

BOX-PAK (MALAYSIA) BHD.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2013

	Note	CURRENT QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 30.06.2013 (RM'000) Unaudited	Preceding Year Corresponding Quarter 30.06.2012 (RM'000) Restated	Current Year To Date 30.06.2013 (RM'000) Unaudited	Preceding Year Corresponding Period 30.06.2012 (RM'000) Restated
Revenue		69,654	67,273	136,605	126,630
Cost of Sales		(60,811)	(57,688)	(119,427)	(109,445)
Gross Profit		<u>8,843</u>	<u>9,585</u>	<u>17,178</u>	<u>17,185</u>
Other Income		200	211	391	398
Operating Expenses		(4,344)	(3,282)	(8,630)	(6,403)
Finance Costs		(185)	(288)	(349)	(618)
Profit before Taxation	10	<u>4,514</u>	<u>6,226</u>	<u>8,590</u>	<u>10,562</u>
Taxation	21	(702)	(916)	(1,257)	(1,698)
Profit for the Period		<u>3,812</u>	<u>5,310</u>	<u>7,333</u>	<u>8,864</u>
Other Comprehensive Income, Net of Tax					
Foreign Currency Translation Differences for Foreign Operations		2,324	2,173	3,246	597
Actuarial Loss recognised on Defined Benefit Plan		(23)	(16)	(27)	(32)
		<u>2,301</u>	<u>2,157</u>	<u>3,219</u>	<u>565</u>
Total Comprehensive Income for the Period		<u>6,113</u>	<u>7,467</u>	<u>10,552</u>	<u>9,429</u>
Profit Attributable to :					
Owners of the Company		3,812	5,310	7,333	8,864
Total Comprehensive Income Attributable to :					
Owners of the Company		6,113	7,467	10,552	9,429
Earnings per Share					
Basic (Sen)		6.35	8.85	12.22	14.77

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction audited financial statements for the year ended 31 December 2012 with the accompanying explanatory notes attached to the interim financial statements.)

BOX-PAK (MALAYSIA) BHD.

(Company No.: 21338-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	AS AT CURRENT QUARTER ENDED 30.06.2013 RM'000 Unaudited	AS AT PRECEDING YEAR END 31.12.2012 RM'000 Audited
Non-current Assets			
Property, plant and equipment		124,978	88,822
Investment properties		6,055	6,160
Land use rights		10,717	9,489
Intangible assets		22	26
		<u>141,772</u>	<u>104,497</u>
Current Assets			
Inventories		27,306	28,184
Trade and other receivables		69,394	64,316
Amount due from related company		1,362	737
Cash and cash equivalents		14,108	12,843
		<u>112,170</u>	<u>106,080</u>
Total Assets		<u>253,942</u>	<u>210,577</u>
Equity and Liabilities			
Equity attributable to owners of the parent:			
Share capital		60,023	60,023
Share premium		24	24
Other reserves		(1,053)	(4,299)
Retained earnings	22	82,165	74,859
Total Equity		<u>141,159</u>	<u>130,607</u>
Non-current liabilities			
Retirement benefit obligations		550	309
Borrowings	24	46,649	18,914
Deferred tax liabilities		6,249	6,196
		<u>53,448</u>	<u>25,419</u>
Current Liabilities			
Trade and other payables		45,968	36,858
Derivative financial liabilities		2,022	1,431
Retirement benefit obligations		38	396
Provisions for liabilities		254	244
Borrowings	24	4,692	12,119
Amount due to holding company		6,361	3,503
		<u>59,335</u>	<u>54,551</u>
Total Liabilities		112,783	79,970
Total Equity and Liabilities		<u>253,942</u>	<u>210,577</u>
Net Assets per Share (RM)		2.35	2.18

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with audited financial statements for the year ended 31 December 2012 the accompanying explanatory notes attached to the interim financial statements.)

BOX-PAK (MALAYSIA) BHD.

