

**CAN-ONE BERHAD**

(Company No. 638899-K)

Quarterly report on consolidated results for the Fourth Quarter ended 31 December 2015. The figures have not been audited.

(Financial year ended 31 December 2015)

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31/12/2015 RM'000	As at 31/12/2014 (Audited) RM'000
<b>Non-current assets</b>		
Property, plant and equipment	341,256	301,459
Intangible assets	314	-
Investment in associate	461,136	411,164
Goodwill on consolidation	1,408	1,408
<b>Total non-current assets</b>	<b>804,114</b>	<b>714,031</b>
<b>Current assets</b>		
Inventories	138,400	125,334
Trade and other receivables	303,510	286,741
Current tax assets	-	1,035
Cash and cash equivalents	59,171	106,153
<b>Total current assets</b>	<b>501,081</b>	<b>519,263</b>
<b>Total assets</b>	<b>1,305,195</b>	<b>1,233,294</b>
<b>Equity</b>		
Share capital	96,077	76,200
Reserves	540,145	444,606
<b>Total equity attributable to owners of the Company</b>	<b>636,222</b>	<b>520,806</b>
Non-controlling interest	-	29,133
<b>Total equity</b>	<b>636,222</b>	<b>549,939</b>
<b>Liabilities</b>		
Loans and borrowings	270,521	270,196
Deferred tax liabilities	25,443	29,738
<b>Total non-current liabilities</b>	<b>295,964</b>	<b>299,934</b>
Loans and borrowings	272,131	256,242
Trade and other payables	100,602	126,203
Current tax payables	276	976
<b>Total current liabilities</b>	<b>373,009</b>	<b>383,421</b>
<b>Total liabilities</b>	<b>668,973</b>	<b>683,355</b>
<b>Total equity and liabilities</b>	<b>1,305,195</b>	<b>1,233,294</b>
Net assets per share attributable to equity holders of the Company (Sen)	<b>331.10</b>	<b>341.74</b>

**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 ended 31 December 2015)

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

	<b>Current quarter ended 31/12/2015 RM'000</b>	Preceding year corresponding quarter ended 31/12/2014 RM'000	<b>Current year-to-date ended 31/12/2015 RM'000</b>	Preceding year-to-date ended 31/12/2014 RM'000
<b>Continuing Operations</b>				
Revenue	236,260	249,955	886,473	898,946
Cost of sales	(206,975)	(213,341)	(768,186)	(792,577)
Gross profit	<u>29,285</u>	<u>36,614</u>	<u>118,287</u>	<u>106,369</u>
Other income/(expenses)	(4,568)	(765)	(6,333)	(1,002)
Sales and distribution expenses	(2,754)	(3,471)	(9,435)	(12,373)
Administrative expenses	(6,547)	(5,232)	(25,675)	(22,796)
Profit from operations	<u>15,416</u>	<u>27,146</u>	<u>76,844</u>	<u>70,198</u>
Interest income	157	303	668	658
Finance costs	(5,439)	(5,082)	(20,997)	(18,661)
Net finance cost	(5,282)	(4,779)	(20,329)	(18,003)
Share of profit of equity-accounted investees, net of tax	7,044	11,565	41,794	35,893
Profit before tax	<u>17,178</u>	<u>33,932</u>	<u>98,309</u>	<u>88,088</u>
Tax expense	(3,240)	(4,826)	(14,498)	(17,089)
Profit for the period	<u>13,938</u>	<u>29,106</u>	<u>83,811</u>	<u>70,999</u>
Other comprehensive income				
- Foreign currency translation reserve	(468)	799	3,914	1,101
- Share of other comprehensive income/ (loss) of associate	(1,914)	3,551	8,178	2,935
Total comprehensive income for the period	<u>11,556</u>	<u>33,456</u>	<u>95,903</u>	<u>75,035</u>
Profit attributable to :				
Equity holders of the Company	13,938	26,481	80,107	63,776
Non-controlling interest	-	2,625	3,704	7,223
	<u>13,938</u>	<u>29,106</u>	<u>83,811</u>	<u>70,999</u>
Total comprehensive income attributable to :				
Equity holders of the Company	11,556	30,831	92,199	67,812
Non-controlling interest	-	2,625	3,704	7,223
	<u>11,556</u>	<u>33,456</u>	<u>95,903</u>	<u>75,035</u>
Earnings per share				
Basic (Sen)	7.25	17.38	45.93	41.85
Diluted (Sen)	NA	NA	NA	NA

