

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

Quarterly report on consolidated results for the Third Quarter ended 30 September 2014. The figures have not been audited.

(Financial year ending 31 December 2014)

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 30/09/2014 RM'000	As at 31/12/2013 (Audited) RM'000
<b>Assets</b>		
Property, plant and equipment	294,224	287,148
Investment in associates	396,048	381,470
Goodwill on consolidation	1,408	1,408
<b>Total non-current assets</b>	<b>691,680</b>	670,026
<b>Current assets</b>		
Inventories	113,065	123,899
Trade and other receivables	272,238	215,220
Current tax assets	1,439	1,405
Cash and cash equivalents	51,699	38,021
Assets classified as held for sale	-	3,644
<b>Total current assets</b>	<b>438,441</b>	382,189
<b>Total assets</b>	<b>1,130,121</b>	1,052,215
<b>Equity</b>		
Share capital	76,200	76,200
Reserves	413,775	384,414
<b>Total equity attributable to owners of the Company</b>	<b>489,975</b>	460,614
Non-controlling interest	26,508	21,910
<b>Total equity</b>	<b>516,483</b>	482,524
<b>Liabilities</b>		
Loans and borrowings	265,543	299,692
Deferred tax liabilities	28,828	29,282
<b>Total non-current liabilities</b>	<b>294,371</b>	328,974
Loans and borrowings	209,172	130,491
Trade and other payables	107,001	106,919
Current tax payables	3,076	3,291
Derivative financial liabilities	18	16
<b>Total current liabilities</b>	<b>319,267</b>	240,717
<b>Total liabilities</b>	<b>613,638</b>	569,691
<b>Total equity and liabilities</b>	<b>1,130,121</b>	1,052,215
Net assets per share attributable to equity holders of the Company (Sen)	<b>321.51</b>	302.24

**NOTE:**

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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(Company No. 638899-K)

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**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

	<b>Current quarter ended 30/09/2014 RM'000</b>	Preceding year corresponding quarter ended 30/09/2013 RM'000	<b>Current year to date ended 30/09/2014 RM'000</b>	Preceding year to date ended 30/09/2013 RM'000
<b>Continuing Operations</b>				
Revenue	223,881	171,439	648,991	587,081
Cost of sales	(199,813)	(141,196)	(579,236)	(502,892)
Gross profit	<u>24,068</u>	<u>30,243</u>	<u>69,755</u>	<u>84,189</u>
Other income/(expenses)	293	(455)	812	127
Sales and distribution expenses	(2,868)	(1,947)	(8,902)	(9,208)
Administrative expenses	(6,738)	(6,990)	(17,564)	(16,320)
Profit from operations	<u>14,755</u>	<u>20,851</u>	<u>44,101</u>	<u>58,788</u>
Interest income	4	67	355	181
Finance costs	(5,685)	(5,883)	(14,628)	(15,447)
Net finance cost	(5,681)	(5,816)	(14,273)	(15,266)
Share of profit of equity-accounted investees, net of tax	8,997	12,631	24,328	31,298
Profit before tax	<u>18,071</u>	<u>27,666</u>	<u>54,156</u>	<u>74,820</u>
Tax expense	(2,732)	(4,742)	(12,263)	(13,149)
Profit for the period	<u>15,339</u>	<u>22,924</u>	<u>41,893</u>	<u>61,671</u>
Other comprehensive income				
- Foreign currency translation reserve	291	202	302	22
- Share of other comprehensive income/(loss) of associates	1,174	543	(616)	1,533
Total comprehensive income for the period	<u>16,804</u>	<u>23,669</u>	<u>41,579</u>	<u>63,226</u>
Profit attributable to:				
Equity holders of the Company	13,451	20,432	37,295	55,651
Non-controlling interest	1,888	2,492	4,598	6,020
	<u>15,339</u>	<u>22,924</u>	<u>41,893</u>	<u>61,671</u>
Total comprehensive income attributable to:				
Equity holders of the Company	14,916	21,177	36,981	57,206
Non-controlling interest	1,888	2,492	4,598	6,020
	<u>16,804</u>	<u>23,669</u>	<u>41,579</u>	<u>63,226</u>
Earnings per share				
Basic (Sen)	8.83	13.41	24.47	36.52
Diluted (Sen)	NA	NA	NA	NA

