

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

Quarterly report on consolidated results for the Fourth Quarter ended 31 December 2014. The figures have not been audited.

(Financial year ended 31 December 2014)

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31/12/2014 RM'000	As at 31/12/2013 (Audited) RM'000
<b>Assets</b>		
Property, plant and equipment	301,459	287,148
Investment in associates	411,164	381,470
Goodwill on consolidation	1,408	1,408
<b>Total non-current assets</b>	<b>714,031</b>	<b>670,026</b>
<b>Current assets</b>		
Inventories	125,334	123,899
Trade and other receivables	286,741	215,220
Current tax assets	1,035	1,405
Cash and cash equivalents	106,153	38,021
Assets classified as held for sale	-	3,644
<b>Total current assets</b>	<b>519,263</b>	<b>382,189</b>
<b>Total assets</b>	<b>1,233,294</b>	<b>1,052,215</b>
<b>Equity</b>		
Share capital	76,200	76,200
Reserves	444,606	384,414
<b>Total equity attributable to owners of the Company</b>	<b>520,806</b>	<b>460,614</b>
Non-controlling interest	29,133	21,910
<b>Total equity</b>	<b>549,939</b>	<b>482,524</b>
<b>Liabilities</b>		
Loans and borrowings	270,196	299,692
Deferred tax liabilities	29,738	29,282
<b>Total non-current liabilities</b>	<b>299,934</b>	<b>328,974</b>
Loans and borrowings	256,242	130,491
Trade and other payables	126,188	106,919
Current tax payables	976	3,291
Derivative financial liabilities	15	16
<b>Total current liabilities</b>	<b>383,421</b>	<b>240,717</b>
<b>Total liabilities</b>	<b>683,355</b>	<b>569,691</b>
<b>Total equity and liabilities</b>	<b>1,233,294</b>	<b>1,052,215</b>
Net assets per share attributable to equity holders of the Company (Sen)	<b>341.74</b>	<b>302.24</b>

**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.

**CAN-ONE BERHAD**

(Company No. 638899-K)

Quarterly report on consolidated results for the Fourth Quarter ended 31 December 2014. The figures have not been audited.

(Financial year ended 31 December 2014)

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

	<b>Current quarter ended 31/12/2014 RM'000</b>	Preceding year corresponding quarter ended 31/12/2013 RM'000	<b>Current year to date ended 31/12/2014 RM'000</b>	Preceding year to date ended 31/12/2013 RM'000
<b>Continuing Operations</b>				
Revenue	249,955	185,800	898,946	772,881
Cost of sales	(213,341)	(160,075)	(792,577)	(662,967)
Gross profit	<u>36,614</u>	<u>25,725</u>	<u>106,369</u>	<u>109,914</u>
Other income/(expenses)	(258)	427	554	554
Sales and distribution expenses	(3,471)	(2,095)	(12,373)	(11,303)
Administrative expenses	(5,232)	(7,503)	(22,796)	(23,823)
Profit from operations	<u>27,653</u>	<u>16,554</u>	<u>71,754</u>	<u>75,342</u>
Interest income	303	54	658	235
Finance costs	(5,589)	(5,190)	(20,217)	(20,637)
Net finance cost	(5,286)	(5,136)	(19,559)	(20,402)
Share of profit of equity-accounted investees, net of tax	11,565	7,718	35,893	39,016
Profit before tax	<u>33,932</u>	<u>19,136</u>	<u>88,088</u>	<u>93,956</u>
Tax expense	(4,826)	(3,537)	(17,089)	(16,686)
Profit for the period	<u>29,106</u>	<u>15,599</u>	<u>70,999</u>	<u>77,270</u>
Other comprehensive income				
- Foreign currency translation reserve	799	61	1,101	83
- Share of other comprehensive income/(loss) of associates	3,551	(1,553)	2,935	(20)
Total comprehensive income for the period	<u>33,456</u>	<u>14,107</u>	<u>75,035</u>	<u>77,333</u>
Profit attributable to:				
Equity holders of the Company	26,481	14,018	63,776	69,669
Non-controlling interest	2,625	1,581	7,223	7,601
	<u>29,106</u>	<u>15,599</u>	<u>70,999</u>	<u>77,270</u>
Total comprehensive income attributable to:				
Equity holders of the Company	30,831	12,526	67,812	69,732
Non-controlling interest	2,625	1,581	7,223	7,601
	<u>33,456</u>	<u>14,107</u>	<u>75,035</u>	<u>77,333</u>
Earnings per share				
Basic (Sen)	17.38	9.20	41.85	45.71
Diluted (Sen)	NA	NA	NA	NA

