



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 2013

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 31.12.2013 RM'000 Unaudited	Preceding Year Corresponding Quarter 31.12.2012 RM'000 Unaudited (Restated)	Current Year Quarter Ended 31.12.2013 RM'000 Unaudited	Preceding Year Quarter Ended 31.12.2012 RM'000 Audited (Restated)
Revenue		334,853	311,313	1,284,863	1,162,845
Cost of sales		(287,570)	(240,550)	(1,064,829)	(963,513)
Gross profit		<u>47,283</u>	<u>70,763</u>	<u>220,034</u>	<u>199,332</u>
Other income		1,627	1,620	7,154	5,191
Operating expenses		(24,042)	(25,493)	(74,050)	(62,777)
Finance costs		(1,850)	(1,033)	(5,644)	(4,113)
Share of profit/(loss) of associate (net of tax)		(298)	(280)	(102)	(1,623)
Gain on disposal of a subsidiary		-	-	-	7,949
Profit Before Taxation	19	<u>22,720</u>	<u>45,577</u>	<u>147,392</u>	<u>143,959</u>
Taxation	21	1,699	3,358	(23,653)	(15,549)
Profit for the period		<u>24,419</u>	<u>48,935</u>	<u>123,739</u>	<u>128,410</u>
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		2,030	(188)	8,372	(3,276)
Actuarial (loss)/gain recognised on defined benefit plan		(2,588)	(3,578)	(2,782)	(3,683)
Other comprehensive income for the period, net of tax		<u>(558)</u>	<u>(3,766)</u>	<u>5,590</u>	<u>(6,959)</u>
Total comprehensive income for the period		<u>23,861</u>	<u>45,169</u>	<u>129,329</u>	<u>121,451</u>
Profit attributable to:					
Owners of the company		23,753	47,032	118,288	120,901
Non-controlling interest		666	1,903	5,451	7,509
Profit for the period		<u>24,419</u>	<u>48,935</u>	<u>123,739</u>	<u>128,410</u>
Total comprehensive income attributable to:					
Owners of the company		22,725	43,301	121,913	114,726
Non-controlling interest		1,136	1,868	7,416	6,725
Total comprehensive income for the period		<u>23,861</u>	<u>45,169</u>	<u>129,329</u>	<u>121,451</u>
Earnings per share attributable to owners of the company:					
Basic (sen)					
Continuing operations		5.35	10.59	26.63	27.22
Discontinued operation		-	-	-	-
		<u>5.35</u>	<u>10.59</u>	<u>26.63</u>	<u>27.22</u>
Diluted (sen)					
Continuing operations		-	-	-	-
Discontinued operation		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 31 December 2013

