8. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

8.1 Related Party Transactions and Conflicts of Interest

8.1.1 Existing and Proposed Related Party Transaction

Save as disclosed below, other than in the ordinary course of business of the Can-One Group, there are no existing or potential related party transactions and conflicts of interest between the Can-One Group and its Directors, substantial shareholders and/or persons connected with such a Director or substantial shareholder as defined under Section 122A of the Act, key management and key technical personnel of the Can-One Group:

Transacted Party / Designation	Company	Nature of interest/relationship	Nature of transaction	FYE
See Ewe Lin / Independent Non-Executive Director	Golden Stroke Sdn Bhd	Substantial shareholder and Director*	Property Rental	2003 - 2006
	Ooi, Lee & Co	Legal Partner	Legal advisory	2003 - 2004

Note:

* As at the Latest Practicable Date, he holds 50% equity interest or 230,001 shares in Golden Stroke Sdn Bhd.

Such transactions are conducted in the ordinary course of business and are regarded as recurrent related party transactions of revenue or trading nature. Such transactions have been carried out and will be carried out on an arm's length basis and on commercial terms which are not more favourable to the related parties than those generally available to the public and which will not be detrimental to the shareholders of Can-One.

The Group had entered into a rental agreement to rent a land and building from Golden Stroke Sdn Bhd for RM5,000 per month for a period of three (3) years (with options to renew) commencing 1 September 2003. The Group also engaged Ooi, Lee & Co for its legal services on an ad-hoc basis.

The above business transactions are in the ordinary course of business and on normal commercial terms, at arms-length basis and on no more favourable terms than those extended to third parties.

Shareholders' mandate will be sought by the Company, if required, for any recurrent related party transactions arising after the Listing.

8.1.2 Unusual Transactions in Nature or Conditions

Neither Can-One nor its subsidiaries was a party to any transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets for the past one (1) financial year and the subsequent financial period thereof immediately preceding the date of this Prospectus.

8.1.3 Outstanding Loans to Related Parties

Neither Can-One nor its subsidiaries has made any loans including guarantees of any kind to or for the benefit of its Directors, substantial shareholders and/or persons connected with such Directors and/or substantial shareholders of the Group for the past one (1) financial year and the subsequent financial period thereof immediately preceding the date of the Prospectus where such interest would place the Directors and substantial shareholders directly or indirectly in a position of conflict of interest.

8. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

8.1.4 Similar Businesses

None of the Directors or substantial shareholders of Can-One has any interest, direct or indirect, in any businesses and corporations carrying on a similar trade as, or in competition with the businesses of the Can-One Group.

8.1.5 Promotions of Any Material Assets Acquired/To Be Acquired Within Two (2) Years Preceding the Date of the Prospectus

Other than the Acquisitions as disclosed in Section 5.3.3 of this Prospectus, none of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the promotion of or in any material assets acquired or proposed to be acquired by or assets disposed of or proposed to be disposed of or leased or proposed to be leased to the Company or any of its subsidiaries within the two (2) years preceding the date of this Prospectus.

8.2 Declaration by Advisers, Auditors, Reporting Accountants, Solicitor, Valuers and Independent Market Researcher

SIBB confirms that there are no existing or potential interests or conflict of interest in its capacity as the Adviser, Managing Underwriter, Underwriter and Placement Agent in relation to the IPO.

Messrs KPMG confirms that there are no existing or potential interests or conflict of interest in its capacity as the Auditors and Reporting Accountants in relation to the IPO.

Messrs Sarbjit & Co. confirms that there are no existing or potential interests or conflict of interest in its capacity as the Solicitor in relation to the IPO.

Messrs F&S confirms that there are no existing or potential interests or conflict of interest in its capacity as the Independent Market Researcher of Can-One Group in relation to the IPO.

Messrs Rahim & Co confirms that there are no existing or potential interests or conflict of interest in its capacity as Valuers in relation to the IPO.

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9. OTHER INFORMATION CONCERNING THE CAN-ONE GROUP

9.1 Other Approvals, Major Licences and Permits

Save as disclosed below, as at the Latest Practicable Date, there are no other approvals, major licences and permits required for the purpose of conducting the businesses of the Can-One Group are listed below:

Aik Joo

Authority	Issued/Expiry Date	Type of Licence	Equity condition	Status of Compliance
Royal Customs and Excise Malaysia	13 March 1972 / No expiry date	Licence under the Sales Tax Act, 1972 – Manufacturer's Licence	There are no equity conditions imposed.	Not applicable.
MITI	• 3 September 1980 [1] / Not applicable • 6 September 2002 [2] / Not applicable • 22 November 2003[3] / Not applicable	Manufacturing licence in respect of all four (4) factories	• 92% of the equity interest of Aik Joo is required to be held by Malaysians. • Any changes in the equity stake in Aik Joo require the approval of the MITI.	Complied. Complied. The Flotation which comprises the acquisition of Aik Joo, amongst others, was approved by the MITI vide its letter dated 20 October 2004.
Kementarian Dalam Negeri (Annual Renewal)	<u>Aik Joo – Pasir Gudang factory</u> 7 March 2005 / 14 February 2006 <u>Aik Joo – Mak Mandin factory</u> 15 May 2005 / 14 May 2006 <u>Aik Joo – Teluk Panglima Garang factory</u> 11 June 2004 / 14 May 2005 Aik Joo had on 1 March 2005 submitted an application for renewal of the licence. The application is currently pending approval.	Printing licenses	Not applicable.	Not applicable. Not applicable. Not applicable.

9. OTHER INFORMATION CONCERNING THE CAN-ONE GROUP

Authority	Issued/Expiry Date	Type of Licence	Equity condition	Status of Compliance
The Factories and Machinery Act (Annual Renewal)	1 June 2004 / 30 August 2005 14 February 2005 / 2 May 2006	Storage tank for liquefied petroleum gas at Mak Mandin Vaporiser tank at Mak Mandin	Not applicable.	Not applicable.
Kementerian Perdagangan Dalam Negri Dan Hal Ehwal Pengguna Peraturan Peraturan Kawalan Bekalan – Pengawal	Aik Joo Mak Mandin factory 13 February 2005 / 12 February 2006	Storage of controlled items Diesel, Minyak Tahan dan Gas Petroleum Cecair (LPG)	Not applicable.	Not applicable.
Peraturan Peraturan Kualiti alam Sekeliling (Udara Bersih)- Pengarah	Issued on 3 December 1998, 12 October 2001, 17 August 2001, 18 August 2003 and 27 September 2003 / No expiry date	Licence to erect chimney install burners and drying ovens	Not applicable.	Not applicable.
Local Authorities	Majlis Perbandaran Seberang Perai 12 January 2005 / 31 December 2005 Pihak Berkuasa Tempatan Pasir Gudang 17 December 2004 / 31 December 2005 Majlis Perbandaran Klang 24 November 2004 / 31 December 2005 Majlis Daerah Kuala Langat 30 December 2004 / 31 December 2005	Carry on Business	Not applicable.	Not applicable.

