

**KIAN JOO CAN FACTORY BERHAD**

(Incorporated in Malaysia)

(Co. Reg. No. 003186-P)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**For the first quarter ended 31 March 2017**

(The figures have not been audited)

	Note	Current year Quarter ended 31.03.2017 RM'000 Unaudited	Preceding year Quarter ended 31.03.2016 RM'000 Unaudited
Revenue		431,642	428,071
Cost of sales		(378,511)	(363,943)
Gross profit		53,131	64,128
Other income		9,786	8,015
Operating expenses		(36,938)	(48,412)
Finance costs		(5,087)	(4,807)
Profit Before Taxation	19	20,892	18,924
Taxation	21	(5,075)	(6,436)
<b>Profit for the period</b>		15,817	12,488
<b>Other comprehensive loss, net of tax</b>			
Foreign currency translation differences for foreign operations		(4,990)	(14,160)
Cash flow hedge		(148)	-
<b>Other comprehensive loss for the period, net of tax</b>		(5,138)	(14,160)
<b>Total comprehensive income/(loss) for the period</b>		10,679	(1,672)
(Loss)/Profit attributable to:			
Owners of the company		18,440	11,868
Non-controlling interest		(2,623)	620
<b>Profit for the period</b>		15,817	12,488
Total comprehensive income/(loss) attributable to:			
Owners of the company		14,415	(1,218)
Non-controlling interest		(3,736)	(454)
<b>Total comprehensive income/(loss) for the period</b>		10,679	(1,672)
Earnings per share attributable to owners of the company:			
Basic (sen)			
Continuing operations		4.15	2.67

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 March 2017

		As at 31.03.2017 RM'000 Unaudited	As at 31.12.2016 RM'000 Audited
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment		1,104,358	1,118,076
Land use rights		132,013	133,309
Investment properties		16,893	16,979
Intangible assets		1,415	664
Other assets		16,454	17,048
		1,271,133	1,286,076
<b>Current Assets</b>			
Inventories		459,183	457,475
Trade and other receivables		374,597	351,671
Other assets		19,002	10,907
Tax recoverable		15,789	15,422
Derivative financial instruments		12,125	7,824
Cash and bank balances and short term funds		236,129	142,626
		1,116,825	985,925
Non-current assets held for distribution		-	5,011
		1,116,825	990,936
<b>TOTAL ASSETS</b>		2,387,958	2,277,012
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to owners of the company			
Share capital		111,786	111,042
Share premium		-	744
Other reserves		48,552	52,577
Retained earnings	22	1,276,520	1,258,080
		1,436,858	1,422,443
<b>Non-Controlling Interest</b>		129,370	82,232
<b>Total Equity</b>		1,566,228	1,504,675
<b>Non-Current Liabilities</b>			
Retirement benefit obligation		44,298	43,249
Loans and borrowings	23	162,044	142,392
Deferred tax liabilities		28,793	28,849
Derivative financial instrument		4,945	8,136
		240,080	222,626
<b>Current Liabilities</b>			
Retirement benefit obligation		9,660	9,459
Provisions		51	67
Loans and borrowings	23	346,174	313,552
Trade and other payables		216,091	216,843
Tax payable		3,740	5,352
Derivative financial instrument		5,934	4,438
		581,650	549,711
<b>Total Liabilities</b>		821,730	772,337
<b>TOTAL EQUITY AND LIABILITIES</b>		2,387,958	2,277,012
Net assets per share attributable to owners of the Company (RM)		3.23	3.20

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 first quarter ended 31 March 2017**

