



KIAN JOO CAN FACTORY BERHAD

(Incorporated in Malaysia)

(Co. Reg. No. 3186-P)

Condensed Consolidated Statement of Comprehensive Income for the Third Quarter ended 30 September 2014

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 30.09.2014 RM'000 Unaudited	Preceding Year Corresponding Quarter 30.09.2013 RM'000 Unaudited	Current Year Quarter Ended 30.09.2014 RM'000 Unaudited	Preceding Year Quarter Ended 30.09.2013 RM'000 Unaudited
Revenue		331,623	326,754	982,062	950,010
Cost of sales		(281,561)	(265,551)	(827,718)	(777,259)
Gross profit		50,062	61,203	154,344	172,751
Other income		1,675	2,640	5,391	5,527
Operating expenses		(15,188)	(20,060)	(59,695)	(50,008)
Finance costs		(3,009)	(1,732)	(7,336)	(3,794)
Share of (loss)/profit of joint venture (net of tax)		13,197	138	12,391	196
Profit Before Taxation	19	46,737	42,189	105,095	124,672
Taxation	21	(6,788)	(8,774)	(16,786)	(25,352)
Profit for the period		39,949	33,415	88,309	99,320
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		4,403	1,759	(2,953)	6,342
Actuarial loss recognised on defined benefit plan		-	(65)	-	(194)
Other comprehensive income for the period, net of tax		4,403	1,694	(2,953)	6,148
Total comprehensive income for the period		44,352	35,109	85,356	105,468
Profit attributable to:					
Owners of the company		37,834	31,930	85,229	94,535
Non-controlling interest		2,115	1,485	3,080	4,785
Profit for the period		39,949	33,415	88,309	99,320
Total comprehensive income attributable to:					
Owners of the company		41,403	33,590	83,356	99,188
Non-controlling interest		2,949	1,519	2,000	6,280
Total comprehensive income for the period		44,352	35,109	85,356	105,468
Earnings per share attributable to owners of the company:					
Basic (sen)					
Continuing operations		8.52	7.19	19.19	21.28
Discontinued operation		-	-	-	-
		8.52	7.19	19.19	21.28
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 30 September 2014

	Note	As at 30.09.2014 RM'000 Unaudited	As at 31.12.2013 RM'000 Audited
ASSETS			
Non-Current Assets			
Property, plant & equipment		783,765	692,698
Land use rights		19,393	14,195
Investment properties		24,110	24,282
Intangible assets		2,540	2,500
Investments in a joint venture		32,859	20,469
Other assets		21,824	39,433
Deferred tax assets		5,257	3,366
		889,748	796,943
Current Assets			
Inventories		294,153	284,282
Trade and other receivables		271,056	297,379
Tax recoverable		7,230	3,184
Cash and bank balances		150,244	146,383
		722,683	731,228
TOTAL ASSETS		1,612,431	1,528,171
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital		111,042	111,042
Share premium		744	744
Other reserves		2,943	4,816
Retained earnings	22	978,319	920,850
		1,093,048	1,037,452
Non-Controlling Interest			
Total Equity		1,157,050	1,101,488
Non-Current Liabilities			
Retirement benefit obligation		36,408	31,458
Borrowings	24	129,023	95,616
Deferred tax liabilities		18,248	18,297
		183,679	145,371
Current Liabilities			
Retirement benefit obligation		1,644	10,985
Provisions		59	58
Borrowings	24	143,300	132,621
Trade and other payables		114,633	130,200
Tax payable		8,135	2,698
Derivative financial instrument		3,931	4,750
		271,702	281,312
Total Liabilities		455,381	426,683
TOTAL EQUITY AND LIABILITIES		1,612,431	1,528,171
Net assets per share attributable to owners of the Company (RM)		2.46	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 third quarter ended 30 September 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	-	-	-	94,535	94,535	4,785	99,320
Currency translation differences	-	-	4,847	-	4,847	1,495	6,342
Actuarial losses on defined benefit plans	-	-	-	(194)	(194)	-	(194)
Total comprehensive income for the period	-	-	4,847	94,341	99,188	6,280	105,468
Dividends	-	-	-	(55,521)	(55,521)	-	(55,521)
Dividend paid to non-controlling interest	-	-	-	-	-	(2,034)	(2,034)
At 30 September 2013	111,042	744	3,256	902,829	1,017,871	63,249	1,081,120
At 1 January 2014	111,042	744	4,816	920,850	1,037,452	64,036	1,101,488
Profit for the period	-	-	-	85,229	85,229	3,080	88,309
Currency translation differences	-	-	(1,873)	-	(1,873)	(1,080)	(2,953)
Total comprehensive income for the period	-	-	(1,873)	85,229	83,356	2,000	85,356
Dividends	-	-	-	(27,760)	(27,760)	-	(27,760)
Dividend paid to non-controlling interest	-	-	-	-	-	(2,034)	(2,034)
At 30 September 2014	111,042	744	2,943	978,319	1,093,048	64,002	1,157,050

