



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 2014

(The figures have not been audited)

	Note	CUMULATIVE QUARTER	
		Current Year Quarter Ended 31.03.2014 RM'000 Unaudited	Preceding Year Quarter Ended 31.03.2013 RM'000 Unaudited
Revenue		317,101	300,618
Cost of sales		(267,410)	(245,725)
Gross profit		49,691	54,893
Other income		2,063	1,175
Operating expenses		(28,040)	(16,293)
Finance costs		(1,904)	(1,032)
Share of loss of joint venture (net of tax)		(428)	(231)
Profit Before Taxation	19	21,382	38,512
Taxation	21	(1,354)	(6,618)
Profit for the period		20,028	31,894
Other comprehensive income, net of tax			
Foreign currency translation differences for foreign operations		(1,413)	791
Actuarial loss recognised on defined benefit plan		-	(55)
Other comprehensive income for the period, net of tax		(1,413)	736
Total comprehensive income for the period		18,615	32,630
Profit attributable to:			
Owners of the company		19,826	30,431
Non-controlling interest		202	1,463
Profit for the period		20,028	31,894
Total comprehensive income attributable to:			
Owners of the company		18,731	30,756
Non-controlling interest		(116)	1,874
Total comprehensive income for the period		18,615	32,630
Earnings per share attributable to owners of the company:			
Basic (sen)			
Continuing operations		4.46	6.85
Discontinued operation		-	-
		4.46	6.85
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 2013 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 March 2014

	Note	As at 31.03.2014 RM'000 Unaudited	As at 31.12.2013 RM'000 Audited
ASSETS			
Non-Current Assets			
Property, plant & equipment		693,522	692,698
Land use rights		13,810	14,195
Investment properties		24,329	24,282
Intangible assets		2,480	2,500
Investments in a joint venture		20,041	20,469
Other assets		53,133	39,433
Deferred tax assets		5,293	3,366
		<u>812,608</u>	<u>796,943</u>
Current Assets			
Inventories		297,478	284,282
Trade and other receivables		278,736	297,379
Tax recoverable		6,244	3,184
Cash and bank balances		132,408	146,383
		<u>714,866</u>	<u>731,228</u>
TOTAL ASSETS		<u>1,527,474</u>	<u>1,528,171</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital		111,042	111,042
Share premium		744	744
Other reserves		3,721	4,816
Retained earnings	22	940,676	920,850
		<u>1,056,183</u>	<u>1,037,452</u>
Non-Controlling Interest		63,920	64,036
Total Equity		<u>1,120,103</u>	<u>1,101,488</u>
Non-Current Liabilities			
Retirement benefit obligation		36,565	31,458
Borrowings	24	128,682	95,616
Deferred tax liabilities		18,492	18,297
		<u>183,739</u>	<u>145,371</u>
Current Liabilities			
Retirement benefit obligation		6,737	10,985
Provisions		31	58
Borrowings	24	103,642	132,621
Trade and other payables		106,885	130,200
Tax payable		2,005	2,698
Derivative financial instrument		4,332	4,750
		<u>223,632</u>	<u>281,312</u>
Total Liabilities		<u>407,371</u>	<u>426,683</u>
TOTAL EQUITY AND LIABILITIES		<u>1,527,474</u>	<u>1,528,171</u>
Net assets per share attributable to owners of the Company (RM)		2.38	2.34

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 first quarter ended 31 March 2014

	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 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
At 1 January 2014	111,042	744	4,816	920,850	1,037,452	64,036	1,101,488
Profit for the period	-	-	-	19,826	19,826	202	20,028
Currency translation differences	-	-	(1,095)	-	(1,095)	(318)	(1,413)
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(1,095)	19,826	18,731	(116)	18,615
At 31 March 2014	111,042	744	3,721	940,676	1,056,183	63,920	1,120,103