**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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(Financial year ended 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 31 December 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	-	-	-	63,776	63,776	7,223	70,999
Dividend Paid	-	-	-	(7,620)	(7,620)	-	(7,620)
Currency translation differences	-	-	1,101	-	1,101	-	1,101
Share of currency translation differences of associates	-	-	2,935	-	2,935	-	2,935
<b>Total comprehensive income for the period</b>	-	-	4,036	56,156	60,192	7,223	67,415
<b>Balance at 31 December 2014</b>	<u>76,200</u>	<u>8,560</u>	<u>6,278</u>	<u>429,768</u>	<u>520,806</u>	<u>29,133</u>	<u>549,939</u>
<b>Preceding year corresponding period ended 31 December 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	-	-	-	69,669	69,669	7,601	77,270
Dividend Paid	-	-	-	(6,096)	(6,096)	-	(6,096)
Currency translation differences	-	-	83	-	83	-	83
Share of currency translation differences of associates	-	-	(20)	-	(20)	-	(20)
<b>Total comprehensive income for the period</b>	-	-	63	63,573	63,636	7,601	71,237
<b>Balance at 31 December 2013</b>	<u>76,200</u>	<u>8,560</u>	<u>2,242</u>	<u>373,612</u>	<u>460,614</u>	<u>21,910</u>	<u>482,524</u>

**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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(Financial year ended 31 December 2014)

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Current year to date ended 31/12/2014 RM'000	Preceding year to date ended 31/12/2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax from continuing operations	88,088	93,956
<b>Adjustments:</b>		
Interest expense	18,661	19,379
Interest income	(658)	(235)
Property, plant and equipment written off	616	365
Impairment loss on intangible assets	-	305
Depreciation of property, plant and equipment	17,229	16,831
Unrealised (gain)/loss on forward exchange contracts	(1)	23
(Gain)/Loss on disposal of property, plant and equipment	(1,026)	301
Share of profit of equity-accounted investee, net of tax	(35,893)	(39,016)
Operating profit before changes in working capital	<u>87,016</u>	<u>91,909</u>
Inventories	(1,233)	(23,190)
Trade and other receivables	(70,530)	(21,677)
Trade and other payables	18,869	10,973
<b>Cash generated from operations</b>	<u>34,122</u>	<u>58,015</u>
Tax paid	(18,465)	(14,043)
<b>Net cash from operating activities</b>	<u>15,657</u>	<u>43,972</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	5,353	415
Acquisition of property, plant and equipment	(32,406)	(25,627)
Dividend received	9,133	18,266
Interest received	658	235
<b>Net cash used in investing activities</b>	<u>(17,262)</u>	<u>(6,711)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(18,661)	(19,379)
Dividend paid	(7,620)	(6,096)
Drawdown of term loan	16,185	9,947
Repayment of term loans	(22,681)	(21,460)
Revolving credits, net	3,000	(4,000)
Trade facilities, net	100,838	(8,106)
Repayment of finance lease liabilities	(1,086)	(2,290)
<b>Net cash flows generated from financing activities</b>	<u>69,975</u>	<u>(51,384)</u>
<b>Net increase in cash and cash equivalent</b>	<u>68,370</u>	<u>(14,123)</u>
Effects of changes in foreign currency rates	(238)	(210)
Cash and cash equivalent brought forward	31,621	45,954
<b>Cash and cash equivalent carried forward</b>	<u>99,753</u>	<u>31,621</u>
Comprises :		
<b>Cash and bank balances</b>	81,826	31,621
<b>Short term deposits with licensed banks (excluding deposits pledged)</b>	17,927	-
	<u>99,753</u>	<u>31,621</u>

The above exclude short term deposits placed with a licensed bank of RM6,400,000 (2013 : RM 6,400,000) pledged for bank borrowings.