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 third quarter ended 30 September 2014

	30.09.2014	30.09.2013
	RM'000	RM'000
	Unaudited	Unaudited
Net cash generated from/(used in) operating activities		
Receipts from customers	1,007,732	952,508
Payments to suppliers	(884,255)	(809,978)
	123,477	142,530
Cash generated from operations	123,477	142,530
Interest paid	(7,342)	(3,794)
Income tax paid	(17,336)	(16,063)
	98,799	122,673
Net cash generated from/(used in) investing activities		
Acquisition of property, plant and equipment	(113,893)	(83,172)
Proceeds from disposal of property, plant and equipment	1,434	432
Dividends received from short term investment	894	217
Interest received	1,295	1,365
	(110,270)	(81,158)
Net cash generated from/(used in) financing activities		
Proceeds from term loans, bankers' acceptances and revolving credit	44,296	15,660
Dividends paid	(29,794)	(57,554)
Advances to a joint venture	106	9
	14,608	(41,886)
Net increase/(decrease) in Cash and Cash Equivalents	3,137	(370)
Effect of Exchange Rate Changes	724	3,390
Cash and Cash Equivalents at 1 January	146,383	133,683
	150,244	136,703
* Cash and Cash Equivalents at 30 September		
* Cash and Cash Equivalents at 30 September comprised the following:		
Cash and bank balances	61,091	70,435
Short term deposits	89,153	66,268
	150,244	136,703

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.

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

9. Segmental Reporting

Segmental results for the period ended 30 September 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	697,347	251,402	33,223	90	982,062	-	982,062
Inter-segmental sales	17,303	3,292	-	-	20,595	(20,595)	-
Total revenue	714,650	254,694	33,223	90	1,002,657	(20,595)	982,062

RESULTS

Segment results	82,997	9,845	1,832	(25)	94,649	-	94,649
Other income	5,844	949	96	-	6,889	(1,498)	5,391
	88,841	10,794	1,928	(25)	101,538	(1,498)	100,040
Finance costs	(5,675)	(2,685)	(474)	-	(8,834)	1,498	(7,336)
Share of loss of a joint venture	-	-	-	12,391	12,391	-	12,391
Profit/(loss) before taxation	83,166	8,109	1,454	12,366	105,095	-	105,095
Taxation							(16,786)
Non-controlling interest							(3,080)
							85,229

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	1,340,819	306,750	23,910	6,226	1,677,705	(77,761)	1,599,944
Unallocated corporate assets							12,487
Consolidated total assets							1,612,431
Segment liabilities	(274,349)	(153,133)	(1,463)	(53)	(428,998)	-	(428,998)
Unallocated corporate liabilities							(26,383)
Consolidated total liabilities							(455,381)

OTHER INFORMATION

Capital Expenditure	95,595	18,014	284	-	113,893	-	113,893
Depreciation and amortisation	24,195	7,129	1,902	154	33,380	-	33,380
Non-cash expenses other than depreciation	3,648	137	80	-	3,865	-	3,865

10. Valuation of Property, Plant and Equipment

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

11. Material Events Subsequent to the End of the Interim Period

There were no other 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

On 7 July 2014, the Board of Directors announced the incorporation of the following subsidiary companies in the Republic of Indonesia:

- (i) PT. KJ Canmax ("Canmax");
- (ii) PT. KJ Canco ("Canco"); and
- (iii) PT. KJ Box-Pak ("PT KJBP").

