

CAN-ONE BERHAD

(Company No. 638899-K)

Quarterly report on consolidated results for the Third Quarter ended 30 September 2015. The figures have not been audited.

(Financial year ending 31 December 2015)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/09/2015 RM'000	As at 31/12/2014 (Audited) RM'000
Non-current assets		
Property, plant and equipment	340,918	301,459
Investment in associate	456,006	411,164
Goodwill on consolidation	1,408	1,408
Total non-current assets	<u>798,332</u>	<u>714,031</u>
Current assets		
Inventories	110,381	125,334
Trade and other receivables	302,269	286,741
Current tax assets	4,479	1,035
Cash and cash equivalents	90,206	106,153
Total current assets	<u>507,335</u>	<u>519,263</u>
Total assets	<u><u>1,305,667</u></u>	<u><u>1,233,294</u></u>
Equity		
Share capital	96,077	76,200
Reserves	528,589	444,606
Total equity attributable to owners of the Company	<u>624,666</u>	<u>520,806</u>
Non-controlling interest	-	29,133
Total equity	<u>624,666</u>	<u>549,939</u>
Liabilities		
Loans and borrowings	262,394	270,196
Deferred tax liabilities	29,162	29,738
Total non-current liabilities	<u>291,556</u>	<u>299,934</u>
Loans and borrowings	268,524	256,242
Trade and other payables	120,921	126,203
Current tax payables	-	976
Total current liabilities	<u>389,445</u>	<u>383,421</u>
Total liabilities	<u>681,001</u>	<u>683,355</u>
Total equity and liabilities	<u><u>1,305,667</u></u>	<u><u>1,233,294</u></u>
	-	-
Net assets per share attributable to equity holders of the Company (Sen)	<u><u>325.09</u></u>	<u><u>341.74</u></u>

NOTE:

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 ending 31 December 2015)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Current quarter ended 30/09/2015 RM'000	Preceding year corresponding quarter ended 30/09/2014 RM'000	Current year-to-date ended 30/09/2015 RM'000	Preceding year-to-date ended 30/09/2014 RM'000
Continuing Operations				
Revenue	242,353	223,881	650,213	648,991
Cost of sales	(207,403)	(199,813)	(561,211)	(579,236)
Gross profit	<u>34,950</u>	24,068	<u>89,002</u>	69,755
Other income/(expenses)	(1,857)	293	(406)	812
Sales and distribution expenses	(2,587)	(2,868)	(6,681)	(8,902)
Administrative expenses	(6,519)	(6,738)	(19,128)	(17,564)
Profit from operations	<u>23,987</u>	14,755	<u>62,787</u>	44,101
Interest income	123	4	511	355
Finance costs	(5,933)	(5,685)	(16,917)	(14,628)
Net finance cost	(5,810)	(5,681)	(16,406)	(14,273)
Share of profit of equity-accounted investees, net of tax	14,383	8,997	34,750	24,328
Profit before tax	<u>32,560</u>	18,071	<u>81,131</u>	54,156
Tax expense	(5,114)	(2,732)	(11,258)	(12,263)
Profit for the period	<u>27,446</u>	15,339	<u>69,873</u>	41,893
Other comprehensive income				
- Foreign currency translation reserve	2,855	291	4,382	302
- Share of other comprehensive income/ (loss) of associate	7,526	1,174	10,092	(616)
Total comprehensive income for the period	<u>37,827</u>	16,804	<u>84,347</u>	41,579
Profit attributable to :				
Equity holders of the Company	27,446	13,451	66,169	37,295
Non-controlling interest	-	1,888	3,704	4,598
	<u>27,446</u>	15,339	<u>69,873</u>	41,893
Total comprehensive income attributable to :				
Equity holders of the Company	37,827	14,916	80,643	36,981
Non-controlling interest	-	1,888	3,704	4,598
	<u>37,827</u>	16,804	<u>84,347</u>	41,579
Earnings per share				
Basic (Sen)	14.28	8.83	39.29	24.47
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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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(Company No. 638899-K)

Quarterly report on consolidated results for the Third Quarter ended 30 September 2015. The figures have not been audited.

