

**CAN-ONE BERHAD**

Registration No. 200401000396 (638899-K)

Quarterly report on consolidated results as at 30 September 2020. The figures have not been audited.  
(Financial year ending 31 December 2020)

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 30/09/2020 RM'000	As at 31/12/2019 (Audited) RM'000
<b>Non-current assets</b>		
Property, plant and equipment	1,806,958	1,791,888
Right-of-use assets	440,911	449,576
Investment properties	117,439	113,702
Intangible assets	1,293	2,451
Other assets	24,054	8,807
Deferred tax assets	5,310	5,292
<b>Total non-current assets</b>	<b>2,395,965</b>	<b>2,371,716</b>
<b>Current assets</b>		
Inventories	541,628	604,721
Trade and other receivables	557,777	487,881
Current tax assets	14,606	14,005
Derivative financial assets	2,225	414
Other assets	31,881	7,842
Cash and cash equivalents	171,926	350,599
<b>Total current assets</b>	<b>1,320,043</b>	<b>1,465,462</b>
<b>Total assets</b>	<b>3,716,008</b>	<b>3,837,178</b>
<b>Equity</b>		
Share capital	197,660	197,660
Reserves	1,562,380	1,530,223
<b>Equity attributable to owners of the Company</b>	<b>1,760,040</b>	<b>1,727,883</b>
Non-controlling interests	143,018	140,865
<b>Total equity</b>	<b>1,903,058</b>	<b>1,868,748</b>
<b>Liabilities</b>		
Retirement benefits obligations	51,768	51,422
Deferred tax liabilities	98,020	102,147
Loans and borrowings	745,862	736,207
Lease liabilities	4,747	8,340
Derivative financial liabilities	7,619	5,370
<b>Total non-current liabilities</b>	<b>908,016</b>	<b>903,486</b>
Trade and other payables	336,617	393,749
Retirement benefits obligations	12,332	12,332
Derivative financial liabilities	5,246	2,675
Loans and borrowings	539,970	649,331
Lease liabilities	4,986	3,209
Current tax payables	5,783	3,648
<b>Total current liabilities</b>	<b>904,934</b>	<b>1,064,944</b>
<b>Total liabilities</b>	<b>1,812,950</b>	<b>1,968,430</b>
<b>Total equity and liabilities</b>	<b>3,716,008</b>	<b>3,837,178</b>
Net assets per share attributable to equity holders of the Company (Sen)	<b>915.96</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 Third Quarter and financial year-to-date ended 30 September 2020.  
The figures have not been audited.  
(Financial year ending 31 December 2020)

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

	Individual quarter			Cumulative quarter		
	Current Year Third Quarter ended 30/09/2020 RM'000	Preceding Year Corresponding Quarter ended 30/09/2019 RM'000	Changes %	Current year-to-date ended 30/09/2020 RM'000	Preceding year-to-date ended 30/09/2019 RM'000	Changes %
<b>Continuing Operations</b>						
Revenue	654,073	680,719	(4)	1,867,543	1,587,846	18
Cost of sales	(592,139)	(627,548)		(1,741,746)	(1,483,516)	
Gross profit	61,934	53,171	16	125,797	104,330	21
Other (expenses)/income	(3,301)	(1,125)		1,274	326,440	
Distribution and Admin expenses	(42,257)	(39,922)		(124,167)	(107,254)	
Profit from operations	16,376	12,124	35	2,904	323,516	(99)
Interest income	1,879	519		5,816	1,086	
Interest expense	(12,916)	(26,159)		(42,599)	(58,493)	
Net finance cost	(11,037)	(25,640)		(36,783)	(57,407)	
Share of loss of equity-accounted associate, net of tax	-	-		-	(3,402)	
Profit/(Loss) before tax	5,339	(13,516)	(140)	(33,879)	262,707	(113)
Tax expense	(4,901)	(2,389)		(8,083)	(5,196)	
Profit/(Loss) from continuing operations	438	(15,905)		(41,962)	257,511	(116)
<b>Discontinued Operation</b>						
Profit from discontinued operation, net of tax	88,000	17,224		88,000	52,180	
Profit for the period	88,438	1,319	6,605	46,038	309,691	(85)

