

**CAN-ONE BERHAD**

Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results as at 30 September 2022. The figures have not been audited.  
(Financial year ending 31 December 2022)

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 30/09/2022 RM'000	As at 31/12/2021 (Audited) RM'000
<b>Non-current assets</b>		
Property, plant and equipment	1,688,652	1,568,073
Right-of-use assets	399,210	398,942
Investment properties	83,265	109,476
Land held for property development	110,646	109,225
Intangible assets	1,312	1,094
Deferred tax assets	2,628	3,279
Prepayments	2,275	7,898
<b>Total non-current assets</b>	<b>2,287,988</b>	<b>2,197,987</b>
<b>Current assets</b>		
Inventories	881,470	874,087
Trade and other receivables	674,411	625,890
Prepayments	24,957	11,974
Current tax assets	3,373	2,739
Derivative financial assets	57	843
Cash and cash equivalents	269,663	248,830
<b>Total current assets</b>	<b>1,853,931</b>	<b>1,764,363</b>
<b>Total assets</b>	<b>4,141,919</b>	<b>3,962,350</b>
<b>Equity</b>		
Share capital	197,660	197,660
Reserves	1,653,540	1,535,189
<b>Equity attributable to owners of the Company</b>	<b>1,851,200</b>	<b>1,732,849</b>
Non-controlling interests	90,488	91,934
<b>Total equity</b>	<b>1,941,688</b>	<b>1,824,783</b>
<b>Liabilities</b>		
Loans and borrowings	699,925	657,566
Lease liabilities	4,768	4,812
Retirement benefits obligations	64,862	62,331
Derivative financial liabilities	-	3,896
Deferred tax liabilities	100,465	103,245
<b>Total non-current liabilities</b>	<b>870,020</b>	<b>831,850</b>
Trade and other payables	500,384	460,151
Loans and borrowings	794,047	812,949
Lease liabilities	5,730	5,837
Retirement benefits obligations	4,782	4,772
Contract liabilities	3,479	6,306
Provisions	5,377	5,006
Derivative financial liabilities	5,731	1,022
Current tax liabilities	10,681	9,674
<b>Total current liabilities</b>	<b>1,330,211</b>	<b>1,305,717</b>
<b>Total liabilities</b>	<b>2,200,231</b>	<b>2,137,567</b>
<b>Total equity and liabilities</b>	<b>4,141,919</b>	<b>3,962,350</b>
Net assets per share attributable to equity holders of the Company (Sen)	<b>963.40</b>	<b>901.81</b>

**NOTE :**

The condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 Third Quarter ended 30 September 2022. The figures have not been audited.

(Financial year ending 31 December 2022)

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

	Individual quarter			Cumulative quarter		
	Current year Third Quarter ended 30/09/2022 RM'000	Preceding year Third Quarter ended 30/09/2021 RM'000	Changes %	Current period-to-date ended 30/09/2022 RM'000	Preceding period-to-date ended 30/09/2021 RM'000	Changes %
Revenue	<b>805,636</b>	598,018	35	<b>2,334,026</b>	1,928,923	21
Cost of sales	<b>(722,727)</b>	(501,059)		<b>(2,040,822)</b>	(1,638,927)	
Gross profit	<b>82,909</b>	96,959	(14)	<b>293,204</b>	289,996	1
Distribution expenses	<b>(7,394)</b>	(4,282)		<b>(18,753)</b>	(19,589)	
Admin expenses	<b>(37,248)</b>	(33,672)		<b>(108,975)</b>	(99,096)	
Other (expenses)/income	<b>4,345</b>	(2,753)		<b>5,472</b>	3,071	
Profit from operations before impairment losses	<b>42,612</b>	56,252		<b>170,948</b>	174,382	
Net (impairment losses)/ reversal of impairment losses						
- property, plant and equipment	-	(9,046)		-	(13,418)	
- financial instruments	<b>(2,018)</b>	(929)		<b>(2,494)</b>	(592)	
Profit from operating activities	<b>40,594</b>	46,277	(12)	<b>168,454</b>	160,372	5
Interest income	<b>376</b>	2,039		<b>700</b>	5,982	
Interest expense	<b>(14,367)</b>	(12,768)		<b>(36,920)</b>	(34,625)	
Profit before tax	<b>26,603</b>	35,548	(25)	<b>132,234</b>	131,729	0
Tax expenses	<b>(9,745)</b>	(10,065)		<b>(28,391)</b>	(21,429)	
Profit after tax	<b>16,858</b>	25,483	(34)	<b>103,843</b>	110,300	(6)