**NOTE:**

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(Financial year ended 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 RM'000		Retained profits RM'000	Total RM'000		
	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	Non- controlling interest RM'000	Total equity RM'000
<b>Current period ended 31 December 2015</b>								
Balance at 1 January 2015	76,200	8,560	-	6,278	429,768	520,806	29,133	549,939
<b>Comprehensive income for the period</b>								
Profit for the period	-	-	-	-	80,107	80,107	3,704	83,811
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	-	-	-	3,914	-	3,914	-	3,914
Share of currency translation differences of associate	-	-	-	8,178	-	8,178	-	8,178
<b>Total comprehensive income for the period</b>	<b>19,877</b>	<b>93,022</b>	<b>(77,292)</b>	<b>12,092</b>	<b>67,717</b>	<b>115,416</b>	<b>(29,133)</b>	<b>86,283</b>
<b>Balance at 31 December 2015</b>	<b>96,077</b>	<b>101,582</b>	<b>(77,292)</b>	<b>18,370</b>	<b>497,485</b>	<b>636,222</b>	<b>-</b>	<b>636,222</b>
<b>Preceding year corresponding 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 associate	-	-	-	2,935	-	2,935	-	2,935
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,036</b>	<b>56,156</b>	<b>60,192</b>	<b>7,223</b>	<b>67,415</b>
<b>Balance at 31 December 2014</b>	<b>76,200</b>	<b>8,560</b>	<b>-</b>	<b>6,278</b>	<b>429,768</b>	<b>520,806</b>	<b>29,133</b>	<b>549,939</b>

**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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**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Current year-to-date ended 31/12/2015 RM'000</b>	<b>Preceding year-to-date ended 31/12/2014 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax from continuing operations	98,309	88,088
<b>Adjustments:</b>		
Interest expense	20,997	18,661
Interest income	(668)	(658)
Property, plant and equipment written down	3,710	616
Amortisation of intangible assets	151	-
Depreciation of property, plant and equipment	19,587	17,229
Unrealised (gain)/loss on forward exchange contracts	(16)	(1)
(Gain)/Loss on disposal of property, plant and equipment	(287)	(1,026)
Share of profit of equity-accounted investee, net of tax	(41,794)	(35,893)
Operating profit before changes in working capital	<u>99,989</u>	<u>87,016</u>
Inventories	(12,189)	(1,233)
Trade and other receivables	(9,495)	(70,530)
Trade and other payables	(31,209)	18,869
<b>Cash generated from operations</b>	<u>47,096</u>	<u>34,122</u>
Tax paid	(17,877)	(18,465)
<b>Net cash from operating activities</b>	<u>29,219</u>	<u>15,657</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	359	5,353
Acquisition of intangible assets	(465)	-
Acquisition of property, plant and equipment	(59,789)	(32,406)
Dividend received	-	9,133
Interest received	668	658
<b>Net cash used in investing activities</b>	<u>(59,227)</u>	<u>(17,262)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(20,997)	(18,661)
Dividend paid	(7,620)	(7,620)
Dividend paid to minority shareholder	(2,000)	-
Drawdown of term loans	40,871	16,185
Repayment of term loans	(37,628)	(22,681)
Pledged deposits for bank borrowings	(222)	-
Revolving credit, net	2,000	3,000
Trade facilities, net	9,783	100,838
Repayment of finance lease liabilities	(622)	(1,086)
<b>Net cash flows generated from financing activities</b>	<u>(16,435)</u>	<u>69,975</u>
<b>Net increase in cash and cash equivalent</b>	<u>(46,443)</u>	<u>68,370</u>
Effects of changes in foreign currency rates	(761)	(238)
Cash and cash equivalent brought forward	99,326	31,194
<b>Cash and cash equivalent carried forward</b>	<u><u>52,122</u></u>	<u><u>99,326</u></u>
Comprises :		
<b>Cash and bank balances</b>	41,622	81,826
<b>Short term deposits with licensed banks (excluding deposits pledged)</b>	10,500	17,500
	<u><u>52,122</u></u>	<u><u>99,326</u></u>

