

CAN-ONE BERHAD

(Company No. 638899-K)

Quarterly report on consolidated results for the First Quarter ended 31 March 2016. The figures have not been audited.

(Financial year ending 31 December 2016)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/03/2016 RM'000	As at 31/12/2015 (Audited) RM'000
Non-current assets		
Property, plant and equipment	354,490	366,181
Intangible assets	294	356
Investment in associate	460,563	461,136
Goodwill on consolidation	1,408	1,408
Total non-current assets	816,755	829,081
Current assets		
Inventories	106,910	138,770
Trade and other receivables	279,987	308,537
Current tax assets	793	1,135
Cash and cash equivalents	66,310	59,171
Total current assets	454,000	507,613
Total assets	1,270,755	1,336,694
Equity		
Share capital	96,077	96,077
Reserves	551,831	565,481
Total equity	647,908	661,558
Liabilities		
Loans and borrowings	253,430	260,471
Deferred tax liabilities	25,955	25,443
Total non-current liabilities	279,385	285,914
Loans and borrowings	248,754	282,182
Trade and other payables	92,793	105,629
Current tax payables	1,915	1,411
Total current liabilities	343,462	389,222
Total liabilities	622,847	675,136
Total equity and liabilities	1,270,755	1,336,694
Net assets per share attributable to equity holders of the Company (Sen)	337.18	344.29

NOTE:

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Current quarter ended 31/03/2016 RM'000	Preceding year corresponding quarter ended 31/03/2015 RM'000	Current year-to-date ended 31/03/2016 RM'000	Preceding year-to-date ended 31/03/2015 RM'000
<i>Continuing Operations</i>				
Revenue	204,891	191,292	204,891	191,292
Cost of sales	(177,068)	(168,251)	(177,068)	(168,251)
Gross profit	27,823	23,041	27,823	23,041
Other income/(expenses)	(1,807)	(184)	(1,807)	(184)
Sales and distribution expenses	(2,084)	(2,308)	(2,084)	(2,308)
Administrative expenses	(6,434)	(6,101)	(6,434)	(6,101)
Profit from operations	17,498	14,448	17,498	14,448
Interest income	169	172	169	172
Finance costs	(5,522)	(4,716)	(5,522)	(4,716)
Net finance cost	(5,353)	(4,544)	(5,353)	(4,544)
Share of profit of equity-accounted	3,731	8,934	3,731	8,934
Profit before tax	15,876	18,838	15,876	18,838
Tax expense	(4,923)	(1,965)	(4,923)	(1,965)
Profit for the period	10,953	16,873	10,953	16,873

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	Current quarter ended 31/03/2016 RM'000	Preceding year corresponding quarter ended 31/03/2015 RM'000	Current year-to-date ended 31/03/2016 RM'000	Preceding year-to-date ended 31/03/2015 RM'000
Profit for the period	10,953	16,873	10,953	16,873
Other comprehensive income				
- Foreign currency translation reserve	(1,946)	1,230	(1,946)	1,230
- Foreign currency translation differences for financial statements functional currency into Ringgit Malaysia	(18,352)	-	(18,352)	-
- Share of other comprehensive income/ (loss) of associate	(4,305)	3,043	(4,305)	3,043
Total comprehensive income for the period	(13,650)	21,146	(13,650)	21,146
Profit attributable to :				
Equity holders of the Company	10,953	15,053	10,953	15,053
Non-controlling interest	-	1,820	-	1,820
	10,953	16,873	10,953	16,873
Total comprehensive income attributable to :				
Equity holders of the Company	(13,650)	19,326	(13,650)	19,326
Non-controlling interest	-	1,820	-	1,820
	(13,650)	21,146	(13,650)	21,146
Earnings per share				
Basic (Sen)	5.70	9.88	5.70	9.88
Diluted (Sen)	NA	NA	NA	NA