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

	Individual quarter			Cumulative quarter		
	Current year Third Quarter ended 30/09/2022 RM'000	Preceding year Third Quarter ended 30/09/2021 RM'000	Changes %	Current period-to-date ended 30/09/2022 RM'000	Preceding period-to-date ended 30/09/2021 RM'000	Changes %
Profit after tax	<b>16,858</b>	25,483	(34)	<b>103,843</b>	110,300	(6)
Other comprehensive income/(expense), net of tax						
Foreign currency translation differences of foreign operations	<b>10,741</b>	6,423		<b>22,430</b>	17,624	
Cash flow hedge	<b>1,309</b>	4,102		<b>(1,682)</b>	2,762	
Total comprehensive income for the period attributable to the Owners of the Company	<b>28,908</b>	36,008	(20)	<b>124,591</b>	130,686	(5)
Profit attributable to :						
Owners of the Company	<b>17,584</b>	30,868		<b>106,547</b>	114,470	
Non-controlling interests	<b>(726)</b>	(5,385)		<b>(2,704)</b>	(4,170)	
	<b>16,858</b>	25,483		<b>103,843</b>	110,300	
Total comprehensive income attributable to :						
Owners of the Company	<b>29,553</b>	39,755		<b>126,037</b>	130,437	
Non-controlling interests	<b>(645)</b>	(3,747)		<b>(1,446)</b>	249	
	<b>28,908</b>	36,008		<b>124,591</b>	130,686	
Basic earnings per ordinary share (Sen)	<b>9.15</b>	16.06		<b>55.45</b>	59.57	

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	←-----Attributable to Owners of the Company-----→						Total equity RM'000
	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	
<b>Current period ended 30 September 2022</b>							
Balance at 1 January 2022	197,660	919	15,309	1,518,961	1,732,849	91,934	1,824,783
Profit/(Loss) for the period	-	-	-	106,547	106,547	(2,704)	103,843
Foreign currency translation differences of foreign operations	-	-	21,782	-	21,782	648	22,430
Cash flow hedge	-	(2,292)	-	-	(2,292)	610	(1,682)
Total comprehensive (expense)/income for the period	-	(2,292)	21,782	106,547	126,037	(1,446)	124,591
Dividend paid	-	-	-	(7,686)	(7,686)	-	(7,686)
Balance at 30 September 2022	<u>197,660</u>	<u>(1,373)</u>	<u>37,091</u>	<u>1,617,822</u>	<u>1,851,200</u>	<u>90,488</u>	<u>1,941,688</u>
<b>Preceding year corresponding period ended 30 September</b>							
Balance at 1 January 2021	197,660	(442)	3,674	1,579,510	1,780,402	143,614	1,924,016
Profit/(Loss) for the period	-	-	-	114,470	114,470	(4,170)	110,300
Foreign currency translation differences of foreign operations	-	-	13,703	-	13,703	3,921	17,624
Cash flow hedge	-	2,264	-	-	2,264	498	2,762
Total comprehensive income for the period	-	2,264	13,703	114,470	130,437	249	130,686
Dividend paid	-	-	-	(7,686)	(7,686)	-	(7,686)
Balance at 30 September 2021	<u>197,660</u>	<u>1,822</u>	<u>17,377</u>	<u>1,686,294</u>	<u>1,903,153</u>	<u>143,863</u>	<u>2,047,016</u>