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2014

	31.03.2014	31.03.2013
	RM'000	RM'000
	Unaudited	Unaudited
Net cash (used in)/generated from operating activities		
Receipts from customers	338,038	298,973
Payments to suppliers	(336,879)	(281,982)
	<hr/>	<hr/>
Cash generated from operations	1,159	16,991
Interest paid	(1,904)	(1,032)
Income tax paid	(7,124)	(5,042)
	<hr/>	<hr/>
	(7,869)	10,917
Net cash used in investing activities		
Acquisition of property, plant and equipment	(11,432)	(12,667)
Proceeds from disposal of property, plant and equipment	580	1
Dividends received from short term investment	205	93
Interest received	550	272
	<hr/>	<hr/>
	(10,097)	(12,301)
Net cash generated from/(used in) financing activities		
Proceeds from/(Repayment of) term loans, bankers' acceptances and revolving credit	4,212	(2,988)
Advances to a joint venture	29	6
	<hr/>	<hr/>
	4,241	(2,982)
Net increase in Cash and Cash Equivalents	(13,725)	(4,366)
Effect of Exchange Rate Changes	(250)	264
Cash and Cash Equivalents at 1 January	146,383	133,683
	<hr/>	<hr/>
* Cash and Cash Equivalents at 31 March	132,408	129,581
	<hr/> <hr/>	<hr/> <hr/>
* Cash and Cash Equivalents at 31 March comprised the following:		
Cash and bank balances	32,709	95,536
Short term deposits	99,699	34,045
	<hr/>	<hr/>
	132,408	129,581
	<hr/> <hr/>	<hr/> <hr/>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1965 in Malaysia, and complies with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. 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 2013.

2. Significant Accounting Policies

The accounting policies adopted in the preparation of this report are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2013, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2014.

2.1 Adoption of Standards, Amendments and IC Interpretations

The Group has adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2014.

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	:	Separate Financial Statements: Investment Entities
Amendments to MFRS 132	:	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	:	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	:	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretations 21	:	Levies

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

2.2 Standards Issued But Not Yet Effective

As at the date of authorisation of this report, the following Standards were issued but not yet effective and have not been adopted by the Group:

MFRS 9	:	Financial Instruments (Hedge Accounting and amendments to MFRS 7, MFRS 9 and MFRS 139)
Amendments to MFRS 119	:	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 - 2012 Cycle		
Annual Improvements to MFRSs 2011 - 2013 Cycle		

2. Significant Accounting Policies (cont'd.)

2.2 Standards Issued But Not Yet Effective (cont'd.)

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 2013 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

There were no changes in estimates that had any material effect to the financial statements in the period under review.

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

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

8. Dividends Paid

There were no dividends paid during the period under review.

9. Segmental Reporting

Segmental results for the period ended 31 March 2014 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	229,235	77,981	9,856	29	317,101	-	317,101
Inter-segmental sales	4,874	993	-	-	5,867	(5,867)	-
Total revenue	234,109	78,974	9,856	29	322,968	(5,867)	317,101

RESULTS

Segment results	20,601	1,304	(228)	(26)	21,651	-	21,651
Other income	2,267	316	8	-	2,591	(528)	2,063
	22,868	1,620	(220)	(26)	24,242	(528)	23,714
Finance costs	(1,368)	(902)	(162)	-	(2,432)	528	(1,904)
Share of loss of a joint venture	-	-	-	(428)	(428)	-	(428)
Profit/(loss) before taxation	21,500	718	(382)	(454)	21,382	-	21,382
Taxation							(1,354)
Non-controlling interest							(202)
							19,826

	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	1,300,989	284,386	17,162	3,980	1,606,517	(90,580)	1,515,937
Unallocated corporate assets							11,537
Consolidated total assets							1,527,474
Segment liabilities	(253,043)	(131,780)	(1,989)	(62)	(386,874)	-	(386,874)
Unallocated corporate liabilities							(20,497)
Consolidated total liabilities							(407,371)

OTHER INFORMATION

Capital Expenditure	6,171	5,344	(83)	-	11,432	-	11,432
Depreciation and amortisation	8,368	2,352	612	51	11,383	-	11,383
Non-cash expenses other than depreciation	2,717	412	80	-	3,209	-	3,209

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

There were no changes in 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 end of the previous financial year.