	Note	As at 31.12.2013 RM'000 Unaudited	As at 31.12.2012 RM'000 Audited (Restated)
ASSETS			
Non-Current Assets			
Property, plant & equipment		695,164	621,259
Land use rights		14,029	12,157
Investment properties		24,447	23,810
Intangible assets		2,500	137
Investments in associated company		20,523	22,710
Deferred tax assets		3,366	454
		760,029	680,527
Current Assets			
Inventories		284,282	273,557
Trade and other receivables		334,089	268,455
Tax recoverable		413	2,951
Cash and bank balances		146,382	133,683
		765,166	678,646
TOTAL ASSETS		1,525,195	1,359,173
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital		111,042	111,042
Share premium		744	744
Other reserves		4,816	(1,591)
Retained earnings	22	920,554	860,569
		1,037,156	970,764
Non-Controlling Interest		64,385	59,003
Total Equity		1,101,541	1,029,767
Non-Current Liabilities			
Retirement benefit obligation		28,643	32,069
Borrowings	24	118,450	59,952
Deferred tax liabilities		18,584	17,282
		165,677	109,303
Current Liabilities			
Retirement benefit obligation		13,513	3,297
Provisions		59	48
Borrowings	24	109,953	122,354
Trade and other payables		129,703	94,071
Derivative financial instrument		4,749	333
		257,977	220,103
Total Liabilities		423,654	329,406
TOTAL EQUITY AND LIABILITIES		1,525,195	1,359,173
Net assets per share attributable to owners of the Company (RM)		2.33	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 fourth quarter ended 31 December 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		
At 1 January 2012	111,042	744	(510)	798,871	910,147	64,545	974,692
Profit for the period	-	-	-	120,901	120,901	7,509	128,410
Currency translation differences	-	-	(2,492)	-	(2,492)	(784)	(3,276)
Actuarial gains/(losses) on defined benefit plans	-	-	-	(3,683)	(3,683)	-	(3,683)
Total comprehensive income for the period	-	-	(2,492)	117,218	114,726	6,725	121,451
Dividends	-	-	-	(55,520)	(55,520)	-	(55,520)
Dividend paid to non-controlling interest	-	-	-	-	-	(1,423)	(1,423)
Equity movement arising from disposal of investment in a subsidiary	-	-	1,411	-	1,411	(11,446)	(10,035)
Subscription of shares by non-controlling interest	-	-	-	-	-	602	602
At 31 December 2012 (Restated)	111,042	744	(1,591)	860,569	970,764	59,003	1,029,767
At 1 January 2013 (Restated)	111,042	744	(1,591)	860,569	970,764	59,003	1,029,767
Profit for the period	-	-	-	118,288	118,288	5,451	123,739
Currency translation differences	-	-	6,407	-	6,407	1,965	8,372
Actuarial gains/(losses) on defined benefit plans	-	-	-	(2,782)	(2,782)	-	(2,782)
Total comprehensive income for the period	-	-	6,407	115,506	121,913	7,416	129,329
Dividends	-	-	-	(55,521)	(55,521)	-	(55,521)
Dividend paid to non-controlling interest	-	-	-	-	-	(2,034)	(2,034)
At 31 December 2013	111,042	744	4,816	920,554	1,037,156	64,385	1,101,541

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 fourth quarter ended 31 December 2013

	31.12.2013	31.12.2012
	RM'000	RM'000
	Unaudited	Audited (Restated)
Net cash generated from operating activities		
Receipts from customers	1,292,723	1,161,596
Payments to suppliers	(1,095,454)	(994,292)
	<hr/>	<hr/>
Cash generated from operations	197,269	167,304
Interest paid	(5,645)	(5,586)
Income tax paid	(23,284)	(21,999)
	<hr/>	<hr/>
	168,340	139,719
Net cash used in investing activities		
Acquisition of property, plant and equipment	(131,220)	(58,121)
Proceeds from disposal of property, plant and equipment	464	928
Additional investment in a subsidiary, net of cash and cash equivalents acquired	(4,179)	(903)
Proceeds from disposal of investment in subsidiary	-	27,001
Dividends received from short term investment	264	-
Interest received	2,152	1,438
	<hr/>	<hr/>
	(132,519)	(29,657)
Net cash used in financing activities		
Proceeds from/(Repayment of) term loans, bankers' acceptances and revolving credit	34,018	(11,910)
Dividends paid	(57,554)	(56,943)
Advances to an associate	(13)	(293)
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	(23,549)	(69,146)
Net increase in Cash and Cash Equivalents	12,272	40,916
Effect of Exchange Rate Changes	427	(150)
Cash and Cash Equivalents at 1 January	133,683	92,917
	<hr/>	<hr/>
*Cash and Cash Equivalents at 31 December	<u>146,382</u>	<u>133,683</u>
 *Cash and Cash Equivalents at 31 December comprised the following:		
Cash and bank balances	47,692	69,847
Short term deposits	66,039	46,824
Short term investments	32,651	17,012
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	<u>146,382</u>	<u>133,683</u>

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		

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.

2. Significant Accounting Policies (cont'd.)

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

MFRS 119: Employee Benefits (revised) (cont'd.)

An actuarial valuation was carried out during the quarter to update the amount of retirement benefit obligations. Comparative figures have been restated to account for unrecognised actuarial loss amounting to RM4,587,000, relating to periods before 31 December 2012 and its related tax impact.