**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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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
FOURTH QUARTER ENDED 31 DECEMBER 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 impact on the financial statements of the Group and of 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 sales 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 31/12/2014</b>	<b>At 31/12/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Share of net assets in associates	<u>411,164</u>	<u>381,470</u>
Market value	<u>428,165</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 31 December 2014 are as follows :



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

	Year-to-date ended 31/12/2014						
	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	312,108	562,175	24,663	-	898,946	-	898,946
Inter segment	93,444	22,997	85,915	-	202,356	(202,356)	-
	<u>405,552</u>	<u>585,172</u>	<u>110,578</u>	<u>-</u>	<u>1,101,302</u>	<u>(202,356)</u>	<u>898,946</u>
<b>Results</b>							
Segment results	22,037	49,445	2,233	(1,961)	71,754	-	71,754
Interest income	179	52	-	427	658	-	658
Financial expenses	(5,022)	(2,270)	(121)	(12,804)	(20,217)	-	(20,217)
Share of profit after tax of associates	-	-	-	35,893	35,893	-	35,893
Profit/(Loss) before taxation	<u>17,194</u>	<u>47,227</u>	<u>2,112</u>	<u>21,555</u>	<u>88,088</u>	<u>-</u>	<u>88,088</u>
<b>Assets</b>							
Segment assets	366,984	421,273	24,344	420,097	1,232,698	-	1,232,698
Unallocated assets	-	-	-	-	596	-	596
Total assets	<u>366,984</u>	<u>421,273</u>	<u>24,344</u>	<u>420,097</u>	<u>1,233,294</u>	<u>-</u>	<u>1,233,294</u>

	Preceding Year-to-date ended 31/12/2013						
	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	280,080	469,391	23,410	-	772,881	-	772,881
Inter segment	79,934	15,486	57,829	-	153,249	(153,249)	-
	<u>360,014</u>	<u>484,877</u>	<u>81,239</u>	<u>-</u>	<u>926,130</u>	<u>(153,249)</u>	<u>772,881</u>
<b>Results</b>							
Segment results	27,341	51,975	1,337	(5,311)	75,342	-	75,342
Interest income	228	7	-	-	235	-	235
Finance expenses	(5,284)	(3,241)	(172)	(11,940)	(20,637)	-	(20,637)
Share of profit after tax of associates	-	-	-	39,016	39,016	-	39,016
Profit/(Loss) before taxation	<u>22,285</u>	<u>48,741</u>	<u>1,165</u>	<u>21,765</u>	<u>93,956</u>	<u>-</u>	<u>93,956</u>
<b>Assets</b>							
Segment assets	385,664	268,384	8,524	381,470	1,044,042	-	1,044,042
Unallocated assets	-	-	-	-	8,173	-	8,173
Total assets	<u>385,664</u>	<u>268,384</u>	<u>8,524</u>	<u>381,470</u>	<u>1,052,215</u>	<u>-</u>	<u>1,052,215</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 23 February 2015 (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**

There were no changes in the Group composition during the quarter ended 31 December 2014.

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

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

As at 23 February 2015 (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 2014, the Group has the following capital commitment :

	<b>RM'000</b>
Approved and contracted for	<u>28,382</u>

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**16. Related party disclosures**

	<b>Current Year-to-date 31/12/2014 RM'000</b>
Sales to associated companies	<u>799</u>
Purchases from associated companies	<u>10,196</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 26 February 2015.

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

**1. Review of performance**

**(a) Current quarter ("Q4,2014") compared with previous corresponding quarter ("Q4,2013")**

The Group's revenue increased from RM185.8 million in Q4,2013 to RM250.0 million in Q4,2014. The pre-tax and post-tax profit increased from RM19.1 million and RM15.6 million in Q4,2013 to RM33.9 million and RM29.1 million respectively in Q4,2014.

General Cans division

Revenue from General Cans division for Q4,2014 increased by 21.3% to RM111.5 million from RM91.9 million in Q4,2013 mainly due to higher demand for both tin cans and jerry cans.

Gross profit margin improved for General Cans division from 12.4% to 13.7% in Q4,2014 mainly due to higher sales and better operating efficiency.

Food Products division

Revenue from Food Products division increased from RM113.4 million in Q4,2013 to RM161.2 million in Q4,2014 mainly due to higher demand for both sweetened creamer and evaporated creamer.

Gross profit margin dropped by 0.2% to 12.2% in Q4,2014 mainly due to higher operating cost of wages and electricity.

International Trading division

Revenue from International Trading division increased from RM19.3 million in Q4,2013 to RM38.1 million in Q4,2014.

Investment in associate

Associated company, Kian Joo Can Factory Berhad ("KJCF") contributed RM11.6 million net profit to the Group for Q4,2014, an increase of RM3.8 million compared with Q4,2013.

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

**(b) *Current financial year ended 31 December 2014 ("YE 2014") compared with previous financial year ended 31 December 2013 ("YE 2013")***

The Group's revenue increased from RM772.9 million in YE 2013 to RM898.9 million in YE 2014. However, the pre-tax and post-tax profit dropped from RM94.0 million and RM77.3 million in YE 2013 to RM88.1 million and RM71.0 million respectively in YE 2014.

