

**CAN-ONE BERHAD**  
(Company No. 638899-K)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
FIRST QUARTER ENDED 31 MARCH 2014

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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 2013. 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 2013.

**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 2013.

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 2014, except for MFRS 12 which is not applicable to the Group and the Company.

|                        |   |
|------------------------|---|
| Amendments to MFRS 10  | Consolidated Financial Statements: Investment Entities  |
| Amendments to MFRS 12  | Disclosure of Interests in Other Entities: Investments Entities   |
| Amendments to MFRS 127 | Separate Financial Statements (2012): Investments Entities  |
| Amendments to MFRS 132 | Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities                       |
| Amendments to MFRS 136 | Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets                                    |
| Amendments to MFRS 139 | Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting |
| IC Interpretation 21   | Levies  |

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.

*Amendments effective for annual periods beginning 1 July 2014*

|                      |  |
|----------------------|--|
| Amendments to MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011 – 2013 Cycle) |
| Amendments to MFRS 2 | Share-based Payment (Annual Improvements 2010 – 2012 Cycle)  |

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

|                        |  |
|------------------------|--|
| Amendments to MFRS 3   | Business Combinations (Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle)  |
| Amendments to MFRS 8   | Operating Segments (Annual Improvements 2010 – 2012 Cycle)                           |
| Amendments to MFRS 13  | Fair Value Measurement (Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle) |
| Amendments to MFRS 116 | Property, Plant and Equipment (Annual Improvements 2010 – 2012 Cycle)                |
| Amendments to MFRS 119 | Employee Benefits – Defined Benefit Plans: Employee Contributions                    |
| Amendments to MFRS 124 | Related Party Disclosures (Annual Improvements 2010 – 2012 Cycle)                    |
| Amendments to MFRS 138 | Intangible Assets (Annual Improvements 2010 – 2012 Cycle)                            |
| Amendments to MFRS 140 | Investment Property (Annual Improvements 2011 – 2013 Cycle)                          |

*MFRSs, Interpretations and Amendments effective for a date yet to be confirmed*

|                      |  |
|----------------------|--|
| MFRS 9               | Financial Instruments (2009)   |
| MFRS 9               | Financial Instruments (2010)   |
| MFRS 9               | Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139             |
| Amendments to MFRS 7 | Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures |

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for MFRS 140 which is not applicable to the Group and the Company.

The initial application of the abovementioned standards, amendments and interpretations are not expected to have any material impacts to the financial statements of the Group and the Company other than MFRS 9, which the Group is currently assessing the financial impact.

**3. Auditors' report**

The auditors' report dated 7 March 2014 on the financial statements for the financial year ended 31 December 2013 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.

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**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 31/03/2014<br>RM'000 | At 31/12/2013<br>RM'000 |
|-----------------------------------|-------------------------|-------------------------|
| Share of net assets in associates | <u>387,550</u>          | <u>381,470</u>          |
| Market value                      | <u>480,773</u>          | <u>455,930</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.

**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.

**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 March 2014 are as follows:

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**10. Segment information (cont'd)**

