



## 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 2013

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 30.06.2013 RM'000 Unaudited	Preceding Year Corresponding Quarter 30.06.2012 RM'000 Unaudited (Restated)	Current Year Quarter Ended 30.06.2013 RM'000 Unaudited	Preceding Year Quarter Ended 30.06.2012 RM'000 Unaudited (Restated)
Revenue		322,638	304,626	623,256	571,397
Cost of sales		(265,983)	(258,036)	(511,708)	(482,414)
Gross profit		56,655	46,590	111,548	88,983
Other income		1,712	937	2,887	2,601
Operating expenses		(13,655)	(17,608)	(29,948)	(26,569)
Finance costs		(1,030)	(1,009)	(2,062)	(2,137)
Share of profit/(loss) of associate (net of tax)		289	(546)	58	(808)
Profit Before Taxation	19	43,971	28,364	82,483	62,070
Taxation	21	(9,960)	(8,031)	(16,578)	(13,249)
<b>Profit for the period</b>		<b>34,011</b>	<b>20,333</b>	<b>65,905</b>	<b>48,821</b>
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences for foreign operations		3,792	5,779	4,583	1,931
Actuarial (loss)/gain recognised on defined benefit plan		(74)	52	(129)	(70)
<b>Other comprehensive income for the period, net of tax</b>		<b>3,718</b>	<b>5,831</b>	<b>4,454</b>	<b>1,861</b>
<b>Total comprehensive income for the period</b>		<b>37,729</b>	<b>26,164</b>	<b>70,359</b>	<b>50,682</b>
Profit attributable to:					
Owners of the company		32,174	18,381	62,605	45,675
Non-controlling interest		1,837	1,952	3,300	3,146
<b>Profit for the period</b>		<b>34,011</b>	<b>20,333</b>	<b>65,905</b>	<b>48,821</b>
Total comprehensive income attributable to:					
Owners of the company		34,842	22,748	65,598	47,064
Non-controlling interest		2,887	3,416	4,761	3,618
<b>Total comprehensive income for the period</b>		<b>37,729</b>	<b>26,164</b>	<b>70,359</b>	<b>50,682</b>
Earnings per share attributable to owners of the company:					
Basic (sen)					
Continuing operations		7.24	4.14	14.09	10.28
Discontinued operation		-	-	-	-
		<b>7.24</b>	<b>4.14</b>	<b>14.09</b>	<b>10.28</b>
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)

(Co. Reg. No. 3186-P)

### Condensed Consolidated Statement of Financial Position As at 30 June 2013

	Note	As at 30.06.2013 RM'000 Unaudited	As at 31.12.2012 RM'000 Audited
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment		644,319	608,161
Land use rights		13,058	12,157
Investment properties		24,662	23,810
Intangible assets		184	137
Investments in associated company		22,769	22,710
Deferred tax assets		545	454
		705,537	667,429
<b>Current Assets</b>			
Inventories		298,022	286,655
Trade and other receivables		286,773	268,455
Tax recoverable		-	2,951
Cash and bank balances		173,129	133,683
		757,924	691,744
<b>TOTAL ASSETS</b>		1,463,461	1,359,173
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to owners of the company			
Share capital		111,042	111,042
Share premium		744	744
Other reserves		1,531	(1,591)
Retained earnings	22	926,485	864,009
		1,039,802	974,204
<b>Non-Controlling Interest</b>			
<b>Total Equity</b>		1,103,566	1,033,207
<b>Non-Current Liabilities</b>			
Retirement benefit obligation		28,021	27,482
Borrowings	24	173,503	59,952
Deferred tax liabilities		17,857	18,429
		219,381	105,863
<b>Current Liabilities</b>			
Retirement benefit obligation		3,184	3,297
Provisions		60	48
Borrowings	24	46,649	122,354
Trade and other payables		85,031	94,071
Derivative financial instrument		2,169	333
Taxation		3,421	-
		140,514	220,103
<b>Total Liabilities</b>		359,895	325,966
<b>TOTAL EQUITY AND LIABILITIES</b>		1,463,461	1,359,173
Net assets per share attributable to owners of the Company (RM)		2.34	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)

(Co. Reg. No. 3186-P)