14. Capital Commitments

The amount of capital commitments as at 31 March 2014 is as follows:-

	RM'000
Approved and contracted for	115,824

15. Related Party Transactions

	Financial
	Period to date
	31.03.2014
	RM'000
Sales to a joint venture company	5
Purchases from a joint venture company	3
	8

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 31.03.2014 RM'000
Sales of trading inventories by subsidiary companies	Aik Joo Can Factory Sdn. Berhad ⁽ⁱ⁾ F & B Nutrition Sdn. Bhd. ⁽ⁱⁱ⁾	192 2,198
Purchases of trading inventories by subsidiary companies	Aik Joo Can Factory Sdn. Berhad	24

Parties (i) and (ii) are deemed to be related to the Group by virtue of:

- (a) common directorship held by a director of the Group, Yeoh Jin Hoe; 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

1st Quarter 2014 (1Q2014) versus 1st Quarter 2013 (1Q2013)

The Group recorded a revenue of RM317.1 million in 1Q2014, an increase of 5% from RM300.6 million in 1Q2013. The Group's overall profit before taxation was lower in 1Q2014 at RM21.4 million, compared to RM38.5 million in 1Q2013.

(i) Cans Division

The Cans Division generated a total operating revenue of RM234.1 million in 1Q2014, a marginal increase from RM229.7 million in 1Q2013. Profit before taxation of this division was lower in 1Q2014 at RM21.5 million compared to RM34.9 million in 1Q2013. The increase in revenue experienced by the Cans Division was mainly attributable to the Vietnam operation.

Profit before taxation decreased in 1Q2014 compared to 1Q2013 due to higher utilities and labour costs, and write-downs in respect of inventories. In the current quarter, additional provision was made for the retirement benefit for a former director.

(ii) Cartons Division

Revenue from Cartons Division increased by 18% in 1Q2014 to RM79.0 million, from RM67.0 million in 1Q2013. Profit before tax was recorded at RM0.7 million in 1Q2014, a decrease from RM3.8 million in 1Q2013.

The increase in revenue in the current quarter compared to 1Q2013 was mainly contributed by the Division's operation in Vietnam. Profit before tax in 1Q2014 decreased due to higher operating costs incurred in the current quarter, as well as initial operating losses incurred by new subsidiaries in Malaysia and Hanoi, Vietnam. Apart from this, stiff competition in the cartons industry has put pressure on selling prices of cartons, and hence resulted in reduced margins in this Division.

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division in 1Q2014 decreased to RM9.9 million from RM12.8 million in 1Q2013. This decrease in revenue was mainly attributable to decrease in orders from both domestic and export dry food industry customers.

The Division recorded a loss before taxation in the current quarter. The decrease in profit was in tandem with the decrease in sales, and higher operating expenses.

17. Material Change in Performance of Operating Segments of Current Quarter (1Q2014) Compared with immediate Preceding Quarter (4Q2013)

The Group recorded a revenue of RM317.1 million in 1Q2014, a decrease from RM340.6 million in 4Q2013, while profit before tax was RM21.4 million in 1Q2014, down from RM22.7 million in 4Q2013.

(i) Cans Division

The total operating revenue generated by the Cans Division decreased in 1Q2014 to RM234.1 million, from RM249.3 million in 4Q2013. Profit before tax was marginally higher at RM21.5 million in 1Q2014, from RM21.4 million in 4Q2013.

Revenue in 4Q2013 was higher due to orders to cater for the festive seasons.

Profit before tax of this Division remained almost unchanged in the current quarter despite a decrease in sales. Profit in 4Q2013 was impacted by write-down of inventories and impairment loss on machinery. If these were excluded, the pre-tax margin has dropped due to margin compression as a result of higher material and operating costs, and provision for retirement benefit made in respect of a former director.

(ii) Cartons Division

Revenue from Cartons Division decreased by 9% in 1Q2014 to RM79.0 million, from RM87.0 million in 4Q2013. Profit before tax of this division decreased in 1Q2014 to RM0.7 million, from RM1.5 million in 4Q2013.

