

CAN-ONE BERHAD

(Company No. 638899-K)

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

(Financial year ending 31 December 2016)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/09/2016 RM'000	As at 31/12/2015 (Audited) RM'000
Non-current assets		
Property, plant and equipment	357,001	366,181
Intangible assets	219	356
Investment in associate	490,019	461,136
Goodwill on consolidation	1,408	1,408
Total non-current assets	848,647	829,081
Current assets		
Inventories	110,583	138,770
Trade and other receivables	265,398	308,537
Current tax assets	2,368	1,135
Cash and cash equivalents	72,416	59,171
Total current assets	450,765	507,613
Total assets	1,299,412	1,336,694
Equity		
Share capital	96,077	96,077
Reserves	612,680	565,481
Total equity	708,757	661,558
Liabilities		
Loans and borrowings	233,100	260,471
Deferred tax liabilities	25,242	25,443
Total non-current liabilities	258,342	285,914
Loans and borrowings	228,210	282,182
Trade and other payables	102,240	105,629
Current tax payables	1,863	1,411
Total current liabilities	332,313	389,222
Total liabilities	590,655	675,136
Total equity and liabilities	1,299,412	1,336,694
Net assets per share attributable to equity holders of the Company (Sen)	368.85	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)

Quarterly report on consolidated results for the Third Quarter ended 30 September 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 30/09/2016 RM'000	Preceding year corresponding quarter ended 30/09/2015 RM'000	Current year-to-date ended 30/09/2016 RM'000	Preceding year-to-date ended 30/09/2015 RM'000
<i>Continuing Operations</i>				
Revenue	213,598	242,353	660,534	650,213
Cost of sales	(188,947)	(207,403)	(575,441)	(561,211)
Gross profit	24,651	34,950	85,093	89,002
Other income/(expenses)	1,660	(2,437)	1,844	(1,765)
Sales and distribution expenses	(3,061)	(2,587)	(8,151)	(6,681)
Administrative expenses	(7,405)	(6,519)	(20,583)	(19,128)
Profit from operations	15,845	23,407	58,203	61,428
Interest income	179	123	507	511
Finance costs	(5,175)	(5,353)	(15,884)	(15,558)
Net finance cost	(4,996)	(5,230)	(15,377)	(15,047)
Share of profit of equity-accounted	16,601	14,383	33,102	34,750
Profit before tax	27,450	32,560	75,928	81,131
Tax expense	(3,809)	(5,114)	(14,339)	(11,258)
Profit for the period	23,641	27,446	61,589	69,873

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(Financial year ending 31 December 2016)

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

	Current quarter ended 30/09/2016 RM'000	Preceding year corresponding quarter ended 30/09/2015 RM'000	Current year-to-date ended 30/09/2016 RM'000	Preceding year-to-date ended 30/09/2015 RM'000
Profit for the period	23,641	27,446	61,589	69,873
Other comprehensive income				
- Foreign currency translation reserve	535	2,855	(679)	4,382
- Foreign currency translation differences for financial statements functional currency into Ringgit Malaysia	6,198	-	(4,728)	-
- Share of other comprehensive income/(loss) of associate	3,594	7,526	(1,297)	10,092
Total comprehensive income for the period	33,968	37,827	54,885	84,347
Profit attributable to :				
Equity holders of the Company	23,641	27,446	61,589	66,169
Non-controlling interest	-	-	-	3,704
	23,641	27,446	61,589	69,873
Total comprehensive income attributable to :				
Equity holders of the Company	33,968	37,827	54,885	80,643
Non-controlling interest	-	-	-	3,704
	33,968	37,827	54,885	84,347
Earnings per share				
Basic (Sen)	12.30	14.28	32.05	39.29
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 September 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

-	-	-	-	61,589	61,589	-	61,589
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Dividend paid

-	-	-	-	(7,686)	(7,686)	-	(7,686)
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Currency translation differences

