

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. **Basis of preparation**

The interim financial statements are unaudited and have been prepared in compliance with the requirements of MFRS134 – Interim Financial Reporting and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

These interim financial statements include only condensed financial statements and should be read in conjunction with the annual financial statements for the financial year ended 31 December 2012. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the financial position and performance of the Group since the financial year ended 31 December 2012.

2. **Significant accounting policies**

The accounting policies adopted for this interim report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2012.

The Group also adopted the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) effective from 1 January 2013.

MFRS 10	Consolidated Financial Statements
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (2011)
MFRS 128	Investments in Associates and Joint Ventures (2011)
Amendments to MFRS 1	First-time adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Instruments: Transition Guidance
Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)

The initial application of the standards, amendments and interpretations did not have any material financial impact on financial statements of the Group for the current and prior periods.

2. **Significant accounting policies – Cont’d**

The Group plans to apply the following revised accounting standards, amendments and interpretations issued by the MASB when they become effective.

Amendments effective for annual periods beginning 1 January 2014

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Amendments to MFRS 10 Consolidated Financial Instruments: Investment Entities
Amendments to MFRS 132 Financial Instruments: Presentation – Offsetting
Financial Assets and Financial Liabilities

MFRSs and Amendments effective for annual periods beginning 1 January 2015

MFRS 9 Financial Instruments (2009)
MFRS 9 Financial Instruments (2010)
Amendments to MFRS 7 Financial Instruments: Disclosures – Mandatory
Effective Date of MFRS 9 and Transition Disclosures

The initial application of the standards, amendments and interpretations are not expected to have any material financial impact on the financial statements of the Group for the current and prior periods.

3. Auditors' report

The auditors' report dated 17 April 2013 on the financial statements for the financial year ended 31 December 2012 was not subject to any qualification.

4. 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 but lower in the first quarter of every financial year.

5. Unusual items due to their nature, size or incidence

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

6. Investment in associates

	At 31/12/2013	At 31/12/2012
	RM'000	RM'000
Share of net assets in associates	<u>381,470</u>	<u>360,740</u>
Market value	<u>455,930</u>	<u>325,873</u>

7. 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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8. Issues, repurchases and repayments 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 quarter under review.

9. Dividends paid

There were no dividends paid during the quarter under review.

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10. **Segment information**

The Group organised its activities principally into 3 reportable business segments:

- a) Manufacture of tin cans and plastic jerry cans (General Cans)
- b) Manufacture of food products (Food Products)
- c) International trading

Segment revenue and results for the financial period ended 31 December 2013 are as follows:

	Year-to-date ended 31/12/2013			Total RM'000
	General cans RM'000	Food products RM'000	International trading RM'000	
<i>Revenue</i>				
External customers	280,505	468,966	23,410	772,881
Inter segment	79,934	15,486	57,829	153,249
	<u>360,439</u>	<u>484,452</u>	<u>81,239</u>	<u>926,130</u>
Segment results	27,774	52,338	1,337	81,449
Unallocated income/(expenses)				(6,107)
Operating profit				<u>75,342</u>
Interest income				235
Financial expenses				(20,637)
Share of profit after tax of associates				39,016
Consolidated profit before taxation				<u>93,956</u>
Segment assets	387,084	268,384	8,524	663,992
Investment in associates				381,470
Unallocated assets				6,768
Total assets				<u>1,052,230</u>
Segment liabilities	174,263	121,587	1,596	297,446
Unallocated liabilities				272,260
Total liabilities				<u>569,706</u>
Capital expenditure	<u>15,501</u>	<u>11,552</u>	<u>2</u>	<u>27,055</u>

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10. **Segment information – Cont'd**

	Preceding year-to-date ended 31/12/2012			
	General cans RM'000	Food products RM'000	International trading RM'000	Total RM'000
<i>Revenue</i>				
External customers	266,247	451,783	71,785	789,815
Inter segment	94,880	66,409	43,475	204,764
	<u>361,127</u>	<u>518,192</u>	<u>115,260</u>	<u>994,579</u>
Segment results	32,930	49,080	3,467	85,477
Unallocated income/(expenses)				(2,969)
Operating profit				<u>82,508</u>
Interest income				178
Finance costs				(22,785)
Share of profit after tax of associates				134,980
Profit before tax				<u>194,881</u>
Segment assets	338,557	273,436	10,582	622,575
Investment in associates				360,740
Unallocated assets				7,756
Total assets				<u>991,071</u>
Segment liabilities	176,454	127,356	7,574	311,384
Unallocated liabilities				268,400
Total liabilities				<u>579,784</u>
Capital expenditure	<u>28,522</u>	<u>14,225</u>	-	<u>42,747</u>

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

The Group did not carry out any revaluation exercise during the quarter under review.