The revenue was higher in the preceding quarter due to festive season orders. The Division's profitability was adversely affected by higher material costs and lower selling margins due to stiff competition in the cartons industry.

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division decreased to RM9.9 million in the current quarter, from RM11.2 million in 4Q2013. The decrease was mainly attributable to lower demand from dry food sector customers.

In the current quarter, the Division experienced a loss before taxation of RM0.4 million from a profit before taxation of RM0.2 million in the preceding quarter. The decrease was due to lower sales and generally higher production costs and overhead expenditure in the current quarter.

18. Commentary on Prospects

The global economic climate is expected to remain uncertain and challenging in year 2014. The Group continues to face challenges from stiff competition in both its Malaysia and Vietnam operations, while coping with rising costs of materials, utilities and labour. Apart from these, the volatility in foreign exchange rates, especially the US Dollars and Vietnam Dong poses risk to the Group's profitability.

The recent riot in Vietnam has added another element of uncertainty on the Group's Vietnam operations. Even though the Group was not directly affected by the incident, the long term future of the Group's operation in Vietnam is dependent on the sustainability of business growth there.

For the year 2014, the Group will continue exploring and taking measures to streamline its operations and manage operational costs better, while protecting and growing its regional market share.

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

19. Profit Before Taxation

Included in profit before taxation are the following items:

	Current Year	Preceding Year
	Quarter	Corresponding
	31.03.2014	Quarter
	RM'000	31.03.2013
		RM'000
Interest income	(403)	(272)
Other income including		
investment income	(2,063)	(1,175)
Interest expense	1,904	1,032
Depreciation and amortisation	11,383	10,058
Impairment in respect of receivables	(36)	-
Gain on disposal of property,		
plant and equipment	(516)	-
Impairment of assets	-	-
Non-current assets written off	-	-
Foreign exchange (gain)/loss	1,034	107
(Gain)/loss on derivatives	(418)	1,841
(Reversal of previous impairment)/		
write-down/write-off of inventories	1,392	(255)

20. Variance from Forecast Profit and Profit Guarantee

No profit forecast or guarantee was issued by the Group.

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

21. Taxation

	Current Year	Preceding Year
	Quarter	Corresponding
	31.03.2014	Quarter
	RM'000	31.03.2013
		RM'000
Group		
Income Tax		
- current year	(4,202)	(6,347)
- prior year	(5)	-
Deferred taxation	2,853	(271)
	(1,354)	(6,618)

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
	31.03.2014	31.03.2013
	RM'000	RM'000
Total retained earnings of Group:		
- Realised	800,074	760,336
- Unrealised	90,493	83,075
	890,567	843,411
Add: Consolidated adjustments	50,109	50,974
Total Group retained earnings as per Consolidated Accounts	940,676	894,385

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.

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

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. On 13 March 2014, the parties agreed to further extend the timeline to 31 March 2014.

On 24 March 2014, the Company, via its Adviser, announced that it has entered into a conditional Business Sale Agreement, Properties Sale Agreements and Assets Sale Agreement with Aspire in relation to the Offer ("Proposed Disposal"). Upon completion of the Proposed Disposal, the Company will undertake a capital reduction and repayment exercise to return the cash proceeds arising from the said Proposed Disposal to the entitled shareholders via a proposed distribution of proceeds in cash at not less than RM3.30 per ordinary share of RM0.25 each in the Company via proposed capital reduction and repayment exercise in accordance with Section 64 of the Companies Act, 1965 ("Proposed Proceeds Distribution").

On 7 May 2014, the Company, its subsidiary, Box-Pak (Malaysia) Bhd ("Box-Pak") and 5 others were served with a Writ of Summons and Statement of Claims dated 6 May 2014 by an executive director of the Company, who was also the former Managing Director of Box-Pak, Dato' See Teow Guan in relation to the Proposed Disposal. Details of the Writ of Summons and Statement of Claims are set out in Note 25.