**Period-to-date ended 31/03/2014**

|   | General<br>cans<br>RM'000 | Food<br>products<br>RM'000 | International<br>trading<br>RM'000 | Others<br>RM'000 | Total<br>RM'000  | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|---|---------------------------|----------------------------|------------------------------------|------------------|------------------|-----------------------|------------------------|
| <b>Revenue</b>                          |                           |                            |                                    |                  |                  |                       |                        |
| External customers                      | 74,689                    | 113,213                    | 4,471                              | -                | 192,373          | -                     | 192,373                |
| Inter segment                           | 16,609                    | 3,582                      | 21,306                             | -                | 41,497           | (41,497)              | -                      |
|   | -                         |                            |                                    | -                |                  |                       |                        |
|   | <u>91,298</u>             | <u>116,795</u>             | <u>25,777</u>                      | <u>-</u>         | <u>233,870</u>   | <u>(41,497)</u>       | <u>192,373</u>         |
| <b>Results</b>                          |                           |                            |                                    |                  |                  |                       |                        |
| Segment results                         | 3,216                     | 9,969                      | 315                                | (690)            | 12,810           | -                     | 12,810                 |
| Interest income                         | 65                        | 3                          | -                                  | 210              | 278              | -                     | 278                    |
| Financial expenses                      | (906)                     | (476)                      | (42)                               | (2,806)          | (4,230)          | -                     | (4,230)                |
| Share of profit after tax of associates | -                         | -                          | -                                  | 6,441            | 6,441            | -                     | 6,441                  |
| Profit/(Loss) before taxation           | <u>2,375</u>              | <u>9,496</u>               | <u>273</u>                         | <u>3,155</u>     | <u>15,299</u>    | <u>-</u>              | <u>15,299</u>          |
| <b>Assets</b>                           |                           |                            |                                    |                  |                  |                       |                        |
| Segment assets                          | 360,387                   | 288,743                    | 13,138                             | 395,472          | 1,057,740        | -                     | 1,057,740              |
| Unallocated assets                      | -                         | -                          | -                                  | -                | 1,465            | -                     | 1,465                  |
| Total assets                            | <u>360,387</u>            | <u>288,743</u>             | <u>13,138</u>                      | <u>395,472</u>   | <u>1,059,205</u> | <u>-</u>              | <u>1,059,205</u>       |

**Preceding period-to-date ended 31/03/2013**

|   | General<br>cans<br>RM'000 | Food<br>products<br>RM'000 | International<br>trading<br>RM'000 | Others<br>RM'000 | Total<br>RM'000  | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|---|---------------------------|----------------------------|------------------------------------|------------------|------------------|-----------------------|------------------------|
| <b>Revenue</b>                          |                           |                            |                                    |                  |                  |                       |                        |
| External customers                      | 72,446                    | 115,743                    | 6,285                              | -                | 194,474          | -                     | 194,474                |
| Inter segment                           | 18,025                    | 3,857                      | 13,954                             | -                | 35,836           | (35,836)              | -                      |
|   | <u>90,471</u>             | <u>119,600</u>             | <u>20,239</u>                      | <u>-</u>         | <u>230,310</u>   | <u>(35,836)</u>       | <u>194,474</u>         |
| <b>Results</b>                          |                           |                            |                                    |                  |                  |                       |                        |
| Segment results                         | 6,034                     | 12,710                     | 7                                  | (771)            | 17,980           | -                     | 17,980                 |
| Interest income                         | 56                        | 1                          | -                                  | -                | 57               | -                     | 57                     |
| Finance expenses                        | (1,219)                   | (586)                      | (55)                               | (2,756)          | (4,616)          | -                     | (4,616)                |
| Share of profit after tax of associates | -                         | -                          | -                                  | 10,571           | 10,571           | -                     | 10,571                 |
| Profit/(Loss) before taxation           | <u>4,871</u>              | <u>12,125</u>              | <u>(48)</u>                        | <u>7,044</u>     | <u>23,992</u>    | <u>-</u>              | <u>23,992</u>          |
| <b>Assets</b>                           |                           |                            |                                    |                  |                  |                       |                        |
| Segment assets                          | 344,925                   | 297,199                    | 16,716                             | 379,073          | 1,037,913        | -                     | 1,037,913              |
| Unallocated assets                      |                           |                            |                                    |                  | 796              | -                     | 796                    |
| Total assets                            | <u>344,925</u>            | <u>297,199</u>             | <u>16,716</u>                      | <u>379,073</u>   | <u>1,038,709</u> | <u>-</u>              | <u>1,038,709</u>       |

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

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

**12. Material subsequent events**

As at 26 May 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 March 2014.

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

There were no contingent liabilities or assets for the Group as at 31 March 2014.