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**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Current year period-to-date 30/09/2022 RM'000</b>	Preceding year period-to-date 30/09/2021 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	132,234	131,729
<b>Adjustments :</b>		
Amortisation and depreciation of assets	104,984	104,613
Gain on disposal of property, plant and equipment	(843)	(3,781)
Net gain on termination and remeasurement of lease contracts	(140)	(10)
Interest expense	36,920	34,625
Interest income	(700)	(5,982)
Income distribution from money market placement with a non-financial institution	(344)	(896)
Net impairment loss/(reversal of impairment loss) on :		
- property, plant and equipment	-	13,418
- financial instruments	2,494	592
Retirement benefits obligations	5,159	5,236
Unrealised gain on derivative financial instruments	(83)	(1,892)
Usage of spare parts in property, plant and equipment	577	9,080
(Reversal of write-down)/Write-down of inventories	3,037	2,486
Write off in respect of :		
- property, plant and equipment	202	58
- inventories	18,225	13,906
Operating profit before changes in working capital	301,722	303,182
Inventories	(28,645)	(298,701)
Trade and other receivables	(51,316)	(41,750)
Trade and other payables	40,232	55,649
Others	(12,516)	(13,834)
<b>Cash generated from operations</b>	249,477	4,546
Interest paid	(275)	(307)
Retirement benefits paid	(2,618)	(2,675)
Tax paid	(30,467)	(9,146)
<b>Net cash from/(used in) operating activities</b>	216,117	(7,582)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	13,554	20,702
Additions of :		
- property, plant and equipment	(155,512)	(94,527)
- land held for property development	(1,420)	-
- intangible assets	(1,031)	(1,177)
Interest received	700	5,982
Income distribution from money market placement with a non-financial institution	344	896
<b>Net cash used in investing activities</b>	(143,365)	(68,124)

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**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)**

	<b>Current year period-to-date 30/09/2022 RM'000</b>	<b>Preceding year period-to-date 30/09/2021 RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of term loans	241,115	53,350
Repayment of term loans	(236,206)	(87,569)
Net movement in other borrowings and lease liabilities	(7,653)	168,190
Interest paid	(36,645)	(34,318)
Dividend paid	(7,686)	(7,686)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(47,075)</b>	<b>91,967</b>
<b>Net increase in cash and cash equivalents</b>	<b>25,677</b>	<b>16,261</b>
Effect of exchange differences on cash and cash equivalents	(4,844)	(943)
Cash and cash equivalents brought forward	248,830	229,729
<b>Cash and cash equivalents carried forward</b>	<b>269,663</b>	<b>245,047</b>
	<b>As at 30/09/2022</b>	<b>As at 31/12/2021 (Audited)</b>
Comprises :		
Cash and bank balances	197,435	220,266
Short-term deposits with licensed banks	27,919	4,311
Money market placements with a non-financial institution	44,309	20,470
	<b>269,663</b>	<b>245,047</b>

**NOTE :**

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## CAN-ONE BERHAD

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### EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2022

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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 2021 ("FYE 2021"). 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 FYE 2021.

##### 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 2021 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 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)*

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

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### EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- 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*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

##### ***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* and Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17* that are effective for annual periods beginning on 1 January 2023 as it is not applicable to the Group.

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

#### 3. Auditors' report

The auditors' report dated 11 April 2022 in respect of the financial statements for the financial year ended 31 December 2021 was not subject to any audit qualification.

#### 4. Seasonal or Cyclical Factors

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



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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2022**

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

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

**6. Changes in estimates**

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

**8. Dividend paid**

A first and final single-tier dividend of 4 sen per share for the financial year ended 31 December 2021 was paid on 29 July 2022.

**9. Segment information**

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

- 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 ("Contract Manufacturing");
- c) Trading; and
- d) Property development and investment holding.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2022**

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

Segment revenue and results for current period-to-date ended 30 September 2022 are as follow

