

**CAN-ONE BERHAD**

Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results as at 31 March 2020. The figures have not been audited.  
(Financial year ending 31 December 2020)

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31/03/2020 RM'000	As at 31/12/2019 (Audited) RM'000
<b>Non-current assets</b>		
Property, plant and equipment	1,810,963	1,791,888
Right-of-use assets	444,821	449,576
Investment properties	113,280	113,702
Intangible assets	2,147	2,451
Other assets	21,050	8,807
Deferred tax assets	5,284	5,292
<b>Total non-current assets</b>	<b>2,397,545</b>	<b>2,371,716</b>
<b>Current assets</b>		
Inventories	593,390	604,721
Trade and other receivables	483,335	487,881
Current tax assets	14,692	14,005
Derivative financial assets	1	414
Other assets	30,915	7,842
Cash and cash equivalents	311,787	350,599
<b>Total current assets</b>	<b>1,434,120</b>	<b>1,465,462</b>
<b>Total assets</b>	<b>3,831,665</b>	<b>3,837,178</b>
<b>Equity</b>		
Share capital	197,660	197,660
Reserves	1,520,538	1,530,223
<b>Equity attributable to owners of the Company</b>	<b>1,718,198</b>	<b>1,727,883</b>
Non-controlling interests	142,188	140,865
<b>Total equity</b>	<b>1,860,386</b>	<b>1,868,748</b>
<b>Liabilities</b>		
Retirement benefits obligations	52,144	51,422
Deferred tax liabilities	100,329	102,147
Loans and borrowings	773,235	736,207
Lease liabilities	7,584	8,340
Derivative financial liabilities	9,719	5,370
<b>Total non-current liabilities</b>	<b>943,011</b>	<b>903,486</b>
Trade and other payables	315,311	393,749
Retirement benefits obligations	12,332	12,332
Derivative financial liabilities	6,112	2,675
Loans and borrowings	689,356	649,331
Lease liabilities	2,584	3,209
Current tax payables	2,573	3,648
<b>Total current liabilities</b>	<b>1,028,268</b>	<b>1,064,944</b>
<b>Total liabilities</b>	<b>1,971,279</b>	<b>1,968,430</b>
<b>Total equity and liabilities</b>	<b>3,831,665</b>	<b>3,837,178</b>
Net assets per share attributable to equity holders of the Company (Sen)	<b>894.18</b>	<b>899.22</b>

**NOTE :**

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**CAN-ONE BERHAD**

Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results for First Quarter ended 31 March 2020. The figures have not been (Financial year ending 31 December 2020)

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

	Individual quarter			Cumulative quarter		
	Current Year First Quarter ended 31/03/2020 RM'000	Preceding Year First Quarter ended 31/03/2019 RM'000	Changes %	Current year-to-date ended 31/03/2020 RM'000	Preceding year-to-date ended 31/03/2019 RM'000	Changes %
<b>Continuing Operations</b>						
Revenue	645,068	265,010	143	645,068	265,010	143
Cost of sales	(601,904)	(246,508)		(601,904)	(246,508)	
Gross profit	43,164	18,502	133	43,164	18,502	133
Other (expenses)/income	(2,705)	254,207		(2,705)	254,207	
Distribution and Admin expenses	(42,126)	(23,154)		(42,126)	(23,154)	
(Loss)/Profit from operations	(1,667)	249,555	(101)	(1,667)	249,555	(101)
Interest income	2,056	209		2,056	209	
Interest expense	(15,055)	(6,503)		(15,055)	(6,503)	
Net finance cost	(12,999)	(6,294)		(12,999)	(6,294)	
Share of loss of equity-accounted investees, net of tax	-	(3,402)		-	(3,402)	
(Loss)/Profit before tax	(14,666)	239,859	(106)	(14,666)	239,859	(106)
Tax expense	(1,122)	(1,405)		(1,122)	(1,405)	
(Loss)/Profit from continuing operations	(15,788)	238,454		(15,788)	238,454	(107)
<b>Discontinued Operation</b>						
Profit from discontinued operation, net of tax	-	16,352		-	16,352	
(Loss)/Profit for the period	(15,788)	254,806	(106)	(15,788)	254,806	(106)