### Condensed Consolidated Statement of Changes in Equity For the second quarter ended 30 June 2013

	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		
<b>At 1 January 2012</b>	111,042	744	(510)	798,871	910,147	64,545	974,692
Profit for the period	-	-	-	45,675	45,675	3,146	48,821
Currency translation differences	-	-	1,459	-	1,459	472	1,931
Actuarial gains/(losses) on defined benefit plans	-	-	-	(70)	(70)	-	(70)
Total comprehensive income for the period	-	-	1,459	45,605	47,064	3,618	50,682
Subscription of shares by non-controlling interest	-	-	-	-	-	602	602
<b>At 30 June 2012</b>	111,042	744	949	844,476	957,211	68,765	1,025,976
<b>At 1 January 2013</b>	111,042	744	(1,591)	864,009	974,204	59,003	1,033,207
Profit for the period	-	-	-	62,605	62,605	3,300	65,905
Currency translation differences	-	-	3,122	-	3,122	1,461	4,583
Actuarial gains/(losses) on defined benefit plans	-	-	-	(129)	(129)	-	(129)
Total comprehensive income for the period	-	-	3,122	62,476	65,598	4,761	70,359
<b>At 30 June 2013</b>	111,042	744	1,531	926,485	1,039,802	63,764	1,103,566

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 second quarter ended 30 June 2013

	<b>30.06.2013</b>	<b>30.06.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>Net cash generated from operating activities</b>		
Receipts from customers	615,339	574,986
Payments to suppliers	(548,985)	(508,682)
	66,354	66,304
Cash generated from operations	66,354	66,304
Interest paid	(2,062)	(2,137)
Income tax paid	(10,748)	(12,367)
	53,544	51,800
<b>Net cash used in investing activities</b>		
Acquisition of property, plant and equipment	(53,712)	(38,212)
Proceeds from disposal of property, plant and equipment	1	263
Dividends received from short term investment	192	-
Interest received	707	881
	(52,812)	(37,068)
<b>Net cash generated from/(used in) financing activities</b>		
Proceeds from/(Repayment of) term loans, bankers' acceptances and revolving credit	37,295	(21,924)
Advances to an associate	(92)	(261)
	37,203	(22,185)
Net increase in Cash and Cash Equivalents	37,935	(7,453)
Effect of Exchange Rate Changes	1,511	238
Cash and Cash Equivalents at 1 January	133,683	92,917
<b>*Cash and Cash Equivalents at 30 June</b>	<b>173,129</b>	<b>85,702</b>
 *Cash and Cash Equivalents at 30 June comprised the following:		
Cash and bank balances	84,793	44,788
Short term deposits	88,336	40,914
	173,129	85,702

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
<b><u>Period ended 30 June 2012</u></b>			
Staff costs	(55,994)	70	(55,924)
Profit before taxation	62,000	70	62,070
Profit for the period	48,751	70	48,821
Other comprehensive income			
- Foreign currency translation differences	1,931	-	1,931
- Actuarial gains/(losses) on defined benefit plans	-	(70)	(70)
Total comprehensive income	50,682	-	50,682
<b><u>Year ended 31 December 2012</u></b>			
Staff costs	(121,315)	139	(121,176)
Profit before taxation	143,716	139	143,855
Profit for the period	128,167	139	128,306
Other comprehensive income			
- Foreign currency translation differences	(3,276)	-	(3,276)
- Actuarial gains/(losses) on defined benefit plans	-	(139)	(139)
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 were 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 were 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 period ended 30 June 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	459,107	134,298	29,795	56	623,256	-	623,256
Inter-segmental sales	16,727	2,307	-	-	19,034	(19,034)	-
<b>Total revenue</b>	<b>475,834</b>	<b>136,605</b>	<b>29,795</b>	<b>56</b>	<b>642,290</b>	<b>(19,034)</b>	<b>623,256</b>

### RESULTS

Segment results	71,381	8,600	1,815	(196)	81,600	-	81,600
Other income	4,135	391	59	-	4,585	(1,698)	2,887
	75,516	8,991	1,874	(196)	86,185	(1,698)	84,487
Finance costs	(2,994)	(350)	(416)	-	(3,760)	1,698	(2,062)
Share of profit of associated company	-	-	-	58	58	-	58
<b>Profit before taxation</b>	<b>72,522</b>	<b>8,641</b>	<b>1,458</b>	<b>(138)</b>	<b>82,483</b>	<b>-</b>	<b>82,483</b>
Taxation							(16,578)
Non-controlling interest							(3,300)
							<b>62,605</b>

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	1,270,101	252,764	23,569	4,211	1,550,645	(87,729)	1,462,916
Unallocated corporate assets							545
<b>Consolidated total assets</b>							<b>1,463,461</b>
Segment liabilities	(234,343)	(101,742)	(2,487)	(45)	(338,617)	-	(338,617)
Unallocated corporate liabilities							(21,278)
<b>Consolidated total liabilities</b>							<b>(359,895)</b>