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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 30/09/2020 RM'000	Preceding Year Corresponding Quarter ended 30/09/2019 RM'000	Changes %	Current year-to-date ended 30/09/2020 RM'000	Preceding year-to-date ended 30/09/2019 RM'000	Changes %
Profit for the period	<b>88,438</b>	1,319	6,605	<b>46,038</b>	309,691	(85)
Other comprehensive (expense)/income, net of tax						
Foreign currency translation differences of foreign operations	<b>(11,853)</b>	7,574		<b>2,406</b>	8,351	
Past service cost on retirement benefits	-	2,838		-	-	
Cash flow hedge	<b>5,840</b>	(1,838)		<b>(2,605)</b>	(4,303)	
Share of other comprehensive expense of associate	-	-		-	(564)	
Total comprehensive income for the period attributable to the Owners of the Company	<b>82,425</b>	9,893	733	<b>45,839</b>	313,175	(85)
(Loss)/Profit attributable to :						
Owners of the Company						
- from continuing operations	<b>(2,175)</b>	(17,262)		<b>(44,066)</b>	4,005	
- from discontinued operation	<b>88,000</b>	17,224		<b>88,000</b>	52,180	
	<b>85,825</b>	(38)		<b>43,934</b>	56,185	
Non-controlling interests	<b>2,613</b>	1,357		<b>2,104</b>	253,506	
	<b>88,438</b>	1,319		<b>46,038</b>	309,691	
Total comprehensive income/ (expense) attributable to :						
Owners of the Company						
- from continuing operations	<b>81,993</b>	(11,206)		<b>43,686</b>	6,328	
- from discontinued operation	-	17,224		-	52,180	
	<b>81,993</b>	6,018		<b>43,686</b>	58,508	
Non-controlling interests	<b>432</b>	3,875		<b>2,153</b>	254,667	
	<b>82,425</b>	9,893		<b>45,839</b>	313,175	
Earnings/(Loss) per share						
Basic (Sen)	<b>44.66</b>	(0.02)		<b>22.86</b>	29.24	
Diluted (Sen)	<b>NA</b>	NA		<b>NA</b>	NA	

**NOTE :**

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Quarterly report on consolidated results for 3 quarters ended 30 September 2020. The figures have not been audited.  
(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 30 September 2020</b>							
Balance at 1 January 2020	197,660	(897)	9,696	1,521,424	1,727,883	140,865	1,868,748
Profit for the period	-	-	-	43,934	43,934	2,104	46,038
Dividend paid	-	-	-	(11,529)	(11,529)	-	(11,529)
Foreign currency translation differences of foreign operations	-	-	1,714	-	1,714	692	2,406
Cash flow hedge	-	(1,962)	-	-	(1,962)	(643)	(2,605)
<b>Total comprehensive (expense)/income for the period</b>	-	(1,962)	1,714	32,405	32,157	2,153	34,310
<b>Balance at 30 September 2020</b>	<u>197,660</u>	<u>(2,859)</u>	<u>11,410</u>	<u>1,553,829</u>	<u>1,760,040</u>	<u>143,018</u>	<u>1,903,058</u>
<b>Preceding year corresponding year ended 30 September 2019</b>							
Balance at 1 January 2019	197,660	-	9,504	623,607	830,771	-	830,771
Profit for the period	-	-	-	56,185	56,185	253,506	309,691
Dividend paid	-	-	-	(7,686)	(7,686)	-	(7,686)
Foreign currency translation differences of foreign operations	-	-	6,617	-	6,617	1,734	8,351
Cash flow hedge	-	(3,730)	-	-	(3,730)	(573)	(4,303)
Share of other comprehensive expense of associate	-	-	(564)	-	(564)	-	(564)
<b>Total comprehensive (expense)/income for the period</b>	-	(3,730)	6,053	48,499	50,822	254,667	305,489
Acquisition of a subsidiary	-	-	-	-	-	108,280	108,280
Acquisition of non-controlling interests	-	-	-	222,200	222,200	(222,200)	-
<b>Balance at 30 September 2019</b>	<u>197,660</u>	<u>(3,730)</u>	<u>15,557</u>	<u>894,306</u>	<u>1,103,793</u>	<u>140,747</u>	<u>1,244,540</u>

