

**CAN-ONE BERHAD**

(Company No. 638899-K)

Quarterly report on consolidated results for the Third Quarter ended 30 September 2017. The figures have not been audited.

(Financial year ending 31 December 2017)

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 30/09/2017 RM'000	As at 31/12/2016 (Audited) RM'000
<b>Non-current assets</b>		
Property, plant and equipment	357,134	367,042
Intangible assets	313	543
Investment in associate	504,564	502,345
Goodwill on consolidation	1,408	1,408
<b>Total non-current assets</b>	<b>863,419</b>	<b>871,338</b>
<b>Current assets</b>		
Inventories	151,776	152,789
Trade and other receivables	360,764	276,729
Current tax assets	2,489	2,973
Cash and cash equivalents	88,431	82,706
Assets classified as held for sale	-	2,357
<b>Total current assets</b>	<b>603,460</b>	<b>517,554</b>
<b>Total assets</b>	<b>1,466,879</b>	<b>1,388,892</b>
<b>Equity</b>		
Share capital	197,660	96,077
Reserves	582,525	652,419
	<b>780,185</b>	<b>748,496</b>
<b>Liabilities</b>		
Loans and borrowings	174,491	218,214
Deferred tax liabilities	31,195	32,093
<b>Total non-current liabilities</b>	<b>205,686</b>	<b>250,307</b>
Loans and borrowings	334,121	257,272
Trade and other payables	146,227	130,252
Current tax payables	660	2,565
<b>Total current liabilities</b>	<b>481,008</b>	<b>390,089</b>
<b>Total liabilities</b>	<b>686,694</b>	<b>640,396</b>
<b>Total equity and liabilities</b>	<b>1,466,879</b>	<b>1,388,892</b>
Net assets per share attributable to equity holders of the Company (Sen)	<b>406.02</b>	<b>389.53</b>

**NOTE:**

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017. The figures have not been audited.

(Financial year ending 31 December 2017)

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

	Individual quarter			Cumulative quarter		
	Current quarter ended 30/09/2017 RM'000	Preceding year corresponding quarter ended 30/09/2016 RM'000	Changes %	Current year-to-date ended 30/09/2017 RM'000	Preceding year-to-date ended 30/09/2016 RM'000	Changes %
<b>Continuing Operations</b>						
Revenue	<b>298,208</b>	213,598	40%	<b>835,521</b>	660,534	26%
Cost of sales	<b>(267,018)</b>	(188,947)		<b>(744,268)</b>	(575,441)	
Gross profit	<b>31,190</b>	24,651	27%	<b>91,253</b>	85,093	7%
Other income/(expenses)	<b>2,147</b>	1,660		<b>1,974</b>	1,844	
Sales and distribution expenses	<b>(3,195)</b>	(3,061)		<b>(9,935)</b>	(8,151)	
Administrative expenses	<b>(6,833)</b>	(7,405)		<b>(21,416)</b>	(20,583)	
Profit from operations	<b>23,309</b>	15,845	47%	<b>61,876</b>	58,203	6%
Interest income	<b>195</b>	179		<b>634</b>	507	
Finance costs	<b>(5,480)</b>	(5,175)		<b>(16,250)</b>	(15,884)	
Net finance cost	<b>(5,285)</b>	(4,996)		<b>(15,616)</b>	(15,377)	
Share of profit of equity-accounted investees, net of tax	<b>2,953</b>	16,601		<b>13,645</b>	33,102	
Profit before tax	<b>20,977</b>	27,450	(24%)	<b>59,905</b>	75,928	(21%)
Tax expense	<b>(5,052)</b>	(3,809)		<b>(13,904)</b>	(14,339)	
Profit for the period	<b>15,925</b>	23,641	(33%)	<b>46,001</b>	61,589	(25%)