As at 26 May 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 March 2014, the Group has the following capital commitment:

|                             |               |
|-----------------------------|---------------|
|                             | <b>RM'000</b> |
| Approved and contracted for | 6,416         |
|                             | =====         |

**16. Related Party Disclosures**

|                                     |   |
|-------------------------------------|---|
|                                     | <b>Financial<br/>Period-to-date<br/>31/03/2014<br/>RM'000</b> |
| Sales to associated companies       | 29  |
|                                     | =====   |
| Purchases from associated companies | 2,512   |
|                                     | =====   |

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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 30 May 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 RM194.5 million in the previous year corresponding quarter to RM192.4 million in the quarter under review. The pre-tax and post-tax profit dropped from RM24.0 million and RM19.7 million in the previous year corresponding quarter to RM15.3 million and RM11.8 million respectively in the current quarter.

General cans division

Revenue from General cans division for the quarter under review increased by 0.9% to RM91.3 million from RM90.5 million in the preceding year corresponding quarter mainly due to increase in sales of tin cans.

Gross profit margin for General cans division decreased from 11.8% to 8.0% mainly due to increase in raw material cost of resins.

Food products division

Revenue from Food products division decreased from RM119.6 million in the preceding year corresponding quarter to RM116.8 million in the current quarter mainly due to water rationing which affected the production output, thus resulting in lower sales.

Gross profit margin dropped compared to the previous quarter mainly due to higher operating and raw material costs.

International trading division

Revenue from International trading division increased from RM20.2 million in the preceding year corresponding quarter to RM25.8 million in the current quarter.

Investment in associates

Associated company, Kian Joo Can Factory Berhad ("KJCFB") contributed RM6.4 million net profit to the Group for the quarter under review, a drop of RM4.1 million compared with the corresponding quarter.

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

|                        | <b>Current Quarter</b><br><b>31/03/2014</b><br><b>RM'000</b> | <b>Preceding</b><br><b>Quarter</b><br><b>31/12/2013</b><br><b>RM'000</b> |
|------------------------|--|--|
| Revenue                | <u>192,373</u>   | <u>185,800</u>   |
| Profit before taxation | <u>15,299</u>  | <u>19,136</u>  |
| Profit after taxation  | <u>11,793</u>  | <u>15,599</u>  |

The Group's revenue increased from RM185.8 million in the immediate preceding quarter to RM192.4 million in the quarter under review. However, pre-tax and post-tax profit decreased from RM19.1 million and RM15.6 million in the immediate preceding quarter to RM15.3 million and RM11.8 million in the quarter under review respectively.

The performances of the other segments are as follows:

General cans division

Revenue from General cans division decreased from RM91.9 million in the immediate preceding quarter to RM91.3 million in the current quarter attributable mainly to the decrease in demand for tin cans.

Gross profit margin for General cans division decreased from 12.4% to 8.0% mainly due to high raw material cost which resulted in low profit margin for jerry cans.

Food products division

Revenue from Food products division increased from RM113.4 million in the immediate preceding quarter to RM116.8 million in the current quarter. However gross profit margin for the quarter under review decreased from 12.4% to 10.9% due to higher operating and raw material costs.

International trading division

International trading division contributed revenue of RM25.8 million for the current quarter.



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**3. Prospects**

For remaining quarters of 2014, the Group expects its operating division to continue to contribute positively to its results although rising raw material cost, electricity cost and other operating cost will affect the profit margin of the Group.

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.

**4. Profit forecast/profit guarantee**

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

**5. Tax expense**

|                      | Current<br>Quarter ended<br>31/03/2014<br>RM'000 | Preceding year<br>corresponding<br>quarter ended<br>31/03/2013<br>RM'000 | Current year<br>to date ended<br>31/03/2014<br>RM'000 | Preceding<br>year to date<br>ended<br>31/03/2013<br>RM'000 |
|----------------------|--|--|---|--|
| Current tax expense  | 3,377  | 2,103  | 3,377   | 2,103  |
| Deferred tax expense | 129  | 2,218  | 129   | 2,218  |
|                      | 3,506  | 4,321  | 3,506   | 4,321  |

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.