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

	Individual quarter			Cumulative quarter		
	Current Year First Quarter ended 31/03/2020 RM'000	Preceding Year First Quarter ended 31/03/2019 RM'000	Changes %	Current year-to-date ended 31/03/2020 RM'000	Preceding year-to-date ended 31/03/2019 RM'000	Changes %
(Loss)/Profit for the period	<b>(15,788)</b>	254,806	(106)	<b>(15,788)</b>	254,806	-106
Other comprehensive (expense)/income, net of tax						
Foreign currency translation differences of foreign operations	<b>13,674</b>	(338)		<b>13,674</b>	(338)	
Cash flow hedge	<b>(6,248)</b>	-		<b>(6,248)</b>	-	
Share of other comprehensive loss of associate	-	(564)		-	(564)	
Total comprehensive (expense)/ income for the period attributable to the Owners of the Company	<b>(8,362)</b>	253,904	(103)	<b>(8,362)</b>	253,904	(103)
(Loss)/Profit attributable to :						
Owners of the Company						
- from continuing operations	<b>(15,415)</b>	79,047		<b>(15,415)</b>	79,047	
- from discontinued operation	-	16,352		-	16,352	
	<b>(15,415)</b>	95,399		<b>(15,415)</b>	95,399	
Non-controlling interests	<b>(373)</b>	159,407		<b>(373)</b>	159,407	
	<b>(15,788)</b>	254,806		<b>(15,788)</b>	254,806	
Total comprehensive (expense)/ income attributable to :						
Owners of the Company						
- from continuing operations	<b>(9,685)</b>	78,145		<b>(9,685)</b>	78,145	
- from discontinued operation	-	16,352		-	16,352	
	<b>(9,685)</b>	94,497		<b>(9,685)</b>	94,497	
Non-controlling interests	<b>1,323</b>	159,407		<b>1,323</b>	159,407	
	<b>(8,362)</b>	253,904		<b>(8,362)</b>	253,904	
(Loss)/Earnings per share						
Basic (Sen)	<b>(8.02)</b>	49.65		<b>(8.02)</b>	49.65	
Diluted (Sen)	<b>NA</b>	NA		<b>NA</b>	NA	

**NOTE :**

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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(Financial year ending 31 December 2020)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<-----Attributable to Owners of the Company----->				<-----Non-Distributable-----> Distributable		
	Share capital RM'000	Other reserves RM'000	Foreign currency translation reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
<b>Current period ended 31 March 2020</b>							
Balance at 1 January 2020	197,660	(897)	9,696	1,521,424	1,727,883	140,865	1,868,748
Loss for the period	-	-	-	(15,415)	(15,415)	(373)	(15,788)
Foreign currency translation differences of foreign operations	-	-	11,103	-	11,103	2,571	13,674
Cash flow hedge	-	(5,373)	-	-	(5,373)	(875)	(6,248)
<b>Total comprehensive (expense)/income for the period</b>	-	(5,373)	11,103	(15,415)	(9,685)	1,323	(8,362)
<b>Balance at 31 March 2020</b>	<u>197,660</u>	<u>(6,270)</u>	<u>20,799</u>	<u>1,506,009</u>	<u>1,718,198</u>	<u>142,188</u>	<u>1,860,386</u>
<b>Preceding year corresponding year ended 31 March 2019</b>							
Balance at 1 January 2019	197,660	-	9,504	623,607	830,771	-	830,771
Profit for the period	-	-	-	95,399	95,399	159,407	254,806
Foreign currency translation differences of foreign operations	-	-	(338)	-	(338)	-	(338)
Share of other comprehensive loss of associate	-	-	(564)	-	(564)	-	(564)
<b>Total comprehensive (expense)/income for the period</b>	-	-	(902)	95,399	94,497	159,407	253,904
Acquisition of a subsidiary	-	-	-	-	-	766,519	766,519
Acquisition of non-controlling interests	-	-	-	94,272	94,272	(515,407)	(421,135)
<b>Balance at 31 March 2019</b>	<u>197,660</u>	<u>-</u>	<u>8,602</u>	<u>813,278</u>	<u>1,019,540</u>	<u>410,519</u>	<u>1,430,059</u>

**NOTE :**

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(Financial year ending 31 December 2020)