**NOTE:**

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(Financial year ending 31 December 2014)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<----- Attributable to Owners of the Company ----->						Total equity RM'000
	<----- Non-Distributable ----->			Distributable		Non- controlling interest RM'000	
	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Retained profits RM'000	Total RM'000		
<b>Current period ended 30 September 2014</b>							
Balance at 1 January 2014	76,200	8,560	2,242	373,612	460,614	21,910	482,524
<b>Comprehensive income for the period</b>							
Profit for the period	-	-	-	37,295	37,295	4,598	41,893
Dividend Paid	-	-	-	(7,620)	(7,620)	-	(7,620)
Currency translation differences	-	-	302	-	302	-	302
Share of currency translation differences of associates	-	-	(616)	-	(616)	-	(616)
<b>Total comprehensive income for the period</b>	-	-	(314)	29,675	29,361	4,598	33,959
<b>Balance at 30 September 2014</b>	<u>76,200</u>	<u>8,560</u>	<u>1,928</u>	<u>403,287</u>	<u>489,975</u>	<u>26,508</u>	<u>516,483</u>
<b>Preceding year corresponding period ended 30 September 2013</b>							
Balance at 1 January 2013	76,200	8,560	2,179	310,039	396,978	14,309	411,287
<b>Comprehensive income for the period</b>							
Profit for the period	-	-	-	55,651	55,651	6,020	61,671
Dividend Paid	-	-	-	(6,096)	(6,096)	-	(6,096)
Currency translation differences	-	-	22	-	22	-	22
Share of currency translation differences of associates	-	-	1,533	-	1,533	-	1,533
<b>Total comprehensive income for the period</b>	-	-	1,555	49,555	51,110	6,020	57,130
<b>Balance at 30 September 2013</b>	<u>76,200</u>	<u>8,560</u>	<u>3,734</u>	<u>359,594</u>	<u>448,088</u>	<u>20,329</u>	<u>468,417</u>

**NOTE:**

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**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Current year to date ended 30/09/2014 RM'000</b>	<b>Preceding year to date ended 30/09/2013 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax from continuing operations	54,156	74,820
<b>Adjustments:</b>		
Interest expense	13,643	14,534
Interest income	(355)	(181)
Property, plant and equipment written off	296	-
Impairment loss on intangible assets	-	305
Depreciation of property, plant and equipment	13,350	12,644
Unrealised loss/(gain) on forward exchange contracts	1	(33)
(Gain)/Loss on disposal of property, plant and equipment	(1,023)	280
Share of profit of equity-accounted investee, net of tax	(24,328)	(31,298)
Operating profit before changes in working capital	<u>55,740</u>	<u>71,071</u>
Inventories	10,834	(22,518)
Trade and other receivables	(57,022)	(25,547)
Trade and other payables	83	(5,476)
<b>Cash generated from operations</b>	<u>9,635</u>	<u>17,530</u>
Tax paid	(12,965)	(7,647)
<b>Net cash from operating activities</b>	<u>(3,330)</u>	<u>9,883</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	5,324	402
Acquisition of property, plant and equipment	(21,382)	(16,429)
Dividend received	9,133	18,266
Interest received	355	181
<b>Net cash used in investing activities</b>	<u>(6,570)</u>	<u>2,420</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(13,643)	(14,534)
Dividend paid	(7,620)	(6,096)
Drawdown of term loan	5,944	6,348
Repayment of term loans	(17,146)	(16,130)
Revolving credits, net	5,000	5,000
Trade facilities, net	51,618	18,528
Repayment of finance lease liabilities	(884)	(2,021)
<b>Net cash flows generated from financing activities</b>	<u>23,269</u>	<u>(8,905)</u>
<b>Net increase in cash and cash equivalent</b>	<u>13,369</u>	<u>3,398</u>
Effects of changes in foreign currency rates	309	(217)
Cash and cash equivalent brought forward	31,621	45,954
<b>Cash and cash equivalent carried forward</b>	<u><u>45,299</u></u>	<u><u>49,135</u></u>
Comprises :		
<b>Cash and bank balances</b>	42,850	49,135
<b>Short term deposits with licensed banks (excluding deposits pledged)</b>	2,449	-
	<u><u>45,299</u></u>	<u><u>49,135</u></u>

**NOTE:**

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2014

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

**1. Basis of Preparations**

The Interim Financial Statements are unaudited and have been prepared in compliance with the requirements of MFRS 134 - 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 Interpretations 21	Levies

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

The initial applications 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)
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.

