

**BOX-PAK (MALAYSIA) BHD.**

(Incorporated in Malaysia)

(Co. Reg. No. 21338-W)

**Condensed Consolidated Statement of Comprehensive Income for the second quarter ended 30 June 2016**

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended 30.06.2016 RM'000 Unaudited	Preceding Quarter Ended 30.06.2015 RM'000 Unaudited	Current Year-To-Date 30.06.2016 RM'000 Unaudited	Preceding Year-To-Date 30.06.2015 RM'000 Unaudited
Revenue		123,095	97,806	243,515	193,921
Cost of sales		(109,572)	(86,302)	(218,694)	(173,448)
Gross profit		13,523	11,504	24,821	20,473
Other income		(236)	33	5,097	639
Operating expenses		(10,326)	(6,034)	(22,889)	(11,414)
Finance costs		(1,839)	(774)	(3,551)	(1,719)
Profit Before Taxation	19	1,122	4,729	3,478	7,979
Taxation	21	(353)	(664)	(1,335)	(1,390)
<b>Profit for the period</b>		<b>769</b>	<b>4,065</b>	<b>2,143</b>	<b>6,589</b>
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences for foreign operations		(5,262)	172	(7,639)	4,487
<b>Other comprehensive income for the period, net of tax</b>		<b>(5,262)</b>	<b>172</b>	<b>(7,639)</b>	<b>4,487</b>
<b>Total comprehensive income for the period</b>		<b>(4,493)</b>	<b>4,237</b>	<b>(5,496)</b>	<b>11,076</b>
<b>Profit attributable to:</b>					
Owners of the company		769	4,065	2,143	6,589
<b>Total comprehensive income attributable to:</b>					
Owners of the company		(4,493)	4,237	(5,496)	11,076
<b>Earnings per share attributable to owners of the company:</b>					
Basic (sen)		1.28	6.77	3.57	10.98

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements

**BOX-PAK (MALAYSIA) BHD.**

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**Condensed Consolidated Statement of Financial Position****As at 30 June 2016**

	Note	As at 30.06.2016 RM'000 Unaudited	As at 31.12.2015 RM'000 Audited
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment		195,980	168,182
Land use rights		42,966	20,748
Investment properties		5,598	5,668
Intangible assets		391	52
Other assets		1,215	15,944
		<u>246,150</u>	<u>210,594</u>
<b>Current Assets</b>			
Inventories		47,193	43,795
Trade and other receivables		120,495	112,615
Other assets		-	171
Tax recoverable		1,770	1,526
Amount due from related companies		35	461
Cash and bank balances and short term funds		30,413	37,915
		<u>199,906</u>	<u>196,483</u>
<b>TOTAL ASSETS</b>		<u><u>446,056</u></u>	<u><u>407,077</u></u>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to owners of the company			
Share capital		60,023	60,023
Share premium		24	24
Other reserves		14,924	22,563
Retained earnings	23	96,832	94,689
<b>Total Equity</b>		<u>171,803</u>	<u>177,299</u>
<b>Non-Current Liabilities</b>			
Retirement benefit obligation		1,141	1,089
Borrowings	25	49,629	28,848
Deferred tax liabilities		6,583	6,879
Derivative financial instrument		6,931	11,245
		<u>64,284</u>	<u>48,061</u>
<b>Current Liabilities</b>			
Provisions		25	15
Borrowings	25	85,224	74,027
Amount due to related companies		37,666	24,319
Trade and other payables		82,158	78,579
Tax payable		1,115	808
Derivative financial instrument		3,781	3,969
		<u>209,969</u>	<u>181,717</u>
<b>Total Liabilities</b>		274,253	229,778
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>446,056</u></u>	<u><u>407,077</u></u>
<b>Net assets per share attributable to owners</b>			
of the Company (RM)		2.86	2.95

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements

**BOX-PAK (MALAYSIA) BHD.**

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**Condensed Consolidated Statement of Changes in Equity  
For the second quarter ended 30 June 2016**