-	-	-	(679)	-	(679)	-	(679)
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Foreign currency translation differences for financial statements stated in functional currency into Ringgit Malaysia

-	-	-	(4,728)	-	(4,728)	-	(4,728)
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Share of currency translation differences of associate

-	-	-	(1,297)	-	(1,297)	-	(1,297)
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Total comprehensive income for the period

-	-	-	(6,704)	53,903	47,199	-	47,199
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Balance at 30 September 2016

<u>96,077</u>	<u>101,583</u>	<u>(75,441)</u>	<u>37,931</u>	<u>548,607</u>	<u>708,757</u>	<u>-</u>	<u>708,757</u>
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Preceding year corresponding period ended 30 September 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

-	-	-	-	66,169	66,169	3,704	69,873
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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

-	-	-	4,382	-	4,382	-	4,382
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Share of currency translation differences of associate

-	-	-	10,092	-	10,092	-	10,092
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Total comprehensive income for the period

19,877	93,022	(77,292)	14,474	53,779	103,860	(29,133)	74,727
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Balance at 30 September 2015

<u>96,077</u>	<u>101,582</u>	<u>(77,292)</u>	<u>20,752</u>	<u>483,547</u>	<u>624,666</u>	<u>-</u>	<u>624,666</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 30/09/2016 RM'000	Preceding year-to-date ended 30/09/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	75,928	81,131
Adjustments:		
Interest expense	15,884	15,558
Interest income	(507)	(511)
Impairment / Property, plant and equipment written off	570	-
Impairment loss on receivables	1,338	-
Amortisation of intangible assets	128	-
Depreciation of property, plant and equipment	16,790	14,291
Unrealised (gain)/loss on forward exchange contracts	(73)	(1,443)
(Gain)/Loss on disposal of property, plant and equipment	(6)	(271)
Share of profit of equity-accounted investee, net of tax	(33,102)	(34,750)
Operating profit before changes in working capital	<u>76,950</u>	<u>74,005</u>
Inventories	26,419	15,943
Trade and other receivables	40,679	(5,897)
Trade and other payables	(2,749)	(11,608)
Cash generated from operations	<u>141,299</u>	<u>72,443</u>
Tax paid	(15,488)	(15,643)
Net cash from operating activities	<u>125,811</u>	<u>56,800</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	9	342
Acquisition of property, plant and equipment	(14,060)	(52,062)
Dividend received	2,923	-
Interest received	507	511
Net cash used in investing activities	<u>(10,621)</u>	<u>(51,209)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(15,884)	(15,558)
Dividend paid	(7,686)	(7,620)
Dividend paid to minority shareholder	-	(2,000)
Drawdown of term loans	7,769	20,488
Repayment of term loans	(44,375)	(27,609)
Pledged deposits for bank borrowings	(177)	(166)
Revolving credit, net	6,000	12,747
Trade facilities, net	(50,701)	(632)
Repayment of finance lease liabilities	(569)	(513)
Net cash flows generated from financing activities	<u>(105,623)</u>	<u>(20,863)</u>
Net increase in cash and cash equivalent	<u>9,567</u>	<u>(15,272)</u>
Effects of changes in foreign currency rates	3,501	(841)
Cash and cash equivalent brought forward	52,122	99,326
Cash and cash equivalent carried forward	<u>65,190</u>	<u>83,213</u>
Comprises :		
Cash and bank balances	58,608	81,613
Short term deposits with licensed banks (excluding deposits pledged)	6,582	1,600
	<u>65,190</u>	<u>83,213</u>

The above excluded short term deposits placed with a licensed bank of RM7,226,000 (2015 : RM6,993,000) 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.