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

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 audit 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**

	<b>At 30/09/2014</b>	<b>At 31/12/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Share of net assets in associates	<u>396,048</u>	<u>381,470</u>
Market value	<u>435,472</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.

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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, share 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, plastic jerry cans, flexi pack and rigid pack (General Cans);
- b) Manufacture of food products (Food Products); and
- c) International Trading.

Segment revenue and results for the financial period ended 30 September 2014 are as follows :



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

	Period-to-date ended 30/09/2014						
	General cans RM'000	Food products RM'000	International trading RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>							
External customers	225,296	409,882	13,813	-	648,991	-	648,991
Inter segment	68,764	14,072	58,680	-	141,516	(141,516)	-
	<u>294,060</u>	<u>423,954</u>	<u>72,493</u>	<u>-</u>	<u>790,507</u>	<u>(141,516)</u>	<u>648,991</u>
<b>Results</b>							
Segment results	13,348	32,001	1,193	(2,441)	44,101	-	44,101
Interest income	123	22	-	210	355	-	355
Financial expenses	(3,460)	(1,373)	(85)	(9,710)	(14,628)	-	(14,628)
Share of profit after tax of associates	-	-	-	24,328	24,328	-	24,328
Profit/(Loss) before taxation	<u>10,011</u>	<u>30,650</u>	<u>1,108</u>	<u>12,387</u>	<u>54,156</u>	<u>-</u>	<u>54,156</u>
<b>Assets</b>							
Segment assets	357,157	345,469	21,975	404,093	1,128,694	-	1,128,694
Unallocated assets	-	-	-	-	1,427	-	1,427
Total assets	<u>357,157</u>	<u>345,469</u>	<u>21,975</u>	<u>404,093</u>	<u>1,130,121</u>	<u>-</u>	<u>1,130,121</u>

	Preceding period-to-date ended 30/09/2013						
	General cans RM'000	Food products RM'000	International trading RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>							
External customers	209,394	360,475	17,212	-	587,081	-	587,081
Inter segment	59,160	10,621	44,683	-	114,464	(114,464)	-
	<u>268,554</u>	<u>371,096</u>	<u>61,895</u>	<u>-</u>	<u>701,545</u>	<u>(114,464)</u>	<u>587,081</u>
<b>Results</b>							
Segment results	20,689	41,212	1,018	(4,131)	58,788	-	58,788
Interest income	176	5	-	-	181	-	181
Finance expenses	(3,880)	(2,118)	(135)	(9,314)	(15,447)	-	(15,447)
Share of profit after tax of associates	-	-	-	31,298	31,298	-	31,298
Profit/(Loss) before taxation	<u>16,985</u>	<u>39,099</u>	<u>883</u>	<u>17,853</u>	<u>74,820</u>	<u>-</u>	<u>74,820</u>
<b>Assets</b>							
Segment assets	376,223	291,543	12,084	375,305	1,055,155	-	1,055,155
Unallocated assets	-	-	-	-	6,893	-	6,893
Total assets	<u>376,223</u>	<u>291,543</u>	<u>12,084</u>	<u>375,305</u>	<u>1,062,048</u>	<u>-</u>	<u>1,062,048</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 17 November 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 the Group composition**

On 7 July 2014, the Company announced the incorporation of a new indirect wholly-owned subsidiary in the Republic of Indonesia, known as PT. AJ Candace ("Candace"). Candace, a wholly-owned subsidiary of Newmarq Sdn. Bhd., has an authorised share capital of USD1,200,000 comprising 1,200,000 ordinary shares of USD1.00 each. Its issued and paid-up share capital shall be USD1,200,000.