9. OTHER INFORMATION CONCERNING THE CAN-ONE GROUP

Notes:
(1) Represents the original manufacturing licence issued by the MITI to Aik Joo.
(2) Represents the original manufacturing licence issued by the MITI to Aik Joo in response to the application by Aik Joo for additional manufacturing sites.
(3) Represents a letter of approval issued by the MITI in relation to the manufacturing of jerry cans.

Canzo

Authority	Issue/Expiry Date	Type of Licence	Equity condition	Status of Compliance
Royal Customs and Excise Malaysia	23 December 2003 / Not applicable	Licence under the Sales Tax Act, 1972 – Manufacturer's Licence	Not applicable.	Not applicable.

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9. OTHER INFORMATION CONCERNING THE CAN-ONE GROUP

9.2 Summary of Properties

Information on the landed properties of the Can-One Group as at the Latest Practicable Date is set out below:

Registered Owner	**Aik Joo**	**Aik Joo**	**Ajcan**
Name of Property	Geran Mukim 1499, Lot No. 2244, Mukim of Teluk Panglima Garang, District of Kuala Langat, Selangor	H.S.(D) 13610, Lot No. 1429, Mak Mandin Industrial Estate, Section 3, Town of Butterworth, District of Seberang Perai Utara, Pulau Pinang	H.S.(D) 125022, Lot No. PTD 71057, Mukim of Plentong, District of Johor Bahru, Johor
Postal Address/ Identification	Lot 2244, Jalan Rajawali, Batu 9, Kampung Kebun Baru, 42500, Teluk Panglima Garang, Kuala Langat, Selangor Darul Ehsan	Factory Premises No. 4829, Tingkat Mak Mandin Lima (5), Mak Mandin Industrial Estate, 13400 Butterworth, Pulau Pinang	PLO 324, Jalan Suasa, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor Darul Takzim
Description / Category of Land Use	Two (2) blocks 3-storey office each annexed with a single-storey factory building / Industrial	A single storey factory with a double storey office building and 1 ½ storey factory. Both are now integrated into a single structure / Industrial	A plot of leasehold industrial land improved upon with a single-storey detached factory and other outbuildings / Industrial
Existing Use	Industrial	Industrial	Industrial
Tenure/ Date of Expiry of Leasehold Land	Freehold interest. Expiry date not applicable	99 years leasehold expiring on 23 September, 2070	Leasehold for 60 years expiring on 30 September 2045

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9. OTHER INFORMATION CONCERNING THE CAN-ONE GROUP

Registered Owner	**Aik Joo**	**Aik Joo**	**Ajcan**
Approximate Age of Building (years)	7 years	Office block with factory – 38 years, Factory – 16 years	Office block and factory – approximately 12 years, Factory 2 - approximately 9 years and Factory 3 - approximately 1 year.
Land or Built-up Area (sq. ft.)	Land area – 174,240 sq. ft. Built-up Area – 120,470 sq.ft.	Land Area – 69,678 sq. ft. Built-up Area – 31,426 sq. ft.	Land area – 87,120 sq. ft. Built-up area – 70,830 sq. ft.
NBV as at 31 December 2003 (RM)	RM10,107,254	RM4,154,467	(i) Land: RM1,555,092 (ii) Buildings: RM3,546,475 (as stated in Aik Joo's books)
(iii)Market value	RM10,800,000 as at 28 April 2004	RM4,020,000 as at 12 May 2004	RM4,700,000 as at 28 April 2004
Revaluation surplus/(deficit)	RM692,746	(RM134,467)	(RM401,567)
Date of Valuation	28 April 2004	12 May 2004	28 April 2004
Restriction in Interest	Nil	(a) The land hereby alienated shall not be transferred, charged, leased or subleased or otherwise in any manner dealt with or disposed of without the written sanction of the State Authority. (b) The land hereby alienated shall not be subdivided.	`Tanah yang terkandung di dalam hakmilik ini apabila sahaja bertukar miliknya kepada seorang Bumiputra maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik dengan apa cara sekalipun kepada orang yang bukan Bumiputra tanpa persetujuan Pihak Berkuasa Negeri.'

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9. OTHER INFORMATION CONCERNING THE CAN-ONE GROUP

Registered Owner	Aik Joo	Aik Joo	Ajcan
Encumbrances on Property	(a) Private caveat entered by Aik Joo vide Presn. No. 1055/2000 Vol. 43, Fol. 11 registered on 30 October 2000. (b) Private caveat entered by Bumiputra-Commerce Bank Berhad vide Presn. No. 52/2001 Vol. 43, Fol. 72 registered on 26 January 2001. (c) Lien Holder's Caveat entered by Bumiputra-Commerce Bank Berhad vide Presn. No. 496/2003 registered on 26 May 2003.	Charged to Bumiputra-Commerce Bank Berhad Registered lease from Tenaga Nasional Berhad from 15 January 1988 to 14 January 2018 on part of the land	Nil
Certificate of Fitness (CF) (where buildings are involved)	Office blocks with factory – issued on 29 June 1996	Office block with factory – issued on 4 July 1967 Factory – issued on 3 January 1989	Office block with factory – issued on 7 October 1992 Factories– issued on 3 March 2004
Dates of transaction and Prices Paid	25 September 2000 at RM7,200,000	Not applicable	Not applicable
Occupier	Aik Joo	Aik Joo	Aik Joo

Notes:

(i) Represents the NBV recorded in the financial statements of Ajcan for the FYE 2003.

(ii) Represents the NBV recorded in the financial statements of Aik Joo for the FYE 2003.

(iii) Represents the market value for both Land and Buildings.

(iv) Please refer to Section 13 of this Prospectus for further information on the above properties.

(v) Save as disclosed below, the outstanding matter which require rectification by the management of Aik Joo and the current status in respect of the matter is as follows:

9. OTHER INFORMATION CONCERNING THE CAN-ONE GROUP

Ref	Valuation reports				
	Reference no.	Name of property	Property address	Issue	Status
i	70V2003418	H.S.(D) 125022, Lot No. PTD 71057, Mukim of Plentong, District of Johor Bahru, Johor	PLO 324, Jalan Suasa, Kawasan Peindustrian, Pasir Gudang, 81700 Pasir Gudang, Johor Darul	The valuation is prepared on the basis that the present express condition, i.e. furniture manufacturing, had been changed to 'can manufacturing and related industry' together with all the relevant fees fully paid.	On 27 May 2004, Aik Joo submitted an application to amend the express condition pursuant to Section 124 (1) (c) of the National Land Code Act 56 of 1965 with all the relevant fees fully paid-up. The application is currently pending approval from Pentadbir Tanah Johor Bahru.