The above exclude short term deposits placed with a licensed bank of RM7,049,000 (2014 : RM6,827,000) 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 2014 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 2015

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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 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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**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 31 December 2015 are as follows :



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

	Year-to-date ended 31/12/2015						
	General Cans RM'000	Food Products RM'000	International Trading RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>							
External sales	320,456	532,980	33,037	-	886,473	-	886,473
Inter-segment sales	83,771	31,989	95,113	-	210,873	(210,873)	-
	<u>404,227</u>	<u>564,969</u>	<u>128,150</u>	<u>-</u>	<u>1,097,346</u>	<u>(210,873)</u>	<u>886,473</u>
<b>Results</b>							
Segment results	14,498	61,799	2,805	(2,258)	76,844	-	76,844
Interest income	269	177	-	222	668	-	668
Financial expenses	(4,668)	(2,119)	-	(14,210)	(20,997)	-	(20,997)
Share of profit after tax of associate	-	-	-	41,794	41,794	-	41,794
Profit/(Loss) before taxation	<u>10,099</u>	<u>59,857</u>	<u>2,805</u>	<u>25,548</u>	<u>98,309</u>	<u>-</u>	<u>98,309</u>
<b>Assets</b>							
Segment assets	368,285	442,406	24,943	469,561	1,305,195	-	1,305,195
Unallocated assets	-	-	-	-	-	-	-
Total assets	<u>368,285</u>	<u>442,406</u>	<u>24,943</u>	<u>469,561</u>	<u>1,305,195</u>	<u>-</u>	<u>1,305,195</u>

	Preceding 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 sales	312,108	562,175	24,663	-	898,946	-	898,946
Inter-segment sales	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	21,465	48,745	2,112	(2,124)	70,198	-	70,198
Interest income	179	52	-	427	658	-	658
Finance expenses	(4,450)	(1,570)	-	(12,641)	(18,661)	-	(18,661)
Share of profit after tax of associate	-	-	-	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>

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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 25 February 2016 (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 under review.

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

There were no contingent liabilities or assets for the Group as at 31 December 2015.

As at 25 February 2016 (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 31 December 2015, the Group has the following capital commitment :

	<b>RM'000</b>
Approved and contracted for	<u><u>7,362</u></u>

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**16. Related party disclosures**

	<b>Current Year-to-date 31/12/2015 RM'000</b>
Sales to associated companies	<u>1,600</u>
Purchases from associated companies	<u>21,056</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 29 February 2016.

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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 31 December 2015 ("Q4, 2015") compared with previous corresponding quarter ended 31 December 2014 ("Q4, 2014")**

The Group's revenue decreased from RM250.0 million in Q4, 2014 to RM236.3 million in Q4, 2015. Profit before taxation and profit after taxation decreased from RM33.9 million and RM29.1 million in Q4, 2014 to RM17.2 million and RM13.9 million respectively in Q4, 2015.

General Cans division

Revenue of General Cans division for Q4, 2015 decreased marginally by 1.1% to RM110.3 million from RM111.5 million in Q4, 2014. Profit before taxation for Q4, 2015 decreased by RM4.3 million, from RM7.2 million mainly due to margin compression.

Food Products division

Revenue of Food Products division decreased by 8.5% from RM161.2 million in Q4, 2014 to RM147.5 million in Q4, 2015 mainly due to lower sales in sweetened creamer, while sales of evaporated creamer grew by 33.1% following the commissioning of the new evaporated milk plant. Profit before taxation for Q4, 2015 was lower than the corresponding quarter last year attributable mainly to lower sales and higher material consumption and operating expenses.