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to Owners of the Company ----->							
	<----- 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	Non- controlling interest RM'000	Total equity RM'000
Current period ended 31 March 2016								
Balance at 1 January 2016	96,077	101,583	(75,441)	44,635	494,704	661,558	-	661,558
Comprehensive income for the period								
Profit for the period	-	-	-	-	10,953	10,953	-	10,953
Currency translation differences	-	-	-	(1,946)	-	(1,946)	-	(1,946)
Foreign currency translation differences for financial statements stated in functional currency into Ringgit Malaysia	-	-	-	(18,352)	-	(18,352)	-	(18,352)
Share of currency translation differences of associate	-	-	-	(4,305)	-	(4,305)	-	(4,305)
Total comprehensive income for the period	-	-	-	(24,603)	10,953	(13,650)	-	(13,650)
Balance at 31 March 2016	<u>96,077</u>	<u>101,583</u>	<u>(75,441)</u>	<u>20,032</u>	<u>505,657</u>	<u>647,908</u>	<u>-</u>	<u>647,908</u>
Preceding year corresponding period ended 31 March 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	-	-	-	-	15,053	15,053	1,820	16,873
Dividend paid to minority shareholder	-	-	-	-	-	-	(2,000)	(2,000)
Currency translation differences	-	-	-	1,230	-	1,230	-	1,230
Share of currency translation differences of associate	-	-	-	3,043	-	3,043	-	3,043
Total comprehensive income for the period	-	-	-	4,273	15,053	19,326	(180)	19,146
Balance at 31 March 2015	<u>76,200</u>	<u>8,560</u>	<u>-</u>	<u>10,551</u>	<u>444,821</u>	<u>540,132</u>	<u>28,953</u>	<u>569,085</u>

NOTE:

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

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(Financial year ending 31 December 2016)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year-to-date ended 31/03/2016 RM'000	Preceding year-to-date ended 31/03/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	15,876	18,838
Adjustments:		
Interest expense	5,522	4,716
Interest income	(169)	(172)
Amortisation of intangible assets	43	-
Depreciation of property, plant and equipment	5,470	4,540
Unrealised (gain)/loss on forward exchange contracts	(1,018)	(254)
(Gain)/Loss on disposal of property, plant and equipment	(4)	13
Share of profit of equity-accounted investee, net of tax	(3,731)	(8,934)
Operating profit before changes in working capital	<u>21,989</u>	<u>18,747</u>
Inventories	29,985	21,517
Trade and other receivables	26,608	6,960
Trade and other payables	(11,247)	(5,097)
Cash generated from operations	<u>67,335</u>	<u>42,127</u>
Tax paid	(3,886)	(4,880)
Net cash from operating activities	<u>63,449</u>	<u>37,247</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	6	39
Acquisition of property, plant and equipment	(8,874)	(31,054)
Interest received	169	172
Net cash used in investing activities	<u>(8,699)</u>	<u>(30,843)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(5,522)	(4,716)
Dividend paid to minority shareholder	-	(2,000)
Drawdown of term loans	7,616	8,689
Repayment of term loans	(14,777)	(5,545)
Pledged deposits for bank borrowings	(61)	(55)
Revolving credit, net	12,000	-
Trade facilities, net	(45,653)	(29,094)
Repayment of finance lease liabilities	(187)	(179)
Net cash flows generated from financing activities	<u>(46,584)</u>	<u>(32,900)</u>
Net increase in cash and cash equivalent	<u>8,166</u>	<u>(26,496)</u>
Effects of changes in foreign currency rates	(1,088)	(277)
Cash and cash equivalent brought forward	52,122	99,326
Cash and cash equivalent carried forward	<u>59,200</u>	<u>72,553</u>
Comprises :		
Cash and bank balances	57,700	55,453
Short term deposits with licensed banks (excluding deposits pledged)	1,500	17,100
	<u>59,200</u>	<u>72,553</u>

The above exclude short term deposits placed with a licensed bank of RM7,110,000 (2015 : RM6,882,000) pledged for bank borrowings.

NOTE:

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2016

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 2015. 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 2015.