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

	<b>Current quarter ended 30/09/2017 RM'000</b>	Preceding year corresponding quarter ended 30/09/2016 RM'000	Changes %	<b>Current year-to-date ended 30/09/2017 RM'000</b>	Preceding year-to-date ended 30/09/2016 RM'000	Changes %
Profit for the period	<b>15,925</b>	23,641	(33%)	<b>46,001</b>	61,589	(25%)
Other comprehensive income						
Foreign currency translation differences for :						
- Foreign operations	<b>(246)</b>	535		<b>(1,045)</b>	(679)	
- A subsidiary with functional currency other than Ringgit Malaysia	-	6,198		-	(4,728)	
- Share of other income/(loss) of associate	<b>(1,164)</b>	3,594		<b>(5,581)</b>	(1,297)	
Total comprehensive income for the period attributable to the Owners of the Company	<b>14,515</b>	33,968	(57%)	<b>39,375</b>	54,885	(28%)
Earnings per share						
Basic (Sen)	<b>8.29</b>	12.30		<b>23.94</b>	32.05	
Diluted (Sen)	<b>NA</b>	NA		<b>NA</b>	NA	

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<----- Attributable to Owners of the Company ----->					Total equity RM'000
	<----- 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	
<b>Current period ended 30 September 2017</b>						
Balance at 1 January 2017	96,077	101,583	(75,441)	52,886	573,391	748,496
Comprehensive income for the period						
Profit for the period	-	-	-	-	46,001	46,001
Dividend paid	-	-	-	-	(7,686)	(7,686)
Currency translation differences of foreign operations	-	-	-	(1,045)	-	(1,045)
Effect of change in functional currency of a subsidiary	-	-	-	(32,729)	32,729	-
Share of currency translation differences of associate	-	-	-	(5,581)	-	(5,581)
Transfer in accordance with Section 618(2) of the Companies Act, 2016 (Note <sup>1</sup> )	101,583	(101,583)	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>101,583</b>	<b>(101,583)</b>	<b>-</b>	<b>(39,355)</b>	<b>71,044</b>	<b>31,689</b>
<b>Balance at 30 September 2017</b>	<b>197,660</b>	<b>-</b>	<b>(75,441)</b>	<b>13,531</b>	<b>644,435</b>	<b>780,185</b>
<b>Preceding year corresponding period ended 30 September 2016</b>						
Balance at 1 January 2016	96,077	101,583	(75,441)	44,635	494,704	661,558
Comprehensive income for the period						
Profit for the period	-	-	-	-	61,589	61,589
Dividend Paid	-	-	-	-	(7,686)	(7,686)
Currency translation differences of foreign operations	-	-	-	(679)	-	(679)
Foreign currency translation differences for a subsidiary with functional currency other than Ringgit Malaysia	-	-	-	(4,728)	-	(4,728)
Share of currency translation differences of associate	-	-	-	(1,297)	-	(1,297)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,704)</b>	<b>53,903</b>	<b>47,199</b>
<b>Balance at 30 September 2016</b>	<b>96,077</b>	<b>101,583</b>	<b>(75,441)</b>	<b>37,931</b>	<b>548,607</b>	<b>708,757</b>

**Note<sup>1</sup>**

In accordance with Section 618 of Companies Act, 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act, 2016 on 31 January 2017 to utilise the credit.

**NOTE:**

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**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Current year-to-date ended 30/09/2017 RM'000	Preceding year-to-date ended 30/09/2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax from continuing operations	59,905	75,928
<b>Adjustments:</b>		
Interest expense	16,250	15,884
Interest income	(634)	(507)
Property, plant and equipment written off	-	26
Impairment loss on property, plant and equipment	-	544
Impairment loss on receivables	146	1,338
Amortisation of intangible assets	230	128
Depreciation of property, plant and equipment	17,263	16,790
Unrealised (gain)/loss on forward exchange contracts	(138)	(73)
(Gain)/Loss on disposal of property, plant and equipment	(6,352)	(6)
Share of profit of equity-accounted investee, net of tax	(13,645)	(33,102)
Operating profit before changes in working capital	<u>73,025</u>	<u>76,950</u>
Inventories	838	26,419
Trade and other receivables	(85,348)	40,679
Trade and other payables	17,199	(2,749)
<b>Cash generated from operations</b>	<u>5,714</u>	<u>141,299</u>
Tax paid	(16,309)	(15,488)
<b>Net cash from operating activities</b>	<u>(10,595)</u>	<u>125,811</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	24,652	9
Acquisition of property, plant and equipment	(23,455)	(14,060)
Dividend received	5,845	2,923
Interest received	634	507
<b>Net cash used in investing activities</b>	<u>7,676</u>	<u>(10,621)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(16,250)	(15,884)
Dividend paid	(7,686)	(7,686)
Net movement in borrowings	32,797	(81,876)
Pledged deposits for bank borrowings	(193)	(177)
<b>Net cash flows generated from financing activities</b>	<u>8,668</u>	<u>(105,623)</u>
<b>Net increase in cash and cash equivalent</b>	<u>5,749</u>	<u>9,567</u>
Effects of changes in foreign currency rates	(216)	3,501
Cash and cash equivalent brought forward	75,421	52,122
<b>Cash and cash equivalent carried forward</b>	<u><u>80,954</u></u>	<u><u>65,190</u></u>
Comprises :		
<b>Cash and bank balances</b>	70,454	58,608
<b>Short term deposits with licensed banks (excluding deposits pledged)</b>	10,500	6,582
	<u><u>80,954</u></u>	<u><u>65,190</u></u>

