

BOX-PAK (MALAYSIA) BHD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2015

	Note	CURRENT QUARTER		CUMULATIVE QUARTER	
		Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		30.06.2015 (RM'000) Unaudited	30.06.2014 (RM'000) Unaudited	30.06.2015 (RM'000) Unaudited	30.06.2014 (RM'000) Unaudited
Revenue		97,806	87,001	193,921	166,471
Cost of Sales		(86,302)	(78,885)	(173,448)	(151,228)
Gross Profit		<u>11,504</u>	<u>8,116</u>	<u>20,473</u>	<u>15,243</u>
Other Income		33	315	639	631
Operating Expenses		(6,034)	(5,518)	(11,414)	(11,373)
Finance Costs		(774)	(809)	(1,719)	(1,630)
Profit before Taxation	10	<u>4,729</u>	<u>2,104</u>	<u>7,979</u>	<u>2,871</u>
Taxation	21	(664)	(417)	(1,390)	(685)
Profit for the Period		<u>4,065</u>	<u>1,687</u>	<u>6,589</u>	<u>2,186</u>
Other Comprehensive Income, Net of Tax					
Foreign Currency Translation Differences		172	(3,517)	4,487	(4,220)
Actuarial Loss recognised on Defined Benefit Plan		-	-	-	-
		<u>172</u>	<u>(3,517)</u>	<u>4,487</u>	<u>(4,220)</u>
Total Comprehensive Income for the Period		<u>4,237</u>	<u>(1,830)</u>	<u>11,076</u>	<u>(2,034)</u>
Profit Attributable to :					
Owners of the Company		4,065	1,687	6,589	2,186
Total Comprehensive Income Attributable to :					
Owners of the Company		4,237	(1,830)	11,076	(2,034)
Earnings per Share					
Basic (Sen)		6.77	2.81	10.98	3.64

(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 30 JUNE 2015

	Note	AS AT CURRENT YEAR ENDED 30.06.2015 RM'000 Unaudited	AS AT PRECEDING YEAR ENDED 31.12.2014 RM'000 Audited
Non-current Assets			
Property, plant and equipment		154,811	150,104
Investment properties		5,738	5,809
Land use rights		18,937	18,127
Intangible assets		2,438	2,453
		<u>181,924</u>	<u>176,493</u>
Current Assets			
Inventories		39,585	39,909
Trade and other receivables		92,531	80,625
Other assets		-	1,360
Tax recoverable		674	-
Amount due from related company		1,892	1,326
Cash and cash equivalents		11,584	11,872
		<u>146,266</u>	<u>135,092</u>
Total Assets		<u>328,190</u>	<u>311,585</u>
Equity and Liabilities			
Equity attributable to owners of the parent:			
Share capital		60,023	60,023
Share premium		24	24
Other reserves		9,294	4,807
Retained earnings	22	91,523	84,934
Total Equity		<u>160,864</u>	<u>149,788</u>
Non-current liabilities			
Retirement benefit obligations		1,040	992
Loans and borrowings	24	34,788	39,520
Deferred tax liabilities		6,794	6,868
Derivative financial liabilities		8,394	5,968
		<u>51,016</u>	<u>53,348</u>
Current Liabilities			
Trade and other payables		62,891	50,685
Amount due to holding company		12,470	8,155
Loans and borrowings	24	38,055	48,009
Derivative financial liabilities		1,999	1,557
Retirement benefit obligations		-	-
Provisions for solid waste disposal		16	6
Tax payable		879	37
		<u>116,310</u>	<u>108,449</u>
Total Liabilities		<u>167,326</u>	<u>161,797</u>
Total Equity and Liabilities		<u>328,190</u>	<u>311,585</u>
Net Assets per Share (RM)		2.68	2.50

(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

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2015

	-----Attributable to Owners of the Company-----				
	Share Capital (RM'000)	Non-distributable		Distributable	Total (RM'000)
		Share Premium (RM'000)	Exchange Reserve (RM'000)	Retained Earnings (RM'000)	
At 1 January 2015	60,023	24	4,807	84,934	149,788
Profit for the period	-	-	-	6,589	6,589
Other comprehensive income	-	-	4,487	-	4,487
Total comprehensive income	-	-	4,487	6,589	11,076
At 30 June 2015	60,023	24	9,294	91,523	160,864

