

# BOX-PAK (MALAYSIA) BERHAD

(Company No.: 21338-W)  
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2012

|   | Note | CURRENT QUARTER   |   | CUMULATIVE QUARTER  |  |
|---|------|---|---|---|--|
|   |      | Current Year Quarter<br>30.06.2012<br>( RM'000 )<br>Unaudited | Preceding Year Corresponding Quarter<br>30.06.2011<br>( RM'000 )<br>Unaudited | Current Year To Date<br>30.06.2012<br>( RM'000 )<br>Unaudited | Preceding Year Corresponding Period<br>30.06.2011<br>( RM'000 )<br>Unaudited |
| Revenue   |      | 67,273  | 61,265  | 126,630   | 116,705  |
| Cost of Sales   |      | (57,688)  | (52,250)  | (109,445)   | (100,041)  |
| Gross Profit  |      | <u>9,585</u>  | <u>9,015</u>  | <u>17,185</u>   | <u>16,664</u>  |
| Other Income  |      | 211   | 174   | 398   | 399  |
| Operating Expenses  |      | (3,298)   | (4,484)   | (6,435)   | (9,572)  |
| Finance Costs   |      | (288)   | (400)   | (618)   | (801)  |
| Profit before Taxation  | 10   | <u>6,210</u>  | <u>4,305</u>  | <u>10,530</u>   | <u>6,690</u>   |
| Taxation  | 21   | (916)   | (439)   | (1,698)   | (843)  |
| <b>Profit for the Period</b>                                    |      | <b><u>5,294</u></b>   | <b><u>3,866</u></b>   | <b><u>8,832</u></b>   | <b><u>5,847</u></b>  |
| <b>Other Comprehensive Income, Net of Tax</b>                   |      |   |   |   |  |
| Foreign Currency Translation Differences for Foreign Operations |      | <u>2,173</u>  | <u>180</u>  | <u>597</u>  | <u>(4,058)</u>   |
| <b>Total Comprehensive Income for the Period</b>                |      | <b><u>7,467</u></b>   | <b><u>4,046</u></b>   | <b><u>9,429</u></b>   | <b><u>1,789</u></b>  |
| <b>Profit Attributable to :</b>                                 |      |   |   |   |  |
| Owners of the parent  |      | 5,294   | 3,866   | 8,832   | 5,847  |
| <b>Total Comprehensive Income Attributable to :</b>             |      |   |   |   |  |
| Owners of the parent  |      | 7,467   | 4,046   | 9,429   | 1,789  |
| <b>Earnings per Share</b>                                       |      |   |   |   |  |
| Basic ( Sen )   |      | 8.82  | 6.44  | 14.71   | 9.74   |

( The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements. )