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Current year 3 months ended 31/03/2020 RM'000	Preceding year 3 months ended 31/03/2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax from continuing operations	(14,666)	239,859
Profit before tax from discontinued operation	-	20,314
	<u>(14,666)</u>	<u>260,173</u>
<b>Adjustments:</b>		
Amortisation and depreciation of assets	34,549	6,219
Interest expense	15,055	8,075
Interest income	(2,056)	(259)
Goodwill on consolidation written off	-	16
Impairment loss on receivables	326	81
Bad debts written off	-	3
Unrealised loss on derivatives financial instruments	8,200	64
Gain on disposal of property, plant and equipment	(285)	(33)
Cash flow hedge	(6,249)	-
Gain arising on acquisition of a subsidiary	-	(252,588)
Share of loss of equity-accounted associate, net of tax	-	3,402
Operating profit before changes in working capital	<u>34,874</u>	<u>25,153</u>
Inventories	11,331	20,266
Trade and other receivables	4,206	20,560
Trade and other payables	(78,450)	(16,216)
Others	(30,801)	-
<b>Cash generated from operations</b>	<u>(58,840)</u>	<u>49,763</u>
Tax paid	(4,812)	(3,207)
<b>Net cash (used in)/generated from operating activities</b>	<u>(63,652)</u>	<u>46,556</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	323	44
Acquisition of subsidiaries, net of cash	-	(113,374)
Acquisition of non-controlling interests	-	(422,674)
Acquisition of property, plant and equipment	(28,552)	(34,011)
Acquisition of intangible assets	(44)	-
Interest received	2,056	259
<b>Net cash used in investing activities</b>	<u>(26,217)</u>	<u>(569,756)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(15,055)	(8,075)
Net movement in borrowings and lease liabilities	62,710	711,870
<b>Net cash flows generated from financing activities</b>	<u>47,655</u>	<u>703,795</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(42,214)</u>	<u>180,595</u>
Effect of exchange differences on cash and cash equivalents	3,402	(233)
Cash and cash equivalents brought forward	350,599	108,214
<b>Cash and cash equivalents carried forward</b>	<u><u>311,787</u></u>	<u><u>288,576</u></u>
Comprises :		
<b>Cash and bank balances</b>	228,687	284,795
<b>Short term deposits with licensed banks</b>	19,750	3,781
<b>Short term funds</b>	63,350	-
	<u><u>311,787</u></u>	<u><u>288,576</u></u>

**NOTE :**

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

## CAN-ONE BERHAD

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### EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FIRST QUARTER ENDED 31 MARCH 2020

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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 2019. 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 Can-One Berhad ("Can-One" or "the Company") group of companies ("Can-One Group" or "the Group") since the financial year ended 31 December 2019.

##### 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 2019 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 2020 :

Amendments to MFRS 3	<i>Business Combinations - Definition of Business</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements</i> and MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material</i>
Amendments to MFRS 9	<i>Financial Instruments</i> , MFRS 139, <i>Financial Instruments: Recognition and Measurement</i> and MFRS 7, <i>Financial Instruments: Disclosures - Interest Rate Benchmark Reform</i>

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

##### ***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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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
FIRST QUARTER ENDED 31 MARCH 2020

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

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022***

Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

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

Amendments to MFRS 10 *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*

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

The Group does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group.

The initial applications of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impact on the Group.

**3. Auditors' report**

The auditors' report dated 14 May 2020 on the financial statements for the financial year ended 31 December 2019 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.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
FIRST QUARTER ENDED 31 MARCH 2020**

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**6. Changes in estimates**

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

**7. Issuance, cancellations, repurchases and repayments of debt and equity securities**

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

**8. Dividend paid**

There was no dividend paid during the quarter under review.