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>Year ended 31 December 2012</u>			
Profit before taxation	143,716	243	143,959
Profit for the period	128,167	243	128,410
Other comprehensive income			
- Foreign currency translation differences	(3,276)	-	(3,276)
- Actuarial losses on defined benefit plans	-	(3,683)	(3,683)
Total comprehensive income	124,891	(3,440)	121,451

(b) Condensed Consolidated Statement of Financial Position

As at 31 December 2012

Current Liabilities

Retirement benefit obligations	3,297	-	3,297
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Non-Current Liabilities

Retirement benefit obligations	27,482	4,587	32,069
Deferred tax liabilities	18,429	(1,147)	17,282

Equity Attributable to Owners of The Company

Retained earnings	864,009	(3,440)	860,569
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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 31 December 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	933,503	294,956	56,290	114	1,284,863	-	1,284,863
Inter-segmental sales	34,339	4,698	-	-	39,037	(39,037)	-
Total revenue	967,842	299,654	56,290	114	1,323,900	(39,037)	1,284,863

RESULTS

Segment results	127,984	14,723	3,557	(280)	145,984	-	145,984
Other income	8,906	1,041	136	-	10,083	(2,929)	7,154
Finance costs	(6,285)	(1,518)	(770)	-	(8,573)	2,929	(5,644)
Share of profit of associated company	-	-	-	(102)	(102)	-	(102)
Profit/(loss) before taxation	130,605	14,246	2,923	(382)	147,392	-	147,392
Taxation							(23,653)
Non-controlling interest							(5,451)
							118,288

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	1,287,589	294,754	25,006	4,047	1,611,396	(89,981)	1,521,415
Unallocated corporate assets							3,780
Consolidated total assets							1,525,195
Segment liabilities	(258,300)	(141,613)	(5,090)	(67)	(405,070)	-	(405,070)
Unallocated corporate liabilities							(18,584)
Consolidated total liabilities							(423,654)

OTHER INFORMATION

Capital Expenditure	68,873	61,037	1,310	-	131,220	-	131,220
Depreciation and amortisation	33,632	7,329	2,080	129	43,170	-	43,170
Non-cash expenses other than depreciation	10,312	4,010	187	-	14,509	-	14,509

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 material events subsequent to the end of the period under review up to the date of this announcement that are not disclosed in the quarterly financial statements.

12. Changes in the Composition of the Group

During the quarter, Box-Pak (Malaysia) Berhad, a subsidiary of the Company completed the acquisition of the entire equity interest in AMBM Packaging Distribution Sdn Bhd ("AMBM") for a total cash consideration of RM4.5 million. Consequently, AMBM became an indirect subsidiary of the Company.

13. Changes in Contingent Liabilities or Contingent Assets

There were no material changes in contingent liabilities or contingent assets since the end of the previous financial year.

14. Capital Commitments

The amount of capital commitments as at 31 December 2013 is as follows:-

	RM'000
Approved and contracted for	90,185
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15. Related Party Transactions

	Financial Period to date 31.12.2013 RM'000
Sales to associated companies	388
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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 parties	Financial Year to date <u>31.12.2013</u> RM'000
Sales of trading inventories by subsidiary companies	Hercules Sdn. Bhd. ⁽ⁱ⁾	576
	Hercules Vietnam Co., Ltd ⁽ⁱⁱ⁾	450
	Aik Joo Can Factory Sdn. Bhd. ⁽ⁱⁱⁱ⁾	892
	F & B Nutrition Sdn. Bhd. ^(iv)	2,111
Purchases of trading inventories by subsidiary companies	Aik Joo Can Factory Sdn. Bhd.	229

Parties (i) and (ii) 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.

Parties (iii) and (iv) are deemed to be related to the Group by virtue of:

- (a) common directorship held by two directors of the Group, Yeoh Jin Hoe and Chee Khay Leong; and
- (b) being subsidiaries of Can-One Berhad, which is the holding company of Can-One International Sdn Bhd, a major shareholder of Kian Joo Can Factory Berhad.

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 2013 (4Q2013) versus 4th Quarter 2012 (4Q2012)

The Group recorded a revenue of RM334.9 million in 4Q2013, an increase of 8% from RM311.3 million in 4Q2012. The Group's overall profit before taxation was lower in 4Q2013 at RM22.7 million, compared to RM45.6 million in 4Q2012.