	Attributable to Owners of the Company						Total Equity
	Non-distributable			Distributable			
	Share Capital	Share Premium	Other Reserve	Retained Earnings	Non-Controlling Total	Interest	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2016</b>	111,042	744	37,971	1,145,314	1,295,071	80,410	1,375,481
Profit for the year	-	-	-	11,868	11,868	620	12,488
Currency translation differences	-	-	(13,086)	-	(13,086)	(1,074)	(14,160)
Total comprehensive income/(loss) for the period	-	-	(13,086)	11,868	1,218	(454)	(1,672)
<b>At 31 March 2016</b>	<b>111,042</b>	<b>744</b>	<b>24,885</b>	<b>1,157,182</b>	<b>1,293,853</b>	<b>79,956</b>	<b>1,373,809</b>
<b>At 1 January 2017</b>	111,042	744	52,577	1,258,080	1,422,443	82,232	1,504,675
Adjustments for effects of Companies Act 2016 ( <b>Note a</b> )	744	(744)	-	-	-	-	-
Profit for the period	-	-	-	18,440	18,440	(2,623)	15,817
Currency translation differences	-	-	(3,877)	-	(3,877)	(1,113)	(4,990)
Cash flow hedge	-	-	(148)	-	(148)	-	(148)
Total comprehensive income/(loss) for the period	-	-	(4,025)	18,440	14,415	(3,736)	10,679
Changes in ownership interests in a subsidiary	-	-	-	-	-	50,874	50,874
<b>At 31 March 2017</b>	<b>111,786</b>	<b>-</b>	<b>48,552</b>	<b>1,276,520</b>	<b>1,436,858</b>	<b>129,370</b>	<b>1,566,228</b>

**Note a**

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium account of RM744,000, has been transferred to the share capital account. Pursuant to subsection 618(3) of the New Act, the Group may exercise its right to use the credit amount being transferred from share premium account within 24 months after the commencement of the New Act.

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 first quarter ended 31 March 2017**

	<b>Current year</b>	<b>Preceding year</b>
	<b>Quarter ended</b>	<b>Quarter ended</b>
	<b>31.03.2017</b>	<b>31.03.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>Net cash generated from operating activities</b>		
Receipts from customers	418,246	456,452
Payments to suppliers	(403,182)	(402,202)
	<hr/>	<hr/>
Cash generated from operations	15,064	54,250
Interest paid	(5,087)	(4,807)
Income tax paid	(7,038)	(7,573)
	<hr/>	<hr/>
	2,939	41,870
<b>Net cash generated from/(used in) investing activities</b>		
Acquisition of property, plant and equipment	(17,880)	(90,328)
Additional investment in a subsidiary	50,874	-
Proceeds from disposal of property, plant and equipment	164	108
Cash distribution received from non-current assets held for distribution	5,007	5,000
Net change in short term funds	(16,489)	(72,650)
Interest received	255	567
	<hr/>	<hr/>
	21,931	(157,303)
<b>Net cash generated from financing activities</b>		
Drawdown from term loans, bankers' acceptances and revolving credit	52,969	33,953
	<hr/>	<hr/>
	52,969	33,953
Net increase/(decrease) in Cash and Cash Equivalents	77,839	(81,480)
Effect of Exchange Rate Changes	(825)	(20,099)
Cash and Cash Equivalents at 1 January	117,794	176,307
	<hr/>	<hr/>
Cash and Cash Equivalents at 31 March	194,808	74,728
Cash and Cash Equivalents at 31 March comprised the following:		
Cash and bank balances	55,284	66,730
Deposits with licenced bank	139,524	7,998
Short-term funds	41,321	95,233
	<hr/>	<hr/>
Cash and bank balances and short term funds	236,129	169,961
Less: Short-term funds	(41,321)	(95,233)
	<hr/>	<hr/>
Cash and cash equivalents at 31 March	194,808	74,728

**The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 complies with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016. 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 2016.

## **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 2016.

### **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 2017:

*Amendments to MFRS 12 Annual Improvements to MFRS Standards 2014 - 2016 Cycle*  
*Amendments to MFRS 107 Disclosure Initiative*  
*Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses*

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:

*Amendments to MFRS 1 Annual Improvements to MFRS Standards 2014 - 2016 Cycle*  
*MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)*  
*MFRS 15 Revenue from Contracts with Customers*  
*Clarifications to MFRS 15*  
*Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions*  
*Amendments to MFRS 128 Annual Improvements to MFRS Standards 2014 - 2016 Cycle*  
*Amendments to MFRS 140 Transfers of Investment Property*  
*IC Interpretation 22 Foreign Currency Transactions and Advance Consideration*  
*Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*  
*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 2016 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 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 have had any material effect to the financial statements during the financial 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 during the financial period under review.

## 8. Dividends Paid

There were no dividends paid during the financial period under review.