(Financial year ending 31 December 2015)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to Owners of the Company ----->						Non-controlling interest RM'000	Total equity RM'000
	<----- Non-Distributable ----->		Foreign currency translation reserve		Distributable			
	Share capital RM'000	Share premium RM'000	Other reserve RM'000	Foreign currency translation reserve RM'000	Retained profits RM'000	Total RM'000		
Current period ended 30 September 2015								
Balance at 1 January 2015	76,200	8,560	-	6,278	429,768	520,806	29,133	549,939
Comprehensive income for the period								
Profit for the period	-	-	-	-	66,169	66,169	3,704	69,873
Dividend paid					(7,620)	(7,620)	-	(7,620)
Dividend paid to minority shareholder			-	-	-	-	(2,000)	(2,000)
Issue of ordinary shares	19,877	93,022	-	-	-	112,899	-	112,899
Acquisition of remaining shares in existing subsidiary from minority shareholder	-	-	(77,292)	-	(4,770)	(82,062)	(30,837)	(112,899)
Currency translation differences	-	-	-	4,382	-	4,382	-	4,382
Share of currency translation differences of associate	-	-	-	10,092	-	10,092	-	10,092
Total comprehensive income for the period	19,877	93,022	(77,292)	14,474	53,779	103,860	(29,133)	74,727
Balance at 30 September 2015	96,077	101,582	(77,292)	20,752	483,547	624,666	-	624,666
Preceding year corresponding period ended 30 September 2014								
Balance at 1 January 2014	76,200	8,560	-	2,242	373,612	460,614	21,910	482,524
Comprehensive income for the period								
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 associate	-	-	-	(616)	-	(616)	-	(616)
Total comprehensive income for the period	-	-	-	(314)	29,675	29,361	4,598	33,959
Balance at 30 September 2014	76,200	8,560	-	1,928	403,287	489,975	26,508	516,483

NOTE:

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year-to-date ended 30/09/2015 RM'000	Preceding year-to-date ended 30/09/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	81,131	54,156
Adjustments:		
Interest expense	15,558	13,643
Interest income	(511)	(355)
Property, plant and equipment written off	-	296
Depreciation of property, plant and equipment	14,291	13,350
Unrealised (gain)/loss on forward exchange contracts	(1,443)	1
(Gain)/Loss on disposal of property, plant and equipment	(271)	(1,023)
Share of profit of equity-accounted investee, net of tax	(34,750)	(24,328)
Operating profit before changes in working capital	<u>74,005</u>	<u>55,740</u>
Inventories	15,943	10,834
Trade and other receivables	(5,897)	(57,022)
Trade and other payables	(11,608)	83
Cash generated from operations	<u>72,443</u>	<u>9,635</u>
Tax paid	(15,643)	(12,965)
Net cash from operating activities	<u>56,800</u>	<u>(3,330)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	342	5,324
Acquisition of property, plant and equipment	(52,062)	(21,382)
Dividend received	-	9,133
Interest received	511	355
Net cash used in investing activities	<u>(51,209)</u>	<u>(6,570)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(15,558)	(13,643)
Dividend paid	(7,620)	(7,620)
Dividend paid to minority shareholder	(2,000)	-
Drawdown of term loans	20,488	5,944
Repayment of term loans	(27,609)	(17,146)
Pledged deposits for bank borrowings	(166)	-
Revolving credit, net	12,747	5,000
Trade facilities, net	(632)	51,618
Repayment of finance lease liabilities	(513)	(884)
Net cash flows generated from financing activities	<u>(20,863)</u>	<u>23,269</u>
Net increase in cash and cash equivalent	<u>(15,272)</u>	<u>13,369</u>
Effects of changes in foreign currency rates	(841)	309
Cash and cash equivalent brought forward	99,326	31,621
Cash and cash equivalent carried forward	<u>83,213</u>	<u>45,299</u>
Comprises :		
Cash and bank balances	81,613	42,850
Short term deposits with licensed banks (excluding deposits pledged)	1,600	2,449
	<u>83,213</u>	<u>45,299</u>

The above exclude short term deposits placed with a licensed bank of RM6,993,000 (2014 : RM6,400,000) pledged for bank borrowings.

NOTE:

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2015

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 2014. 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 2014.

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 2014.

The Group also adopted the following accounting standards, amendments and interpretations which are applicable to the Group that have been issued by the Malaysian Accounting Standards Board ("MASB") effective from 1 July 2014.

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011 - 2013 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)

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2. Significant Accounting Policies (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012 - 2014 Cycle)
Amendments to MFRS 7	Financial Instruments : Disclosures (Annual Improvements 2012 - 2014 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Venture - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 10	Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures - Investment Entities : Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (Currently not applicable to the Group)
MFRS 14	Regulatory Deferral Accounts (Currently not applicable to the Group)
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure Initiative
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 138, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 141, Agriculture : Bearer Plants
Amendments to MFRS 119	Employee Benefits (Annual Improvements 2012 - 2014 Cycle)
Amendments to MFRS 127	Separate Financial Statements - Equity Method in Separate Financial Statements
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2012 - 2014 Cycle)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers
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2. Significant Accounting Policies (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments (2014)

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations where applicable.