On 28 April 2004 and 12 May 2004, a revaluation exercise was carried out on the abovementioned properties to ascertain the NBV of the properties. The above revaluation surplus net of deferred tax amounting to RM264,265 will be incorporated into the financial statements of the respective companies for the FYE 2005 and the proforma consolidated balance sheets of Can-One for the FYE 2004.

Save as disclosed below, Can-One Group has not acquired any property within the preceding two (2) years from the date of this Prospectus:

- Sale and purchase agreement dated 23 April 2004 entered into between Aik Joo (Purchaser) and CFM Printing & Stationery Sdn Bhd (formerly known as Syarikat Chip Seng Trading Sdn Bhd) (Vendor) whereby the Vendor agreed to sell and the Purchaser agreed to purchase a property known as Plot 112, Mukim 14, Province Wellesly North together with a single-storey office building and a guard house for a total cash purchase consideration of RM2.4 million. As at the Latest Practicable Date, the acquisition of the said property has been completed.

- Aik Joo had on 28 January 2005 entered into a sale and purchase agreement with Shaldan (Malaysia) Sdn Bhd to acquire a piece of land and building for a total cash consideration of RM2.45 million. The said land and building are situated on H.S.(D) 15642 P.T. No.(1427), Mukim 14, Daerah Seberang Prai Utara. As at 9 June 2005, the acquisition has been completed.

- On 27 October 2004, Aik Joo has accepted the letter of offer to purchase a piece of leasehold industrial land for a total cash purchase consideration of approximately RM3.73 million. The said land is located at Lot PLO 718 Zone 12, Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim. As at the Latest Practicable Date, the sale and purchase agreement has not been executed and Aik Joo has until 30 June 2005 to execute the said sale and purchase agreement.

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10. FINANCIAL INFORMATION

10.1 Historical Financial Information

The table below has been extracted from the Accountants' Report in Section 11 of this Prospectus and should be read in conjunction with the notes thereto. The summarised proforma consolidated results of the Can-One Group for the past five (5) financial years ended 31 December 2000 to 2004 have been prepared for illustrative purposes assuming that Can-One Group had been in existence throughout the years under review:

	← Audited → Proforma for FYE				
	2000 RM'000	**2001 RM'000**	**2002 RM'000**	**2003 RM'000**	**2004 RM'000**
Revenue	70,907	79,513	67,024	75,184	123,160
Profit before depreciation and interest	14,783	15,413	13,542	15,505	20,521
Depreciation	(2,838)	(2,902)	(3,052)	(3,042)	(3,949)
Interest expense	(253)	(576)	(536)	(407)	(2,168)
PBT	11,692	11,935	9,954	12,056	14,404
Taxation	(1,962)	(1,740)	(2,273)	(1,630)	(2,191)
PAT	9,730	10,195	7,681	10,426	12,213
Number of Shares in issue* ('000)	130,400	130,400	130,400	130,400	130,400
EPS (sen)					
Gross	8.97	9.15	7.63	9.25	11.05
Net	7.46	7.82	5.89	8.00	9.37

Notes:

* Based on the number of shares issued for the Acquisition of Aik Joo and including subscribers' shares in Can-One.

(i) The proforma consolidated results of Can-One Group are prepared for illustrative purposes only and are based on the audited financial statements of:

a) Aik Joo and its subsidiary, Ajcan for the FYE 2000 to 2004 after adjusting for the additional tax expense in respect of the financial years prior to 31 December 1999 arising from the tax investigation which was paid and recognised in FYE 2003;

b) Canzo for the financial period ended 31 December 2003 and year ended 31 December 2004; and

c) Can-One for the financial period ended 31 December 2004.

They were prepared using the merger method of accounting for the Acquisition of Aik Joo and acquisition method of accounting for the acquisition of Canzo.

All intercompany transactions have been eliminated on consolidation.

(ii) The taxation amount included in the proforma consolidated results of the Can-One Group for the FYE 2003 was adjusted to exclude the prior years' tax expense amounting to RM2,348,000 recognised in FYE 2003 pursuant to the tax investigation on taxes prior to FYE 1999.

(iii) There were no extraordinary or exceptional items for all the years/period under review.

(iv) The proforma gross EPS was calculated based on the PBT and on the assumption that the issued and paid-up share capital of the Group of 130,400,000 Can-One Shares had been in issue throughout the years under review.

The proforma net EPS was calculated based on the PAT and on the assumption that the issued and paid-up share capital of the Group of 130,400,000 Can-One Shares each had been in issue throughout the years under review.

The increase or decrease in revenue of the Group (based on a proforma basis) during the financial years under review are explained as follows:

(a) An increase in revenue from FYE 2000 to FYE 2001 was due to a new customer secured during the year, increase in export orders received and commencement of operations of a new factory at Teluk Panglima Garang during the year.

(b) The decrease in revenue of approximately RM12.5 million or 15.70% during FYE 2002 was mainly caused by the reduction of direct export to Vietnam from RM6.7 million in FYE 2001 to RM1.3 million in FYE 2002, reduction in orders from oil refineries due to the uncertain political situation in the Middle East caused by the threat of the Iraq war and reduction in orders from certain major customers.

(c) The increase in revenue of approximately RM8.2 million or 12.20% during FYE 2003 was due mainly to increase in direct export to Vietnam and increase in orders for cereal cans.

(d) The increase in revenue of approximately RM48 million or 63.81% from FYE 2003 to FYE 2004 was mainly due to the increase in sales of tin cans for edible oil refineries for both local and export markets, as well as increase in jerry can sales, which commenced full production for its fourteen (14) jerry can production lines in FYE 2004.

The increase or decrease in PBT of the Group during the financial years under review are explained as follows:

(a) Improvement in pre-tax profit in FYE 2000 was due mainly to increase in sales. The increase in demand from customers in edible oil industry and increase in export sales contributed to the increase in sales.

(b) Pre-tax profit in FYE 2001 was higher compared to FYE 2000 due mainly to increase in sales resulting from a new customer secured during the year, increase in export orders received and commencement of operations of a new factory at Teluk Panglima Garang during the year.

(c) The decrease in pre-tax profit for the FYE 2002 was due mainly to decrease in sales which was contributed by the reduction of direct export to Vietnam from RM6.7 million in 2001 to RM1.3 million, reduction in orders from oil refineries due to the uncertain political situation in Middle East caused by the threat of Iraq war and reduction in orders from certain major customers.

(d) Pre-tax profit for FYE 2003 was higher compared to 2002 due mainly to:
   (i) increase in sales;
   (ii) lower interest cost as a result of the repayment of term loans during the financial year;
   (iii) higher foreign exchange gain arising from export sales to Singapore; and
   (iv) the reversal of certain accrued expenses and allowance for doubtful debts which were no longer required.

(e) Improvement in the pre-tax profit of FYE 2004 corresponds to the increase in sales during the year, which was due to higher sales of edible oil tin cans and jerry cans.