	<b>General Packaging RM'000</b>	<b>Contract Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Property Development and Investment Holding RM'000</b>	<b>Total RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>							
External revenue	2,046,969	105,127	181,827	103	2,334,026	-	2,334,026
Inter-division revenue	198,126	-	276,841	32,025	506,992	(506,992)	-
	<u>2,245,095</u>	<u>105,127</u>	<u>458,668</u>	<u>32,128</u>	<u>2,841,018</u>	<u>(506,992)</u>	<u>2,334,026</u>
<b>Results</b>							
Segment results	185,586	(13,667)	(62)	25,477	197,334	(28,880)	168,454
Interest income	2,426	17	6,209	1,102	9,754	(9,054)	700
Interest expenses	(27,596)	(3,564)	(6,201)	(8,734)	(46,095)	9,175	(36,920)
Profit/(Loss) before tax	<u>160,416</u>	<u>(17,214)</u>	<u>(54)</u>	<u>17,845</u>	<u>160,993</u>	<u>(28,759)</u>	<u>132,234</u>
Depreciation and amortisation	102,499	3,991	137	1,415	108,042	(3,058)	104,984
Interest income	(2,426)	(17)	(6,209)	(1,102)	(9,754)	9,054	(700)
Interest expenses	27,596	3,564	6,201	8,734	46,095	(9,175)	36,920
Income distribution on money market placement with a non-financial institution	(167)	(1)	-	(176)	(344)	-	(344)
EBITDA	<u>287,918</u>	<u>(9,677)</u>	<u>75</u>	<u>26,716</u>	<u>305,032</u>	<u>(31,938)</u>	<u>273,094</u>
<b>Assets</b>							
Segment assets	4,146,215	151,517	516,058	277,413	5,091,203	(955,285)	4,135,918
Unallocated assets	-	-	-	-	6,001	-	6,001
Total assets	<u>4,146,215</u>	<u>151,517</u>	<u>516,058</u>	<u>277,413</u>	<u>5,097,204</u>	<u>(955,285)</u>	<u>4,141,919</u>
<b>Liabilities</b>							
Segment liabilities	1,860,469	259,152	458,474	466,420	3,044,515	(955,430)	2,089,085
Unallocated liabilities	-	-	-	-	111,146	-	111,146
Total liabilities	<u>1,860,469</u>	<u>259,152</u>	<u>458,474</u>	<u>466,420</u>	<u>3,155,661</u>	<u>(955,430)</u>	<u>2,200,231</u>

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2022**

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

Segment revenue and results for the preceding year corresponding period-to-date ended 30 September 2021 are as follows :

	<b>General Packaging RM'000</b>	<b>Contract Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Property Development and Investment Holding RM'000</b>	<b>Total RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>							
External revenue	1,502,333	60,880	365,606	104	1,928,923	-	1,928,923
Inter-segment revenue	328,566	732	467,968	28,684	825,950	(825,950)	-
	<u>1,830,899</u>	<u>61,612</u>	<u>833,574</u>	<u>28,788</u>	<u>2,754,873</u>	<u>(825,950)</u>	<u>1,928,923</u>
<b>Results</b>							
Segment results	162,266	(16,573)	16,750	23,874	186,317	(25,945)	160,372
Interest income	1,941	6	6,071	7,527	15,545	(9,563)	5,982
Interest expenses	(22,622)	(4,623)	(6,147)	(11,023)	(44,415)	9,790	(34,625)
Profit/(Loss) before tax	141,585	(21,190)	16,674	20,378	157,447	(25,718)	131,729
Depreciation and amortisation	100,824	6,287	118	1,265	108,494	(3,881)	104,613
Interest income	(1,941)	(6)	(6,071)	(7,527)	(15,545)	9,563	(5,982)
Interest expenses	22,622	4,623	6,147	11,023	44,415	(9,790)	34,625
Income distribution on money market placement with a non-financial institution	(711)	(15)	(112)	(58)	(896)	-	(896)
EBITDA	262,379	(10,301)	16,756	25,081	293,915	(29,826)	264,089
Impairment losses on property, plant and equipment	13,418	-	-	-	13,418	-	13,418
Adjusted EBITDA	<u>275,797</u>	<u>(10,301)</u>	<u>16,756</u>	<u>25,081</u>	<u>307,333</u>	<u>(29,826)</u>	<u>277,507</u>
<b>Assets</b>							
Segment assets	3,742,709	230,961	571,904	307,511	4,853,085	(747,674)	4,105,411
Unallocated assets	-	-	-	-	8,551	-	8,551
Total assets	<u>3,742,709</u>	<u>230,961</u>	<u>571,904</u>	<u>307,511</u>	<u>4,861,636</u>	<u>(747,674)</u>	<u>4,113,962</u>
<b>Liabilities</b>							
Segment liabilities	1,515,541	265,213	493,413	430,194	2,704,361	(747,974)	1,956,387
Unallocated liabilities	-	-	-	-	110,560	-	110,560
Total liabilities	<u>1,515,541</u>	<u>265,213</u>	<u>493,413</u>	<u>430,194</u>	<u>2,814,921</u>	<u>(747,974)</u>	<u>2,066,947</u>

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**10. Valuation of property, plant and equipment**

The Group did not carry out any revaluation exercise during the current quarter and financial period under review.

