

CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results as at 31 March 2021. The figures have not been audited.
(Financial year ending 31 December 2021)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/03/2021 RM'000	As at 31/12/2020 (Audited) RM'000
Non-current assets		
Property, plant and equipment	1,798,033	1,791,969
Right-of-use assets	438,778	440,232
Investment properties	116,612	117,035
Intangible assets	1,172	1,398
Other assets	22,416	24,124
Deferred tax assets	5,403	5,323
Total non-current assets	2,382,414	2,380,081
Current assets		
Inventories	626,260	555,507
Trade and other receivables	653,029	583,344
Other assets	29,446	22,755
Derivative financial assets	2,875	4,183
Current tax assets	10,352	12,669
Cash and cash equivalents	283,113	229,729
Total current assets	1,605,075	1,408,187
Total assets	3,987,489	3,788,268
Equity		
Share capital	197,660	197,660
Reserves	1,623,920	1,582,742
Equity attributable to owners of the Company	1,821,580	1,780,402
Non-controlling interests	147,570	143,614
Total equity	1,969,150	1,924,016
Liabilities		
Loans and borrowings	711,791	710,543
Lease liabilities	5,494	6,599
Retirement benefits obligations	64,793	65,306
Derivative financial liabilities	4,714	6,017
Deferred tax liabilities	101,524	101,220
Total non-current liabilities	888,316	889,685
Loans and borrowings	731,877	579,143
Lease liabilities	5,891	5,974
Retirement benefits obligations	9,252	7,433
Trade and other payables	374,205	369,632
Derivative financial liabilities	4,714	6,077
Current tax payables	4,084	6,308
Total current liabilities	1,130,023	974,567
Total liabilities	2,018,339	1,864,252
Total equity and liabilities	3,987,489	3,788,268
Net assets per share attributable to equity holders of the Company (Sen)	947.98	926.55

NOTE :

The condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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 2021. The figures have not been audited.

(Financial year ending 31 December 2021)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Individual quarter			Cumulative quarter		
	Current year First Quarter ended 31/03/2021 RM'000	Preceding year First Quarter ended 31/03/2020 RM'000	Changes %	Current year-to-date ended 31/03/2021 RM'000	Preceding year-to-date ended 31/03/2020 RM'000	Changes %
Continuing Operations						
Revenue	652,080	645,068	1	652,080	645,068	1
Cost of sales	(564,505)	(601,904)		(564,505)	(601,904)	
Gross profit	87,575	43,164	103	87,575	43,164	103
Other income/(expenses)	279	(2,705)		279	(2,705)	
Distribution and Admin expenses	(39,357)	(42,126)		(39,357)	(42,126)	
Profit/(Loss) from operations	48,497	(1,667)	3,009	48,497	(1,667)	3,009
Interest income	1,919	2,056		1,919	2,056	
Interest expense	(10,696)	(15,055)		(10,696)	(15,055)	
Net finance cost	(8,777)	(12,999)		(8,777)	(12,999)	
Profit/(Loss) before tax	39,720	(14,666)	371	39,720	(14,666)	371
Tax expense	(3,573)	(1,122)		(3,573)	(1,122)	
Profit/(Loss) for the period	36,147	(15,788)	329	36,147	(15,788)	329

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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 31/03/2021 RM'000	Preceding year First Quarter ended 31/03/2020 RM'000	Changes %	Current year-to-date ended 31/03/2021 RM'000	Preceding year-to-date ended 31/03/2020 RM'000	Changes %
Profit/(Loss) for the period	36,147	(15,788)	329	36,147	(15,788)	329
Other comprehensive income/(expense), net of tax						
Foreign currency translation differences of foreign operations	10,208	13,674		10,208	13,674	
Cash flow hedge	(1,221)	(6,248)		(1,221)	(6,248)	
Total comprehensive income/ (expense) for the period attributable to the Owners of the Company	45,134	(8,362)	640	45,134	(8,362)	640
Profit/(Loss) attributable to :						
Owners of the Company	34,773	(15,415)		34,773	(15,415)	
Non-controlling interests	1,374	(373)		1,374	(373)	
	36,147	(15,788)		36,147	(15,788)	
Total comprehensive income/ (expense) attributable to :						
Owners of the Company	41,178	(9,685)		41,178	(9,685)	
Non-controlling interests	3,956	1,323		3,956	1,323	
	45,134	(8,362)		45,134	(8,362)	
Earnings/(Loss) per share						
Basic (Sen)	18.10	(8.02)		18.10	(8.02)	

