

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

Quarterly report on consolidated results as at 31 December 2018. The figures have not been
(Financial year ended 31 December 2018)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/12/2018 RM'000	As at 31/12/2017 (Audited) RM'000
Non-current assets		
Property, plant and equipment	451,061	351,629
Intangible assets	362	235
Investment in associate	512,671	515,928
Goodwill on consolidation	1,424	1,408
Total non-current assets	965,518	869,200
Current assets		
Inventories	185,496	170,955
Trade and other receivables	334,673	365,620
Current tax assets	3,720	782
Derivative financial assets	54	10
Cash and cash equivalents	108,214	95,556
Total current assets	632,157	632,923
Total assets	1,597,675	1,502,123
Equity		
Share capital	197,660	197,660
Reserves	633,111	595,586
	830,771	793,246
Liabilities		
Loans and borrowings	281,942	258,687
Deferred tax liabilities	31,384	30,914
Total non-current liabilities	313,326	289,601
Loans and borrowings	258,179	240,965
Trade and other payables	192,480	177,211
Current tax payables	2,919	1,100
Total current liabilities	453,578	419,276
Total liabilities	766,904	708,877
Total equity and liabilities	1,597,675	1,502,123
Net assets per share attributable to equity holders of the Company (Sen)	432.35	412.82

NOTE:

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 Financial Year ended 31 December 2018. The figures have not been audited.

(Financial year ended 31 December 2018)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Individual quarter			Cumulative quarter		
	Current quarter ended 31/12/2018 RM'000	Preceding year corresponding quarter ended 31/12/2017 RM'000	Changes %	Current year ended 31/12/2018 RM'000	Preceding year ended 31/12/2017 RM'000	Changes %
Continuing Operations						
Revenue	322,596	300,815	7	1,227,219	1,136,336	8
Cost of sales	(285,640)	(271,121)		(1,088,219)	(1,015,389)	
Gross profit	36,956	29,694	24	139,000	120,947	15
Other income/(expenses)	624	(4,882)		(2,673)	(2,908)	
Sales and distribution expenses	(4,478)	(4,207)		(17,609)	(14,142)	
Administrative expenses	(9,122)	(7,706)		(34,349)	(29,122)	
Profit from operations	23,980	12,899	86	84,369	74,775	13
Interest income	229	523		833	1,157	
Finance costs	(6,786)	(6,154)		(24,973)	(22,404)	
Net finance cost	(6,557)	(5,631)		(24,140)	(21,247)	
Share of profit of equity-accounted investees, net of tax	(769)	15,254		4,981	28,899	
Profit before tax	16,654	22,522	(26)	65,210	82,427	(21)
Tax expense	(3,700)	(4,948)		(18,634)	(18,852)	
Profit for the period	12,954	17,574	(26)	46,576	63,575	(27)