# BOX-PAK (MALAYSIA) BERHAD

(Company No.: 21338-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

|  | Note | AS AT<br>CURRENT<br>QUARTER ENDED<br>30.06.2012<br>RM'000<br>Unaudited | AS AT<br>PRECEDING<br>YEAR END<br>31.12.2011<br>RM'000<br>Restated | AS AT<br>PRECEDING<br>YEAR END<br>01.01.2011<br>RM'000<br>Restated |
|--|------|--|--|--|
| <b>Non-current Assets</b>                    |      |  |  |  |
| Property, plant and equipment                |      | 88,455   | 86,883   | 90,907   |
| Investment properties                        |      | 6,273  | 6,387  | 6,614  |
| Land use rights                              |      | 9,969  | 8,392  | 3,615  |
| Intangible assets                            |      | 32   | 67   | 21   |
| Other investment                             |      | -  | 90   | 90   |
|  |      | <u>104,729</u>   | <u>101,819</u>   | <u>101,247</u>   |
| <b>Current Assets</b>                        |      |  |  |  |
| Inventories                                  |      | 25,385   | 22,201   | 27,839   |
| Trade and other receivables                  |      | 59,242   | 57,899   | 49,033   |
| Amount due from related company              |      | 1,438  | 653  | 481  |
| Cash and cash equivalents                    |      | 7,463  | 14,216   | 3,471  |
|  |      | <u>93,528</u>  | <u>94,969</u>  | <u>80,824</u>  |
| <b>Total Assets</b>                          |      | <u>198,257</u>   | <u>196,788</u>   | <u>182,071</u>   |
| <b>Equity and Liabilities</b>                |      |  |  |  |
| Equity attributable to owners of the parent: |      |  |  |  |
| Share capital                                |      | 60,023   | 60,023   | 60,023   |
| Share premium                                |      | 24   | 24   | 24   |
| Other reserves                               |      | (10,758)   | (11,355)   | (8,882)  |
| Retained earnings                            | 22   | <u>76,810</u>  | <u>67,978</u>  | <u>55,618</u>  |
| <b>Total Equity</b>                          |      | <u>126,099</u>   | <u>116,670</u>   | <u>106,783</u>   |
| <b>Non-current liabilities</b>               |      |  |  |  |
| Retirement benefit obligations               |      | 270  | 416  | 562  |
| Borrowings                                   | 24   | 11,022   | 10,932   | 10,725   |
| Deferred tax liabilities                     |      | <u>6,270</u>   | <u>6,262</u>   | <u>6,328</u>   |
|  |      | <u>17,562</u>  | <u>17,610</u>  | <u>17,615</u>  |
| <b>Current Liabilities</b>                   |      |  |  |  |
| Trade and other payables                     |      | 37,901   | 38,879   | 33,514   |
| Retirement benefit obligations               |      | 269  | 314  | 113  |
| Provisions for liabilities                   |      | 43   | 41   | 92   |
| Borrowings                                   | 24   | 11,041   | 17,106   | 18,086   |
| Amount due to holding company                |      | 5,342  | 6,168  | 5,868  |
|  |      | <u>54,596</u>  | <u>62,508</u>  | <u>57,673</u>  |
| <b>Total Liabilities</b>                     |      | <u>72,158</u>  | <u>80,118</u>  | <u>75,288</u>  |
| <b>Total Equity and Liabilities</b>          |      | <u>198,257</u>   | <u>196,788</u>   | <u>182,071</u>   |
| <b>Net Assets per Share (RM)</b>             |      | <b>2.10</b>  | <b>1.94</b>  | <b>1.78</b>  |

( The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements. )

## BOX-PAK (MALAYSIA) BERHAD

(Company No.: 21338-W)

(Incorporated in Malaysia)

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR QUARTER ENDED 30 JUNE 2012

|                                     | Note | -----Attributable to Equity Holders of the Parent----- |                              |                                    |                                 |                                  | Total<br>(RM'000) |
|-------------------------------------|------|--|------------------------------|------------------------------------|---------------------------------|----------------------------------|-------------------|
|                                     |      | Share<br>Capital<br>(RM'000)                           | Non distributable Reserves   |                                    |                                 | Distributable Reserves           |                   |
|                                     |      |  | Share<br>Premium<br>(RM'000) | Revaluation<br>Reserve<br>(RM'000) | Exchange<br>Reserve<br>(RM'000) | Retained<br>Earnings<br>(RM'000) |                   |
| <b>At 1 January 2012 (Restated)</b> | 2.1  | <b>60,023</b>  | <b>24</b>                    | <b>-</b>                           | <b>(11,355)</b>                 | <b>67,978</b>                    | <b>116,670</b>    |
| Profit for the period               |      | -  | -                            | -                                  | -                               | 8,832                            | 8,832             |
| Other comprehensive loss            |      | -  | -                            | -                                  | 597                             | -                                | 597               |
| Total comprehensive (loss)/income   |      | -  | -                            | -                                  | 597                             | 8,832                            | 9,429             |
| Revaluation Surplus                 |      | -  | -                            | -                                  | -                               | -                                | -                 |
| Effect of changes in tax rate       |      | -  | -                            | -                                  | -                               | -                                | -                 |
| Issue of Share Capital              |      | -  | -                            | -                                  | -                               | -                                | -                 |
| Dividends                           |      | -  | -                            | -                                  | -                               | -                                | -                 |
| <b>At 30 June 2012</b>              |      | <b>60,023</b>  | <b>24</b>                    | <b>-</b>                           | <b>(10,758)</b>                 | <b>76,810</b>                    | <b>126,099</b>    |