On 29 May 2014, the Company, via its Adviser, announced that Bursa Malaysia Securities Berhad had vide its letter dated 27 May 2014 approved the extension of time to submit the draft circular to shareholders in relation to the Proposed Disposal and Proposed Proceeds Distribution from 24 May 2014 until 23 August 2014.

The Proposals are subject to approval by relevant authorities and shareholders of the Company and written confirmation from Aspire on whether the due diligence is satisfactory.

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 March 2014 are as follows:-

	As at 31.03.2014 RM'000	As at 31.03.2013 RM'000
Current - unsecured		
- Banker's acceptances	11,044	12,193
- Foreign currency loans against imports	69,959	57,591
- Trust receipts/bill discounts	3,309	12,491
- Revolving credit	-	20,000
- Term loans	19,330	13,443
	103,642	115,718
Non-current - unsecured		
- Term loans	128,682	63,774
	232,324	179,492

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

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

	As at 31.03.2014 RM'000	As at 31.03.2013 RM'000
Current - unsecured		
- Trust receipts/bill discounts (denominated in VND)	3,309	12,491
- Term loans (denominated in USD)	4,419	9,056
- Foreign currency loans against imports (denominated in USD)	68,959	57,591
	76,687	79,138
Non-current - unsecured		
- Term loans (denominated in USD)	7,693	41,552
	84,380	120,690

All the Group's borrowings are unsecured.

25. Material Litigation

(I) Dato' See Teow Chuan's Retirement Benefits Claim

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;

25. Material Litigation (cont'd.)

(I) Dato' See Teow Chuan's Retirement Benefits Claim (cont'd.)

- (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;
- 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;

25. Material Litigation (cont'd.)

(I) Dato' See Teow Chuan's Retirement Benefits Claim (cont'd.)

- 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.

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.

The High Court re-fixed the matter for case management on 1 April 2014 to update the Court on the status of the matter and on the appeals, scheduled to be heard before the Court of Appeal on 31 March 2014. At the Fifty-Sixth Annual General Meeting of the Company held on 16 April 2014, the shareholders approved the payment of RM5,800,000 to the Plaintiff, being full and final settlement of the Plaintiff's retirement gratuity.

25. Material Litigation (cont'd.)

(I) Dato' See Teow Chuan's Retirement Benefits Claim (cont'd.)

Subsequently, the further case management was re-fixed on 29 April 2014, pending the outcome of the appeals on 24 April 2014. The High Court also fixed the Company's application to hear the questions of law, under Order 14A on 16 May 2014.

At the case management on 29 April 2014, the parties informed the High Court that the Plaintiff had filed a Notice of Discontinuance of the Suit dated 21 April 2014, with no order as to costs, and no liberty to file afresh. The appeals in connection with the above were also withdrawn by the Plaintiff before the Court of Appeals on 24 April 2014 with no order as to costs.

(II) Claim by an executive director in relation to the Offer from Aspire

In relation to the Offer from Aspire as detailed in Note 23, an executive director of the Company, Dato' See Teow Guan ("Plaintiff"), acting in a personal capacity and in a representative capacity on behalf and for the benefit of the Company, has on 7 May 2014 served a Writ of Summons and Statement of Claim to the following defendants:

1. Yeoh Jin Hoe, Group Managing Director of the Company ("YJH")
2. Chee Khay Leong, Chief Operating Officer cum Executive Director of the Company ("CKL")
3. Aspire Insight Sdn Bhd
4. Can-One Berhad ("Can-One")
5. Can-One International Sdn Bhd ("Can-One International")
6. Kian Joo Can Factory Berhad
7. Box-Pak (Malaysia) Bhd, listed subsidiary of the Company ("Box-Pak")

(collectively referred to as "the Defendants")

The Plaintiff's claims are as follows:

Against the Company, Can-One International, YJH and Aspire:-

- (i) a declaration that the letter of offer dated 26 November 2013 from Aspire to the Company to acquire the entire business and undertaking including all of the assets and liabilities of the Company ("Aspire Bid") is deemed a related party transaction by virtue of the interest in the proposed disposal of the entire assets and liabilities of the Company to Aspire ("Proposed Disposal") of the following:-
 - (a) Can-One International, as a major shareholder of the Company with an interest direct or indirect in Aspire;
 - (b) YJH, as a director of the Company with an interest direct or indirect in Aspire;
 - (c) Aspire, as a person connected to Can-One and/or Can-One International within the meaning under the Main Market Listing Requirements ("Listing Requirements");
 - (d) Aspire, as a person connected with YJH within the meaning under the Listing Requirements;

25. Material Litigation (cont'd.)

(II) Claim by an executive director in relation to the Offer from Aspire (cont'd.)