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

	Individual quarter			Cumulative quarter		
	Current quarter ended 31/12/2018 RM'000	Preceding year corresponding quarter ended 31/12/2017 RM'000	Changes %	Current year ended 31/12/2018 RM'000	Preceding year ended 31/12/2017 RM'000	Changes %
Profit for the period	12,954	17,574	(26)	46,576	63,575	(27)
Other comprehensive income						
Foreign currency translation differences for :						
- Foreign operations	(3)	(623)		1,027	(1,668)	
- Share of other income/(loss) of associate	(3,036)	(3,890)		(2,392)	(9,471)	
Total comprehensive income for the period attributable to the Owners of the Company	9,915	13,061	(24)	45,211	52,436	(14)
Earnings per share						
Basic (Sen)	6.74	9.15		24.24	33.09	
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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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(Financial year ended 31 December 2018)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to Owners of the Company ----->					Distributable
	<----- Non-Distributable ----->					
	Share capital RM'000	Share premium RM'000	Other reserve RM'000	Foreign currency translation reserve RM'000	Retained profits RM'000	Total equity RM'000
Current period ended 31 December 2018						
Balance at 1 January 2018	197,660	-	-	9,018	586,568	793,246
Comprehensive income for the year						
Profit for the year	-	-	-	-	46,576	46,576
Dividend paid	-	-	-	-	(7,686)	(7,686)
Currency translation differences of foreign operations	-	-	-	1,027	-	1,027
Share of currency translation differences of associate	-	-	-	(2,392)	-	(2,392)
Total comprehensive income for the year	-	-	-	(1,365)	38,890	37,525
Balance at 31 December 2018	<u>197,660</u>	<u>-</u>	<u>-</u>	<u>7,653</u>	<u>625,458</u>	<u>830,771</u>
Preceding period corresponding year ended 31 December 2017						
Balance at 1 January 2017	96,077	101,583	(75,441)	52,886	573,391	748,496
Comprehensive income for the year						
Profit for the year	-	-	-	-	63,575	63,575
Dividend paid	-	-	-	-	(7,686)	(7,686)
Currency translation differences of foreign operations	-	-	-	(1,668)	-	(1,668)
Foreign currency translation differences for a subsidiary with functional currency other than Ringgit Malaysia	-	-	-	(32,729)	32,729	-
Share of currency translation differences of associate	-	-	-	(9,471)	-	(9,471)
Transfer in accordance with Section 618(2) of the Companies Act, 2016 (Note ¹)	101,583	(101,583)	-	-	-	-
Transfer of other reserve to retained earnings	-	-	75,441	-	(75,441)	-
Total comprehensive income for the period	101,583	(101,583)	75,441	(43,868)	13,177	44,750
Balance at 31 December 2017	<u>197,660</u>	<u>-</u>	<u>-</u>	<u>9,018</u>	<u>586,568</u>	<u>793,246</u>

Note ¹

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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(Financial year ended 31 December 2018)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year ended 31/12/2018 RM'000	Preceding year ended 31/12/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	65,210	82,427
Adjustments:		
Interest expense	24,973	22,404
Interest income	(833)	(1,157)
Property, plant and equipment written off	346	539
Impairment loss on property, plant and equipment	888	-
Impairment loss on receivables	1,381	613
Bad debts written-off	37	12
Amortisation of intangible assets	180	308
Depreciation of property, plant and equipment	23,896	23,241
Unrealised (gain)/loss on forward exchange contracts	(45)	(107)
(Gain)/Loss on disposal of property, plant and equipment	28	(5,724)
Share of profit of equity-accounted investee, net of tax	(4,981)	(28,899)
Operating profit before changes in working capital	<u>111,080</u>	<u>93,657</u>
Inventories	(14,480)	(18,456)
Trade and other receivables	4,904	(75,454)
Trade and other payables	15,050	48,609
Cash generated from operations	<u>116,554</u>	<u>48,356</u>
Tax paid	(19,311)	(19,437)
Net cash from operating activities	<u>97,243</u>	<u>28,919</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	799	9,713
Goodwill from acquisition of a subsidiary	(16)	-
Acquisition of intangible assets	(307)	-
Acquisition of property, plant and equipment	(99,819)	(25,783)
Dividend received	5,845	5,845
Interest received, net of interest received from pledged deposit	833	633
Net cash used in investing activities	<u>(92,665)</u>	<u>(9,592)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(24,973)	(22,404)
Dividend paid	(7,686)	(7,686)
Net movement in borrowings	39,849	23,677
Drawdown of pledged deposits	7,540	-
Net cash flows generated from financing activities	<u>14,730</u>	<u>(6,413)</u>
Net increase in cash and cash equivalent	<u>19,308</u>	<u>12,914</u>
Effects of changes in foreign currency rates	890	(319)
Cash and cash equivalent brought forward	88,016	75,421
Cash and cash equivalent carried forward	<u>108,214</u>	<u>88,016</u>
Comprises :		
Cash and bank balances	89,808	82,003
Short term deposits with licensed banks (excluding deposits pledged)	18,406	6,013
	<u>108,214</u>	<u>88,016</u>

The above excluded short term deposits placed with a licensed bank of RM Nil (2017 : RM7,540,000) 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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2018

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 2017. 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 2017.