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(Financial year ending 31 December 2020)

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Current year 9 months ended 30/09/2020 RM'000</b>	<b>Preceding year 9 months ended 30/09/2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax from continuing operations	<b>(33,879)</b>	262,707
Profit before tax from discontinued operation	<b>88,000</b>	64,190
	<b>54,121</b>	326,897
<b>Adjustments :</b>		
Amortisation and depreciation of assets	<b>101,569</b>	79,254
Interest expense	<b>42,599</b>	62,605
Interest income	<b>(5,816)</b>	(1,361)
Income distribution on money market placement with a financial institution	<b>(1,788)</b>	(173)
Property, plant and equipment written off	<b>1,764</b>	769
Goodwill on consolidation written off	<b>-</b>	16
Impairment loss on receivables	<b>1,600</b>	7,009
Unrealised loss on derivatives financial instruments	<b>3,009</b>	2,890
(Gain)/Loss on disposal of property, plant and equipment	<b>(233)</b>	220
Cash flow hedge	<b>(2,605)</b>	(6,846)
Gain arising on acquisition of a subsidiary	<b>-</b>	(395,859)
Gain on disposal of subsidiaries	<b>(88,000)</b>	-
Share of loss of equity-accounted associate, net of tax	<b>-</b>	3,402
Operating profit before changes in working capital	<b>106,220</b>	78,823
Inventories	<b>63,093</b>	(6,285)
Trade and other receivables	<b>16,499</b>	(1,941)
Trade and other payables	<b>(57,140)</b>	(9,284)
Others	<b>(28,446)</b>	(3,883)
<b>Cash generated from operations</b>	<b>100,226</b>	57,430
Tax paid	<b>(10,768)</b>	(15,857)
<b>Net cash generated from operating activities</b>	<b>89,458</b>	41,573
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	<b>641</b>	1,406
Acquisition of subsidiaries, net of cash	<b>-</b>	(115,085)
Acquisition of non-controlling interests	<b>-</b>	(661,432)
Acquisition of property, plant and equipment	<b>(109,415)</b>	(130,407)
Acquisition of intangible assets	<b>(54)</b>	(1,208)
Acquisition of right-of-use assets	<b>(2,912)</b>	(11,226)
Acquisition of investment properties	<b>(5,028)</b>	27,339
Interest received	<b>5,816</b>	1,361
Income distribution on money market placement with a financial institution	<b>1,788</b>	173
<b>Net cash used in investing activities</b>	<b>(109,164)</b>	(889,079)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	<b>(42,599)</b>	(62,605)
Dividend paid	<b>(11,529)</b>	(7,686)
Net movement in borrowings and lease liabilities	<b>(99,239)</b>	987,540
<b>Net cash flows (used in)/generated from financing</b>	<b>(153,367)</b>	917,249
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(173,073)</b>	69,743
Effect of exchange differences on cash and cash equivalents	<b>(5,600)</b>	18,410
Cash and cash equivalents brought forward	<b>350,599</b>	108,214
<b>Cash and cash equivalents carried forward</b>	<b>171,926</b>	196,367
Comprises :		
<b>Cash and bank balances</b>	<b>122,029</b>	114,590
<b>Short term deposits with licensed banks</b>	<b>10,921</b>	22,138
<b>Money market placement with financial institution</b>	<b>38,976</b>	59,639
	<b>171,926</b>	196,367

**NOTE :**

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## CAN-ONE BERHAD

Registration No. 200401000396 (638899-K)

### EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 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 ("FY 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 FY 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, interpretations or amendments 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, *Business Combinations - Definition of Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments : Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures - Interest Rate Benchmark Reform*

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, *Insurance Contracts*

## CAN-ONE BERHAD

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### EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS THIRD QUARTER ENDED 30 SEPTEMBER 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, interpretations or amendments 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  
THIRD QUARTER ENDED 30 SEPTEMBER 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**

A first and final single-tier dividend of 4 sen per share and a special single-tier dividend of 2 sen per share for the financial year ended 31 December 2019 were paid on 30 July 2020.