The first and final single-tier dividend of 4 Sen per share, totalling RM17.767 million in respect of the financial year ended 31 December 2016, which was approved by shareholders at the Company's Fifty-Ninth Annual General Meeting on 25 April 2017, will be paid to shareholders on 30 June 2017.

## 9. Segmental Reporting

Segmental information for the period ended 31 March 2017 are as follows:

	<b>Cans Division</b>	<b>Cartons Division</b>	<b>Contract Packing</b>	<b>Trading</b>	<b>Others</b>	<b>Total</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>REVENUE</b>								
External sales	223,331	121,536	13,367	73,158	250	431,642	-	431,642
Inter-segmental sales	72,137	1,333	8,008	56,592	558	138,628	(138,628)	-
<b>Total revenue</b>	<b>295,468</b>	<b>122,869</b>	<b>21,375</b>	<b>129,750</b>	<b>808</b>	<b>570,270</b>	<b>(138,628)</b>	<b>431,642</b>
<b>RESULTS</b>								
Segment results	16,001	(4,771)	621	3,077	(404)	14,524	1,669	16,193
Other income	11,326	1,777	30	205	(11)	13,327	(3,541)	9,786
	27,327	(2,994)	651	3,282	(415)	27,851	(1,872)	25,979
Finance costs	(4,072)	(2,253)	(217)	(101)	(239)	(6,882)	1,795	(5,087)
Profit before taxation	23,255	(5,247)	434	3,181	(654)	20,969	(77)	20,892
Taxation								(5,075)
Non-controlling interest								2,623
								<b>18,440</b>
<b>ASSETS AND LIABILITIES</b>								
Segment assets	2,068,438	559,557	64,284	205,650	94,020	2,991,949	(631,905)	2,360,044
Unallocated corporate assets	19,409	2,165	5,925	146	269	27,914	-	27,914
<b>Consolidated total assets</b>								<b>2,387,958</b>
Segment liabilities	670,641	260,288	44,088	132,141	75,158	1,182,316	(403,998)	778,318
Unallocated corporate liabilities	24,888	14,263	1,007	1,680	1,574	43,412	-	43,412
<b>Consolidated total liabilities</b>								<b>821,730</b>
<b>OTHER INFORMATION</b>								
Capital Expenditure	13,074	4,522	280	4	-	17,880	-	17,880
Depreciation and amortisation	15,234	5,277	835	4	194	21,544	-	21,544
Non-cash expenses other than depreciation	5,190	894	24	-	-	6,108	-	6,108

## 10. Valuation of Property, Plant and Equipment

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

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

There were no material events subsequent to the end of the financial 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 25 November 2015, Kian Joo-Visypak Sdn Bhd (“KJV”), a joint venture company between Kian Joo Can Factory Berhad and Visypak Packaging (Malaysia) Sdn Bhd, has commenced members’ voluntary winding-up pursuant to Section 254(1)(b) of the then Companies Act, 1965. A final meeting was held on 8 May 2017 to conclude the voluntary winding-up of KJV. On 12 May 2017, the Form 69 prepared by the Liquidator of KJV in relation to the final meeting was lodged with the Companies Commission of Malaysia and the Officer Receiver, and on the expiration of three (3) months after the said lodgment date, KJV will be dissolved.

## 13. Changes in Contingent Liabilities or Contingent Assets

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

## 14. Capital Commitments

The amount of capital commitments as at 31 March 2017 is as follows:

	<b>RM'000</b>
Approved and contracted for	<u>26,324</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 Quarter Ended 31.03.2017 RM'000
Sales of trading inventories	Aik Joo Can Factory Sdn. Berhad <sup>(i)</sup>	4,683
	F & B Nutrition Sdn. Bhd. <sup>(ii)</sup>	3,105
	Canzo Sdn. Bhd. <sup>(iii)</sup>	8
Purchases of trading inventories	Aik Joo Can Factory Sdn. Berhad <sup>(i)</sup>	491
	Aluminium Company of Malaysia Berhad <sup>(iv)</sup>	398

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.

Parties (iv) is deemed to be related to the Group by virtue of:

- (a) common directorship held by the director of the Group, Yeoh Jin Hoe and Chee Khay Leong.