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 2017 except for the following :

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 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>

The adoption of these new standards does not have any material financial impact to the Group.

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2. Significant Accounting Policies (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

MFRS 16	<i>Leases</i>
IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
Amendments to MFRS 3	<i>Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>
Amendments to MFRS 9	<i>Financial Instruments – Prepayment Features with Negative Compensation</i>
Amendments to MFRS 11	<i>Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle) **</i>
Amendments to MFRS 112	<i>Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>
Amendments to MFRS 119	<i>Employee Benefits - Plan Amendment, Curtailment or Settlement</i>
Amendments to MFRS 123	<i>Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>
Amendments to MFRS 128	<i>Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures</i>

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 3	<i>Business Combinations - Definition of Business</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material</i>

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

MFRS 17	<i>Insurance Contracts**</i>
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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.

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2. Significant Accounting Policies (cont'd)

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 above mentioned accounting standards, amendments or interpretations are not expected to have any material financial impact on the Group.

3. Auditors' report

The auditors' report dated 21 March 2018 on the financial statements for the financial year ended 31 December 2017 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 financial year under review.

6. Investment in associate

	At 31/12/2018 RM'000	At 31/12/2017 RM'000
Share of net assets in associate	<u>512,671</u>	<u>515,928</u>
Market value	<u>385,787</u>	<u>438,395</u>

7. Changes in Estimates

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

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

There were no issues, cancellations, repurchases and repayments of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares during the current financial year under review.

9. Dividend paid

There was no dividend paid during the quarter under review.

10. Segment information

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

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

Segment revenue and results for the financial year ended 31 December 2018 are as follows :

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10. Segment information (cont'd)

	Year ended 31/12/2018						
	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	494,336	848,237	144,006	88,245	1,574,824	(347,605)	1,227,219
Inter-segment sales	20,603	-	-	63,373	83,976	(83,976)	-
	<u>514,939</u>	<u>848,237</u>	<u>144,006</u>	<u>151,618</u>	<u>1,658,800</u>	<u>(431,581)</u>	<u>1,227,219</u>
Results							
Segment results	13,714	71,072	2,437	73,490	160,713	(76,344)	84,369
Interest income	1,277	1,202	-	372	2,851	(2,018)	833
Financial expenses	(6,897)	(6,883)	-	(13,196)	(26,976)	2,003	(24,973)
Share of profit after tax of associate	-	-	-	4,981	4,981	-	4,981
Profit before taxation	<u>8,094</u>	<u>65,391</u>	<u>2,437</u>	<u>65,647</u>	<u>141,569</u>	<u>(76,359)</u>	<u>65,210</u>
Assets							
Segment assets	538,372	554,954	36,596	643,544	1,773,466	(179,511)	1,593,955
Unallocated assets	-	-	-	-	3,720	-	3,720
Total assets	<u>538,372</u>	<u>554,954</u>	<u>36,596</u>	<u>643,544</u>	<u>1,777,186</u>	<u>(179,511)</u>	<u>1,597,675</u>
Liabilities							
Segment liabilities	293,831	312,088	25,992	282,859	914,770	(182,169)	732,601
Unallocated liabilities	-	-	-	-	34,189	114	34,303
Total liabilities	<u>293,831</u>	<u>312,088</u>	<u>25,992</u>	<u>282,859</u>	<u>948,959</u>	<u>(182,055)</u>	<u>766,904</u>
Preceding year ended 31/12/2017							
	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	476,685	754,216	110,176	35,066	1,376,143	(239,807)	1,136,336
Inter-segment sales	15,815	-	-	20,145	35,960	(35,960)	-
	<u>492,500</u>	<u>754,216</u>	<u>110,176</u>	<u>55,211</u>	<u>1,412,103</u>	<u>(275,767)</u>	<u>1,136,336</u>
Results							
Segment results	28,217	50,393	2,186	28,266	109,062	(34,287)	74,775
Interest income	1,926	477	-	835	3,238	(2,081)	1,157
Finance expenses	(6,156)	(5,606)	-	(12,723)	(24,485)	2,081	(22,404)
Share of profit after tax of associate	-	-	-	28,899	28,899	-	28,899
Profit before taxation	<u>23,987</u>	<u>45,264</u>	<u>2,186</u>	<u>45,277</u>	<u>116,714</u>	<u>(34,287)</u>	<u>82,427</u>
Assets							
Segment assets	438,064	544,451	29,562	544,525	1,556,602	(55,261)	1,501,341
Unallocated assets	-	-	-	-	782	-	782
Total assets	<u>438,064</u>	<u>544,451</u>	<u>29,562</u>	<u>544,525</u>	<u>1,557,384</u>	<u>(55,261)</u>	<u>1,502,123</u>
Liabilities							
Segment liabilities	198,284	291,165	21,405	223,882	734,736	(57,873)	676,863
Unallocated liabilities	-	-	-	-	31,900	114	32,014
Total liabilities	<u>198,284</u>	<u>291,165</u>	<u>21,405</u>	<u>223,882</u>	<u>766,636</u>	<u>(57,759)</u>	<u>708,877</u>

