

CAN-ONE BERHAD

(Company No. 638899-K)

Quarterly report on consolidated results for the Second Quarter ended 30 June 2016. The figures have not been audited.

(Financial year ending 31 December 2016)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/06/2016 RM'000	As at 31/12/2015 (Audited) RM'000
Non-current assets		
Property, plant and equipment	356,627	366,181
Intangible assets	258	356
Investment in associate	469,824	461,136
Goodwill on consolidation	1,408	1,408
Total non-current assets	828,117	829,081
Current assets		
Inventories	93,353	138,770
Trade and other receivables	284,002	308,537
Current tax assets	1,041	1,135
Cash and cash equivalents	78,460	59,171
Total current assets	456,856	507,613
Total assets	1,284,973	1,336,694
Equity		
Share capital	96,077	96,077
Reserves	586,398	565,481
Total equity	682,475	661,558
Liabilities		
Loans and borrowings	239,046	260,471
Deferred tax liabilities	24,878	25,443
Total non-current liabilities	263,924	285,914
Loans and borrowings	223,913	282,182
Trade and other payables	110,777	105,629
Current tax payables	3,884	1,411
Total current liabilities	338,574	389,222
Total liabilities	602,498	675,136
Total equity and liabilities	1,284,973	1,336,694
Net assets per share attributable to equity holders of the Company (Sen)	355.17	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.

CAN-ONE BERHAD

(Company No. 638899-K)

Quarterly report on consolidated results for the Second Quarter ended 30 June 2016. The figures have not been audited.

(Financial year ending 31 December 2016)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Current quarter ended 30/06/2016 RM'000	Preceding year corresponding quarter ended 30/06/2015 RM'000	Current year-to-date ended 30/06/2016 RM'000	Preceding year-to-date ended 30/06/2015 RM'000
<i>Continuing Operations</i>				
Revenue	242,045	216,568	446,936	407,860
Cost of sales	(209,426)	(185,557)	(386,494)	(353,808)
Gross profit	32,619	31,011	60,442	54,052
Other income/(expenses)	1,991	856	184	672
Sales and distribution expenses	(3,006)	(1,786)	(5,090)	(4,094)
Administrative expenses	(6,744)	(6,508)	(13,178)	(12,609)
Profit from operations	24,860	23,573	42,358	38,021
Interest income	159	216	328	388
Finance costs	(5,187)	(5,489)	(10,709)	(10,205)
Net finance cost	(5,028)	(5,273)	(10,381)	(9,817)
Share of profit of equity-accounted	12,770	11,433	16,501	20,367
Profit before tax	32,602	29,733	48,478	48,571
Tax expense	(5,607)	(4,179)	(10,530)	(6,144)
Profit for the period	26,995	25,554	37,948	42,427

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UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

	Current quarter ended 30/06/2016 RM'000	Preceding year corresponding quarter ended 30/06/2015 RM'000	Current year-to-date ended 30/06/2016 RM'000	Preceding year-to-date ended 30/06/2015 RM'000
Profit for the period	26,995	25,554	37,948	42,427
Other comprehensive income				
- Foreign currency translation reserve	732	297	(1,214)	1,527
- Foreign currency translation differences for financial statements functional currency into Ringgit Malaysia	7,426	-	(10,926)	-
- Share of other comprehensive income/(loss) of associate	(586)	(477)	(4,891)	2,566
Total comprehensive income for the period	34,567	25,374	20,917	46,520
Profit attributable to :				
Equity holders of the Company	26,995	23,670	37,948	38,723
Non-controlling interest	-	1,884	-	3,704
	26,995	25,554	37,948	42,427
Total comprehensive income attributable to :				
Equity holders of the Company	34,567	23,490	20,917	42,816
Non-controlling interest	-	1,884	-	3,704
	34,567	25,374	20,917	46,520
Earnings per share				
Basic (Sen)	14.05	14.77	19.75	24.77
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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<----- Attributable to Owners of the Company ----->

<----- Non-Distributable -----> 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
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Current period ended 30 June 2016

Balance at 1 January 2016

96,077	101,583	(75,441)	44,635	494,704	661,558	-	661,558
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Comprehensive income for the period

