

KIAN JOO CAN FACTORY BERHAD

(Incorporated in Malaysia)

(Co. Reg. No. 003186-P)

Condensed Consolidated Statement of Comprehensive Income for the fourth quarter ended 31 December 2016

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	Current Quarter Ended 31.12.2016 RM'000 Unaudited	Preceding Quarter Ended 31.12.2015 RM'000 Unaudited	FYE 31.12.2016 RM'000 Unaudited	FYE 31.12.2015 RM'000 Audited	
	Note				
Revenue		429,311	460,336	1,717,714	1,601,893
Cost of sales		(371,624)	(399,409)	(1,462,453)	(1,356,208)
Gross profit		<u>57,687</u>	<u>60,927</u>	<u>255,261</u>	<u>245,685</u>
Other income		12,230	8,115	29,845	13,225
Operating expenses		(27,753)	(35,747)	(108,204)	(80,726)
Finance costs		(5,959)	(4,881)	(21,102)	(15,348)
Share of results of joint venture (net of tax)		-	60	-	(185)
Profit Before Taxation	19	<u>36,205</u>	<u>28,474</u>	<u>155,800</u>	<u>162,651</u>
Taxation	21	(12,954)	(4,511)	(27,896)	(26,611)
Profit for the period		<u>23,251</u>	<u>23,963</u>	<u>127,904</u>	<u>136,040</u>
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		20,919	(6,585)	15,350	32,878
Re-measurement of net defined benefit liability		(6,962)	-	(6,962)	-
Cash flow hedge		1,785	-	1,785	-
Other comprehensive income for the period, net of tax		15,742	(6,585)	10,173	32,878
Total comprehensive income for the period		<u>38,993</u>	<u>17,378</u>	<u>138,077</u>	<u>168,918</u>
Profit attributable to:					
Owners of the company		26,408	23,479	128,611	131,314
Non-controlling interest		(3,157)	484	(707)	4,726
Profit for the period		<u>23,251</u>	<u>23,963</u>	<u>127,904</u>	<u>136,040</u>
Total comprehensive income attributable to:					
Owners of the company		37,993	17,671	136,255	156,171
Non-controlling interest		1,000	(293)	1,822	12,747
Total comprehensive income for the period		<u>38,993</u>	<u>17,378</u>	<u>138,077</u>	<u>168,918</u>
Earnings per share attributable to owners of the company:					
Basic (sen)					
Continuing operations		5.95	5.29	28.96	29.56
Discontinued operation		-	-	-	-
		<u>5.95</u>	<u>5.29</u>	<u>28.96</u>	<u>29.56</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 31 December 2016

		As at 31.12.2016 RM'000 Unaudited	As at 31.12.2015 RM'000 Audited
ASSETS			
Non-Current Assets			
Property, plant & equipment		1,118,076	913,789
Land use rights		133,309	68,851
Investment properties		16,979	22,991
Intangible assets		664	225
Other assets		17,048	101,894
Deferred tax assets		-	512
		<u>1,286,076</u>	<u>1,108,262</u>
Current Assets			
Inventories		457,475	324,341
Trade and other receivables		357,129	369,440
Other assets		5,449	9,989
Tax recoverable		15,422	10,734
Derivative financial instruments		7,824	15
Cash and bank balances and short term funds		142,626	198,890
		<u>985,925</u>	<u>913,409</u>
Non-current assets held for distribution		5,011	10,011
		<u>990,936</u>	<u>923,420</u>
		<u>2,277,012</u>	<u>2,031,682</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital		111,042	111,042
Share premium		744	744
Other reserves		52,577	37,971
Retained earnings	23	1,258,080	1,145,314
		<u>1,422,443</u>	<u>1,295,071</u>
Non-Controlling Interest		82,232	80,410
Total Equity		<u>1,504,675</u>	<u>1,375,481</u>
Non-Current Liabilities			
Retirement benefit obligation		43,249	46,085
Borrowings	24	142,392	116,845
Deferred tax liabilities		28,849	28,427
Derivative financial instrument		8,136	11,245
		<u>222,626</u>	<u>202,602</u>
Current Liabilities			
Retirement benefit obligation		9,459	249
Provisions		67	68
Borrowings	24	313,552	260,837
Trade and other payables		216,843	183,777
Tax payable		5,352	1,949
Derivative financial instrument		4,438	6,719
		<u>549,711</u>	<u>453,599</u>
Total Liabilities		<u>772,337</u>	<u>656,201</u>
TOTAL EQUITY AND LIABILITIES		<u>2,277,012</u>	<u>2,031,682</u>
Net assets per share attributable to owners of the Company (RM)		<u>3.20</u>	<u>2.92</u>