General Cans division

Revenue from General Cans division for YE 2014 increased by 12.5% to RM405.6 million from RM360.4 million in YE 2013 mainly due to increase in tin can and jerry can sales.

Gross profit margin reduced by 2.3% to 10.5% from YE 2013 mainly due to higher raw material cost of jerry can resins 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 RM484.5 million in YE 2013 to RM585.2 million in YE 2014 due to higher demand of its products.

Gross profit margin decreased by 2.7% to 10.3% compared with YE 2013 due to lower average selling price and higher wages and electricity cost.

International Trading division

Revenue from International Trading division increased from RM81.2 million in YE 2013 to RM110.6 million in YE 2014.

Investment in associate

Associated company, KJCF contributed RM35.9 million net profit to the Group for the YE 2014 compared to RM39.0 million in YE 2013.

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**2. Variation of results against immediate preceding quarter ("Q3,2014")**

The Group's net revenue increased from RM223.9 million in Q3,2014 to RM250.0 million in Q4,2014. Pre-tax and post-tax profit increased from RM18.1 million and RM15.3 million in Q3,2014 to RM33.9 million and RM29.1 million respectively in Q4,2014.

General Cans division

Revenue from General Cans division increased from RM104.9 million in Q3,2014 to RM111.5 million in Q4,2014 mainly due to higher demand for tin cans.

Gross profit margin for General Cans division increased from 7.9% to 13.7% in Q4,2014 mainly due to higher sales and better operating efficiency.

Food Products division

Revenue from Food Products division increased from RM146.9 million in Q3,2014 to RM161.2 million in Q4,2014. Gross profit margin for Q4,2014 improved from 10.0% to 12.2% mainly attributable to higher turnover and better operating efficiency.

International Trading division

International Trading division contributed revenue of RM38.1 million for Q4,2014.

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**3. Prospects**

For financial 2015, the Group continues to expect all its business segments to grow and contribute positively to the Group, in the midst of the weakened Malaysia Ringgit and intense competition.

Barring any unforeseen circumstances, the Directors anticipate the results of the Group for financial year 2015 to be satisfactory.

The Group will continue its effort to diversify its customer base, optimize efficiency and cost management to improve yields and profitability.

**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 31/12/2014 RM'000</b>	<b>Preceding year corresponding quarter ended 31/12/2013 RM'000</b>	<b>Current year-to-date ended 31/12/2014 RM'000</b>	<b>Preceding year-to-date ended 31/12/2013 RM'000</b>
Current tax expense	3,916	4,013	16,591	14,198
Deferred tax expense	910	(476)	498	2,488
	<u>4,826</u>	<u>3,537</u>	<u>17,089</u>	<u>16,686</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.

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**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 January 2014, the Board of Directors of KJCF, via its Advisor, MIDF Amanah Investment Bank Berhad ("Advisor") announced that it has deliberated and agreed to accept Aspire's Offer.

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 in relation to the proposed disposal of the entire business and undertaking of KJCF to Aspire for a total consideration of RM1,466 billion 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) granted KJCF an extension of time until 23 August 2014 to submit the draft Circular to shareholders in relation to the above proposals for Bursa Securities' approval. On 22 August 2014, Bursa Securities granted KJCF a further extension until 23 November 2014.

Pursuant to a letter dated 28 August 2014, KJCF and Aspire 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)**

Bursa Securities vide its letter dated 21 November 2014 approved a further extension of time for KJCF to submit the draft Circular to shareholders from 24 November 2014 to 31 March 2015.

- 2) On 13 June 2014, the Company entered into a conditional share sale agreement ("SSA") with Teh Khoy Gen ("the Vendor") 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 the Company 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 the Company Share(s) at an issue price of RM2.84 per Share which represents a premium of approximately 10% over the 5-day volume weighted average market price of the 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.

The Company and the vendor had on 12 December 2015 agreed to extend the Cut-Off Date for a period of four (4) months from 13 December 2014, and the Conditions Precedent in the SSA shall be fulfilled on or before 12 April 2015.

