



KIAN JOO CAN FACTORY BERHAD

(Incorporated in Malaysia)

(Co. Reg. No. 003186-P)

Condensed Consolidated Statement of Comprehensive Income for the second quarter ended 30 June 2016

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30.06.2016 RM'000 Unaudited	Preceding Quarter Ended 30.06.2015 RM'000 Unaudited	Current Year-To-Date 30.06.2016 RM'000 Unaudited	Preceding Year-To-Date 30.06.2015 RM'000 Unaudited
	Note			
Revenue	438,875	391,801	866,946	737,731
Cost of sales	(373,570)	(325,263)	(737,513)	(621,623)
Gross profit	<u>65,305</u>	<u>66,538</u>	<u>129,433</u>	<u>116,108</u>
Other income	7,413	3,337	15,428	5,004
Operating expenses	(23,226)	(24,094)	(71,638)	(36,253)
Finance costs	(5,029)	(3,400)	(9,836)	(6,628)
Share of results of joint venture (net of tax)	-	52	-	235
Profit Before Taxation	19 <u>44,463</u>	<u>42,433</u>	<u>63,387</u>	<u>78,466</u>
Taxation	21 <u>(4,630)</u>	<u>(5,326)</u>	<u>(11,066)</u>	<u>(11,912)</u>
Profit for the period	<u>39,833</u>	<u>37,107</u>	<u>52,321</u>	<u>66,554</u>
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	<u>(4,156)</u>	<u>(3,585)</u>	<u>(18,316)</u>	<u>7,614</u>
Other comprehensive income for the period, net of tax	<u>(4,156)</u>	<u>(3,585)</u>	<u>(18,316)</u>	<u>7,614</u>
Total comprehensive income for the period	<u>35,677</u>	<u>33,522</u>	<u>34,005</u>	<u>74,168</u>
Profit attributable to:				
Owners of the company	39,494	35,279	51,362	63,587
Non-controlling interest	339	1,828	959	2,967
Profit for the period	<u>39,833</u>	<u>37,107</u>	<u>52,321</u>	<u>66,554</u>
Total comprehensive income attributable to:				
Owners of the company	37,715	33,827	36,497	71,385
Non-controlling interest	(2,038)	(305)	(2,492)	2,783
Total comprehensive income for the period	<u>35,677</u>	<u>33,522</u>	<u>34,005</u>	<u>74,168</u>
Earnings per share attributable to owners of the company:				
Basic (sen)				
Continuing operations	8.89	7.95	11.56	14.32
Discontinued operation	-	-	-	-
	<u>8.89</u>	<u>7.95</u>	<u>11.56</u>	<u>14.32</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements

KIAN JOO CAN FACTORY BERHAD

(Incorporated in Malaysia)

(Co. Reg. No. 003186-P)

Condensed Consolidated Statement of Financial Position As at 30 June 2016

		As at 30.06.2016 RM'000 Unaudited	As at 31.12.2015 RM'000 Audited
ASSETS			
Non-Current Assets			
Property, plant & equipment		951,228	913,789
Land use rights		121,381	68,851
Investment properties		22,748	22,991
Intangible assets		509	225
Other assets		109,958	101,894
Deferred tax assets		512	512
		1,206,336	1,108,262
Current Assets			
Inventories		339,528	324,341
Trade and other receivables		367,239	369,440
Other assets		8,800	9,989
Tax recoverable		17,239	10,734
Derivative financial instruments		2,873	15
Cash and bank balances and short term funds		176,084	198,890
		911,763	913,409
Non-current assets held for distribution		5,011	10,011
		916,774	923,420
TOTAL ASSETS		2,123,110	2,031,682
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital		111,042	111,042
Share premium		744	744
Other reserves		23,106	37,971
Retained earnings	23	1,187,792	1,145,314
		1,322,684	1,295,071
Non-Controlling Interest		77,918	80,410
Total Equity		1,400,602	1,375,481
Non-Current Liabilities			
Retirement benefit obligation		38,285	46,085
Borrowings	24	124,516	116,845
Deferred tax liabilities		28,767	28,427
Derivative financial instrument		6,931	11,245
		198,499	202,602
Current Liabilities			
Retirement benefit obligation		679	249
Provisions		202	68
Borrowings	24	313,804	260,837
Trade and other payables		201,342	183,777
Tax payable		3,836	1,949
Derivative financial instrument		4,146	6,719
		524,009	453,599
Total Liabilities		722,508	656,201
TOTAL EQUITY AND LIABILITIES		2,123,110	2,031,682
Net assets per share attributable to owners of the Company (RM)		2.98	2.92

