

**BOX-PAK (MALAYSIA) BHD**

(Incorporated in Malaysia)

(Co. Reg. No. 21338-W)

Condensed Consolidated Statement of Comprehensive Income for the first quarter ended 31 March 2017

(The figures have not been audited)

	Note	CUMULATIVE QUARTER	
		Current year Quarter Ended 31.03.2017 RM'000 Unaudited	Preceding year Quarter Ended 31.03.2016 RM'000 Unaudited
Revenue		122,869	120,420
Cost of sales		(114,447)	(109,122)
Gross profit		8,422	11,298
Other income		1,778	5,333
Operating expenses		(13,194)	(12,563)
Finance costs		(2,253)	(1,712)
(Loss)/Profit Before Taxation	19	(5,247)	2,356
Taxation	21	(535)	(982)
(Loss)/Profit for the period		(5,782)	1,374
Other comprehensive loss, net of tax			
Foreign currency translation differences for foreign operations		(2,463)	(2,377)
Other comprehensive loss for the period, net of tax		(2,463)	(2,377)
Total comprehensive loss for the period		(8,245)	(1,003)
(Loss)/Profit attributable to:			
Owners of the Company		(5,782)	1,374
Total comprehensive loss attributable to:			
Owners of the Company		(8,245)	(1,003)
(Loss)/Earnings per share attributable to owners of the Company:			
Basic (sen)		(4.82)	2.05
Diluted (sen)		(4.78)	2.05

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 Financial Position**As at 31 March 2017**

	Note	As at 31.03.2017 RM'000 Unaudited	As at 31.12.2016 RM'000 Audited
ASSETS			
Non-Current Assets			
Property, plant & equipment		220,008	224,319
Land use rights		46,401	47,150
Intangible assets		1,340	570
Other assets		36	335
		<u>267,785</u>	<u>272,374</u>
Current Assets			
Inventories		63,742	52,126
Trade and other receivables		127,975	129,531
Other assets		2,814	2,549
Tax recoverable		2,165	2,089
Amount due from related companies		214	221
Cash and bank balances and short term funds		97,029	25,466
		<u>293,939</u>	<u>211,982</u>
TOTAL ASSETS		<u><u>561,724</u></u>	<u><u>484,356</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		167,363	60,023
Share premium		-	24
Warrants reserves		6,056	-
Other reserves		25,713	28,176
Retained earnings	22	88,038	93,820
Total Equity		<u>287,170</u>	<u>182,043</u>
Non-Current Liabilities			
Retirement benefit obligation		1,070	1,103
Borrowings	24	60,508	60,166
Deferred tax liabilities		2,804	2,836
Derivative financial instrument		4,945	8,136
		<u>69,327</u>	<u>72,241</u>
Current Liabilities			
Provisions		18	-
Retirement benefit obligation		60	-
Borrowings	24	71,636	106,604
Amount due to related companies		26,583	22,872
Trade and other payables		100,417	94,842
Tax payable		579	1,316
Derivative financial instrument		5,934	4,438
		<u>205,227</u>	<u>230,072</u>
Total Liabilities		<u>274,554</u>	<u>302,313</u>
TOTAL EQUITY AND LIABILITIES		<u><u>561,724</u></u>	<u><u>484,356</u></u>
Net assets per share attributable to owners			
of the Company (RM)		2.39	3.03

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 first quarter ended 31 March 2017

	Attributable to Owners of the Company					
	Non-distributable				Distributable	
	Share Capital RM'000	Share Premium RM'000	Warrants Reserves RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2016	60,023	24	-	22,563	94,689	177,299
Profit for the period	-	-	-	-	1,374	1,374
Currency translation differences	-	-	-	(2,377)	-	(2,377)
Total comprehensive income/(loss) for the period	-	-	-	(2,377)	1,374	(1,003)
At 31 March 2016	60,023	24	-	20,186	96,063	176,296
At 1 January 2017	60,023	24	-	28,176	93,820	182,043
Adjustments for effects of Companies Act 2016 (Note a)	24	(24)	-	-	-	-
Issuance of shares	107,316	-	6,056	-	-	113,372
Loss for the period	-	-	-	-	(5,782)	(5,782)
Currency translation differences	-	-	-	(2,463)	-	(2,463)
Total comprehensive loss for the period	-	-	-	(2,463)	(5,782)	(8,245)
At 31 March 2017	167,363	-	6,056	25,713	88,038	287,170

Note a

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium account of RM24,000, has been transferred to the share capital account. Pursuant to subsection 618(3) of the New Act, the Group may exercise its right to use the credit amount being transferred from share premium account within 24 months after the commencement of the New Act.