**9. Segment information**

The Group organised its activities principally into 4 reportable business segments :

- a) Manufacture of metal and lithographed tin cans, plastic jerry cans, rigid packaging, aluminium cans and corrugated fibreboard cartons (collectively, "General Packaging");
- b) Manufacturing, packaging and distribution of carbonated and non-carbonated beverages, milk powder as well as edible oil products ("Contract Manufacturing");
- c) Trading; and
- d) Property and investment holding

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

Segment revenue and results for the current quarter ended 31 March 2020 are as follows :

	<b>General Packaging</b>	<b>Contract Manufacturing</b>	<b>Trading</b>	<b>Property and Investment Holding</b>	<b>Total</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>							
External sales	552,928	97,058	158,802	1,419	810,207	(165,139)	645,068
Inter-segment sales	44,764	-	-	-	44,764	(44,764)	-
	<u>597,692</u>	<u>97,058</u>	<u>158,802</u>	<u>1,419</u>	<u>854,971</u>	<u>(209,903)</u>	<u>645,068</u>
<b>Results</b>							
Segment results	15,748	(9,408)	(1,043)	(9,153)	(3,856)	2,189	(1,667)
Interest income	1,190	24	2,452	2,960	6,626	(4,570)	2,056
Financial expenses	(11,270)	(1,662)	(1,829)	(5,089)	(19,850)	4,795	(15,055)
Profit/(Loss) before tax	<u>5,668</u>	<u>(11,046)</u>	<u>(420)</u>	<u>(11,282)</u>	<u>(17,080)</u>	<u>2,414</u>	<u>(14,666)</u>
<b>Assets</b>							
Segment assets	3,533,393	229,464	380,970	303,567	4,447,394	(635,705)	3,811,689
Unallocated assets	-	-	-	-	19,976	-	19,976
Total assets	<u>3,533,393</u>	<u>229,464</u>	<u>380,970</u>	<u>303,567</u>	<u>4,467,370</u>	<u>(635,705)</u>	<u>3,831,665</u>
<b>Liabilities</b>							
Segment liabilities	1,448,515	233,882	327,889	496,325	2,506,611	(638,234)	1,868,377
Unallocated liabilities	-	-	-	-	102,902	-	102,902
Total liabilities	<u>1,448,515</u>	<u>233,882</u>	<u>327,889</u>	<u>496,325</u>	<u>2,609,513</u>	<u>(638,234)</u>	<u>1,971,279</u>

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
FIRST QUARTER ENDED 31 MARCH 2020**

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

Segment revenue and results for the preceding year corresponding quarter ended 31 March 2019 are as follows :

	<b>General Packaging</b>	<b>Contract Manufacturing</b>	<b>Trading</b>	<b>Property and Investment Holding</b>	<b>Total</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>							
External sales	210,742	32,408	52,083	636	295,869	(30,859)	265,010
Inter-segment sales	11,039	-	-	-	11,039	(11,039)	-
	<b>221,781</b>	<b>32,408</b>	<b>52,083</b>	<b>636</b>	<b>306,908</b>	<b>(41,898)</b>	<b>265,010</b>
<b>Results</b>							
Segment results	5,154	(1,523)	1,205	(8,413)	(3,577)	253,132	249,555
Interest income	510	8	319	436	1,273	(1,064)	209
Finance expenses	(3,616)	(596)	(42)	(3,120)	(7,374)	871	(6,503)
Share of profit after tax of associate	-	-	-	(3,402)	(3,402)	-	(3,402)
Profit/(Loss) before tax from continuing operations	2,048	(2,111)	1,482	(14,499)	(13,080)	252,939	239,859
Profit before tax from discontinued operation	-	20,314	-	-	20,314	-	20,314
Profit/(Loss) before tax	2,048	18,203	1,482	(14,499)	7,234	252,939	260,173
<b>Assets</b>							
Segment assets	3,494,615	665,192	375,481	152,561	4,687,849	(636,656)	4,051,193
Unallocated assets	-	-	-	-	32,390	-	32,390
Total assets	3,494,615	665,192	375,481	152,561	4,720,239	(636,656)	4,083,583
<b>Liabilities</b>							
Segment liabilities	1,386,470	367,097	216,385	984,604	2,954,556	(412,381)	2,542,175
Unallocated liabilities	-	-	-	-	109,870	-	109,870
Total liabilities	1,386,470	367,097	216,385	984,604	3,064,426	(412,381)	2,652,045

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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**10. Valuation of property, plant and equipment**

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

**11. Material subsequent events**

As at 1 June 2020 (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 Proposal as disclosed in Note 6 (Part B) of this announcement.

**12. Changes in the Group composition**

There were no changes in the Group composition as at 31 March 2020.