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 2015.

The Group adopted (where applicable) 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 January 2016.

MFRS 14	Regulatory Deferral Accounts (Currently not applicable to the Group)
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, 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)
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

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FIRST QUARTER ENDED 31 MARCH 2016

2. Significant Accounting Policies (cont'd)

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 2018

MFRS 9	Financial Instruments (2014)
MFRS 15	Revenue from Contracts with Customers

MFRSs, Interpretations and amendments effective from a date yet to be confirmed

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
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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 to the Group and the Company other than MFRS 15 and MFRS 9, 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 16 March 2016 on the financial statements for the financial year ended 31 December 2015 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.

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FIRST QUARTER ENDED 31 MARCH 2016

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 31/03/2016 RM'000	At 31/12/2015 RM'000
Share of net assets in associate	<u>460,563</u>	<u>461,136</u>
Market value	<u>455,930</u>	<u>482,234</u>

7. Changes in Estimates

There were no major changes in estimates of amounts which may have a material effect on the current quarter under review.

8. Issues, repurchases and repayments of debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, 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 March 2016 are as follows :

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FIRST QUARTER ENDED 31 MARCH 2016

10. Segment information (cont'd)

	Year-to-date ended 31/03/2016						
	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	71,921	126,729	6,241	-	204,891	-	204,891
Inter-segment sales	15,818	6,503	8,514	-	30,835	(30,835)	-
	<u>87,739</u>	<u>133,232</u>	<u>14,755</u>	<u>-</u>	<u>235,726</u>	<u>(30,835)</u>	<u>204,891</u>
Results							
Segment results	2,990	15,542	524	(1,558)	17,498	-	17,498
Interest income	68	40	-	61	169	-	169
Financial expenses	(1,343)	(693)	-	(3,486)	(5,522)	-	(5,522)
Share of profit after tax of associate	-	-	-	3,731	3,731	-	3,731
Profit/(Loss) before taxation	<u>1,715</u>	<u>14,889</u>	<u>524</u>	<u>(1,252)</u>	<u>15,876</u>	<u>-</u>	<u>15,876</u>
Assets							
Segment assets	377,033	407,722	16,278	468,929	1,269,962	-	1,269,962
Unallocated assets	-	-	-	-	793	-	793
Total assets	<u>377,033</u>	<u>407,722</u>	<u>16,278</u>	<u>468,929</u>	<u>1,270,755</u>	<u>-</u>	<u>1,270,755</u>
	Preceding Year-to-date ended 31/03/2015						
	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	66,897	116,732	7,663	-	191,292	-	191,292
Inter-segment sales	17,687	7,210	16,534	-	41,431	(41,431)	-
	<u>84,584</u>	<u>123,942</u>	<u>24,197</u>	<u>-</u>	<u>232,723</u>	<u>(41,431)</u>	<u>191,292</u>
Results							
Segment results	3,250	11,046	567	(415)	14,448	-	14,448
Interest income	71	43	3	55	172	-	172
Finance expenses	(1,194)	(452)	-	(3,070)	(4,716)	-	(4,716)
Share of profit after tax of associate	-	-	-	8,934	8,934	-	8,934
Profit/(Loss) before taxation	<u>2,127</u>	<u>10,637</u>	<u>570</u>	<u>5,504</u>	<u>18,838</u>	<u>-</u>	<u>18,838</u>
Assets							
Segment assets	370,704	381,024	25,150	431,157	1,208,035	-	1,208,035
Unallocated assets	-	-	-	-	4,077	-	4,077
Total assets	<u>370,704</u>	<u>381,024</u>	<u>25,150</u>	<u>431,157</u>	<u>1,212,112</u>	<u>-</u>	<u>1,212,112</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 May 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 March 2016.

As at 23 May 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

There was no material capital commitment approved and contracted for during the quarter under review.