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 31 December 2014 are as follow :

	<b>As at 31/12/2014 RM'000</b>	<b>As at 31/12/2013 RM'000</b>
<b>Borrowings denominated in RM</b>		
<b>Current</b>		
Secured		
Finance leases	614	1,083
Term loans	28,293	5,880
	<u>28,907</u>	<u>6,963</u>
Unsecured		
Bill receivables	5,538	-
Term loans	16,035	16,067
Bankers acceptances	4,791	2,762
Revolving credits	9,000	6,000
	<u>64,271</u>	<u>31,792</u>
<b>Non-current</b>		
Secured		
Finance leases	762	1,380
Term loans	240,496	266,111
	<u>241,258</u>	<u>267,491</u>
Unsecured		
Term loans	28,938	32,201
	<u>270,196</u>	<u>299,692</u>
Total borrowings in RM	<u><u>334,467</u></u>	<u><u>331,484</u></u>
<b>Borrowings denominated in USD</b>		
<b>Current</b>		
Secured		
Bill receivables	40,052	-
Foreign currencies trade loans	2,908	18,865
Unsecured		
Bill receivables	10,626	25,180
Foreign currencies trade loans	138,385	54,654
Total borrowings in USD	<u>191,971</u>	<u>98,699</u>
Total Group borrowings	<u><u>526,438</u></u>	<u><u>430,183</u></u>

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**8. Retained Earnings**

	<b>As at 31/12/2014 RM'000</b>	<b>As at 31/12/2013 RM'000</b>
Total retained earnings of Company		
- Realised	361,368	327,528
- Unrealised	(17,789)	(16,285)
	<u>343,579</u>	<u>311,243</u>
Total share of retained earnings in associates		
- Realised	83,459	53,155
- Unrealised	126,430	120,841
	<u>(123,700)</u>	<u>(111,627)</u>
Add: Consolidated adjustments	(123,700)	(111,627)
Total Group retained earnings as per Consolidated Accounts	<u><u>429,768</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 31/12/2014 RM'000</b>	<b>Preceding year corresponding quarter ended 31/12/2013 RM'000</b>	<b>Current year-to-date ended 31/12/2014 RM'000</b>	<b>Preceding year-to-date ended 31/12/2013 RM'000</b>
Interest income	(303)	(54)	(658)	(235)
Other income including investment income	(69)	(262)	(458)	(1,303)
Interest expense	5,018	4,845	18,661	19,379
Depreciation and amortisation	3,879	4,187	17,229	16,831
Property, plant and equipment written off	320	365	616	365
Recovery of bad debts	-	-	-	(80)
(Gain)/Loss on disposal of plant and equipment	(3)	21	(1,026)	301
Impairment of goodwill	-	-	-	305
(Gain)/Loss on foreign exchange	12	(234)	298	209
(Gain)/Loss on derivative financial instruments	(2)	49	15	16

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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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;

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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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 was fixed for hearing on 3 November 2014 before the Court of Appeal. The hearing was further adjourned by the Court of Appeal from 17 March 2015 to 13 April 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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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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**10. Changes in material litigations (cont'd)**

- xi) 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.

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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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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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 KLHC on 14 November 2014, 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 were struck out.

At the case management on 27 November 2014, the Plaintiff's counsel applied to withdraw the Plaintiff's Injunction Application with liberty to file afresh depending on the outcome of the intended appeal against the decision of the KLHC made on 14 November 2014 in striking out the action, with costs. KLHC allowed the said withdrawal and accordingly, struck out the Injunction Application with costs of RM5,000.

On 1 December 2014, COB and COI were served with a Notice of Appeal ("Appeal") made by the Plaintiff's solicitors to the Court of Appeal. The Notice of Appeal pertains to the decision of the KLHC delivered on 14 November 2014 which allowed the applications by both COB and COI to strike out the Plaintiff's amended Writ of Summons and amended Statement of Claim.

The Appeal was fixed for case management on 15 January 2015 and further case management on 9 February 2015 by the Court of Appeal. The Appeal was fixed for hearing on 10 April 2015.

**11. Dividend**

The Directors are recommending a first and final tax exempt (single tier) dividend of 10% (or 5 sen per share) amounting to RM7,620,000.00 in respect of the financial year ended 31 December 2014 (2013 : 10%), 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 :

	<b>Current Quarter ended 31/12/2014</b>	<b>Preceding year corresponding quarter ended 31/12/2013</b>	<b>Current year-to-date ended 31/12/2014</b>	<b>Preceding year-to-date ended 31/12/2013</b>
Net profit attributable to shareholders of the company (RM'000)	26,481	14,018	63,776	69,669
Weighted average number of shares in issue ('000)	152,400	152,400	152,400	152,400
Earnings per share (Sen)	<u>17.38</u>	<u>9.20</u>	<u>41.85</u>	<u>45.71</u>

Dated : 26 February 2015  
Petaling Jaya