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**6. Status of corporate proposal announced (cont'd)**

On 24 March 2014, KJCFB announced that it has entered into a Business Sale Agreement, Properties Sale Agreements and Assets Sale Agreement with Aspire Insight Sdn Bhd ("Aspire") in relation to the proposed disposal of the entire business and undertaking of KJCFB to Aspire for a total consideration of RM1,465,753,693 which translates to approximately RM3.30 per ordinary shares of RM0.25 each in KJCFB ("Proposed Disposal").

Upon completion of the Proposed Disposal, KJCFB will undertake a capital repayment exercise to return the cash proceeds arising from the Proposed Disposal to the shareholders via the proposed distribution of the proceeds arising from the Proposed Disposal to all entitled shareholders of KJCFB in cash at not less than RM3.30 per ordinary share of RM0.25 each in KJCFB via proposed capital reduction and repayment exercise in accordance with Section 64 of the Companies Act, 1965 ("Proposed Proceeds Distribution").

The completion of the Proposed Disposal is subject to KJCFB shareholders' approval at a general meeting to be convened; other financiers, third party and regulatory approval to be obtained and written confirmation from Aspire whether the due diligence is satisfactory.

On 7 May 2014, the Company and its wholly-owned subsidiary, Can-One International Sdn Bhd were served with a Writ of Summons and Statement of Claim dated 6 May 2014 by an Executive Director of KJCFB, Dato' See Teow Guan in relation to the Proposed Disposal, Details of the Writ of Summons and Statement of Claim are set out in Note 10 (Material Litigations) below.

Other than the above, there were no other corporate proposals announced by the Company, which have not been completed as at 26 May 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 March 2014 are as follow:

|                                      | <b>As at<br/>31/03/2014<br/>RM'000</b> | <b>As at<br/>31/12/2013<br/>RM'000</b> |
|--------------------------------------|--|--|
| <b>Borrowings denominated in RM</b>  |  |  |
| <b>Current</b>                       |  |  |
| Secured                              |  |  |
| Finance leases                       | 936                                    | 1,083                                  |
| Term loans                           | 6,046                                  | 5,880                                  |
| Bankers acceptances                  | 896                                    | -                                      |
|                                      | <u>7,878</u>                           | <u>6,963</u>                           |
| Unsecured                            |  |  |
| Term loans                           | 33,166                                 | 16,067                                 |
| Bankers acceptances                  | 5,974                                  | 2,762                                  |
| Revolving credits                    | 6,000                                  | 6,000                                  |
|                                      | <u>53,018</u>                          | <u>31,792</u>                          |
| <b>Non-current</b>                   |  |  |
| Secured                              |  |  |
| Finance leases                       | 1,198                                  | 1,380                                  |
| Term loans                           | 250,098                                | 266,111                                |
|                                      | <u>251,296</u>                         | <u>267,491</u>                         |
| Unsecured                            |  |  |
| Term loans                           | 28,342                                 | 32,201                                 |
|                                      | <u>279,638</u>                         | <u>299,692</u>                         |
| Total borrowings in RM               | <u>332,656</u>                         | <u>331,484</u>                         |
| <b>Borrowings denominated in USD</b> |  |  |
| <b>Current</b>                       |  |  |
| Secured                              |  |  |
| Bill receivables                     | 13,902                                 | -                                      |
| Foreign currencies trade loans       | 10,163                                 | 18,865                                 |
| Unsecured                            |  |  |
| Bill receivables                     | 20,173                                 | 25,180                                 |
| Foreign currencies trade loans       | 62,779                                 | 54,654                                 |
| Total borrowings in USD              | <u>107,017</u>                         | <u>98,699</u>                          |
| Total Group borrowings               | <u>439,673</u>                         | <u>430,183</u>                         |

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**8. Retained profit**

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

|   | <b>At 31/03/2014</b> | <b>At 31/12/2013</b> |
|---|----------------------|----------------------|
|   | <b>RM'000</b>        | <b>RM'000</b>        |
| Total retained earnings of the Company and its subsidiaries |                      |                      |
| - Realised  | 331,713              | 327,528              |
| - Unrealised  | (15,381)             | (16,285)             |
|   | 316,332              | 311,243              |
| Total share of retained earnings in associates              |                      |                      |
| - Realised  | 57,364               | 53,155               |
| - Unrealised  | 123,074              | 120,841              |
|   | (112,776)            | (111,627)            |
| Consolidation adjustments                                   | (112,776)            | (111,627)            |
| Total retained earnings of the Group                        | 383,994              | 373,612              |