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11. Valuation of property, plant and equipment

The Group did not carry out any revaluation exercise during the financial year under review.

12. Material subsequent events

As at 25 February 2019 (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 except for the Corporate Proposals as disclosed in Note 6 (Part B) in Page 16 of this quarterly announcement.

13. Changes in the Group composition

There were no changes in the Group composition as at 31 December 2018.

14. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or assets for the Group as at 31 December 2018.

As at 25 February 2019 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), no material contingent liabilities or contingent assets have arisen since the end of the financial period.

15. Capital commitment

As at 31 December 2018, the Group has the following capital commitment :

	RM'000
Approved and contracted for	<u>59,082</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 companies"); and
- 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 :

	Current year ended 31/12/2018 RM'000
Sales of goods to associated companies	<u>2,738</u>
Purchases of goods from a related party	806
Purchases of goods from associated companies	<u>53,577</u>

17. Authorisation for issue

This interim financial report was authorised for issue by the Board of Directors ("Board") at the Board Meeting held on 28 February 2019.

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

1. Review of performance

(a) Current quarter ended 31 December 2018 ("Q4, 2018") compared with previous corresponding quarter ended 31 December 2017 ("Q4, 2017")

The Group's revenue increased from RM300.8 million in Q4, 2017 to RM322.6 million in Q4, 2018. Profit before taxation and profit after taxation decreased from RM22.5 million and RM17.6 million in Q4, 2017 to RM16.7 million and RM13.0 million respectively in Q4, 2018.

General Cans division

General Cans division generated total revenue of RM143.9 million in Q4, 2018, an increase of RM19.1 million from RM124.8 million in Q4, 2017. Revenue increased mainly due to higher demand for jerry cans. Profit before taxation increased by RM2.8 million to RM4.5 million in Q4, 2018 mainly attributable to higher sales and customer compensation received in the quarter under review.

Food Products division

Revenue in Food Products division grew by RM7.0 million to RM214.2 million in Q4, 2018 compared to RM207.2 million in Q4, 2017 mainly contributed by revenue from contract packaging for edible oils. Profit before taxation of Q4, 2018 increased by RM4.6 million to RM15.8 million mainly due to sales growth, sales mix and production efficiency.

International Trading division

Revenue of International Trading division increased by RM13.8 million to RM45.8 million in Q4, 2018 compared to RM32.0 million in Q4, 2017, mainly due to increased trading in resins. Profit before taxation in the current quarter under review approximate that of the preceding year corresponding quarter.