(i) Cans Division

The Cans Division generated a total operating revenue of RM249.3 million in 4Q2013, an increase of 7% from RM232.2 million in 4Q2012. Profit before taxation of this division was lower in 4Q2013 at RM21.4 million compared to RM43.1 million in 4Q2012. The increase in revenue experienced by the Cans Division was attributable to increased demand from customers in domestic and Vietnam operations and the increase in capacity for production of aluminium cans.

Profit before taxation decreased in 4Q2013 compared to 4Q2012 due to higher production costs, a write-down in respect of inventories, and an impairment loss on the assets of a can-making unit of the Group.

(ii) Cartons Division

Revenue from Cartons Division increased by 19% in 4Q2013 to RM86.5 million, from RM72.4 million in 4Q2012. Profit before tax was recorded at RM1.5 million in 4Q2013, a decrease from RM4.8 million in 4Q2012.

The increase in revenue in the current quarter compared to last year's corresponding quarter was mainly attributable to an increase in demand from customers in Vietnam. Profit before tax in 4Q2013 decreased due to higher material costs and higher labour costs from the implementation of minimum wage scheme in Malaysia, and an upward revision of minimum wages in Vietnam. The Division's Hanoi operation, which commenced trial run in the previous quarter incurred a loss of RM2.3 million.

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division in 4Q2013 decreased to RM11.2 million from RM14.7 million in 4Q2012. This decrease in revenue was mainly attributable to decrease in orders from both domestic and export dry food industry customers.

Despite a slight decrease in revenue, the Division recorded an improvement in profit before tax in the current quarter, compared to 4Q2012. This was mainly due to lower operating expenses and improved operating efficiency in 4Q2013 compared to 4Q2012.

16. Operating Segments Review (cont'd.)***Financial Year Ended 31 December 2013 (FY2013) versus 31 December 2012 (FY2012)***

The Group recorded a revenue of RM1,284.9 million in FY2013, an increase of 11% from RM1,162.8 million in FY2012. The Group's overall profit before taxation improved marginally to RM147.4 million in FY2013 from RM144.0 million in FY2012.

(i) Cans Division

The Cans Division generated a total operating revenue of RM967.8 million in FY2013, an increase of 12% from RM862.1 million in FY2012. Profit before taxation of this division was higher at RM130.6 million in FY2013 compared to RM116.4 million in FY2012.

The increase in revenue of the Cans Division in FY2013 was mainly attributable to increase in demand and production capacity for aluminium cans compared to FY2012. The Division's Vietnam operation continued to be a major contributor to the Division's increase in revenue, with significant increases in dry food can sales.

The improvement in FY2013 profit before taxation was mainly attributable to increased revenue and improvement in operating efficiency.

(ii) Cartons Division

Revenue from Cartons Division increased by 13% in FY2013 to RM299.7 million, from RM264.3 million in FY2012. FY2013 profit before tax was at RM14.2 million, a decrease of 37% from RM22.4 million in FY2012.

The increase in FY2013 revenue compared to 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 FY2013 compared to FY2012 was mainly due to higher labour costs resulting from the implementation of minimum wage scheme in Malaysia, an upward revision of minimum wages in Vietnam, as well as a derivatives loss of RM3.3 million during the FY2013. The Division's Hanoi operation, which commenced operation in August 2013 incurred a loss of RM4.5 million.

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division in FY2013 was lower by 25% at RM56.3 million, compared to RM75.5 million in FY2012. Despite the lower revenue, the Division achieved a profit before taxation of RM2.9 million in the current year compared to a loss before taxation of RM1.1 million last year.

The decrease in sales and improvement in profit was mainly attributable to disposal of the Division's Vietnam operation in July 2012, which generated a revenue of RM0.9 million and a loss before taxation of RM2.6 million in YE2012.

17. Material Change in Performance of Operating Segments of Current Quarter (4Q2013) Compared with immediate Preceding Quarter (3Q2013)

The Group recorded a revenue of RM334.9 million in 4Q2013, an increase from RM326.8 million in 3Q2013, while profit before tax was RM22.7 million in 4Q2013, down from RM42.2 million in 3Q2013.