**9. Profit before taxation**

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

|   | <b>Current</b>    | <b>Preceding year</b> | <b>Current year</b> | <b>Preceding year</b> |
|---|-------------------|-----------------------|---------------------|-----------------------|
|   | <b>Quarter</b>    | <b>corresponding</b>  | <b>to date</b>      | <b>year to date</b>   |
|   | <b>ended</b>      | <b>quarter ended</b>  | <b>ended</b>        | <b>ended</b>          |
|   | <b>31/03/2014</b> | <b>31/03/2013</b>     | <b>31/03/2014</b>   | <b>31/03/2013</b>     |
|   | RM'000            | RM'000                | RM'000              | RM'000                |
| Interest income                                 | (278)             | (57)                  | (278)               | (57)                  |
| Other income including investment income        | (212)             | (274)                 | (212)               | (274)                 |
| Interest expense                                | 3,922             | 4,291                 | 3,922               | 4,291                 |
| Depreciation and amortisation                   | 4,123             | 4,070                 | 4,123               | 4,070                 |
| Impairment of assets                            | 118               | -                     | 118                 | -                     |
| Impairment of receivables                       | -                 | -                     | -                   | -                     |
| Impairment of inventories                       | -                 | -                     | -                   | -                     |
| (Gain)/Loss on disposal of investment           | -                 | -                     | -                   | -                     |
| (Gain)/Loss on disposal of plant & equipment    | (1,272)           | (11)                  | (1,272)             | (11)                  |
| Impairment of goodwill                          | -                 | 305                   | -                   | 305                   |
| (Gain)/Loss on foreign exchange                 | 148               | (330)                 | 148                 | (330)                 |
| (Gain)/Loss on derivative financial instruments | (2)               | 12                    | (2)                 | 12                    |

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**10. Changes in material litigations**

Save as disclosed below, the Group was not involved in any material litigation as at 26 May 2014 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

1) 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");
  - 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.

**CAN-ONE BERHAD**  
(Company No. 638899-K)

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**10. Changes in material litigations (cont'd)**

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. It has been fixed for case management on 9 May 2014 and the High Court has fixed the Appellants' appeal against the decision of the High Court given on 29 October 2013 for hearing on 3 November 2014.

- 2) On 7 May 2014, Can-One Berhad ("COB") announced that COB and six (6) Others including COB's wholly-owned subsidiary, Can-One International Sdn Bhd ("COI") (collectively referred as "the Defendant") were served with a Writ of Summons and Statement of Claim by KJCFB's Executive Director, Dato' See Teow Guan (Suing in a personal capacity and in a representative capacity on behalf and for the benefit of the 6th Defendant, KJCFB) ("Plaintiff").

The Plaintiff is claiming:

Against KJCFB, COI, Yeoh Jin Hoe ("YJH") and Aspire:

- i) A declaration that the letter of offer dated 26 November 2013 from Aspire to KJCFB to acquire the entire business and undertaking including all of the assets and liabilities of KJCFB ("Aspire Bid") is deemed a related party transaction by virtue of the interest in the proposed disposal of the entire assets and liabilities of KJCFB to Aspire ("Proposed Disposal") of the following:-
- a) COI, as a major shareholder of KJCFB with an interest direct or indirect in Aspire;
  - b) YJH as a director of KJCFB with an interest direct or indirect in Aspire;
  - c) Aspire, as a person connected to COB and/or COI within the meaning under the Main Market Listing Requirements ("Listing Requirements");
  - d) Aspire, as a person connected with YJH within the meaning under the Listing Requirements.