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR QUARTER ENDED 30 JUNE 2013

	-----Attributable to Owners of the Company-----				Total (RM'000)
	Share Capital (RM'000)	Non-distributable Share Premium (RM'000)	Exchange Reserve (RM'000)	Distributable Retained Earnings (RM'000)	
At 1 January 2013	60,023	24	(4,299)	74,859	130,607
Profit for the period	-	-	-	7,333	7,333
Other comprehensive loss	-	-	3,246	(27)	3,219
Total comprehensive (loss)/income	-	-	3,246	7,306	10,552
Dividends	-	-	-	-	-
At 30 June 2013	60,023	24	(1,053)	82,165	141,159

	-----Attributable to Owners of the Company-----				Total (RM'000)
	Share Capital (RM'000)	Non-distributable Share Premium (RM'000)	Exchange Reserve (RM'000)	Distributable Retained Earnings (RM'000)	
At 1 January 2012	60,023	24	(2,473)	59,096	116,670
Profit for the period	-	-	-	8,864	8,864
Other comprehensive loss	-	-	597	(32)	565
Total comprehensive (loss)/income	-	-	597	8,832	9,429
Dividends	-	-	-	-	-
At 30 June 2012	60,023	24	(1,876)	67,928	126,099

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with audited financial statements for the year ended 31 December 2012 the accompanying explanatory notes attached to the interim financial statements.)

BOX-PAK (MALAYSIA) BHD.

(Company No.: 21338-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE QUARTER ENDED 30 JUNE 2013

	6 Months ended 30.06.2013 (RM'000) Unaudited	6 Months ended 30.06.2012 (RM'000) Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt from customers	136,935	127,678
Payment to suppliers	<u>(118,018)</u>	<u>(119,421)</u>
Cash generated from operations	18,917	8,257
Interest paid	(350)	(618)
Income tax paid	(1,680)	(1,227)
Income tax refunded	<u>154</u>	<u>390</u>
Net Cash generated from operating activities	<u>17,041</u>	<u>6,802</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Subsidiary Company	-	-
Proceeds from disposal of property, plant and equipment	-	29
Purchase of property, plant and equipment	(39,034)	(5,850)
Interest received	31	43
Share Capital received	<u>-</u>	<u>-</u>
Net Cash used in investing activities	<u>(39,003)</u>	<u>(5,778)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Inter-company (repayment)/advance	2,358	(1,598)
Drawdown of bank borrowings	28,594	(6,205)
Repayment of bank borrowings	(8,838)	-
Dividends paid	<u>-</u>	<u>-</u>
Net Cash generated from/(used in) financing activities	<u>22,114</u>	<u>(7,803)</u>
Net increase/(decrease) in cash and cash equivalents	152	(6,779)
Effects of Exchange Rate Changes	1,113	26
Cash and cash equivalents at 1 January	12,843	14,216
Cash and cash equivalents at 30 June	<u>14,108</u>	<u>7,463</u>

Cash and cash equivalents at 30 June comprise the following :-

Cash and bank balances	12,445	5,415
Short term deposits	<u>1,663</u>	<u>2,048</u>
	<u>14,108</u>	<u>7,463</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with audited financial statements for the year ended 31 December 2012 the accompanying explanatory notes attached to the interim financial statements.)

Part A : Explanatory Notes Pursuant to MFRS 134

1 Basic of Preparation

The Interim Financial Statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This set of Interim Financial Statements have been prepared under the historical cost convention, except for certain financial instruments that were revalued to fair value in accordance with the Malaysian Financial Reporting Standards ("MFRS") 139: Financial Instruments: Recognition and Measurement.

This report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012. The explanatory notes attached to the condensed report 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 2012.

2 Significant Accounting Policies

2.1 Adoption of Standards, Amendments and Issue Committee (IC) interpretation

The Group adoption the following Standards, Amendments and IC Interpretations:-

MFRS 3	:	Business Combinations
MFRS 10	:	Consolidated Financial Statements
MFRS 11	:	Joint Arrangements
MFRS 12	:	Disclosure of Interests in Other Entities
MFRS 13	:	Fair Value Measurement
MFRS 119	:	Employee Benefits
MFRS 127	:	Consolidated and Separate Financial Statements
MFRS 128	:	Investments in Associates and Joint Ventures
Amendments to MFRS 1	:	First Time Adoption of MFRS - Government Loans
Amendments to MFRS 7	:	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	:	Consolidated Financial Instruments: Transition Guidance
Amendments to MFRS 11	:	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	:	Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101	:	Presentation of Items of Other Comprehensive Income
Annual Improvement to IC Interpretations and MFRS 2009-2011 Cycle		

The adoption of the above pronouncements did not have any impact on the financial statements of the Group, except for the following:

MFRS 119: Employee Benefits (revised)

The Group has adopted MFRS 119 Employee Benefits (revised) and applied this standard retrospectively during the current period.

As a result of MFRS 119 adoption, actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. The expected returns on plan assets if defined benefit plans are not recognised in profit or loss and instead, the interest on net defined benefit obligation (net of the plan assets) is recognised in profit or loss, calculated using the discount rate used to measure the net pension obligation or asset.