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements



KIAN JOO CAN FACTORY BERHAD
(Incorporated in Malaysia)
(Co. Reg. No. 003186-P)

Condensed Consolidated Statement of Changes in Equity
For the second quarter ended 30 June 2016

	Attributable to Owners of the Company						Non-Controlling Interest	Total Equity
	Non-distributable			Distributable				
	Share Capital	Share Premium	Other Reserve	Retained Earnings	Total			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2015	111,042	744	13,114	1,014,000	1,138,900	67,663	1,206,563	
Profit for the year	-	-	-	63,587	63,587	2,967	66,554	
Currency translation differences	-	-	7,798	-	7,798	(184)	7,614	
Total comprehensive income for the period	-	-	7,798	63,587	71,385	2,783	74,168	
As at 30 June 2015	<u>111,042</u>	<u>744</u>	<u>20,912</u>	<u>1,077,587</u>	<u>1,210,285</u>	<u>70,446</u>	<u>1,280,731</u>	
As at 1 January 2016	111,042	744	37,971	1,145,314	1,295,071	80,410	1,375,481	
Profit for the period	-	-	-	51,362	51,362	959	52,321	
Currency translation differences	-	-	(14,865)	-	(14,865)	(3,451)	(18,316)	
Total comprehensive income for the period	-	-	(14,865)	51,362	36,497	(2,492)	34,005	
Dividends	-	-	-	(8,884)	(8,884)	-	(8,884)	
As at 30 June 2016	<u>111,042</u>	<u>744</u>	<u>23,106</u>	<u>1,187,792</u>	<u>1,322,684</u>	<u>77,918</u>	<u>1,400,602</u>	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements



KIAN JOO CAN FACTORY BERHAD
(Incorporated in Malaysia)
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Condensed Consolidated Statement of Cash Flows
For the second quarter ended 30 June 2016

	Current Year-To-Date 30.06.2016 RM'000 Unaudited	Preceding Year-To-Date 30.06.2015 RM'000 Unaudited
Net cash generated from operating activities		
Receipts from customers	883,640	710,725
Payments to suppliers	(787,116)	(647,890)
	<hr/>	<hr/>
Cash generated from operations	96,524	62,835
Interest paid	(9,835)	(6,628)
Income tax paid	(15,268)	(13,062)
	<hr/>	<hr/>
	71,421	43,145
Net cash generated used in investing activities		
Acquisition of property, plant and equipment	(91,311)	(33,583)
Acquisition of land use rights	(55,221)	-
Acquisition of intangible assets	(379)	-
Proceeds from disposal of property, plant and equipment	354	-
Dividends received from a joint venture	5,000	12,186
Redemption of/(investment in) other investment	-	3,024
Net change in short term funds	(13,657)	-
Interest received	935	1,075
	<hr/>	<hr/>
	(154,279)	(17,298)
Net cash generated from/(used in) financing activities		
Proceeds from term loans, bankers' acceptances and revolving credit	60,860	(22,448)
Dividends paid	(8,884)	-
	<hr/>	<hr/>
	51,976	(22,448)
Net decrease in Cash and Cash Equivalents	(30,882)	3,399
Effect of Exchange Rate Changes	(5,581)	(2,524)
Cash and Cash Equivalents at 1 January	176,307	95,444
	<hr/>	<hr/>
Cash and Cash Equivalents at 30 June	139,844	96,319
Cash and Cash Equivalents at 30 June comprised the following:		
Cash and bank balances	75,808	96,319
Deposits with licenced bank	64,036	-
Short-term funds	36,240	24,941
	<hr/>	<hr/>
Cash and bank balances and short term funds	176,084	121,260
Less: Short-term funds	(36,240)	(24,941)
	<hr/>	<hr/>
Cash and Cash Equivalents at 30 June	139,844	96,319

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 comply 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 2015. 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 2015.

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 2015.

2.1 Adoption of Standards, Amendments and IC Interpretations

The accounting policies adopted are consistent with those of previous financial year except for the adoption of the following new and amended MFRSs and IC Interpretation mandatory for financial periods beginning on or after 1 January 2016:

- Annual Improvements to MFRSs 2012 - 2014 Cycle
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- Amendments to MFRS 101: Disclosure Initiatives
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities Applying the Consolidation Exception
- MFRS 14: Regulatory Deferral Accounts

The adoption of the above standards and interpretation did not have any material effect on the financial performance or position of the Group.