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 year ended 31 December 2016

	Attributable to Owners of the Company						Non-Controlling Interest	Total Equity
	Non-distributable			Distributable		Total		
	Share Capital	Share Premium	Other Reserve	Retained Earnings				
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	-	-	-	131,314	131,314	4,726	136,040	
Currency translation differences	-	-	24,857	-	24,857	8,021	32,878	
Total comprehensive income for the period	-	-	24,857	131,314	156,171	12,747	168,918	
As at 31 December 2015	111,042	744	37,971	1,145,314	1,295,071	80,410	1,375,481	
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	-	-	-	128,611	128,611	(707)	127,904	
Currency translation differences	-	-	12,821	-	12,821	2,529	15,350	
Re-measurement of net defined benefit liability	-	-	-	(6,962)	(6,962)	-	(6,962)	
Cash flow hedge	-	-	1,785	-	1,785	-	1,785	
Total comprehensive (expense)/income for the period	-	-	14,606	121,649	136,255	1,822	138,077	
Dividends	-	-	-	(8,883)	(8,883)	-	(8,883)	
As at 31 December 2016	111,042	744	52,577	1,258,080	1,422,443	82,232	1,504,675	

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)
(Co. Reg. No. 003186-P)

Condensed Consolidated Statement of Cash Flows
For the year ended 31 December 2016

	FYE	FYE
	31.12.2016	31.12.2015
	RM'000	RM'000
	Unaudited	Audited
Net cash generated from operating activities		
Receipts from customers	1,757,972	1,554,427
Payments to suppliers	(1,511,128)	(1,320,836)
	<hr/>	<hr/>
Cash generated from operations	246,844	233,591
Interest paid	(21,102)	(15,348)
Income tax paid	(28,289)	(21,271)
	<hr/>	<hr/>
	197,453	196,972
Net cash generated used in investing activities		
Acquisition of non-current assets	(338,123)	(231,387)
Proceeds from disposal of property, plant and equipment	548	9,183
Dividends received from a joint venture	-	12,000
Capital distribution received from non-asset held for distribution	5,000	-
Net changes in short term funds	(7,099)	10,232
Interest received	1,900	2,302
	<hr/>	<hr/>
	(337,774)	(197,670)
Net cash generated from financing activities		
Net proceeds from term loans, bankers' acceptances and revolving credit	78,084	82,853
Dividends paid	(8,883)	-
	<hr/>	<hr/>
	69,201	82,853
Net decrease in Cash and Cash Equivalents	(71,120)	82,155
Effect of Exchange Rate Changes	7,757	3,558
Cash and Cash Equivalents at 1 January	181,157	95,444
	<hr/>	<hr/>
Cash and Cash Equivalents at 31 December	117,794	181,157
Cash and Cash Equivalents at 31 December comprised the following:		
Cash and bank balances	66,397	63,868
Deposits with licenced bank	51,397	117,289
Short-term funds	24,832	17,733
	<hr/>	<hr/>
Cash and bank balances and short term funds	142,626	198,890
Less: Short-term funds	(24,832)	(17,733)
	<hr/>	<hr/>
Cash and Cash Equivalents at 31 December	117,794	181,157

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:

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

The adoption of these 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:

Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to MFRS 107 *Disclosure Initiative*
MFRS 15 *Revenue from Contracts with Customers*
Clarification to MFRS 15
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*
MFRS 16 *Leases*
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*

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

There were no dividends paid during the period under review.

