

BOX-PAK (MALAYSIA) BHD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2013

	Note	CURRENT QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		31.12.2013 (RM'000) Unaudited	31.12.2012 (RM'000) Audited Restated	31.12.2013 (RM'000) Unaudited	31.12.2012 (RM'000) Audited Restated
Revenue		87,021	72,366	300,137	264,333
Cost of Sales		(78,388)	(60,789)	(265,891)	(225,113)
Gross Profit		<u>8,633</u>	<u>11,577</u>	<u>34,246</u>	<u>39,220</u>
Other Income		303	160	893	758
Operating Expenses		(6,913)	(6,185)	(19,530)	(16,558)
Finance Costs		(594)	(218)	(1,518)	(1,077)
Profit before Taxation	10	<u>1,429</u>	<u>5,334</u>	<u>14,091</u>	<u>22,343</u>
Taxation	21	(131)	(793)	(2,159)	(3,365)
Profit for the Period		<u>1,298</u>	<u>4,541</u>	<u>11,932</u>	<u>18,978</u>
Other Comprehensive Income, Net of Tax					
Foreign Currency Translation Differences for Foreign Operations		1,041	(91)	4,362	(1,828)
Actuarial Loss recognised on Defined Benefit Plan		(261)	(372)	(302)	(467)
		<u>780</u>	<u>(463)</u>	<u>4,060</u>	<u>(2,295)</u>
Total Comprehensive Income for the Period		<u>2,078</u>	<u>4,078</u>	<u>15,992</u>	<u>16,683</u>
Profit Attributable to :					
Owners of the Company		1,298	4,541	11,932	18,978
Total Comprehensive Income Attributable to :					
Owners of the Company		2,078	4,078	15,992	16,683
Earnings per Share					
Basic (Sen)		2.16	7.57	19.88	31.62

(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 31 DECEMBER 2013

	Note	AS AT CURRENT YEAR ENDED 31.12.2013 RM'000 Unaudited	AS AT PRECEDING YEAR ENDED 31.12.2012 RM'000 Audited Restated
Non-current Assets			
Property, plant and equipment		145,381	88,822
Investment properties		5,950	6,160
Land use rights		11,634	9,489
Intangible assets		2,400	26
		165,365	104,497
Current Assets			
Inventories		34,297	28,184
Trade and other receivables		82,734	64,316
Amount due from related company		1,089	737
Cash and cash equivalents		12,620	12,843
		130,740	106,080
Total Assets		296,105	210,577
Equity and Liabilities			
Equity attributable to owners of the parent:			
Share capital		60,023	60,023
Share premium		24	24
Other reserves		63	(4,299)
Retained earnings	22	81,583	74,455
Total Equity		141,693	130,203
Non-current liabilities			
Retirement benefit obligations		903	848
Borrowings	24	49,133	18,914
Deferred tax liabilities		6,425	6,061
		56,461	25,823
Current Liabilities			
Trade and other payables		57,545	36,858
Derivative financial liabilities		4,749	1,431
Retirement benefit obligations		843	396
Provisions for liabilities		271	244
Borrowings	24	28,728	12,119
Amount due to holding company		5,815	3,503
		97,951	54,551
Total Liabilities		154,412	80,374
Total Equity and Liabilities		296,105	210,577
Net Assets per Share (RM)		2.36	2.17

(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

(Company No.: 21338-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	-----Attributable to Owners of the Company-----				
	Share Capital	Non-distributable		Distributable	Total
		Share Premium	Exchange Reserve	Retained Earnings	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At 1 January 2013 (restated)	60,023	24	(4,299)	74,455	130,203
Profit for the period	-	-	-	11,932	11,932
Other comprehensive income/(loss)	-	-	4,362	(302)	4,060
Total comprehensive income	-	-	4,362	11,630	15,992
Dividends	-	-	-	(4,502)	(4,502)
At 31 December 2013	60,023	24	63	81,583	141,693

	-----Attributable to Owners of the Company-----				
	Share Capital	Non-distributable		Distributable	Total
		Share Premium	Exchange Reserve	Retained Earnings	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(Audited, Restated)					
At 1 January 2012	60,023	24	(2,471)	59,095	116,671
Profit for the period	-	-	-	18,978	18,978
Other comprehensive loss	-	-	(1,828)	(467)	(2,295)
Total comprehensive (loss)/income	-	-	(1,828)	18,511	16,683
Dividends	-	-	-	(3,151)	(3,151)
At 31 December 2012	60,023	24	(4,299)	74,455	130,203

