

**BOX-PAK (MALAYSIA) BHD**

(Incorporated in Malaysia)

(Co. Reg. No. 21338-W)

Condensed Consolidated Statement of Comprehensive Income for the fourth quarter ended 31 December 2015

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 31.12.2015 RM'000 Unaudited	Preceding Year Corresponding Quarter 31.12.2014 RM'000 Unaudited	Current Year Quarter 31.12.2015 RM'000 Unaudited	Preceding Year Quarter 31.12.2014 RM'000 Audited
Revenue		145,427	97,662	451,744	352,808
Cost of sales		(127,231)	(87,020)	(401,373)	(316,332)
Gross profit		18,196	10,642	50,371	36,476
Other income		4,827	3,751	4,990	4,658
Operating expenses		(21,182)	(11,079)	(39,059)	(27,142)
Finance costs		(1,787)	(932)	(4,605)	(3,440)
Profit Before Taxation	19	54	2,382	11,697	10,552
Taxation	21	292	(1,395)	(1,942)	(2,700)
Profit for the period		346	987	9,755	7,852
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(1,707)	7,135	17,756	4,744
Actuarial loss recognised on on defined benefit plan		-	-	-	-
Other comprehensive income for the period, net of tax		(1,707)	7,135	17,756	4,744
Total comprehensive income for the period		(1,361)	8,122	27,511	12,596
Profit attributable to:					
Owners of the company		346	987	9,755	7,852
Total comprehensive income attributable to:					
Owners of the company		(1,361)	8,122	27,511	12,596
Earnings per share attributable to owners of the company:					
Basic (sen)		0.58	1.64	16.25	13.08

The Condensed Consolidated Statement 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**

(Incorporated in Malaysia)

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Condensed Consolidated Statement of Financial Position**As at 31 December 2015**

	Note	As at 31.12.2015 RM'000 Unaudited	As at 31.12.2014 RM'000 Audited
ASSETS			
Non-Current Assets			
Property, plant & equipment		168,182	150,104
Land use rights		20,748	18,127
Investment properties		5,668	5,809
Intangible assets		52	2,453
Other assets		15,944	-
		<u>210,594</u>	<u>176,493</u>
Current Assets			
Inventories		43,795	39,909
Trade and other receivables		112,615	80,625
Other assets		171	1,360
Tax recoverable		1,526	-
Amount due from related companies		461	1,326
Cash and bank balances and short term funds		37,915	11,872
		<u>196,483</u>	<u>135,092</u>
TOTAL ASSETS		<u><u>407,077</u></u>	<u><u>311,585</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital		60,023	60,023
Share premium		24	24
Other reserves		22,563	4,807
Retained earnings	22	94,689	84,934
Total Equity		<u>177,299</u>	<u>149,788</u>
Non-Current Liabilities			
Retirement benefit obligation		1,089	992
Borrowings	24	28,848	39,520
Deferred tax liabilities		6,879	6,868
Derivative financial instrument		11,245	5,968
		<u>48,061</u>	<u>53,348</u>
Current Liabilities			
Provisions		15	6
Borrowings	24	74,027	48,009
Amount due to related companies		24,319	8,155
Trade and other payables		78,579	50,685
Tax payable		808	37
Derivative financial instrument		3,969	1,557
		<u>181,717</u>	<u>108,449</u>
Total Liabilities		<u>229,778</u>	<u>161,797</u>
TOTAL EQUITY AND LIABILITIES		<u><u>407,077</u></u>	<u><u>311,585</u></u>
Net assets per share attributable to owners			
of the Company (RM)		2.95	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

(Incorporated in Malaysia)

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Condensed Consolidated Statement of Changes in Equity For the year ended 31 December 2015

	Attributable to Owners of the Company				Total RM'000
	Non-distributable			Distributable	
	Share Capital RM'000	Share Premium RM'000	Other Reserve RM'000	Retained Earnings RM'000	
At 1 January 2014	60,023	24	63	81,584	141,694
Profit for the period	-	-	-	7,852	7,852
Currency translation differences	-	-	4,744	-	4,744
Total comprehensive income for the period	-	-	4,744	7,852	12,596
Dividends	-	-	-	(4,502)	(4,502)
Dividend paid to non-controlling interest	-	-	-	-	-
At 31 December 2014	60,023	24	4,807	84,934	149,788
At 1 January 2015	60,023	24	4,807	84,934	149,788
Profit for the period	-	-	-	9,755	9,755
Currency translation differences	-	-	17,756	-	17,756
Total comprehensive income for the period	-	-	17,756	9,755	27,511
At 31 December 2015	60,023	24	22,563	94,689	177,299

