

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
SECOND QUARTER ENDED 30 JUNE 2008

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PART A: REQUIREMENTS OF FRS134 – INTERIM FINANCIAL REPORTING

**1. Basis of preparation**

The interim financial report is unaudited and has been prepared in compliance with the requirements of FRS134 – Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the financial statements for the financial year ended 31 December 2007.

This interim financial report includes only condensed financial statements and should be read in conjunction with the annual financial statements for the financial year ended 31 December 2007, as this interim financial report focuses on the effects of transactions, events and circumstances that have occurred since the annual financial statements.

The preparation of an interim financial report in conformity with FRS134 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the financial position and performance of the Group for the financial period ended 30 June 2008.

**2. Auditors' report**

The auditors' report dated 17 April 2008 on the financial statements for the financial year ended 31 December 2007 was not subject to any qualification.

**3. Seasonal or cyclical factors**

The operations of the Group are not subject to seasonal or cyclical fluctuations except that certain products are subject to seasonal demand where higher sales will be recorded a few months before major festive seasons such as Ramadan and Chinese New Year.

**4. Unusual items**

There were no items affecting assets, liabilities, equity, net income, or cashflows that are unusual because their nature, size or incidence.

**5. Changes in estimates**

There were no major changes in estimates of amounts which may have a material effect on the current quarter under review.

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**6. Issue and repayment of debt and equity securities**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period.

**7. Dividends**

No interim dividend was paid during or has been proposed for the quarter under review.

The proposed a first and final tax exempt dividend of 6% (or 3 sen per share) for the financial year ended 31 December 2007 was paid on 31 July 2008.

**8. Segment information**

The Group operates mainly in two business segments which are primarily operated in Malaysia:

- a) Manufacture of tin cans and plastic jerry cans (General Cans)
- b) Manufacture of dairy products (Food Products)

The other segment comprises investment and property holding.

Segment revenue and results for the period ended 30 June 2008 are as follows:

	Revenue RM'000	Operating profits RM'000	Finance cost RM'000	Interest income RM'000	Profit before tax RM'000
Revenue					
- General Cans	128,998	9,265	3,790	70	5,546
- Food products	46,260	1,303	673	38	747
- Others	30	(248)	-	-	(248)
	175,288	10,320	4,463	108	6,045
Elimination	(10,064)	-	-	-	-
Total	165,224	10,320	4,463	108	6,045
Taxation					(852)
Profit after taxation					5,193

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**9. Valuation of property, plant and equipment**

The valuation of property, plant and equipment have been brought forward from the previous annual financial statements without amendment.

**10. Material subsequent events**

As at 20 August 2008 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), there were no material events subsequent to the balance sheet date which may have an impact on the consolidated financial statements of the Group

**11. Changes in Group composition**

There were no changes in the Group composition during the period ended 30 June 2008.

**12. Changes in contingent liabilities or contingent assets**

There were no contingent liabilities or assets for the Group as at 30 June 2008.

As at 20 August 2008, (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) no material contingent assets or liabilities have arisen since the end of the financial period.

**13. Authorisation for issue**

This interim financial report was authorized for issue by the Board of Directors ("Board") in accordance with a resolution of Directors passed at the Board Meeting held on 25 August 2008.

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PART B: REQUIREMENTS OF REVISED LISTING REQUIREMENTS OF BURSA  
MALAYSIA SECURITIES BERHAD

**1. Review of performance**

During the quarter under review, the Group recorded a revenue of RM89.7 million and pre-tax profit of RM4.1 million compared with a revenue of RM61.5 million and pre-tax profit of RM4.0 million in the preceding year corresponding quarter.

The increase in revenue is contributed by the increase in demand for the Group's products and adjustments in selling price due to increase in cost of direct material and manufacturing cost. The decline in profit margin despite increase in revenue is due mainly to higher material cost, operating and finance cost.

**2. Variation of results against preceding quarter**

The increase in revenue and profit before taxation for the quarter under review as compared to the preceding quarter is due mainly to increase in demand for general cans.

Demand for certain of the Group's products is subject to seasonal fluctuations and demand is usually lower in the first quarter of the financial year.

**3. Current year prospects**

The increase in cost of direct materials and operating cost could have an impact on the profitability of the Group.

However, barring any unforeseen circumstances, the Directors anticipate the results for the financial year ending 31 December 2008 to remain satisfactory.

**4. Profit forecast/profit guarantee**

The Group did not publish any profit forecast or provide any profit guarantee for the financial year ending 31 December 2008.

**5. Tax expense**

The effective tax rate of the Group is lower than the enacted statutory tax rate as the Group is eligible for reinvestment allowance.

**6. Unquoted investments and properties**

There were no profits/losses on sale of unquoted investments and properties as there were no disposals of investments and properties during the quarter under review.

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7. **Purchase or disposal of quoted securities**

The Company did not purchase or dispose of quoted securities during the quarter under review.

8. **Status of corporate proposal announced**

There were no outstanding corporate proposals.

9. **Group borrowings and debts securities**

Group borrowings as at 30 June 2008 are as follows:

	<b>RM'000</b>
Short term borrowings - Secured	
Hire purchase/finance leases	1,318
Term loans	766
Bankers acceptances	12,754
Short term borrowings - Unsecured	
Bankers' acceptances	74,756
Revolving credits	11,000
Term loans	44,665
<b>Total</b>	<b>145,259</b>
Long term borrowings - Secured	
Hire purchase/finance leases	3,899
Term loans	10,345
Long term borrowings – Unsecured	
Term loans	25,498
<b>Total</b>	<b>39,742</b>

10. **Off balance sheet financial instruments**

The Group did not enter into any transaction on off balance sheet financial instruments as at 20 August 2008 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

11. **Changes in material litigation**

The Group was not involved in any material litigation as at 20 August 2008 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

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**12. Capital commitment**

As at 30 June 2008, the Group has the following capital commitment:

	RM'000
Approved and contracted for	15,500
	15,500

**13. Dividends**

No interim dividend was paid during or has been proposed for the quarter under review.

The proposed a first and final tax exempt dividend of 6% (or 3 sen per share) for the financial year ended 31 December 2007 was paid on 31 July 2008.

**14. Earnings per share**

The basic earnings per share is computed as follows:

	Individual Quarter	Individual Quarter	Cumulative Quarter	Cumulative Quarter
	Current Quarter ended 30/6/2008	Preceding year corresponding quarter ended 30/6/2007	Current year to date ended 30/6/2008	Preceding year to date ended 30/6/2007
Net profit attributable to shareholders of the Company (RM'000)	3,490	3,368	5,044	4,967
Weighted average number of shares in issue ('000)	152,400	152,400	152,400	152,400
Earnings per share (Sen)	2.29	2.21	3.31	3.26

There were no dilutive potential ordinary shares as at the end of the financial period.

Dated : 25 August 2008  
Petaling Jaya