(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 31 DECEMBER 2013

	12 Months ended 31.12.2013 (RM'000) Unaudited	12 Months ended 31.12.2012 (RM'000) Audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt from customers	301,756	263,322
Payment to suppliers	<u>(273,324)</u>	<u>(249,883)</u>
Cash generated from operations	28,431	13,439
Interest paid	(1,520)	(1,126)
Income tax paid	(3,209)	(3,001)
Income tax refunded	154	390
Net Cash generated from operating activities	<u>23,856</u>	<u>9,702</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of new Subsidiary Company	(4,179)	-
Proceeds from disposal of property, plant and equipment	387	54
Purchase of property, plant and equipment	(61,069)	(10,763)
Interest received	174	82
Net Cash used in investing activities	<u>(64,687)</u>	<u>(10,627)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Inter-company advance/(repayment)	2,078	(84)
Drawdown of bank borrowings	53,531	20,473
Repayment of borrowings	(9,877)	(17,478)
Dividends paid	<u>(4,502)</u>	<u>(3,151)</u>
Net Cash generated from/(used in) financing activities	<u>41,230</u>	<u>(240)</u>
Net decrease in cash and cash equivalents	399	(1,165)
Effects of Exchange Rate Changes	(622)	(208)
Cash and cash equivalents at 1 January	12,843	14,216
Cash and cash equivalents at 31 December	<u>12,620</u>	<u>12,843</u>

Cash and cash equivalents at 31 December comprise the following :-

Cash and bank balances	9,711	12,808
Short term deposits	<u>2,909</u>	<u>35</u>
	<u>12,620</u>	<u>12,843</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)

An actuarial valuation was carried out during the quarter to update the amount of retirement benefit obligations. Comparative figures had been restated to account for unrecognised actuarial loss amounted to RM539,000 relating to period before 31 December 2012 and its related tax impact.

(a) Condensed Consolidated Statement of Comprehensive Income

RM '000	As previously reported	Effects of adoption of MFRS 119	Restated
<u>Year ended 31 December 2012</u>			
Profit before taxation	22,280	63	22,343
Profit for the period	18,915	63	18,978
Other comprehensive income			
- Foreign currency translation differences	(1,828)	-	(1,828)
- Actuarial gains/(losses) on defined benefit plans	-	(467)	(467)
Total comprehensive income	17,087	(404)	16,683

(b) Condensed Consolidated Statement of Financial Position

RM '000	As previously reported	Effects of adoption of MFRS 119	Restated
<u>At 31 December 2012</u>			
Retirement benefit obligations			
- Under current liabilities	396	-	396
- Under non-current liabilities	309	539	848
Deferred tax	6,196	(135)	6,061
Retained earnings	74,859	(404)	74,455

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

During the financial year, the Group revised the estimated useful lives for Plant and Machinery from 10 years to 15 years, to better reflect the commercial reality of usage of Plant and Machinery within the Group.

The change in estimated useful lives for Plant and Machinery reduces the yearly depreciation expense by approximately RM583,000 for the year under review compared to the previous estimate.

There were no other 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 31 December 2013 are as follows:-

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
Revenue and Expenses				
External sales	80,905	219,714	(482)	300,137
Result				
Segment results	2,896	11,844	(24)	14,716
Other income	775	118	-	893
Finance costs				(1,518)
Profit before taxation				14,091
Taxation				(2,159)
Profit for the period to date				11,932
Assets and Liabilities				
Segment assets	83,985	209,781	(35)	293,731
Unallocated corporate assets				2,374
Consolidated total assets				296,105
Segment liabilities	(92,698)	(110,426)	55,137	(147,987)
Unallocated corporate liabilities				(6,425)
Consolidated total liabilities				(154,412)
Other Information				
Capital Expenditure	4,113	56,956	-	61,069
Depreciation	1,905	5,735	-	7,640
Non-cash expenses other than depreciation	482	679	-	1,161

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	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	2,762	1,762	7,640	6,420
Derivative financial loss	354	1,431	3,318	1,431
Foreign exchange loss/(gain)	193	224	(3,123)	255
Provision for solid waste disposal	62	97	227	202
Interest expense	594	218	1,518	1,077
Interest income	(123)	(19)	(174)	(82)
Rental income from investment property	(180)	(180)	(719)	(686)

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

During the quarter under review, the Group completed the acquisition of 100% equity interest in AMBM Packaging Distribution Sdn Bhd ("AMBM") for a total cash consideration of RM4.5 million. Consequently, AMBM became a wholly-owned subsidiary of the Group.

Apart from the above, there were no changes in the composition of the Group.

14 Capital Commitments

The amount of capital commitments as at 31 December 2013 is as follows;

	Financial Period to date 31.12.2013
	RM'000
Approved and contracted for	15,871

15 Changes in the Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets at balance sheet date.

Part A : Explanatory Notes Pursuant to MFRS 134

16 Related Party Transactions

	Financial Period to date 31.12.2013 RM'000
Sales to holding company	215
Sales to related companies	4,707
Rental paid to holding company	87

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 31 December 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 :-

(i) <u>Nature of transaction</u>	<u>Identity of related party</u>	Financial Period to date 31.12.2013 RM'000
Sales of trading inventories	Kian Joo-Visypak Sdn Bhd (KJV)	89

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 (resigned as Director of KJV on 19 August 2013), Dato' Anthony See Teow Guan and Chee Khay Leong (appointed as Director of KJV on 19 August 2013) in KJV and the Group.

