

BOX-PAK (MALAYSIA) BHD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2014

	Note	CURRENT QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		31.03.2014 (RM'000) Unaudited	31.03.2013 (RM'000) Unaudited	31.03.2014 (RM'000) Unaudited	31.03.2013 (RM'000) Unaudited
Revenue		79,470	66,951	79,470	66,951
Cost of Sales		(72,344)	(58,616)	(72,344)	(58,616)
Gross Profit		<u>7,126</u>	<u>8,335</u>	<u>7,126</u>	<u>8,335</u>
Other Income		316	191	316	191
Operating Expenses		(5,856)	(4,225)	(5,856)	(4,225)
Finance Costs		(821)	(225)	(821)	(225)
Profit before Taxation	10	<u>765</u>	<u>4,076</u>	<u>765</u>	<u>4,076</u>
Taxation	21	(267)	(555)	(267)	(555)
Profit for the Period		<u>498</u>	<u>3,521</u>	<u>498</u>	<u>3,521</u>
Other Comprehensive Income, Net of Tax					
Foreign Currency Translation Differences for Foreign Operations		(687)	922	(687)	922
Actuarial Loss recognised on Defined Benefit Plan		-	(4)	-	(4)
		<u>(687)</u>	<u>918</u>	<u>(687)</u>	<u>918</u>
Total Comprehensive Income for the Period		<u>(189)</u>	<u>4,439</u>	<u>(189)</u>	<u>4,439</u>
Profit Attributable to :					
Owners of the Company		498	3,521	498	3,521
Total Comprehensive Income Attributable to :					
Owners of the Company		(189)	4,439	(189)	4,439
Earnings per Share					
Basic (Sen)		0.83	5.87	0.83	5.87

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and 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 MARCH 2014

	Note	AS AT CURRENT YEAR ENDED 31.03.2014 RM'000 Unaudited	AS AT PRECEDING YEAR ENDED 31.12.2013 RM'000 Audited
Non-current Assets			
Property, plant and equipment		145,384	142,921
Investment properties		5,914	5,950
Land use rights		11,454	11,634
Intangible assets		2,397	2,400
Other assets		1,739	4,298
		<u>166,888</u>	<u>167,203</u>
Current Assets			
Inventories		35,567	34,297
Trade and other receivables		75,613	80,139
Amount due from related company		664	1,089
Cash and cash equivalents		6,833	12,620
		<u>118,677</u>	<u>128,145</u>
Total Assets		<u>285,565</u>	<u>295,348</u>
Equity and Liabilities			
Equity attributable to owners of the parent:			
Share capital		60,023	60,023
Share premium		24	24
Other reserves		(624)	63
Retained earnings	22	82,082	81,584
Total Equity		<u>141,505</u>	<u>141,694</u>
Non-current liabilities			
Retirement benefit obligations		926	903
Loans and borrowings	24	46,816	46,805
Deferred tax liabilities		6,353	6,369
		<u>54,095</u>	<u>54,077</u>
Current Liabilities			
Provisions for solid waste disposal		258	19
Trade and other payables		51,793	57,007
Amount due to holding company		5,774	5,815
Retirement benefit obligations		843	843
Loans and borrowings	24	26,809	31,049
Derivative financial liabilities		4,332	4,749
Tax payable		156	95
		<u>89,965</u>	<u>99,577</u>
Total Liabilities		144,060	153,654
Total Equity and Liabilities		<u>285,565</u>	<u>295,348</u>
Net Assets per Share (RM)		2.36	2.36

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and 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 PERIOD ENDED 31 MARCH 2014

	-----Attributable to Owners of the Company-----				
	<u>Share Capital</u> (RM'000)	Non-distributable		Distributable	<u>Total</u> (RM'000)
		Share Premium	Exchange Reserve	Retained Earnings	
At 1 January 2014	60,023	24	63	81,584	141,694
Profit for the period	-	-	-	498	498
Other comprehensive income/(loss)	-	-	(687)	-	(687)
Total comprehensive income	-	-	(687)	498	(189)
Dividends	-	-	-	-	-
At 31 March 2014	60,023	24	(624)	82,082	141,505

	-----Attributable to Owners of the Company-----				
	<u>Share Capital</u> (RM'000)	Non-distributable		Distributable	<u>Total</u> (RM'000)
		Share Premium	Exchange Reserve	Retained Earnings	
At 1 January 2013	60,023	24	(4,299)	74,455	130,203
Profit for the period	-	-	-	3,521	3,521
Other comprehensive loss	-	-	922	(4)	918
Total comprehensive (loss)/income	-	-	922	3,517	4,439
Dividends	-	-	-	-	-
At 31 March 2013	60,023	24	(3,377)	77,972	134,642