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 Statement of Cash Flows
For the year ended 31 December 2015**

	Year ended 31.12.2015 RM'000 Unaudited	Year ended 31.12.2014 RM'000 Audited
Net cash generated from/(used in) operating activities		
Receipts from customers	431,332	354,307
Payments to suppliers	(409,914)	(339,533)
Cash generated from operations	21,418	14,774
Interest paid	(4,605)	(3,440)
Income tax paid	(2,686)	(2,259)
	<u>14,127</u>	<u>9,075</u>
Net cash generated from/(used in) investing activities		
Acquisition of property, plant and equipment	(17,751)	(20,542)
Proceed from refund of deposit/disposal of assets	67	1,319
Dividends received from a joint venture/short term investment	51	20
Interest received	338	478
	<u>(17,295)</u>	<u>(18,725)</u>
Net cash generated from/(used in) financing activities		
Proceeds from term loans, bankers' acceptances and revolving credit	15,346	11,479
Dividends paid	-	(4,502)
Inter-company advance	15,703	2,104
	<u>31,049</u>	<u>9,081</u>
Net decrease in Cash and Cash Equivalents	27,881	(569)
Effect of Exchange Rate Changes	(1,838)	(179)
Cash and Cash Equivalents at 1 January	11,872	12,620
Cash and Cash Equivalents at 31 December	<u><u>37,915</u></u>	<u><u>11,872</u></u>
Cash and Cash Equivalents at 31 December comprised the following:		
Cash and bank balances	13,643	11,872
Short term funds	24,272	-
	<u><u>37,915</u></u>	<u><u>11,872</u></u>

The Condensed Consolidated Statement of Cash Flows 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 (21338-W)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparations

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 complies 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

The accounting policies adopted in the preparation of this report are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2014.

2.1 Adoption of Standards, Amendments and IC Interpretations

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. Qualification of Audit Report of the Preceding Annual Financial Statements

The financial statements for the year ended 31 December 2014 were not subject to any audit qualification.

4. Seasonal or Cyclical Factors

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

**BOX-PAK (MALAYSIA) BHD (21338-W)****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

6. Changes in Estimates

There were no changes in estimates that had any material effect to the financial statements in the period under review.

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

There were no dividends paid during the period under review.

9. Segmental Reporting

Segmental results for the year ended 31 December 2015 are as follows:

	Malaysia RM'000	Vietnam RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External sales	95,981	355,763	-	451,744	-	451,744
Inter-segmental sales	-	-	-	-	-	-
Total revenue	95,981	355,763	-	451,744	-	451,744
RESULTS						
Segment results	15,242	19,356	834	35,432	(24,120)	11,312
Other income	4,305	1,210	2	5,517	(527)	4,990
						16,302
Finance costs	(1,889)	(3,243)	-	(5,132)	527	(4,605)
Profit before taxation						11,697
Taxation						(1,942)
Profit after taxation						9,755
ASSETS AND LIABILITIES						
Segment assets	241,249	313,361	36,891	591,501	(185,950)	405,551
Unallocated corporate assets						1,526
Consolidated total assets						407,077
Segment liabilities	127,213	182,274	28,735	338,222	(131,345)	206,877
Unallocated corporate liabilities						22,901
Consolidated total liabilities						229,778
OTHER INFORMATION						
Capital Expenditure	4,388	13,363	-	17,751	-	17,751
Depreciation and amortisation	2,749	13,989	-	16,738	-	16,738
Non-cash expenses other than depreciation	7,689	-	-	7,689	-	7,689

**BOX-PAK (MALAYSIA) BHD (21338-W)****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****10. Valuation of Property, Plant and Equipment**

The Group did not carry out any revaluation exercise for accounting purposes during the period under review.