|                                     | Note | -----Attributable to Equity Holders of the Parent----- |                              |                                    |                                 |                                  | Total<br>(RM'000) |
|-------------------------------------|------|--|------------------------------|------------------------------------|---------------------------------|----------------------------------|-------------------|
|                                     |      | Share<br>Capital<br>(RM'000)                           | Non distributable Reserves   |                                    |                                 | Distributable Reserves           |                   |
|                                     |      |  | Share<br>Premium<br>(RM'000) | Revaluation<br>Reserve<br>(RM'000) | Exchange<br>Reserve<br>(RM'000) | Retained<br>Earnings<br>(RM'000) |                   |
| <b>At 1 January 2011 (Restated)</b> | 2.1  | <b>60,023</b>  | <b>24</b>                    | <b>-</b>                           | <b>(8,882)</b>                  | <b>55,618</b>                    | <b>106,783</b>    |
| Profit for the period               |      | -  | -                            | -                                  | -                               | 5,847                            | 1,982             |
| Other comprehensive loss            |      | -  | -                            | -                                  | (4,058)                         | -                                | (4,238)           |
| Total comprehensive (loss)/income   |      | -  | -                            | -                                  | (4,238)                         | 1,982                            | (2,256)           |
| Issue of Share Capital              |      | -  | -                            | -                                  | -                               | -                                | -                 |
| Dividends                           |      | -  | -                            | -                                  | -                               | -                                | -                 |
| <b>At 30 June 2011</b>              |      | <b>60,023</b>  | <b>24</b>                    | <b>-</b>                           | <b>(13,120)</b>                 | <b>57,600</b>                    | <b>104,527</b>    |

( The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements. )

# BOX-PAK (MALAYSIA) BERHAD

(Company No.: 21338-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE QUARTER ENDED 30 JUNE 2012

|  | 6 Months ended<br>30.06.2012<br>( RM'000 )<br>Unaudited | 6 Months ended<br>30.06.2011<br>( RM'000 )<br>Unaudited |
|--|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                    |   |   |
| Receipt from customers   | 127,678   | 111,484   |
| Payment to suppliers   | (119,421)   | (102,642)   |
| Cash generated from operations                                 | <u>8,257</u>  | <u>8,842</u>  |
| Interest paid  | (618)   | (800)   |
| Income tax paid  | (1,227)   | (920)   |
| Income tax refund  | 390   | -   |
| Net Cash generated from operating activities                   | <u>6,802</u>  | <u>7,122</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                    |   |   |
| Proceeds from disposal of property, plant and equipment        | 29  | 66  |
| Purchase of property, plant and equipment                      | (5,850)   | (3,354)   |
| Interest received  | 43  | 35  |
| Net Cash used in investing activities                          | <u>(5,778)</u>  | <u>(3,253)</u>  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                     |   |   |
| Inter-company repayment  | (1,598)   | (1,986)   |
| (Repayment)/drawdown of bank borrowings                        | (6,205)   | (1,620)   |
| Net Cash used in financing activities                          | <u>(7,803)</u>  | <u>(3,606)</u>  |
| <b>Net (decrease)/increase in cash and cash equivalents</b>    | <b>(6,779)</b>  | <b>263</b>  |
| <b>Effects of Exchange Rate Changes</b>                        | <b>26</b>   | <b>136</b>  |
| <b>Cash and cash equivalents at 1 January</b>                  | <b>14,216</b>   | <b>3,471</b>  |
| <b>Cash and cash equivalents at 30 June</b>                    | <u><b>7,463</b></u>                                     | <u><b>3,870</b></u>                                     |
| Cash and cash equivalents at 30 June comprise the following :- |   |   |
| Cash and bank balances   | 5,415   | 3,836   |
| Short term deposits  | 2,048   | 34  |
|  | <u>7,463</u>  | <u>3,870</u>  |

( The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements. )

## **1 First-Time Adoption Of Malaysian Financial Reporting Standards ("MFRS")**

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of Listing Requirement of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standard Board. For the period up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standard ("FRS").

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Standards ("MFRS 1") has been applied.

The date of transition to the MFRS framework is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The impact of the transition from FRS to MFRS is described in Note 2.1 below.