9. Segmental Reporting

Segmental information for the period ended 31 December 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	893,558	495,924	63,391	263,832	1,009	1,717,714	-	1,717,714
Inter-segmental sales	272,296	4,788	15,508	221,833	1,595	516,020	(516,020)	-
Total revenue	1,165,854	500,712	78,899	485,665	2,604	2,233,734	(516,020)	1,717,714
RESULTS								
Segment results	118,856	4,842	1,325	14,131	1,891	141,045	6,012	147,057
Other income	43,706	3,969	467	506	(20)	48,628	(18,783)	29,845
	162,562	8,811	1,792	14,637	1,871	189,673	(12,771)	176,902
Finance costs	(18,664)	(8,281)	(530)	(238)	(1,009)	(28,722)	7,620	(21,102)
Profit before taxation								155,800
Taxation								(27,896)
Non-controlling interest								707
								128,611
ASSETS AND LIABILITIES								
Segment assets	2,013,477	482,267	72,742	204,785	95,637	2,868,908	(615,143)	2,253,765
Unallocated corporate assets	15,372	2,089	5,564	-	221	23,246	-	23,246
Consolidated total assets								2,277,011
Segment liabilities	622,856	285,587	52,471	133,996	75,895	1,170,805	(445,240)	725,565
Unallocated corporate liabilities	25,700	16,725	1,007	1,740	1,600	46,772	-	46,772
Consolidated total liabilities								772,337
OTHER INFORMATION								
Capital Expenditure	194,093	92,539	16,198	20	35,273	338,123	-	338,123
Depreciation and amortisation	51,217	19,459	3,028	8	799	74,511	-	74,511
Non-cash expenses other than depreciation	1,129	28	-	-	-	1,157	-	1,157

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

There were no 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 31 December 2016 is as follows:

	RM'000
Approved and contracted for	31,955

15. Related Party Transactions

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

Nature of transaction	Identity of related parties	FYE 31.12.2016 RM'000
Sales of trading inventories	Aik Joo Can Factory Sdn. Berhad ⁽ⁱ⁾ F & B Nutrition Sdn. Bhd. ⁽ⁱⁱ⁾ Canzo Sdn. Bhd. ⁽ⁱⁱⁱ⁾	5,604 12,556 23
Purchases of trading inventories	Aik Joo Can Factory Sdn. Berhad ⁽ⁱ⁾	1,729

Parties (i), (ii) and (iii) 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

Fourth Quarter Ended 31 December 2016 ("Q4, 2016") versus Fourth Quarter Ended 31 December 2015 ("Q4, 2015")

The Group recorded a total revenue of RM429.3 million in Q4, 2016, a decrease from RM460.3 million in Q4, 2015. The Group's overall profit before taxation was higher in Q4, 2016 at RM36.2 million compared to RM28.5 million in Q4, 2015.

(i) Cans Division

The Cans Division generated a total operating revenue of RM281.9 million in Q4, 2016, a decrease from RM303.1 million in Q4, 2015. The decrease in revenue was contributed by weaker demand from customers.

Profit before taxation of this division increased by RM4.4 million in Q4, 2016 to RM34.7 million compared to RM30.2 million in Q4, 2015 mainly due to reversal of impairment on property, plant and equipment.

(ii) Cartons Division

Revenue from Cartons Division decreased in Q4, 2016 to RM133.5 million from RM145.4 million in Q4, 2015. This division recorded a loss before taxation of RM3.6 million in Q4, 2016 as compared to a profit before taxation of RM0.5 million in Q4, 2015.

The decrease in revenue was due to weaker demand from customers in Malaysia and Vietnam, while the loss before taxation was due mainly to higher paper cost, higher operating cost and finance cost.

(iii) Contract Packing Division

Revenue from Contract Packing Division in Q4, 2016 decreased to RM20.9 million from RM24.6 million in Q4, 2015 attributable mainly to a drop in demand from customers in the milk powder packing segment.