	-----Attributable to Owners of the Company-----				
	Share Capital (RM'000)	Non-distributable		Distributable	Total (RM'000)
		Share Premium (RM'000)	Exchange Reserve (RM'000)	Retained Earnings (RM'000)	
At 1 January 2014	60,023	24	63	81,584	141,694
Profit for the period	-	-	-	2,186	2,186
Other comprehensive loss	-	-	(4,220)	-	(4,220)
Total comprehensive income/(loss)	-	-	(4,220)	2,186	(2,034)
Dividends	-	-	-	(4,502)	(4,502)
At 30 June 2014	60,023	24	(4,157)	79,268	135,158

(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

(Company No.: 21338-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE SECOND QUARTER ENDED 30 JUNE 2015

	6 Months ended 30.06.2015 (RM'000) Unaudited	6 Months ended 30.06.2014 (RM'000) Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt from customers	209,727	159,811
Payment to suppliers	<u>(184,532)</u>	<u>(155,522)</u>
Cash generated from operations	25,195	4,289
Interest paid	(1,377)	(1,630)
Income tax paid	<u>(1,340)</u>	<u>(1,321)</u>
Net Cash generated from operating activities	<u>22,478</u>	<u>1,338</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	61	64
Purchase of property, plant and equipment	(6,014)	(5,393)
Interest received	<u>129</u>	<u>246</u>
Net Cash used in investing activities	<u>(5,824)</u>	<u>(5,083)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Inter-company advance	3,751	2,089
Drawdown of bank borrowings	4,801	5,571
Repayment of borrowings	(20,900)	(6,827)
Dividends paid	<u>-</u>	<u>(4,502)</u>
Net Cash generated from financing activities	<u>(12,348)</u>	<u>(3,669)</u>
Net increase/(decrease) in cash and cash equivalents	4,306	(7,414)
Effects of Exchange Rate Changes	(4,594)	1,550
Cash and cash equivalents at 1 January	11,872	12,620
Cash and cash equivalents at 30 June	<u>11,584</u>	<u>6,756</u>

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

Cash and bank balances	11,584	6,702
Short term deposits	<u>-</u>	<u>54</u>
	<u>11,584</u>	<u>6,756</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 30 June 2015 are as follows:-

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
Revenue and Expenses				
Revenue				
External sales	43,603	150,318	-	193,921
Result				
Segment results	636	8,423	-	9,059
Other income	33	606	-	639
Finance costs				<u>(1,719)</u>
Profit before taxation				7,979
Taxation				<u>(1,390)</u>
Profit for the period to date				<u><u>6,589</u></u>
Assets and Liabilities				
Segment assets	88,550	239,001	(35)	327,516
Unallocated corporate assets				<u>674</u>
Consolidated total assets				<u><u>328,190</u></u>
Segment liabilities	(101,888)	(107,887)	49,743	(160,032)
Unallocated corporate liabilities				<u>(6,794)</u>
Consolidated total liabilities				<u><u>(166,826)</u></u>
Other Information				
Capital Expenditure	2,411	3,603	-	6,014
Depreciation	1,297	4,489	-	5,786
Non-cash expenses other than depreciation	2,868	-	-	2,868

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	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	2,904	2,460	5,786	4,896
Derivative financial loss/(gain)	208	(601)	2,868	(1,018)
Foreign exchange (gain)/loss	(768)	974	(3,822)	995
Provision for solid waste disposal	45	66	90	88
Interest expense	774	809	1,719	1,630
Interest income	(10)	(125)	(38)	(252)
Dividend income	(12)	(2)	(20)	(2)
Rental income from investment property	-	(188)	-	(377)

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

On 15 June 2015, the Company announced the incorporation of a new wholly-owned subsidiary in Republic of Singapore known as BP Pak (Singapore) Pte Ltd ("BPS") with an issued and paid-up share capital of SGD2.00 comprising two (2) ordinary shares of SGD1.00 each. The principal activity of BPS is investment holding. It has yet to commence operations.

Other than the above, 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 2015 is as follows;

	As at 30.06.2015 RM'000
Approved and contracted for	961

15 Changes in the Contingent Liabilities or Contingent Assets

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

16 Related Party Transactions

	Financial Period-to-date <u>30.06.2015</u> RM'000
Sales to holding company	95
Sales to related companies	2,403
Sales to other related parties	1,327

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
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.