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(Financial year ending 31 December 2021)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<-----Attributable to Owners of the Company----->					
	<--Non-Distributable-->			Distributable		
	Share capital RM'000	Cash flow hedge reserve RM'000	Foreign currency translation reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000
						Total equity RM'000
Current year ended 31 March 2021						
Balance at 1 January 2021	197,660	(442)	3,674	1,579,510	1,780,402	143,614
Profit for the period	-	-	-	34,773	34,773	1,374
Foreign currency translation differences of foreign operations	-	-	7,803	-	7,803	2,405
Cash flow hedge	-	(1,398)	-	-	(1,398)	177
Total comprehensive (expense)/income for the period	-	(1,398)	7,803	34,773	41,178	3,956
Balance at 31 March 2021	197,660	(1,840)	11,477	1,614,283	1,821,580	147,570
Preceding year corresponding year ended 31 March 2020						
Balance at 1 January 2020	197,660	(897)	9,696	1,521,424	1,727,883	140,865
Loss for the period	-	-	-	(15,415)	(15,415)	(373)
Foreign currency translation differences of foreign operations	-	-	11,103	-	11,103	2,571
Cash flow hedge	-	(5,373)	-	-	(5,373)	(875)
Total comprehensive (expense)/income for the period	-	(5,373)	11,103	(15,415)	(9,685)	1,323
Balance at 31 March 2020	197,660	(6,270)	20,799	1,506,009	1,718,198	142,188

NOTE :

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(Financial year ending 31 December 2021)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year 3 months ended 31/03/2021 RM'000	Preceding year 3 months ended 31/03/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	39,720	(14,666)
Adjustments :		
Amortisation and depreciation of assets	34,209	34,549
Interest expense	10,696	15,055
Interest income	(1,919)	(2,056)
Income distribution on money market placement with a financial institution	(328)	(728)
Property, plant and equipment written off	44	-
(Reversal of impairment loss)/Impairment loss on receivables, net	(73)	326
Impairment loss on property, plant and equipment	3,372	-
Unrealised (gain)/loss on derivatives financial instruments	(1,359)	8,200
Gain on disposal of property, plant and equipment	(1,079)	(285)
Cash flow hedge	(1,221)	(6,248)
Gain on lease modification	(1)	-
Operating profit before changes in working capital	82,061	34,147
Inventories	(70,752)	11,331
Trade and other receivables	(69,611)	4,206
Trade and other payables	4,571	(78,450)
Others	(1,111)	(30,801)
Cash used in operations	(54,842)	(59,567)
Tax paid	(3,392)	(4,812)
Net cash used in operating activities	(58,234)	(64,379)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1,431	323
Acquisition of property, plant and equipment	(25,237)	(28,552)
Acquisition of intangible assets	(109)	(44)
Interest received	1,919	2,056
Income distribution on money market placement with a financial institution	328	728
Net cash used in investing activities	(21,668)	(25,489)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(10,696)	(15,055)
Net movement in borrowings and lease liabilities	140,977	62,710
Net cash flows generated from financing activities	130,281	47,655
Net increase/(decrease) in cash and cash equivalents	50,379	(42,213)
Effect of exchange differences on cash and cash equivalents	3,005	3,401
Cash and cash equivalents brought forward	229,729	350,599
Cash and cash equivalents carried forward	283,113	311,787
Comprises :		
Cash and bank balances	159,365	228,687
Short term deposits with licensed banks	4,680	19,750
Money market placement with financial institution	119,068	63,350
	283,113	311,787

NOTE :

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2021**

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 2020 ("FY 2020"). 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 FY 2020.

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 2020 except for the following :

The Group adopted (where applicable) the following accounting standards, interpretations or amendments which are applicable to the Group that have been issued by the Malaysian Accounting Standards Board ("MASB") effective 1 January 2021 :

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases - Interest Rate Benchmark Reform - Phase 2*
- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

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

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FIRST QUARTER ENDED 31 MARCH 2021**

2. Significant Accounting Policies (cont'd)

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

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

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

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2021**

3. Auditors' report

The auditors' report dated 15 April 2021 on the financial statements for the financial year ended 31 December 2020 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. 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 cans, aluminium cans and corrugated fibreboard cartons (collectively, "General Packaging");
- b) Manufacturing, packaging and distribution of carbonated and non-carbonated beverages as well as edible oil products ("Contract Manufacturing");
- c) Trading; and
- d) Property and investment holding.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2021****9. Segment information (cont'd)**