### OTHER INFORMATION

Capital Expenditure	14,319	39,023	370	-	53,712	-	53,712
Depreciation and amortisation	16,468	2,909	997	109	20,483	-	20,483
Non-cash expenses other than depreciation	3,146	57	70	-	3,273	-	3,273



**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 30 June 2013 is as follows:-

	<b>RM'000</b>
Approved and contracted for	59,701
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**15. Related Party Transactions**

	<b>Financial Period to date 30.06.2013 <hr/>RM'000</b>
Sales to associated companies	613
Purchases from associated companies	(254)
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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
		<u>30.06.2013</u> RM'000
Sales of trading inventories	(i) Hercules Sdn. Bhd.	266
by a subsidiary company	(ii) Hercules Vietnam Co., Ltd	233

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

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 2013 (2Q2013) versus 2nd Quarter 2012 (2Q2012)*

The Group recorded a revenue of RM322.6 million in 2Q2013, an increase of 6% from RM304.6 million in 2Q2012. The Group's overall profit before taxation was higher by 55% in 2Q2013 at RM44.0 million, compared to RM28.4 million in 2Q2012.

#### *(i) Cans Division*

The Cans Division generated a total operating revenue of RM246.1 million in 2Q2013, an increase of 10% from RM222.8 million in 2Q2012. Profit before taxation of this division was 75% higher in 2Q2013 at RM37.6 million compared to RM21.5 million in 2Q2012. The increase in revenue experienced by the Cans Division was attributable to increases in both demand from customers and increase in capacity for production of aluminium cans.

Profit before taxation improved significantly in 2Q2013 compared to 2Q2012, mainly due to improved operating efficiency and capacity utilisation in the current quarter.

#### *(ii) Cartons Division*

Revenue from Cartons Division increased by 4% in 2Q2013 to RM69.7 million, from RM67.3 million in 2Q2012. Profit before tax was recorded at RM4.8 million in 2Q2013, a decrease of 23% from RM6.2 million in 2Q2012.

The increase in revenue in the current quarter compared to last year's corresponding quarter was mainly attributable to an increase in demand from existing customers in Vietnam. Profit before tax in 2Q2013 decreased due to the implementation of minimum wages policy in Malaysia, and an upwards revision of minimum wages in Vietnam. Apart from this, pre-operating loss in its new manufacturing facility in Hanoi amounting to RM0.4 million was recognised in the current quarter.

## 16. Operating Segments Review (cont'd.)

### *2nd Quarter 2013 (2Q2013) versus 2nd Quarter 2012 (2Q2012) (cont'd.)*

#### *(iii) Contract Packing Services Division*

Revenue from Contract Packing Services Division in 2Q2013 decreased to RM17.0 million from RM28.6 million in 2Q2012. This significant drop in revenue was mainly attributable to decrease in orders from both domestic and export beverage and dry food industry customers.

Despite a significant decrease in revenue, the Division recorded a marginal increase in profit before tax in the current quarter, compared to 2Q2012. This was mainly due to losses sustained by the Division's Vietnam operation, which was no longer included in the current quarter following its disposal in July 2012.

### *Financial Period Ended 30 June 2013 (6M2013) versus 30 June 2012 (6M2012)*

The Group recorded a revenue of RM623.3 million in 6M2013, an increase of 9% from RM571.4 million in 6M2012. The Group's overall profit before taxation improved by 33% to RM82.5 million in 6M2013 from RM62.1 million in 6M2012.

#### *(i) Cans Division*

The Cans Division generated a total operating revenue of RM475.8 million in 6M2013, an increase of 12% from RM423.3 million in 6M2012. Profit before taxation of this division was higher at RM72.5 million in 6M2013 compared to RM51.3 million in 6M2012.

The increase in revenue of the Cans Division in 6M2012 was mainly attributable to increase in production capacity for aluminium cans and increase in demand from food and beverage, chemicals and paints sectors. The Division's Vietnam operation continues to be a major contributor to the Division's increase in revenue, with increased sales of dry food cans.

The improved profit before taxation in 6M2013 was mainly attributable to improved operating efficiency compared to the same period last year.

#### *(ii) Cartons Division*

Revenue from Cartons Division increased by 8% in 6M2013 to RM136.6 million, from RM126.6 million in 6M2012. 6M2013 profit before tax was at RM8.6 million, a decrease of 19% from RM10.6 million in 6M2012.

The increase in revenue in 6M2013 compared to the same period last year was mainly due to strong demand from customers in footwear and food and beverage sectors in Vietnam. The decrease in profit before tax of 6M2013 compared to 6M2012 was mainly due to higher operating costs which resulted from the implementation of minimum wages policy in Malaysia and an upwards revision of minimum wages in Vietnam, as well as a derivative loss of RM0.6 million during the current period.

