

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2009

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 2008.

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 2008, 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 31 March 2009.

2. Auditors' report

The auditors' report dated 21 April 2009 on the financial statements for the financial year ended 31 December 2008 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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(Company No. 638899-K)

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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 Directors proposed a first and final tax exempt dividend of 6% (or 3 sen) per share for the financial year ended 31 December 2008 (2007 : 6%), subject to approval by shareholders of the Company.

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 31 March 2009 are as follows:

	General cans RM'000	Food products RM'000	Others RM'000	Total RM'000	Elimination RM'000	Group RM'000
Revenue:						
External sales	91,150	31,179	-	122,329	-	122,329
Inter segment sales	9,590	-	15	9,605	(9,605)	-
	<u>100,740</u>	<u>31,179</u>	<u>15</u>	<u>131,934</u>		<u>122,329</u>
Segment results	6,572	682	(205)	7,049	-	7,049
Interest income						32
Finance cost						(2,887)
Taxation						(780)
Profit after taxation						<u>3,414</u>

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8. Segment information (Cont'd)

	General cans RM'000	Food products RM'000	Others RM'000	Total RM'000	Elimination RM'000	Group RM'000
Segment assets	279,482	101,098	31,316	411,896	-	411,896
Unallocated assets						488
						<u>412,384</u>
Segment liabilities	196,940	52,162	102	249,204	-	249,204
Unallocated liabilities						12,783
						<u>261,987</u>
Capital expenditure	5,147	3,538	-	8,685	-	8,685
Depreciation	1,870	454	-	2,324	-	2,324
Amortisation	57	-	-	57	-	57

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 22 May 2009 (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 31 March 2009.

12. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or assets for the Group as at 31 March 2009.

As at 22 May 2009, (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.

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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 26 May 2009.

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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 RM122.3 million and pre-tax profit of RM4.2 million compared with a revenue of RM75.5 million and pre-tax profit of RM1.9 million in the preceding year corresponding quarter.

The increase in revenue is contributed mainly by the increase in demand for the Group's products across all divisions. Improvement in gross profit margin was contributed to the increase in operating efficiency.

2. Variation of results against immediate preceding quarter

Revenue for the quarter under review is comparable to the immediate preceding quarter. The profit before taxation was lower due mainly to adjustment in selling prices of certain of the Group's products.

3. Current year prospects

Barring any unforeseen circumstances, the Directors anticipate the results for the financial year ending 31 December 2009 to be 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 2009.

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.

7. Purchase or disposal of quoted securities

Except as disclosed in Note 8, the Group did not purchase or dispose of quoted securities during the quarter under review.

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8. Status of corporate proposal announced

Save as disclosed below, the Group has not announced any corporate proposal as at 22 May 2009 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

- i) On 23 March 2009, a wholly-owned subsidiary of the Company, Can-One International Sdn Bhd ("CISB") entered into a conditional shares sale agreement to acquire 146,131,500 ordinary shares of RM0.25 each, representing 32.9% equity interest in Kian Joo Can Factory Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad, for a total consideration of RM241,116,975 ("Proposed Acquisition").

The Proposed Acquisition is subject to the approval by the relevant authorities and the shareholders of the Company.

- ii) On 27 April 2009, the Company announced that it will seek shareholders' approval to allow the Company to purchase its own shares of up to ten per centum (10%) of the issued and paid-up share capital of the Company through Bursa Malaysia Securities Berhad.

9. Group borrowings and debts securities

Group borrowings as at 31 March 2009 are as follows:

	RM'000
Short term borrowings - Secured	
Hire purchase/finance leases	1,489
Term loans	2,061
Trade facilities	20,399
Short term borrowings - Unsecured	
Short term borrowings	
Trade facilities	68,148
Revolving credits	25,000
Term loans	45,901
Total	162,998
Long term borrowings - Secured	
Hire purchase/finance leases	4,766
Term loans	13,660
Long term borrowings – Unsecured	
Term loans	27,633
Total	46,059

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10. Off balance sheet financial instruments

The Group did not enter into any transaction on off balance sheet financial instruments as at 22 May 2009 (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

Save as disclosed below, the Group was not involved in any material litigation as at 22 May 2009 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

On 23 March 2009, CISB together with 4 other defendants were served a writ of summons and a statement of claims pertaining to the Proposed Acquisition.

The plaintiffs are claiming:

- i) Against the other 4 defendants and CISB damages amounting to RM55,000,000 for alleged fraud and interest at rate of 8% per annum on the said sum, cost of action on a full indemnity basis and such further or any other reliefs as the Court may deem fit and proper to grant,
- ii) An interim order restraining the defendants and each of them whether by themselves, their directors, their servants, or agents or otherwise howsoever from proceeding with the implementation of the Proposed Acquisition until the final hearing and disposal of the action,
- iii) A declaration that the award of the bid in the public tender exercise to CISB for the Proposed Acquisition is illegal, null and void.

The Board of Directors has referred the matter to its solicitors. Upon obtaining legal advice, the Directors are of the opinion that the suit against CISB is unlikely to succeed.

12. Capital commitment

As at 31 March 2009, the Group has the following capital commitment:

Approved and contracted for	RM'000 16,952
	<u> </u>

13. Dividends

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

The Directors proposed a first and final tax exempt dividend of 6% (or 3 sen) per share for the financial year ended 31 December 2008 (2007 : 6%), subject to approval by shareholders of the Company.

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14. **Earnings per share**

The basic earnings per share is computed as follows:

	Individual Quarter	Individual Quarter	Cumulative Quarter	Cumulative Quarter
	Current Quarter ended 31/3/2009	Preceding year corresponding quarter ended 31/3/2008	Current year to date ended 31/3/2009	Preceding year to date ended 31/3/2008
Net profit attributable to shareholders of the Company (RM'000)	3,375	1,553	3,375	1,553
Weighted average number of shares in issue ('000)	152,400	152,400	152,400	152,400
Earnings per share (Sen)	<u>2.21</u>	<u>1.02</u>	<u>2.21</u>	<u>1.02</u>

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

Dated : 26 May 2009
Petaling Jaya