CAN-ONE BERHAD
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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 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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THIRD QUARTER ENDED 30 SEPTEMBER 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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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 30/09/2016	At 31/12/2015
	RM'000	RM'000
Share of net assets in associate	<u>490,019</u>	<u>461,136</u>
Market value	<u>409,168</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 September 2016 are as follows :

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2016

10. Segment information (cont'd)

	Year-to-date ended 30/09/2016						
	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	213,774	423,710	23,050	-	660,534	-	660,534
Inter-segment sales	64,954	22,829	20,174	-	107,957	(107,957)	-
	<u>278,728</u>	<u>446,539</u>	<u>43,224</u>	<u>-</u>	<u>768,491</u>	<u>(107,957)</u>	<u>660,534</u>
Results							
Segment results	9,703	49,849	650	(1,999)	58,203	-	58,203
Interest income	216	114	-	177	507	-	507
Financial expenses	(3,346)	(2,254)	-	(10,284)	(15,884)	-	(15,884)
Share of profit after tax of associate	-	-	-	33,102	33,102	-	33,102
Profit/(Loss) before taxation	<u>6,573</u>	<u>47,709</u>	<u>650</u>	<u>20,996</u>	<u>75,928</u>	<u>-</u>	<u>75,928</u>
Assets							
Segment assets	353,496	425,808	18,849	498,891	1,297,044	-	1,297,044
Unallocated assets	-	-	-	-	2,368	-	2,368
Total assets	<u>353,496</u>	<u>425,808</u>	<u>18,849</u>	<u>498,891</u>	<u>1,299,412</u>	<u>-</u>	<u>1,299,412</u>

	Preceding Year-to-date ended 30/09/2015						
	General Cans RM'000	Food Products RM'000	International Trading RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External sales	232,707	398,991	18,515	-	650,213	-	650,213
Inter-segment sales	61,207	18,466	66,435	-	146,108	(146,108)	-
	<u>293,914</u>	<u>417,457</u>	<u>84,950</u>	<u>-</u>	<u>796,321</u>	<u>(146,108)</u>	<u>650,213</u>
Results							
Segment results	10,381	50,187	2,058	(1,198)	61,428	-	61,428
Interest income	217	128	-	166	511	-	511
Finance expenses	(3,417)	(1,520)	-	(10,621)	(15,558)	-	(15,558)
Share of profit after tax of associate	-	-	-	34,750	34,750	-	34,750
Profit/(Loss) before taxation	<u>7,181</u>	<u>48,795</u>	<u>2,058</u>	<u>23,097</u>	<u>81,131</u>	<u>-</u>	<u>81,131</u>
Assets							
Segment assets	379,586	434,667	22,798	464,137	1,301,188	-	1,301,188
Unallocated assets	-	-	-	-	4,479	-	4,479
Total assets	<u>379,586</u>	<u>434,667</u>	<u>22,798</u>	<u>464,137</u>	<u>1,305,667</u>	<u>-</u>	<u>1,305,667</u>

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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 21 November 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 September 2016.

As at 21 November 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 September 2016, the Group has the following capital commitment :

	RM'000
Approved and contracted for	<u><u>2,342</u></u>

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16. Related party disclosures

	Current Year-to-date 30/09/2016 RM'000
Sales to associated companies	<u>1,314</u>
Purchases from associated companies	<u>12,983</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 23 November 2016.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2016

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

1. Review of performance

(a) Current quarter ended 30 September 2016 ("Q3, 2016") compared with previous corresponding quarter ended 30 September 2015 ("Q3, 2015")

The Group's revenue decreased from RM242.4 million in Q3, 2015 to RM213.6 million in Q3, 2016. Profit before taxation and profit after taxation decreased from RM32.6 million and RM27.4 million in Q3, 2015 to RM27.5 million and RM23.6 million respectively in Q3, 2016.

General Cans division

The General Cans division generated total operating revenue of RM94.2 million in Q3, 2016, a decrease of 17.3% from RM113.9 million in Q3, 2015. The decrease was due mainly to lower demand for jerry cans. However, profit before taxation for Q3, 2016 improved to RM2.1 million due to better efficiency in tin cans operation and foreign exchange currency gain.