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12. Material subsequent events

As at 21 February 2014 (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 end of the balance sheet date which may have an impact on the consolidated financial statements of the Group.

13. Changes in Group composition

There were no changes in the Group composition during the quarter ended 31 December 2013.

14. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or assets for the Group as at 31 December 2013.

As at 21 February 2014 (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.

15. Capital commitment

As at 31 December 2013, the Group has the following capital commitment:

	RM'000
Approved and contracted for	6,979
	=====

16. Related Party Disclosures

	Financial Period to date 31/12/2013 RM'000
Sales to associated companies	229
	=====
Purchases from associated companies	3,026
	=====

17. Authorisation for issue

This interim financial report was authorised for issue by the Board of Directors ("Board") in accordance with a resolution of Directors passed at the Board Meeting held on 25 February 2014.

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PART B: REQUIREMENTS OF MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD

1. **Review of performance**

(a) *Current quarter compared with previous corresponding quarter*

The Group's revenue decreased from RM199.6 million in the previous year corresponding quarter to RM185.8 million in the quarter under review. The pre-tax and post-tax profit dropped from RM32.1 million and RM25.6 million in the previous year corresponding quarter to RM19.1 million and RM15.6 million respectively in the current quarter.

General Cans division

Revenue from General Cans division for the quarter under review increased by 0.3% to RM91.9 million from RM91.6 million in the preceding year corresponding quarter mainly due to increase in sales of tin cans.

Pre-tax profit increased in the current quarter compared to previous quarter due to improved production efficiency in tin cans division.

Food Products division

Revenue from Food Products division decreased from RM129.4 million in the preceding year corresponding quarter to RM113.4 million in the current quarter due to lower export sales.

Gross profit margin dropped compared to the previous quarter due to lower sales and higher raw material consumption cost.

International Trading division

Revenue from International Trading division increased from RM16.9 million in the preceding year corresponding quarter to RM19.3 million in the current quarter.

Investment in associates

Associated company, Kian Joo Can Factory Berhad ("KJCFB") contributed RM7.7 million net profit to the Group for the quarter under review, a drop of RM6.8 million compared with the corresponding quarter.

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1. **Review of performance (cont'd.)**

(b) Current year to date compared with previous year to date

The Group's revenue decreased from RM789.8 million in the previous year to RM772.9 million in the current year under review. The pre-tax and post-tax profit dropped from RM194.9 million and RM178.1 million in the previous year to RM94.0 million and RM77.3 million respectively in the current year.

The reduction in the pre-tax and post-tax profit was mainly due to a one-off bargain purchase gain of RM103.8 million arising from acquisition of investment in KJCFB which was included in the previous year results.

General Cans division

Revenue from General Cans division for the year under review decreased by 0.2% to RM360.4 million from RM361.1 million in the preceding year mainly due to decrease in tin can sales.

Pre-tax profit for the division contracted for the current year due to higher raw material cost and labour cost arising from implementation of the minimum wage scheme.

Food Products division

Revenue from Food Products division decreased from RM518.2 million in the preceding year to RM484.5 million in the current year due to lower export sales.

Gross profit margin improved compared to the previous year due to better operating efficiencies and effective procurement.

International Trading division

Revenue from International Trading division decreased from RM115.3 million in the preceding year to RM81.2 million in the current year.

Investment in associates

Associated company, KJCFB contributed RM39.0 million net profit to the Group for the year under review compared to RM135.0 in the previous year. The reduction in the contribution was mainly due to a one-off bargain purchase gain of RM103.8 million arising from acquisition of investment in KJCFB which was included in the previous year results.

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2. Variation of results against immediate preceding quarter

	Current Quarter 31/12/2013 RM'000	Preceding Quarter 30/09/2013 RM'000
Revenue	<u>185,800</u>	<u>171,439</u>
Profit before taxation	<u>19,136</u>	<u>27,666</u>
Profit after taxation	<u>15,599</u>	<u>22,924</u>

The Group's revenue increased from RM171.4 million in the immediate preceding quarter to RM185.8 million in the quarter under review. However, pre-tax and post-tax profit decreased from RM27.7 million and RM22.9 million in the immediate preceding quarter to RM19.2 million and RM15.6 million in the quarter under review respectively.