2.2 MFRSs, Amendments to MFRS and IC Interpretation Issued But Not Yet Effective

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

- MFRS 15: Revenue from Contracts with Customers
- MFRS 9: Financial Instruments

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 2015 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 a material effect on 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, repurchase, resale and repayment of debt and equity securities for the current financial period.

8. Dividends Paid

A first and final single-tier tax-exempt dividend in respect of the financial year ended 31 December 2015, of 8% (2 Sen per ordinary share) amounting to RM8,883,000 was paid on 30 June 2016.

9. Segmental Reporting

Segmental information for the period ended 30 June 2016 are as follows:

	Cans Division	Cartons Division	Contract Packing	Trading	Others	Total	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE								
External sales	467,516	241,101	34,460	123,364	505	866,946	-	866,946
Inter-segmental sales	130,054	2,413	5,986	76,567	656	215,676	(215,676)	-
Total revenue	597,570	243,514	40,446	199,931	1,161	1,082,622	(215,676)	866,946
RESULTS								
Segment results	47,968	303	1,121	5,192	343	54,927	2,868	57,795
Other income	18,648	6,726	919	219	329	26,841	(11,413)	15,428
	66,616	7,029	2,040	5,411	672	81,768	(8,545)	73,223
Finance costs	(9,105)	(3,551)	(221)	-	(505)	(13,382)	3,546	(9,836)
Share of loss of a joint venture	-	-	-	-	-	-	-	-
Profit/(Loss) before taxation	57,511	3,478	1,819	5,411	167	68,386	(4,999)	63,387
Taxation								(11,066)
Non-controlling interest								(959)
								51,362
ASSETS AND LIABILITIES								
Segment assets	1,901,993	444,286	55,057	173,041	84,659	2,659,036	(556,550)	2,102,486
Unallocated corporate assets	14,674	1,770	3,904	-	276	20,624		20,624
Consolidated total assets								2,123,110
Segment liabilities	595,052	255,836	32,945	111,537	70,099	1,065,469	(386,641)	678,828
Unallocated corporate liabilities	22,862	18,414	762	45	1,597	43,680		43,680
Consolidated total liabilities								722,508
OTHER INFORMATION								
Capital Expenditure	34,954	66,152	14,274	4	31,527	146,911	-	146,911
Depreciation and amortisation	24,471	7,874	1,397	2	358	34,102	-	34,102
Non-cash expenses other than depreciation	15,542	5,466	-	-	64	21,072	-	21,072

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

Except for those in Note 22, there were no material events subsequent to the end of the period under review up to the date of this announcement that have not been disclosed in this quarterly financial statements.

12. Changes in the Composition of the Group

On 20 July 2016, the Company's wholly-owned subsidiary, KJ Can (Singapore) Pte Ltd incorporated a wholly-owned subsidiary in Singapore known as KJ TOGO PTE LTD. ("KJ TOGO") with an issued and paid-up share capital of USD1.00 comprising one (1) ordinary share. The intended principal activity of KJ TOGO is investment holding.

There were no other changes to the Group's composition during the quarter 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 30 June 2016 is as follows:

	RM'000
Approved and contracted for	<u>21,940</u>

15. Related Party Transactions

The Group has also entered into the following related party transactions : -

Nature of transaction	Identity of related parties	Current Year-To-Date 30.06.2016 RM'000
Sales of trading inventories	Aik Joo Can Factory Sdn. Berhad ⁽ⁱ⁾	627
	F & B Nutrition Sdn. Bhd. ⁽ⁱⁱ⁾	6,091
Purchases of trading inventories	Aik Joo Can Factory Sdn. Berhad ⁽ⁱ⁾	770
	F & B Nutrition Sdn. Bhd. ⁽ⁱⁱ⁾	130

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 the Company.

The above transactions were entered into in the normal course of business on terms that the Directors considered comparable to transactions entered into with third parties.

16. Operating Segments Review

Second Quarter Ended 30 June 2016 ("Q2, 2016") versus Second Quarter Ended 30 June 2015 ("Q2, 2015")

The Group recorded a total revenue of RM438.9 million in Q2, 2016, an increase from RM391.8 million in Q2, 2015. The Group's overall profit before taxation was higher in Q2, 2016 at RM44.5 million, compared to RM42.4 million in Q2, 2015 in tandem with the increase in revenue.