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

### *First Quarter Ended 31 March 2017 ("Q1, 2017") versus First Quarter Ended 31 March 2016 ("Q1, 2016")*

The Group recorded a total revenue of RM431.6 million in Q1, 2017, an increase from RM428.1 million in Q1, 2016. The Group's overall profit before taxation was higher in Q1, 2017 at RM20.9 million, compared to RM18.9 million in Q1, 2016.

#### **(i) Cans Division**

The Cans Division generated a total operating revenue of RM295.5 million in Q1, 2017, a slight decrease from RM296.3 million in Q1, 2016. However, profit before taxation of this division increased by RM9.8 million in Q1, 2017 to RM23.2 million compared to RM13.4 million in Q1, 2016.

Profit before taxation increased due to foreign currency exchange gain of RM0.2 million as compared to foreign currency exchange loss of RM20.5 million in Q1, 2016, fair value gain on commodity contracts of RM4.5 million as compared to a smaller fair value gain of RM94,000 in Q1, 2016 and partially offset by higher operating cost.

#### **(ii) Cartons Division**

Revenue from Cartons Division increased in Q1, 2017 to RM122.9 million, from RM120.4 million in Q1, 2016. This division recorded a loss before taxation of RM5.2 million in Q1, 2017 as compared to a profit before taxation of RM2.4 million in Q1, 2016.

The increase in revenue was contributed by higher contribution from the Vietnam plants due to relative appreciation of Vietnam Dong ("VND") against RM. The loss before tax was due mainly to higher material, operating and finance costs.

#### **(iii) Contract Packing Division**

Revenue from Contract Packing Division in Q1, 2017 increased to RM21.4 million from RM20.0 million in Q1, 2016. This increase in revenue was attributable mainly to increased demand from customers in the beverage segment.

Profit before taxation of this division decreased by RM0.9 million in Q1, 2017 to RM0.4 million compared to RM1.3 million in Q1, 2016 due to higher operating and finance cost.

#### **(iv) Trading Division**

The revenue of Trading Division increased from RM77.2 million in Q1, 2016 to RM129.8 million in Q1, 2017 mainly due to the increase in trading activities. A profit before taxation of RM3.2 million was recorded as compared to a profit of RM1.8 million in Q1, 2016.



**17. Material Change in Performance of Operating Segments of Current Quarter Ended 31 March 2017 ("Q1, 2017") Compared with immediate Preceding Quarter Ended 31 December 2016 ("Q4, 2016")**

The Group recorded a revenue of RM431.6 million in Q1, 2017, a 0.5% increase from RM429.3 million in Q4, 2016. Profit before taxation decreased from RM36.2 million in Q4, 2016 to RM20.9 million in Q1, 2017.

**(i) Cans Division**

Revenue of Cans Division increased from RM281.9 million in Q4, 2016 to RM295.5 million in Q1, 2017 due to stronger demand for aluminium cans.

Profit before taxation for Q1, 2017 was lower at RM23.2 million as compared to RM34.7 million in Q4, 2016. The profit in Q4, 2016 was higher due to a one-off reversal of impairment loss on property, plant and equipment amounting to RM8.0 million.

**(ii) Cartons Division**

Revenue of Cartons Division decreased from RM133.5 million in Q4, 2016 to RM122.9 million in Q1, 2017 due to slower sales post festival period. A loss before taxation of RM5.2 million was recorded as compared to a loss before taxation of RM3.6 million in Q4, 2016 mainly due to higher material, operating and finance costs.

**(iii) Contract Packing Division**

Revenue in Contract Packing Division improved from RM20.9 million in Q4, 2016 to RM21.4 million in Q1, 2017 due to higher export sales for beverage section. A profit before taxation of RM0.4 million was recorded as compared to a profit of RM36,000 in Q4, 2016 in tandem with the increase in revenue.

**(iv) Trading Division**

The Trading Division recorded decrease in revenue from RM150.6 million in Q4, 2016 to RM129.8 million in Q1, 2017. Profit before taxation declined from RM4.6 million in Q4, 2016 to RM3.2 million in Q1, 2017 in tandem with decrease in revenue.