The effective tax rate for all the financial years under review was lower than the statutory tax rate of 28% mainly due to the availability of reinvestment allowance.

10.2 Analysis and Commentary on Financial Information

The management discussion and analysis of the financial conditions and results of operations of the Group have been prepared on the basis that the Group has been in existence for the financial years presented. The following discussion and analysis should be read in conjunction with the Group consolidated financial statements included in Section 10.1 and 11 of this Prospectus.

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10. FINANCIAL INFORMATION

10.2.1 Segmental Analysis of Revenue and Profit

Analysis of revenue by company

Company	FYE 2000 RM'000	FYE 2001 RM'000	FYE 2002 RM'000	FYE 2003 RM'000	FYE 2004 RM'000
Aik Joo	70,907	79,513	67,024	75,177	120,859
Ajcan	-	-	-	20	60
Canzo	-	-	-	7	2,301
	70,907	79,513	67,024	75,204	123,220
Less: Elimination for inter-company transactions	-	-	-	(20)	(60)
Proforma consolidated revenue	70,907	79,513	67,024	75,184	123,160

The proforma consolidated revenue trend of the Group for the FYE 2000 to 2004 is illustrated as follows:

(a) An increase in revenue of approximately 17.16% during FYE 2000 was mainly due to increase in demand from players in the edible oil industry and the increase in export sales for edible oil tin cans;

(b) An increase in revenue of approximately 12.13% during FYE 2001 was due to a new customer secured during the year, increase in export orders received and commencement of operations of a new factory at Teluk Panglima Garang during the year;

(c) A decrease in revenue of approximately 15.70% during FYE 2002 was mainly caused by the reduction of direct export to Vietnam from RM6.7 million in FYE 2001 to RM1.3 million in FYE 2002, reduction in orders from oil refineries due to the uncertain political situation in the Middle East caused by the threat of the Iraq war and reduction in orders from certain major customers;

(d) An increase in revenue of approximately 12.20% during FYE 2003 was due mainly to increase in direct export to Vietnam and increase in orders for cereal cans; and

(e) An increase in revenue of approximately 63.81% during FYE 2004 was mainly due to the increase in sales of tin cans for edible oil refineries for both local and export markets, as well as increase in jerry can sales, which commenced full production for its fourteen (14) jerry can production lines in FYE 2004.

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Analysis of PBT by company

Company	FYE 2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Aik Joo	11,719	11,967	9,989	12,084	14,308
Ajcan	(19)	(24)	(26)	(18)	(6)
Canzo	-	-	-	(1)	121
Can-One	-	-	-	-	(11)
	11,700	11,943	9,963	12,065	14,412
Less: Elimination for inter-company transactions	(8)	(8)	(9)	(9)	(8)
Proforma consolidated PBT	11,692	11,935	9,954	12,056	14,404

The increase or decrease in proforma consolidated PBT during the financial years under review is illustrated below:

(a) The improvement in pre-tax profit in FYE 2000 was mainly due to increase in sales. The increase in demand from customers in edible oil industry and increase in export sales contributed to the increase in sales;

(b) Pre-tax profit in FYE 2001 was higher compared to FYE 2000 due mainly to increase in sales resulting from a new customer secured during the year, increase in export orders received and commencement of operations of a new factory at Teluk Panglima Garang during the year;

(c) The decrease in pre-tax profit for the FYE 2002 was due mainly to decrease in sales which was contributed by the reduction of direct export to Vietnam from RM6.7 million in 2001 to RM1.3 million, reduction in orders from oil refineries due to the uncertain political situation in Middle East caused by the threat of Iraq war and reduction in orders from certain major customers;

(d) Pre-tax profit for FYE 2003 was higher compared to 2002 due mainly to:

   (i) increase in sales;

   (ii) lower interest cost as a result of the repayment of tem loans during the financial year;

   (iii) higher foreign exchange gain arising from export sales to Singapore; and

   (iv) the reversal of certain accrued expenses and allowance for doubtful debts which were no longer required; and

(e) The improvement in pre-tax profit of FYE 2004 was due to higher sales of edible oil tin cans and jerry cans.

Analysis of revenue by type of cans

Company	FYE(1)				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Edible Oil cans	40,677	50,409	46,194	44,896	74,370
Export cans	5,014	8,427	2,708	6,365	8,491
Jerry cans	-	-	-	87	16,690
Cereal cans	10,835	10,719	10,660	13,645	11,903
Biscuit cans	3,455	2,205	3,115	4,467	5,632
Paint cans	1,451	1,663	2,016	1,998	1,987
Other cans	9,475	6,090	2,331	3,726	4,087
Proforma consolidated revenue	70,907	79,513	67,024	75,184	123,160

Note:
(1) After elimination for inter-company transactions.

Analysis of revenue by markets

Company	FYE(1)				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Export(2)	5,014	8,427	2,708	6,365	8,491
Local	65,893	71,086	64,316	68,819	114,669
Proforma consolidated revenue	70,907	79,513	67,024	75,184	123,160

Notes:
(1) After elimination for inter-company transactions.
(2) Denominated in RM

In 1998, Aik Joo ventured into the overseas market by exporting its tin cans to Singapore. The Can-One Group is currently exporting its tin cans to Singapore, Vietnam, Cambodia and New Zealand, but intends to seek new growth markets such as Sri Lanka and Myanmar through its competitive pricing.

10.2.2 Tax Consideration, Exceptional and Extraordinary Items

The effective tax rate for all the financial years under review was lower than the statutory tax rate of 28% mainly due to the availability of reinvestment allowance. The tax expense for the FYE 2003 has been adjusted to exclude the additional tax expense in respect of the financial years prior to 31 December 1999 amounting to RM2,348,000 arising from the tax investigation which was paid and recognised in FYE 2003.

There were no extraordinary or exceptional items for all the financial years under review.

10. FINANCIAL INFORMATION

10.2.3 Impact of Interest Rates on Profit

The impact of interest rates on profit is minimal as the Can-One Group has a low gearing level for the past five (5) FYE 2000 to 2004. The interest cover against the profit before interest and taxation ranged approximately between 7.64 times to 47.21 times from FYE 2000 to 2004.

The following table sets out the interest expense and profit before interest and taxation for the past five (5) FYE 2000 to 2004:

	FYE				
	2000 RM'000	**2001 RM'000**	**2002 RM'000**	**2003 RM'000**	**2004 RM'000**
Interest expense	253	576	536	407	2,168
Profit before interest and taxation	11,945	12,510	10,490	12,464	16,572
Interest coverage (times)	47.21	21.72	19.57	30.55	7.64
Gearing (times)[1]	0.08	0.16	0.05	0.21	0.94

Note:

(1) Computed based on the then shareholders' funds of Aik Joo for the respective financial years under review.