Food Products division

Revenue of Food Products division decreased by 7.5% from RM154.8 million in Q3, 2015 to RM143.1 million in Q3, 2016. Profit before taxation for Q3, 2016 dropped to RM12.2 million for the current quarter mainly due to lower average selling price of products mix, lower sales and higher material consumption.

International Trading division

Revenue of International Trading division decreased by RM16.6 million in Q3, 2016 mainly due to lower inter-company sales.

Investment in associate

Associated company, Kian Joo Can Factory Berhad ("KJCF") contributed RM16.6 million net profit to the Group for Q3, 2016, an increase of RM2.2 million compared with Q3, 2015.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2016

1. Review of performance (cont'd.)

(b) *Current year-to-date ended 30 September 2016 ("YTD Q3, 2016") compared with previous year-to-date ended 30 September 2015 ("YTD Q3, 2015")*

The Group's revenue increased from RM650.2 million in YTD Q3, 2015 to RM660.5 million in YTD Q3, 2016. Profit before taxation and profit after taxation decreased from RM81.1 million and RM69.9 million in YTD Q3, 2015 to RM75.9 million and RM61.6 million respectively in YTD Q3, 2016.

General Cans division

The Revenue of General Cans division for YTD Q3, 2016 was RM278.7 million, a decrease of RM15.2 million compared to last year, due mainly to lower demand for jerry cans. Profit before taxation for the current quarter of RM6.6 million was lower than YTD Q3, 2015 by RM0.6 million.

Food Products division

Revenue of Food Products division increased by 7.0% to RM446.5 million for YTD Q3, 2016 compared to YTD Q3, 2015 mainly due to increase in production capacity. Profit before tax decreased by RM1.1 million to RM47.7 million mainly due to lower average selling price.

International Trading division

Revenue from International Trading division decreased from RM85.0 million in YTD Q3, 2015 to RM43.2 million in YTD Q3, 2016 mainly due to lower inter-company sales.

Investment in associate

Associated company, KJCF contributed RM33.1 million net profit to the Group for YTD Q3, 2016 compared to RM34.8 million in YTD Q3, 2015.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
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2. Variation of results against immediate preceding quarter ended 30 June 2016 ("Q2, 2016")

The Group's revenue decreased from RM242.0 million in Q2, 2016 to RM213.6 million in Q3, 2016. Profit before taxation and profit after taxation decreased from RM32.6 million and RM27.0 million in Q2, 2016 to RM27.5 million and RM23.6 million in Q3, 2016 respectively.

General Cans division

Revenue of General Cans division decreased from RM96.8 million in Q2, 2016 to RM94.2 million in Q3, 2016 mainly due to lower demand in jerry cans. Profit before taxation decreased by RM0.7 million compared to the last quarter attributable mainly to lower sales and higher operating expenses.

Food Products division

Revenue of Food Products division decreased by RM27.1 million to RM143.1 million in Q3, 2016 when compared to Q2, 2016 mainly due to lower production. Profit before taxation was lower at RM12.2 million as compared to RM20.6 million for Q2, 2016. The decline in profit before taxation was mainly due to lower sales and higher material consumption.

International Trading division

International Trading division's revenue decreased by RM2.2 million to RM13.2 million for Q3, 2016 when compared with Q2, 2016.

Investment in associate

Associated company, KJCF contributed RM16.6 million net profit to the Group for Q3, 2016, an increase of RM3.8 million compared with Q2, 2016.

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

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2016

3. Prospects

The prices of sugar and milk powder are on an uptrend and major fluctuations in the exchange rate between Ringgit Malaysia and United States Dollar ("USD") will have an effect on the performance of the Group.