Segment revenue and results for the current quarter ended 31 March 2021 are as follows :

	General Packaging RM'000	Contract Manufacturing RM'000	Trading RM'000	Property and Investment Holding RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External revenue	623,641	19,936	272,007	8,262	923,846	(271,766)	652,080
Inter-segment revenue	80,954	-	-	-	80,954	(80,954)	-
	<u>704,595</u>	<u>19,936</u>	<u>272,007</u>	<u>8,262</u>	<u>1,004,800</u>	<u>(352,720)</u>	<u>652,080</u>
Results							
Segment results	52,683	(6,567)	6,138	6,613	58,867	(10,370)	48,497
Interest income	912	3	2,056	2,567	5,538	(3,619)	1,919
Financial expenses	(7,487)	(1,440)	(1,849)	(3,710)	(14,486)	3,790	(10,696)
Profit/(Loss) before tax	<u>46,108</u>	<u>(8,004)</u>	<u>6,345</u>	<u>5,470</u>	<u>49,919</u>	<u>(10,199)</u>	<u>39,720</u>
Assets							
Segment assets	3,694,093	214,421	568,297	298,683	4,775,494	(803,760)	3,971,734
Unallocated assets	-	-	-	-	15,755	-	15,755
Total assets	<u>3,694,093</u>	<u>214,421</u>	<u>568,297</u>	<u>298,683</u>	<u>4,791,249</u>	<u>(803,760)</u>	<u>3,987,489</u>
Liabilities							
Segment liabilities	1,504,353	235,456	503,439	473,977	2,717,225	(804,494)	1,912,731
Unallocated liabilities	-	-	-	-	105,608	-	105,608
Total liabilities	<u>1,504,353</u>	<u>235,456</u>	<u>503,439</u>	<u>473,977</u>	<u>2,822,833</u>	<u>(804,494)</u>	<u>2,018,339</u>

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2021**

9. Segment information (cont'd)

Segment revenue and results for the preceding year corresponding quarter ended 31 March 2020 are as follows :

	General Packaging RM'000	Contract Manufacturing RM'000	Trading RM'000	Property and Investment Holding RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External revenue	552,928	97,058	158,802	1,419	810,207	(165,139)	645,068
Inter-segment revenue	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>
Results							
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
Finance 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>
Assets							
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>-</u>	<u>3,831,665</u>
Liabilities							
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>-</u>	<u>1,971,279</u>

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FIRST QUARTER ENDED 31 MARCH 2021**

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 4 June 2021 (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) of this announcement.

12. Changes in the Group composition

There were no changes in the Group composition as at 31 March 2021.

13. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or assets for the Group as at 31 March 2021.

As at 4 June 2021 (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 2021, the Group has the following capital commitment :

	RM'000
Approved and contracted for	<u>112,883</u>

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2021**

15. Related party disclosures

The Group has related party relationship with a company in which a Director has substantial financial interests ("related party").

The 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-to-date ended 31/03/2021 RM'000
Purchases of goods from a related party	<u><u>437</u></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 8 June 2021.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2021**

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

1. Review of performance

(a) First quarter ended 31 March 2021 ("Q1, 2021") compared with First quarter ended 31 March 2020 ("Q1, 2020")

The Group's revenue for Q1, 2021 increased by RM7.0 million or 1.1% to RM652.1 million compared to RM645.1 million in Q1, 2020. However profit before tax of the Group jumped by RM54.4 million to RM39.7 million in Q1, 2021 mainly due to improved performance in General Packaging division, lower interest cost and other operational expenses.

Continuing operations

General Packaging division

General Packaging division generated total revenue of RM623.6 million in Q1, 2021, an increase of RM70.7 million from RM552.9 million in Q1, 2020. All segments reported improvement in revenue with the major contributors being Carton boxes and Aluminium cans segments. Profit before tax increased by RM40.4 million to RM46.1 million in Q1, 2021 mainly attributable to General cans and Aluminium cans segments. This was mainly due to, amongst others, increase in sales and production, changes in sales mix, revision of selling price and improvement in operational efficiency. Furthermore, performance of Q1, 2020 was affected by the impact of enforced shut down or reduction in capacity during the Movement Control Order in the second half of March 2020 in order to contain the spread of Covid-19.