**13. Changes in contingent liabilities or contingent assets**

There were no contingent liabilities or assets for the Group as at 31 March 2020.

As at 1 June 2020 (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.

**14. Capital commitment**

As at 31 March 2020, the Group has the following capital commitment :

	<b>RM'000</b>
Approved and contracted for	<u><u>72,351</u></u>

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**15. Related party disclosures**

The Group has related party relationship with the following :

- i) 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 ended 31/03/2020 RM'000</b>
Purchases of goods from a related party	<u>448</u>

**16. Authorisation for issue**

This interim financial report was authorised for issue by the Board of Directors ("Board") at the Board Meeting held on 4 June 2020.

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### EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FIRST QUARTER ENDED 31 MARCH 2020

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

##### 1. Review of performance

##### **(a) First quarter ended 31 March 2020 ("Q1, 2020") compared with First quarter ended 31 March 2019 ("Q1, 2019")**

The Group's revenue increased from RM265.0 million in Q1, 2019 to RM645.1 million in Q1, 2020. The growth was mainly due to consolidation of a full quarter revenue from Kian Joo Can Factory Berhad ("KJCF") group of companies' ("KJCF Group") compared to consolidation of 14 days of post-acquisition KJCF Group's revenue in Q1, 2019. The Group recorded a loss before tax of RM14.7 million in Q1, 2020 compared to a profit before tax of RM239.9 million in Q1, 2019. The comparative quarter gain was mainly attributable to gain arising from acquisition of KJCF amounting to RM252.6 million.

##### Continuing operations

##### General Packaging division

General Packaging division generated a total revenue of RM552.9 million in Q1, 2020, an increase of RM342.2 million from RM210.7 million in Q1, 2019. Revenue increased mainly due to consolidation of a full quarter revenue of KJCF Group in Q1, 2020 compared to 14 days of post-acquisition revenue in Q1, 2019. In tandem with the improvement in revenue, this division recorded a higher profit before tax of RM5.7 million in Q1, 2020, an increase of RM3.6 million compared to Q1, 2019.

##### Contract Manufacturing division

Revenue in Contract Manufacturing division grew by RM64.7 million to RM97.1 million in Q1, 2020 compared to RM32.4 million in Q4, 2019, contributed mainly by Edible Oils segment. Loss before tax widened by RM8.9 million to RM11.0 million in Q1, 2020 mainly due to high overhead and operating costs.

##### Trading division

Revenue of Trading division increased by RM106.7 million to RM158.8 million in Q1, 2020 compared to RM52.1 million in Q1, 2019, mainly due to consolidation of a full quarter revenue of KJCF Group in Q1, 2020 compared to 14 days of post-acquisition revenue in Q1, 2019. Despite the increase in sales, a loss before tax of RM0.4 million was posted in Q1, 2020 versus a profit before tax of RM1.5 million in Q1, 2019.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
FIRST QUARTER ENDED 31 MARCH 2020

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**1. Review of performance (cont'd)**

**(a) First quarter ended 31 March 2020 ("Q1, 2020") compared with First quarter ended 31 March 2019 ("Q1, 2019") (cont'd)**

Discontinued operation

Contract Manufacturing division - Dairy segment

On 15 October 2019, Can-One completed the disposal of the entire issued share capital of F & B Nutrition Sdn. Bhd. ("FBSB") through the disposal of Can Ridge Sdn. Bhd. ("CRSB"), a wholly-owned subsidiary of Can-One, for an aggregate disposal consideration of between RM800.0 million (minimum) to RM1,000.0 million (maximum). For calculation of gain on disposal, the Group used a disposal consideration of RM912.0 million based on cash proceeds received as at the date of this report. The final disposal consideration is subject to the calculation of the disposal consideration to be made in accordance with the sale and purchase agreement dated 14 June 2019 between the Company and the buyer, and has not been finalised at the date of this report.