**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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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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

Segment revenue and results for 3 quarters ended 30 September 2020 are as follows :

	<b>General Packaging RM'000</b>	<b>Contract Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Property 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 sales	1,617,901	268,334	456,093	4,331	2,346,659	(479,116)	1,867,543
Inter-segment sales	155,371	367	-	-	155,738	(155,738)	-
	<b>1,773,272</b>	<b>268,701</b>	<b>456,093</b>	<b>4,331</b>	<b>2,502,397</b>	<b>(634,854)</b>	<b>1,867,543</b>
<b>Results</b>							
Segment results	37,377	(28,832)	(968)	(2,589)	4,988	(2,084)	2,904
Interest income	3,089	50	7,169	9,498	19,806	(13,990)	5,816
Financial expenses	(31,656)	(5,324)	(6,379)	(13,732)	(57,091)	14,492	(42,599)
Profit/(Loss) before tax from continuing operations	8,810	(34,106)	(178)	(6,823)	(32,297)	(1,582)	(33,879)
Profit before tax from discontinued operation	-	-	-	88,000	88,000	-	88,000
Profit/(Loss) before tax	8,810	(34,106)	(178)	81,177	55,703	(1,582)	54,121
<b>Assets</b>							
Segment assets	3,464,035	206,719	378,640	389,715	4,439,109	(743,017)	3,696,092
Unallocated assets	-	-	-	-	19,916	-	19,916
Total assets	<b>3,464,035</b>	<b>206,719</b>	<b>378,640</b>	<b>389,715</b>	<b>4,459,025</b>	<b>(743,017)</b>	<b>3,716,008</b>
<b>Liabilities</b>							
Segment liabilities	1,406,698	234,203	324,110	487,883	2,452,894	(743,747)	1,709,147
Unallocated liabilities	-	-	-	-	103,803	-	103,803
Total liabilities	<b>1,406,698</b>	<b>234,203</b>	<b>324,110</b>	<b>487,883</b>	<b>2,556,697</b>	<b>(743,747)</b>	<b>1,812,950</b>

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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

Segment revenue and results for the preceding year corresponding 3 quarters ended 30 September 2019 are as follows :

	<b>General Packaging RM'000</b>	<b>Contract Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Property 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 sales	1,389,397	145,306	334,728	41,195	1,910,626	(322,780)	1,587,846
Inter-segment sales	131,215	-	-	29,800	161,015	(161,015)	-
	<b>1,520,612</b>	<b>145,306</b>	<b>334,728</b>	<b>70,995</b>	<b>2,071,641</b>	<b>(483,795)</b>	<b>1,587,846</b>
<b>Results</b>							
Segment results	14,931	(10,580)	4,363	(83,602)	(74,888)	398,404	323,516
Interest income	2,187	21	5,184	1,214	8,606	(7,520)	1,086
Finance expenses	(27,802)	(2,529)	(3,908)	(31,580)	(65,819)	7,326	(58,493)
Share of loss after tax of associate	-	-	-	(3,402)	(3,402)	-	(3,402)
(Loss)/Profit before tax from continuing operations	(10,684)	(13,088)	5,639	(117,370)	(135,503)	398,210	262,707
Profit before tax from discontinued operation	-	52,180	-	-	52,180	-	52,180
(Loss)/Profit before tax	(10,684)	39,092	5,639	(117,370)	(83,323)	398,210	314,887
<b>Assets</b>							
Segment assets	3,922,152	709,005	422,290	1,461,223	6,514,670	(2,254,808)	4,259,862
Unallocated assets	-	-	-	-	23,955	-	23,955
Total assets	<b>3,922,152</b>	<b>709,005</b>	<b>422,290</b>	<b>1,461,223</b>	<b>6,538,625</b>	<b>(2,254,808)</b>	<b>4,283,817</b>
<b>Liabilities</b>							
Segment liabilities	1,389,100	432,930	276,366	1,215,657	3,314,053	(452,894)	2,861,159
Unallocated liabilities	-	-	-	-	107,438	-	107,438
Total liabilities	<b>1,389,100</b>	<b>432,930</b>	<b>276,366</b>	<b>1,215,657</b>	<b>3,421,491</b>	<b>(452,894)</b>	<b>2,968,597</b>

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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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 23 November 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), there were no other material events subsequent to the end of the balance sheet date which may have an impact on the consolidated financial statements of the Group.