Profit for the period

-	-	-	-	37,948	37,948	-	37,948
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Currency translation differences

-	-	-	(1,214)	-	(1,214)	-	(1,214)
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Foreign currency translation differences for financial statements stated in functional currency into Ringgit Malaysia

-	-	-	(10,926)	-	(10,926)	-	(10,926)
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Share of currency translation differences of associate

-	-	-	(4,891)	-	(4,891)	-	(4,891)
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Total comprehensive income for the period

-	-	-	(17,031)	37,948	20,917	-	20,917
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Balance at 30 June 2016

<u>96,077</u>	<u>101,583</u>	<u>(75,441)</u>	<u>27,604</u>	<u>532,652</u>	<u>682,475</u>	<u>-</u>	<u>682,475</u>
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Preceding year corresponding period ended 30 June 2015

Balance at 1 January 2015

76,200	8,560	-	6,278	429,768	520,806	29,133	549,939
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Comprehensive income for the period

Profit for the period

-	-	-	-	38,723	38,723	3,704	42,427
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Dividend Paid

-	-	-	-	(7,620)	(7,620)	-	(7,620)
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Dividend paid to minority shareholder

-	-	-	-	-	-	(2,000)	(2,000)
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Issue of ordinary shares

19,877	93,022	-	-	-	112,899	-	112,899
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Acquisition of remaining shares in existing subsidiary from minority shareholders

-	-	(77,292)	-	(4,770)	(82,062)	(30,837)	(112,899)
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Currency translation differences

-	-	-	1,527	-	1,527	-	1,527
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Share of currency translation differences of associate

-	-	-	2,566	-	2,566	-	2,566
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Total comprehensive income for the period

19,877	93,022	(77,292)	4,093	26,333	66,033	(29,133)	36,900
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Balance at 30 June 2015

<u>96,077</u>	<u>101,582</u>	<u>(77,292)</u>	<u>10,371</u>	<u>456,101</u>	<u>586,839</u>	<u>-</u>	<u>586,839</u>
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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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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year-to-date ended 30/06/2016 RM'000	Preceding year-to-date ended 30/06/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	48,478	48,571
Adjustments:		
Interest expense	10,709	10,205
Interest income	(328)	(388)
Property, plant and equipment written off	26	-
Impairment loss on receivables	596	-
Amortisation of intangible assets	85	-
Depreciation of property, plant and equipment	10,973	9,207
Unrealised (gain)/loss on forward exchange contracts	(128)	(106)
(Gain)/Loss on disposal of property, plant and equipment	(4)	(25)
Share of profit of equity-accounted investee, net of tax	(16,501)	(20,367)
Operating profit before changes in working capital	<u>53,906</u>	<u>47,097</u>
Inventories	43,602	20,468
Trade and other receivables	22,086	21,289
Trade and other payables	6,211	(19,222)
Cash generated from operations	<u>125,805</u>	<u>69,632</u>
Tax paid	(8,726)	(10,382)
Net cash from operating activities	<u>117,079</u>	<u>59,250</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	6	97
Acquisition of property, plant and equipment	(11,440)	(47,635)
Dividend received	2,923	-
Interest received	328	388
Net cash used in investing activities	<u>(8,183)</u>	<u>(47,150)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(10,709)	(10,205)
Dividend paid	-	(7,620)
Dividend paid to minority shareholder	-	(2,000)
Drawdown of term loans	7,769	10,685
Repayment of term loans	(29,751)	(10,726)
Pledged deposits for bank borrowings	(119)	(110)
Revolving credit, net	10,000	2,000
Trade facilities, net	(67,868)	(21,455)
Repayment of finance lease liabilities	(376)	(365)
Net cash flows generated from financing activities	<u>(91,054)</u>	<u>(39,796)</u>
Net increase in cash and cash equivalent	<u>17,842</u>	<u>(27,696)</u>
Effects of changes in foreign currency rates	1,328	(339)
Cash and cash equivalent brought forward	52,122	99,326
Cash and cash equivalent carried forward	<u>71,292</u>	<u>71,291</u>
Comprises :		
Cash and bank balances	57,111	66,791
Short term deposits with licensed banks (excluding deposits pledged)	14,181	4,500
	<u>71,292</u>	<u>71,291</u>

The above exclude short term deposits placed with a licensed bank of RM7,168,000 (2015 : RM6,938,000) 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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 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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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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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 during the current quarter under review.