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 first quarter ended 31 March 2017**

	Current year Quarter Ended 31.03.2017 RM'000 Unaudited	Preceding year Quarter Ended 31.03.2016 RM'000 Unaudited
Net cash (used in)/generated from operating activities		
Receipts from customers	126,172	116,782
Payments to suppliers	(130,023)	(113,405)
Cash (used in)/generated from operations	<u>(3,851)</u>	<u>3,377</u>
Interest paid	(2,253)	(1,712)
Income tax paid	(1,379)	(1,204)
	<u>(7,483)</u>	<u>461</u>
Net cash used in investing activities		
Acquisition of property, plant and equipment	(4,522)	(34,263)
Proceed from refund of deposit/disposal of assets	5	1
Income distribution from short term funds	9	-
Interest received	22	233
	<u>(4,486)</u>	<u>(34,029)</u>
Net cash generated from financing activities		
Drawdown/(Repayment) of term loans, bankers' acceptances and revolving credit	(33,977)	1,317
Inter-company advance	3,718	8,024
Proceeds from issuance of shares	113,372	-
	<u>83,113</u>	<u>9,341</u>
Net increase/(decrease) in Cash and Cash Equivalents	71,144	(24,227)
Effect of Exchange Rate Changes	419	3,186
Cash and Cash Equivalents at 1 January	25,466	37,915
Cash and Cash Equivalents at 31 March	<u><u>97,029</u></u>	<u><u>16,874</u></u>

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements



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 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 2016. 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 2016.

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 2016.

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 2017:

Amendments to MFRS 12 Annual Improvements to MFRS Standards 2014 - 2016 Cycle

Amendments to MFRS 107 Disclosure Initiative

Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

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:

Amendments to MFRS 1 Annual Improvements to MFRS Standards 2014 - 2016 Cycle

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

Clarifications to MFRS 15

Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 128 Annual Improvements to MFRS Standards 2014 - 2016 Cycle

Amendments to MFRS 140 Transfers of Investment Property

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

MFRS 16 Leases

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associates or Joint Venture

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 2016 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 31 March 2017 are as follows:

	Malaysia RM'000	Vietnam RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External sales	27,120	95,749	-	122,869	-	122,869
Inter-segmental sales	-	-	-	-	-	-
Total revenue	27,120	95,749	-	122,869	-	122,869
RESULTS						
Segment results	(6,840)	3,003	(935)	(4,772)	-	(4,772)
Other income	1,867	230	10	2,107	(329)	1,778
Finance costs	(883)	(1,699)	-	(2,582)	329	(2,253)
Profit before taxation						(5,247)
Taxation						(535)
Profit after taxation						(5,782)
ASSETS AND LIABILITIES						
Segment assets	322,985	391,537	69,383	783,905	(224,346)	559,559
Unallocated corporate assets						2,165
Consolidated total assets						561,724
Segment liabilities	107,540	250,493	163	358,196	(97,904)	260,292
Unallocated corporate liabilities						14,262
Consolidated total liabilities						274,554
OTHER INFORMATION						
Capital Expenditure	1,958	2,564	-	4,522	-	4,522
Depreciation and amortisation	981	4,296	-	5,277	-	5,277
Non-cash expenses other than depreciation	1,707	221	1	1,929	-	1,929



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 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 31 March 2017 is as follows:

	RM'000
Approved and contracted for	<u>3,528</u>

15. Related Party Transactions

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

	Current year Quarter Ended 31.03.2017 RM'000
Sales to holding company	83
Sales to related companies	1,251
Sales to other related parties	1,346
Rental payable to a related company	239
Rental income from a related company	49
Interest payable to holding company	<u>238</u>

Nature of transaction	Identity of related parties	RM'000
Sales of trading inventories	Aik Joo Can Factory Sdn. Berhad (i) F & B Nutrition Sdn. Bhd. (ii)	6 1,340

Parties (i) and (ii) 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

First Quarter Ended 31 March 2017 (Q1, 2017) versus First Quarter Ended 31 March 2016 (Q1, 2016)

The Group recorded an increase in revenue from RM120.42 million in Q1, 2016 to RM122.87 million in Q1, 2017. Despite the higher revenue in the current quarter, the Group experienced a loss before taxation of RM5.25 million in Q1, 2017, compared to a profit before taxation of RM2.36 million in Q1, 2016.

The increase in revenue was mainly contributed by the Vietnam operations, while the Malaysia operations recorded a slight decrease in revenue.

The loss before taxation experienced by the Group in the current quarter was mainly due to pre-operating cost incurred in Myanmar and higher production cost contributed by higher raw material, labour and finance costs.

17. Material Change in Performance of Operating Segments for Current Quarter Ended 31 March 2017 (Q1, 2017) compared with Immediate Preceding Quarter Ended 31 December 2016 (Q4, 2016)

For Q1, 2017, the Group's net revenue decreased by 8% to RM122.87 million from RM133.50 million in the immediate preceding quarter. The Group sales decrease in the current quarter due mainly to weaker sales post-festive seasons.

The Group's overall loss before taxation has widened in Q1, 2017 at RM5.25 million compared to RM3.63 million in the immediate preceding quarter. The main reason for the increase in loss before taxation is the higher paper cost, which experienced a steep increase in price since December 2016.

18. Commentary on Prospects

The volatility in foreign currency exchange rate still poses a challenge for the Group in 2017, due to its exposure arising from its overseas operations and material costs which are denominated in United States Dollar ("USD"). Paper, which is the main raw material used in the manufacture of corrugated carton boxes, have seen a steep increase in price since the end of year 2016. Managing and balancing the selling prices of cartons and material costs shall be the key focus of the Group for the year 2017.