Its intended principal activity is the manufacture and trading of tin cans, aluminium cans, plastic containers and related products. It has yet to commence operations.

The aforesaid incorporation is not expected to have any material effect on the financial results and financial position of the Group for the financial year ending 31 December 2014.

Other than the above, there were no other changes in the Group composition during the quarter ended 30 September 2014.

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

There were no contingent liabilities or assets for the Group as at 30 September 2014.

As at 17 November 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.

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**15. Capital commitment**

As at 30 September 2014, the Group has the following capital commitment :

	<b>RM'000</b>
Approved and contracted for	<u>24,061</u>

**16. Related party disclosures**

	<b>Financial Period-to-date 30/09/2014 RM'000</b>
Sales to associated companies	<u>421</u>
Purchases from associated companies	<u>7,667</u>

**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 20 November 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 ("Q3,2014") compared with previous corresponding quarter ("Q3,2013")**

The Group's revenue increased from RM171.4 million in Q3,2013 to RM223.9 million in Q3,2014. However the pre-tax and post-tax profit dropped from RM27.7 million and RM22.9 million in Q3,2013 to RM18.1 million and RM15.3 million respectively in Q3,2014.

General Cans division

Revenue from General Cans division for Q3,2014 increased by 38.7% to RM104.9 million from RM75.6 million in Q3,2013 mainly due to higher demand of tin cans and jerry cans.

However, gross profit margin for General Cans division decreased from 15.1% to 7.9% in Q3,2014 mainly due to increase in raw material cost of jerry can resins and inability to pass on the increase to customers and losses incurred by flexi pack and rigid pack as it has yet to reach optimum production level.

Food Products division

Revenue from Food Products division increased from RM113.7 million in Q3,2013 to RM146.9 million in Q3,2014 mainly due to higher demand for sweetened condensed milk.

Gross profit margin dropped by 6.3% to 10.0% in Q3,2014 mainly due to lower selling price and higher raw material cost and operating cost of wages and electricity.

International Trading division

Revenue from International Trading division increased from RM15.2 million in Q3,2013 to RM22.4 million in Q3,2014.

Investment in associate

Associated company, Kian Joo Can Factory Berhad ("KJCF") contributed RM9.0 million net profit to the Group for Q3,2014, a decrease of RM3.6 million compared with Q3,2013.

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

**(b) Current year-to-date ("YTD Q3,2014") compared with previous YTD Q3,2013**

The Group's revenue increased from RM587.1 million in YTD Q3,2013 to RM649.0 million in YTD Q3,2014. However the pre-tax and post-tax profit dropped from RM74.8 million and RM61.7 million in YTD Q3,2013 to RM54.2 million and RM41.9 million respectively in YTD Q3,2014.

General Cans division

Revenue from General Cans division for YTD Q3,2014 increased by 9.5% to RM294.1 million from RM268.6 million in YTD Q3,2013 mainly due to increase in tin can and jerry can sales.

Gross profit margin reduced by 3.6% to 9.3% from YTD Q3,2013 mainly due to increase in raw material cost of jerry can resins and inability to pass on the increase to customers and losses incurred by flexi pack and rigid pack as it has yet to reach optimum production level.

Food Products division

Revenue from Food Products division increased from RM371.1 million in YTD Q3,2013 to RM424.0 million in YTD Q3,2014 due to higher demand of products.

Gross profit margin decreased by 3.7% to 9.5% compared against YTD Q3,2013 due to lower selling price and higher raw materials costs, operating cost of wages and electricity.

International Trading division

Revenue from International Trading division increased from RM61.9 million in YTD Q3,2013 to RM72.5 million in YTD Q3,2014.

Investment in associate

Associated company, KJCF contributed RM24.3 million net profit to the Group for the YTD Q3,2014 compared to RM31.3 million in YTD Q3,2013.

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**2. Variation of results against immediate preceding quarter ("Q2,2014")**

The Group's net revenue decreased from RM232.7 million in Q2,2014 to RM223.9 million in Q3,2014. Pre-tax and post-tax profit decreased from RM20.8 million and RM14.8 million in Q2,2014 to RM18.1 million and RM15.3 million respectively in Q3,2014.