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FIRST QUARTER ENDED 31 MARCH 2016

16. Related party disclosures

	Current Year-to-date 31/03/2016 RM'000
Sales to associated companies	<u>286</u>
Purchases from associated companies	<u>3,949</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 May 2016.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
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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 March 2016 ("Q1, 2016") compared with previous corresponding quarter ended 31 March 2015 ("Q1, 2015")*

The Group's revenue increased from RM191.3 million in Q1, 2015 to RM204.9 million in Q1, 2016. Profit before taxation and profit after taxation decreased from RM18.8 million and RM16.9 million in Q1, 2015 to RM15.9 million and RM11.0 million respectively in Q1, 2016.

General Cans division

Revenue of General Cans division for Q1, 2015 increased by 3.7% to RM87.7 million from RM84.6 million in Q1, 2015. Profit before taxation for Q1, 2016 decreased by RM0.4 million, from RM2.1 million mainly due to intense competition.

Food Products division

Revenue of Food Products division increased by 7.5% from RM123.9 million in Q1, 2015 to RM133.2 million in Q1, 2016 mainly due to higher sales in evaporated creamer. Profit before taxation for Q1, 2016 was higher than the corresponding quarter last year by 40.0% to RM14.9 million attributable mainly to higher sales, favourable product mix and favourable dairy commodity prices.

International Trading division

Revenue of International Trading division decreased from RM24.2 million in Q1, 2015 to RM14.8 million in Q1, 2016 mainly due to lower intercompany sales.

Investment in associate

Associated company, Kian Joo Can Factory Berhad ("KJCF") contributed RM3.7 million net profit to the Group for Q1, 2016, a drop of RM5.2 million compared with Q1, 2015.

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2. Variation of results against immediate preceding quarter ended 31 December 2015 ("Q4, 2015")

The Group's net revenue decreased from RM236.3 million in Q4, 2015 to RM204.9 million in Q1, 2016. Profit before taxation increased from RM14.4 million in Q4, 2015 to RM15.9 million in Q1, 2016. However, the profit after taxation decreased marginally from RM11.2 million in Q4, 2015 to RM11.0 million in Q1, 2016.

General Cans division

Revenue of General Cans division decreased from RM110.3 million in Q4, 2015 to RM87.7 million in Q1, 2016 mainly due to lower sales in all packaging types. In tandem with the drop in sales, profit before taxation decreased by RM1.2 million compared to the last quarter.

Food Products division

Revenue of Food Products division decreased by 9.7% to RM133.2 million in Q1, 2016 when compared to Q4, 2015 mainly due to lower sales in sweetened creamer. Profit before taxation for Q1, 2016 was higher than the immediate preceding quarter mainly due to favourable product mix and favourable dairy commodity prices.

International Trading division

International Trading division's revenue decreased by RM28.4 million to RM14.8 million for Q1, 2016 when compared with Q4, 2015 mainly due to lower intercompany sales.

Investment in associate

Associated company, KJCF contributed RM3.7 million net profit to the Group for Q1, 2016, a decrease of RM3.3 million compared with Q4, 2015.

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3. Prospects

The global growth in 2016 is expected to be modest with Malaysia 1Q, 2016 GDP registering a growth of 4.2%. Ringgit Malaysia is expected to continue to be volatile against United States Dollar although strengthening early this year. Despite the uncertainty of the macroeconomic, we are optimistic about the performance of the Group for year 2016 especially the Food Products Division. The Group will continue to focus on improving productivity and operational efficiency to mitigate rising cost and enhance competitiveness.

4. Profit forecast/profit guarantee

The Group did not publish any profit forecast nor provide any profit guarantee.

5. Tax expense

	Current Quarter ended 31/03/2016 RM'000	Preceding year corresponding quarter ended 31/03/2015 RM'000	Current year-to-date ended 31/03/2016 RM'000	Preceding year-to-date ended 31/03/2015 RM'000
Current tax expense	4,434	2,125	4,434	2,125
Deferred tax expense	489	(160)	489	(160)
	<u>4,923</u>	<u>1,965</u>	<u>4,923</u>	<u>1,965</u>

The effective tax rate of the Group were higher than the enacted statutory tax rate due to certain expenses which were not tax deductible and losses which cannot be set-off against taxable profits.