The increase in interest expense in FYE 2004 corresponds to the increase in additional secured and unsecured term loans obtained by Aik Joo. During the financial year, Aik joo has obtained an additional term loan mainly for the purchase of new fixed assets and machinery to fund the expansion of the business.

10.2.4 Impact of Tin Plate Prices on Profit

The following table sets out the impact of raw material costs, which consist of approximately 85% of tin plate cost, on the gross profit of the Group for the past five (5) FYE 2000 to 2004.

	FYE				
	2000 RM'000	**2001 RM'000**	**2002 RM'000**	**2003 RM'000**	**2004 RM'000**
Raw material costs	51,094	52,098	39,498	51,306	93,330
Cost of sales	55,640	63,506	52,651	60,543	100,202
Gross profit	15,267	16,007	14,373	14,641	22,958

While minor fluctuations in the price of raw material would be absorbed by the Group, significant increases in the price of raw material would, as an industry norm, to a certain extent, be passed to the customers. The Group has tinplates buffer stock of up to approximately three (3) months to help mitigate the effects from volatile price swings and short-term increases in prices.

10.2.5 Impact of Price of Resin on Profit

Similar to the tin plate prices, any significant increases in the price of resin for jerry cans would, to a certain extent, be passed on to customers. The Group has resin buffer stock of approximately one (1) month as prices of resin are reviewed monthly.

10. FINANCIAL INFORMATION

10.3 Directors' Declaration on Financial Performance

Save as disclosed in Sections 4.1, 4.2, 10.1 and 10.2 of this Prospectus, the Board of Can-One is of the view that the financial performance, position and operations of the Can-One Group are not materially affected by any of the following:

(i) Known trends, demands, commitments, events or uncertainties that have had or that the Company and/or its subsidiaries reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Company and/or its subsidiaries;

(ii) Material capital expenditure commitments;

(iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Company and/or its subsidiaries;

(iv) Apart from the revenue fluctuations set out in Section 10.2.1 of this Prospectus, there have not been any substantial increase or decrease in the revenue of the Group; and

(v) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

10.4 Working Capital, Borrowings, Material Litigation/Arbitration, Material Commitments and Contingent Liabilities

10.4.1 Working Capital

The Board of Directors of Can-One is of the opinion that after taking into account the Group's cashflow position, the banking facilities available and the allocation of RM9.5 million for working capital arising from the Group's gross proceeds from the Public Issue, the Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

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10.4.2 Borrowings

As at the Latest Practicable Date, the total bank borrowings of the Group amounted to approximately RM52.76 million. These borrowings are as follows:

	Payable within twelve (12) months RM	Payable after twelve (12) months RM	Total outstanding RM
Term loan for the financing of extension of factory in Pasir Gudang and purchase of machinery	353,076	1,472,989	1,826,065
Term loan for the financing of purchase of machinery	1,059,216	660,376	1,719,592
Term loan for the financing of purchase of machinery	-	7,262,808	7,262,808
Term loan for the financing of acquisition of land and factory building in Mak Mandin	276,000	1,342,048	1,618,048
Term loan for the financing of upgrading of Mak Mandin factory	56,760	279,206	335,966
Term loan for the financing of purchase of fixed assets and machinery, and working capital	-	40,000,000	40,000,000
Total	**1,745,052**	**51,017,427**	**52,762,479**

As at the Latest Practicable Date, the Group has no foreign currency borrowings. There has not been any default on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period thereof, immediately preceding the date of this Prospectus.

10.4.3 Material Litigation/Arbitration

Neither the Company nor its subsidiaries are engaged in any material litigation, either as plaintiff or defendant or material arbitration proceeding, which has a material effect on the business or financial position of the Company or its subsidiaries and the Board of Can-One does not know of any proceeding pending or threatened or of any facts likely to give rise to any proceeding which might materially affect the business or financial position of the Company or its subsidiaries.

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10.4.4 Material Commitments

Save as disclosed below, as at 9 June 2005, the Can-One Group does not have any material commitment that would have a material impact on the profit or net assets of the Group.

	Amount RM'000
Approved and contracted for:	
• Machinery	970
Approved and not contracted for:	
• Land	3,732
Total	**4,702**

10.4.5 Contingent Liabilities

As at the Latest Practicable Date, the Can-One Group does not have any material contingent liability that upon materialisation would have a material impact on the profit or net assets of the Group.

10.5 Consolidated Profit Forecast

The Directors of Can-One forecast that the consolidated PAT after MI of Can-One for the FYE 2005 will be as follows:

	Forecast for FYE 2005 RM'000
Revenue	175,035
Consolidated PBT and before negative goodwill	18,588
Negative goodwill recognised	132
Consolidated PBT but after negative goodwill	18,720
Less: Taxation	(3,500)
Consolidated PAT	15,220
Weighted average number of shares in issue	139,567
Net EPS before negative goodwill (sen)[1]	10.81
Net EPS after negative goodwill (sen)[1]	10.91
Net PE Multiple before negative goodwill based on the issue price of RM1.00 per Can-One Share (times)[1]	9.25
Net PE Multiple after negative goodwill based on the issue price of RM1.00 per Can-One Share (times)[1]	9.17

Note:
1 Based on the weighted average number of Can-One Shares after the IPO but before exercise of ESOS Options assuming completion of the IPO by end of July 2005.

Please refer to Section 10.6 of this Prospectus on the Reporting Accountants' Letter on the bases and assumptions of the consolidated profit forecast.

10.6 Reporting Accountants' Letter on the Consolidated Profit Forecast
(Prepared for inclusion in this Prospectus)

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Can-One Berhad
Lot 2244, Jalan Rajawali
Batu 9, Kampung Kebun Baru
42500 Telok Panglima Garang
Kuala Langat
Selangor Darul Ehsan

Date 27 JUN 2005

Dear Sirs,

Can-One Berhad ("Can-One")
Reporting accountants' letter on the consolidated profit forecast for the year ending 31 December 2005

We have reviewed the consolidated profit forecast of Can-One and its subsidiary companies ("Can-One Group") for the year ending 31 December 2005 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the Standard on Auditing (ISA 810) applicable to the review of forecasts. The consolidated profit forecast has been prepared for inclusion in the Prospectus dated 30 June 2005 in connection with the public issue of 22,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per ordinary share in Can-One Berhad (hereinafter referred to as "Can-One" or the "Company") and offer for sale of 33,528,000 ordinary shares of RM0.50 each at an offer price of RM1.00 per ordinary share pursuant to the listing of and quotation of its entire issued and paid-up share capital of 152,400,000 ordinary shares of RM0.50 each on the Main Board of Bursa Malaysia Securities Berhad and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast is, in all material respects, properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Can-One Group in the audited financial statements of Aik Joo Can Factory Sdn Bhd, its main subsidiary company, for the year ended 31 December 2004. The Directors of Can-One are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which a forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

KPMG

Subject to the matters stated in the preceding paragraphs:-

(i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and

(ii) in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted by Aik Joo Can Factory Sdn Bhd, the main subsidiary company of Can-One.