Each of Canmax and Canco has an authorised share capital of USD1,200,000 comprising 1,200,000 ordinary shares of USD1.00 per share. The two subsidiaries will have issued and paid-up capital of USD1,200,000 each, with 99% being held by KJO International Sdn. Bhd., a wholly-owned subsidiary of the Company, and the remaining 1% being held by the Company.

The intended principal activities of Canmax and Canco are metal printing, manufacturing and distribution of tin cans and aluminium beverage cans. Both companies have yet to commence operations.

PT KJBP has an authorised share capital of USD1,200,000 comprising 1,200,000 ordinary shares of USD1.00 per share. The intended issued and paid-up capital of PT KJBP is USD1,200,000, with 99% being held by Box-Pak (Malaysia) Bhd., a 54.83%-owned subsidiary of the Company, and the remaining 1% being held by the Company.

The intended principal activity of PT KJBP is the manufacture of corrugated cartons. PT KJBP has yet to commence operations.

The aforesaid incorporation of subsidiaries is not expected to have any material effect on the financial results and financial position of the Group for the financial year ending 31 December 2014.

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 30 September 2014 is as follows:

	RM'000
Approved and contracted for	96,959

15. Related Party Transactions

	Financial Period to date 30.09.2014 RM'000
Sales to a joint venture company	26
Purchases from a joint venture company	4

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

		Financial Year to date 30.09.2014 RM'000
(a) Nature of transaction	Identity of related parties	
Sales of trading inventories by subsidiary companies	Aik Joo Can Factory Sdn. Berhad ⁽ⁱ⁾ F & B Nutrition Sdn. Bhd. ⁽ⁱⁱ⁾	1,196 6,314
Purchases of trading inventories by subsidiary companies	Aik Joo Can Factory Sdn. Berhad	277

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

3rd Quarter 2014 (3Q2014) versus 3rd Quarter 2013 (3Q2013)

The Group recorded a total revenue of RM331.6 million in 3Q2014, an increase from RM326.8 million in 3Q2013. The Group's overall profit before taxation was also higher in 3Q2014 at RM46.7 million, compared to RM42.2 million in 3Q2013.

(i) Cans Division

The Cans Division generated a total operating revenue of RM237.7 million in 3Q2014, a decrease from RM242.7 million in 3Q2013. Profit before taxation of this division was lower in 3Q2014 at RM27.3 million compared to RM36.7 million in 3Q2013.

The decrease in revenue was mainly attributable to the drop in revenue from the Division's Vietnam operations. Demand for tin cans in Vietnam had been indirectly affected by geopolitical unrest in the Middle East, an important export destination for its customers. Profit before taxation decreased in 3Q2014 compared to 3Q2013 in tandem with the drop in revenue, as well as higher labour costs, higher upkeep expenditure and electricity cost from the electricity tariff increase in 2014.

(ii) Cartons Division

Revenue from Cartons Division increased by 16% in 3Q2014 to RM88.5 million, from RM76.5 million in 3Q2013. Profit before taxation was higher at RM5.3 million in 3Q2014, an increase from RM4.1 million in 3Q2013.

The increase in 3Q2014 revenue was mainly from the contribution of the Division's new plants in Hanoi, Vietnam and Senai, Johore. Profit before taxation in 3Q2014 increased marginally, due to the increase in revenue. The Division's profit margin however, have been adversely affected by losses incurred by the new plants as well as margin compression in the existing plants due to market competition and increased operation costs.