Against YJH:-

- (ii) A declaration that YJH is a person connected to CKL in relation to the Aspire Bid;
- (iii) A consequential order that YJH shall issue a written declaration to the board of directors and shareholders of the Company before the general meeting convened for the Proposed Disposal ("EGM") that he is a person connected to CKL;

Against CKL:-

- (iv) A declaration that CKL is a person connected to YJH and Can-One in relation to the Aspire Bid;
- (v) A consequential order that CKL shall issue a written declaration to the board of directors and shareholders of the Company before the EGM that he is a person connected to YJH and Can-One;

Against YJH and CKL:-

- (vi) A declaration that YJH and CKL are in breach of their fiduciary duties as directors of the Company;
- (vii) General and exemplary damages to be assessed by the Kuala Lumpur High Court ("High Court") and to be paid to the Company;
- (viii) Interest on any such sum assessed and awarded by the High Court to the Company at the rate of 5% per annum from the date of filing of this Court action until the date of full and final settlement;

Against the Company:-

- (ix) An order that the Company, by its directors, officers, servants, agents or employees or any of them or otherwise howsoever, be restrained from allowing Can-One International from voting at any shareholders meeting and/or general meeting convened by the Company to determine the Aspire Bid;

Against Aspire, Can-One and Can-One International:-

- (x) A declaration that Can-One International shall abstain from participating and/or deliberating and/or voting at any shareholders meeting and/or general meeting convened by the Company to determine the Aspire Bid;
- (xi) Alternatively a declaration that any resolution(s) passed by the shareholders of the Company in any shareholders meeting and/or general meeting convened by the Company in relation to the Aspire Bid and in which Can-One International has participate and/or deliberated and/or voted, is null and void;

25. Material Litigation (cont'd.)

(II) Claim by an executive director in relation to the Offer from Aspire (cont'd.)

Against Box-Pak:-

- (xii) A declaration that the voting on Resolution 7 at the Annual General Meeting of Box-Pak on 15 April 2014 is null and void;
- (xiii) An order that the Plaintiff be reinstated as a Director and/or Managing Director of Box-Pak with immediate effect;
- (xiv) Alternatively, damages to be assessed by the High Court and to be paid to the Plaintiff;
- (xv) Interest on any such sum assessed and awarded by the High Court to the Plaintiff at the rate of 5% per annum from the date of filing of this Court action until the date of full and final settlement;

Against YJH, CKL, Aspire, Can-One, Can-One International and Box-Pak:-

- (xvi) Costs; and
- (xvii) Such further and other relief(s) as the High Court deems fit and just.

At the case management on 20 May 2014, the Company informed the High Court that the Company intends to file a striking out application, the hearing of which has been fixed on 31 July 2014. The filing of the Defence is to be deferred and kept in abeyance pending disposal of the Company's striking out application. This legal suit has been fixed for further case management on 24 July 2014.

The High Court has directed Box-Pak to file and serve its Defence by 3 June 2014. The next case management has been fixed on 31 July 2014.

Save for the above, there is no other pending material litigation against the Group for the financial period under review.

26. Dividend

The Board does not recommend any dividend for the financial period under review.



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

27. Earnings Per Share

	Current Quarter 31.03.2014	Preceding Year Corresponding Quarter 31.03.2013
Profit attributable to owners of the company (RM '000)	19,826	30,431
Weighted average number of ordinary shares	444,167,786	444,167,786
Basic earnings per share (sen)	4.46	6.85

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 30 May 2014.

Batu Caves, Selangor Darul Ehsan
30 May 2014