**16. Operating Segments Review (cont'd.)*****Financial Period Ended 30 June 2013 (6M2013) versus 30 June 2012 (6M2012) (cont'd.)******(iii) Contract Packing Services Division***

Revenue from Contract Packing Services Division in 6M2013 was lower by 33% at RM29.8 million, compared to RM44.6 million in 6M2012. Despite the significantly lower revenue, the Division achieved a profit before taxation of RM1.5 million in 6M2013 compared to RM1.1 million in 6M2012.

This was mainly attributable to the disposal of the Division's Vietnam operation in July 2012, which generated a revenue of RM0.6 million and a loss before taxation of RM2.1 million in 6M2012.

**17. Material Change In Performance of Operating Segments of Current Quarter (2Q2013) Compared With Immediate Preceding Quarter (1Q2013)**

The Group recorded a revenue of RM322.6 million in 2Q2013, an increase of 7% from RM300.6 million in 1Q2013, while profit before tax experienced an increase of 14% to RM44.0 million in 2Q2013, from RM38.5 million in 1Q2013.

***(i) Cans Division***

The total operating revenue generated by the Cans Division improved by 7% in 2Q2013 at RM246.1 million, compared to RM229.7 million in 1Q2013. Profit before tax was RM37.6 million in 2Q2013, an increase of 7% from RM34.9 million in 1Q2013.

The increase in 2Q2013 revenue compared to 1Q2013 was mainly attributable to festive season orders for the approaching Hari Raya celebrations and Moon Cake Festival. The Vietnam operation continued to contribute to the Division's growth in sales, with increase in sales of dairy product cans.

The increase in profit before tax of this Division was mainly attributable to better operating efficiency from improved capacity utilisation in 2Q2013.

***(ii) Cartons Division***

Revenue from Cartons Division increased by 4% in 2Q2013 to RM69.7 million, from RM66.9 million in 1Q2013. Profit before tax of this division increased by 26% in 2Q2013 to RM4.8 million, from RM3.8 million in 1Q2013.

The increase in revenue in the current quarter is attributable to higher sales in 2Q2013 from festive season orders. The higher profit before taxation in the current quarter is mainly attributable to a lower current quarter derivative loss on cross-currency swap contracts compared to 1Q2013.

**17. Material Change In Performance of Operating Segments of Current Quarter (2Q2013) Compared With Immediate Preceding Quarter (1Q2013) (cont'd.)*****(iii) Contract Packing Services Division***

Revenue from Contract Packing Services Division increased to RM17.0 million in the current quarter, from RM12.8 million in 1Q2013. The increase was mainly attributable to increase in demand for existing customers.

In the current quarter, the Division experienced an increase in profit before taxation at RM1.4 million, from a profit before taxation of RM0.1 million in 1Q2013. The growth in profitability of this Division is due to improved revenue in the current quarter, resulting in better cost absorption and operating efficiency.

**18. Commentary On Prospects**

The uncertain economic climate, coupled with intense competition in Malaysia and Vietnam have resulted in a tougher operating environment for the Group. The Group is currently taking measures to further streamline its operations in order to improve its performance.

On 20 July 2013, the Ministry of International Trade and Industry ("MITI") imposed a provisional anti-dumping duty ranging from nil to 25% on tinplates imported from China and Korea. This recent development inevitably increases material costs and undermines the price competitiveness of tin cans manufactured locally.

The Group's expansion of the Cartons Division into Hanoi, Vietnam is progressing as planned, and the production plant began its commercial run in the second half of this year.

The Group is fairly confident of being able to manoeuvre through the challenges mentioned above and deliver satisfactory results for the year, with strategies to safeguard and grow its market share.

## 19. Profit Before Taxation

Included in profit before taxation are the following items:

	Current Year Quarter 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To Date 30.06.2013 RM'000	Preceding Year Corresponding Year To Date 30.06.2012 RM'000
Interest income	(435)	(434)	(707)	(882)
Other income including investment income	(1,712)	(937)	(2,887)	(2,601)
Interest expense	1,030	1,009	2,062	2,137
Depreciation and amortisation	10,425	13,820	20,483	25,901
Impairment in respect of receivables	(24)	-	(24)	(6)
Impairment in respect of inventories	716	1,128	1,622	1,534
Gain on disposal of quoted or unquoted investments or properties	-	-	-	-
(Gain)/loss on disposal of property, plant and equipment	(1)	-	(1)	(23)
Impairment of assets	71	-	71	56
Foreign exchange (gain)/loss	(1,871)	729	(1,764)	(1,217)
(Gain)/loss on derivatives	(69)	2,387	1,772	(742)
(Reversal of previous impairment)/ write-down of inventories	(1,136)	1,576	(2,297)	768

## 20. Variance from Forecast Profit and Profit Guarantee

No profit forecast or guarantee was issued by the Group.