The above excluded short term deposits placed with a licensed bank of RM7,477,000 (2016 : RM7,226,000) 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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2017

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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 2016. 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 2016.

***Change in functional currency***

The functional currency of a subsidiary has been changed from United States Dollar ("USD") to Ringgit Malaysia ("RM") since 1 January 2017 to reflect the current and prospective economic substance of the underlying transactions and circumstances of the subsidiary as the subsidiary's sale and purchase transactions as well as its settlement of debts to suppliers and/or by customers are mainly denominated in RM.

Following the assessment, the effect of the change in functional currency to RM was applied prospectively in the subsidiary's financial statements. The subsidiary translated all opening balances into the RM functional currency using the exchange rate at the beginning of the year.

**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 2016.

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 2017.

Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)</i>
Amendments to MFRS 107	<i>Statement of Cash Flows - Disclosure Initiative</i>
Amendments to MFRS 112	<i>Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses</i>

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**2. Significant Accounting Policies (cont'd)**

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

MFRS 9	<i>Financial Instruments (2014)</i>
MFRS 15	<i>Revenue from Contracts with Customers</i>
Clarifications to MFRS 15	<i>Revenue from Contracts with Customers</i>
IC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Amendments to MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)**</i>
Amendments to MFRS 2	<i>Share-based Payment - Classification and Measurement of Share-based Payment Transactions**</i>
Amendments to MFRS 4	<i>Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts**</i>
Amendments to MFRS 128	<i>Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)</i>
Amendments to MFRS 140	<i>Investment Property - Transfers of Investment Property**</i>
Amendments to MFRS 16	<i>Leases</i>

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

Amendments to MFRS 10	<i>Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
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*\*\* - Not applicable to the Group.*

The Group plans to apply the abovementioned accounting standards, amendments and interpretations in the respective years when they become effective.

The initial applications of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the Group other than MFRS 15, *Revenue from Contracts with Customers*, MFRS 9, *Financial Instruments* and MFRS 16, *Leases*, which the Group is currently assessing the financial impact that may arise from the adoption.

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**3. Auditors' report**

The auditors' report dated 17 March 2017 on the financial statements for the financial year ended 31 December 2016 was not subject to any audit qualification.

**4. Seasonal or Cyclical Factors**

The operations of the Group are not subject to seasonal or cyclical fluctuations except that certain products are subject to seasonal demand where higher sales will be recorded a few months before major festive seasons such as Ramadan and Chinese New Year but lower sales in the first quarter of every financial year.

**5. Unusual Items due to their nature, size or incidence**

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence during the current quarter under review.

**6. Investment in associate**

	At 30/09/2017 RM'000	At 31/12/2016 RM'000
Share of net assets in associate	<u>504,564</u>	<u>502,345</u>
Market value	<u>441,317</u>	<u>428,165</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.



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**9. Dividend paid**

A first and final single-tier dividend of 4 sen per share for the financial year ended 31 December 2016 was paid on 21 July 2017.