(i) Cans Division

The total operating revenue generated by the Cans Division increased in 4Q2013 to RM249.3 million, from RM242.7 million in 3Q2013. Profit before tax was RM24.1 million in 4Q2013, a decrease of 34% from RM36.7 million in 3Q2013.

The increase in 4Q2013 revenue compared to 3Q2013 was mainly attributable to festive season orders for Christmas and Chinese New Year.

The decrease in profit before tax of this Division was mainly attributable to write down of inventories and an impairment loss that was recognised, as well as higher production costs in the current quarter compared to 3Q2013.

(ii) Cartons Division

Revenue from Cartons Division increased by 13% in 4Q2013 to RM86.5 million, from RM76.5 million in 3Q2013. Profit before tax of this division decreased in 4Q2013 to RM1.5 million, from RM4.1 million in 3Q2013.

The increase in current quarter revenue was mainly attributable to higher sales in the Division's Vietnam operation. Despite the increase in revenue, the Division's profitability was adversely affected by higher material costs and operational losses from the new Hanoi plant of RM2.3 million.

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division decreased to RM11.2 million in the current quarter, from RM15.3 million in 3Q2013. The decrease was mainly attributable to lower demand from beverage sector customers.

In the current quarter, the Division experienced a decrease in profit before taxation to RM0.2 million, compared to a profit before taxation of RM1.3 million in 3Q2013. The decrease was due to higher production costs and overhead expenditure in the current quarter, and lower sales.

18. Commentary on Prospects

The global economic climate will likely remain uncertain and challenging in year 2014. In Malaysia, costs in general are rising, while businesses are pressured to maintain their selling prices in order to avoid losing out to competitors from abroad. Amongst the immediate challenges faced by the Group are the implementation of minimum wages, rising material, electricity and other operating costs, and a weakening Malaysian Ringgit against US Dollars.

In year 2014, the Group will continue exploring and taking measures to streamline its operations, while maintaining its regional growth strategy.

Despite the challenges posed in year 2014, the Group expects its domestic and Vietnam operations to remain competitive and profitable.

19. Profit Before Taxation

Included in profit before taxation are the following items:

	Current Year Quarter 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM'000	Current Year To Date 31.12.2013 RM'000	Preceding Year Corresponding Year To Date 31.12.2012 RM'000
Interest income	(785)	(289)	(2,150)	(1,438)
Other income including investment income	(1,627)	(201)	(7,154)	(3,753)
Interest expense	1,850	1,033	5,644	4,113
Depreciation and amortisation	11,646	13,551	43,170	52,837
Impairment in respect of receivables	-	-	18	636
(Gain)/loss on disposal of property, plant and equipment	6	96	(195)	(208)
Impairment of assets	8,000	-	8,000	-
Non-current assets written off	-	595	71	651
Foreign exchange (gain)/loss	610	303	(4,349)	(560)
(Gain)/loss on derivatives	354	2,038	4,352	(2,779)
(Reversal of previous impairment)/ write-down/write-off of inventories	19,083	(11,641)	15,643	227

20. Variance from Forecast Profit and Profit Guarantee

No profit forecast or guarantee was issued by the Group.

21. Taxation

	Preceding Year		Preceding Year	
	Current Year	Corresponding	Current Year	Corresponding
	Quarter	Quarter	To Date	Year To Date
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Group				
Income Tax				
- current year	252	(2,016)	(25,351)	(20,097)
- prior year	480	1,567	480	1,567
Deferred taxation	967	3,807	1,218	2,981
	1,699	3,358	(23,653)	(15,549)

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, and a lower tax rate in Vietnam.