The initial application of the abovementioned accounting standards, amendments and interpretations are not expected to have any material financial impacts on the Group and the Company other than MFRS 15, which the Group and the Company are currently assessing the financial impact that may arise from the adoption.

3. Auditors' report

The auditors' report dated 10 March 2015 on the financial statements for the financial year ended 31 December 2014 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 associate

	At 30/09/2015 RM'000	At 31/12/2014 RM'000
Share of net assets in associate	<u>456,006</u>	<u>411,164</u>
Market value	<u>453,008</u>	<u>428,165</u>

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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, share held as treasury shares and resale of treasury shares during the current quarter under review.

9. Dividend paid

There was no dividend 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 packaging and rigid packaging (collectively, "General Cans");
- b) Manufacture of food products ("Food Products"); and
- c) International Trading.

Segment revenue and results for the financial period ended 30 September 2015 are as follows :

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10. Segment information (cont'd)

	Year-to-date ended 30/09/2015						
	General Cans RM'000	Food Products RM'000	International Trading RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External sales	232,707	398,991	18,515	-	650,213	-	650,213
Inter-segment sales	61,207	18,466	66,435	-	146,108	(146,108)	-
	<u>293,914</u>	<u>417,457</u>	<u>84,950</u>	<u>-</u>	<u>796,321</u>	<u>(146,108)</u>	<u>650,213</u>
Results							
Segment results	10,787	50,933	2,155	(1,088)	62,787	-	62,787
Interest income	217	128	-	166	511	-	511
Financial expenses	(3,822)	(2,266)	(97)	(10,732)	(16,917)	-	(16,917)
Share of profit after tax of associate	-	-	-	34,750	34,750	-	34,750
Profit/(Loss) before taxation	<u>7,182</u>	<u>48,795</u>	<u>2,058</u>	<u>23,096</u>	<u>81,131</u>	<u>-</u>	<u>81,131</u>
Assets							
Segment assets	379,586	434,667	22,798	464,137	1,301,188	-	1,301,188
Unallocated assets	-	-	-	-	4,479	-	4,479
Total assets	<u>379,586</u>	<u>434,667</u>	<u>22,798</u>	<u>464,137</u>	<u>1,305,667</u>	<u>-</u>	<u>1,305,667</u>
	Preceding Year-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
Revenue							
External sales	225,296	409,882	13,813	-	648,991	-	648,991
Inter-segment sales	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>
Results							
Segment results	13,348	32,001	1,193	(2,441)	44,101	-	44,101
Interest income	123	22	-	210	355	-	355
Finance expenses	(3,460)	(1,373)	(85)	(9,710)	(14,628)	-	(14,628)
Share of profit after tax of associate	-	-	-	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>
Assets							
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>

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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 November 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 30 September 2015.

14. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or assets for the Group as at 30 September 2015.

As at 23 November 2015 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), no material contingent liabilities or contingent assets have arisen since the end of the financial period.

15. Capital commitment

As at 30 September 2015, the Group has the following capital commitment :

	RM'000
Approved and contracted for	<u><u>6,298</u></u>

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16. Related party disclosures

	Current Year-to-date 30/09/2015 RM'000
Sales to associated companies	<u>903</u>
Purchases from associated companies	<u>13,564</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 25 November 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 ended 30 September 2015 ("Q3, 2015") compared with previous corresponding quarter ended 30 September 2014 ("Q3, 2014")*

The Group's revenue increased from RM223.9 million in Q3, 2014 to RM242.4 million in Q3, 2015. Profit before taxation and profit after taxation increased from RM18.1 million and RM15.3 million in Q3, 2014 to RM32.6 million and RM27.4 million respectively in Q3, 2015.

General Cans division

Revenue of General Cans division for Q3, 2015 increased by 8.6% to RM113.9 million from RM104.9 million in Q3, 2014 mainly due to higher sales in all packaging types. Profit before taxation for Q3, 2015 decreased to RM0.5 million, from RM1.7 million mainly due to losses in flexi and rigid packaging and foreign exchange.

Food Products division

Revenue of Food Products division increased by 5.1% from RM146.9 million in Q3, 2014 to RM154.8 million in Q3, 2015 attributable to higher sales of its dairy products following the successful commissioning of a new state of the art plant. Profit before taxation for Q3, 2015 was RM20.5 million, an improvement from RM11.8 million in the corresponding quarter last year attributable to the higher sales and operating efficiency.