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and 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 MARCH 2014

	3 Months ended 31.03.2014 (RM'000) Unaudited	3 Months ended 31.03.2013 (RM'000) Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt from customers	83,401	66,914
Payment to suppliers	<u>(80,885)</u>	<u>(66,725)</u>
Cash generated from operations	2,516	189
Interest paid	(902)	(163)
Income tax paid	(789)	(1,045)
Income tax refunded	-	154
Net Cash generated from operating activities	<u>825</u>	<u>(865)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	64	-
Purchase of property, plant and equipment	(3,605)	(6,188)
Interest received	206	11
Net Cash used in investing activities	<u>(3,335)</u>	<u>(6,177)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Inter-company advance/(repayment)	4,565	(204)
Drawdown of bank borrowings	2,012	7,892
Repayment of borrowings	(6,135)	-
Dividends paid	(4,502)	-
Net Cash generated from/(used in) financing activities	<u>(4,060)</u>	<u>7,688</u>
Net decrease in cash and cash equivalents	(6,570)	646
Effects of Exchange Rate Changes	783	246
Cash and cash equivalents at 1 January	12,620	12,843
Cash and cash equivalents at 31 December	<u>6,833</u>	<u>13,735</u>

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

Cash and bank balances	4,666	13,631
Short term deposits	<u>2,167</u>	<u>104</u>
	<u>6,833</u>	<u>13,735</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and 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 Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1965 in Malaysia and complied with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. 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 2013.

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:-

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	:	Separate Financial Statements: Investment Entities
Amendments to MFRS 132	:	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	:	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	:	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretations 21	:	Levies

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

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

As at the date of authorisation of this report, the following Standards were issued but not yet effective and have not been adopted by the Group:

MFRS 9	:	Financial Instruments (Hedge Accounting and amendments to MFRS 7, MFRS 9 and MFRS 139
Amendments to MFRS 119	:	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 - 2012 Cycle		
Annual Improvements to MFRSs 2011 - 2013 Cycle		

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect to the financial statements of the Group upon their initial application.

3 Declaration of Audit Qualification

The financial statements for the year ended 31 December 2013 were not subject to any qualifications.

Part A : Explanatory Notes Pursuant to MFRS 134

4 Seasonal or Cyclical Factors

The business operations of the Group were 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 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 31 March 2014 are as follows:-

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
Revenue and Expenses				
External sales	23,153	57,521	(1,204)	79,470
Result				
Segment results	(692)	1,962	-	1,270
Other income	292	105	(81)	316
Finance costs				(821)
Profit before taxation				765
Taxation				(267)
Profit for the period to date				498
Assets and Liabilities				
Segment assets	82,404	200,822	(35)	283,191
Unallocated corporate assets				2,374
Consolidated total assets				285,565
Segment liabilities	(91,254)	(101,706)	55,253	(137,707)
Unallocated corporate liabilities				(6,353)
Consolidated total liabilities				(144,060)
Other Information				
Capital Expenditure	2,615	990	-	3,605
Depreciation	478	1,958	-	2,436
Non-cash expenses other than depreciation	43	-	-	43

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	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	2,436	1,408	2,436	1,408
Derivative financial (gain)/loss	(417)	508	(417)	508
Foreign exchange loss/(gain)	21	(321)	21	(321)
Provision for solid waste disposal	22	49	22	49
Interest expense	821	225	821	225
Interest income	(125)	(11)	(125)	(11)
Rental income from investment property	(189)	(180)	(189)	(180)

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 31 March 2014 is as follows;

	Financial Period to date 31.03.2014
	RM'000
Approved and contracted for	15,651

15 Changes in the Contingent Liabilities or Contingent Assets

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

16 Related Party Transactions

	Financial Period to date 31.03.2014
	RM'000
Sales to holding company	55
Sales to related companies	664
Sales to other related parties	331
Rental paid to holding company	4

Part A : Explanatory Notes Pursuant to MFRS 134

16 Related Party Transactions (cont'd.)

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

Related parties	Relationship
Kian Joo Can Factory Berhad	Holding company
Federal Metal Printing Factory, Sdn. Berhad	Related company
Kian Joo Canpack Sdn. Bhd.	Related company
Kian Joo Canpack (Shah Alam) Sdn. Bhd.	Related company
Kian Joo Packaging Sdn. Bhd.	Related company
KJ Can (Johore) Sdn. Bhd.	Related company
KJ Can (Selangor) Sdn. Bhd.	Related company
KJM Aluminum Can Sdn. Bhd.	Related company
Kian Joo Can (Vietnam) Co., Ltd.	Related company
Aik Joo Can Factory Sdn Berhad	Subsidiary of the major shareholder
F & B Nutrition Sdn Bhd	Subsidiary of the major shareholder
Kian Joo-Visypak Sdn Bhd	Joint-venture of 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.