6. Investment in associate

	At 30/06/2016	At 31/12/2015
	RM'000	RM'000
Share of net assets in associate	<u>469,824</u>	<u>461,136</u>
Market value	<u>441,317</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

A first and final single-tier dividend of 8% (or 4 sen per share) for the financial year ended 31 December 2015 was paid on 21 July 2016.

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 June 2016 are as follows :

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SECOND QUARTER ENDED 30 JUNE 2016

10. Segment information (cont'd)

	Year-to-date ended 30/06/2016						
	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	144,243	287,833	14,860	-	446,936	-	446,936
Inter-segment sales	40,278	15,618	15,211	-	71,107	(71,107)	-
	<u>184,521</u>	<u>303,451</u>	<u>30,071</u>	<u>-</u>	<u>518,043</u>	<u>(71,107)</u>	<u>446,936</u>
Results							
Segment results	6,645	36,893	582	(1,762)	42,358	-	42,358
Interest income	138	71	-	119	328	-	328
Financial expenses	(2,304)	(1,451)	-	(6,954)	(10,709)	-	(10,709)
Share of profit after tax of associate	-	-	-	16,501	16,501	-	16,501
Profit/(Loss) before taxation	<u>4,479</u>	<u>35,513</u>	<u>582</u>	<u>7,904</u>	<u>48,478</u>	<u>-</u>	<u>48,478</u>
Assets							
Segment assets	364,827	419,659	18,194	481,252	1,283,932	-	1,283,932
Unallocated assets	-	-	-	-	1,041	-	1,041
Total assets	<u>364,827</u>	<u>419,659</u>	<u>18,194</u>	<u>481,252</u>	<u>1,284,973</u>	<u>-</u>	<u>1,284,973</u>
	Preceding Year-to-date ended 30/06/2015						
	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	144,516	246,374	16,970	-	407,860	-	407,860
Inter-segment sales	35,528	16,332	38,271	-	90,131	(90,131)	-
	<u>180,044</u>	<u>262,706</u>	<u>55,241</u>	<u>-</u>	<u>497,991</u>	<u>(90,131)</u>	<u>407,860</u>
Results							
Segment results	8,784	29,205	1,343	(1,311)	38,021	-	38,021
Interest income	152	126	-	110	388	-	388
Finance expenses	(2,271)	(996)	-	(6,938)	(10,205)	-	(10,205)
Share of profit after tax of associate	-	-	-	20,367	20,367	-	20,367
Profit/(Loss) before taxation	<u>6,665</u>	<u>28,335</u>	<u>1,343</u>	<u>12,228</u>	<u>48,571</u>	<u>-</u>	<u>48,571</u>
Assets							
Segment assets	371,788	389,573	23,677	442,293	1,227,331	-	1,227,331
Unallocated assets	-	-	-	-	4,046	-	4,046
Total assets	<u>371,788</u>	<u>389,573</u>	<u>23,677</u>	<u>442,293</u>	<u>1,231,377</u>	<u>-</u>	<u>1,231,377</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 22 August 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 30 June 2016.

As at 22 August 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 30 June 2016, the Group has the following capital commitment :

	RM'000
Approved and contracted for	<u><u>1,811</u></u>

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16. Related party disclosures

	Current Year-to-date 30/06/2016 RM'000
Sales to associated companies	<u>805</u>
Purchases from associated companies	<u>9,232</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 24 August 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 30 June 2016 ("Q2, 2016") compared with previous corresponding quarter ended 30 June 2015 ("Q2, 2015")*

The Group's revenue increased from RM216.6 million in Q2, 2015 to RM242.0 million in Q2, 2016. Profit before taxation and profit after taxation increased from RM29.7 million and RM25.6 million in Q2, 2015 to RM32.6 million and RM27.0 million respectively in Q2, 2016.

General Cans division

Revenue of General Cans division for Q2, 2015 increased by 1.4% to RM96.8 million from RM95.5 million in Q2, 2015. Profit before taxation for Q2, 2016 decreased to RM2.8 million mainly due to higher operational expenses and unfavorable foreign exchange.

