

# BOX-PAK (MALAYSIA) BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2015

	Note	CURRENT QUARTER	
		Current Quarter 31.03.2015 ( RM'000 ) Unaudited	Preceding Year Corresponding Quarter 31.03.2014 ( RM'000 ) Unaudited
Revenue		96,115	79,470
Cost of Sales		(87,146)	(72,344)
Gross Profit		<u>8,969</u>	<u>7,126</u>
Other Income		606	316
Operating Expenses		(5,380)	(5,856)
Finance Costs		(945)	(821)
Profit before Taxation	10	<u>3,250</u>	<u>765</u>
Taxation	21	(726)	(267)
<b>Profit for the Period</b>		<u><b>2,524</b></u>	<u><b>498</b></u>
<b>Other Comprehensive Income, Net of Tax</b>			
Foreign Currency Translation Differences for Foreign Operations		4,315	(687)
Actuarial Loss recognised on Defined Benefit Plan		-	-
		<u>4,315</u>	<u>(687)</u>
<b>Total Comprehensive Income for the Period</b>		<u><b>6,839</b></u>	<u><b>(189)</b></u>
<b>Profit Attributable to :</b>			
Owners of the Company		2,524	498
<b>Total Comprehensive Income Attributable to :</b>			
Owners of the Company		6,839	(189)
<b>Earnings per Share</b>			
Basic ( Sen )		4.21	0.83

( The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015

Note	AS AT CURRENT YEAR ENDED 31.03.2015 RM'000 Unaudited	AS AT PRECEDING YEAR ENDED 31.12.2014 RM'000 Audited
<b>Non-current Assets</b>		
Property, plant and equipment	154,459	150,104
Investment properties	5,773	5,809
Land use rights	19,007	18,127
Intangible assets	2,446	2,453
	<u>181,685</u>	<u>176,493</u>
<b>Current Assets</b>		
Inventories	35,600	39,909
Trade and other receivables	84,050	80,625
Other assets	-	1,360
Tax recoverable	783	-
Amount due from related company	1,974	1,326
Cash and cash equivalents	8,807	11,872
	<u>131,214</u>	<u>135,092</u>
<b>Total Assets</b>	<u>312,899</u>	<u>311,585</u>
<b>Equity and Liabilities</b>		
Equity attributable to owners of the parent:		
Share capital	60,023	60,023
Share premium	24	24
Other reserves	9,122	4,807
Retained earnings	87,458	84,934
<b>Total Equity</b>	<u>156,627</u>	<u>149,788</u>
<b>Non-current liabilities</b>		
Retirement benefit obligations	1,016	992
Loans and borrowings	37,278	39,520
Deferred tax liabilities	6,906	6,868
Derivative financial liabilities	8,147	5,968
	<u>53,347</u>	<u>53,348</u>
<b>Current Liabilities</b>		
Trade and other payables	53,102	50,685
Amount due to holding company	11,708	8,155
Loans and borrowings	35,331	48,009
Derivative financial liabilities	2,037	1,557
Retirement benefit obligations	-	-
Provisions for solid waste disposal	17	6
Tax payable	730	37
	<u>102,925</u>	<u>108,449</u>
<b>Total Liabilities</b>	156,272	161,797
<b>Total Equity and Liabilities</b>	<u>312,899</u>	<u>311,585</u>
<b>Net Assets per Share (RM)</b>	<b>2.61</b>	<b>2.50</b>

( The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 FIRST QUARTER ENDED 31 MARCH 2015

	-----Attributable to Owners of the Company-----				Total ( RM'000 )
	Share Capital ( RM'000 )	Non-distributable		Distributable	
		Share Premium ( RM'000 )	Exchange Reserve ( RM'000 )	Retained Earnings ( RM'000 )	
<b>At 1 January 2015</b>	60,023	24	4,807	84,934	149,788
Profit for the period	-	-	-	2,524	2,524
Other comprehensive loss	-	-	4,315	-	4,315
Total comprehensive income	-	-	4,315	2,524	6,839
<b>At 31 March 2015</b>	<b>60,023</b>	<b>24</b>	<b>9,122</b>	<b>87,458</b>	<b>156,627</b>

	-----Attributable to Owners of the Company-----				Total ( RM'000 )
	Share Capital ( RM'000 )	Non-distributable		Distributable	
		Share Premium ( RM'000 )	Exchange Reserve ( RM'000 )	Retained Earnings ( RM'000 )	
<b>At 1 January 2014</b>	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)
<b>At 31 March 2014</b>	<b>60,023</b>	<b>24</b>	<b>(624)</b>	<b>82,082</b>	<b>141,505</b>