**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 is 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 2017.

## 19. Profit Before Taxation

Included in profit before taxation are the following items:

	Current year Quarter Ended 31.03.2017 RM'000	Preceding year Quarter Ended 31.03.2016 RM'000
Interest income	(255)	(567)
Other income including investment income	(3,241)	(2,354)
Interest expense	5,087	4,807
Depreciation and amortisation	21,544	16,966
Impairment in respect of receivables	13	-
(Gain)/Loss on disposal of property, plant and equipment	(148)	87
Write off of property, plant and equipment	3	1
Foreign exchange loss	1,546	25,231
Gain on derivatives	(6,142)	(5,095)
Write-down/write-off of inventories	4,157	271

## 20. Variance from Forecast Profit and Profit Guarantee

No profit forecast or guarantee was issued by the Group.

## 21. Taxation

	Current year Quarter Ended 31.03.2017 RM'000	Preceding year Quarter Ended 31.03.2016 RM'000
Group		
Income Tax		
- current year	(5,134)	(5,775)
Deferred taxation	59	(661)
	<u>(5,075)</u>	<u>(6,436)</u>

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 Proposal

**Renounceable rights issue of new ordinary shares 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")**

The Rights Issue with Warrants has been completed following the listing of and quotation for 60,023,490 Rights Shares; and the admission and listing of and quotation for 15,005,861 Warrants, on the Main Market of Bursa Malaysia Securities Berhad on 21 March 2017.

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

### 23. Retained Earnings

	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
Total retained earnings of Group:		
- Realised	1,318,115	1,308,973
- Unrealised	(30,882)	(37,632)
	1,287,233	1,271,341
Add: Consolidated adjustments	(10,713)	(13,261)
Total Group retained earnings as per Consolidated Accounts	1,276,520	1,258,080

### 24. Group Borrowings and Debt Securities

Total Group borrowings are as follows:

	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
Current - unsecured		
- Trade facilities	200,778	203,031
- Revolving credit	94,113	69,420
- Term loans	51,283	41,101
	346,174	313,552
Non-current - unsecured		
- Term loans	162,044	142,392
	508,218	455,944

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

	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
Current - unsecured		
- Trade facilities denominated in USD	29,498	33,444
- Trade facilities denominated in VND	45,136	47,412
- Term loan denominated in USD	1,504	1,910
- Term loan denominated in VND	921	936
Non-current - unsecured		
- Term loan denominated in USD	1,128	9,890
- Term loan denominated in VND	46,982	44,257
	125,169	137,849

All the Group's borrowings are unsecured.

## 25. Material Litigations

### Claim by a former Director, See Teow Koon for reinstatement as Executive Director

On 14 August 2014, the Company received a sealed Writ of Summons and Statement of Claim ("STK Claim") from the solicitors of 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 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 two (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 STK. At the hearing on quantum of payments on 21 January 2016, the High Court granted the following relief to 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 seventy (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, and the High Court costs to STK of RM20,000.

## 25. Material Litigations (cont'd)

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

On 13 March 2017, the Company received an unsealed Notice of Motion ("Leave Application") of the same date together with STK's Affidavit for the following Orders:

- (i) That pursuant to Section 96 of the Courts of Judicature Act 1964, STK be granted leave to appeal to the Federal Court of Malaysia ("Federal Court") against the whole of the decision of the Court of Appeal given on 14 February 2017;
- (ii) In the event that STK is granted leave to appeal to the Federal Court under the above paragraph, further orders be granted that STK be given two (2) weeks from the date of the Order to file and serve the Notice of Appeal to the Federal Court;
- (iii) That the costs of the Application be costs in the cause; and
- (iv) Such further or any other reliefs be granted as the Federal Court shall deem fit and proper.

On 28 March 2017, the Federal Court has fixed the Leave Application for Case Management on 24 May 2017.

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 year Quarter Ended 31.03.2017	Preceding year Quarter Ended 31.03.2016
Profit attributable to owners of the company (RM '000)	18,440	11,868
Weighted average number of ordinary shares	444,167,786	444,167,786
<b>Basic earnings per share (sen)</b>	<b>4.15</b>	<b>2.67</b>

## 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 22 May 2017.

Batu Caves, Selangor Darul Ehsan  
22 May 2017