**11. Material subsequent events**

As at 21 November 2022 (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 30 September 2022.

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

There were no contingent liabilities or assets for the Group as at 30 September 2022.

As at 21 November 2022 (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 30 September 2022, the Group has the following capital commitment :

	<b>RM'000</b>
Approved and contracted for	<u><u>374,464</u></u>

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**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 :

	<b>Current period-to-date ended 30/09/2022 RM'000</b>
Purchases of goods from a related party	<u><u>353</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 24 November 2022.

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## CAN-ONE BERHAD

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### EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

##### 1. Review of performance

##### *(a) Third quarter ended 30 September 2022 ("Q3, 2022") compared with Third quarter ended 30 September 2021 ("Q3, 2021")*

The Group's net revenue for Q3, 2022 increased by RM207.6 million or 35% to RM805.6 million. Profit before tax reported by the Group was RM26.6 million in Q3, 2022, a decrease of RM8.9 million mainly contributed by lower profit from General packaging and Trading divisions as explained below.

##### General Packaging division

General Packaging division generated total revenue of RM779.9 million in Q3, 2022, an increase of RM208.8 million compared to Q3, 2021, mainly due to increase in sales volume, sales mix and revision of selling price in tandem with increase in material costs. However, profit before tax of the division decreased by RM2.6 million to RM36.0 million in Q3, 2022 mainly due to :

- lower gross profit recorded in General and Aluminium cans segments mainly due to hike of direct and other material costs, and
- higher distribution, admin and interest expenses to support business operations offset by
- higher other income due to favourable foreign exchange movement and
- no impairment loss on property, plant and equipment and financial instruments in Q3, 2022.

##### Contract Manufacturing division

Revenue of the Contract Manufacturing division increased by RM13.0 million to RM33.9 million in Q3, 2022 mainly due to increase in sales volume. Consequently, the loss before tax of the division decreased by RM3.2 million to RM4.3 million in Q3, 2022.

##### Trading division

Trading division registered a decrease in revenue of RM169.6 million to RM100.2 million in Q3, 2022 mainly due to decrease in export sales of aluminium cans to third party customers and transfer of sales of goods and purchases of materials back to Malaysia manufacturing plants. The division registered a loss before tax of RM1.3 million in Q3, 2022 compared to a profit before tax of RM5.8 million in Q3, 2021 mainly due to lower export sales, gross profit and impairment loss on financial instrument offset by lower distribution expenses.

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

##### **(b) Current period-to-date ended 30 September 2022 ("PTD Q3, 2022") compared with preceding period-to-date ended 30 September 2021 ("PTD Q3, 2021")**

The Group's net revenue for PTD Q3, 2022 increased by RM405.1 million or 21.0% to RM2,334.0 million. Profit before tax reported by the Group was RM132.2 million in PTD Q3, 2022, an increase of RM0.5 million mainly contributed by higher profit from General packaging and Contract manufacturing divisions offset by lower profit from Trading division as explained below.

##### General Packaging division

Revenue of General Packaging division increased by RM414.2 million to RM2,245.1 million in PTD Q3, 2022 mainly due to increase in sales volume, sales mix as well as revision of selling price in accordance with increase in material costs. Profit before tax increased by RM18.8 million to RM160.4 million in PTD Q3, 2022. This was mainly due to :

- higher gross profit in General cans and Cartons boxes segments,
- higher other income mainly due to favourable foreign exchange movement, and
- no impairment loss on property, plant and equipment in PTD Q3, 2022 offset by
- higher distribution, admin and interest expenses to support business operations.