**12. Changes in the Group composition**

There were no changes in the Group composition as at 30 September 2020.

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

There were no contingent liabilities or assets for the Group as at 30 September 2020.

As at 23 November 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 30 September 2020, the Group has the following capital commitment :

	<b>RM'000</b>
Approved and contracted for	<u>137,599</u>

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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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 year-to-date ended 30/09/2020 RM'000</b>
Purchases of goods from a related party	<u><u>1,066</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 26 November 2020.

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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 2020 ("Q3, 2020") compared with Third quarter ended 30 September 2019 ("Q3, 2019")***

The Group's revenue for Q3, 2020 decreased by RM26.6 million to RM654.1 million mainly from prolonged adverse impact of the COVID-19 pandemic and Movement Control Order ("MCO") imposed in Q2, 2020 which affected our production activities as well as lower demand from our customers, both local and export markets, due to restriction in business operations, changes in consumer behaviour, transportation and logistical issues.

Gross profit of the Group increased by RM8.8 million to RM61.9 million in Q3, 2020 mainly due to changes in sales mix, reversal of impaired inventory and paper cost savings. Consequently, the Group recorded an improvement in profit before tax of RM16.3 million to RM0.4 million in Q3, 2020 as opposed to a loss before tax of RM15.9 million in Q3, 2019 mainly due to better gross profit and lower interest cost.

##### Continuing operations

##### General Packaging division

General Packaging division generated a total revenue of RM584.7 million in Q3, 2020, a decrease of RM27.0 million compared to Q3, 2019. Revenue decreased mainly due to prolonged adverse impact of the COVID-19 pandemic and MCO imposed in Q2, 2020. Despite a lower revenue, its profit before tax improved by RM14.7 million to RM19.9 million in Q3, 2020 mainly attributable to lower average material cost, changes in sales mix and reversal of impaired inventory.

##### Contract Manufacturing division

Revenue in Contract Manufacturing division grew by RM16.0 million to RM75.5 million in Q3, 2020 compared to RM59.5 million in Q3, 2019 mainly contributed by higher sales in its Edible Oils and Milk Powder Packing segments. Loss before tax, however, widened by RM4.8 million to RM11.4 million in Q3, 2020 mainly due to losses in its Edible Oils segment as well as Beverages segment which has yet to be fully operational.

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

***(a) Third quarter ended 30 September 2020 ("Q3, 2020") compared with Third quarter ended 30 September 2019 ("Q3, 2019") (cont'd)***

Trading division

Trading division registered a lower revenue of RM129.5 million in Q3, 2020, a decrease of RM22.9 million. The division registered a breakeven profit before tax, a drop of RM1.1 million compared to the immediate preceding quarter mainly attributable to sales mix and higher Admin expenses.

Discontinued operation

Contract Manufacturing division - Dairy segment

The Company and Wholesome Dairies Pte. Ltd. ("the Buyer") had vide a letter dated 17 August 2020, agreed to the final disposal consideration of RM1,000 million in respect of the disposal of its entire equity interests in F & B Nutrition Sdn. Bhd. through the disposal of Can Ridge Sdn. Bhd.. The gain of RM88 million arising from the difference between the final disposal consideration and the preliminary disposal consideration was accounted for in the current quarter under review.