General Cans division

Revenue from General Cans division increased from RM97.9 million in Q2,2014 to RM104.9 million in Q3,2014 mainly to better demand for tin cans and jerry cans.

However, gross profit margin for General Cans division decreased from 12.1% to 7.9% in Q3,2014 mainly due to lower selling price and higher raw material cost.

Food Products division

Revenue from Food Products division decreased from RM160.3 million in Q2,2014 to RM146.9 million in Q3,2014. However, gross profit margin for Q3,2014 improved from 8.1% to 10.0% mainly due to lower production cost.

International Trading division

International Trading division contributed revenue of RM22.4 million for Q3,2014.

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**3. Prospects**

For the remaining quarter of 2014, the Group expects all its business segment 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**

	<b>Current Quarter ended 30/09/2014 RM'000</b>	<b>Preceding year corresponding quarter ended 30/09/2013 RM'000</b>	<b>Current year-to-date ended 30/09/2014 RM'000</b>	<b>Preceding year-to-date ended 30/09/2013 RM'000</b>
Current tax expense	4,404	4,080	12,675	10,185
Deferred tax expense	(1,672)	662	(412)	2,964
	<u>2,732</u>	<u>4,742</u>	<u>12,263</u>	<u>13,149</u>

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

**6. Status of Corporate Proposals**

- 1) On 26 November 2013, associated company, KJCF 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 KJCF ("Offer") for a cash consideration of approximately RM1.466 billion. On 10 December 2013, KJCF, via its advisor, MIDF Amanah Investment Bank Berhad ("Advisor") announced that Aspire agreed to KJCF's request for an extension of time until 20 January 2014 to consider the Offer. On 10 January 2014, the Board of Directors of KJCF, via its Advisor announced that it has deliberated and agreed to accept Aspire's Offer.

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**6. Status of Corporate Proposals (cont'd)**

On 29 January 2014, KJCF 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, KJCF agreed on the extension of time from 31 January 2014 to 14 March 2014.

On 24 March 2014, KJCF announced that it has entered into a Business Sale Agreement ("BSA"), 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 KJCF to Aspire for a total consideration of RM1,465,753,693 which translates to approximately RM3.30 per ordinary share of RM0.25 each in KJCF ("Proposed Disposal").

Upon completion of the Proposed Disposal, KJCF 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 KJCF in cash at not less than RM3.30 per ordinary share of RM0.25 each in KJCF via a proposed capital reduction and repayment exercise in accordance with Section 64 of the Companies Act, 1965 ("Proposed Proceeds Distribution").

The above proposals are subject to approval by relevant authorities and shareholders of KJCF and written confirmation from Aspire on 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 KJCF, 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 (Changes in material litigations) herein below.

Bursa Securities had vide its letter dated 27 May 2014 (which was received on 29 May 2014) approved the extension of time for KJCF to submit the draft Circular to Shareholders in relation to the above proposals for Bursa Securities' approval, until 23 August 2014. On 22 August 2014, Bursa Securities further extended the deadline to 23 November 2014.

Pursuant to a letter dated 28 August 2014, KJCF and Aspire have agreed to extend the date on which all conditions precedent to the BSA should be fulfilled from 23 September 2014 to 23 March 2015.



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**6. Status of Corporate Proposals (cont'd)**

- 2) On 13 June 2014, the Company entered into a conditional share sale agreement with Teh Khoy Gen to acquire 3,000,000 ordinary shares of RM1.00 each in F & B Nutrition Sdn Bhd ("F&B") representing the remaining 20% of the issued and paid-up share capital of F&B not already owned by Can-One Berhad ("Can-One") for a purchase consideration of RM112,900,000 to be satisfied entirely via the issuance of 39,753,000 new ordinary shares of RM0.50 each in Can-One ("Can-One Share(s)") at an issue price of RM2.84 per Can-One Share which represents a premium of approximately 10% over the 5-day volume weighted average market price of Can-One Share up to and including 12 June 2014 ("Proposed Acquisition"). The listing application and draft circular in relation to the Proposed Acquisition had been submitted to Bursa Securities on 11 July 2014, for approval.