**10. Segment information**

The Group organised its activities principally into 3 reportable business segments :

- a) Manufacture of metal and lithographed tin cans, plastic jerry cans, flexible packaging and rigid packaging (collectively, "General Cans");
- b) Manufacturing, packaging and distribution of dairy and non-dairy products ("Food Products");
- c) International Trading; and
- d) Property and investment holding ("Others")

Segment revenue and results for the financial period ended 30 September 2017 are as follows :

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

	Year-to-date ended 30/09/2017						
	General Cans	Food Products	International Trading	Others	Total	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>							
External sales	355,588	547,011	78,194	19,654	1,000,447	(164,926)	835,521
Inter-segment sales	12,122	-	-	12,945	25,067	(25,067)	-
	<u>367,710</u>	<u>547,011</u>	<u>78,194</u>	<u>32,599</u>	<u>1,025,514</u>	<u>(189,993)</u>	<u>835,521</u>
<b>Results</b>							
Segment results	25,270	37,745	1,521	17,757	82,293	(20,417)	61,876
Interest income	1,424	324	-	428	2,176	(1,542)	634
Financial expenses	(4,443)	(3,949)	-	(9,400)	(17,792)	1,542	(16,250)
Share of profit after tax of associate	-	-	-	13,645	13,645	-	13,645
Profit before taxation	<u>22,251</u>	<u>34,120</u>	<u>1,521</u>	<u>22,430</u>	<u>80,322</u>	<u>(20,417)</u>	<u>59,905</u>
<b>Assets</b>							
Segment assets	481,556	524,347	22,203	531,260	1,559,366	(94,976)	1,464,390
Unallocated assets	-	-	-	-	2,489	-	2,489
Total assets	<u>481,556</u>	<u>524,347</u>	<u>22,203</u>	<u>531,260</u>	<u>1,561,855</u>	<u>(94,976)</u>	<u>1,466,879</u>
<b>Liabilities</b>							
Segment liabilities	235,787	271,704	14,385	230,436	752,312	(97,473)	654,839
Unallocated liabilities	-	-	-	-	31,741	114	31,855
Total liabilities	<u>235,787</u>	<u>271,704</u>	<u>14,385</u>	<u>230,436</u>	<u>784,053</u>	<u>(97,359)</u>	<u>686,694</u>
<b>Preceding Year-to-date ended 30/09/2016</b>							
	General Cans	Food Products	International Trading	Others	Total	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>							
External sales	270,681	446,538	43,224	20,177	780,620	(120,086)	660,534
Inter-segment sales	8,048	-	-	23,523	31,571	(31,571)	-
	<u>278,729</u>	<u>446,538</u>	<u>43,224</u>	<u>43,700</u>	<u>812,191</u>	<u>(151,657)</u>	<u>660,534</u>
<b>Results</b>							
Segment results	9,704	49,849	251	21,187	80,991	(22,788)	58,203
Interest income	963	461	-	419	1,843	(1,336)	507
Finance expenses	(4,092)	(2,601)	-	(10,527)	(17,220)	1,336	(15,884)
Share of profit after tax of associate	-	-	-	33,102	33,102	-	33,102
Profit before taxation	<u>6,575</u>	<u>47,709</u>	<u>251</u>	<u>44,181</u>	<u>98,716</u>	<u>(22,788)</u>	<u>75,928</u>
<b>Assets</b>							
Segment assets	381,243	453,622	18,868	516,397	1,370,130	(73,087)	1,297,043
Unallocated assets	-	-	-	-	2,368	-	2,368
Total assets	<u>381,243</u>	<u>453,622</u>	<u>18,868</u>	<u>516,397</u>	<u>1,372,498</u>	<u>(73,087)</u>	<u>1,299,411</u>
<b>Liabilities</b>							
Segment liabilities	159,971	225,903	4,671	248,720	639,265	(75,715)	563,550
Unallocated liabilities	-	-	-	-	26,991	114	27,105
Total liabilities	<u>159,971</u>	<u>225,903</u>	<u>4,671</u>	<u>248,720</u>	<u>666,256</u>	<u>(75,601)</u>	<u>590,655</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 27 November 2017 (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 2017.