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#### **(b) Current year-to-date ended 30 September 2020 ("YTD Q3, 2020") compared with preceding year-to-date ended 30 September 2019 ("YTD Q3, 2019")**

The Group recorded an increase in net revenue of RM279.7 million to RM1,867.5 million in YTD Q3, 2020. However, a loss before tax of RM33.9 million in YTD Q3, 2020 was registered as against a profit before tax of RM262.7 million in YTD Q3, 2019. This was mainly due to consolidation of the full 9-month results of Kian Joo Can Factory Berhad ("KJCF") group of companies ("KJCF Group") in YTD Q3, 2020 compared to 2 quarters and 14 days of post-acquisition results in YTD Q2, 2019 as well as a gain arising from acquisition of KJCF less related expenses recognised in YTD Q3, 2019.

#### Continuing operations

##### General Packaging division

Revenue of General Packaging division increased by RM228.5 million to RM1,617.9 million in YTD Q3, 2020, mainly due to consolidation of the full 9-month KJCF Group's revenue in YTD Q3, 2020 compared to 2 quarters and 14 days of post-acquisition revenue in YTD Q3, 2019. Loss before tax of the division decreased by RM19.5 million in tandem to RM8.8 million in YTD Q3, 2020.

##### Contract Manufacturing division

Revenue of the Contract Manufacturing division increased by RM123.0 million to RM268.3 million in YTD Q3, 2020 mainly due to increase in revenue of its Edible Oils segment. Despite increase in revenue, loss before tax of the division widened by RM21.0 million to RM34.1 million in YTD Q3, 2020 mainly attributable to losses in Edible Oils segment because of logistical issues, high overhead and operating costs as well as losses in Beverages segment operation which is still in investment phase where new capacity is being added and is yet to be fully operational.

##### Trading division

Revenue of Trading Division increased by RM121.4 million to RM456.1 million in YTD Q3, 2020 mainly attributable to consolidation of the full 9-month revenue of KJCF Group in YTD Q3, 2020. The division recorded a loss before tax of RM0.2 million in YTD Q3, 2020 compared to a profit before tax of RM5.6 million in YTD Q3, 2019 mainly due to sales mix.

##### Discontinued operation

##### Contract Manufacturing division - Dairy segment

The Group had completed the disposal of its equity interests in Dairy segment in October 2019. The Company and the Buyer had vide a letter dated 17 August 2020, agreed to the final disposal consideration of RM1,000 million. The gain of RM88 million arising from the difference between the final disposal consideration and the preliminary disposal consideration was accounted for in YTD Q3, 2020.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2020**2. Variation of results against immediate preceding quarter ended 30 June 2020 ("Q2, 2020")**

	<b>Current year Third Quarter Ended 30/09/2020 RM'000</b>	<b>Current year Immediate Preceding Quarter Ended 30/06/2020 RM'000</b>	<b>Changes RM'000</b>
Revenue	<b>654,073</b>	568,402	85,671
Operating Profit/(Loss)	<b>16,376</b>	(11,805)	28,181
Profit/(Loss) Before Interest and Tax	<b>16,376</b>	(11,805)	28,181
Profit/(Loss) Before Tax from Continuing Operations	<b>5,339</b>	(24,552)	29,891
Profit/(Loss) from Continuing Operations	<b>438</b>	(26,612)	27,050
Profit from Discontinued Operations	<b>88,000</b>	-	88,000
Profit/(Loss) Attributable to Owners of the Company	<b>85,825</b>	(26,476)	112,301

The Group registered a revenue of RM654.1 million in the current quarter under review, an increase of RM85.7 million from the immediate preceding quarter, mainly attributable to higher sales recorded by the General Packaging division resulting from the recovery of sales demand from the disruption of economic activities caused by the outbreak of COVID-19 and MCO in the immediate preceding quarter. A profit before tax of RM5.3 million was recorded by the Group in the current quarter under review as opposed to a loss before tax of RM24.6 million in the immediate preceding quarter.

General Packaging division

Total revenue of the division increased by RM104.4 million to RM584.7 million in the current quarter under review mainly due to recovery of sales demand from the disruption of economic activities caused by the outbreak of COVID-19 in Q2, 2020 and MCO. Profit before tax of this division improved by RM36.6 million to RM19.9 million in the current quarter under review mainly due to sales growth, sales mix and reversal of impaired inventory.