(ii) <u>Nature of transaction</u>	<u>Identity of related party</u>	Financial Period to date 31.12.2013 RM'000
Sales of trading inventories	Hercules Sdn Bhd	576
	Hercules Vietnam Co., Ltd	450

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

4th Quarter 2013 (4Q13) vs 4th Quarter 2012 (4Q12)

For the 4Q13, the Group's revenue was RM87.0 million, an increase of 20% from RM72.4 million recorded in 4Q12. Improvement in revenue was mainly contributed from Ho Chi Minh plant and also from the new plant in Hanoi.

Despite higher revenue, profit before tax contracted by RM3.9 million to RM1.4 million as compared to RM5.3 million in 4Q12. The decline in profit was attributable to the higher material cost and labour cost following the implementation of minimum wage scheme in Malaysia and revision in minimum wage rate in Vietnam and operation loss in the new Hanoi plant of RM2.3 million.

Financial year ended 31 December 2013 (YR 2013) vs Financial year ended 31 December 2012 (YR 2012)

For YR 2013, the Group's revenue improved by 14% to RM300.1 million as compared to RM264.3 million recorded in the YR 2012. Improvement in revenue is supported by strong demand from customers in foot wear and food & beverage sectors in Ho Chi Minh and contribution from the new plant in Hanoi.

Despite higher revenue, profit before tax contracted by RM8.2 million at RM14.1 million compared to RM22.3 million recorded in the YR 2012. The decline in profit was attributable to the higher material cost and labour cost following the implementation of minimum wage scheme in Malaysia, revision in minimum wage rate in Vietnam, recognition of derivative loss of RM3.3 million and initial operating loss in the new Hanoi plant of RM4.5 million.

18 Comparison with Immediate Preceding Quarter

For the quarter ended 31 December 2013, the Group's revenue was higher by 14% to RM87 million as compared to RM76.5 million registered in the immediate preceding quarter. Improvement in revenue was mainly contributed from Ho Chi Minh plant and also from the new plant in Hanoi.

Despite higher revenue, the Group's profit before taxation contracted by RM2.6 million to RM1.4 million as compared to RM4 million in the preceding quarter. The decline in profit was attributable to the higher material cost, operation loss in the new Hanoi plant of RM2.3 million and also the operating loss in new subsidiary of RM 0.2 million .

19 Current Year Prospects

The global economic climate will likely to remain uncertain and challenging in year 2014. In Malaysia, costs in general are rising, while businesses are pressured to maintain their selling prices in order to avoid losing out to competitors from abroad. However, the Group will continue exploring and taking measures to streamline its operations, while maintaining its regional growth strategy.

Rising material cost, rising electricity cost and other operating costs and the weakening of Malaysian Ringgit against US Dollars remain the key challenges which will affect the profitability of the Group.

Nevertheless, the Group will continue to be resilient and remain profitable. At the same time, the Group anticipates the new operating units in Vietnam and Malaysia to contribute positively to the Group's results.

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	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current	(353)	(869)	(2,358)	(3,375)
- Over/(Under) provision in prior year	19	-	19	-
Deferred Taxation				
- Current	203	76	180	137
- Over/(Under) provision in prior year	-	-	-	(127)
	<u>(131)</u>	<u>(793)</u>	<u>(2,159)</u>	<u>(3,365)</u>

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

22 Retained Earnings

	As at 31.12.2013	As at 31.12.2012
	RM'000	RM'000
Total retained earnings of Group:		
Realised	49,249	44,481
Unrealised	28,905	28,560
	<u>78,154</u>	<u>73,041</u>
Less: Consolidation adjustment	3,429	1,414
Total Group retained earnings as per Consolidated Accounts	<u>81,583</u>	<u>74,455</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 are as follows:

	As at 31.12.2013	As at 31.12.2012
	RM' 000	RM' 000
Trade facilities - denominated in USD	703	7,977
Trade facilities - denominated in VND	7,457	-
Term Loan - denominated in MYR	16,117	-
Term Loan - denominated in USD	4,451	4,142
Short term borrowing	<u>28,728</u>	<u>12,119</u>
Term Loan - denominated in USD	8,040	6,417
Term Loan - denominated in MYR	41,093	12,497
Long term borrowing	<u>49,133</u>	<u>18,914</u>
Total Borrowings	<u>77,861</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 Directors are recommending first & final single tier tax exempt dividend of 7.5% (7.5 sen per share) (2012: 10% less 25% tax), amounted to RM4,502,000 (2012: RM4,502,000), subject to approval by shareholders at the forthcoming Annual General Meeting of the Company.

27 Earnings Per Share

The computation of earnings per share is as follows :-

	Quarter Ended		Financial period to date	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
<u>Basic earnings per share</u>				
Profit attributable to owners of the parent (RM'000)	1,298	4,541	11,932	18,978
Weighted average number of ordinary shares in issue ('000)	60,023	60,023	60,023	60,023
Basic earnings per share (sen)	2.16	7.57	19.88	31.62

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 18th February 2014.

Batu Caves, Selangor.
 18th February 2014