Part A : Explanatory Notes Pursuant to MFRS 134

2 Significant Accounting Policies (contd.)

2.1 Adoption of Standards, Amendments and Issue Committee (IC) interpretation (contd.)

Effects From Adoption of MFRS 119: Employee Benefits (revised)

(a) Condensed Consolidated Statement of Comprehensive Income

RM '000	As previously reported	Effects of adoption of MFRS 119	Restated
<u>Period ended 30 June 2012</u>			
Staff costs	(10,005)	31	(9,974)
Profit before taxation	10,531	31	10,562
Profit for the period	8,833	31	8,864
Other comprehensive income			
- Foreign currency translation differences	597	-	597
- Actuarial gains/(losses) on defined benefit plans	-	(31)	(31)
Total comprehensive income	9,430	-	9,430
<u>Year ended 31 December 2012</u>			
Staff costs	(20,010)	62	(19,948)
Profit before taxation	22,280	62	22,342
Profit for the period	18,915	62	18,977
Other comprehensive income			
- Foreign currency translation differences	(1,828)	-	(1,828)
- Actuarial gains/(losses) on defined benefit plans	-	(62)	(62)
Total comprehensive income	17,087	-	17,087

2.2 Standards Issued But Not Yet Effective

Amendments to MFRS 9	:	Mandatory Effective Date of MFRS 9 and Transition Disclosures
Amendments to MFRS 10	:	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	:	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	:	Consolidated and Separate Financial Statements: Investment Entities
Amendments to MFRS 132	:	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

3 Declaration of Audit Qualification

The financial statements for the year ended 31 December 2012 were not subject to any qualifications.

4 Seasonal or Cyclical Factors

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

Part A : Explanatory Notes Pursuant to MFRS 134

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 were 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 were paid during the current quarter under review.

9 Segmental Reporting

Segmental result for the period ended 30 June 2013 are as follows:-

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
Revenue and Expenses				
Revenue				
External sales	39,728	96,877	-	136,605
Result				
Segment results	1,513	7,035	-	8,548
Other income	385	6	-	391
Finance costs				(349)
Profit before taxation				8,590
Taxation				(1,257)
Profit for the period to date				<u>7,333</u>
Assets and Liabilities				
Segment assets	71,087	182,890	(35)	253,942
Unallocated corporate assets				-
Consolidated total assets				<u>253,942</u>
Segment liabilities	(60,649)	(91,713)	45,828	(106,534)
Unallocated corporate liabilities				(6,249)
Consolidated total liabilities				<u>(112,783)</u>
Other Information				
Capital Expenditure	520	38,514	-	39,034
Depreciation	749	2,160	-	2,909
Non-cash expenses other than depreciation	758	131	-	889

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	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	1,501	1,569	2,909	3,078
Derivative financial loss	84	-	592	-
Foreign exchange loss/(gain)	20	68	(301)	(296)
Provision for solid waste disposal	50	42	99	94
Interest expense	125	225	350	618
Interest income	(21)	(19)	(32)	(43)
Rental income from investment property	(180)	(163)	(360)	(327)

11 Valuation of Property, Plant and Equipment

There was no revaluation carried out on property, plant and equipment during the period under review.

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 2013 is as follows;

	Financial Period to date 30.06.2013
	RM'000
Approved and contracted for	17,564

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 Period to date 30.06.2013
	RM'000
Sales to holding company	90
Sales to related companies	2,327
Rental paid to holding company	43

Part A : Explanatory Notes Pursuant to MFRS 134

16 Related Party Transactions (contd.)

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

Related companies	Relationship
Kian Joo Can Factory Berhad	Holding company
Federal Metal Printing Factory, Sdn. Berhad	Subsidiary of the holding company
Kian Joo Canpack Sdn. Bhd.	Subsidiary of the holding company
Kian Joo Canpack (Shah Alam) 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
Kian Joo 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 comparable to those transactions entered with third parties.

During the financial period ended 30 June 2013, the Group entered into the following related party transactions in the normal course of business on terms that the Directors consider comparable to those transactions entered with third parties :-

<u>(i) Nature of transaction</u>	<u>Identity of related party</u>	Financial Period to date <u>30.06.2013</u> RM'000
Sales of trading inventories	Kian Joo-Visypak Sdn Bhd (KJV)	276

KJV is an associate of the holding company. It 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 and Dato' Anthony See Teow Guan in KJV and the Group.