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division in 3Q2014 decreased to RM12.3 million from RM15.3 million in 3Q2013. This decrease in revenue was mainly attributable to decrease in orders from the beverages packing segment.

The Division recorded a profit before taxation in the current quarter of RM1.7 million, compared to RM1.3 million in 3Q2013. This increase in profit was mainly attributable to increased sales and improvement in operating efficiency.

(iv) Share Of Results Of A Joint Venture

Share of results of a joint venture in 3Q2014 increased to RM12.2 million from RM0.1 million in 3Q2013 due to one-off gain arising from the disposal of industrial property.

16. Operating Segments Review (cont'd)***Financial Period Ended 30 September 2014 (9M2014) versus 30 September 2013 (9M2013)***

The Group recorded an increase in revenue to RM982.1 million in 9M2014, from RM950.0 million in 9M2013. The Group's overall profit before taxation decreased to RM105.1 million in 9M2014 from RM124.7 million in 9M2013.

(i) Cans Division

The Cans Division generated a total operating revenue of RM714.6 million in 9M2014, a marginal decrease from RM718.5 million in 9M2013. Profit before taxation of this division was lower in 9M2014 at RM83.2 million compared to RM109.2 million in 9M2013.

The decrease in revenue of the Cans Division in 9M2014 compared to 9M2013 was mainly attributable to the Division's reduced export of dry food cans, as well as dairy product cans in the Vietnam operations. The decrease in profit before taxation was due to margin compression as a result of higher material, utilities and other operating costs. Apart from that, payment for retirement benefit for a former director was accounted for in the current period.

(ii) Cartons Division

The Cartons Division recorded an increase in sales of 20% in 9M2014 to RM254.7 million, from RM213.1 million in 9M2013. 9M2014 profit before taxation was at RM8.5 million, a decrease from RM12.7 million in 9M2013.

The increase in 9M2014 revenue compared to last year was mainly due to strong demand from customers in footwear and beverage sectors in Vietnam, and contribution from its new plants. The decrease in profit before tax for 9M2014 compared to 9M2013 was mainly due to losses incurred by the new plants in Hanoi, Vietnam and Senai, Johore amounting to RM5.9 million. In addition, its existing plants are also facing challenges with reduced sales margins, higher operating and labour costs resulting from electricity tariff hike, the implementation of minimum wage scheme in Malaysia, and upward revision of minimum wages in Vietnam.

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division in 9M2014 was lower by 26% at RM33.2 million, compared to RM45.1 million in 9M2013. The Division experienced a decrease in profit before taxation in the current period in tandem with the lower revenue.

The decrease in sales was mainly attributable to decreased demand from customers of the beverages and dry food packing segments. This has resulted in a drop in profit before taxation in the current period.

(iv) Share Of Results Of A Joint Venture

Share of results of a joint venture in 9M2014 increased to RM12.4 million from RM0.2 million in 9M2013 due to one-off gain arising from the disposal of industrial property.

17. Material Change in Performance of Operating Segments of Current Quarter (3Q2014) Compared with immediate Preceding Quarter (2Q2014)

The Group recorded a revenue of RM331.6 million in 3Q2014, a slight decrease from RM333.3 million in 2Q2014, while profit before tax was RM46.7 million in 3Q2014, an improvement from RM37.0 million in 2Q2014.

(i) Cans Division

The Cans Division recorded an operating revenue of RM 237.7 million in 3Q2014, a decrease from RM242.9 million in 2Q2014. The decrease in revenue generated by the Cans Division in 3Q2014 was mainly attributable to decrease in customer demand in both Malaysia and Vietnam operations.

Consequently, profit before taxation decreased in 3Q2014 to RM27.3 million, from RM35.9 million in 2Q2014. Apart from the decrease in sales, the Division's lower profit before taxation in the current quarter was due to an increase in provision for slow moving and obsolete stocks, and higher upkeep expenditure.