Contract Manufacturing division

Revenue of Contract Manufacturing division dropped by RM77.1 million to RM19.9 million in Q1, 2021 mainly due to cessation of edible oils operations. The division registered loss before tax of RM8.0 million in Q1, 2021.

Trading division

Trading division registered a higher revenue of RM272.0 million in Q1, 2021, a growth of RM113.2 million compared with Q1, 2020 mainly due to increase in third parties and intercompany trading activities. In tandem with higher revenue and sales mix, the division reported a profit before tax of RM6.3 million in Q1, 2021.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2021****2. Variation of results against immediate preceding quarter ended 31 December 2020 ("Q4, 2020")**

	Current year First Quarter ended 31/03/2021 RM'000	Immediate Preceding Quarter ended 31/12/2020 RM'000	Changes RM'000
Revenue	652,080	662,583	(10,503)
Operating Profit	48,497	56,497	(8,000)
Profit Before Interest and Tax	48,497	56,497	(8,000)
Profit Before Tax	39,720	45,879	(6,159)
Profit After Tax	36,147	34,879	1,268
Profit Attributable to Owners of the Company	34,773	32,484	2,289

The Group registered a revenue of RM652.1 million in the current quarter under review, a decrease of RM10.5 million from the immediate preceding quarter, mainly attributable to seasonal fluctuations owing to festival holidays both in Malaysia and Vietnam which resulted in lower sales. Profit before tax decreased by RM6.2 million to RM39.7 million in Q1, 2021 mainly attributable to lower contribution from General Packaging division owing to lower sales, higher raw material cost, higher distribution and admin expenses and lower other income compared to Q4, 2020.

General Packaging division

Compared with Q4, 2020, total revenue of the division decreased by RM13.0 million to RM623.6 million in the current quarter under review with lower revenue recorded in General cans and Carton boxes segments. The lower sales was mainly due to seasonal fluctuations due to festival holidays in the current quarter under review. Profit before tax was reduced by RM3.2 million to RM46.1 million in Q1, 2021 mainly due to lower sales and higher material price consumed in both General cans and Carton boxes segments.

Contract Manufacturing division

Revenue of Contract Manufacturing division decreased by RM9.4 million to RM19.9 million in Q1, 2021, mainly due to cessation of Edible Oils operations partly offset against increase in Beverages segment. The division reported a loss before tax of RM8.0 million in Q1, 2021.

Trading division

Revenue of Trading division increased by RM66.3 million to RM272.0 million in Q1, 2021 when compared to Q4, 2020. In tandem with higher sales and sales mix, its profit before tax improved to RM6.3 million in the current quarter under review.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2021**

3. Prospects

Malaysia expects its economy to recover in 2021, with growth ranging from 6.0% to 7.5%. Growth will be underpinned by stronger external demand and higher private and public expenditures.

Heightened challenges to the growth of the Group included :

- i) Stiff competition and price pressure in the industry where the Group operates
- ii) Shortages of certain raw materials due to disruption to global supply chain
- iii) Higher cost of materials in line with global trend
- iv) Volatility in foreign currency exchange rates, mainly in United States Dollar
- v) Current and potential additional lockdown imposed by Governments which will curtail production and businesses due to surge in Covid-19 cases

The political upheaval in Myanmar on 1 February 2021 had resulted in a state of emergency declared in Myanmar for a period of 1 year. This has raised some cause for concern as it could disrupt the business environment in Myanmar and the development of the Group's Myanmar operations. Nevertheless, the Myanmar plants have been able to continue their operations. Since the ongoing developments remain uncertain and cannot be reasonably predicted at this juncture, the Group will continue to assess the operational and financial impacts of the political instability and monitor the development in Myanmar to enable effective and timely responses to any change in order to protect the Group's interest.

The Group's results have been improving and barring any unforeseen circumstances, the Management is cautiously optimistic in addressing the challenges and to deliver satisfactory results for the current financial year ending 31 December 2021.