( The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements. )

## BOX-PAK (MALAYSIA) BHD

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### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE FIRST QUARTER ENDED 31 MARCH 2015

	<b>3 Months ended</b> <b>31.03.2015</b> <b>( RM'000 )</b> <b>Unaudited</b>	<b>3 Months ended</b> <b>31.03.2014</b> <b>( RM'000 )</b> <b>Unaudited</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipt from customers	107,050	83,401
Payment to suppliers	<u>(89,058)</u>	<u>(80,885)</u>
Cash generated from operations	17,992	2,516
Interest paid	(945)	(902)
Income tax paid	<u>(805)</u>	<u>(789)</u>
Net Cash generated from operating activities	<u>16,242</u>	<u>825</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	18	64
Purchase of property, plant and equipment	(2,629)	(3,605)
Interest received	28	206
Dividend income	8	-
Net Cash used in investing activities	<u>(2,575)</u>	<u>(3,335)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Inter-company advance	2,839	4,565
Drawdown of bank borrowings	2,027	2,012
Repayment of borrowings	(18,218)	(6,135)
Dividends paid	-	(4,502)
Net Cash generated from financing activities	<u>(13,352)</u>	<u>(4,060)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>315</b>	<b>(6,570)</b>
<b>Effects of Exchange Rate Changes</b>	<b>(3,380)</b>	<b>783</b>
<b>Cash and cash equivalents at 1 January</b>	<b>11,872</b>	<b>12,620</b>
<b>Cash and cash equivalents at 31 March</b>	<b><u>8,807</u></b>	<b><u>6,833</u></b>

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

Cash and bank balances	8,807	4,666
Short term deposits	<u>-</u>	<u>2,167</u>
	<u>8,807</u>	<u>6,833</u>

( The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements. )

## **1 Basic of Preparation**

The Interim Financial Statements are unaudited and have been prepared in accordance 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 2014. 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 2014.

## **2 Significant Accounting Policies**

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

There were no changes to the Accounting Standards adopted by the Group since the previous report for the year ended 31 December 2014.

### **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 Standard, Amendments and Annual Improvements to Standards were issued but not yet effective and have not been adopted by the Group:

Annual Improvements to MFRSs 2012 - 2014 Cycle

Amendments to MFRS 116 and MFRS 138:

Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Amendments to MFRS 101: Disclosure Initiatives

Amendments to MFRS 10, MFRS 12 and MFRS 128:

Investment Entities Applying the Consolidation Exception

MFRS 15: Revenue from Contracts with Customers

MFRS 9: Financial Instruments

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 2014 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.

## **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.

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

**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 quarter under review.

**9 Segmental Reporting**

Segmental result for the quarter ended 31 March 2015 are as follows:-

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue and Expenses</b>				
<b>Revenue</b>				
External sales	21,433	74,682	-	96,115
<b>Result</b>				
Segment results	294	3,208	87	3,589
Other income	140	553	(87)	606
Finance costs				(945)
Profit before taxation				3,250
Taxation				(726)
Profit for the period to date				2,524
<b>Assets and Liabilities</b>				
Segment assets	83,479	228,672	(35)	312,116
Unallocated corporate assets				783
Consolidated total assets				312,899
Segment liabilities	(98,834)	(101,045)	51,243	(148,636)
Unallocated corporate liabilities				(7,636)
Consolidated total liabilities				(156,272)
<b>Other Information</b>				
Capital Expenditure	1,026	1,603	-	2,629
Depreciation	643	2,239	-	2,882
Non-cash expenses other than depreciation	2,733	-	-	2,733

**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	
	31.03.2015	31.03.2014
	RM'000	RM'000
Depreciation and amortisation	2,882	2,436
Derivative financial loss/(gain)	2,660	(417)
Foreign exchange (gain)/loss	(3,054)	21
Provision for solid waste disposal	45	22
Interest expense	945	821
Interest income	(28)	(125)
Dividend income	(8)	-
Rental income from investment property	-	(189)

**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 2015 is as follows;

	As at
	31.03.2015
	RM'000
Approved and contracted for	1,436

**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**

	Quarter ended 31.03.2015 <u>RM'000</u>
Sales to holding company	83
Sales to related companies	1,126
Sales to other related parties	1,649

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

<b>Related parties</b>	<b>Relationship</b>
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
Canzo Sdn. Bhd.	Subsidiary of the major shareholder

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.



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

**17 Review of Performance**

1st Quarter 2015 (1Q15) vs 1st Quarter 2014 (1Q14)

For 1Q15, the Group recorded a revenue of RM96.1 million, an increase of 21% from RM79.5 million recorded in 1Q14. This significant increase in revenue was contributed mainly by increased sales in Vietnam and the strengthening of Vietnam Dong against Malaysian Ringgit.