(i) Cans Division

The Cans Division generated a total operating revenue of RM301.3 million in Q2, 2016, an increase from RM284.1 million in Q2, 2015. Profit before taxation of this division increased by RM2.7 million in Q2, 2016 to RM39.1 million compared to RM36.4 million in Q2, 2015.

The increase in revenue was contributed by the increase in demand from customers and increase in production capacity of aluminium cans. Profit before taxation increased due to foreign currency exchange gain and partially set off against higher operating and finance costs.

(ii) Cartons Division

Revenue from Cartons Division increased in Q2, 2016 to RM123.1 million, from RM100.5 million in Q2, 2015. This division recorded a profit before taxation of RM1.1 million in Q2, 2016 as compared to a profit before taxation of RM4.7 million in Q2, 2015.

The increase in revenue was contributed by higher contribution from the Vietnam plants due to relative appreciation of Vietnam Dong ("VND") against Ringgit Malaysia ("RM") and increase in demand from customers. The reduction in profit was due mainly to foreign currency exchange loss, higher operating and finance costs.

(iii) Contract Packing Division

Revenue from Contract Packing Division in Q2, 2016 decreased to RM20.5 million from RM21.1 million in Q2, 2015. This decrease in revenue was attributable mainly to decreased demand from customers in the milk powder packing segment.

Profit before taxation of this division decreased by RM2.4 million in Q2, 2016 to RM0.5 million compared to RM2.9 million in Q2, 2015 due to higher operating cost on the commissioning a new beverage packaging line.

(iv) Trading Division

The Group's Trading Division which commenced trading activities in Q3, 2015, recorded a revenue of RM122.8 million and profit before taxation of RM3.6 million in Q2, 2016.

(v) Operating Expenses

Decrease in operating expenses was due mainly to foreign currency exchange gain recorded during the quarter under review.

16. Operating Segments Review (cont'd)

Year-to-date ended 30 June 2016 ("YTD 2016") versus Year-to-date ended 30 June 2015 ("YTD 2015")

The Group registered an increase in revenue of RM129.2 million, from RM737.7 million in YTD 2015 to RM866.9 million in YTD 2016. However, profit before taxation reduced by RM15.1 million, from RM78.5 million in YTD 2015 to RM63.4 million in YTD 2016.

Lower profit before taxation was recorded due to foreign currency exchange losses, higher operating and finance costs.

The Group also recorded a gain on derivative financial instruments amounting to RM9.8 million in YTD 2016 as compared to a loss on derivative financial instruments amounting to RM2.9 million in YTD 2015. These derivative financial instruments were cross currency swap contracts, forward hedging of aluminium and forward contract on USD used to manage risks associated with the Group's business.

(i) Cans Division

The Cans Division reported an increase in revenue of RM66.8 million, from RM530.8 million in YTD 2015 to RM597.6 million in YTD 2016. The increase in sales was contributed by increase in demand from its existing customers for general cans and aluminium cans.

Profit before taxation declined by RM18.7 million from RM71.2 million in YTD 2015 to RM52.5 million in YTD 2016 due to foreign currency exchange losses, higher operating and finance cost.

(ii) Cartons Division

Revenue of Cartons Division improved from RM193.7 million in YTD 2015 to RM243.5 million in YTD 2016. The increase in revenue was contributed by higher contribution from the Vietnam plants due to relative appreciation of VND against RM and increase in demand from customers.

Profit before taxation declined by RM4.5 million from RM8.0 million in YTD 2015 to RM3.5 million in YTD 2016. The reduction in profit of this division was due mainly to foreign currency exchange loss and higher operating and finance costs.

(iii) Contract Packing Division

Revenue of Contract Packing Division improved from RM36.1 million in YTD 2015 to RM40.4 million in YTD 2016 due to increase in demand from customers. This division recorded a profit before taxation of RM1.8 million in YTD 2016 as compared to a profit before taxation of RM4.0 million in YTD 2015. The reduction in profit was due mainly to higher operating cost.

(iv) Trading Division

The Group's Trading Division which commenced trading activities in Q3, 2015, recorded a revenue of RM199.9 million and profit before taxation of RM5.4 million in YTD 2016.

(vi) Operating Expenses

Increase in operating expenses was due mainly to foreign currency exchange loss, higher staff cost and other operating expenses.