International Trading division

Revenue of International Trading division increased from RM38.1 million in Q4, 2014 to RM43.2 million in Q4, 2015.

Investment in associate

Associated company, Kian Joo Can Factory Berhad ("KJCF") contributed RM7.0 million net profit to the Group for Q4, 2015, a drop of RM4.5 million compared with Q4, 2014.

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

**(b) *Current year-to-date ended 31 December 2015 ("YTD Q4, 2015") compared with previous year-to-date ended 31 December 2014 ("YTD Q4, 2014")***

The Group's revenue decreased from RM898.9 million in YTD Q4, 2014 to RM886.5 million in YTD Q4, 2015. Profit before taxation and profit after taxation increased from RM88.1 million and RM71.0 million respectively in YTD Q4, 2014 to RM98.3 million and RM83.8 million respectively in YTD Q4, 2015.

General Cans division

Revenue of General Cans division for YTD Q4, 2015 of RM404.2 million was comparable to the revenue of YTD Q4, 2014. Profit before taxation fell from RM17.2 million for YTD Q4, 2014 to RM10.1 million for YTD Q4, 2015 mainly due to sales mix, higher raw material cost and other operating expenses.

Food Products division

Revenue of Food Products division decreased by 3.5% to RM565.0 million for the current year compared to last year. This was mainly due to lower sales in sweetened creamer. However sales of evaporated creamer increased by 42% due to the successful commissioning of the new evaporated milk plant. Profit before tax increased by RM12.6 million to RM59.9 million mainly due to sales mix and higher average selling price.

International Trading division

Revenue from International Trading division increased from RM110.6 million in YTD Q4, 2014 to RM128.2 million in YTD Q4, 2015.

Investment in associate

Associated company, KJCF contributed RM41.8 million net profit to the Group for YTD Q4, 2015 compared to RM35.9 million in YTD Q4, 2014.

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**2. Variation of results against immediate preceding quarter ended 30 September 2015 ("Q3, 2015")**

The Group's net revenue decreased from RM242.4 million in Q3, 2015 to RM236.3 million in Q4, 2015. Profit before taxation and profit after taxation decreased from RM32.6 million and RM27.4 million respectively in Q3, 2015 to RM17.2 million and RM13.9 million respectively in Q4, 2015.

General Cans division

Revenue of General Cans division decreased from RM113.9 million in Q3, 2015 to RM110.3 million in Q4, 2015 mainly due to lower jerry cans sales. Despite the drop in revenue, profit before taxation for Q4, 2015 improved by RM2.4 million mainly due to better contribution by tin cans and lower losses in flexi packaging.

Food Products division

Revenue of Food Products division decreased by 4.7% to RM147.5 million in Q4, 2015 when compared to Q3, 2015 mainly due to lower sales in sweetened creamer. Profit before taxation for Q4, 2015 was lower than the immediate preceding quarter mainly due to lower sales, higher material consumption and higher operating expenses.

International Trading division

International Trading division's revenue increased by RM13.5 million to RM43.2 million for Q4, 2015 when compared with Q3, 2015.

Investment in associate

Associated company, KJCF contributed RM7.0 million net profit to the Group for Q4, 2015, a decrease of RM7.3 million compared with Q3, 2015.

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**3. Prospects**

The global economic activity is expected to continue to grow at a moderate pace despite the heightened volatility in the financial market, the fall in energy prices and slower growth in China. The Malaysian Government had announced a GDP growth range of 4% to 4.5% for year 2016 and Ringgit Malaysia is expected to be volatile against United State Dollar. Despite the challenging times and uncertainty posed by the macroeconomic, we are optimistic about the performance of the Group for year 2016. The Group will continue to focus on improving productivity and expanding its products range and market.