17 Review of Performance

2nd Quarter 2015 (2Q15) vs 2nd Quarter 2014 (2Q14)

For 2Q15, the Group recorded a revenue of RM97.8 million, an increase of 12% from RM87.0 million recorded in 2Q14. This increase in revenue was contributed mainly by increased sales in the Vietnam operations and the strengthening of Vietnam Dong against Ringgit Malaysia.

Profit before tax for the Group improved to RM4.7 million in the current quarter, from RM2.1 million in 2Q14. This improvement was mainly contributed by increase in sales from the Ho Chi Minh plant and reductions in losses from the Hanoi and Johor plants.

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

17 Review of Performance (cont'd)

Financial period ended 30 June 2015 (YR2015) vs Financial period ended 30 June 2014 (YR2014)

For the YR2015, the Group's revenue was RM193.9 million, an increase of 16% from RM166.5 million recorded in YR2014. The increase in revenue was mainly contributed by increased revenue from the plants in Hanoi and Ho Chi Minh and the relative strengthening of Vietnam Dong against Ringgit Malaysia.

Profit before tax increased in the YR2015 to RM8.0 million, from RM2.9 million in YR2014. The increase in profit before tax was mainly from the Vietnam operations, which reported a significant increase in revenue, and from the relative strengthening of Vietnam Dong against Ringgit Malaysia.

18 Comparison with Immediate Preceding Quarter

For the quarter ended 30 June 2015, the Group's net revenue increased slightly to RM97.8 million from RM96.1 million in the immediate preceding quarter.

The Group's profit before taxation increased to RM4.7 million in the current quarter, from RM3.3 million in the immediate preceding quarter. This was mainly contributed by higher revenue and profit from the Ho Chi Minh plant.

19 Prospects for 2015

The strengthening of US Dollar against regional currencies in 2015 poses a challenge for the Group as some of the materials bought by the Group are denominated in US Dollar. Since the end of the previous financial year, Ringgit Malaysia has devalued more than 10% against the US Dollar.

Competition in the carton industry in Malaysia and Vietnam has remained stiff and in order to maintain its market share, the Group will need to constantly review its price structure.

Furthermore, the implementation of Goods and Services Tax in Malaysia in 2015 have an adverse cash flow impact to the Group.

Despite these challenges, the Group will constantly review its market position and operational efficiency and continue to remain resilient and profitable in 2015.

The Group also expects its Hanoi and Johor plants to turnaround by the second half of 2015.

20 Variance from Profit Forecast and Profit Guarantee

No profit forecast or guarantee was issued by 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	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current	(220)	(410)	(1,017)	(750)
- Over/(Under) provision in prior year	-	-	53	-
Deferred Taxation				
- Current	56	(7)	74	65
	<u>(164)</u>	<u>(417)</u>	<u>(890)</u>	<u>(685)</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.

22 Retained Earnings

	As at	As at
	30.06.2015	31.12.2014
	RM'000	RM'000
Total retained earnings of Group:		
Realised	91,400	85,060
Unrealised	277	(767)
	<u>91,677</u>	<u>84,293</u>
Add: Consolidation adjustment	346	641
Total Group retained earnings as per Consolidated Accounts	<u>92,023</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	As at
	30.06.2015	31.12.2014
	RM' 000	RM' 000
Trade facilities - denominated in RM	18,798	15,516
Trade facilities - denominated in VND	8,386	21,192
Term Loan - denominated in RM	8,994	8,994
Term Loan - denominated in USD	1,877	2,307
Short term borrowing	<u>38,055</u>	<u>48,009</u>
Term Loan - denominated in USD	4,808	5,043
Term Loan - denominated in RM	29,980	34,477
Long term borrowing	<u>34,788</u>	<u>39,520</u>
Total Borrowings	<u>72,843</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 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 July 2014, the Plaintiff filed an application for injunction 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 have 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 ("Appeal"). 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. At the hearing on 29 May 2015, the Court of Appeal fixed the matter for decision on 1 June 2015.

On 1 June 2015, the Court of Appeal dismissed the Plaintiff's appeal and awarded costs of RM20,000 to the Company.

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		Financial period-to-date	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
<u>Basic earnings per share</u>				
Profit attributable to owners of the parent (RM '000)	4,065	1,687	6,589	2,186
Weighted average number of ordinary shares in issue ('000)	60,023	60,023	60,023	60,023
Basic earnings per share (sen)	6.77	2.81	10.98	3.64

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 18 August 2015.

Batu Caves, Selangor.
18 August 2015