As at 27 November 2017 (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 2017, the Group has the following capital commitment :

	<b>RM'000</b>
Approved and contracted for	<u><u>14,193</u></u>

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**16. Related party disclosures**

The Group has related party relationship with the following :

- i) associate company and its subsidiaries ("associated company")
- ii) a company in which a Director has substantial financial interests ("related party")

Related party transactions have been entered into the normal course of business under trade terms. The significant related party transactions of the Group are as follows :

	<b>Current Year-to-date 30/09/2017 RM'000</b>
Sales of goods to associated companies	678
Sales of machinery and moulds to associated companies	<u>1,203</u>
Purchases of goods from a related party	801
Purchases of goods from associated companies	<u>24,936</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 November 2017.

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

**1. Review of performance**

***(a) Current quarter ended 30 September 2017 ("Q3, 2017") compared with previous corresponding quarter ended 30 September 2016 ("Q3, 2016")***

The Group's revenue increased from RM213.6 million in Q3, 2016 to RM298.2 million in Q3, 2017. Profit before taxation and profit after taxation decreased from RM27.5 million and RM23.6 million in Q3, 2016 to RM21.0 million and RM15.9 million respectively in Q3, 2017.

General Cans division

The General Cans division generated total revenue of RM125.3 million in Q3, 2017, an increase of 33.0% from RM94.2 million in Q3, 2016 mainly due to active sales engagement activities with customers by the Tin Cans and Jerry Cans segments. Profit before taxation increased by RM7.3 million to RM9.4 million in Q3, 2017 attributable to higher sales and gain on disposal of property, plant and equipment.

Food Products division

Revenue of Food Products division increased by 41.9% from RM143.1 million in Q3, 2016 to RM203.0 million in Q3, 2017 attributable to effective execution of sales plan. Profit before taxation for Q3, 2017 dropped by RM0.7 million compared to Q3, 2016 mainly due to higher raw material cost and unfavourable foreign exchange.

International Trading division

Revenue of International Trading division increased by RM12.9 million compared to RM13.2 million in Q3, 2016 due to improved trading activities of both milk products and resin. In tandem with the increased revenue, profit before taxation rose by RM0.5 million to RM0.6 million in Q3, 2017.

Investment in associate

Associated company, Kian Joo Can Factory Berhad ("KJCF") contributed RM3.0 million net profit to the Group in Q3, 2017, a decrease of RM13.6 million compared with Q3, 2016 mainly due to escalating raw material costs and foreign currency exchange loss.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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**1. Review of performance (cont'd.)**

**(b) Current year-to-date ended 30 September 2017 ("YTD Q3, 2017") compared with previous year-to-date ended 30 September 2016 ("YTD Q3, 2016")**

The Group's revenue increased from RM660.5 million in YTD Q3, 2016 to RM835.5 million in YTD Q3, 2017. Profit before taxation and profit after taxation decreased from RM75.9 million and RM61.6 million in YTD Q3, 2016 to RM59.9 million and RM46.0 million respectively in YTD Q3, 2017.

General Cans division

The Revenue of General Cans division for YTD Q3, 2017 was RM367.7 million, an increase of RM89.0 million compared to YTD Q3 2016, mainly due to active sales engagement activities with customers by the Tin Cans segment and Jerry Cans segment. Profit before taxation for YTD Q3, 2017 of RM22.3 million was higher than YTD Q3, 2016 by RM15.7 million mainly due to higher sales, lower losses in Flexi and Rigid packaging segments as well as gain on disposal of property, plant and equipment.

Food Products division

Revenue of Food Products division increased by 22.5% to RM547.0 million for YTD Q3, 2017 compared to YTD Q3, 2016 mainly due to effective execution of sales plan. Profit before taxation dropped by RM13.6 million to RM34.1 million compared to YTD Q3, 2016. Despite higher turnover, this division reported lower profit before taxation mainly due to higher raw materials cost, higher distribution expenses and unfavourable foreign exchange.

International Trading division

Revenue of International Trading division increased by RM35.0 million to RM78.2 million in YTD Q3, 2017 due to increase in trading activities of both milk products and resin. In tandem with the increase in revenue, profit before taxation increased by RM1.3 million to RM1.5 million in YTD Q3, 2017.