The performances of the other segments are as follows:

General Cans division

Revenue from General Cans division increased from RM75.6 million in the immediate preceding quarter to RM91.9 million in the current quarter attributable mainly to the increase in demand for jerry cans. Despite the increase in sales, pre-tax profit shrank due to higher raw material cost.

Food Products division

Revenue from Food Products division decreased from RM113.7 million in the immediate preceding quarter to RM113.4 million in the current quarter. Gross profit margin for the quarter under review decreased due to higher raw material consumption cost.

International Trading division

International Trading division contributed revenue of RM19.3 million for the current quarter.

3. Prospects

For financial year 2014, the Group expects demand for its products to remain resilient especially its Food Products division despite the global economic uncertainties. The Group's operating division is expected to continue to contribute positively to its results although managing rising raw material cost, electricity cost and other operating cost will be a challenge to the management.

Barring any unfavourable movements in foreign currency exchange rates, interest rates and cost of key raw materials, the Directors anticipate the results of the Group for the financial year ending 31 December 2014 to be satisfactory.

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4. Profit forecast/profit guarantee

The Group did not publish any profit forecast or provide any profit guarantee.

5. Tax expense

	Current Quarter ended 31/12/2013 RM'000	Preceding year corresponding quarter ended 31/12/2012 RM'000	Current year to date ended 31/12/2013 RM'000	Preceding year to date ended 31/12/2012 RM'000
Current tax expense	4,013	517	14,198	8,050
Deferred tax expense	(476)	5,985	2,488	8,703
	3,537	6,502	16,686	16,753

The effective tax rate of the Group is lower than the enacted statutory tax rate due to availability of reinvestment allowance and share of results from associate which has been accounted for net of tax.

6. Status of corporate proposal announced

On 26 November 2013, associated company, KJCFB received a letter of offer from Aspire Insight Sdn Bhd ("Aspire") to acquire the entire business and undertaking including all of the assets and liabilities of KJCFB ("Offer") for a cash consideration of approximately RM1.466 billion. On 10 December 2013, KJCFB, via its advisor, MIDF Amanah Investment Bank Berhad ("Advisor") announced that Aspire agreed to KJCFB's request for an extension of time until 20 January 2014 to consider the Offer. On 10 January 2014, the Board of Directors of KJCFB, via its Advisor announced that it has deliberated and agreed to accept Aspire's Offer.

On 29 January 2014, KJCFB received a letter of request for an extension of time from Aspire for the completion of the ongoing due diligence exercise and the signing of the definitive agreement in relation to the Offer. In response, KJCFB agreed on the extension of time from 31 January 2014 to 14 March 2014.

Other than the above, there were no other corporate proposals announced by the Company, which have not been completed as at 21 February 2014 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

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7. Group borrowings and debts securities

Group borrowings as at 31 December 2013

	Current RM'000	Non-current RM'000
Borrowings denominated in RM		
Secured		
Finance leases	1,083	1,380
Term loans	5,880	266,111
	<u>6,963</u>	<u>267,491</u>
Unsecured		
Term loans	16,067	32,201
Bankers acceptances	2,762	-
Revolving credits	6,000	-
	<u>24,829</u>	<u>32,201</u>
Total borrowings in RM	<u>31,792</u>	<u>299,692</u>
Borrowings denominated in USD		
Secured		
Foreign currencies trade loans	18,865	-
Unsecured		
Bill receivables	25,180	-
Foreign currencies trade loans	54,654	-
	<u>98,699</u>	<u>-</u>
Total borrowings in USD	<u>98,699</u>	<u>-</u>
Total Group borrowings	<u>130,491</u>	<u>299,692</u>

8. Retained profit

The breakdown of retained earnings of the Group is as follows:

	At 31/12/2013 RM'000	At 31/12/2012 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	327,528	272,092
- Unrealised	(16,285)	(17,337)
	<u>311,243</u>	<u>254,755</u>
Total share of retained earnings in associates		
- Realised	53,155	20,993
- Unrealised	120,841	113,987
	<u>(111,627)</u>	<u>(79,696)</u>
Consolidation adjustments	<u>(111,627)</u>	<u>(79,696)</u>
Total retained earnings of the Group	<u>373,612</u>	<u>310,039</u>