Profit before tax for the Group improved to RM3.3 million in the current quarter, from RM0.8 million in 1Q14. This improvement was mainly contributed by reductions in losses from the Hanoi and Johor operations.

**18 Comparison with Immediate Preceding Quarter**

For the quarter ended 31 March 2015, the Group's net revenue decreased slightly by 2% to RM96.1 million from RM97.7 million in the preceding quarter.

Despite the slight reduction in revenue, the Group's profit before taxation increased to RM3.3 million in the current quarter, from RM2.4 million in the preceding quarter. This was mainly due to smaller loss recorded in Hanoi operation.

**19 Prospects for 2015**

The Group's operations in Malaysia and Vietnam are anticipated to remain challenging due to stiff competition from players of the carton industry. The Group also faces challenges in managing its rising operating costs, and interest rates, apart from the increased volatility in foreign exchange rates, which poses a risk to the Group's profitability.

The implementation of Goods and Services Tax in Malaysia is expected to have an adverse cash flow impact to the Group.

The Group will continue streamline its Hanoi and Johor operations to turn them into profit-making operations. Notwithstanding the above challenges, the Board is of the opinion that the Group will remain profitable for the financial year 2015.

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

No profit forecast or guarantee was issued by the Group.

**21 Taxation**

	Quarter ended	
	31.03.2015	31.03.2014
	RM'000	RM'000
Income Tax		
- Current	(797)	(339)
- Over/(Under) provision in prior year	53	-
Deferred Taxation		
- Current	18	72
- Over/(Under) provision in prior year	-	-
	<u>(726)</u>	<u>(267)</u>

The effective tax rate for the financial period under review was lower than statutory tax rate in Malaysia due to taxation at other jurisdictions being calculated at the rates prevailing in the respective jurisdictions.

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

**22 Retained Earnings**

	As at 31.03.2015	As at 31.12.2014
	RM'000	RM'000
Total retained earnings of Group:		
Realised	90,705	85,060
Unrealised	(3,114)	(767)
	<u>87,591</u>	<u>84,293</u>
Add: Consolidation adjustment	367	641
Total Group retained earnings as per Consolidated Accounts	<u>87,958</u>	<u>84,934</u>

**23 Status of Corporate Proposals**

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

**24 Loans and Borrowings**

Total Group unsecured borrowings are as follows:

	As at 31.03.2015	As at 31.12.2014
	RM' 000	RM' 000
Trade facilities - denominated in MYR	17,322	15,516
Trade facilities - denominated in VND	6,867	21,192
Term Loan - denominated in MYR	8,994	8,994
Term Loan - denominated in USD	2,148	2,307
Short term borrowing	<u>35,331</u>	<u>48,009</u>
Term Loan - denominated in USD	5,049	5,043
Term Loan - denominated in MYR	32,229	34,477
Long term borrowing	<u>37,278</u>	<u>39,520</u>
Total Borrowings	<u>72,609</u>	<u>87,529</u>

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

## **25 Material Litigation**

On 7 May 2014, the former 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 on 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")

In summary, the Plaintiff's claimed the following:

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"); and
- (d) Aspire, as a person connected with YJH within the meaning under the Listing Requirements.

On 17 June 2014, the Plaintiff filed an application for injunctive relief, among others, that KJCF be restrained until the trial of the action from calling any shareholders meeting in respect of the offer made by Aspire.

On 14 November 2014, the Company and all the other defendants successfully applied to the Kuala Lumpur High Court ("the High Court") to strike out the Plaintiff's claims.

On 1 December 2014, the solicitors of the Company received a Notice of Appeal from the Plaintiff's solicitors made to the Court of Appeal. The appeal pertains to the decision of the High Court delivered on 14 November 2014, which allowed the striking out applications by the Company. The Court of Appeal subsequently fixed the above matter for hearing on 10 April 2015.

On 10 April 2015, the Court of Appeal fixed the appeal for continued hearing on 29 May 2015.

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

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

**26 Dividends**

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

**27 Earnings Per Share**

The computation of earnings per share is as follows :-

	Quarter Ended	
	<u>31.03.2015</u>	<u>31.03.2014</u>
<b><u>Basic earnings per share</u></b>		
Profit attributable to owners of the parent (RM '000)	2,524	498
Weighted average number of ordinary shares in issue ('000)	60,023	60,023
Basic earnings per share (sen)	4.21	0.83

**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 20 May 2015.

Batu Caves, Selangor.  
20 May 2015