11. Material Events Subsequent to the End of the Interim Period

There were no other material events subsequent to the end of the period under review up to the date of this announcement that are not disclosed in the quarterly financial statements.

12. Changes in the Composition of the Group

On 9 December 2015, its wholly-owned subsidiary, BP Pak (Singapore) Pte Ltd incorporated a wholly-owned subsidiary in the Republic of the Union of Myanmar known as Boxpak (Myanmar) Company Limited ("BPM"). BPM's authorised share capital is USD8.0 million comprising 8.0 million ordinary shares of USD1.00 each. Its issued and paid-up capital shall be USD7.5 million comprising 7.5 million ordinary shares of USD1.00 each. The intended principal activity of BPM is manufacturing of paper, paper boxes, cartons and board printing services.

Subsequent to balance sheet date, issued and paid up capital amounted to USD5,983,665 was allotted.

There were no other changes in the composition of the Group during the period under review.

13. Changes in Contingent Liabilities or Contingent Assets

There were no material changes in contingent liabilities or contingent assets since the end of the previous financial year.

14. Capital Commitments

The amount of capital commitments as at 31 December 2015 is as follows:

	RM'000
Approved and contracted for	<u>60,461</u>

15. Related Party Transactions

The Group has also entered into the following related party transactions : -

		Financial Year Ended 31.12.2015 RM'000
Sales to holding company		218
Sales to related companies		4,879
Rental payable to a related company		540
Interest payable to related companies		466
Nature of transaction	Identity	
Sales of trading inventories	Aik Joo Can Factory Sdn. Berhad ⁽ⁱ⁾	46
	F & B Nutrition Sdn. Bhd. ⁽ⁱⁱ⁾	3,915
	Canzo Sdn. Bhd. ⁽ⁱⁱⁱ⁾	54

Parties (i), (ii) and (iii) are deemed to be related to the Group by virtue of:

- (a) common directorship held by a director of the Group, Yeoh Jin Hoe; and
- (b) being subsidiaries of Can-One Berhad, which is the holding company of Can-One International Sdn. Bhd., a major shareholder of the immediate holding company of the Group, Kian Joo Can Factory Berhad.

The above transactions were entered into in the normal course of business on terms that the Directors considered comparable to transactions entered into with third parties.



BOX-PAK (MALAYSIA) BHD (21338-W)

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

16. Operating Segments Review

Fourth Quarter Ended 31 December 2015 (Q4, 2015) versus Fourth Quarter Ended 31 December 2014 (Q4, 2014)

The Group recorded an increase in revenue from RM97.7 million in Q4, 2014 to RM145.4 million in Q4, 2015. In tandem with that, gross profit increased from RM10.6 million in Q4, 2014 to RM18.2 million in Q4, 2015.

The increase in revenue and gross profit was contributed mainly by increase in customers' demand in Vietnam and the relative strengthening of Vietnam Dong ("VND") against Ringgit Malaysia ("RM").

Despite the increase in revenue and gross profit, profit before taxation ("PBT") has reduced from RM2.4 million in Q4, 2014 to RM54,000 in Q4, 2015. The decline in PBT was attributable mainly to higher operating cost, the write-off of goodwill and foreign currency exchange loss.

Financial Year Ended 31 December 2015 ("FY2015") versus Financial Year Ended 31 December 2014 ("FY2014")

For FY2015, the Group registered a revenue of RM451.7 million as compared to RM352.8 million in the previous financial year. Gross profit and PBT for FY2015 improved from RM36.5 million in FY2014 to RM50.4 million and from RM10.5 million in FY2014 to RM11.7 million respectively.

The increase in revenue was contributed mainly by increased demand from existing and new customers in Vietnam and the relative strengthening of VND against RM.

The increase in PBT was attributable to increase in profit contributed by the Vietnam plant in line with the increase in revenue, foreign currency exchange gains and relative strengthening of VND against RM.

17. Material Change in Performance of Operating Segments of Current Quarter Ended 31 December 2015 (Q4, 2015) Compared with immediate Preceding Quarter Ended 30 September 2015 (Q3, 2015)

The Group registered a revenue of RM145.4 million as compared to RM112.4 million in Q3, 2015. Despite increase in revenue, PBT declined from RM3.7 million in Q3, 2015 to RM54,000.