During the quarter under review, this division recorded a higher profit before taxation of RM36,000 compared to RM5,000 in Q4, 2015 due to higher export sales in the beverage packing.

(iv) Trading Division

The Trading Division commenced trading activities in Q3, 2015 as part of the reorganisation of the Group's activities. The Trading Division in Malaysia deals in general can products whereas the Trading Division in Singapore trades in aluminium coil, general and aluminium cans as well as contract packaging services in international market. In Q4, 2016, this division recorded a revenue of RM150.6 million and profit before taxation of RM4.6 million.

16. Operating Segments Review (cont'd)

Financial year ended 31 December 2016 ("FYE 2016") versus Financial year ended 31 December 2015 ("FYE

The Group registered an increase in revenue of RM115.8 million, from RM1,601.9 million in FYE 2015 to RM1,717.7 million in FYE 2016. However, profit before taxation reduced by RM6.9 million, from RM162.7 million in FYE 2015 to RM155.8 million in FYE 2016.

Lower profit before taxation was recorded due to foreign currency exchange losses, higher operating and finance costs, especially during the first 6 months of the financial year.

The Group also recorded an unrealised gain on from hedging activities amounting to RM11.4 million in FYE 2016 as compared to a loss of RM10.4 million in FYE 2015. There was a reversal of an impairment loss on property, plant and equipment of RM8.0 million in Q4, 2016.

(i) Cans Division

The Cans Division reported an increase in revenue of RM55.1 million, from RM1,110.8 million in FYE 2015 to RM1,165.9 million in FYE 2016. This was attributable to increase in demand for aluminium and tin cans from its existing customers.

Profit before taxation declined by RM9.0 million from RM147.7 million in FYE 2015 to RM138.7 million in FYE 2016 due to higher material, operating and finance costs.

(ii) Cartons Division

Revenue of Cartons Division improved from RM451.7 million in FYE 2015 to RM500.7 million in FYE 2016. The increase in revenue was contributed by the increase in demand from customers.

However, its profit before taxation declined by RM11.7 million from RM12.2 million in FYE 2015 to RM0.5 million in FYE 2016. The reduction in profit was due mainly to higher paper costs, operating, marketing and finance costs.

(iii) Contract Packing Division

Revenue of Contract Packing Division decreased from RM81.1 million in FYE 2015 to RM78.9 million in FYE 2016 due to decrease in demand from customers in beverage packing section. Profit before taxation declined to RM1.3 million in FYE 2016 as compared to a profit before taxation of RM7.3 million in FYE 2015 accordingly. The reduction in profit was due mainly to lower sales in dairy packing section, higher material and maintenance costs.

(iv) Trading Division

The division recorded a revenue of RM485.7 million and profit before taxation of RM14.4 million in FYE 2016.

17. Material Change in Performance of Operating Segments of Q4, 2016 compared with immediate preceding quarter ended 30 September 2016 ("Q3, 2016")

The Group recorded a revenue of RM429.3 million in Q4, 2016, a 1.9% reduction from RM421.5 million in Q3, 2016. Profit before taxation decreased from RM56.4 million in Q3, 2016 to RM36.2 million in Q4, 2016.

The lower profit in Q4, 2016 was due mainly to higher material, operating and finance costs.

(i) Cans Division

Revenue in Cans Division dropped from RM286.4 million in Q3, 2016 to RM281.9 million in Q4, 2016 due to weaker demand from customers.

Profit before taxation for Q4, 2016 was lower at RM34.7 million as compared to RM51.6 million in Q3, 2016 due to foreign currency losses and pre-operating cost incurred on new production lines.

(ii) Cartons Division

Revenue of Cartons Division increased from RM123.7 million in Q3, 2016 to RM133.5 million in Q4, 2016 due to stronger demand from customers. A loss before taxation of RM3.6 million was posted as opposed to a profit of RM0.7 million in Q3, 2016 due mainly to foreign currency exchange loss and higher operating and finance costs.