Competition in the packaging industry in Malaysia and Vietnam remained stiff, and the Group has identified key areas of improvements to bring down the production cost and improve cost efficiencies.

The Board is in the midst of planning the upgrading of its existing Malaysian plants, to step up its effort to streamline its operations and to improve on cost efficiency to regain its profitability. With the completion of the Rights Issue with Warrants, the finance cost is expected to reduce as part of the proceeds had been used to repay short-term bank borrowings.

**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 Ended 31.03.2017 RM'000	Preceding year Quarter Ended 31.03.2016 RM'000
Interest income	(22)	(233)
Interest expense	2,253	1,712
Depreciation and amortisation	5,277	4,015
Income distribution from short term funds	(9)	-
Provision for waste disposal	60	60
Foreign exchange loss	723	4,814
Gain on derivatives	(1,694)	(5,095)
Loss on disposal of assets	-	16

20. Variance from Forecast Profit and Profit Guarantee

No profit forecast or guarantee was issued by the Group.

21. Taxation

	Current year Quarter Ended 31.03.2017 RM'000	Preceding year Quarter Ended 31.03.2016 RM'000
Income Tax		
- current year	(566)	(999)
Deferred taxation	31	17
	(535)	(982)

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 Proposal

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 ("Rights Issue with Warrants")

The Right Issue with Warrants has completed following the listing of and quotation for 60,023,490 Rights Shares; and the admission and listing of and quotation for 15,005,861 Warrants, on the Main Market of Bursa Malaysia Securities Berhad on 21 March 2017.

**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 Proposal (cont'd)**

The status of the utilisation of proceeds from the Rights Issue with Warrants as at 31 March 2017, are summarised as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe (within)	Balance to be utilised	
				RM'000	%
Business expansion in Malaysia	24,000	-	24 months	24,000	21.2
Business venture in Myanmar	50,000	-	24 months	50,000	44.1
Repayment of short-term bank borrowings and working capital	38,500	35,000	12 months	3,500	3.1
Expenses in relation to corporate exercise	900	727	1 month	173	0.1
	<u>113,400</u>	<u>35,727</u>		<u>77,673</u>	<u>68.5</u>

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

23. Retained Earnings

	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
Total retained earnings of Group:		
- Realised	106,209	116,332
- Unrealised	(14,171)	(18,512)
	<u>92,038</u>	<u>97,820</u>
Consolidation adjustments	(4,000)	(4,000)
Total Group retained earnings as per Consolidated Accounts	<u>88,038</u>	<u>93,820</u>

24. Material Litigations

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

**BOX-PAK (MALAYSIA) BHD (21338-W)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD****25. Group Borrowings and Debt Securities**

Total Group borrowings are as follows:

	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
Current - unsecured		
- Revolving credit	2,000	37,000
- Trade facilities	59,138	58,622
- Term loans	10,498	10,982
	<hr/> 71,636	<hr/> 106,604
Non-current - unsecured		
- Term loans	60,508	60,166
	<hr/> <hr/> 132,144	<hr/> <hr/> 166,770

Borrowings which are denominated in foreign currencies are as follows:

Current - unsecured		
- Trade facilities (denominated in VND)	45,136	42,152
- Term loans (denominated in USD)	1,504	1,987
	<hr/> 46,640	<hr/> 44,139
Non-current - unsecured		
- Term loans (denominated in VND)	45,136	47,412
- Term loans (denominated in USD)	1,128	1,525
	<hr/> <hr/> 46,264	<hr/> <hr/> 48,937

26. Dividend

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

27. (Loss)/Earnings Per Share**(a) Basic**

Basic (loss)/earnings per ordinary share for the financial period ended is calculated by dividing (loss)/profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period.

	Current year Quarter Ended 31.03.2017	Preceding year Quarter Ended 31.03.2016
<u>(Loss)/Profit attributable to owners of the Company (RM '000)</u>	<u>(5,782)</u>	<u>1,374</u>
<u>Weighted average number of ordinary shares ('000)</u>	<u>120,047</u>	<u>67,159</u>
<u>Basic (loss)/earnings per share (sen)</u>	<u>(4.82)</u>	<u>2.05</u>

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

Diluted (loss)/earnings per ordinary share for the financial period is calculated by dividing the (loss)/profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares.

	Current year Quarter Ended 31.03.2017	Preceding year Quarter Ended 31.03.2016
<u>(Loss)/Profit attributable to owners of the Company (RM '000)</u>	<u>(5,782)</u>	<u>1,374</u>
Weighted average number of ordinary shares ('000)	120,047	67,159
Effect of bonus element of Warrants ('000)	1,015	-
<u>Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share ('000)</u>	<u>121,062</u>	<u>67,159</u>
<u>Diluted (loss)/earnings per share (sen)</u>	<u>(4.78)</u>	<u>2.05</u>

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 19 May 2017.

Batu Caves, Selangor Darul Ehsan
19 May 2017