The increase in revenue was mainly due to increase in demand for carton boxes to cater for pre-festive season sales in Malaysia and Vietnam. The decline in PBT was mainly due to goodwill written off in Q4, 2015 which amounted to RM2.4 million.

18. Commentary on Prospects

The volatility in foreign currency exchange rate poses a challenge for the Group as some of the materials bought by the Group are denominated in US Dollar. The potential rise in interest rate and increase in levy imposed on foreign workers in Malaysia have also increased the cost burden of the Group.

Competition in the packaging 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.

Despite these challenges, the Group will constantly review its market position, explore new market potential and improve operational efficiency to remain resilient and profitable in 2016.

**BOX-PAK (MALAYSIA) BHD (21338-W)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD****19. Profit Before Taxation**

Included in profit before taxation are the following items:

	Current Year Quarter 31.12.2015 RM'000	Preceding Year Corresponding Quarter 31.12.2014 RM'000	Financial Year Ended 31.12.2015 RM'000	Preceding Financial Year Ended 31.12.2014 RM'000
Interest income	(200)	(147)	(338)	(478)
Interest expense	1,787	932	4,605	3,440
Depreciation and amortisation	4,010	4,748	16,738	12,131
Dividend income	(31)	(16)	(51)	(20)
Provision for waste disposal	43	62	198	198
Non-current assets written off	4	13	4	13
Foreign exchange (gain)/loss	5,875	(1,578)	(5,649)	(2,325)
Goodwill written off	2,375	-	2,375	-
(Gain)/loss on derivatives	(2,354)	3,238	7,689	2,775
(Gain)/loss on disposal of assets	4	-	4	-
Rental income	-	(139)	-	(711)

20. Variance from Forecast Profit and Profit Guarantee

No profit forecast or guarantee was issued by the Group.

21. Taxation

	Current Year Quarter 31.12.2015 RM'000	Preceding Year Corresponding Quarter 31.12.2014 RM'000	Financial Year Ended 31.12.2015 RM'000	Preceding Financial Year Ended 31.12.2014 RM'000
Income Tax				
- current year	(102)	817	2,162	2,164
- prior year	(231)	37	(231)	37
Deferred taxation	41	541	11	499
	(292)	1,395	1,942	2,700

The effective tax rate for the financial period under review was lower than the statutory tax rate due to lower tax rate in Vietnam.

22. Retained Earnings

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Total retained earnings of Group:		
- Realised	113,418	85,060
- Unrealised	(14,729)	(767)
	98,689	84,293
Consolidation adjustments	(4,000)	641
Total Group retained earnings as per Consolidated Accounts	94,689	84,934

**BOX-PAK (MALAYSIA) BHD (21338-W)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD****23. Material Litigations**

There were no pending material litigation against the Group at the end of the period under review.

24. Group Borrowings and Debt Securities

Total Group borrowings are as follows:

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Current - unsecured		
- Revolving credit	15,000	34,192
- Trade facilities	47,196	2,517
- Term loans	11,831	11,300
	<hr/> 74,027	<hr/> 48,009
Non-current - unsecured		
- Term loans	28,848	39,520
	<hr/> 102,875	<hr/> 87,529

Borrowings which are denominated in foreign currencies are as follows:

Current - unsecured		
- Trade facilities (denominated in VND)	39,595	21,192
- Term loans (denominated in USD)	3,364	2,307
	<hr/> 2,838	<hr/> 5,043
Non-current - unsecured		
- Term loans (denominated in USD)		

25. Dividend

The Board does not recommend any dividend for the financial period under review.

26. Earnings Per Share

	Current Year Quarter 31.12.2015	Preceding Year Corresponding Quarter 31.12.2014	Financial Year Ended 31.12.2015	Preceding Financial Year Ended 31.12.2014
Profit attributable to owners of the company (RM '000)	346	987	9,755	7,852
Weighted average number of ordinary shares ('000)	60,023	60,023	60,023	60,023
Basic earnings per share (sen)	<hr/> 0.58	<hr/> 1.64	<hr/> 16.25	<hr/> 13.08



BOX-PAK (MALAYSIA) BHD (21338-W)

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD**

27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 22 February 2016.

Batu Caves, Selangor Darul Ehsan
22 February 2016