##### Contract Manufacturing division

Revenue of Contract Manufacturing division increased by RM43.5 million to RM105.1 million in PTD Q3, 2022 mainly due to increase in sales volume. Loss before tax of the division decreased by RM4.0 million to RM17.2 million because of increased production and sales volumes and lower depreciation cost as a result of impairment on property, plant and equipment and right-of-use assets made in Q4, 2021 in Beverages segment offset by cessation of Edible Oils and Milk Powder Packing segments in Q1, 2021 and Q1, 2022 respectively.

##### Trading division

Revenue of Trading division decreased by RM374.9 million to RM458.7 million in PTD Q3, 2022 mainly due to decrease in export sales of aluminium cans to third party customers and transfer of sales of goods and purchases of materials back to Malaysia manufacturing plants. Profit before tax decreased by RM16.7 million to loss before tax RM54,000 in PTD Q3, 2022 mainly due to lower export sales, gross profit and impairment loss on financial instrument offset by lower distribution expenses.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2022**2. Variation of results against immediate preceding quarter ended 30 June 2022 ("Q2, 2022")**

	<b>Current year Third Quarter ended 30/09/2022 RM'000</b>	<b>Immediate Preceding Quarter ended 30/06/2022 RM'000</b>	<b>Changes RM'000</b>
Revenue	<b>805,636</b>	776,092	29,544
Operating Profit	<b>40,594</b>	62,357	(21,763)
Profit Before Tax	<b>26,603</b>	50,239	(23,636)
Profit After Tax	<b>16,858</b>	38,720	(21,862)
Profit Attributable to Owners of the Company	<b>17,584</b>	40,733	(23,149)

Despite the increase in revenue, the Group recorded a lower profit before tax in Q3, 2022 mainly due to lower profit contribution from General packaging division as explained below.

General Packaging division

The division registered an increase of RM41.0 million in revenue in Q3, 2022 from the immediate preceding quarter mainly due to sales mix in General cans segment and increase in selling prices in General and Aluminium cans segments offset by decrease in sales tonnage of Carton boxes segment. Despite the revenue increase, profit before tax dropped by RM22.1 million in Q3, 2022 mainly due to :

- impact of increase in material costs which could not be fully passed down to customers;
- higher aluminium coil cost and inventories written down at Aluminium cans segment; and
- higher distribution, admin and interest expenses to support business operations offset by
- higher other income due to favourable foreign exchange movement.

Contract Manufacturing division

Revenue of Contract Manufacturing division decreased by RM7.9 million to RM33.9 million in Q3, 2022 mainly due to decrease in sales volume. Loss before tax of the division increased slightly by RM0.1 million to RM4.3 million in Q3, 2022.

Trading division

Revenue of Trading division decreased by RM46.4 million to RM100.2 million in Q3, 2022 mainly due to transfer of sales of goods and purchases of materials back to Malaysia manufacturing plants. Loss before tax of the division widened by RM1.0 million to RM1.3 million in Q3, 2022 mainly due to increase in impairment loss on financial instrument.



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**3. Prospects**

The Board of Directors expects the Group's operating environment to remain challenging due to global economy conditions and geopolitical tensions, including Myanmar. The key challenges continue to be faced by the Group included :

- (i) volatility in raw materials costs and inflationary impact of all other materials and services costs;
- (ii) volatility in foreign currency exchange rates, mainly the United States Dollar and rising interest rates;
- (iii) increased labour costs and shortage of workforce; and
- (iv) uncertainties arising from the variants of Covid-19.

Barring further unforeseen circumstances, the Board of Directors is cautiously optimistic that the performance of the Group for the remaining 3-month financial period ending 31 December 2022 shall be satisfactory.