Against YJH:

- ii) A declaration that YJH is a person connected to Chee Khay Leong ("CKL") in relation to the Aspire Bid;
- iii) A consequential order that YJH shall issue a written declaration to the board of directors and shareholders of KJCFB before the general meeting convened for the Proposed Disposal ("EGM") that he is a person connected to CKL;

Against CKL:

- iv) A declaration that CKL is a person connected to YJH and COB in relation to the Aspire Bid;

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**10. Changes in material litigations (cont'd)**

- v) A consequential order that CKL shall issue a written declaration to the board of directors and shareholders of KJCFB before the EGM that he is a person connected to YJH and COB;

Against YJH and CKL:

- vi) A declaration that YJH and CKL are in breach of their fiduciary duties as directors of KJCFB;
- vii) General and exemplary damages to be assessed by the Kuala Lumpur High Court ("KLHC") and to be paid to KJCFB;
- viii) Interest on any such sum assessed and awarded by the KLHC to KJCFB at the rate of 5% per annum from the date of filing of this Court action until the date of full and final settlement;

Against KJCFB:

- ix) An order that KJCFB, by its directors, officers, servants, agents or employees or any of them or otherwise howsoever, be restrained from allowing COI from voting at any shareholders meeting and/or general meeting convened by KJCFB to determine the Aspire Bid;

Against Aspire, COB and COI:

- x) A declaration that COI shall abstain from participating and/or deliberating and/or voting at any shareholders meeting and/or general meeting convened by KJCFB to determine the Aspire Bid;
- xi) Alternatively a declaration that any resolution(s) passed by the shareholders of KJCFB in any shareholders meeting and/or general meeting convened by KJCFB in relation to the Aspire Bid and in which COI has participate and/or deliberated and/or voted, is null and void;

Against Box-Pak (Malaysia) Bhd ("Box-Pak")

- xii) A declaration that the voting on Resolution 7 at the Annual General Meeting of Box-Pak on 15 April 2014 is null and void;
- xiii) An order that the Plaintiff be reinstated as a Director and/or Managing Director of Box-Pak with immediate effect;
- xiv) Alternatively, damages to be assessed by the KLHC and to be paid to the Plaintiff;
- xv) Interest on any such sum assessed and awarded by the KLHC to the Plaintiff at the rate of 5% per annum from the date of filing of this Court action until the date of full and final settlement;

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**10. Changes in material litigations (cont'd)**

Against YJH, CKL, Aspire, COI and Box-Pak:

xvi) Costs; and

xvii) Such further and other relief(s) as the KLHC deems fit and just.

At the case management on 20 May 2014, COB and COI informed the KLHC that they intend to file their respective striking out application. The KLHC fixed the hearing of the striking out applications on 31 July 2014, and the filing of the Defence is to be deferred and kept in abeyance pending disposal of their striking out applications. The legal suit has been fixed for further case management on 24 July 2014.

**11. Dividends**

No interim dividend has been proposed for the quarter under review.

The Directors had on 25 February 2014 recommended a first and final tax exempt dividend of 10% (5 sen per share) amounting to RM7,620,000 in respect of the financial year ended 31 December 2013 and the shareholders had on the Company's Tenth Annual General Meeting held on 24 April 2014 approved the payment of the said dividend.

**12. Earnings per share**

The basic earnings per share are computed as follows:

|   | <b>Current<br/>Quarter ended<br/>31/03/2014</b> | <b>Preceding year<br/>corresponding<br/>quarter ended<br/>31/03/2013</b> | <b>Current year<br/>to date ended<br/>31/03/2014</b> | <b>Preceding year<br/>to date<br/>ended<br/>31/03/2013</b> |
|---|---|--|--|--|
| Net profit attributable to shareholders of the Company (RM'000) | 10,382  | 17,858   | 10,382   | 17,858   |
| Weighted average number of shares in issue ('000)               | 152,400   | 152,400  | 152,400  | 152,400  |
| Earnings per share (Sen)  | <u>6.81</u>                                     | <u>11.72</u>   | <u>6.81</u>  | <u>11.72</u>   |

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

Dated : 30 May 2014  
Petaling Jaya