The difference between the final disposal consideration and the preliminary disposal consideration will be accounted for in the profit or loss for the financial year ending 31 December 2020.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
FIRST QUARTER ENDED 31 MARCH 2020**2. Variation of results against immediate preceding quarter ended 31 December 2019 ("Q4, 2019")**

	<b>Current year First Quarter Ended 31/03/2020 RM'000</b>	<b>Immediate Preceding Quarter Ended 31/12/2019 RM'000</b>	<b>Changes RM'000</b>
Revenue	<b>645,068</b>	689,221	(44,153)
Operating Loss	<b>(1,667)</b>	(96,876)	95,209
Loss Before Interest and Tax	<b>(1,667)</b>	(96,876)	95,209
Loss Before Tax From			
Continuing Operations	<b>(14,666)</b>	(111,284)	96,618
Loss From Continuing Operations	<b>(15,788)</b>	(113,470)	97,682
Profit From Discontinued Operation	-	673,499	(673,499)
(Loss)/Profit Attributable to Owners of the Company	<b><u>(15,415)</u></b>	<b><u>589,315</u></b>	<b><u>(604,730)</u></b>

Revenue of the Group decreased by RM44.2 million from RM689.2 million in the immediate preceding quarter to RM645.1 million in the current quarter under review. Loss before tax from continuing operations improved by RM96.6 million to RM14.7 million in Q1, 2020 because in the last comparative quarter, there were revised downward gain arising from the acquisition of KJCF, impairment on fixed assets, accelerated depreciation and write down of stocks as well as lower Distribution and Admin expenses incurred in Q1, 2020.

Continuing operationsGeneral Packaging division

Total revenue of the division decreased by RM61.2 million to RM552.9 million in the current quarter under review. The lower sales were mainly due to lower production in the second half of March 2020 as a result of the Movement Control Orders ("MCO") issued by the Government of Malaysia due to COVID-19 pandemic outbreak. However, profit before tax of the division improved to RM5.7 million in Q1, 2020 mainly due to favourable foreign currency exchange in the current quarter as well as impairment of plant and machinery in Q4, 2019.

Contract Manufacturing division

Revenue of Contract Manufacturing division increased by RM18.8 million to RM97.1 million in Q1, 2020, contributed mainly by increase in revenue of Edible Oils segment. Loss before tax improved by RM2.4 million to RM11.0 million in Q1, 2020 mainly due to impairment of certain Edible Oils segment's plant and machinery in Q4, 2019 as the machinery may not run to its expected capacity.

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### EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FIRST QUARTER ENDED 31 MARCH 2020

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#### 2. Variation of results against immediate preceding quarter ended 31 December 2019 ("Q4, 2019") (cont'd.)

##### Trading division

Revenue of Trading division increased by RM14.1 million from RM144.7 million in Q4, 2019 to RM158.8 million in Q1, 2020 and mainly due to trading sales of palm oils. Profit before tax decreased by RM2.3 million to a loss before tax of RM0.4 million in Q1, 2020.

##### Discontinued operation

##### Contract Manufacturing division - Dairy segment

The Group recognised a gain of RM671.8 million from the disposal of Dairy segment based on the estimated preliminary disposal consideration of RM912.0 million in Q4, 2019. The final disposal consideration has yet to be finalised at the date of reporting.

#### 3. Prospects

The world and Malaysia economy is expected to contract in 2020 mainly due to the outbreak of COVID-19 pandemic. Bank Negara Malaysia reported that Malaysia's economy moderated sharply to 0.7% in the first quarter of 2020 compared to 3.6% in the last quarter of 2019. The moderation reflected the impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic. Movement restrictions including international and domestic travel restrictions, limited work and operating hours and the mandatory social distancing have significantly curtailed economic activity.

The key challenges faced by the Group included :

- (i) Disruption in global economy, consumer demands and supply chains by COVID-19 pandemic;
- (ii) Volatility in foreign currency exchange rates, mainly in the United States Dollar ("USD");
- (iii) Cost pressure from upward adjustment of the minimum wage. The Malaysian Government increased the minimum wage from RM1,100 to RM1,200 per month with effect from 1 February 2020 while the Vietnam's National Wage Council increased the minimum wage by 5% with effect from 1 January 2020.

The Group is in the process of assessing the operational and financial impact of COVID-19 pandemic since ongoing developments remain uncertain and cannot be reasonably predicted. Despite the underlying challenges, the Management is cautiously optimistic in addressing the challenges and to deliver satisfactory results for the current financial year.