Other than the above, there were no other corporate proposals announced by the Company which have not been completed as at the date of issue of this quarterly report.

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**7. Group borrowings and debts securities**

Group borrowings as at 30 September 2014 are as follow :

	<b>As at 30/09/2014 RM'000</b>	<b>As at 31/12/2013 RM'000</b>
<b>Borrowings denominated in RM</b>		
<b>Current</b>		
Secured		
Finance leases	715	1,083
Term loans	28,400	5,880
	<u>29,115</u>	<u>6,963</u>
Unsecured		
Bill receivables	6,691	-
Term loans	15,977	16,067
Bankers acceptances	5,084	2,762
Revolving credits	11,000	6,000
	<u>67,867</u>	<u>31,792</u>
<b>Non-current</b>		
Secured		
Finance leases	863	1,380
Term loans	241,954	266,111
	<u>242,817</u>	<u>267,491</u>
Unsecured		
Term loans	22,726	32,201
	<u>265,543</u>	<u>299,692</u>
Total borrowings in RM	<u><u>333,410</u></u>	<u><u>331,484</u></u>
<b>Borrowings denominated in USD</b>		
<b>Current</b>		
Secured		
Bill receivables	7,150	-
Foreign currencies trade loans	15,370	18,865
Unsecured		
Bill receivables	9,330	25,180
Foreign currencies trade loans	109,455	54,654
Total borrowings in USD	<u><u>141,305</u></u>	<u><u>98,699</u></u>
Total Group borrowings	<u><u>474,715</u></u>	<u><u>430,183</u></u>

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**8. Retained Earnings**

	<b>As at 30/09/2014 RM'000</b>	<b>As at 31/12/2013 RM'000</b>
Total retained earnings of Company		
- Realised	344,937	327,528
- Unrealised	(14,872)	(16,285)
	<u>330,065</u>	<u>311,243</u>
Total share of retained earnings in associates		
- Realised	70,272	53,155
- Unrealised	128,052	120,841
	<u>(125,102)</u>	<u>(111,627)</u>
Total Group retained earnings as per Consolidated Accounts	<u><u>403,287</u></u>	<u><u>373,612</u></u>

**9. Profit before taxation**

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

	<b>Current Quarter ended 30/09/2014 RM'000</b>	<b>Preceding year corresponding quarter ended 30/09/2013 RM'000</b>	<b>Current year-to-date ended 30/09/2014 RM'000</b>	<b>Preceding year-to-date ended 30/09/2013 RM'000</b>
Interest income	(4)	(67)	(355)	(181)
Other income including investment income	(69)	(307)	(389)	(1,041)
Interest expense	5,346	5,585	13,643	14,534
Depreciation and amortisation	4,722	4,261	13,350	12,644
Property, plant and equipment written off	133	-	296	-
Recovery of bad debts	-	(80)	-	(80)
(Gain)/Loss on disposal of plant and equipment	255	337	(1,023)	280
Impairment of goodwill	-	-	-	305
(Gain)/Loss on foreign exchange	(625)	712	286	443
(Gain)/Loss on derivative financial instruments	13	(206)	17	(33)

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**10. Changes in material litigations**

Save as disclosed below, the Group was not involved in any material litigation as at the date of issue of this quarterly report:

1) The Kuala Lumpur High Court ("KLHC") 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 KLHC 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;

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

- 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 KLHC; and
- v) that the costs of the proceedings herein shall be costs in the cause of the Application for Judicial Review.

The KLHC 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 KLHC's decision. The Appellants' appeal against the decision of the KLHC given on 29 October 2013 has been fixed for hearing on 3 November 2014 before the Court of Appeal. The hearing was further adjourned by the Court of Appeal to 17 March 2015.

- 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 Defendants") were served with a Writ of Summons and Statement of Claim by KJCF'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, KJCF) ("Plaintiff").