Investment in associate

The Group has equity accounted the results of Kian Joo Can Factory Berhad ("KJCF") amounting to loss (net of tax) of RM0.8 million in Q4, 2018 compared to profit (net of tax) of RM15.3 million Q4, 2017. This was mainly attributable to lower sales, increased cost of tinplate and aluminum as well as pre-operating loss incurred in Myanmar plants of RM8.4 million.

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FOURTH QUARTER ENDED 31 DECEMBER 2018

1. Review of performance (cont'd.)

(b) Current financial year ended 31 December 2018 ("FYE 2018") compared with previous financial year ended 31 December 2017 ("FYE 2017")

The Group recorded an increase in revenue by 8.0% or RM90.9 million to RM1,227.2 million in FYE 2018 as compared to FYE 2017. However, profit before taxation and profit after taxation decreased from RM82.4 million and RM63.6 million in FYE 2017 to RM65.2 million and RM46.6 million respectively in FYE 2018.

General Cans division

Revenue of General Cans division increased by RM22.4 million to RM514.9 million in FYE 2018 mainly attributable to Tin Cans segment. The profit before taxation however dropped by RM15.9 million to RM8.1 million in FYE 2018 mainly attributable to sales mix, higher average material consumed costs and production overhead costs as well as a loss on disposal of plant and equipment in FYE 2018 amounting to RM0.1 million compared to a gain on disposal of property, plant and equipment in FYE 2017 amounting to RM6.6 million.

Food Products division

Food Products division generated revenue of RM848.2 million in FYE 2018, an increase of RM94.0 million compared to FYE 2017, mainly contributed by effective execution of sales plan and better productivity in dairy products as well as revenue from contract packaging for edible oils. Profit before taxation improved by RM20.1 million to RM65.4 million in FYE 2018 mainly due to overall sales growth, better production efficiency and lower average material consumed costs offset against increase in operational expenses.

International Trading division

Revenue of International Trading division increased by RM33.8 million to RM144.0 million in FYE 2018 due to increase in trading activities which contributed to the increase in profit before taxation of RM0.3 million as compared to FYE 2017.

Investment in associate

The share of equity results of the associate, KJCF, decreased by RM23.9 million to RM5.0 million (net of tax) in FYE Q4, 2018 mainly due to lower revenue, escalating costs of tinplate, aluminum and paper rolls, unfavourable movement of derivative financial instruments as well as pre-operating loss incurred in Myanmar plants of RM20.0 million.

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2. Variation of results against immediate preceding quarter ended 30 September 2018 ("Q3, 2018")

	Current Quarter Ended 31/12/2018 RM'000	Immediate Preceding Quarter Ended 30/09/2018 RM'000	Changes RM'000
Revenue	322,596	297,786	24,810
Operating Profit	23,980	20,706	3,274
Profit Before Interest and Taxation	23,211	21,564	1,647
Profit Before Taxation	16,654	15,245	1,409
Profit After Taxation / Profit Attributable to Owners of the Company	12,954	10,985	1,969

Revenue in current quarter under review increased from RM297.8 million in Q3, 2018 to RM322.6 million. Profit before taxation increased by RM1.4 million to RM16.7 million in the current quarter under review.

General Cans division

Revenue of General Cans division increased by RM17.1 million from RM126.8 million in Q3, 2018 to RM143.9 million in Q4, 2018. Profit before taxation increased by RM3.9 million to RM4.5 million in the current quarter under review mainly due to sales growth, sales mix and customer compensation received.

Food Products division

Revenue of Food Products division increased by RM8.4 million to RM214.2 million in Q4, 2018. Profit before taxation however decreased by RM1.2 million from RM17.0 million to RM15.8 million in Q4, 2018 mainly due to sales mix and higher operational expenses.

International Trading division

International Trading division recorded an increase in turnover of RM21.7 million from RM24.1 million in Q3, 2018 to RM45.8 million in Q4, 2018 mainly due to higher demand in trading activities which contributed to the increase in profit before taxation of RM0.2 million as compared to last quarter.