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2016

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.

On 15 April 2016, KJCF announced that both KJCF and Aspire have mutually agreed to terminate the BSA and its ancillary agreements.

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 March 2016 are as follows :

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
Borrowings denominated in RM		
Current		
Secured		
Finance leases	756	765
Term loans	43,589	33,539
Bankers acceptances	5,677	4,577
	<u>50,022</u>	<u>38,881</u>
Unsecured		
Bill receivables	9,998	9,998
Term loans	14,981	14,746
Bankers acceptances	87,436	67,893
Revolving credits	23,000	11,000
	<u>185,437</u>	<u>142,518</u>
Non-current		
Secured		
Finance leases	2,154	1,801
Term loans	203,464	224,411
	<u>205,618</u>	<u>226,212</u>
Unsecured		
Term loans	47,812	44,310
	<u>253,430</u>	<u>270,522</u>
Total borrowings in RM	<u><u>438,867</u></u>	<u><u>413,040</u></u>
Borrowings denominated in USD		
Current		
Secured		
Foreign currencies trade loans	5,159	7,818
Unsecured		
Bill receivables / Receivable financing	40,024	60,759
Foreign currencies trade loans	18,134	61,036
Total borrowings in USD	<u><u>63,317</u></u>	<u><u>129,613</u></u>
Total Group borrowings	<u><u>502,184</u></u>	<u><u>542,653</u></u>

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

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2016

8. Retained Earnings

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
Total retained earnings of Company		
- Realised	396,142	389,381
- Unrealised	(17,708)	(17,857)
	378,434	371,524
Total share of retained earnings in associate		
- Realised	201,220	182,344
- Unrealised	54,195	69,340
	(128,192)	(128,504)
Total Group retained earnings as per Consolidated Accounts	505,657	494,704

9. Profit before taxation

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

	Current Quarter ended 31/03/2016 RM'000	Preceding year corresponding quarter ended 31/03/2015 RM'000	Current year-to-date ended 31/03/2016 RM'000	Preceding year-to-date ended 31/03/2015 RM'000
Interest income	(169)	(172)	(169)	(172)
Other income including investment income	(859)	(144)	(859)	(144)
Interest expense	5,522	4,716	5,522	4,716
Depreciation and amortisation	5,513	4,540	5,513	4,540
(Gain)/Loss on disposal of plant and equipment	(4)	13	(4)	13
(Gain)/Loss on foreign exchange	4,181	554	4,181	554
(Gain)/Loss on derivative financial instruments	(1,511)	(238)	(1,511)	(238)

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

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2016

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;

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

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2016

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. On 29 March 2016, the Federal Court dismissed the Application for leave to appeal with cost of RM15,000 to be made by the Applicants to the Respondent.

11. Dividend

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

The first and final single-tier dividend of 8% (or 4 sen per share) amounting to RM7,686,120 in respect of the financial year ended 31 December 2015 which was approved by shareholders at the Company's Twelfth Annual General Meeting on 28 April 2016, will be paid to shareholders on 21 July 2016.

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(Company No. 638899-K)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2016

12. Earnings per share

The basic earnings per share are computed as follows :

	Current Quarter ended 31/03/2016	Preceding year corresponding quarter ended 31/03/2015	Current year-to-date ended 31/03/2016	Preceding year-to-date ended 31/03/2015
Net profit attributable to shareholders of the company (RM'000)	10,953	15,053	10,953	15,053
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	-	39,753	-
Weighted average number of ordinary shares at 31 December	<u>192,153</u>	<u>152,400</u>	<u>192,153</u>	<u>152,400</u>
Basic Earnings per ordinary share (Sen)	<u>5.70</u>	<u>9.88</u>	<u>5.70</u>	<u>9.88</u>

Dated : 25 May 2016
Petaling Jaya,
Selangor Darul Ehsan