Food Products division

Revenue of Food Products division increased by 22.7% from RM138.8 million in Q2, 2015 to RM170.2 million in Q2, 2016 mainly due to increase in sales. Profit before taxation for Q2, 2016 was higher than the corresponding quarter last year by 16.5% mainly due to higher sales and sales mix.

International Trading division

Revenue of International Trading division decreased by RM15.7 million in Q2, 2016 mainly due to lower inter-company sales.

Investment in associate

Associated company, Kian Joo Can Factory Berhad ("KJCF") contributed RM12.8 million net profit to the Group for Q2, 2016, an increase of RM1.3 million compared with Q2, 2015.

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1. Review of performance (cont'd.)

(b) *Current year-to-date ended 30 June 2016 ("YTD Q2, 2016") compared with previous year-to-date ended 30 June 2015 ("YTD Q2, 2015")*

The Group's revenue increased from RM407.9 million in YTD Q2, 2015 to RM446.9 million in YTD Q2, 2016. However profit before taxation and profit after taxation decreased from RM48.6 million and RM42.4 million respectively in YTD Q2, 2015 to RM48.5 million and RM37.9 million respectively in YTD Q2, 2016.

General Cans division

Revenue of General Cans division for YTD Q2, 2016 of RM184.5 million was higher than revenue of YTD Q2, 2015 by RM4.5 million. Profit before taxation dropped by RM2.2 million in YTD Q2, 2016 mainly due to lower average selling price due to intense competition and losses at flexi packaging and rigid packaging section.

Food Products division

Revenue of Food Products division increased by 15.5% to RM303.5 million for YTD Q2, 2016 compared to YTD Q2, 2015 mainly due to higher sales arising from expanded capacity. Profit before tax increased to RM35.5 million mainly due to higher sales and sales mix.

International Trading division

Revenue from International Trading division decreased from RM55.2 million in YTD Q2, 2015 to RM30.1 million in YTD Q2, 2016 mainly due to lower inter-company sales.

Investment in associate

Associated company, KJCF contributed RM16.5 million net profit to the Group for YTD Q2, 2016 compared to RM20.4 million in YTD Q2, 2015.

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2. Variation of results against immediate preceding quarter ended 31 March 2016 ("Q1, 2016")

The Group's net revenue increased from RM204.9 million in Q1, 2016 to RM242.0 million in Q2, 2016. Profit before taxation and profit after taxation increased from RM15.9 million and RM11.0 million in Q1, 2016 to RM32.6 million and RM27.0 million in Q2, 2016 respectively.

General Cans division

Revenue of General Cans division increased from RM87.7 million in Q1, 2016 to RM96.8 million in Q2, 2016 mainly due to higher sales in tin cans packaging. In tandem with the increase in sales, profit before taxation increased by RM1.0 million compared to the last quarter.

Food Products division

Revenue of Food Products division increased by 27.8% to RM170.2 million in Q2, 2016 when compared to Q1, 2016 mainly due to higher sales. Profit before taxation for Q2, 2016 improved by RM5.7 million mainly due to higher sales, product mix and favorable foreign exchange.

International Trading division

International Trading division's revenue increased by RM0.6 million to RM15.3 million for Q2, 2016 when compared with Q1, 2016.

Investment in associate

Associated company, KJCF contributed RM12.8 million net profit to the Group for Q2, 2016, an increase of RM9.0 million compared with Q1, 2016.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 2016

3. Prospects

The global economy for 2016 is still positive despite the uncertainties with regard to the United Kingdom's shocking decision to exit from the European Union and the possibility of higher United States of America interest rate hike at year end which will continue to put pressure on the Ringgit Malaysia exchange rate against the United States Dollar ("USD"). The recent announcement of price hike of raw sugar by over 30% are expected to have an impact on most of the food and beverage players in Malaysia.