	Attributable to Owners of the Company				
	Non-distributable			Distributable	
	Share Capital RM'000	Share Premium RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000
<b>As at 1 January 2015</b>	60,023	24	4,807	84,934	149,788
Profit for the period	-	-	-	6,589	6,589
Currency translation differences	-	-	4,487	-	4,487
Total comprehensive income for the period	-	-	4,487	6,589	11,076
<b>As at 30 June 2015</b>	<b>60,023</b>	<b>24</b>	<b>9,294</b>	<b>91,523</b>	<b>160,864</b>
<b>As at 1 January 2016</b>	60,023	24	22,563	94,689	177,299
Profit for the period	-	-	-	2,143	2,143
Currency translation differences	-	-	(7,639)	-	(7,639)
Total comprehensive income for the period	-	-	(7,639)	2,143	(5,496)
<b>As at 30 June 2016</b>	<b>60,023</b>	<b>24</b>	<b>14,924</b>	<b>96,832</b>	<b>171,803</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 2015 and the accompanying explanatory notes attached to the interim financial statements

**BOX-PAK (MALAYSIA) BHD.**

(Incorporated in Malaysia)

(Co. Reg. No. 21338-W)

**Condensed Consolidated Statement of Cash Flows  
For the second quarter ended 30 June 2016**

	<b>Current Year-To-Date 30.06.2016 RM'000 Unaudited</b>	<b>Preceding Year-To-Date 30.06.2015 RM'000 Unaudited</b>
<b>Net cash generated from/(used in) operating activities</b>		
Receipts from customers	256,730	209,727
Payments to suppliers	(239,432)	(184,532)
Cash generated from operations	<u>17,298</u>	<u>25,195</u>
Interest paid	(3,551)	(1,377)
Income tax paid	(1,568)	(1,340)
	<u>12,179</u>	<u>22,478</u>
<b>Net cash generated from/(used in) investing activities</b>		
Acquisition of property, plant and equipment	(66,152)	(6,014)
Proceeds from disposal of property, plant and equipment	32	61
Interest received	456	129
	<u>(65,664)</u>	<u>(5,824)</u>
<b>Net cash generated from/(used in) financing activities</b>		
Proceeds from/(Repayments of) term loans, bankers' acceptances and revolving credit	32,365	(16,099)
Inter-company advance	13,773	3,751
	<u>46,138</u>	<u>(12,348)</u>
Net (decrease)/increase in Cash and Cash Equivalents	(7,347)	4,306
Effect of Exchange Rate Changes	(155)	(4,594)
Cash and Cash Equivalents at 1 January	37,915	11,872
Cash and Cash Equivalents at 30 June	<u><u>30,413</u></u>	<u><u>11,584</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 2015 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**

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#### **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 comply 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 2015. 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 2015.

#### **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 2015.

##### **2.1 Adoption of Standards, Amendments and IC Interpretations**

The accounting policies adopted are consistent with those of previous financial year except for the adoption of the following new and amended MFRSs and IC Interpretation mandatory for financial periods beginning on or after 1 January 2016:

- 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 116 and MFRS 141: Agriculture: Bearer Plants
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- 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 14: Regulatory Deferral Accounts

The adoption of these above standards and interpretation did not have any material effect on the financial performance or position 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 Standard, Amendments and Annual Improvements to Standards were issued but not yet effective and have not been adopted by the Group:

- 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 2015 were not subject to any audit qualification.



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

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**4. Seasonal or Cyclical Factors**

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

**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 a material effect on 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, repurchase, resale and repayment 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 period ended 30 June 2016 are as follows:

	<b>Malaysia RM'000</b>	<b>Vietnam RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>REVENUE</b>						
External sales	56,631	186,884	-	243,515	-	243,515
Inter-segmental sales	-	-	-	-	-	-
<b>Total revenue</b>	<b>56,631</b>	<b>186,884</b>	<b>-</b>	<b>243,515</b>	<b>-</b>	<b>243,515</b>
<b>RESULTS</b>						
Segment results	(9,697)	12,113	(484)	1,932	-	1,932
Other income	4,871	439	1	5,311	(214)	5,097
						7,029
Finance costs	(1,298)	(2,467)	-	(3,765)	214	(3,551)
Profit before taxation						3,478
Taxation						(1,335)
Profit after taxation						2,143
<b>ASSETS AND LIABILITIES</b>						
Segment assets	236,551	343,159	64,933	644,643	(200,357)	444,286
Unallocated corporate assets						1,770
<b>Consolidated total assets</b>						<b>446,056</b>
Segment liabilities	133,500	198,482	10,309	342,291	(86,448)	255,843
Unallocated corporate liabilities						18,410
<b>Consolidated total liabilities</b>						<b>274,253</b>
<b>OTHER INFORMATION</b>						
Capital Expenditure	5,047	37,411	23,694	66,152	-	66,152
Depreciation and amortisation	1,451	6,611	-	8,062	-	8,062
Non-cash expenses other than depreciation	5,466	-	-	5,466	-	5,466

**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**

Except for those in Note 22, there were no material events subsequent to the end of the period under review up to the date of this announcement that have not been disclosed in this quarterly financial statements.