## 21. Taxation

	Current Year Quarter 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To Date 30.06.2013 RM'000	Preceding Year Corresponding Year To Date 30.06.2012 RM'000
Group				
Income Tax				
- current year	(10,567)	(7,457)	(16,914)	(12,684)
Deferred taxation	607	(574)	336	(565)
	(9,960)	(8,031)	(16,578)	(13,249)

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

**KIAN JOO CAN FACTORY BERHAD (3186-P)**  
**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA**  
**MALAYSIA SECURITIES BERHAD**

**22. Retained Earnings**

	<b>As at 30.06.2013 RM'000</b>	<b>As at 31.12.2012 RM'000</b>
Total retained earnings of Group:		
- Realised	795,896	709,744
- Unrealised	85,056	88,579
	880,952	798,323
Add: Consolidated adjustments	45,533	65,686
Total Group retained earnings as per Consolidated Accounts	926,485	864,009

**23. Status of Corporate Proposals**

**Proposed Bonus Issue and Proposed Rights Issue (collectively "Proposals")**

On 25 February 2011, the Company had 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").

The Proposals were subject to approval by shareholders of the Company, and fulfilment of certain conditions imposed by Bursa Securities.

On 20 August 2013, the Board had, after due deliberation, decided to abort the Proposals on the basis that the Proposals are not in the best interests of the Company.

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 30 June 2013 are as follows:-

	<b>As at 30.06.2013 RM'000</b>	<b>As at 31.12.2012 RM'000</b>
Current - unsecured		
- Banker's acceptances	4,815	15,850
- Foreign loan import	78,462	42,258
- Trust receipts/bill discounts	1,463	7,977
- Revolving credit	20,000	40,000
- Term loans	68,763	16,269
	173,503	122,354
Non-current - unsecured		
- Term loans	46,649	59,952
	220,152	182,306

The details of borrowings which are denominated in foreign currencies are as follows: -

	<b>As at 30.06.2013 RM'000</b>	<b>As at 31.12.2012 RM'000</b>
Current - unsecured		
- Trust receipts/bill discounts (denominated in USD)	1,101	18,536
- Trust receipts/bill discounts (denominated in VND)	1,463	-
- Term loans (denominated in USD)	2,128	12,127
- Foreign loan import (denominated in USD)	78,462	42,258
	83,154	72,921
Non-current - unsecured		
- Term loans (denominated in USD)	6,659	41,038
	89,813	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 ("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;

## 25. 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 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.

On 24 April 2013, the Judge heard the Plaintiff's application for summary judgment ("Enclosure 6") and the Defendant's application pursuant to Order 14A of the Rules of Court, 2012 ("Enclosure 9"). 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.

On 20 May 2013, the hearing of the Plaintiff's Claim was re-fixed before a new court to hear the Plaintiff's application for summary judgement ("Enclosure 6") and the Defendant's application to have question of law heard on the Plaintiff's claim. On 24 June 2013, the Plaintiff's application for summary judgement ("Enclosure 6") and the Defendant's application pursuant to Order 14A of the Rules of Court, 2012 ("Enclosure 9") were fixed for decision on 31 July 2013 by the High Court judge.

On 31 July 2013, the High Court dismissed the Plaintiff's application for summary judgement ("Enclosure 6"), and further directed that the Defendant's application pursuant to Order 14A of the Rules of Court, 2012 ("Enclosure 9") be heard on 2 October 2013.

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

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 (2012 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 (2012 special dividend of 15% tax exempt (single-tier) dividend: RM16.7 million). The interim and special dividends will be paid on 25 September 2013 to shareholders whose names appear in the Record of Depositors on 10 September 2013.

## 27. Earnings Per Share

	Current Quarter 30.06.2013	Preceding Year Corresponding Quarter 30.06.2012	Current Year To Date 30.06.2013	Preceding Year Corresponding Year To Date 30.06.2012
Profit attributable to owners of the company (RM '000)	32,174	18,381	62,605	45,675
Weighted average number of ordinary shares	444,167,786	444,167,786	444,167,786	444,167,786
<b>Basic earnings per share (sen)</b>	7.24	4.14	14.09	10.28

## 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 20 August 2013.

Batu Caves, Selangor Darul Ehsan  
20 August 2013