(ii) Cartons Division

Revenue from Cartons Division increased marginally in 3Q2014 to RM88.5 million, from RM87.2 million in 2Q2014. Profit before taxation of this division improved significantly in 3Q2014 to RM5.3 million, from RM2.1 million in 2Q2014.

Amid stiff price competition within the cartons manufacturing industry, the Division's profitability improved in the current quarter with increase sale of high margin products in its Ho Chi Minh plant.

(iii) Contract Packing Services Division

Revenue from Contract Packing Services Division improved to RM12.3 million in the current quarter, from RM11.1 million in 2Q2014. The increase was attributable to increase in export sales.

In the current quarter, the Division's profit before taxation increased to RM1.7 million, from RM0.4 million in the immediate preceding quarter, in tandem with higher sales and improved operating efficiency.

(iv) Share Of Results Of A Joint Venture

Share of results of a joint venture in 3Q2014 increased to RM12.2 million from a loss of RM0.4 million in 2Q2014 due to one-off gain arising from the disposal of industrial property.

18. Commentary on Prospects

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

Geopolitical unrest in the Middle East had an indirect impact on the Group's Vietnam operations, as it affects the export of consumer products from Vietnam, which in turn reduces demand for packaging material supplied by the Group.

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	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Year To Date
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Interest income	(306)	(658)	(1,113)	(1,365)
Other income including investment income	(1,675)	(2,640)	(5,391)	(5,527)
Interest expense	3,009	1,732	7,336	3,794
Depreciation and amortisation	11,586	11,041	33,380	31,524
Impairment in respect of receivables	17	6	(88)	(18)
Gain on disposal of property, plant and equipment	(277)	(200)	(1,370)	(201)
Impairment of assets	-	-	-	71
Non-current assets written off	291	-	291	-
Foreign exchange (gain)/loss	(1,558)	(3,195)	2,136	(4,959)
(Gain)/loss on derivatives	199	2,226	(819)	3,998
(Reversal of previous impairment)/ write-down/write-off of inventories	551	587	1,423	(88)

20. Variance from Forecast Profit and Profit Guarantee

No profit forecast or guarantee was issued by the Group.

21. Taxation

	Current Year Quarter 30.09.2014 RM'000	Preceding Year Corresponding Quarter 30.09.2013 RM'000	Current Year To Date 30.09.2014 RM'000	Preceding Year Corresponding Year To Date 30.09.2013 RM'000
Group				
Income Tax				
- current year	(5,766)	(8,689)	(18,614)	(25,603)
- prior year	(907)	-	(920)	-
Deferred taxation	(114)	(85)	2,749	251
	(6,788)	(8,774)	(16,786)	(25,352)

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 30.09.2014 RM'000	As at 30.09.2013 RM'000
Total retained earnings of Group:		
- Realised	839,308	773,514
- Unrealised	91,195	87,122
	930,503	860,636
Add: Consolidated adjustments	47,816	42,193
Total Group retained earnings as per Consolidated Accounts	978,319	902,829

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.

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 ("BSA"), Properties Sale Agreements and Assets Sale Agreement with Aspire ("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 all 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 ("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 ("Bursa Securities") had vide its letter dated 27 May 2014 approved the extension of time for the Company to submit the draft Circular to Shareholders in relation to the Proposed Disposal and Proposed Proceeds Distribution (collectively, "Proposals") from 24 May 2014 until 23 August 2014. Vide Bursa Malaysia Securities Berhad's letter on 22 August 2014, approval was given for a further extension of time for the Company to submit the draft Circular to Shareholders in relation to the Proposals from 23 August 2014 to 23 November 2014.

Pursuant to a letter dated 28 August 2014, the Company and Aspire have agreed to extend the date on which all conditions precedent to the BSA should be fulfilled from 23 September 2014 to 23 March 2015.

The Proposals are subject to the 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.