(iii) Contract Packing Division

Revenue in Contract Packing Division increased from RM17.6 million in Q3, 2016 to RM20.9 million in Q4, 2016 due to higher export sales for beverage section. A profit before taxation of RM36,000 was recorded as against a loss before taxation of RM0.6 million in Q3, 2016 in tandem with the increase in revenue.

(iv) Trading Division

The revenue of Trading Division increased from RM135.1 million in Q3, 2016 to RM150.6 million in Q4, 2016 mainly due to the increase in trading activities. A profit before taxation of RM4.6 million was recorded as compared to profit of RM4.4 million in Q3, 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 scheme which took effect from 1 July 2016, had 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 for the remaining part of 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 31.12.2016 RM'000	Preceding Quarter Ended 31.12.2015 RM'000	FYE 31.12.2016 RM'000	FYE 31.12.2015 RM'000
Interest income	(501)	(586)	(1,900)	(2,302)
(Other income including investment income)/Other expense	318	(74)	(2,319)	(388)
Interest expense	5,959	4,881	21,102	15,348
Depreciation and amortisation	21,773	17,904	74,511	66,566
Impairment in respect of receivables	1,169	(977)	1,169	(973)
Gain on disposal of property, plant and equipment	(53)	(6,571)	(342)	(6,640)
Write off of property, plant and equipment	23	140	53	489
Foreign exchange (gain)/loss	(5,030)	8,172	9,054	(35,271)
Goodwill written off	-	2,375	-	2,375
(Gain)/loss on derivatives	1,091	(1,638)	(11,384)	10,424
Reversal of impairment loss on property, plant and equipment	(8,000)	-	(8,000)	-
Write-down/write-off of inventories	2,004	1,662	1,059	2,636

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 31.12.2016 RM'000	Preceding Quarter Ended 31.12.2015 RM'000	FYE 31.12.2016 RM'000	FYE 31.12.2015 RM'000
Group				
Income Tax				
- current year	(8,690)	(2,078)	(27,339)	(19,639)
- prior year	(1,199)	514	377	523
Deferred taxation	(3,065)	(2,947)	(934)	(7,495)
	(12,954)	(4,511)	(27,896)	(26,611)

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

- A (I) Proposed renounceable rights issue of new ordinary shares of RM1.00 each in subsidiary company, Box-Pak (Malaysia) Bhd. ("Box-Pak") ("Right Shares") together with free detachable warrants ("Warrants") to raise gross proceeds of up to RM120.0 million ("Rights Issue with Warrants");**
- (II) 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 ("Authority");**
- (III) Proposed increase in the authorised share capital of Box-Pak from RM70,000,000 comprising 70,000,000 ordinary shares of RM1.00 each ("Box-Pak Shares") to RM600,000,000 comprising 600,000,000 Box-Pak Shares; and**
- (IV) Proposed amendments to Box-Pak's Memorandum and Articles of Association.**
- (collectively referred to as the "Proposals")**

22. Status of Corporate Proposals (cont'd)

On 16 August 2016, Box-Pak announced the Proposals.

The Proposals were approved by Bursa Malaysia Securities Berhad ("Bursa Securities") on 9 November 2016, subject to the following conditions:

- (i) BoxPak and AmlInvestment Bank Berhad ("AmlInvestment Bank"), its principal adviser for the Proposed Rights Issue with Warrants must fully comply with the relevant provisions under the Main Market Listing Requirements ("MMLR") pertaining to the implementation of the Proposed Rights Issue with Warrants;
- (ii) the admission and listing and quotation of the Warrants and the new Box-Pak Shares to be issued pursuant to the Proposed Rights Issue with Warrants must take place upon achieving full compliance of the public shareholding spread requirements as prescribed under Paragraph 8.02 of the MMLR;
- (iii) BoxPak and AmlInvestment Bank to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants;
- (iv) AmlInvestment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants is completed; and
- (v) Box-Pak to furnish Bursa Securities on a quarterly basis a summary of total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detail computation of listing fees payable.