4. Profit forecast/profit guarantee

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

5. Tax expense

	Current Year	Preceding Year		
	First	First	Current	Preceding
	Quarter	Quarter	year-to-date	year-to-date
	ended	ended	ended	ended
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Current tax expense	3,343	2,925	3,343	2,925
Deferred tax expense/(credit)	230	(1,803)	230	(1,803)
	<u>3,573</u>	<u>1,122</u>	<u>3,573</u>	<u>1,122</u>

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS FIRST QUARTER ENDED 31 MARCH 2021

6. Status of Corporate Proposal

Receipt of notice of unconditional mandatory take-over offer by Eller Axis Sdn Bhd ("Offeror") through UOB Kay Hian Securities (M) Sdn Bhd ("UOBKH")

On 4 May 2021, the Offeror had entered into an unconditional share sale agreement ("SSA") with Genkho Candoz Sdn Bhd ("Genkho") to acquire 40,241,700 ordinary shares in Can-One ("Can-One Share(s)") representing 20.94% equity interest in Can-One from Genkho at a total cash consideration of RM100,604,250.00 or at RM2.50 per Can-One Share ("Acquisition"). The Acquisition was effected via direct business transaction in accordance with the terms and conditions of the SSA.

On completion of the Acquisition, the equity interest of the Offeror in Can-One had increased from approximately 23.73% to approximately 44.67%. As a result thereof, the Offeror, the major shareholder of the Offeror i.e. Yeoh Jin Hoe ("Ultimate Offeror") who held approximately 3.91% equity interest in Can-One and the persons acting-in-concert with the Offeror and the Ultimate Offeror ("PACs") who collectively held approximately 11.99% equity interest in Can-One, had increased their collective equity interest in Can-One from approximately 39.63% to 60.57%.

Accordingly, pursuant to Section 218(2) of the Capital Markets and Services Act 2007 ("CMSA") and Paragraph 4.01(a) of the Rules and Take-overs, Mergers and Compulsory Acquisition issued by the Securities Commission Malaysia ("SC") ("Rules"), the Offeror is obliged to extend an unconditional mandatory take-over offer to acquire all the remaining Can-One Shares which are not already held by the Offeror, the Ultimate Offeror and the PACs.

On 4 May 2021, the Board of Directors of Can-One ("Board") received a Notice from UOBKH on behalf of the Offeror notifying on the unconditional take-over offer ("Offer") by the Offeror to acquire all the Can-One Shares not already held by Offeror and the Ultimate Offeror ("Offer Share(s)") at a cash offer price of RM2.50 per Can-One Share ("Offer Price") ("Notice").

On 7 May 2021, Public Investment Bank Berhad ("PIVB") was appointed as independent adviser by the Board pursuant to Paragraph 3.06 of the Rules on Take-overs, Mergers and Compulsory Acquisitions, to provide comments, opinions, information and recommendation on the Offer to the non-interested directors and holders of the Offer Shares.

On 11 May 2021, Can-One had despatched notification to its shareholders in relation to the receipt of the Notice.

On 25 May 2021, UOBKH had on behalf of the Offeror, despatched the Offer Document together with the Form of Acceptance and Transfer to the shareholders of Can-One whose names appeared in the Record of Depositors of Can-One as at 19 May 2021 and have a registered Malaysian address maintained with Bursa Malaysia Depository Sdn Bhd. The Offer will remain open for acceptances until 5.00 pm on 15 June 2021 ("Closing Date") unless the Offeror extends the Offer. Any extension will be announced by UOBKH on behalf of the Offeror, at least 2 days before the Closing Date. Notice of such extension will be posted to the shareholders accordingly.

On 4 June 2021, an Independent Advice Circular to the shareholders was despatched by PIVB to the shareholders of Can-One.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2021

7. Group borrowings and debts securities

Group borrowings as at 31 March 2021 are as follows :

	As at 31/03/2021 RM'000	As at 31/12/2020 RM'000
Borrowings denominated in RM		
Current		
Secured		
Hire purchase liabilities	129	128
Term loans	1,023	1,116
Lease liabilities	5,891	5,974
	<u>7,043</u>	<u>7,218</u>
Unsecured		
Other trade facilities	-	30
Term loans	38,632	40,621
Bankers' acceptances	132,607	104,838
Revolving credits	82,000	73,000
	<u>260,282</u>	<u>225,707</u>
Non-current		
Secured		
Hire purchase liabilities	199	232
Term loans	389,277	389,533
Lease liabilities	5,494	6,599
	<u>394,970</u>	<u>396,364</u>
Unsecured		
Term loans	155,110	157,151
	<u>550,080</u>	<u>553,515</u>
Total borrowings in RM	<u><u>810,362</u></u>	<u><u>779,222</u></u>
Borrowings denominated in VND		
Current		
Unsecured		
Term loans	5,983	7,712
Foreign currencies trade loans	107,041	99,202
	<u>113,024</u>	<u>106,914</u>
Non-current		
Term loans	11,966	11,567
Total borrowings in VND	<u><u>124,990</u></u>	<u><u>118,481</u></u>