Yours faithfully

KPMG
Firm No : AF : 0758
Chartered Accountants

Ooi Kok Seng
Partner
Approval Number : 2432/05/07 (J)

APPENDIX I

**CAN-ONE BERHAD
AND ITS SUBSIDIARY COMPANIES**

**CONSOLIDATED PROFIT FORECAST
FOR THE YEAR ENDING 31 DECEMBER 2005**

Barring unforeseen circumstances, the Directors forecast that the consolidated profit forecast of Can-One Group for the year ending 31 December 2005 will be as follows :-

	2005 RM'000
Consolidated profit before taxation and negative goodwill	18,588
Negative goodwill recognised	132
Consolidated profit before taxation but after negative goodwill	18,720
Taxation	(3,500)
Consolidated profit after taxation	15,220
Weighted average number of issued and paid-up share capital of RM0.50 per ordinary share ('000) *	139,567
Based on the weighted average number of shares in issue*	
- Net EPS before negative goodwill (sen)	10.81
- Net EPS after negative goodwill (sen)	10.91
Based on the issue price of RM1.00 per ordinary share (times)*	
- Net PE multiple before negative goodwill (sen)	9.25
- Net PE multiple after negative goodwill (sen)	9.17

* - Based on the weighted average number of Can-One Shares after the Initial Public Offer ("IPO") but before exercise of ESOS Options and assuming the completion of the IPO by end of July 2005.

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**CAN-ONE BERHAD
AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT FORECAST
FOR THE YEAR ENDING 31 DECEMBER 2005**

1. BASES AND ASSUMPTIONS

The principal bases and assumptions upon which the consolidated profit forecast has been arrived at are set out below :-

a) There will be no significant changes in the principal activities, management structure, accounting and business policies, which will be adopted by the Can-One Group.

b) The existing terms and conditions of contracts and agreements entered into by the Can-One Group will remain in force.

c) There will be no adverse change to the legislation and regulations which will adversely affect the operations of the Can-One Group or the markets in which it operates.

d) There will be no material setback in the growth of the economy and political conditions which will adversely affect the operations of the Can-One Group or the markets in which it operates.

e) Can-One Group will not be affected by industrial disputes or any other abnormal factors or changes affecting operations or sales at their forecast levels or disrupt its planned operations.

f) There will be no significant changes to the current pricing of the Can-One Group's products.

g) The forecasted turnover and related costs are based on estimates of the Directors after taking into consideration the present conditions of selling prices and related costs of the Can-One Group. There will be no material changes to the forecast selling prices, sales volume and profit margins.

h) The sales volume for local and export market is forecasted based on actual past sales trend and sales growth anticipated to take place in financial year ending 31 December 2005. The average selling price for the Can-One Group's main products is based on the latest average selling price quoted to customers.

i) Production/processing cost will not be adversely affected by any abnormal circumstances or events.

   There will be no interruption in the supply of the Can-One Group's main raw materials, namely tin plates and plastic resins. Raw materials cost will not fluctuate significantly and any increase in the price of raw materials will, to a certain extent, be passed on to customers.

j) There will be no significant changes in current demand and in the prevailing market conditions which will adversely affect the performance of the Can-One Group.

k) The rates and bases of taxation including the tax incentives and government duties applicable to the Can-One Group will be consistent with their present levels.

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BASES AND ASSUMPTIONS (Cont'd)

l) There will be no material fluctuations in manufacturing costs (including labour, cost of materials and other production overheads).

m) There will be no unexpected problems that may significantly affect the Can-One Group's planned production.

n) Inflation rates will remain at 4% as forecasted.

o) There will be no adverse movements in foreign currency exchange rates which will materially affect the Can-One Group's operation. The Can-One Group assumes the following exchange rates in the profit forecast: -

USD 1	RM 3.80
SGD 1	RM 2.20

p) There will be no significant incidence of bad debts.

q) Interest rates will not change significantly and for the purpose of the forecast, the rates used range from 6% to 7% per annum.

r) Capital expenditure for the Can-One Group for the financial year ending 31 December 2005 will be approximately RM18,586,000.

Capital expenditure will be incurred as planned and there will be no material acquisition or disposals of property, plant and equipment other than those planned.

s) The estimated share issue expenses amounting to RM2.4 million will be set-off against the share premium account.

t) In addition to the acquisitions set out in assumption (u), the following proposals will also be implemented.

<u>Revaluation</u>

Can-One proposes to incorporate revaluation surplus net of deferred tax amounting to RM264,265 arising from the revaluation of land and building owned by Aik Joo Can Factory Sdn Bhd and Ajcan Sdn Bhd based on their net book value as at 31 December 2003 compared to their respective open market value, as valued by an independent registered valuer, Rahim & Co., in the financial statements of Can-One and its subsidiaries for the financial year ending 31 December 2005.

<u>Proposed Public Issue</u>

Proposed public issue of 22,000,000 new ordinary shares of RM0.50 each in Can-One ("Can-One Shares") at an issue price of RM1.00 per ordinary share.

<u>Proposed Offer For Sale</u>

Proposed offer for sale of 33,528,000 Can-One Shares at an offer price of RM1.00 per ordinary share.

The Proposed Public Issue and Offer For Sale are expected to be completed by end July 2005.

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10. FINANCIAL INFORMATION

BASES AND ASSUMPTIONS (Cont'd)

u) The acquisitions of the following companies were completed on 29 April 2005.

   i) Aik Joo Can Factory Sdn. Bhd. ("Aik Joo") - 100%
   ii) Ajcan Sdn. Bhd. ("Ajcan") - 100%
   iii) Canzo Sdn. Bhd. ("Canzo") - 100%

v) The negative goodwill in the financial year ending 31 December 2005 has been computed based on the excess of the audited net tangible assets of Canzo as at 31 December 2004 and the four (4) months of the forecast profit after taxation for the year ending 31 December 2005, i.e. from 1 January 2005 to 29 April 2005 (which is assumed to accrue evenly) over the purchase consideration of the acquisition of Canzo by Can-One of RM2.

w) There will be no changes in the Can-One Group structure for the year ending 31 December 2005 other than the acquisitions mentioned in paragraph (u) above.

10. FINANCIAL INFORMATION

10.7 Directors' Analysis and Commentary on the Consolidated Profit Forecast

For the FYE 2005, the Group's revenue is forecast at approximately RM175.035 million, representing a growth of approximately 42.11% from the total revenue for FYE2004 of RM123.16 million. The Board of Can-One expects the growth in revenue to be mainly driven by the continuous growth in tin can and jerry can sales. The increase in production capacity is expected to fulfil the expected increase in demand for tin cans and jerry cans from the Group's customers. The PAT for the FYE 2005 is forecasted to increase to RM15.220 million from RM12.213 in the previous year.