Subsequent to the shareholders' approval obtained on 21 December 2016 in respect of the Proposals, the following announcements were made on 3 February 2017:

- (i) the Rights Issue Price had been fixed at RM1.89 per Rights Share at an entitlement basis of one (1) Rights Share for every one (1) existing Box-Pak Share held by our Entitled Shareholders;
- (ii) the Exercise Price had been fixed at RM2.04 per Warrant at an entitlement basis of one (1) Warrant for every four (4) Rights Shares subscribed; and
- (iii) the Entitlement Date for the Rights Issue with Warrants had been fixed at 5:00 p.m. on 20 February 2017.

The Rights Issue with Warrants and the Authority, if required, are expected to be completed by March 2017.

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

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

23. Retained Earnings

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of Group:		
- Realised	1,313,973	1,179,216
- Unrealised	(37,632)	(19,519)
	<u>1,276,341</u>	<u>1,159,697</u>
Add: Consolidated adjustments	(18,261)	(14,383)
Total Group retained earnings as per Consolidated Accounts	<u>1,258,080</u>	<u>1,145,314</u>

24. Group Borrowings and Debt Securities

Total Group borrowings are as follows:

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Current - unsecured		
- Trade facilities	203,031	207,016
- Revolving credit	69,420	15,000
- Term loans	41,101	38,821
	<u>313,552</u>	<u>260,837</u>
Non-current - unsecured		
- Term loans	142,392	116,845
	<u>455,944</u>	<u>377,682</u>

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

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Current - unsecured		
- Trade facilities denominated in USD	33,444	1,204
- Trade facilities denominated in VND	47,412	39,595
- Term loan denominated in USD	1,910	2,838
- Term loan denominated in VND	936	907
Non-current - unsecured		
- Term loan denominated in USD	9,890	3,364
- Term loan denominated in VND	44,257	2,948
	<u>137,849</u>	<u>50,856</u>

All the Group's borrowings were 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").

STK Claim include, among others, the following:

- (i) 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;
- (ii) 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;
- (iii) An order that the costs of this action on a full indemnity basis be paid by the Company to STK; and
- (iv) 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") with costs in the cause.

On 4 November 2015, the High Court ruled in favour of the STK. At the hearing on quantum of payments on 21 January 2016, the High Court granted the following relief to the STK:

- (i) A total sum of RM8,822,810.72 being the retirement gratuity, contractual bonus and arrears of salary as claimed by STK 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 STK were disallowed.

Two (2) appeals to the Court of Appeal were filed on 1 December 2015 and 2 February 2016 by the Company, KJP and KJCS (collectively, "Appellants") against the decision of the High Court. Both appeals were consolidated and heard together by the Court of Appeal on 29 September 2016.

On 14 February 2017, the Court of Appeal set aside the Order of the High Court entered on 4 November 2015. The Court of Appeal set aside the judgment of RM8,822,810.72 and substituted a judgment in the sum of RM2,528,556.72 in favour of STK as gratuity payment with interest at the rate of 5% per annum from the date of filing of the Writ of Summons. The Court of Appeal further awarded Court of Appeal costs to the appellants of RM20,000.00, and the High Court costs to STK of RM20,000.00.

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

26. Dividend

The Board has proposed a first and final single-tier dividend of 4 Sen (2015: 2 Sen) per share, totalling RM17.767 million (2014: RM8.883 million) for the financial year ended 31 December 2016 to be paid, subject to approval of the shareholders at the forthcoming Annual General Meeting of the Company.

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

27. Earnings Per Share

	Current Quarter Ended 31.12.2016	Preceding Quarter Ended 31.12.2015	FYE 31.12.2016	FYE 31.12.2015
Profit attributable to owners of the company (RM '000)	26,408	23,479	128,611	131,314
Weighted average number of ordinary shares	444,167,786	444,167,786	444,167,786	444,167,786
Basic earnings per share (sen)	5.95	5.29	28.96	29.56

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 23 February 2017.

Batu Caves, Selangor Darul Ehsan
23 February 2017