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2021

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

	As at 31/03/2021 RM'000	As at 31/12/2020 RM'000
Borrowings denominated in United State Dollar ("USD")		
Current		
Unsecured		
Foreign currencies trade loans	245,057	144,840
Revolving credits	70,482	60,255
Term loans	48,923	47,401
	<u>364,462</u>	<u>252,496</u>
Non-current		
Unsecured		
Term loans	155,239	152,060
Total borrowings in USD	<u>519,701</u>	<u>404,556</u>
Total Group borrowings	<u>1,455,053</u>	<u>1,302,259</u>

The interest rates for the borrowings are as follows :

	As at 31/03/2021	As at 31/12/2020
Term loans :		
- Floating	1.19% - 3.75%	1.22% - 6.57%
Trade facilities	0.75% - 5.27%	0.62% - 5.57%
Hire purchase liabilities	1.48% - 2.08%	1.48% - 2.08%
Revolving credits	0.96% - 3.45%	2.95% - 3.40%
Lease liabilities	<u>2.65% - 6.70%</u>	<u>2.65% - 6.70%</u>

Total loans and borrowings including lease liabilities increased by RM152.8 million to RM1,455.1 million as at 31 March 2021 to finance working capital. During the quarter under review, the Group draw down RM22.4 million of new term loans to part finance the capital expenditures and had also made repayment on term loans amounting to RM34.9 million.

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 2021****8. Derivatives financial instruments**

As at 31 March 2021, 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 the profit or loss statement as shown in Note 9.

Details of derivative financial instruments outstanding as at 31 March 2021 are set out below :

Type of derivatives	Notional amount RM'000	Current assets RM'000	Current liabilities RM'000	Non-current liabilities RM'000
Hedging derivatives :				
Commodity contracts				
- Less than 1 year	55,749	2,050	-	-
Interest swap contracts				
- Less than 1 year	48,922	-	4,714	-
- 1 year to 3 years	155,239	-	-	4,714
Non-hedging derivatives :				
Foreign exchange contracts				
- Less than 1 year	55,749	825	-	-
		<u>2,875</u>	<u>4,714</u>	<u>4,714</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
FIRST QUARTER ENDED 31 MARCH 2021****9. Profit/(Loss) for the quarter under review**

Profit/(Loss) for the quarter under review was stated after charging/(crediting) :

	Current Year	Preceding Year		
	First	First	Current	Preceding
	Quarter	Quarter	year-to-date	year-to-date
	ended	ended	ended	ended
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(1,919)	(2,056)	(1,919)	(2,056)
Interest expense	10,696	15,055	10,696	15,055
Depreciation and amortisation	34,209	34,549	34,209	34,549
Impairment loss of receivables, net	(73)	326	(73)	326
Impairment loss of property, plant and equipment	3,372	-	3,372	-
Property, plant and equipment written off	44	-	44	-
Gain on disposal of property, plant and equipment	(1,079)	(285)	(1,079)	(285)
Loss on foreign currency exchange	879	2,285	879	2,285
Unrealised (gain)/loss on non-hedging derivatives	(2,042)	1,253	(2,042)	1,253

10. Changes in material litigation

There was no material litigation nor pending material litigation against the Group since the end of the previous financial year up to the date of issue of this quarterly report.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2021**

11. Dividends

The Board of Directors of Can-One had on 25 February 2021 recommended a first and final single-tier dividend of 4 sen per share amounting to RM7,686,120 in respect of the financial year ended 31 December 2020 (2019 : first and final single-tier dividend of 4 sen per share and special single-tier dividend of 2 sen per share), subject to the approval by shareholders at the forthcoming Annual General Meeting of the Company.

12. Earnings/(Loss) per share

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

	Current Year	Preceding Year		
	First	First	Current	Preceding
	Quarter	Quarter	year-to-date	year-to-date
	ended	ended	ended	ended
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Profit/(Loss) attributable to Owners of the Company (RM'000)	34,773	(15,415)	34,773	(15,415)
Weighted average number of ordinary shares in issue ('000)	192,153	192,153	192,153	192,153
Basic earnings/(loss) per ordinary share (Sen)	<u>18.10</u>	<u>(8.02)</u>	<u>18.10</u>	<u>(8.02)</u>

Dated : 8 June 2021
Petaling Jaya,
Selangor Darul Ehsan