The Board of Can-One has reviewed the bases and assumptions used in arriving at the consolidated profit forecast and is of the view that the consolidated profit forecast of the Group is achievable in light of the assumptions made including but not limited to the future prospects of the tin can and jerry can manufacturing industry, future plans and strategies adopted by the Group as well as the Group's level of gearing, liquidity and working capital.

10.8 Trade Debtors Ageing Analysis

The trade debtors ageing analysis based on the latest available audited financial statements as at 31 December 2004 are as follows:

	Credit Period	Within Credit Period			Exceeding Credit Period		Total
	days	0-30 days	31-60 days	61-90 days	90-180 days	>180 days	
		RM	RM	RM	RM	RM	RM
Trade receivables	30-90	10,556,028	7,022,450	8,570,710	9,717,633	1,425,898	37,292,719
% of total trade receivables		28.31	18.83	22.98	26.06	3.82	*100.44

Note:

* Includes collection in advance amounting to RM165,144, representing 0.44% of the total trade receivables for FYE 2004.

Allowance for doubtful debts will be made based on a review of all outstanding amounts at balance sheet date. For trade receivables exceeding the credit period of 180 days, the Group was able to recover a total of RM319,831 and the Group has made an allowance of RM711,543 as provision for doubtful debts as at 31 December 2004.The Group has further provided for RM394,524 as doubtful debts in the management accounts as at 31 March 2005.

The Directors of Can-One are of the view that a majority of the outstanding trade debts exceeding the three (3) months' credit period are recoverable and continuous emphasis will be placed to minimise the risk of non-collectibility of current and future trade debts. The management intends to minimise the risk of non-collectibility by ensuring that appropriate action is taken, such as issuing reminder notices, reducing or discontinuing sales to customers with long outstanding debts and taking legal actions, amongst others. Additionally, in anticipation of the increase in revenue arising from the expansion plan, the management of Can-One is in the midst of setting up a credit control department to monitor the collection of trade debts from customers.

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10. FINANCIAL INFORMATION

10.9 Sensitivity Analysis

The sensitivity analysis is prepared based on the assumption that other variables remain unchanged.

Variation in selling price

Tin Cans

	Forecast for FYE 2005			
	PBT		PAT	
	RM'000	% change	RM'000	% change
As forecasted	18,588		15,088	
Increase 10%	32,591	75.30	25,169	66.80
Increase 5%	25,588	37.70	20,128	33.40
Decrease 5%	11,566	(37.80)	9,542	(36.80)
Decrease 10%	4,516	(75.70)	3,075	(79.60)

Jerry Cans

FYE	Forecast for FYE 2005			
	PBT		PAT	
	RM'000	% change	RM'000	% change
As forecasted	18,588		15,088	
Increase 10%	22,195	19.40	17,725	17.50
Increase 5%	20,393	9.70	16,416	8.80
Decrease 5%	16,758	(9.80)	13,552	(10.20)
Decrease 10%	14,922	(19.70)	11,930	(20.90)

Variation in raw material cost

Tin Plates

FYE	Forecast for FYE 2005			
	PBT		PAT	
	RM'000	% change	RM'000	% change
As forecasted	18,588		15,088	
Increase 10%	13,125	(29.40)	10,980	(27.20)
Increase 5%	15,866	(14.60)	13,128	(13.00)
Decrease 5%	21,306	14.60	17,045	13.00
Decrease 10%	24,025	29.30	19,003	25.90

Resin

FYE	Forecast for FYE 2005			
	PBT		PAT	
	RM'000	% change	RM'000	% change
As forecasted	18,588		15,088	
Increase 10%	15,880	(14.60)	12,888	(14.60)
Increase 5%	17,238	(7.30)	13,901	(7.90)
Decrease 5%	19,912	7.10	16,067	6.50
Decrease 10%	21,238	14.30	17,029	12.90

10.10 Dividend Forecast and Policy

The Board of Can-One expects to declare a tax-exempt dividend of one point five (1.5) per cent for the FYE 2005 based on the enlarged issued and paid-up share capital of 152,400,000 Can-One Shares.

The intended appropriation of the consolidated profit forecast in respect of the FYE 2005 would be as follows:

	Forecast for FYE 2005 RM'000
Revenue	175,035
Consolidated PBT and before negative goodwill	18,588
Negative goodwill recognised	132
Consolidated PBT but after negative goodwill	18,720
Less: Taxation	(3,500)
Consolidated PAT	15,220
Tax-exempt dividend per Can-One Share (sen)*	1.50
Tax-exempt dividend yield based on the issue price of RM1.00 per Can-One Share (%)*	1.50
Tax-exempt dividend cover (times)	6.60

Note:

* Based on the enlarged issued and paid-up share capital of 152,400,000 Can-One Shares after the IPO but before exercise of ESOS Options.

Future dividends may be waived if:

(a) The Group is in a loss position for the relevant financial period; or

(b) The Group has insufficient cashflow to meet any dividend payment.

Notwithstanding the above, the Board of Can-One has full discretion not to propose any future dividends.

10.11 Proforma Consolidated Balance Sheets as at 31 December 2004
(Prepared for inclusion in this Prospectus)

CAN-ONE BERHAD
AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004

The Proforma Consolidated Balance Sheets of Can-One Group ("Can-One Berhad and its subsidiary companies, namely Aik Joo Can Factory Sdn Bhd, Ajcan Sdn Bhd and Canzo Sdn Bhd") as at 31 December 2004 have been prepared for illustrative purposes only assuming Can-One Group had been in existence on that date. This Proforma Consolidated Balance Sheets should be read in conjunction with the basis of assumptions set out in the notes below.

	Audited as at 31/12/2004 RM'000	Proforma (I) RM'000	Proforma (II) RM'000	Proforma (III) RM'000
PROPERTY, PLANT AND EQUIPMENT	4	56,966	67,066	67,066
OTHER INVESTMENT	-	4,016	4,016	4,016
CURRENT ASSETS				
Inventories	-	47,740	47,740	47,740
Trade and other receivables	7	40,074	40,074	40,074
Tax recoverable	-	2	2	2
Cash and cash equivalents	1	17,130	26,630	49,490
	8	104,946	114,446	137,306
CURRENT LIABILITIES				
Trade and other payables	23	9,220	9,220	9,220
Borrowings	-	25,020	25,020	25,020
Taxation	-	565	565	565
	23	34,805	34,805	34,805
NET CURRENT (LIABILITIES)/ASSETS	(15)	70,141	79,641	102,501
	(11)	131,123	150,723	173,583
Financed by: -				
SHARE CAPITAL	-*	65,200	76,200	87,630
SHARE PREMIUM	-	-	8,600	20,030
RETAINED PROFITS	(11)	12,365	12,365	12,365
SHAREHOLDERS' FUND	(11)	77,565	97,165	120,025
BORROWINGS	-	47,314	47,314	47,314
DEFERRED TAX LIABILITIES	-	6,244	6,244	6,244
	(11)	131,123	150,723	173,583
Number of shares in issue ('000)	-*	130,400	152,400	175,260
Net tangible (liabilities)/assets per ordinary share (RM)	(5,500)	0.59	0.64	0.68

* - denotes RM2

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NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF CAN-ONE AS AT 31 DECEMBER 2004

The Proforma Consolidated Balance Sheets together with the notes thereon have been prepared based on the accounting principles and bases consistent with those adopted by Aik Joo Can Factory Sdn Bhd, the main subsidiary company of Can-One, except for the accounting policy on revaluation of property undertaken in the financial year 2005 in conjunction with the listing of Can-One on the Main Board of Bursa Malaysia and are presented in a form suitable for inclusion in the Prospectus. The above accounting policy will be adopted in the financial statements of Can-One Group for the financial year ending 31 December 2005.