These explanatory notes attached to the condensed interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

## **2 Significant Accounting Policies**

### **2.1 Application of MFRS 1**

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

#### **(a) Property, plant and equipment**

The Group has previously adopted the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment, and all items of property, plant equipment were initially recorded at cost. Subsequent to recognition, plant and equipment were measured at cost less accumulated depreciation and accumulated impairment losses. Leasehold land and buildings were measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment.

At the date of transition to MFRS, the Group elected to regard the revalued amounts of leasehold land and buildings as at 31 December 2009 as deemed cost at the date of transition. The revaluation surplus of RM28,423,843 (30 June 2011: RM28,423,843; 31 December 2011: RM28,423,843) was transferred to retained earnings on date of transition to MFRS.

#### **(b) Land use rights**

The Group's treatment of land use rights, which were stated at cost under FRS is consistent with that of MFRS. Subsequent to the transition to MFRS, the land use rights will continue to be amortised over its lease terms.

#### **(c) Foreign currency translation reserve**

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. This treatment of translation differences under FRS is consistent with the requirement of MFRS.

**Part A : Explanatory Notes Pursuant to MFRS 134**

**2 Significant Accounting Policies (contd.)**

**2.1 Application of MFRS 1 (contd.)**

**(d) Estimates**

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The reconciliations of equity for comparative periods as at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

Reconciliation of equity as at 1 January 2011

| RM'000              | FRS as at<br>01.01.2011 | Reclassifications | MFRS as at<br>01.01.2011 |
|---------------------|-------------------------|-------------------|--------------------------|
| <u>Equity</u>       |                         |                   |                          |
| Revaluation reserve | 28,424                  | (28,424)          | -                        |
| Retained earnings   | 27,194                  | 28,424            | 55,618                   |

Reconciliation of equity as at 30 June 2011

| RM'000              | FRS as at<br>01.03.2011 | Reclassifications | MFRS as at<br>30.06.2011 |
|---------------------|-------------------------|-------------------|--------------------------|
| <u>Equity</u>       |                         |                   |                          |
| Revaluation reserve | 28,424                  | (28,424)          | -                        |
| Retained earnings   | 29,176                  | 28,424            | 57,600                   |

Reconciliation of equity as at 31 December 2011

| RM'000              | FRS as at<br>31.12.2011 | Reclassifications | MFRS as at<br>31.12.2011 |
|---------------------|-------------------------|-------------------|--------------------------|
| <u>Equity</u>       |                         |                   |                          |
| Revaluation reserve | 28,424                  | (28,424)          | -                        |
| Retained earnings   | 39,554                  | 28,424            | 67,978                   |

**2.2 MFRSs, Amendments to MFRS and IC Interpretation Issued But Not Yet Effective**

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

| <u>MFRSs, Amendments to MFRSs and IC Interpretation</u>                                    | <u>Effective for annual periods<br/>beginning on or after</u> |
|--|---|
| Amendments to MFRS 101 : Presentation of Items of Other Comprehensive Income               | 1 July 2012   |
| MFRS 9 : Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)   | 1 January 2013  |
| MFRS 10 : Consolidated Financial Statements  | 1 January 2013  |
| MFRS 11 : Joint Arrangements   | 1 January 2013  |
| MFRS 12 : Disclosure of Interests in Other Entities  | 1 January 2013  |
| MFRS 13 : Fair Value Measurement   | 1 January 2013  |
| MFRS 119 : Employee Benefits   | 1 January 2013  |
| MFRS 127 : Separate Financial Statements   | 1 January 2013  |
| MFRS 128 : Investment in Associates and Joint Ventures                                     | 1 January 2013  |
| Amendments to MFRS 7 : Disclosures - Offsetting Financial Assets and Financial Liabilities | 1 January 2013  |
| Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities             | 1 January 2014  |

**Part A : Explanatory Notes Pursuant to MFRS 134**

**3 Declaration of Audit Qualification**

The financial statements for the year ended 31 December 2011 were not qualified.

**4 Seasonal or Cyclical Factors**

The business operations of the Group are not affected by any seasonal or cyclical factors.

**5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no items affecting assets, liabilities, equity, net income or cash flow that are unusual because of their nature, size or incidence.

**6 Changes in Estimates**

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years that have a material effect in the current financial period.