Contract Manufacturing division

Revenue of Contract Manufacturing division decreased by RM20.3 million to RM75.5 million in Q3, 2020, mainly due to lower revenue in its Edible Oils segment. Loss before tax of the division decreased marginally by RM0.3 million to RM11.4 million in Q3, 2020.

Trading division

Revenue of Trading division decreased by RM38.3 million to RM129.5 million in Q3, 2020 when compared to Q2, 2020. The division recorded breakeven profit before tax in the current quarter under review compared to a profit before tax of RM0.2 million in Q2, 2020.



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**3. Prospects**

The global economy continues to recover in third quarter of 2020, led by improvements in manufacturing and export activities in most advanced and regional economies. However, recent resurgences in COVID-19 cases have caused some major economies to re-introduce containment measures, although generally less restrictive. For Malaysia, Bank Negara Malaysia expected the economy to contract in the range of 3.5% to 5.5% in year 2020, before staging a rebound within a growth range of 6.5% to 7.5% in year 2021.

The Group faces challenges from rising raw material prices and volatile foreign currency. A strengthened United States Dollar ("USD") against RM would mean higher raw material costs for most of its operations.

The Board of Directors remains cautiously optimistic about its performance going forward, underpinned by the recovery in global market demand, targeted marketing efforts, ensuring stable supply chain and on-going cost control measures.

**4. Profit forecast/profit guarantee**

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

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**5. Tax expense**

	<b>Current Year</b>	<b>Preceding Year</b>		
	<b>Third</b>	<b>Third</b>	<b>Current</b>	<b>Preceding</b>
	<b>quarter</b>	<b>quarter</b>	<b>year-to-date</b>	<b>year-to-date</b>
	<b>ended</b>	<b>ended</b>	<b>ended</b>	<b>ended</b>
	<b>30/09/2020</b>	<b>30/09/2019</b>	<b>30/09/2020</b>	<b>30/09/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax expense	5,819	3,209	12,221	7,336
Deferred tax expense	(918)	(820)	(4,138)	(2,140)
	<u>4,901</u>	<u>2,389</u>	<u>8,083</u>	<u>5,196</u>

**6. Status of Corporate Proposals**

There were no corporate proposals announced which have not been completed as at 23 November 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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**7. Group borrowings and debts securities**

Group borrowings as at 30 September 2020 are as follows :

	<b>As at 30/09/2020 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	127	111
Term loans	1,292	1,726
	<u>1,419</u>	<u>1,837</u>
Unsecured		
Other trade facilities	-	494
Term loans	42,858	44,940
Bankers' acceptances	149,545	260,252
Revolving credits	83,000	97,300
	<u>276,822</u>	<u>404,823</u>
<b>Non-current</b>		
Secured		
Hire purchase liabilities	264	67
Term loans	389,788	390,649
	<u>390,052</u>	<u>390,716</u>
Unsecured		
Term loans	166,416	139,722
	<u>556,468</u>	<u>530,438</u>
Total borrowings in RM	<u><u>833,290</u></u>	<u><u>935,261</u></u>
<b>Borrowings denominated in Vietnam Dong ("VND")</b>		
<b>Current</b>		
Unsecured		
Term loans	1,983	8,055
Foreign currencies trade loans	95,297	99,527
	<u>97,280</u>	<u>107,582</u>
<b>Non-current</b>		
Term loans	19,833	19,611
Total borrowings in VND	<u><u>117,113</u></u>	<u><u>127,193</u></u>

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

	<b>As at 30/09/2020 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	60,734	28,326
Revolving credits	56,099	60,226
Term loans	49,035	48,374
	<hr/>	<hr/>
	165,868	136,926
<b>Non-current</b>		
Unsecured		
Term loans	169,561	186,158
	<hr/>	<hr/>
Total borrowings in USD	<u>335,429</u>	<u>323,084</u>
	<hr/>	<hr/>
Total Group borrowings	<u>1,285,832</u>	<u>1,385,538</u>

The interest rates for the borrowings are as follows :

	<b>As at 30/09/2020</b>	<b>As at 31/12/2019</b>
Term loans :		
- Floating	1.27% - 5.85%	2.90% - 7.20%
Trade facilities	0.82% - 6.28%	2.33% - 7.64%
Hire purchase liabilities	1.48% - 2.08%	2.08%
Revolving credits	<u>3.00% - 3.61%</u>	<u>3.48% - 4.80%</u>

The Group's total borrowings decreased by RM99.7 million to RM1,285.8 million as at 30 September 2020. This was mainly attributable to decrease in trade and revolving credits borrowings offset against increase in term loans drawn down to part finance capital expenditures.