22. Retained Earnings

	As at	As at
	31.12.2013	31.12.2012
	RM'000	RM'000
		(Restated)
Total retained earnings of Group:		
- Realised	787,282	706,304
- Unrealised	85,536	88,579
	872,818	794,883
Add: Consolidated adjustments	47,736	65,686
Total Group retained earnings as per Consolidated Accounts	920,554	860,569

23. Status of Corporate Proposals

On 26 November 2013, the Company received a letter of offer from Aspire Insight Sdn Bhd ("Aspire") to acquire the entire business and undertaking including all assets and liabilities of the Company ("Offer") for a cash consideration of approximately RM1.466 billion. On 10 December 2013, the Company, via its adviser, MIDF Amanah Investment Bank Berhad ("Adviser") announced that Aspire agreed to the Company's request for an extension of time until 20 January 2014 to consider their Offer. On 10 January 2014, Board of Directors of the Company, via its Adviser announced that it has deliberated and agreed to accept Aspire's Offer.

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

On 29 January 2014, the Company received a letter of request for an extension of time from Aspire for the completion of the ongoing due diligence exercise and the signing of the definitive agreement in relation to the Offer. In response, the Company agreed on the extension of time from 31 January 2014 to 14 March 2014.

Apart from the above, there were 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 December 2013 are as follows:-

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Current - unsecured		
- Banker's acceptances	9,944	15,850
- Foreign loan import	77,750	42,258
- Trust receipts/bill discounts	11,579	7,977
- Revolving credit	-	40,000
- Term loans	10,680	16,269
	109,953	122,354
Non-current - unsecured		
- Term loans	118,450	59,952
	228,403	182,306

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

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Current - unsecured		
- Trust receipts/bill discounts (denominated in VND)	11,579	7,977
- Term loans (denominated in USD)	-	12,127
- Foreign loan import (denominated in USD)	77,750	42,258
	89,329	62,362
Non-current - unsecured		
- Term loans (denominated in USD)	2,445	41,038
	91,774	103,400

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, 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.

On 5 September 2013, the Plaintiff filed an application to amend the Statement of Claim ("Enclosure 21"). In this regard, the High Court has fixed Enclosure 21 for hearing on 27 September 2013. On 27 September 2013, the High Court fixed Enclosure 21 and Enclosure 9 for further mention on 30 September 2013.

25. Material Litigation (cont'd.)

On 30 September 2013, Enclosure 21 was fixed for decision on 25 October 2013. Meanwhile, the hearing of Enclosure 9, which was fixed on 2 October 2013 was postponed to a date to be fixed pending the outcome of the aforesaid amendment application. On 28 October 2013, the High Court adjourned the decision on Enclosure 21 to 8 November 2013. On 8 November 2013, the High Court dismissed the Plaintiff's application to amend the Statement of Claim. The High Court further granted an order in terms of the Company's application that the case be determined by way of questions of law, and fixed the hearing on the questions of law for 15 January 2014. Subsequently, the High Court re-fixed the matter for case management on 10 March 2014.

Save for the above, 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 recommend a final tax exempt (single-tier) dividend of 10% (2.50 sen per ordinary share) amounting to RM11.1 million and a special tax exempt (single-tier) dividend of 15% (3.75 sen per ordinary share) amounting to RM16.7 million in respect of the financial year ended 31 December 2013 ("Proposed Dividends"), subject to shareholders' approval at the forthcoming Annual General Meeting.

The Board has on 19 February 2014 written to Aspire Insight Sdn Bhd ("Aspire") to request for a waiver of paragraph 2.2 of the Letter of Offer dated 26 November 2013 ("Letter") from Aspire in respect of the Proposed Dividends.

Pursuant to paragraph 2.2 of the Letter, payment of any dividend or distribution by the Company after the date of the offer shall be deducted from the purchase consideration for the proposed acquisition by Aspire of the entire business and undertaking including all of the assets and liabilities of the Company.

27. Earnings Per Share

	Current Quarter 31.12.2013	Preceding Year Corresponding Quarter 31.12.2012	Current Year To Date 31.12.2013	Preceding Year Corresponding Year To Date 31.12.2012
Profit attributable to owners of the company (RM '000)	23,753	47,032	118,288	120,901
Weighted average number of ordinary shares	444,167,786	444,167,786	444,167,786	444,167,786
Basic earnings per share (sen)	5.35	10.59	26.63	27.22



KIAN JOO CAN FACTORY BERHAD (3186-P)

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD**

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 19 February 2014.

Batu Caves, Selangor Darul Ehsan
19 February 2014