1. (a) The following definitions are used:

Aik Joo	-	Aik Joo Can Factory Sdn. Bhd.
Ajcan	-	Ajcan Sdn. Bhd.
Canzo	-	Canzo Sdn. Bhd.

(b) The Proforma Consolidated Balance Sheets of Can-One and its subsidiary companies have been prepared for illustrative purposes only assuming Can-One Group had been in existence on that date and are based on the audited financial statements of Aik Joo, Ajcan and Canzo as at 31 December 2004. They are prepared using the merger method of accounting for the acquisition of Aik Joo and Ajcan, and acquisition method of accounting for Canzo.

(c) The following transactions are assumed to have been effected as at 31 December 2004:

(I) Proforma I

Proforma I incorporates the following:

Acquisitions by Can-One as follows:

(i) Acquisition of the entire issued and paid up share capital of Aik Joo comprising 10,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM65,344,522 satisfied by way of issuance of 130,399,996 new ordinary shares of Can-One ("Can-One Shares") credited as fully paid up at an issue price of approximately RM0.50 per Can-One Share.

The total purchase consideration was arrived at on a willing buyer – willing seller basis based on the adjusted consolidated net tangible assets of Aik Joo as at 31 December 2003 after incorporating the revaluation surplus net of deferred tax amounting to RM264,265.

The acquisition will result in an enlarged issued and paid-up share capital of RM65,200,000 comprising 130,400,000 ordinary shares of RM0.50 each.

The acquisition is accounted for using the merger method of accounting as the transaction falls under internal group restructuring and accordingly, it meets the relevant criterias for merger method of accounting as set out in Malaysian Accounting Standards Board's Standard No. 21 – Business Combinations. The merger deficit of RM55,200,000 arising from the exchange of shares is adjusted against capital reserve first and the balance against retained profits.

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NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF CAN-ONE AS AT 31 DECEMBER 2004 (Cont'd)

(ii) Acquisition of the entire issued and paid up share capital of Ajcan comprising 200,000 ordinary shares of RM1.00 each for a total cash purchase consideration of RM1,050,409 from Aik Joo. The total purchase consideration of RM1,050,409 was arrived at on a willing buyer-willing seller basis based on the net tangible assets of Ajcan as at 31 December 2003.

(iii) Acquisition of the entire issued and paid up share capital of Canzo comprising 2 ordinary shares of RM1.00 each for a total cash purchase consideration of RM2. The total purchase consideration of RM2.00 was arrived at on a willing buyer-willing seller basis based on the paid-up capital of Canzo.

The acquisition is accounted for using the acquisition method of accounting as the purchase consideration is satisfied by way of cash. Negative goodwill arising on acquisition is recognised immediately in the income statement.

Intercompany balances have been eliminated in arriving at the Proforma Consolidated Balance Sheets.

(II) Proforma II

Proforma II incorporates Proforma I and the following:

(i) Public issue of 22,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per share ("Public Issue")

(ii) Estimated share issue expenses of RM2,400,000 will be set off against share premium account.

(iii) Proposed utilisation of gross proceeds of RM22,000,000 as set out in Note 2.

(III) Proforma III

Proforma III incorporates Proforma I, II and the exercise of 22,860,000 options under the Employees' Share Option Scheme ("ESOS"), being 15% of the enlarged share capital, at an assumed exercise price of RM1.00 per share.

2. The gross proceeds of RM22,000,000 from the Public Issue will be utilised as follows:

	RM'000
Working capital	9,500
Estimated share issue expenses	2,400
Acquisition of land and construction of new factory	7,000
Acquisition of production machinery	3,100
	22,000

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NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF CAN-ONE AS AT 31 DECEMBER 2004(Cont'd)

3. The movements of the issued and paid up share capital and the share premium account of Can-One after taking into account the transactions mentioned in para (1) above are as follows:

		Share Capital RM'000	Share Premium RM'000
Balance at date of incorporation		*	-
Proforma I	– Issued as consideration for the acquisition of Aik Joo	65,200	-
After Proforma I		65,200	-
Proforma II	– Public Issue	11,000	11,000
	– Estimated share issue expenses	-	(2,400)
After Proforma II		76,200	8,600
Proforma III	– ESOS	11,430	11,430
		87,630	20,030

* - denotes RM2, comprising 2 ordinary shares of RM1 each.

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10.12 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets as at 31 December 2004
(Prepared for inclusion in this Prospectus)

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The Board of Directors
Can-One Berhad
Lot 2244, Jalan Rajawali
Batu 9, Kampung Kebun Baru
42500 Telok Panglima Garang
Kuala Langat
Selangor Darul Ehsan

Date 27 JUN 2005

Dear Sirs

Can-One Berhad ("Can-One")
Reporting accountants' letter on the proforma consolidated balance sheets as at 31 December 2004

We have reviewed the presentation of the proforma consolidated balance sheets of Can-One and its subsidiaries ("Can-One Group") as at 31 December 2004 together with the notes thereon, for which the Directors are solely responsible, as set out in the accompanying statement (which we have stamped for the purpose of identification). The proforma consolidated balance sheets are prepared for inclusion in the Prospectus dated 30 June 2005 in connection with the listing of Can-One on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and which should not be relied on for any other purposes.

In our opinion,

- the proforma consolidated balance sheets which have been prepared for illustrative purposes only, have been properly compiled on the basis of preparation stated;
- such basis is consistent with the accounting policies adopted by Aik Joo Can Factory Sdn Bhd, the main subsidiary company of Can-One, except for the accounting policy on revaluation of property undertaken in the financial year 2005 in conjunction with the listing of Can-One on the Main Board of Bursa Malaysia. The above accounting policy will be adopted in the financial statements of Can-One Group for the financial year ending 31 December 2005; and
- the adjustments are appropriate for the purposes of the proforma consolidated balance sheets.

Yours faithfully

KPMG
Firm No : AF : 0758
Chartered Accountants

Ooi Kok Seng
Partner
Approval Number : 2432/05/07 (J)