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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
FIRST QUARTER ENDED 31 MARCH 2020**4. Profit forecast/profit guarantee**

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

**5. Tax expense**

	<b>Current Year First Quarter ended 31/03/2020 RM'000</b>	<b>Preceding Year First Quarter ended 31/03/2019 RM'000</b>	<b>Current year-to-date ended 31/03/2020 RM'000</b>	<b>Preceding year-to-date ended 31/03/2019 RM'000</b>
Current tax expense	2,925	1,007	2,925	1,007
Deferred tax expense	(1,803)	398	(1,803)	398
	<u>1,122</u>	<u>1,405</u>	<u>1,122</u>	<u>1,405</u>

**6. Status of Corporate Proposal announced but not completed as at 1 June 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report)**

**Disposal by Can-One of the entire issued share capital of FBSB, through the disposal of CRSB, a wholly-owned subsidiary of Can-One, to Wholesome Dairies Pte. Ltd. ("WDPL") for an aggregate disposal consideration of between RM800.0 million (minimum) to RM1,000.0 million (maximum) pursuant to the Sale and Purchase Agreement dated 14 June 2019 with WDPL ("SPA")**

The Company estimated the preliminary disposal consideration to be RM912.0 million based on cash proceeds received as at the date of this report. The final disposal consideration is subject to the calculation of the disposal consideration to be made in accordance with the SPA, and has not been finalised at the date of this report.

The difference between the final disposal consideration and the preliminary disposal consideration will be accounted for in the profit or loss for the financial year ending 31 December 2020.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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**7. Group borrowings and debts securities**

Group borrowings as at 31 March 2020 are as follows :

	<b>As at 31/03/2020 RM'000</b>	<b>As at 31/12/2019 RM'000</b>
<b>Borrowings denominated in RM</b>		
<b>Current</b>		
Secured		
Hire purchase liabilities	124	67
Term loans	2,768	1,726
	<u>2,892</u>	<u>1,793</u>
Unsecured		
Other trade facilities	-	494
Term loans	44,312	44,940
Bankers' acceptances	300,608	260,252
Revolving credits	86,000	97,300
	<u>433,812</u>	<u>404,779</u>
<b>Non-current</b>		
Secured		
Hire purchase liabilities	328	111
Term loans	397,987	390,649
	<u>398,315</u>	<u>390,760</u>
Unsecured		
Term loans	155,599	139,722
	<u>553,914</u>	<u>530,482</u>
Total borrowings in RM	<u><u>987,726</u></u>	<u><u>935,261</u></u>
<b>Borrowings denominated in Vietnam Dong ("VND")</b>		
<b>Current</b>		
Unsecured		
Term loans	6,083	8,055
Foreign currencies trade loans	88,303	99,527
	<u>94,386</u>	<u>107,582</u>
<b>Non-current</b>		
Term loans	20,276	19,611
Total borrowings in VND	<u><u>114,662</u></u>	<u><u>127,193</u></u>

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
FIRST QUARTER ENDED 31 MARCH 2020

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

	<b>As at 31/03/2020 RM'000</b>	<b>As at 31/12/2019 RM'000</b>
<b>Borrowings denominated in United States Dollar ("USD")</b>		
<b>Current</b>		
Unsecured		
Foreign currencies trade loans	39,100	28,326
Revolving credits	71,165	60,226
Term loans	50,893	48,374
	<u>161,158</u>	<u>136,926</u>
<b>Non-current</b>		
Unsecured		
Term loans	199,045	186,158
Total borrowings in USD	<u>360,203</u>	<u>323,084</u>
Total Group borrowings	<u>1,462,591</u>	<u>1,385,538</u>

The interest rates for the borrowings are as follows :

	<b>As at 31/03/2020</b>	<b>As at 31/12/2019</b>
Term loans:		
- Floating	2.69% - 6.01%	2.90% - 7.20%
Trade facilities	1.14% - 7.06%	2.33% - 7.64%
Hire purchase liabilities	1.48% - 2.08%	2.08%
Revolving credits	<u>2.45% - 4.49%</u>	<u>3.48% - 4.80%</u>

The Group's total borrowings increased by RM77.1 million to RM1,462.6 million as at 31 March 2020. This was mainly attributable to increase in trade borrowings and term loans to part finance acquisition of capital expenditures.

