



BOX-PAK (MALAYSIA) BHD.

(Incorporated in Malaysia)
(Co. Reg. No. 21338-W)

Condensed Consolidated Statement of Comprehensive Income for the third quarter ended 30 September 2016

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended 30.09.2016 RM'000 Unaudited	Preceding Quarter Ended 30.09.2015 RM'000 Unaudited	Current Year-To-Date 30.09.2016 RM'000 Unaudited	Preceding Year-To-Date 30.09.2015 RM'000 Unaudited
Revenue		123,702	112,396	367,217	306,317
Cost of sales		(114,149)	(100,694)	(332,843)	(274,142)
Gross profit		9,553	11,702	34,374	32,175
Other income/(expense)		572	(476)	5,669	163
Operating expenses		(7,147)	(6,463)	(30,036)	(17,877)
Finance costs		(2,290)	(1,099)	(5,841)	(2,818)
Profit Before Taxation	19	688	3,664	4,166	11,643
Taxation	21	2,596	(1,344)	1,261	(2,234)
Profit for the period		3,284	2,320	5,427	9,409
Other comprehensive income/(expense), net of tax					
Foreign currency translation differences for foreign operations		4,034	14,976	(3,605)	19,463
Other comprehensive income/(expense) for the period, net of tax		4,034	14,976	(3,605)	19,463
Total comprehensive income for the period		7,318	17,296	1,822	28,872
Profit attributable to:					
Owners of the company		3,284	2,320	5,427	9,409
Total comprehensive income attributable to:					
Owners of the company		7,318	17,296	1,822	28,872
Earnings per share attributable to owners of the company:					
Basic (sen)		5.47	3.87	9.04	15.68

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.**

(Incorporated in Malaysia)

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

	Note	As at 30.09.2016 RM'000 Unaudited	As at 31.12.2015 RM'000 Audited
ASSETS			
Non-Current Assets			
Property, plant & equipment		207,745	168,182
Land use rights		44,208	20,748
Investment properties		5,562	5,668
Intangible assets		562	52
Other assets		3,083	15,944
		<u>261,160</u>	<u>210,594</u>
Current Assets			
Inventories		47,329	43,795
Trade and other receivables		118,038	112,615
Other assets		-	171
Tax recoverable		2,089	1,526
Amount due from related companies		251	461
Cash and bank balances and short term funds		28,119	37,915
		<u>195,826</u>	<u>196,483</u>
TOTAL ASSETS		<u>456,986</u>	<u>407,077</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital		60,023	60,023
Share premium		24	24
Other reserves		18,958	22,563
Retained earnings	23	100,116	94,689
Total Equity		<u>179,121</u>	<u>177,299</u>
Non-Current Liabilities			
Retirement benefit obligation		1,167	1,089
Borrowings	25	54,529	28,848
Deferred tax liabilities		2,955	6,879
Derivative financial instrument		6,982	11,245
		<u>65,633</u>	<u>48,061</u>
Current Liabilities			
Provisions		4	15
Borrowings	25	80,283	74,027
Amount due to related companies		39,921	24,319
Trade and other payables		87,108	78,579
Tax payable		1,108	808
Derivative financial instrument		3,808	3,969
		<u>212,232</u>	<u>181,717</u>
Total Liabilities		<u>277,865</u>	<u>229,778</u>
TOTAL EQUITY AND LIABILITIES		<u>456,986</u>	<u>407,077</u>
Net assets per share attributable to owners			
of the Company (RM)		2.98	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.**

(Incorporated in Malaysia)

(Co. Reg. No. 21338-W)

**Condensed Consolidated Statement of Changes in Equity
For the third quarter ended 30 September 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
As at 1 January 2015	60,023	24	4,807	84,934	149,788
Profit for the period	-	-	-	9,409	9,409
Currency translation differences	-	-	19,463	-	19,463
Total comprehensive income for the period	-	-	19,463	9,409	28,872
As at 30 September 2015	60,023	24	24,270	94,343	178,660
As at 1 January 2016	60,023	24	22,563	94,689	177,299
Profit for the period	-	-	-	5,427	5,427
Currency translation differences	-	-	(3,605)	-	(3,605)
Total comprehensive (expense)/income for the period	-	-	(3,605)	5,427	1,822
As at 30 September 2016	60,023	24	18,958	100,116	179,121

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 third quarter ended 30 September 2016**