**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 31/12/2015 RM'000</b>	<b>Preceding year corresponding quarter ended 31/12/2014 RM'000</b>	<b>Current financial year ended 31/12/2015 RM'000</b>	<b>Preceding financial year ended 31/12/2014 RM'000</b>
Current tax expense	6,958	3,916	18,803	16,591
Deferred tax expense	(3,718)	910	(4,305)	498
	<u>3,240</u>	<u>4,826</u>	<u>14,498</u>	<u>17,089</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, 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 a 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 ("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 further extended the deadline for submission of the draft 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 31 December 2015 are as follows :

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
<b>Borrowings denominated in RM</b>		
<b>Current</b>		
Secured		
Finance leases	765	614
Term loans	33,539	28,293
Bankers acceptances	4,577	-
	<u>38,881</u>	<u>28,907</u>
Unsecured		
Bill receivables	9,998	5,538
Term loans	14,746	16,035
Bankers acceptances	67,893	4,791
Revolving credits	11,000	9,000
	<u>142,518</u>	<u>64,271</u>
<b>Non-current</b>		
Secured		
Finance leases	1,800	762
Term loans	224,411	240,496
	<u>226,211</u>	<u>241,258</u>
Unsecured		
Term loans	44,310	28,938
	<u>270,521</u>	<u>270,196</u>
Total borrowings in RM	<u><u>413,039</u></u>	<u><u>334,467</u></u>
<b>Borrowings denominated in USD</b>		
<b>Current</b>		
Secured		
Bill receivables	-	40,052
Foreign currencies trade loans	7,818	2,908
Unsecured		
Bill receivables / Receivable financing	60,759	10,626
Foreign currencies trade loans	61,036	138,385
Total borrowings in USD	<u>129,613</u>	<u>191,971</u>
Total Group borrowings	<u><u>542,652</u></u>	<u><u>526,438</u></u>

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**8. Retained Earnings**

	<b>As at 31/12/2015 RM'000</b>	<b>As at 31/12/2014 RM'000</b>
Total retained earnings of Company		
- Realised	392,161	361,368
- Unrealised	(17,857)	(17,789)
	<u>374,304</u>	<u>343,579</u>
Total share of retained earnings in associate		
- Realised	182,344	83,459
- Unrealised	69,340	126,430
Add: Consolidated adjustments	(128,503)	(123,700)
Total Group retained earnings as per Consolidated Accounts	<u><u>497,485</u></u>	<u><u>429,768</u></u>

**9. Profit before taxation**

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

	<b>Current Quarter ended 31/12/2015 RM'000</b>	<b>Preceding year corresponding quarter ended 31/12/2014 RM'000</b>	<b>Current financial year ended 31/12/2015 RM'000</b>	<b>Preceding financial year ended 31/12/2014 RM'000</b>
Interest income	(157)	(303)	(668)	(658)
Other income including investment income	1,063	438	1,034	49
Interest expense	5,439	5,018	20,997	18,661
Depreciation and amortisation	5,447	3,879	19,738	17,229
Property, plant and equipment written down	3,710	320	3,710	616
(Gain)/Loss on disposal of plant and equipment	(16)	(3)	(287)	(1,026)
(Gain)/Loss on foreign exchange	(1,615)	12	1,878	298
(Gain)/Loss on derivative financial instruments	1,427	(2)	(1)	15

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**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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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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**11. Dividend**

The Directors are recommending a first and final single-tier dividend of 8% (or 4 sen per share) amounting to RM7,686,120.00 in respect of the financial year ended 31 December 2015 (2014 : 10%), subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

**12. Earnings per share**

The basic earnings per share are computed as follows :

	<b>Current Quarter ended 31/12/2015</b>	<b>Preceding year corresponding quarter ended 31/12/2014</b>	<b>Current financial year ended 31/12/2015</b>	<b>Preceding financial year ended 31/12/2014</b>
Net profit attributable to shareholders of the company (RM'000)	13,938	26,481	80,107	63,776
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	-	22,000	-
Weighted average number of ordinary shares at 31 December	192,153	152,400	174,400	152,400
Basic Earnings per ordinary share (Sen)	7.25	17.38	45.93	41.85

Dated : 29 February 2016  
Petaling Jaya