Certain amounts of the Group's borrowings denominated in USD were hedged.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
FIRST QUARTER ENDED 31 MARCH 2020**8. Derivatives financial instruments**

As at 31 March 2020, the Group had entered into :

- (i) forward foreign currency exchange contracts to hedge against USD/RM exchange rate fluctuations;
- (ii) commodity contracts to hedge pricing risk of aluminium; and
- (iii) interest rate swap contracts with a financial institution to hedge the interest rate exposure in respect of a long term loan denominated in USD.

The fair value of the derivatives were determined by using mark-to-market values at the end of the reporting date and changes in the fair value were recognised in profit or loss statement as shown in Note 9.

Details of derivative financial instruments outstanding as at 31 March 2020 are set out below :

Type of derivatives	Notional amount RM'000	Current assets RM'000	Current liabilities RM'000	Non-current liabilities RM'000
<b>Hedging derivatives :</b>				
Commodity contracts				
- Less than 1 year	78,280	1	-	-
Interest swap contracts				
- Less than 1 year	50,893	-	4,859	-
- 1 year to 3 years	199,045	-	-	9,719
<b>Non-hedging derivatives :</b>				
Foreign exchange contracts				
- Less than 1 year	45,988	-	1,253	-
		<u>1</u>	<u>6,112</u>	<u>9,719</u>

Other than the above derivatives which were measured at fair value, the Group did not remeasure other financial assets and financial liabilities after initial recognition.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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(Loss)/Profit for the period was stated after charging/(crediting) :

	<b>Current Year First Quarter ended 31/03/2020 RM'000</b>	<b>Preceding Year First Quarter ended 31/03/2019 RM'000</b>	<b>Current year-to-date ended 31/03/2020 RM'000</b>	<b>Preceding year-to-date ended 31/03/2019 RM'000</b>
Interest income	(2,056)	(259)	(2,056)	(259)
Interest expense	15,055	8,075	15,055	8,075
Depreciation and amortisation	34,549	6,219	34,549	6,219
Goodwill on consolidation written off	-	-	-	16
Bad debts written off	-	3	-	3
Impairment loss of receivables, net	326	81	326	81
Gain on disposal of property, plant and equipment	(285)	(33)	(285)	(33)
Loss on foreign currency exchange	2,285	787	2,285	787
Unrealised loss on forward exchange contracts	1,253	64	1,253	64
Gain arising on acquisition of a subsidiary	-	(252,588)	-	(252,588)

**10. Changes in material litigation**

There was no pending material litigation as at 1 June 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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The Board of Directors of Can-One had on 27 February 2020 recommended a first and final single-tier dividend of 4 sen per share and a special single-tier dividend of 2 sen per share, amounting to RM7,686,120 and RM3,843,060 respectively in respect of the financial year ended 31 December 2019 (2018 : 4 sen), subject to the approval by shareholders at the forthcoming Annual General Meeting of the Company.

**12. (Loss)/Earnings per share**

Basic (loss)/earnings per share were computed as follows :

	<b>Current Year First Quarter ended 31/03/2020</b>	<b>Preceding Year First Quarter ended 31/03/2019</b>	<b>Current year-to-date ended 31/03/2020</b>	<b>Preceding year-to-date ended 31/03/2019</b>
(Loss)/Profit from continuing operations (RM'000)	(15,415)	79,047	(15,415)	79,047
Profit from discontinued operation (RM'000)	-	16,352	-	16,352
(Loss)/Profit attributable to owners of the Company (RM'000)	<u>(15,415)</u>	<u>95,399</u>	<u>(15,415)</u>	<u>95,399</u>
Weighted average number of ordinary shares in issue ('000)	192,153	192,153	192,153	192,153
(Loss)/Earnings from continuing operations (Sen)	(8.02)	41.14	(8.02)	41.14
Earnings from discontinued operation (Sen)	-	8.51	-	8.51
Basic (loss)/earnings per ordinary share (Sen)	<u>(8.02)</u>	<u>49.65</u>	<u>(8.02)</u>	<u>49.65</u>

Dated : 4 June 2020  
Petaling Jaya,  
Selangor Darul Ehsan