	Current Year-To-Date 30.09.2016 RM'000 Unaudited	Preceding Year-To-Date 30.09.2015 RM'000 Unaudited
Net cash generated from operating activities		
Receipts from customers	366,725	338,744
Payments to suppliers	(336,239)	(290,064)
Cash generated from operations	<u>30,486</u>	<u>48,680</u>
Interest paid	(5,841)	(3,094)
Income tax paid	(2,926)	(2,215)
	<u>21,719</u>	<u>43,371</u>
Net cash generated used in investing activities		
Acquisition of property, plant and equipment	(55,042)	(10,393)
Acquisition of land use rights	(24,396)	-
Acquisition of intangible assets	(613)	-
Proceeds from disposal of property, plant and equipment	73	69
Dividends received from a joint venture/short term investment	55	20
Interest received	686	138
	<u>(79,237)</u>	<u>(10,166)</u>
Net cash generated from/(used in) financing activities		
Proceeds from/(Repayments of) term loans, bankers' acceptances and revolving credit	31,936	(18,810)
Inter-company advance	15,813	8,101
	<u>47,749</u>	<u>(10,709)</u>
Net increase in Cash and Cash Equivalents	(9,769)	22,496
Effect of Exchange Rate Changes	(27)	1,264
Cash and Cash Equivalents at 1 January	37,915	11,872
Cash and Cash Equivalents at 30 September	<u>28,119</u>	<u>35,632</u>
Cash and Cash Equivalents at 30 September comprised the following:		
Cash and bank balances	28,119	19,709
Short term funds	-	15,923
	<u>28,119</u>	<u>35,632</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

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 September 2016 are as follows:

	Malaysia RM'000	Vietnam RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External sales	84,174	283,043	-	367,217	-	367,217
Inter-segmental sales	16,529	-	-	16,529	(16,529)	-
Total revenue	100,703	283,043	-	383,746	(16,529)	367,217
RESULTS						
Segment results	2,671	18,547	(351)	20,867	(16,529)	4,338
Other income	5,331	661	(4)	5,988	(319)	5,669
						10,007
Finance costs	(2,095)	(4,065)	-	(6,160)	319	(5,841)
Profit before taxation						4,166
Taxation						1,261
Profit after taxation						5,427
ASSETS AND LIABILITIES						
Segment assets	247,949	357,932	67,731	673,612	(218,715)	454,897
Unallocated corporate assets						2,089
Consolidated total assets						456,986
Segment liabilities	132,995	222,840	55	355,890	(92,878)	263,012
Unallocated corporate liabilities						14,853
Consolidated total liabilities						277,865
OTHER INFORMATION						
Capital Expenditure	5,993	49,369	24,396	79,758	-	79,758
Depreciation and amortisation	2,005	10,883	-	12,888	-	12,888
Non-cash expenses other than depreciation	5,469	325	320	6,114	-	6,114

**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 September 2016 is as follows:

	RM'000
Approved and contracted for	-

15. Related Party Transactions

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

	Current Year-To-Date 30.09.2016 RM'000
Sales to holding company	231
Sales to related companies	3,469
Rental income from a related company	146
Rental expense to a related company	599
Interest payable to holding company	846

Nature of transaction	Identity	
Sales of trading inventories	Aik Joo Can Factory Sdn. Berhad ⁽ⁱ⁾	1
	F & B Nutrition Sdn. Bhd. ⁽ⁱⁱ⁾	3,782
	Canzo Sdn. Bhd. ⁽ⁱⁱⁱ⁾	23

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

Third Quarter ended 30 September 2016 ("Q3, 2016") versus Third Quarter ended 30 September 2015 ("Q3, 2015")

During the quarter under review, the Group recorded a revenue of RM123.7 million, an increase of 10% from RM112.4 million in Q3, 2015. This increase in revenue was mainly contributed by the subsidiaries in Vietnam.

The Group recorded a profit before taxation of RM0.7 million in the current quarter, a decrease from RM3.7 million in Q3, 2015. This loss was mainly attributable to higher material and operating costs and finance cost.

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

In YTD 2016, the Group's revenue was RM367.2 million, an increase of 20% from RM306.3 million recorded in YTD 2015. This increase in revenue was mainly contributed by increased revenue from subsidiaries in Vietnam.

Profit before tax decreased to RM4.2 million in YTD 2016, from RM11.6 million in YTD 2015. The decrease in profit before tax was mainly attributable to the higher material and operating costs, finance cost and initial pre-operating expenses incurred in Myanmar.

17. Material Change in Performance of Operating Segments of Q3, 2016 compared with immediate preceding quarter ended 30 June 2016

For the current quarter under review, the Group's net revenue increased marginally to RM123.7 million from RM123.1 million in the immediate preceding quarter. The increase in revenue in the current quarter was mainly contributed by subsidiaries in Vietnam.

The Group recorded a profit before taxation of RM0.7 million in the current quarter, down from RM1.1 million in the immediate preceding quarter. This was mainly attributable to higher operating costs and higher finance cost.

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 costs 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.

The Group will step up its effort to streamline its operations and to improve on cost efficiency in order to improve its performance in this current environment of rising material and production costs.