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9. Profit before taxation

The profit before taxation is stated after charging/(crediting):

	Current Quarter ended 31/12/2013 RM'000	Preceding year corresponding quarter ended 31/12/2012 RM'000	Current year to date ended 31/12/2013 RM'000	Preceding year to date ended 31/12/2012 RM'000
Interest income	(54)	(28)	(235)	(178)
Other income including investment income	(184)	(292)	(1,305)	(1,108)
Interest expense	4,845	4,997	19,379	19,962
Depreciation and amortisation	4,187	4,225	16,831	15,062
Impairment of assets	365	-	365	-
Impairment of receivables	(80)	-	(80)	-
Impairment of inventories	2,204	-	2,204	-
(Gain)/Loss on disposal of investment	-	-	-	-
(Gain)/Loss on disposal of plant & equipment	21	(777)	301	(261)
Impairment of goodwill	-	-	305	-
(Gain)/Loss on foreign exchange	(234)	1,086	209	(1,942)
(Gain)/Loss on derivative financial instruments	49	(288)	16	(675)

10. Changes in material litigation

Save as disclosed below, the Group was not involved in any material litigation as at 21 February 2014 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

The Kuala Lumpur High Court had on 10 April 2013 allowed the Company's and seven (7) Others' (collectively, "the Applicants") Notice of Application For Leave To Apply For Judicial Review against Bursa Securities ("the Respondent") in the following terms:

- i) that leave be granted to the Applicants to make an Application for Judicial Review pursuant to Order 53 Rule 3 of the Rules of Court, 2012 read with Section 25(2) of the Courts of Judicature Act, 1964;
- ii) that leave be granted to the Applicants to make an Application for Judicial Review by way of an Order of certiorari to remove into the High Court for the purpose of quashing the following decisions of the Listing Committee of the Respondent made on 6 November 2012 and as affirmed by the Appeals Committee of the Respondent on 22 February 2013, namely:
 - a) that the Company had breached paragraph 9.16(1)(a) of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") in respect of the Company's announcement dated 5 January 2012 in response to the unusual market activity query from Bursa Securities ("UMA Query");

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10. Changes in material litigation (cont'd)

- b) that the Directors of the Company had breached paragraph 16.13(b) of the Listing Requirements for permitting, knowingly or where they had reasonable means of obtaining such knowledge, the Company to breach paragraph 9.16(1)(a) of the Listing Requirements in respect of the Company's announcement dated 5 January 2012 in response to the UMA Query; and
- c) that there be imposed a public reprimand on the Company, and a public reprimand and fine of RM50,000/- on each of the Directors of the Company in respect of the aforesaid breach on the part of the Company and breach on the part of the Directors of the Company;

(hereinafter referred to collectively as the whole of the said decisions of the Respondent)

- iii) that the leave granted to the Applicants to make an Application for Judicial Review shall operate as a stay of any proceedings before the Respondent in consequence of the said decisions of the Respondent or otherwise;
- iv) that there shall be such further and/or other reliefs, including an order of injunction or damages, and/or directions as may be deemed just and proper by the High Court; and
- v) that the costs of the proceedings herein shall be costs in the cause of the Application for Judicial Review.

The High Court on 29 October 2013 dismissed the Applicants' Application For Judicial Review. On 21 November 2013, the Applicants filed a Notice of Appeal to the Court of Appeal against the High Court decision.

11. Dividends

The Directors are recommending a first and final tax exempt dividend of 10% (or 5 sen per share) amounting to RM7,620,000.00 in respect of financial year ended 31 December 2013 (2012 : 8%), subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

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12. **Earnings per share**

The basic earnings per share are computed as follows:

	Current Quarter ended 31/12/2013	Preceding year corresponding quarter ended 31/12/2012	Current year to date ended 31/12/2013	Preceding year to date ended 31/12/2012
Net profit attributable to shareholders of the Company (RM'000)	14,018	23,088	69,669	170,725
Weighted average number of shares in issue ('000)	152,400	152,400	152,400	152,400
Earnings per share (Sen)	<u>9.20</u>	<u>15.15</u>	<u>45.71</u>	<u>112.02</u>

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

Dated : 25 February 2014
Petaling Jaya