**12. Changes in the Composition of the Group**

There were no 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 30 June 2016 is as follows:

	<b>RM'000</b>
Approved and contracted for	9,718

**15. Related Party Transactions**

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

	<b>Current Year-To-Date 30.06.2016 RM'000</b>
Sales to holding company	134
Sales to related companies	2,198
Rental income from a related company	97
Interest payable to holding company	451

<b>Nature of transaction</b>	<b>Identity</b>	
Sales of trading inventories	Aik Joo Can Factory Sdn. Berhad <sup>(i)</sup>	1
	F & B Nutrition Sdn. Bhd. <sup>(ii)</sup>	2,252
	Canzo Sdn. Bhd. <sup>(iii)</sup>	15

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**

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**16. Operating Segments Review**

***Second Quarter ended 30 June 2016 ("Q2, 2016") versus Second Quarter ended 30 June 2015 ("Q2, 2015")***

For Q2, 2016, the Group recorded a revenue of RM123.1 million, an increase of 26% from RM97.8 million in Q2, 2015. This increase in revenue was mainly contributed by the Vietnam operations.

Profit before tax for the Group decreased to RM1.1 million in the current quarter, from RM4.7 million in Q2, 2015. This decrease in profit before taxation was mainly attributable to the higher material and operating costs, foreign currency translation losses, finance cost and initial pre-operating expenses incurred in Myanmar in the current quarter.

***Year-To-Date ended 30 June 2016 ("YTD 2016") versus Year-To-Date ended 30 June 2015 ("YTD 2015")***

In YTD 2016, the Group's revenue was RM243.5 million, an increase of 26% from RM193.9 million recorded in YTD 2015. This increase in revenue was mainly contributed by increased revenue from the plants in Hanoi and Ho Chi Minh.

Profit before tax decreased in YTD 2016 to RM3.5 million, from RM8.0 million in YTD 2015. The decrease in profit before tax was mainly attributable to the higher operating costs in the current financial period. The decrease in profit before taxation was contributed by higher material and operating costs, foreign currency exchange loss, finance cost and initial pre-operating expenses incurred in Myanmar.

**17. Material Change in Performance of Operating Segments of Q2, 2016 compared with immediate preceding quarter ended 31 March 2016**

For the current quarter under review, the Group's net revenue increased marginally to RM123.1 million from RM120.4 million in the immediate preceding quarter. The increase in revenue in Vietnam was partially off-set by the relative weakening of Vietnam Dong ("VND") against Ringgit Malaysia as compared to the immediate preceding quarter.

The Group's profit before taxation decreased to RM1.1 million in the current quarter, from RM2.4 million in the immediate preceding quarter. This was mainly attributable to foreign currency exchange loss and pre-operating expenses incurred in Myanmar.

**18. Commentary on Prospects**

The volatility in foreign currency exchange rate poses a challenge for the Group due to its exposure arising from its overseas operations and material cost which are denominated in United States Dollar ("USD"). The rise in the minimum wage which took effect from 1 July 2016, has the impact of increasing operating cost.

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:

	<b>Current Quarter Ended 30.06.2016 RM'000</b>	<b>Preceding Quarter Ended 30.06.2015 RM'000</b>	<b>Current Year-To-Date 30.06.2016 RM'000</b>	<b>Preceding Year-To-Date 30.06.2015 RM'000</b>
Interest income	(223)	(10)	(456)	(38)
Interest expense	1,839	774	3,551	1,719
Depreciation and amortisation	4,047	2,904	8,062	5,786
Dividend income	(23)	(12)	(23)	(20)
Provision for waste disposal	60	45	120	90
Foreign exchange (gain)/loss	652	(768)	5,466	(3,822)
(Gain)/loss on derivatives	594	208	(4,501)	2,868
(Gain)/loss on disposal of assets	(33)	-	(17)	-

**20. Variance from Forecast Profit and shortfall in Profit Guarantee**

No profit forecast or guarantee was issued by the Group.