Investment in associate

The Group has equity accounted the results of KJCF, amounting to loss (net of tax) of RM0.8 million in Q4, 2018, a decrease of RM1.6 million from last quarter, owing to higher tax provision due to non-recognition of deferred tax income.

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3. Prospects

The Group's operating environment for the financial year ending 2019 is expected to be influenced by volatile foreign currency exchange rates and raw materials prices. The Management will review strategies to tap synergies between business segments, improve productivity and enhance operational efficiency to deliver sustainable growth and satisfactory results for the Group.

4. Profit forecast/profit guarantee

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

5. Tax expense

	Current quarter ended 31/12/2018 RM'000	Preceding year corresponding quarter ended 31/12/2017 RM'000	Current year ended 31/12/2018 RM'000	Preceding year ended 31/12/2017 RM'000
Current tax expense				
- Current year	3,234	5,228	19,234	20,023
- Prior year	31	(3)	(1,068)	(2)
Deferred tax expense	435	(277)	468	(1,169)
	3,700	4,948	18,634	18,852

Effective tax rate of the Group for FYE 2018 was higher than statutory income tax rate of 24% mainly due to losses incurred by some subsidiaries and certain expenses which were not tax deductible.

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6. Status of Corporate Proposals

Proposed Acquisition of 2,166,000 ordinary shares in KJCF ("KJCF Shares"), representing approximately 0.49% equity interest in KCJF by Can-One International Sdn Bhd ("CISB" or "Offeror"), a wholly-owned subsidiary of Can-One Berhad, from Tan Kim Seng ("Vendor") at a total cash consideration of RM6,714,600 or RM3.10 per KJCF Share ("Acquisition") and the resultant Mandatory General Offer for all the remaining KJCF Shares not already owned by CISB after the Acquisition at a cash consideration of RM3.10 per KJCF Share ("Offer Price") ("MGO")

(The Acquisition and MGO are collectively referred to as the "Proposals")

On 13 December 2018, AmInvestment Bank Berhad ("AmInvestment Bank") had, on behalf of the Board, announced that CISB had entered into a conditional sale and purchase agreement ("SSA") with the Vendor for the Acquisition.

On 23 January 2019, the Company issued a circular to shareholders for the purpose to convene an Extraordinary General Meeting ("EGM") on 14 February 2019 to seek shareholders' approval in respect of the Proposals.

The Proposals were approved by the shareholders at the EGM. Consequently, the SSA became unconditional and the Acquisition was completed on 14 February 2019. As a result of the Acquisition, CISB's shareholding in KJCF increased from 32.90% to 33.39%.

Pursuant to Section 218(2) of the Capital Markets and Services Act 2007 and Paragraph 4.01(a) of the Rules and Take-overs, Mergers and Compulsory Acquisitions ("Rules"), as the shareholding of CISB in KJCF had exceeded 33.00% of the total voting shares in KJCF after the Acquisition, on 14 February 2019, AmInvestment Bank served, on behalf of the Offeror, a Notice to KCJF's Board of Directors in respect of the conditional mandatory take-over offer to acquire all the remaining KJCF Shares not already held by the Offeror at the Offer Price in accordance with Paragraph 9.10(1) of the Rules.

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7. Group borrowings and debts securities

Group borrowings as at 31 December 2018 are as follows :