**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 Quarter Ended 30.09.2016 RM'000	Preceding Quarter Ended 30.09.2015 RM'000	Current Year-To-Date 30.09.2016 RM'000	Preceding Year-To-Date 30.09.2015 RM'000
Interest income	(230)	(100)	(686)	(138)
Interest expense	2,290	1,375	5,841	3,094
Depreciation and amortisation	4,826	6,941	12,888	12,727
Dividend income	(32)	-	(55)	(20)
Provision for waste disposal	60	65	180	155
Foreign exchange (gain)/loss	(427)	(7,702)	5,039	(11,524)
(Gain)/loss on derivatives	78	7,175	(4,423)	10,043
Gain on disposal of assets	(41)	-	(58)	-
Write off of assets	30	-	30	-

20. Variance from Forecast Profit and shortfall in Profit Guarantee

No profit forecast or guarantee was issued by the Group.

21. Taxation

	Current Quarter Ended 30.09.2016 RM'000	Preceding Quarter Ended 30.09.2015 RM'000	Current Year-To-Date 30.09.2016 RM'000	Preceding Year-To-Date 30.09.2015 RM'000
Income Tax				
- current year	(1,031)	(1,247)	(2,662)	(2,264)
- prior year	-	(53)	-	-
Deferred taxation	3,627	(44)	3,923	30
	<u>2,596</u>	<u>(1,344)</u>	<u>1,261</u>	<u>(2,234)</u>

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

- (I) **Proposed renounceable rights issue of new ordinary shares of RM1.00 each in Box-Pak (Malaysia) Bhd. ("Box-Pak") ("Right Shares") together with free detachable warrants ("Warrants") to raise gross proceeds of up to RM120.0 million ("Proposed Rights Issue with Warrants");**
- (II) **Proposed authority to allot and issue such number of shares in Box-Pak, representing up to 10% of the issued and paid-up capital of Box-Pak in accordance with Section 132D of the Companies Act, 1965;**
- (III) **Proposed increase in the authorised share capital of Box-Pak from RM70,000,000 comprising 70,000,000 ordinary shares of RM1.00 each ("Box-Pak Shares") to RM600,000,000 comprising 600,000,000 Box-Pak Shares; and**
- (IV) **Proposed amendments to Box-Pak's Memorandum and Articles of Association.**

(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)**

On 16 August 2016, Box-Pak announced the Proposals.

On 13 October 2016, an application for the following has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities"):

- (i) Admission of the Warrants to the Official List of Bursa Securities;
- (ii) Listing of and quotation for up to 60,023,490 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants on the Main Market of Bursa Securities;
- (iii) Listing of and quotation for up to 15,005,872 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants on the Main Market of Bursa Securities; and
- (iv) Listing of and quotation for up to 15,005,872 new Box-Pak Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.

On 9 November 2016, Bursa Securities granted approval on the Proposals subject to the following

- (i) BoxPak and AmInvestment Bank Berhad ("AmInvestment Bank"), its principal adviser for the Proposed Rights Issue with Warrants must fully comply with the relevant provisions under the Main Market Listing Requirements ("MMLR") pertaining to the implementation of the Proposed Rights Issue with Warrants;
- (ii) the admission and listing and quotation of the Warrants and the new Box-Pak Shares to be issued pursuant to the Proposed Rights Issue with Warrants must take place upon achieving full compliance of the public shareholding spread requirements as prescribed under Paragraph 8.02 of the MMLR;
- (iii) BoxPak and AmInvestment Bank to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants;
- (iv) AmInvestment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants is completed; and
- (v) Box-Pak to furnish Bursa Securities on a quarterly basis a summary of total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detail computation of listing fees payable.

The above Proposals are subject to the approval of Box-Pak's shareholders at a general meeting to be convened.

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

23. Retained Earnings

	As at 30.09.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of Group:		
- Realised	122,900	113,417
- Unrealised	(18,784)	(14,728)
	<hr/>	<hr/>
	104,116	98,689
Consolidation adjustments	(4,000)	(4,000)
	<hr/>	<hr/>
Total Group retained earnings as per Consolidated Accounts	100,116	94,689

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

	As at 30.09.2016 RM'000	As at 31.12.2015 RM'000
Current - unsecured		
- Revolving credit	15,000	15,000
- Trade facilities	54,547	47,196
- Term loans	10,736	11,831
	<hr/> 80,283	<hr/> 74,027
Non-current - unsecured		
- Term loans	54,529	28,848
	<hr/> 134,812	<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/>	<hr/>
Non-current - unsecured		
- Term loans (denominated in VND)	26,178	-
- Term loans (denominated in USD)	415	2,838
	<hr/>	<hr/>

26. Dividend

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

27. Earnings Per Share

	Current Quarter Ended 30.09.2016	Preceding Quarter Ended 30.09.2015	Current Year-To-Date 30.09.2016	Preceding Year-To-Date 30.09.2015
Profit attributable to owners of the company (RM '000)	3,284	2,320	5,427	9,409
	<hr/>	<hr/>	<hr/>	<hr/>
Weighted average number of ordinary shares in issue ('000)	60,023	60,023	60,023	60,023
	<hr/>	<hr/>	<hr/>	<hr/>
Basic earnings per share (sen)	5.47	3.87	9.04	15.68

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 15 November 2016.

Batu Caves, Selangor Darul Ehsan
15 November 2016