**21. Taxation**

	<b>Current Quarter Ended 30.06.2016 RM'000</b>	<b>Preceding Quarter Ended 30.06.2015 RM'000</b>	<b>Current Year-To-Date 30.06.2016 RM'000</b>	<b>Preceding Year-To-Date 30.06.2015 RM'000</b>
Income Tax				
- current year	(632)	(720)	(1,631)	(1,517)
- prior year	-	-	-	53
Deferred taxation	279	56	296	74
	<b>(353)</b>	<b>(664)</b>	<b>(1,335)</b>	<b>(1,390)</b>

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. Status of Corporate Proposals**

On 16 August 2016, the Company announced the following corporate proposals:

- a. Proposed renounceable rights issue of new ordinary shares of RM1.00 each in the Company together with free detachable warrants to raise gross proceeds of up to RM120.0 million;
- b. Proposed authority to allot and issue such number of shares in the Company, representing up to 10% of the issued and paid-up capital of the Company in accordance with Section 132D of the Companies Act, 1965;
- c. Proposed increase in the authorised share capital of the Company from RM70,000,000 comprising 70,000,000 ordinary shares of RM1.00 each to RM600,000,000 comprising 600,000,000 ordinary shares of RM1.00 each; and
- d. Proposed amendment to the Company's Memorandum of Association to facilitate the aforesaid proposed increase in the authorised share capital of the Company.

(collectively referred to as the "Proposals")

**BOX-PAK (MALAYSIA) BHD. (21338-W)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA  
MALAYSIA SECURITIES BERHAD****22. Status of Corporate Proposals (cont'd)**

The Proposals are subject to the approval by the relevant authorities and shareholders.

Save as disclosed above, there were no other corporate proposals announced as at the date of issue of this quarterly report.

**23. Retained Earnings**

	<b>As at 30.06.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
Total retained earnings of Group:		
- Realised	123,593	113,417
- Unrealised	(22,761)	(14,728)
	<hr/> 100,832	<hr/> 98,689
Consolidation adjustments	(4,000)	(4,000)
	<hr/> 96,832	<hr/> 94,689
Total Group retained earnings as per Consolidated Accounts	<hr/> <b>96,832</b>	<hr/> <b>94,689</b>

**24. Material Litigations**

There were no pending material litigation against the Group as at the date of issue of this quarterly report.

**25. Group Borrowings and Debt Securities**

Total Group borrowings are as follows:

	<b>As at 30.06.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
Current - unsecured		
- Revolving credit	15,000	15,000
- Trade facilities	59,215	47,196
- Term loans	11,009	11,831
	<hr/> 85,224	<hr/> 74,027
Non-current - unsecured		
- Term loans	49,629	28,848
	<hr/> 134,853	<hr/> 102,875

Borrowings which are denominated in foreign currencies are as follows:

Current - unsecured		
- Trade facilities (denominated in VND)	43,424	39,595
- Term loans (denominated in USD)	649	3,364
	<hr/> 44,073	<hr/> 42,959
Non-current - unsecured		
- Term loans (denominated in VND)	26,178	-
- Term loans (denominated in USD)	415	2,838
	<hr/> 26,593	<hr/> 2,838

**26. Dividend**

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

**BOX-PAK (MALAYSIA) BHD. (21338-W)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA  
MALAYSIA SECURITIES BERHAD****27. Earnings Per Share**

	<b>Current Quarter Ended 30.06.2016</b>	<b>Preceding Quarter Ended 30.06.2015</b>	<b>Current Year-To-Date 30.06.2016</b>	<b>Preceding Year-To-Date 30.06.2015</b>
Profit attributable to owners of the company (RM '000)	769	4,065	2,143	6,589
Weighted average number of ordinary shares in issue ('000)	60,023	60,023	60,023	60,023
<b>Basic earnings per share (sen)</b>	<b>1.28</b>	<b>6.77</b>	<b>3.57</b>	<b>10.98</b>

**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 passed on 16 August 2016.

Batu Caves, Selangor Darul Ehsan  
16 August 2016