**7 Issuance, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current financial period.

**8 Dividends Paid**

No dividends was paid during the period under review.

**9 Segmental Reporting**

Segmental result for the period ended 30 June 2012 are as follows:-

|   | Malaysia<br>RM'000 | Vietnam<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|---|--------------------|-------------------|-----------------------|------------------------|
| Revenue and Expenses                      |                    |                   |                       |                        |
| Revenue                                   |                    |                   |                       |                        |
| External sales                            | 39,829             | 86,801            | -                     | 126,630                |
| Result                                    |                    |                   |                       |                        |
| Segment results                           | 3,222              | 7,528             | -                     | 10,750                 |
| Other income                              | 393                | 5                 | -                     | 398                    |
| Finance costs                             |                    |                   |                       | (618)                  |
| Profit before taxation                    |                    |                   |                       | 10,530                 |
| Taxation                                  |                    |                   |                       | (1,698)                |
| Profit for the period to date             |                    |                   |                       | <u>8,832</u>           |
| Assets and Liabilities                    |                    |                   |                       |                        |
| Segment assets                            | 71,047             | 126,530           | (35)                  | 197,542                |
| Unallocated corporate assets              |                    |                   |                       | 715                    |
| Consolidated total assets                 |                    |                   |                       | <u>198,257</u>         |
| Segment liabilities                       | (17,328)           | (30,504)          | 5,175                 | (42,657)               |
| Unallocated corporate liabilities         |                    |                   |                       | (29,501)               |
| Consolidated total liabilities            |                    |                   |                       | <u>(72,158)</u>        |
| Other Information                         |                    |                   |                       |                        |
| Capital Expenditure                       | 99                 | 5,751             | -                     | 5,850                  |
| Depreciation                              | 1,062              | 2,017             | -                     | 3,079                  |
| Non-cash expenses other than depreciation | 234                | 242               | -                     | 476                    |

**Part A : Explanatory Notes Pursuant to MFRS 134**

**10 Profit before taxation**

The following amounts have been included in arriving at profit before tax:

|  | Quarter Ended |            | Financial period to date |            |
|--|---------------|------------|--------------------------|------------|
|  | 30.06.2012    | 30.06.2011 | 30.06.2012               | 30.06.2011 |
|  | RM'000        | RM'000     | RM'000                   | RM'000     |
| Depreciation and amortisation              | 1,569         | 1,431      | 3,079                    | 2,864      |
| Provision for solid waste disposal         | 42            | 84         | 94                       | 168        |
| Provision for and write off of receivable  | -             | -          | -                        | -          |
| Provision for and write off of inventories | 24            | -          | 24                       | -          |
| Foreign exchange loss/(gain)               | (99)          | 697        | (296)                    | 2,288      |
| Interest expense                           | 288           | 400        | 618                      | 801        |
| Interest income                            | (19)          | (26)       | (43)                     | (35)       |
| Rental income from investment property     | (164)         | (147)      | (327)                    | (295)      |

**11 Valuation of Property, Plant and Equipment**

Upon adoption of MFRS 1, the Group has elected to measure all its property, plant and equipment using the cost model. Consequently, the Group elected to regard the revalued amounts of leasehold land and buildings as at 31 December 2009 as deemed cost.

**12 Material Events Subsequent to the End of the Interim Period**

There were no material events subsequent to the end of the interim period reported that have not been reflected in the financial statements.

**13 Changes in the Composition of the Group**

There were no changes in the composition of the Group during the period under review.

**14 Capital Commitments**

The amount of capital commitments as at 30 June 2012 is as follows;

|                             | Financial<br>period to date<br>30.06.2012 |
|-----------------------------|---|
|                             | RM'000                                    |
| Approved and contracted for | 982                                       |

**15 Changes in the Contingent Liabilities or Contingent Assets**

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

**16 Related Party Transactions**

|                                | Financial<br>Year to date<br>30.06.2012 |
|--------------------------------|---|
|                                | RM'000                                  |
| Sales to holding company       | 91                                      |
| Sales to related companies     | 2,345                                   |
| Rental paid to holding company | 43                                      |