**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	
	Third Quarter ended 30/09/2022 RM'000	Third Quarter ended 30/09/2021 RM'000	Current period-to-date ended 30/09/2022 RM'000	Preceding period-to-date ended 30/09/2021 RM'000
Current tax expense	10,091	9,412	30,499	19,975
Deferred tax expense	(346)	653	(2,108)	1,454
	9,745	10,065	28,391	21,429

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### EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 2022

#### 6. Status of Corporate Proposal

##### Development Agreement

TOGO Greenland Sdn. Bhd. ("TGSB"), a wholly-owned subsidiary of Can-One, and Worldklang Group Property Development Sdn. Bhd. ("WKGPD") (collectively, "the Parties" and the expression "Party" means either or each of them) had on 22 April 2022, entered into a Development Agreement ("Development Agreement") to collaborate with each other in the implementation of the Development (as hereinafter defined) on 2 pieces of vacant freehold land identified as H.S.(D) 165117, PT84454 and H.S.(D) 165118, PT84455, both situated in Mukim Kapar, Daerah Klang, Negeri Selangor (collectively, "Lands" and each a "Land") which are owned by TGSB, through the contribution of the respective Party's resources, expertise, skills, knowledge and technical know-how as a property developer, on the terms and conditions set out in the Development Agreement.

The Lands are proposed to be developed into an industrial park comprising factories and a hostel, together with all infrastructure, amenities, public utilities and other complementary development appropriate for or incidental to such development, as may be approved by the relevant authorities ("Development").

Subject to the requisite consents having been obtained, below is the expected profit to be derived from the Development based on the existing land size of 2,958,783.70 square feet :

Project Name	Excellent Technology Park (ETP) @ KIIP Kapar
Proposed development	Factories and Hostel
Proposed number of units	- 86 units of semi-detached factory - 44 units of terrace factory - 1 unit of hostel
Total Estimated Gross Development Value including TGSB's Share of Profits (as hereinafter defined)	Approximately RM478.8 million
Total Estimated Gross Development and Construction Costs (including costs for building the factories and the hostel and TGSB's Share of Profits)	Approximately RM339.3 million

Pursuant to the Development Agreement, the gross development and construction cost shall be borne solely by WKGPD inclusive of incidental cost like obtaining the approval for access road, building plan, marketing license, etc. The total capital and investment outlay by Can-One Group in the Development is TGSB's contribution of the Lands to the Development.

The expected profit to be derived from the Development is approximately up to RM139 million over a period 5 years, depending on the sale of the factory units developed under the Development. The share of profits to be derived from the Development and to be paid to TGSB is estimated to be over RM120.0 million (based on the estimated construction costs at this juncture) over the development period of 5 years ("TGSB's Share of Profits") subject to completion of the Development and the sale of factory units.

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THIRD QUARTER ENDED 30 SEPTEMBER 2022

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**7. Group borrowings and debts securities**

Group borrowings as at 30 September 2022 are as follows :

	<b>As at 30/09/2022 RM'000</b>	<b>As at 31/12/2021 RM'000</b>
<b>Borrowings denominated in RM</b>		
<b>Current</b>		
Secured		
Hire purchase liabilities	452	139
Term loans	-	426
Lease liabilities	5,730	5,837
	<u>6,182</u>	<u>6,402</u>
Unsecured		
Term loans	53,590	45,595
Bankers' acceptances	277,010	146,905
Revolving credits	131,500	100,500
Other trade facilities	14	691
	<u>468,296</u>	<u>300,093</u>
<b>Non-current</b>		
Secured		
Hire purchase liabilities	1,214	297
Term loans	286,107	379,305
Lease liabilities	4,768	4,812
	<u>292,089</u>	<u>384,414</u>
Unsecured		
Term loans	227,092	129,822
	<u>519,181</u>	<u>514,236</u>
Total borrowings in RM	<u><u>987,477</u></u>	<u><u>814,329</u></u>

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

	<b>As at 30/09/2022 RM'000</b>	<b>As at 31/12/2021 RM'000</b>
<b>Borrowings denominated in Vietnam Dong ("VND")</b>		
<b>Current</b>		
Unsecured		
Term loans	2,150	8,066
Foreign currency trade loans	123,218	118,315
	<u>125,368</u>	<u>126,381</u>
<b>Non-current</b>		
Term loans	4,299	4,033
Total borrowings in VND	<u>129,667</u>	<u>130,414</u>
<b>Borrowings denominated in United State Dollar ("USD")</b>		
<b>Current</b>		
Unsecured		
Foreign currency trade loans	97,932	267,987
Revolving credits	88,046	87,465
Term loans	20,135	36,860
	<u>206,113</u>	<u>392,312</u>
<b>Non-current</b>		
Unsecured		
Term loans	181,213	144,109
Total borrowings in USD	<u>387,326</u>	<u>536,421</u>
Total Group borrowings	<u>1,504,470</u>	<u>1,481,164</u>