17. Material Change in Performance of Operating Segments of Q2, 2016 compared with immediate preceding quarter ended 31 March 2016 ("Q1, 2016")

The Group recorded a revenue of RM438.9 million in Q2, 2016, a 2.5% increase from RM428.1 million in Q1, 2016. Profit before taxation increased from RM18.9 million in Q1, 2016 to RM44.5 million in Q2, 2016.

The higher profit in Q2, 2016 was due mainly to lower foreign currency exchange loss of RM20.7 million as compared to a higher foreign exchange loss of RM25.2 million recorded in Q1, 2016.

(i) Cans Division

Revenue in Can Division improved from RM296.3 million in Q1, 2016 to RM301.2 million in Q2, 2016 due to increase in demand from customers and increase in production capacity of aluminium cans.

Profit before taxation for Q2, 2016 was higher at RM44.1 million as compared to RM13.4 million in Q1, 2016. The profit in Q1, 2016 was due to a derivative financial gain of RM5.25 million and smaller foreign currency exchange loss of RM7.83 as compared to a derivative financial gain of RM0.1 million and foreign currency exchange loss of RM20.5 in Q1, 2016

(ii) Cartons Division

Revenue of Cartons Division increased from RM120.4 million in Q1, 2016 to RM123.1 million in Q2, 2016 due to increase in demand from customers. A profit before taxation of RM1.1 million was recorded as compared to profit of RM2.4 million in Q1, 2016. Profit in Q2, 2016 was lower was due mainly to foreign currency exchange loss and higher operating and finance costs.

(iii) Contract Packing Division

Revenue in Contract Packing Division increased from RM20.0 million in Q1, 2016 to RM20.5 million in Q2, 2016. A profit before taxation of RM0.5 million was recorded as compared to profit of RM1.3 million in Q1, 2016. Profit was lower in Q2, 2016 due to higher operating and finance costs.

(iv) Trading Division

The revenue of Trading Division increased from RM77.2 million in Q1, 2016 to RM122.8 million in Q2, 2016, mainly due to the increase in trading activities. A profit before taxation of RM3.6 million was recorded as compared to profit of RM1.9 million in Q1, 2016.

(vi) Operating Expenses

The decrease in operating expenses was due mainly to higher foreign currency exchange loss of RM25.2 million recorded in Q1, 2016 as compared to foreign currency exchange loss of RM20.7 million in Q2, 2016.

18. Commentary on Prospects

The volatility in foreign currency exchange rate poses a challenge for the Group due to exposure arising from its overseas operations and material cost which are denominated in United States Dollar ("USD"). The rise in minimum wage which took effect from 1 July 2016, has increased operating cost.

Competition in the packaging industry in Malaysia and Vietnam has remained stiff and in order to maintain its market share, the Group will need to constantly review its price structure.

Despite these challenges, the Group will constantly review its market position, explore new market potential and improve operational efficiency to remain resilient and profitable in 2016.

KIAN JOO CAN FACTORY BERHAD (003186-P)
PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD

19. Profit Before Taxation

Included in profit before taxation are the following items:

	Current Quarter Ended 30.06.2016 RM'000	Preceding Quarter Ended 30.06.2015 RM'000	Current Year-To-Date 30.06.2016 RM'000	Preceding Year-To-Date 30.06.2015 RM'000
Interest income	(364)	(593)	(931)	(1,075)
(Other income including investment income)/other expense	753	1,481	(1,601)	(186)
Interest expense	5,029	3,400	9,836	6,628
Depreciation and amortisation	17,136	17,582	34,102	29,885
Impairment in respect of receivables	-	(3)	-	-
Gain on disposal of property, plant and equipment	(244)	-	(157)	(12)
Write off of property, plant and equipment	-	-	1	-
Foreign exchange (gain)/loss	(4,520)	(2,211)	20,711	(8,387)
(Gain)/loss on derivatives	(4,662)	208	(9,757)	2,868
(Reversal of previous impairment)/write-down/write-off of inventories	(1,926)	-	(1,655)	1,201

20. Variance from Forecast Profit and shortfall in Profit Guarantee

No profit forecast or guarantee was issued by the Group.