17 Review of Performance

1st Quarter 2014 (1Q14) vs 1st Quarter 2013 (1Q13)

For the 1Q14, the Group's revenue was RM79.5 million, an increase of 19% from RM67.0 million recorded in 1Q13. The increase in revenue is contributed by increase in revenue from existing plant in Ho Chi Minh, Vietnam and contribution from new plants in Hanoi and Johore.

Despite higher revenue, profit before tax contracted by RM3.3 million to RM0.8 million as compared to RM4.1 million in 1Q13. The decline in profit was attributable to margin compression in the existing plant due to competition and higher material cost, operating loss incurred in new plants in Hanoi and Johore and higher finance cost.

18 Comparison with Immediate Preceding Quarter

For the quarter ended 31 March 2014, the Group's revenue was lower by 8.7% to RM79.5 million as compared to RM87.0 million registered in the immediate preceding quarter.

The Group's profit before taxation contracted by RM0.7 million to RM0.8 million as compared to RM1.4 million in the preceding quarter. The decline in profit was attributable to higher material cost.

19 Current Year Prospects

The Group continues to face challenges from its competitors in Malaysia and Vietnam to maintain and increase its market share. The Group is also facing challenges in managing rising cost of materials, electricity cost and other operating cost. The increased volatility in foreign exchange rates, especially the US Dollars and Vietnam Dong also pose a risk to the Group's profitability.

The recent riot in Vietnam has added another element of uncertainty on the Group's Vietnam operation. Eventhough the Group was not directly affected by the incident, the long term future of the Group's operation in Vietnam is dependent on the sustainability of business growth there.

The Group will continue to put in efforts to ensure that it will remain resilient and profitable.

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

20 Variance from Forecast Profit and Profit Guarantee

This is not applicable to the Group.

21 Taxation

	Quarter Ended		Financial period to date	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current	(339)	(583)	(339)	(583)
- Over/(Under) provision in prior year	-	-	-	-
Deferred Taxation				
- Current	72	28	72	28
- Over/(Under) provision in prior year	-	-	-	-
	<u>(267)</u>	<u>(555)</u>	<u>(267)</u>	<u>(555)</u>

The effective tax rate for the financial year under review was higher than statutory tax rate in Malaysia as losses of loss making subsidiaries were not off-set against the profit earned by other subsidiaries.

22 Retained Earnings

	As at	As at
	31.03.2014	31.12.2013
	RM'000	RM'000
Total retained earnings of Group:		
Realised	53,294	52,689
Unrealised	28,435	28,368
	<u>81,729</u>	<u>81,057</u>
Less: Consolidation adjustment	353	526
Total Group retained earnings as per Consolidated Accounts	<u>82,082</u>	<u>81,583</u>

23 Status of Corporate Proposals

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

24 Loans and Borrowings

Total Group unsecured borrowings are as follows:

	As at	As at
	31.03.2014	31.12.2013
	RM' 000	RM' 000
Trade facilities - denominated in USD	-	703
Trade facilities - denominated in MYR	16,000	16,000
Trade facilities - denominated in VND	4,419	7,457
Term Loan - denominated in MYR	2,249	2,438
Term Loan - denominated in USD	4,141	4,451
Short term borrowing	<u>26,809</u>	<u>31,049</u>
Term Loan - denominated in USD	6,861	8,040
Term Loan - denominated in MYR	39,955	38,765
Long term borrowing	<u>46,816</u>	<u>46,805</u>
Total Borrowings	<u>73,625</u>	<u>77,854</u>

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

25 Material Litigation

On 7 May 2014, the Ex-Managing Director of the Company, Dato' See Teow Guan ("Plaintiff") (acting in a personal capacity and in a representative capacity on behalf and for the benefit of the holding company, Kian Joo Can Factory Berhad), served a Writ of Summons and Statement of Claim to the following defendants:

1. Yeoh Jin Hoe ("YJH")
2. Chee Khay Leong ("CKL")
3. Aspire Insight Sdn Bhd ("Aspire")
4. Can-One Berhad ("Can-One")
5. Can-One International Sdn Bhd ("Can-One International")
6. Kian Joo Can Factory Berhad ("KJCF")
7. Box-Pak (Malaysia) Bhd ("the Company")

(collectively referred to as "the Defendants")

The Plaintiff's claims are as follows:

Against the KJCF, Can-One International, YJH and Aspire:-

- (i) a declaration that the letter of offer dated 26 November 2013 from Aspire to KJCF to acquire the entire business and undertaking including all of the assets and liabilities of KJCF ("Aspire Bid") is deemed a related party transaction by virtue of the interest in the proposed disposal of the entire assets and liabilities of KJCF to Aspire ("Proposed Disposal") of the following:-
 - (a) Can-One International, as a major shareholder of KJCF with an interest direct or indirect in Aspire;
 - (b) YJH, as a director of KJCF with an interest direct or indirect in Aspire;
 - (c) Aspire, as a person connected to Can-One and/or Can-One International within the meaning under the Main Market Listing Requirements ("Listing Requirements");
 - (d) Aspire, as a person connected with YJH within the meaning under the Listing Requirements;

Against YJH:-

- (ii) A declaration that YJH is a person connected to CKL in relation to the Aspire Bid;
- (iii) A consequential order that YJH shall issue a written declaration to the board of directors and shareholders of KJCF before the general meeting convened for the Proposed Disposal ("EGM") that he is a person connected to CKL;

Against CKL:-

- (iv) declaration that CKL is a person connected to YJH and Can-One in relation to the Aspire Bid;
- (v) A consequential order that CKL shall issue a written declaration to the board of directors and shareholders of KJCF before the EGM that he is a person connected to YJH and Can-One;

Against YJH and CKL:-

- (vi) A declaration that YJH and CKL are in breach of their fiduciary duties as directors of KJCF;
- (vii) General and exemplary damages to be assessed by the Kuala Lumpur High Court ("High Court") and to be paid to KJCF;
- (viii) Interest on any such sum assessed and awarded by the High Court to KJCF at the rate of 5% per annum from the date of filing of this Court action until the date of full and final settlement;

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

25 Material Litigation (cont'd)

Against KJCF:-

- (ix) An order that KJCF, by its directors, officers, servants, agents or employees or any of them or otherwise howsoever, be restrained from allowing Can-One International from voting at any shareholders meeting and/or general meeting convened by KJCF to determine the Aspire Bid;

Against Aspire, Can-One and Can-One International:-

- (x) A declaration that Can-One International shall abstain from participating and/or deliberating and/or voting at any shareholders meeting and/or general meeting convened by KJCF to determine the Aspire Bid;
- (xi) Alternatively a declaration that any resolution(s) passed by the shareholders of KJCF in any shareholders meeting and/or general meeting convened by KJCF in relation to the Aspire Bid and in which Can-One International has participate and/or deliberated and/or voted, is null and void.

Against the Company:-

- (xii) A declaration that the voting on Resolution 7 at the Annual General Meeting of the Company on 15 April 2014 is null and void;
- (xiii) An order that the Plaintiff be reinstated as a Director and/or Managing Director of the Company with immediate effect;
- (xiv) Alternatively, damages to be assessed by the High Court and to be paid to the Plaintiff;
- (xv) Interest on any such sum assessed and awarded by the High Court to the Plaintiff at the rate of 5% per annum from the date of filing of this Court action until the date of full and final settlement;

Against YJH, CKL, Aspire, Can-One, Can-One International and Company:-

- (xvi) Costs; and
- (xvii) Such further and other relief(s) as the High Court deems fit and just.

At the case management on 20 May 2014, the High Court has directed the Company to file and serve its Defence by 3 June 2014. The next case management has been fixed on 31 July 2014.

Save for the above, there is no other pending material litigation against the Group for the financial period under review.

26 Dividends

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

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	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<u>Basic earnings per share</u>				
Profit attributable to owners of the parent (RM'000)	498	3,521	498	3,521
Weighted average number of ordinary shares in issue ('000)	60,023	60,023	60,023	60,023
Basic earnings per share (sen)	0.83	5.87	0.83	5.87

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 28th May 2014.

Batu Caves, Selangor.
 28th May 2014