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

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS  
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As at 30 September 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 the profit or loss statement as shown in Note 9.

Details of derivative financial instruments outstanding as at 30 September 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	27,291	2,147	-	-
Interest swap contracts				
- Less than 1 year	49,035	-	5,079	-
- 1 year to 3 years	169,561	-	-	7,619
<b>Non-hedging derivatives :</b>				
Foreign exchange contracts				
- Less than 1 year	22,172	78	167	-
		<u>2,225</u>	<u>5,246</u>	<u>7,619</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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**9. Profit for the period**

Profit for the period was stated after charging/(crediting) :

	<b>Current Year</b>	<b>Preceding Year</b>		
	<b>Third</b>	<b>Third</b>	<b>Current</b>	<b>Preceding</b>
	<b>quarter</b>	<b>quarter</b>	<b>year-to-date</b>	<b>year-to-date</b>
	<b>ended</b>	<b>ended</b>	<b>ended</b>	<b>ended</b>
	<b>30/09/2020</b>	<b>30/09/2019</b>	<b>30/09/2020</b>	<b>30/09/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	(1,879)	(829)	(5,816)	(1,361)
Interest expense	12,916	28,917	42,599	62,605
Depreciation and amortisation	32,168	36,459	101,569	79,254
Goodwill on consolidation written off	-	-	-	16
Bad debts written off	-	(129)	-	-
Impairment loss of receivables, net	1,099	4,493	1,600	7,009
Property, plant and equipment written off	1,345	11	1,764	769
(Gain)/Loss on disposal of property, plant and equipment	(11)	127	(233)	220
Loss/(Gain) on foreign currency exchange	5,088	(1,083)	2,592	85
Unrealised loss on non-hedging derivatives	475	1,088	167	384
Gain on disposal of subsidiaries	(88,000)	-	(88,000)	-
Gain arising on acquisition of a subsidiary	-	-	-	(395,859)

**10. Changes in material litigation**

There was no pending material litigation as at 23 November 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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**11. Dividends**

No interim dividend has been declared for the financial period under review (YTD Q3, 2019 : Nil).

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

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

	<b>Current Year</b>	<b>Preceding Year</b>		
	<b>Third</b>	<b>Third</b>	<b>Current</b>	<b>Preceding</b>
	<b>quarter</b>	<b>quarter</b>	<b>year-to-date</b>	<b>year-to-date</b>
	<b>ended</b>	<b>ended</b>	<b>ended</b>	<b>ended</b>
	<b>30/09/2020</b>	<b>30/09/2019</b>	<b>30/09/2020</b>	<b>30/09/2019</b>
From continuing operations (RM'000)	(2,175)	(17,262)	(44,066)	4,005
From discontinued operation (RM'000)	88,000	17,224	88,000	52,180
Profit/(Loss) attributable to owners of the Company (RM'000)	<u>85,825</u>	<u>(38)</u>	<u>43,934</u>	<u>56,185</u>
Weighted average number of ordinary shares in issue ('000)	192,153	192,153	192,153	192,153
(Loss)/Earnings from continuing operations (Sen)	(1.13)	(8.98)	(22.93)	2.08
Earnings from discontinued operation (Sen)	45.80	8.96	45.80	27.16
Basic earnings/(loss) per ordinary share (Sen)	<u>44.66</u>	<u>(0.02)</u>	<u>22.86</u>	<u>29.24</u>

Dated : 26 November 2020  
Petaling Jaya,  
Selangor Darul Ehsan