21. Taxation

	Current Quarter Ended 30.06.2016 RM'000	Preceding Quarter Ended 30.06.2015 RM'000	Current Year-To-Date 30.06.2016 RM'000	Preceding Year-To-Date 30.06.2015 RM'000
Group				
Income Tax				
- current year	(4,640)	(5,168)	(10,415)	(10,388)
- prior year	-	(9)	-	(9)
Deferred taxation	10	(149)	(651)	(1,515)
	(4,630)	(5,326)	(11,066)	(11,912)

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

22. Status of Corporate Proposals

On 16 August 2016, its subsidiary, Box-Pak (Malaysia) Bhd. ("Box-Pak") announced the following corporate proposals:

- Proposed renounceable rights issue of new ordinary shares of RM1.00 each in Box-Pak together with free detachable warrants to raise gross proceeds of up to RM120.0 million;
- Proposed authority to allot and issue such number of shares in Box-Pak, representing up to 10% of the issued and paid-up capital of Box-Pak in accordance with Section 132D of the Companies Act, 1965;
- Proposed increase in the authorised share capital of Box-Pak from RM70,000,000 comprising 70,000,000 ordinary shares of RM1.00 each to RM600,000,000 comprising 600,000,000 ordinary shares of RM1.00 each; and
- Proposed amendment to Box-Pak's Memorandum of Association to facilitate the aforesaid proposed increase in the authorised share capital of Box-Pak.

(collectively referred to as the "Proposals")

KIAN JOO CAN FACTORY BERHAD (003186-P)
PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD

22. Status of Corporate Proposals (cont'd)

The Proposals are subject to the approval by the relevant authorities and Box-Pak's shareholders.

Save as disclosed above, there were no other corporate proposals announced as at the date of issue of this quarterly report.

23. Retained Earnings

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of Group:		
- Realised	1,155,430	1,179,216
- Unrealised	52,276	(19,519)
	<hr/> 1,207,706	<hr/> 1,159,697
Add: Consolidated adjustments	(19,914)	(14,383)
Total Group retained earnings as per Consolidated Accounts	<hr/> 1,187,792	<hr/> 1,145,314

24. Group Borrowings and Debt Securities

Total Group borrowings are as follows:

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
Current - unsecured		
- Trade facilities	211,285	207,016
- Revolving credit	65,000	15,000
- Term loans	37,519	38,821
	<hr/> 313,804	<hr/> 260,837
Non-current - unsecured		
- Term loans	124,516	116,845
	<hr/> 438,320	<hr/> 377,682

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

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
Current - unsecured		
- Trade facilities denominated in USD	-	1,204
- Trade facilities denominated in VND	43,424	39,595
- Term loan denominated in USD	649	2,838
- Term loan denominated in VND	427	907
Non-current - unsecured		
- Term loan denominated in USD	415	3,364
- Term loan denominated in VND	28,957	2,948
	<hr/> 73,872	<hr/> 50,856

All the Group's borrowings are unsecured.

25. Material Litigations

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 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 Kuala Lumpur High Court ("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.

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. ("KJP") and KJ Can (Selangor) Sdn. Bhd. ("KJCS") as the 2nd and 3rd Defendants (collectively, with the Company, "the Defendants") respectively, with costs in the cause.

On 4 November 2015, the High Court ruled in favour of the Plaintiff and fixed 5 January 2016 to decide on the quantum of payments.

An appeal to the Court of Appeal was filed on 1 December 2015 against the Decision of the High Court. The appeal was fixed for case management before the Registrar of the Court of Appeal on 28 January 2016.

A Stay Application was filed on 12 January 2016 to the Court of Appeal. It was fixed for hearing on 20 January 2016.

25. Material Litigations (cont'd)

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

At the hearing on quantum of payments which was subsequently postponed from 5 January 2016 to 21 January 2016. the High Court granted the following relief to the Plaintiff:

- (i) A total sum of RM8,822,810.72 being the retirement gratuity, contractual bonus and arrears of salary as claimed by the Plaintiff until the age of 70 years old;
- (ii) Interest at 5% per annum on item (i) above from 21 January 2016 until full payment; and
- (iii) Cost of RM519,074.82 with interest at 5% per annum from 21 January 2016 until full payment.

All the other claims by the Plaintiff were disallowed.

The Court of Appeal has fixed the hearing for 22 August 2016.

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 Ended 30.06.2016	Preceding Quarter Ended 30.06.2015	Current Year-To-Date 30.06.2016	Preceding Year-To-Date 30.06.2015
Profit attributable to owners of the company (RM '000)	39,494	35,279	51,362	63,587
Weighted average number of ordinary shares	444,167,786	444,167,786	444,167,786	444,167,786
Basic earnings per share (sen)	8.89	7.95	11.56	14.32

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 August 2016.

Batu Caves, Selangor Darul Ehsan
 19 August 2016