<u>(ii) Nature of transaction</u>	<u>Identity of related party</u>	Financial Period to date <u>30.06.2013</u> RM'000
Sales of trading inventories	Hercules Sdn Bhd	266
	Hercules Vietnam Co., Ltd	233

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

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

17 Review of Performance

2nd Quarter 2013 (2Q13) vs 2nd Quarter 2012 (2Q12)

For the 2Q13, the Group's revenue was RM69.6 million, an increase of 4% from RM67.3 million recorded in 2Q12. Improvement in revenue was due mainly to increase in demand from existing customers from Vietnam.

Despite higher revenue, profit before tax was lower by RM1.7 million to RM4.5 million as compared to RM6.2 million in 2Q12. The decline in profit was attributable to the higher labour cost following the implementation of minimum wages scheme in Malaysia and revision in minimum wages in Vietnam.

Financial period ended 30 June 2013 (YR 2013) vs Financial period ended 30 June 2012 (YR 2012)

For YR 2013, the Group's revenue improved by 8% to RM136.6 million as compared to RM126.6 million recorded in the YR 2012. Improvement in revenue is supported by strong demand from customers in foot wear and food & beverage sectors in Vietnam.

Despite higher revenue, profit before tax was lower by RM2 million at RM8.6 million compared to RM10.6 million recorded in the YR 2012. The decline in profit was attributable to the higher labour cost following the implementation of minimum wages scheme in Malaysia and revision in minimum wages in Vietnam, and also the recognition of derivative loss in cross currency swap contracts of RM0.6 million during the current year.

18 Comparison with Immediate Preceding Quarter

For the quarter ended 30 June 2013, the Group's revenue was higher by 4% to RM69.6 million as compared to RM66.9 million registered in the immediate preceding quarter. The slight increase in revenue was contributed by foot wear sector in Vietnam operations and also consumer product sector in Malaysia operations.

The Group's profit before taxation was slightly higher by RM0.4 million to RM4.5 million as compared to RM4.1 million. The slight increase in profit was attributable to lower derivative loss in cross currency swap contracts during the quarter.

19 Current Year Prospects

Due to intense market competition in Malaysia and Vietnam, and also the implementation of minimum wages scheme in Malaysia and revised minimum wages rates in Vietnam, the Board expects the Group to continuously face challenges to maintain its market share and profit margin in Malaysia and Vietnam.

Movements in the cost of key materials and fluctuations in the foreign currency exchange rate will also have an impact on the Group's results.

However, the Group will continue to be resilient and anticipates the results for financial year 2013 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	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current	(675)	(952)	(1,259)	(1,690)
- Over/(Under) provision in prior year	-	-	-	-
Deferred Taxation				
- Current	(27)	36	2	119
- Over/(Under) provision in prior year	-	-	-	(127)
	<u>(702)</u>	<u>(916)</u>	<u>(1,257)</u>	<u>(1,698)</u>

The effective tax rate for the financial period under review was lower than statutory tax rate in Malaysia as subsidiaries in Vietnam were enjoying lower tax rate.

22 Retained Earnings

	As at 30.06.2013	As at 31.12.2012
	RM'000	RM'000
Total retained earnings of Group:		
Realised	52,294	47,713
Unrealised	28,290	28,560
	<u>80,584</u>	<u>76,273</u>
Less: Consolidation adjustment	1,581	1,414
Total Group retained earnings as per Consolidated Accounts	<u>82,165</u>	<u>74,859</u>

23 Status of Corporate Proposals

There were no corporate proposal announced for the financial period under review.

24 Group Borrowings and Debt Securities

Total Group unsecured borrowings, all of which are denominated in Ringgit Malaysia (MYR), US Dollar's (USD) and Vietnamese Dong (VND) are as follows:

	As at 30.06.2013	As at 31.12.2012
	RM' 000	RM' 000
Trade facilities - denominated in USD	1,101	7,977
Trade facilities - denominated in VND	1,463	-
Term Loan - denominated in USD	2,128	4,142
Short term borrowing	<u>4,692</u>	<u>12,119</u>
Term Loan - denominated in USD	6,659	6,417
Term Loan - denominated in MYR	39,990	12,497
Long term borrowing	<u>46,649</u>	<u>18,914</u>
Total Borrowings	<u>51,341</u>	<u>31,033</u>

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

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 any dividend for the financial period under review.

27 Earnings Per Share

	Quarter Ended		Financial period to date	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
<u>Basic earnings per share</u>				
Profit attributable to owners of the parent (RM'000)	3,812	5,310	7,333	8,864
Weighted average number of ordinary shares in issue ('000)	60,023	60,023	60,023	60,023
Basic earnings per share (sen)	6.35	8.85	12.22	14.77

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 19th August 2013.

Batu Caves, Selangor.
 19th August 2013