International Trading division

Revenue of International Trading division increased from RM22.4 million in Q3, 2014 to RM29.7 million in Q3, 2015.

Investment in associate

Associated company, Kian Joo Can Factory Berhad ("KJCF") contributed RM14.4 million net profit to the Group for Q3, 2015, an increase of RM5.4 million compared with Q3, 2014.

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THIRD QUARTER ENDED 30 SEPTEMBER 2015

1. Review of performance (cont'd.)

(b) *Current year-to-date ended 30 September 2015 ("YTD Q3, 2015") compared with previous year-to-date ended 30 September 2014 ("YTD Q3, 2014")*

The Group's revenue increased from RM649.0 million in YTD Q3, 2014 to RM650.2 million in YTD Q3, 2015. Profit before taxation and profit after taxation increased from RM54.2 million and RM41.9 million respectively in YTD Q3, 2014 to RM81.1 million and RM69.9 million respectively in YTD Q3, 2015.

General Cans division

Revenue of General Cans division for YTD Q3, 2015 of RM293.9 is comparable to the revenue of YTD Q3, 2014. Profit before taxation fell from RM10.0 million for YTD Q3, 2014 to RM7.2 million for YTD Q3, 2015 owing to higher raw material cost due to stronger USD currency and unfavorable foreign exchange.

Food Products division

Revenue of Food Products division decreased marginally by 1.5% to RM417.5 million for the current period under review when compared to the same period last year. This was attributable to lower sales contribution from sweetened creamer. This was however offset by improved sales of evaporated creamer as a result of new capacity growth with the successful commissioning of a new state of the art plant amid the backdrop of strong demand. Effective supply chain control and favourable foreign currency translation contributed to the increase in profit margin.

International Trading division

Revenue from International Trading division increased from RM72.5 million in YTD Q3, 2014 to RM85.0 million in YTD Q3, 2015.

Investment in associate

Associated company, KJCF contributed RM34.8 million net profit to the Group for YTD Q3, 2015 compared to RM24.3 million in YTD Q3, 2014.

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2. Variation of results against immediate preceding quarter ended 30 June 2015 ("Q2, 2015")

The Group's net revenue increased from RM216.6 million in Q2, 2015 to RM242.4 million in Q3, 2015. Profit before taxation and profit after taxation increased from RM29.7 million and RM25.6 million respectively in Q2, 2015 to RM32.6 million and RM27.4 million respectively in Q3, 2015.

General Cans division

Revenue of General Cans division increased from RM95.5 million in Q2, 2015 to RM113.9 million in Q3, 2015 mainly due to higher sales for tin cans and jerry cans. Profit before taxation for Q3, 2015 decreased to RM0.5 million due to losses in flexi and rigid packaging and unfavorable foreign exchange.

Food Products division

Revenue of Food Products division increased by 11.5% to RM154.8 million in Q3, 2015 when compared to Q2, 2015 driven by higher demands for its dairy products. Profit before taxation for Q3, 2015 was higher than the immediate preceding quarter by 15.6% led by increased revenue and operating efficiency.

International Trading division

International Trading division's revenue decreased by RM1.3 million to RM29.7 million for Q3, 2015.

Investment in associate

Associated company, Kian Joo Can Factory Berhad ("KJCF") contributed RM14.4 million net profit to the Group for Q3, 2015, an increase of RM3.0 million compared with Q2, 2015.

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3. Prospects

The current market environment is still characterised by weak consumer confidence and weakening RM against USD. Nevertheless, we are optimistic on the performance of the Group for the remaining quarter of 2015 in particular, our Food Products Division with its increased production capability and capacity. In addition, we will continue with our efforts on cost management and operational efficiency throughout all Divisions on one hand, as well as products innovation and renovation on the other.

4. Profit forecast/profit guarantee

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

5. Tax expense

	Current Quarter ended 30/09/2015 RM'000	Preceding year corresponding quarter ended 30/09/2014 RM'000	Current year-to-date ended 30/09/2015 RM'000	Preceding year-to-date ended 30/09/2014 RM'000
Current tax expense	5,004	4,404	11,845	12,675
Deferred tax expense	110	(1,672)	(587)	(412)
	<u>5,114</u>	<u>2,732</u>	<u>11,258</u>	<u>12,263</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 and availability of reinvestment allowances in certain subsidiaries.

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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.