Investment in associate

The share of equity results of the associate, KJCF, decreased by RM19.5 million to RM13.6 million compared to YTD Q3, 2016 mainly due to escalating costs of tin plate, aluminium and paper rolls, written-off and written-down value of inventories, higher operating expenses, lower unrealised gain on hedging instruments and higher financial expenses, despite higher revenue.

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THIRD QUARTER ENDED 30 SEPTEMBER 2017

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**2. Variation of results against immediate preceding quarter ended 30 June 2017 ("Q2, 2017")**

	<b>Current Quarter 30/09/2017 RM'000</b>	<b>Immediate Preceding Quarter 30/06/2017 RM'000</b>	<b>Changes RM'000</b>
Revenue	298,208	276,350	21,858
Operating Profit	23,309	19,461	3,848
Profit Before Interest and Taxation	26,262	24,260	2,002
Profit Before Taxation	20,977	19,140	1,837
Profit After Taxation / Profit Attributable to Owners of the Company	<u>15,925</u>	<u>14,998</u>	<u>927</u>

Revenue in current quarter under review increased by RM21.9 million from RM276.4 million in Q2, 2017 to RM298.2 million in Q3, 2017. Profit before taxation increased by RM1.8 million compared to Q2, 2017.

General Cans division

Revenue of General Cans division decreased from RM130.7 million in Q2, 2017 to RM125.3 million in Q3, 2017 mainly due to decline in sales demand of Jerry Cans segment. Profit before taxation increased by RM1.4 million compared to the last quarter attributable mainly to gain on disposal of property, plant and equipment.

Food Products division

Revenue from Food Products division increased from RM175.2 million in Q2, 2017 to RM203.0 million in Q3, 2017 due to effective execution of sales plan. Profit before taxation increased by RM1.1 million compared to Q2, 2017 mainly due to higher sales, sales mix and marginally lower materials costs.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2017

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**2. Variation of results against immediate preceding quarter ended 30 June 2017 ("Q2, 2017") (cont'd)**

International Trading division

International Trading division recorded a decrease in turnover of RM1.4 million from RM27.5 million in Q2, 2017 to RM26.1 million in Q3, 2017. However, profit before taxation increased from RM0.4 million to RM0.6 million in Q3, 2017.

Investment in associate

Investment in associate, KJCF, contributed a profit (net of tax) of RM3.0 million in Q3, 2017 compared to RM4.8 million in Q2, 2017 mainly due to higher input costs of direct materials, operating and finance costs.



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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2017

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**3. Prospects**

The Management expects the Group's operating environment to remain challenging and competitive. Increase in raw material and production costs will continue to put pressure on the bottom line of the Group amidst growth in revenue. Continuous efforts were made by the Management to negotiate with the customers to absorb part of the costs increase. Nevertheless, the Management is confident in managing the challenges and continues to strive to improve productivity and marketability of its products whilst enhancing its operational efficiency. Barring any unforeseen circumstances, the Board expects the final quarter results of 2017 to remain profitable.

**4. Profit forecast/profit guarantee**

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

**5. Tax expense**

	Current Quarter ended 30/09/2017 RM'000	Preceding year corresponding quarter ended 30/09/2016 RM'000	Current year-to-date ended 30/09/2017 RM'000	Preceding year-to-date ended 30/09/2016 RM'000
Current tax expense				
- Current year	5,505	5,165	14,795	16,463
- Prior year	(329)	(1,719)	1	(1,895)
Deferred tax expense	(124)	363	(892)	(229)
	5,052	3,809	13,904	14,339

The effective tax rate of the Group was lower than the 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 27 November 2017 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

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**7. Group borrowings and debts securities**

Group borrowings as at 30 September 2017 are as follows :