The interest rates for the borrowings are as follows :

	<b>As at 30/09/2022</b>	<b>As at 31/12/2021</b>
Term loans :		
- Floating	<b>2.60% - 7.02%</b>	1.16% - 4.85%
Trade facilities	<b>1.67% - 8.28%</b>	0.71% - 5.81%
Hire purchase liabilities	<b>1.48% - 2.08%</b>	1.48% - 2.08%
Revolving credits	<b>3.22% - 4.70%</b>	0.94% - 3.50%
Lease liabilities	<b>2.65% - 6.70%</b>	2.65% - 6.70%

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2022**7. Group borrowings and debts securities (cont'd)**

Total loans and borrowings including lease liabilities increased by RM23.3 million to RM1,504.5 million as at 30 September 2022, mainly due to net increase in term loans amounted to RM26.4 million which was mainly due to effect of foreign exchange (RM21.5 million) and net drawn down of term loans (RM4.9 million).

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

**8. Derivatives financial instruments**

As at 30 September 2022, the Group had entered into :

- (i) forward foreign currency exchange contracts to hedge against USD/RM exchange rate fluctuations; and
- (ii) commodity contracts to hedge pricing risk of aluminium.

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 statements of profit or loss and other comprehensive income.

Details of derivative financial instruments outstanding as at 30 September 2022 are set out below :

<b>Type of derivatives</b>	<b>Notional amount RM'000</b>	<b>Current assets RM'000</b>	<b>Current liabilities RM'000</b>
<b>Hedging derivatives :</b>			
Commodity contracts			
- Less than 1 year	13,766	-	5,731
<b>Non-hedging derivatives :</b>			
Foreign exchange contracts			
- Less than 1 year	6,192	57	-
		57	5,731

The fair value liabilities of financial instruments increased by RM1.6 million to RM5.7 million as at 30 September 2022 mainly due to full settlement of interest rate swap contracts offset by increased in commodity contracts.

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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THIRD QUARTER ENDED 30 SEPTEMBER 2022

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**9. Profit for the current quarter and financial period-to-date**

Profit for the current quarter and financial period-to-date was stated after charging/(crediting) :

	Current Year		Preceding Year	
	Third Quarter ended 30/09/2022 RM'000	Third Quarter ended 30/09/2021 RM'000	Current period-to-date ended 30/09/2022 RM'000	Preceding period-to-date ended 30/09/2021 RM'000
Depreciation and amortisation	35,013	34,266	104,984	104,613
Income distribution from money market placement with a non-financial institution	(105)	(282)	(344)	(896)
Write off in respect of :				
- Inventories	4,518	4,254	18,225	13,906
- Property, plant and equipment	163	58	202	58
Gain on disposal of property, plant and equipment	(492)	(767)	(843)	(3,781)
(Gain)/Loss on foreign currency exchange	(1,790)	4,204	(84)	7,384

**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.

**11. Dividend**

No interim dividend has been declared for the financial period under review (2021 : Nil).

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

Basic earnings per share were computed as follows :

	<b>Current Year</b>		<b>Preceding Year</b>	
	<b>Third Quarter ended 30/09/2022</b>	<b>Third Quarter ended 30/09/2021</b>	<b>Current period-to-date ended 30/09/2022</b>	<b>Preceding period-to-date ended 30/09/2021</b>
Profit attributable to Owners of the Company (RM'000)	<u>17,584</u>	<u>30,868</u>	<u>106,547</u>	<u>114,470</u>
Weighted average number of ordinary shares in issue ('000)	<u>192,153</u>	<u>192,153</u>	<u>192,153</u>	<u>192,153</u>
Basic earnings per ordinary share (Sen)	<u>9.15</u>	<u>16.06</u>	<u>55.45</u>	<u>59.57</u>

Dated : 24 November 2022  
Petaling Jaya,  
Selangor Darul Ehsan