Bursa Securities had vide its letter dated 27 May 2014 (which was received on 29 May 2014) approved the extension of time until 23 August 2014 for KJCF to submit to Bursa Securities, the draft Circular to Shareholders in relation to the above proposals. 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. Subsequently on 18 March 2015, KJCF and Aspire agreed to further extend the deadline from 23 March 2015 to 23 September 2015. On 21 September 2015, KJCF and Aspire agreed to extend the deadline from 23 September 2015 to 23 March 2016.

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6. Status of Corporate Proposals (cont'd)

Bursa Securities vide its letter dated 26 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. Subsequently, Bursa Securities vide its letter dated 6 April 2015 approved a further extension till 30 September 2015.

On 7 October 2015, Bursa Securities has further extended the deadline for submission of Circular to shareholders of KJCF to 31 March 2016.

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 2015 are as follows :

	As at 30/09/2015 RM'000	As at 31/12/2014 RM'000
Borrowings denominated in RM		
Current		
Secured		
Finance leases	364	614
Term loans	34,427	28,293
Bankers acceptances	3,018	-
	<u>37,809</u>	<u>28,907</u>
Unsecured		
Bill receivables	9,907	5,538
Term loans	10,319	16,035
Bankers acceptances	29,840	4,791
Revolving credits	9,000	9,000
	<u>96,875</u>	<u>64,271</u>
Non-current		
Secured		
Finance leases	499	762
Term loans	230,124	240,496
	<u>230,623</u>	<u>241,258</u>
Unsecured		
Term loans	31,771	28,938
	<u>262,394</u>	<u>270,196</u>
Total borrowings in RM	<u><u>359,269</u></u>	<u><u>334,467</u></u>
Borrowings denominated in USD		
Current		
Secured		
Bill receivables	-	40,052
Foreign currencies trade loans	28,658	2,908
Unsecured		
Bill receivables	684	10,626
Foreign currencies trade loans	129,560	138,385
Revolving credits	12,747	-
Total borrowings in USD	<u><u>171,649</u></u>	<u><u>191,971</u></u>
Total Group borrowings	<u><u>530,918</u></u>	<u><u>526,438</u></u>

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8. Retained Earnings

	As at 30/09/2015 RM'000	As at 31/12/2014 RM'000
Total retained earnings of Company		
- Realised	387,616	361,368
- Unrealised	(20,489)	(17,789)
	<u>367,127</u>	<u>343,579</u>
Total share of retained earnings in associate		
- Realised	152,708	83,459
- Unrealised	91,931	126,430
Add: Consolidated adjustments	(128,219)	(123,700)
Total Group retained earnings as per Consolidated Accounts	<u><u>483,547</u></u>	<u><u>429,768</u></u>

9. Profit before taxation

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

	Current Quarter ended 30/09/2015 RM'000	Preceding year corresponding quarter ended 30/09/2014 RM'000	Current year-to-date ended 30/09/2015 RM'000	Preceding year-to-date ended 30/09/2014 RM'000
Interest income	(123)	(4)	(511)	(355)
Other income including investment income	(441)	(69)	(1,388)	(389)
Interest expense	5,353	5,346	15,558	13,643
Depreciation and amortisation	5,084	4,722	14,291	13,350
Property, plant and equipment written off	-	133	-	296
(Gain)/Loss on disposal of plant and equipment	(246)	255	(271)	(1,023)
(Gain)/Loss on foreign exchange	3,882	(625)	3,493	286
(Gain)/Loss on derivative financial instruments	(1,338)	13	(1,428)	17

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2015

10. Changes in material litigation

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 litigation (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 Court of Appeal on 27 August 2015 dismissed the Appeal made by the Appellants.

The Appellants on 25 September 2015, filed an Application for leave to appeal to the Federal Court against the decision of the Court of Appeal in dismissing their Appeal. The Deputy Registrar has on 3 November 2015 fixed the matter for hearing before the Federal Court, Putrajaya on 28 March 2016.

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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 :

	Current Quarter ended 30/09/2015	Preceding year corresponding quarter ended 30/09/2014	Current year-to-date ended 30/09/2015	Preceding year-to-date ended 30/09/2014
Net profit attributable to shareholders of the company (RM'000)	27,446	13,451	66,169	37,295
Weighted average number of ordinary shares in issue ('000)				
Issued ordinary shares at 1 January	152,400	152,400	152,400	152,400
Effect of ordinary shares issued	39,753	-	16,018	-
Weighted average number of ordinary shares at 30 June	<u>192,153</u>	<u>152,400</u>	<u>168,418</u>	<u>152,400</u>
Basic Earnings per ordinary share (Sen)	<u>14.28</u>	<u>8.83</u>	<u>39.29</u>	<u>24.47</u>

Dated : 25 November 2015
Petaling Jaya