**16 Related Party Transactions (contd.)**

The related companies and their relationship with the Group are as follows : -

| <b>Related companies</b>               | <b>Relationship</b>               |
|--|-----------------------------------|
| Federal Metal Printing Factory Sdn Bhd | Subsidiary of the holding company |
| Kian Joo Canpack Sdn Bhd               | Subsidiary of the holding company |
| Kian Joo Canpack (Nilai) Sdn Bhd       | Subsidiary of the holding company |
| Kian Joo Packaging Sdn Bhd             | Subsidiary of the holding company |
| KJ Can (Johore) Sdn Bhd                | Subsidiary of the holding company |
| KJ Can (Selangor) Sdn Bhd              | Subsidiary of the holding company |
| KJM Aluminum Can Sdn Bhd               | Subsidiary of the holding company |
| KJ Can (Vietnam) Co. Ltd.              | Subsidiary of the holding company |

The above transactions were entered into in the normal course of business on terms that the Directors consider to those had the transactions been entered into with third parties.

During the financial period ended 30 June 2012, the Group entered into the following related party transactions :-

| <u>(i) Nature of transaction</u> | <u>Identity of related party</u> | Financial<br>Period to date<br><u>30.06.2012</u><br>RM'000 |
|----------------------------------|----------------------------------|--|
| Sales of trading inventories     | Kian Joo-Visypak Sdn Bhd(KJV)    | 70   |

The party is an associate of the holding company. The party is also deemed related to the Group by virtue of common directorship held by Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar, Dato' Anthony See Teow Guan and See Teow Koon in KJV and the Group.

| <u>(ii) Nature of transaction</u> | <u>Identity of related party</u> | Financial<br>Period to date<br><u>30.06.2012</u><br>RM'000 |
|-----------------------------------|----------------------------------|--|
| Sales of trading inventories      | Hercules Sdn Bhd                 | 270  |
|                                   | Hercules Vietnam Co Ltd          | 192  |

The parties are deemed related to the Group by virtue of common directorship held by See Leong Chye @ Sze Leong Chye in Hercules Sdn Bhd and Hercules Vietnam Co Ltd and the Group.

The above transactions were entered into in the normal course of business on terms that the Directors consider comparable to those had the transactions been entered into with third parties.

## **17 Review of Performance**

### 2nd Quarter 2012 (2Q12) versus 2nd Quarter 2011 (2Q11)

For quarter ended 30 June 2012, the Group's revenue was RM67.3 million, an increase of 10% from RM61.3 million recorded in the previous year corresponding quarter. The Group's profit before tax was higher by RM1.9 million to RM6.2 million as compared to RM4.3 million in the previous year corresponding quarter.

The revenue growth was contributed by incremental demand from electronics, food and beverage sector in Vietnam Operations and food and beverages sector in Malaysia Operations. The increase in profit before tax was mainly attributable to higher revenue and production tonnage in the 2Q 2012.

### Financial Year Ended 30 June 2012 (YR 2012) versus Financial Year Ended 30 June 2011 (YR2011)

For the financial period ended 30 June 2012, the Group's revenue improved by 8% to RM126.6 million as compared to RM116.7 million recorded in the preceding year's corresponding period.

The revenue has increased as a results of higher demand for corrugated cartons from foot wear, electronics, food and beverage sector in Vietnam and food and beverage sector in Malaysia.

The Group's profit before tax was higher by RM3.8 million at RM10.5 million compared to RM6.7 million recorded in the preceding year's corresponding period. The increase in profit before tax was mainly attributable to higher revenue in financial period ending 30 June 2012, and due to higher foreign currency exchange loss of RM2 million due to devaluation of Vietnamese Dong in preceding year's corresponding period.

## **18 Comparison with Immediate Preceding Quarter.**

For the quarter ended 30 June 2012, the Group's revenue increased by 13% to RM67.3 million as compared to RM59.3 million registered in the immediate preceding quarter ended 31 March 2012. The revenue growth was contributed by higher demand in foot wear, food and beverages and also electronic sector in Vietnam Operations food and beverages sector in Malaysia Operations.

## **19 Current Year Prospects**

The Group faces competition to maintain and increase its market share for its business operations in Malaysia and Vietnam.