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

24. Group Borrowings and Debt Securities

Total Group borrowings as at 30 September 2014 are as follows:

	As at 30.09.2014 RM'000	As at 31.12.2013 RM'000
Current - unsecured		
- Banker's acceptances	52,504	9,944
- Foreign currency loans against imports	24,302	76,717
- Trust receipts/bill discounts	11,234	8,161
- Revolving credit	35,000	15,000
- Term loans	20,260	22,799
	143,300	132,621
Non-current - unsecured		
- Term loans	129,023	95,616
	272,323	228,237

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

	As at 30.09.2014 RM'000	As at 31.12.2013 RM'000
Current - unsecured		
- Trust receipts/bill discounts (denominated in VND)	11,234	8,161
- Term loans (denominated in USD)	1,387	4,451
- Term loans (denominated in VND)	616	-
- Foreign currency loans against imports (denominated in USD)	24,302	76,717
	37,539	89,329
Non-current - unsecured		
- Term loans (denominated in USD)	6,892	8,040
- Term loans (denominated in VND)	4,306	-
	48,737	97,369

All the Group's borrowings are unsecured.

25. Material Litigations

(I) (a) Claim by an Executive Director, Dato' See Teow Guan 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, had 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
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;

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;

25. Material Litigations (cont'd)

(I) (a) Claim by an Executive Director, Dato' See Teow Guan in relation to the Offer from Aspire (cont'd)

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;

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.

On 31 July 2014, the High Court heard the Company's submissions and all the other Defendants' submissions in respect of the striking out applications on the Plaintiff's claims. The High Court adjourned the hearing to 19 August 2014 for the Plaintiff's submission and reply by the Defendants.

25. Material Litigations (cont'd)**(I) (a) Claim by an Executive Director, Dato' See Teow Guan in relation to the Offer from Aspire (cont'd)**

After hearing the submissions by the Plaintiff's solicitors on 19 August 2014, the High Court adjourned the hearing to be continued on 29 August 2014, to hear the reply submissions by the Defendants. At the hearing on 29 August 2014, the High Court fixed the striking out applications of the Defendants for decision on 25 September 2014. On 9 September 2014, the High Court notified that the decision on the striking out applications of the Defendants which was initially fixed on 25 September 2014, has been converted into a case management before the Senior Assistant Registrar on the same day.

At the case management on 25 September 2014, the Deputy Registrar fixed the striking out applications of the Defendants for clarification/decision on 29 October 2014 before the learned Judge. On 29 October 2014, the clarification/decision of the striking out applications of the Defendants was converted into a case management before the Deputy Registrar and the striking out applications of the Defendants was fixed for clarification/decision on 14 November 2014.

(I) (b) Injunction application by the Plaintiff

Further to the aforementioned claims by the Plaintiff, the Company's solicitors were served with an unsealed Notice of Application ("Injunction Application") together with a copy of the Plaintiff's Affidavit in Support, dated 16 June 2014 by the Plaintiff's solicitors on 17 June 2014. Similar Applications were addressed to the solicitors of YJH, CKL, Aspire, Can-One International and Can-One.

Pursuant to the Injunction Application, the Plaintiff seeks the following orders:

- (i) that the Company be restrained until the trial of this action from calling any shareholders meeting in respect of the offer made by Aspire to purchase inter-alia all the assets and liabilities of the Company ("the Aspire Bid");
- (ii) that the Company be restrained until the trial of this action from taking further steps to finalise or complete the circular to the shareholders in relation to the Aspire Bid;
- (iii) that the Company inform Bursa Malaysia Securities Berhad of the Order made by the High Court herein;
- (iv) alternatively, that Can-One International be restrained until the trial of this action from participating and voting at any shareholders meeting to be held by the Company in respect of the Aspire Bid;
- (v) that the costs of this application be provided for; and
- (vi) such other orders and reliefs as the High Court deems fit and just.

The Plaintiff's Injunction Application was not brought up for case management at the hearing on 19 August 2014 and was fixed for 29 August 2014. No direction was made on the injunction application on 29 August 2014.

