to be sought.

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

24. Group Borrowings and Debt Securities

Total Group borrowings as at 31 March 2013 are as follows:-

	As at 31.03.2013 RM'000	As at 31.12.2012 RM'000
Current - unsecured		
- Banker's acceptances	12,193	15,850
- Foreign loan import	57,591	42,258
- Trust receipts/bill discounts	12,491	7,977
- Revolving credit	20,000	40,000
- Term loans	13,443	16,269
	115,718	122,354
Non-current - unsecured		
- Term loans	63,774	59,952
	179,492	182,306

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24. Group Borrowings and Debt Securities (cont'd.)

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

	As at 31.03.2013 RM'000	As at 31.12.2012 RM'000
Current - unsecured		
- Trust receipts/bill discounts (denominated in USD)	12,491	18,536
- Term loans (denominated in USD)	9,056	12,127
- Foreign loan import (denominated in USD)	57,591	42,258
	79,138	72,921
Non-current - unsecured		
- Term loans (denominated in USD)	41,552	41,038
	120,690	113,959

All the Group's borrowings are unsecured.

25. 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

25. Material Litigation (cont'd.)

- (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;
- 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.

Subsequent to the case management on 20 February 2013, the High Court fixed 6 March 2013 and 20 March 2013 for further case management. On 20 March 2013, the High Court fixed the hearing of application by the Plaintiff for summary judgement on 24 April 2013. The High Court Judge ("Judge") was of the view that the issues to be decided are essentially questions of law and in this regard, has directed the Defendant to file an application pursuant to Order 14A of the Rules of Court, 2012.

25. Material Litigation (cont'd.)

On 24 April 2013, the Judge heard the Plaintiff's application for summary judgment and the Defendant's application pursuant to Order 14A of the Rules of Court, 2012. At the hearing, the Plaintiff and Defendant were directed to file their respective Reply Submissions and their applications were re-fixed for hearing on 20 May 2013. The case scheduled to be heard on 20 May 2013 is to be re-fixed before a new court to hear the aforesaid applications.

Save as disclosed above and in Note 23, there is no other pending material litigation against the Group for the financial period under review.

26. Dividend

The Directors do not recommend any dividend for the financial period under review.

27. Earnings Per Share

	Current Quarter 31.03.2013	Preceding Year Corresponding Quarter 31.03.2012
Profit attributable to owners of the company (RM '000)	30,431	27,294
Weighted average number of ordinary shares	444,167,786	444,167,786
Basic earnings per share (sen)	6.85	6.14

28. 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 21 May 2013.

Batu Caves, Selangor Darul Ehsan
21 May 2013