Barring any unfavorable movements in the cost of key raw materials and fluctuations in foreign currency exchange rates, the Group anticipates the results for financial year ending 31 December 2012 to be satisfactory.

## **20 Variance from Forecast Profit and Profit Guarantee**

This is not applicable to the Group.

**Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

**21 Taxation**

|  | Quarter Ended |              | Financial period to date |              |
|--|---------------|--------------|--------------------------|--------------|
|  | 30.06.2012    | 30.06.2011   | 30.06.2012               | 30.06.2011   |
|  | RM'000        | RM'000       | RM'000                   | RM'000       |
| Income Tax                             |               |              |                          |              |
| - Current                              | (952)         | (475)        | (1,690)                  | (919)        |
| - Over/(Under) provision in prior year | -             | -            | -                        | -            |
| Deferred Taxation                      |               |              |                          |              |
| - Current                              | 36            | 36           | 119                      | 76           |
| - Over/(Under) provision in prior year | -             | -            | (127)                    | -            |
|  | <u>(916)</u>  | <u>(439)</u> | <u>(1,698)</u>           | <u>(843)</u> |

The effective tax rate for the financial period under review is lower than statutory tax rate due to overseas subsidiaries are generally at a lower rate than the statutory tax rate in Malaysia.

**22 Retained Earnings**

|  | As at<br>30.06.2012<br>RM'000 | As at<br>31.12.2011<br>RM'000<br>Restated |
|--|-------------------------------|---|
| Total retained earnings of Group:                          |                               |   |
| Realised   | 46,795                        | 41,237                                    |
| Unrealised   | <u>28,230</u>                 | <u>28,591</u>                             |
|  | 75,025                        | 69,828                                    |
| Less: Consolidation adjustment                             | <u>1,785</u>                  | <u>1,850</u>                              |
| Total Group retained earnings as per Consolidated Accounts | <u>76,810</u>                 | <u>67,978</u>                             |

**23 Status of Corporate Proposals**

There was no corporate proposal announced which has not been completed as at 13 August 2012 (the latest practicable date which was not earlier than 7 days from the date of issue of this quarterly report).

**24 Group Borrowings and Debt Securities**

Total Group borrowings as at 30 June 2012 are as follows:-

|             | As at<br>30.06.2012<br>RM' 000 | As at<br>31.12.2011<br>RM' 000 |
|-------------|--------------------------------|--------------------------------|
| Current     | 11,041                         | 17,106                         |
| Non-Current | <u>11,022</u>                  | <u>10,932</u>                  |
|             | <u>22,063</u>                  | <u>28,038</u>                  |

The breakdown of the borrowings which are denominated in US Dollars and Vietnamese Dong are as follows:-

| Termed borrowings | 14,158        | 19,919        |
|-------------------|---------------|---------------|
| Trade borrowings  | <u>7,905</u>  | <u>8,119</u>  |
|                   | <u>22,063</u> | <u>28,038</u> |

All the Group borrowings are unsecured.

**25 Changes in Material Litigation**

There was no material litigation as at the reporting date.

**26 Dividends**

The Board of Directors do not recommend the payment of dividend for the financial period under review.

**BOX-PAK (MALAYSIA) BERHAD (21338-W)**  
**UNAUDITED RESULTS**  
**FOR THE QUARTER ENDED 30 JUNE 2012**

**Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

**27 Earnings Per Share**

The computation of earnings per share is as follows :-

|  | Quarter Ended |            | Financial period to date |            |
|--|---------------|------------|--------------------------|------------|
|  | 30.06.2012    | 30.06.2011 | 30.06.2012               | 30.06.2011 |
|  | RM'000        | RM'000     | RM'000                   | RM'000     |
| <b><u>Basic earnings per share</u></b>                     |               |            |                          |            |
| Profit attributable to owners of the parent (RM'000)       | 5,294         | 8,832      | 8,832                    | 5,847      |
| Weighted average number of ordinary shares in issue ('000) | 60,023        | 60,023     | 60,023                   | 60,023     |
| Basic earnings per share (sen)                             | 8.82          | 6.44       | 14.71                    | 9.74       |

**28 Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17th August 2012.

By Order of the Board  
 Box-Pak (Malaysia) Berhad

Batu Caves, Selangor.  
 17th August 2012