25. Material Litigations (cont'd)

Upon further clarification and submission on 14 November 2014, the High Court allowed the Company's striking out application with costs of RM30,000. As a result, the Plaintiff's amended Writ of Summons and amended Statement of Claim (as stated in Note 25 (I) (a) above) have been struck out. The High Court however, did not deal with the Plaintiff's injunction application (Note 25 (I) (b)) which is fixed for case management on 24 November 2014.

(II) Claim by a former Director, See Teow Koon for reinstatement as Executive Director

The Company had on 14 August 2014, received a sealed Writ of Summons and Statement of Claim ("STK Claim") from Messrs V. Siva and Partners, the solicitors acting for former Director, See Teow Koon ("STK").

Details of the STK Claim are as follows:

- (i) A declaration that STK is entitled to work as the Executive Director of the Company until he attains the age of 70 years as ordered by the Court of Appeal Order dated 4 October 2006;
- (ii) A declaration that the removal of STK as the Executive Director of the Company is unlawful, null and void;
- (iii) An order that the Company forthwith restore STK to his position as an Executive Director of the Company without any loss of salaries, perks and benefits;
- (iv) Further or alternatively, the Company be ordered to pay to STK all salaries, perks and benefits including retirement benefits under the Kian Joo Group of Companies Terms and Conditions of Employment for Executive Director, that is due to STK upon STK attaining 70 years of age on 14 June 2019 in the sum of RM12,601,469.55 as particularised in paragraphs 42(i) to (v) of the Statement of Claim;
- (v) A declaration that the Company pay the statutory contributions to STK's Employees' Provident Fund account in respect of the sums that is due and payable as stated in paragraphs 42(ii), (iii) and (iv) of the Statement of Claim;
- (vi) Loss of contractual benefits being inter-alia payment for the benefit of having a Mercedes Benz S300 luxury sedan with a full time paid personal driver;
- (vii) Interest thereon at the rate of 8% per annum on all the judgment sums awarded by the High Court from 16 April 2014 and/or from the date of filing this action in Court until the date of full and final settlement;
- (viii) General damages suffered by the Plaintiff to be assessed by the Deputy Registrar;
- (ix) An order that the costs of this action on a full indemnity basis be paid by the Company to STK; and
- (x) Such further or any other reliefs as the High Court shall deem fit and proper to grant.

25. Material Litigations (cont'd)

(II) Claim by a former Director, See Teow Koon for reinstatement as Executive Director (cont'd)

The STK Claim arose for case management on 27 August 2014 and the next case management was fixed for 18 September 2014. At the case management on 18 September 2014, the High Court gave STK until 2 October 2014 to file his reply to the Company's defence. The next case management was fixed for 20 October 2014 for parties to comply with the pre-trial directions of court. At the case management on 20 October 2014, the High Court fixed the next case management on 31 October 2014.

At the case management on 31 October 2014, the High Court allowed STK to amend his Writ of Summons and Statement of Claim to add 2 wholly-owned subsidiaries, Kian Joo Packaging Sdn. Bhd. and KJ Can (Selangor) Sdn. Bhd. as the 2nd and 3rd Defendants respectively, with costs in the cause. The next case management has been fixed for 5 December 2014 pending the service of the amended Writ of Summons and Statement of Claim on the parties and the filing and service of the necessary pleadings.

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.

27. Earnings Per Share

	Current Quarter 30.09.2014	Preceding Year Corresponding Quarter 30.09.2013	Current Quarter 30.09.2014	Preceding Year Corresponding Quarter 30.09.2013
Profit attributable to owners of the company (RM '000)	37,834	31,930	85,229	94,535
Weighted average number of ordinary shares	444,167,786	444,167,786	444,167,786	444,167,786
Basic earnings per share (sen)	8.52	7.19	19.19	21.28

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 passed on 19 November 2014.

Batu Caves, Selangor Darul Ehsan
 19 November 2014