	As at 30/09/2017 RM'000	As at 31/12/2016 RM'000
<b>Borrowings denominated in RM</b>		
<b>Current</b>		
Secured		
Finance leases	688	713
Term loans	47,140	41,227
Bankers acceptances	23,227	10,360
	<u>71,055</u>	<u>52,300</u>
Unsecured		
Bills receivable financing	5,946	5,329
Term loans	11,179	12,927
Bankers acceptances	174,518	70,879
Revolving credits	37,000	15,000
	<u>299,698</u>	<u>156,435</u>
<b>Non-current</b>		
Secured		
Finance leases	1,393	1,580
Term loans	142,804	178,159
	<u>144,197</u>	<u>179,739</u>
Unsecured		
Term loans	30,294	38,475
	<u>174,491</u>	<u>218,214</u>
Total borrowings in RM	<u><u>474,189</u></u>	<u><u>374,649</u></u>
<b>Borrowings denominated in USD</b>		
<b>Current</b>		
Secured		
Bills receivable financing	-	639
Foreign currencies trade loans	6,790	17,185
Unsecured		
Foreign currencies trade loans	23,411	80,097
Revolving credits	4,222	2,916
Total borrowings in USD	<u><u>34,423</u></u>	<u><u>100,837</u></u>
Total Group borrowings	<u><u>508,612</u></u>	<u><u>475,486</u></u>

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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**7. Group borrowings and debts securities (cont'd)**

The interest rates for the borrowings are as follows :

	<b>As at 30/09/2017 %</b>	<b>As at 31/12/2016 %</b>
Term loans:		
- Fixed	3.05	3.05 - 4.77
- Floating	4.11 - 5.71	4.71 - 5.71
Trade facilities	1.99 - 4.36	2.34 - 4.03
Finance leases	2.34 - 3.25	2.34 - 3.25
Bills receivable financing	-	1.68 - 1.71
Revolving credits	3.38 - 4.50	2.83 - 4.41

There are no major changes in the Group total borrowings and certain amount of the Group borrowings denominated in USD were hedged.

**8. Retained Earnings**

	<b>As at 30/09/2017 RM'000</b>	<b>As at 31/12/2016 RM'000</b>
Total retained earnings of Company		
- Realised	483,760	419,671
- Unrealised	(16,495)	(17,742)
	<u>467,265</u>	<u>401,929</u>
Total share of retained earnings in associate		
- Realised	232,400	226,436
- Unrealised	74,544	66,863
Add: Consolidated adjustments	(129,774)	(121,837)
Total Group retained earnings as per Consolidated Accounts	<u>644,435</u>	<u>573,391</u>

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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**9. Profit before taxation**

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

	<b>Current Quarter ended 30/09/2017 RM'000</b>	<b>Preceding year corresponding quarter ended 30/09/2016 RM'000</b>	<b>Current year-to-date ended 30/09/2017 RM'000</b>	<b>Preceding year-to-date ended 30/09/2016 RM'000</b>
Interest income	(195)	(179)	(634)	(507)
Other expenses/(income)	(559)	(368)	(2,943)	(1,913)
Interest expense	5,480	5,175	16,250	15,884
Depreciation and amortisation	6,025	5,861	17,493	16,918
Property, plant and equipment written off	-	-	-	26
Impairment loss of property, plant and equipment	-	544	-	544
(Gain)/Loss on disposal of plant and equipment	(3,937)	(2)	(6,352)	(6)
(Gain)/Loss on foreign exchange	2,383	(2,383)	7,360	(421)
(Gain)/Loss on derivative financial instruments	(35)	546	(41)	(74)

**10. Changes in material litigation**

There was no pending material litigation as at 27 November 2017 (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 current quarter under review.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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**12. Earnings per share**

The basic earnings per share are computed as follows :

	<b>Current Quarter ended 30/09/2017</b>	<b>Preceding year corresponding quarter ended 30/09/2016</b>	<b>Current year-to-date ended 30/09/2017</b>	<b>Preceding year-to-date ended 30/09/2016</b>
Net profit attributable to shareholders of the company (RM'000)	15,925	23,641	46,001	61,589
Weighted average number of ordinary shares in issue ('000)	192,153	192,153	192,153	192,153
Basic Earnings per ordinary share (Sen)	<u>8.29</u>	<u>12.30</u>	<u>23.94</u>	<u>32.05</u>

Dated : 29 November 2017  
Petaling Jaya,  
Selangor Darul Ehsan