We are still optimistic about the performance of the Group for the remaining period of year 2016. 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 30/06/2016 RM'000	Preceding year corresponding quarter ended 30/06/2015 RM'000	Current year-to-date ended 30/06/2016 RM'000	Preceding year-to-date ended 30/06/2015 RM'000
Current tax expense	6,688	4,716	11,122	6,841
Deferred tax expense	(1,081)	(537)	(592)	(697)
	<u>5,607</u>	<u>4,179</u>	<u>10,530</u>	<u>6,144</u>

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

6. Status of Corporate Proposals

There was no corporate proposals announced which have not been completed as at 22 August 2016 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

CAN-ONE BERHAD
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7. Group borrowings and debts securities

Group borrowings as at 30 June 2016 are as follows :

	As at 30/06/2016 '000	As at 31/12/2015 '000
Borrowings denominated in RM		
Current		
Secured		
Finance leases	753	765
Term loans	43,423	43,589
Bankers acceptances	11,171	4,577
	<u>55,347</u>	<u>48,931</u>
Unsecured		
Bill receivables	10,103	9,998
Term loans	14,523	14,746
Bankers acceptances	62,291	67,893
Revolving credits	21,000	11,000
	<u>163,264</u>	<u>152,568</u>
Non-current		
Secured		
Finance leases	1,968	1,800
Term loans	192,733	214,361
	<u>194,701</u>	<u>216,161</u>
Unsecured		
Term loans	44,345	44,310
	<u>44,345</u>	<u>44,310</u>
	<u>239,046</u>	<u>260,471</u>
Total borrowings in RM	<u><u>402,310</u></u>	<u><u>413,039</u></u>
Borrowings denominated in USD		
Current		
Secured		
Receivable financing	6,519	56,342
Foreign currencies trade loans	6,989	7,818
Unsecured		
Bill receivables	4,246	4,418
Foreign currencies trade loans	42,895	61,036
Total borrowings in USD	<u>60,649</u>	<u>129,614</u>
Total Group borrowings	<u><u>462,959</u></u>	<u><u>542,653</u></u>

CAN-ONE BERHAD
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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 2016

8. Retained Earnings

	As at 30/06/2016 RM'000	As at 31/12/2015 RM'000
Total retained earnings of Company		
- Realised	411,637	389,381
- Unrealised	(17,537)	(17,857)
	<u>394,100</u>	<u>371,524</u>
Total share of retained earnings in associate		
- Realised	174,316	182,344
- Unrealised	93,869	69,340
	<u>(129,633)</u>	<u>(128,504)</u>
Add: Consolidated adjustments	(129,633)	(128,504)
Total Group retained earnings as per Consolidated Accounts	<u><u>532,652</u></u>	<u><u>494,704</u></u>

9. Profit before taxation

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

	Current Quarter ended 30/06/2016 RM'000	Preceding year corresponding quarter ended 30/06/2015 RM'000	Current year-to-date ended 30/06/2016 RM'000	Preceding year-to-date ended 30/06/2015 RM'000
Interest income	(159)	(216)	(328)	(388)
Other income including investment income	(662)	(24)	(1,521)	(168)
Interest expense	5,187	5,489	10,709	10,205
Depreciation and amortisation	5,545	4,667	11,058	9,207
(Gain)/Loss on disposal of plant and equipment	-	(38)	(4)	(25)
(Gain)/Loss on foreign exchange	(2,219)	(943)	1,962	(389)
(Gain)/Loss on derivative financial instruments	891	148	(620)	(90)

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(Company No. 638899-K)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 2016

10. Changes in material litigation

There was no pending material litigation as at 22 August 2016 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

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 30/06/2016	Preceding year corresponding quarter ended 30/06/2015	Current year-to-date ended 30/06/2016	Preceding year-to-date ended 30/06/2015
Net profit attributable to shareholders of the company (RM'000)	26,995	23,670	37,948	38,723
Weighted average number of ordinary shares in issue ('000)				
Issued ordinary shares at 1 January	192,153	152,400	192,153	152,400
Effect of ordinary shares issued	-	7,863	-	3,953
Weighted average number of ordinary shares at 31 December	<u>192,153</u>	<u>160,263</u>	<u>192,153</u>	<u>156,353</u>
Basic Earnings per ordinary share (Sen)	<u>14.05</u>	<u>14.77</u>	<u>19.75</u>	<u>24.77</u>

Dated : 24 August 2016
Petaling Jaya,
Selangor Darul Ehsan