	As at 31/12/2018 RM'000	As at 31/12/2017 RM'000
Borrowings denominated in RM		
Current		
Secured		
Finance leases	269	656
Term loans	1,726	2,726
Bankers' acceptances	12,908	29,774
	<u>14,903</u>	<u>33,156</u>
Unsecured		
Bills receivable financing	-	5,482
Term loans	18,970	12,348
Bankers' acceptances	163,483	143,691
Revolving credits	51,000	6,000
	<u>248,356</u>	<u>200,677</u>
Non-current		
Secured		
Finance leases	765	1,388
Term loans	218,268	222,827
	<u>219,033</u>	<u>224,215</u>
Unsecured		
Term loans	62,909	34,472
	<u>281,942</u>	<u>258,687</u>
Total borrowings in RM	<u><u>530,298</u></u>	<u><u>459,364</u></u>
Borrowings denominated in USD		
Current		
Secured		
Foreign currencies trade loans	1,859	7,417
Unsecured		
Foreign currencies trade loans	3,828	28,823
Revolving credits	4,136	4,048
Total borrowings in USD	<u><u>9,823</u></u>	<u><u>40,288</u></u>
Total Group borrowings	<u><u>540,121</u></u>	<u><u>499,652</u></u>

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7. Group borrowings and debts securities (cont'd)

The weighted average of interest rates for the borrowings are as follows :

	As at 31/12/2018 %	As at 31/12/2017 %
Term loans:		
- Fixed	Nil	3.05
- Floating	5.29	5.03
Trade facilities	4.16	3.61
Finance leases	2.19	2.87
Revolving credits	4.64	4.32

There are no major changes in the Group's total borrowings except for the new term loans drawn down amounting to RM50.5 million during the year under review. Certain amounts of the Group's borrowings denominated in USD were hedged.

8. Derivatives Financial Instruments

Derivatives consist of foreign exchange contracts which are measured at fair value together with their corresponding notional value amounts as follows :

	As at 31/12/2018 RM'000	As at 31/12/2017 RM'000
Derivative financial (liabilities)/assets	54	10
Forward foreign exchange contracts, net		
- Notional value	3,992	53
- Fair value	54	10

The Group uses forward exchange contracts to hedge its foreign currency risks. All of the forward exchange contracts have maturities of less than 1 year after the end of the reporting period. When necessary, the forward exchange contracts are rolled over at maturity.

The fair value represents marked-to-market value. The difference between the fair value and the contractual value was recognised in profit or loss statement as shown in Note 9.

Other than the forward exchange contracts which were measured at fair value, the Group does not remeasure other financial assets and financial liabilities after initial recognition.

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9. Profit before taxation

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

	Current quarter ended 31/12/2018 RM'000	Preceding year corresponding quarter ended 31/12/2017 RM'000	Current year ended 31/12/2018 RM'000	Preceding year ended 31/12/2017 RM'000
Interest income	(229)	(523)	(833)	(1,157)
Other expenses/(income)	(1,958)	505	(1,193)	(2,438)
Interest expense	6,786	6,154	24,973	22,404
Depreciation and amortisation	6,265	6,056	24,076	23,549
Property, plant and equipment written off	206	539	346	539
Bad debts written off	36	-	37	12
Impairment loss of receivables, net	124	288	1,381	613
Impairment loss of property, plant and equipment	888	-	888	-
(Gain)/Loss on disposal of property, plant and equipment	3	628	28	(5,724)
(Gain)/Loss on foreign currency exchange	336	3,181	2,659	10,541
(Gain)/Loss on derivative financial instruments	(97)	31	(54)	(10)

10. Changes in material litigation

There was no pending material litigation as at 25 February 2019 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

11. Dividend

The Directors are recommending a first and final single-tier dividend of 4 sen per share amounting to RM7,686,120.00 in respect of the financial year ended 31 December 2018 (2017 : 4 sen), subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2018

12. Earnings per share

The basic earnings per share are computed as follows :

	Current quarter ended 31/12/2018	Preceding year corresponding quarter ended 31/12/2017	Current year ended 31/12/2018	Preceding year ended 31/12/2017
Net profit attributable to shareholders of the Company (RM'000)	12,954	17,574	46,576	63,575
Weighted average number of ordinary shares in issue ('000)	192,153	192,153	192,153	192,153
Basic Earnings per ordinary share (Sen)	<u>6.74</u>	<u>9.15</u>	<u>24.24</u>	<u>33.09</u>

Dated : 28 February 2019
Petaling Jaya,
Selangor Darul Ehsan