Nevertheless, we are cautiously optimistic about the performance of the Group for the final quarter of 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 30/09/2016 RM'000	Preceding year corresponding quarter ended 30/09/2015 RM'000	Current year-to-date ended 30/09/2016 RM'000	Preceding year-to-date ended 30/09/2015 RM'000
Current tax expense				
- Current year	5,165	4,082	16,463	10,923
- Prior year	(1,719)	922	(1,895)	922
Deferred tax expense	363	110	(229)	(587)
	<u>3,809</u>	<u>5,114</u>	<u>14,339</u>	<u>11,258</u>

The effective tax rate of the Group was 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 were no corporate proposals announced which have not been completed as at 21 November 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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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2016

7. Group borrowings and debts securities

Group borrowings as at 30 September 2016 are as follows :

	As at 30/09/2016 '000	As at 31/12/2015 '000
Borrowings denominated in RM		
Current		
Secured		
Finance leases	750	765
Term loans	35,314	43,589
Bankers acceptances	11,434	4,577
	<u>47,498</u>	<u>48,931</u>
Unsecured		
Bill receivables	8,625	9,998
Term loans	13,765	14,746
Bankers acceptances	59,845	67,893
Revolving credits	17,000	11,000
	<u>146,733</u>	<u>152,568</u>
Non-current		
Secured		
Finance leases	1,778	1,800
Term loans	189,944	214,361
	<u>191,722</u>	<u>216,161</u>
Unsecured		
Term loans	41,378	44,310
	<u>233,100</u>	<u>260,471</u>
Total borrowings in RM	<u><u>379,833</u></u>	<u><u>413,039</u></u>
Borrowings denominated in USD		
Current		
Secured		
Receivable financing	-	56,342
Foreign currencies trade loans	9,814	7,818
Unsecured		
Bill receivables	2,278	4,418
Foreign currencies trade loans	69,385	61,036
Total borrowings in USD	<u>81,477</u>	<u>129,614</u>
Total Group borrowings	<u><u>461,310</u></u>	<u><u>542,653</u></u>

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(Company No. 638899-K)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2016

8. Retained Earnings

	As at 30/09/2016 RM'000	As at 31/12/2015 RM'000
Total retained earnings of Company		
- Realised	411,390	389,381
- Unrealised	(17,955)	(17,857)
	<u>393,435</u>	<u>371,524</u>
Total share of retained earnings in associate		
- Realised	185,259	182,344
- Unrealised	99,526	69,340
Add: Consolidated adjustments	(129,613)	(128,504)
Total Group retained earnings as per Consolidated Accounts	<u><u>548,607</u></u>	<u><u>494,704</u></u>

9. Profit before taxation

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

	Current Quarter ended 30/09/2016 RM'000	Preceding year corresponding quarter ended 30/09/2015 RM'000	Current year-to-date ended 30/09/2016 RM'000	Preceding year-to-date ended 30/09/2015 RM'000
Interest income	(179)	(123)	(507)	(511)
Other income including investment income	(368)	139	(1,915)	(29)
Interest expense	5,175	5,351	15,884	15,558
Depreciation and amortisation	5,861	5,084	16,918	14,291
Property, plant and equipment written off	-	-	26	-
Impairment loss of property plant and equipment	544	-	544	-
(Gain)/Loss on disposal of plant and equipment	(2)	(246)	(6)	(271)
(Gain)/Loss on foreign exchange	(2,383)	3,882	(421)	3,493
(Gain)/Loss on derivative financial instruments	546	(1,338)	(73)	(1,443)

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

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2016

10. Changes in material litigation

There was no pending material litigation as at 21 November 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 30/09/2016	Preceding year corresponding quarter ended 30/09/2015	Current year-to-date ended 30/09/2016	Preceding year-to-date ended 30/09/2015
Net profit attributable to shareholders of the company (RM'000)	23,641	27,446	61,589	66,169
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	-	39,753	-	16,018
Weighted average number of ordinary shares at 31 December	<u>192,153</u>	<u>192,153</u>	<u>192,153</u>	<u>168,418</u>
Basic Earnings per ordinary share (Sen)	<u>12.30</u>	<u>14.28</u>	<u>32.05</u>	<u>39.29</u>

Dated : 23 November 2016
Petaling Jaya,
Selangor Darul Ehsan