The Plaintiff is claiming :

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

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

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

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 KJCF 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;
- v) A consequential order that CKL shall issue a written declaration to the board of directors and shareholders of KJCF 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 KJCF;
- vii) General and exemplary damages to be assessed by the Kuala Lumpur High Court (“KLHC”) and to be paid to KJCF;
- viii) Interest on any such sum assessed and awarded by the KLHC to KJCF 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 KJCF, 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 KJCF 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 KJCF to determine the Aspire Bid;

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

- x) Alternatively, a declaration that any resolution(s) passed by the shareholders of KJCF in any shareholders meeting and/or general meeting convened by KJCF 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;

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 legal suit for further case management on 24 July 2014 and the hearing of the striking out applications on 31 July 2014. The filing of the Defence is to be deferred and kept in abeyance pending disposal of their striking out applications.

On 17 June 2014, the Plaintiff's solicitors served KJCF's solicitors with an unsealed Notice of Application ("the Injunction Application") together with a copy of the Plaintiff's Affidavit in Support dated 16 June 2014. Similar Notice of Applications were also addressed to the solicitors of YJH, CKL, Aspire, COB and COI.

Pursuant to the Injunction Application, the Plaintiff seeks the following orders :

1. that KJCF be restrained until the trial of this action from calling any shareholders meeting in respect of the offer made by Aspire to purchase inter-alia all the assets and liabilities of KJCF ("the Aspire Bid");

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

2. that KJCF be restrained until the trial of this action from taking further steps to finalise or complete the circular to the shareholders in relation to the Aspire Bid;
3. that KJCF inform Bursa Securities of the Order made by the KLHC herein;
4. alternatively, that COI be restrained until the trial of this action from participating and voting at any shareholders meeting to be held by KJCF in respect of the Aspire Bid;
5. that the costs of this application be provided for; and
6. such other orders and reliefs as the KLHC deems fit and just.

The case management for the Injunction Application was fixed on 31 July 2014, and the hearing on 19 August 2014 subject to any changes and further directions by the learned Judge on 31 July 2014.

On 31 July 2014, the KLHC heard COB's submission and all the other Defendants' submission in respect of their respective striking out applications, and adjourned the hearing to 19 August 2014 for the Plaintiff's submission and reply by all the Defendants. The Injunction Application was not brought up for case management.

The KLHC, after hearing the submission made on 19 August 2014 by the Plaintiff's solicitors in reply to the submission by COB and COI (as well as the other Defendants for their respective striking out applications), adjourned the hearing to 29 August 2014 for the Defendants' reply.

The Plaintiff's Injunction Application was not brought up for case management on 19 August 2014 and will be addressed on 29 August 2014.

The KLHC, after having heard the submission in reply made on 29 August 2014 by the solicitors of COB and COI (as well as the other Defendants for their respective striking out applications), fixed the applications for decision on 25 September 2014.

The KLHC subsequently on 9 September 2014, notified that the decision of the striking out applications of all the Defendants which was initially fixed on 25 September 2014 has been converted into a case management before the Senior Assistant Registrar on the same day.



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

The striking out applications have been fixed for clarification/decision on 29 October 2014 before the learned Judge. On 29 October 2014, the clarification/decision of the striking out applications of the Defendants was converted into a case management before the Deputy Registrar. The KLHC has fixed the striking out applications of the Defendants for clarification/decision on 14 November 2014.

Upon further clarification and submission on 14 November 2014, the KLHC allowed COB's and COI's striking out applications with costs of RM30,000 each. As a result, the Plaintiff's amended Writ of Summons and amended Statement of Claim have been struck out. The KLHC however, did not deal with the Plaintiff's injunction application which is fixed for case management on 24 November 2014.

**11. Dividend**

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

**12. Earnings per share**

The basic earnings per share are computed as follows :

	<b>Current Quarter ended 30/09/2014</b>	<b>Preceding year corresponding quarter ended 30/09/2013</b>	<b>Current year-to-date ended 30/09/2014</b>	<b>Preceding year-to-date ended 30/09/2013</b>
Net profit attributable to shareholders of the company (RM'000)	13,451	20,432	37,295	55,651
Weighted average number of shares in issue ('000)	152,400	152,400	152,400	152,400
Earnings per share (Sen)	<u>8.83</u>	<u>13.41</u>	<u>24.47</u>	<u>36.52</u>

Dated : 20 November 2014  
Petaling Jaya