



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

(Incorporated in Malaysia)

(Co. No. 21338-W)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the second quarter ended 30 June 2017**

(The figures have not been audited)

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter Ended 30.06.2017 RM'000	Preceding Year Quarter Ended 30.06.2016 RM'000	Changes %	Current Year-To-Date 30.06.2017 RM'000	Preceding Year-To-Date 30.06.2016 RM'000	Changes %
Revenue	135,288	123,095	9.9%	258,157	243,515	6.0%
Cost of sales	(125,047)	(109,572)	14.1%	(239,494)	(218,694)	9.5%
Gross profit	<u>10,241</u>	<u>13,523</u>	(24.3%)	<u>18,663</u>	<u>24,821</u>	(24.8%)
Other income/(expenses)	2,673	(236)	(1,232.6%)	4,451	5,097	(12.7%)
Operating expenses	(14,522)	(10,326)	40.6%	(27,716)	(22,889)	21.1%
Finance costs	(2,266)	(1,839)	23.2%	(4,519)	(3,551)	27.3%
(Loss)/Profit Before Taxation	19 <u>(3,874)</u>	<u>1,122</u>	(445.3%)	<u>(9,121)</u>	<u>3,478</u>	(362.2%)
Taxation	21 (454)	(353)	28.6%	(989)	(1,335)	(25.9%)
<b>(Loss)/Profit for the period</b>	<b><u>(4,328)</u></b>	<b><u>769</u></b>	(662.8%)	<b><u>(10,110)</u></b>	<b><u>2,143</u></b>	(571.8%)
<b>Other comprehensive loss, net of tax</b>						
Foreign currency translation differences for foreign operations	<u>(3,709)</u>	<u>(5,262)</u>	(29.5%)	<u>(6,172)</u>	<u>(7,639)</u>	(19.2%)
<b>Other comprehensive loss for the period, net of tax</b>	<b><u>(3,709)</u></b>	<b><u>(5,262)</u></b>	(29.5%)	<b><u>(6,172)</u></b>	<b><u>(7,639)</u></b>	(19.2%)
<b>Total comprehensive loss for the period</b>	<b><u>(8,037)</u></b>	<b><u>(4,493)</u></b>	78.9%	<b><u>(16,282)</u></b>	<b><u>(5,496)</u></b>	196.3%
<b>(Loss)/Profit attributable to:</b>						
Owners of the company	(4,328)	769	(662.8%)	(10,110)	2,143	(571.8%)
<b>Total comprehensive loss attributable to:</b>						
Owners of the company	(8,037)	(4,493)	78.9%	(16,282)	(5,496)	196.3%
<b>(Loss)/Earnings per share attributable to owners of the company:</b>						
Basic (sen)	<u>(3.61)</u>	<u>1.28</u>	(382.0%)	<u>(8.42)</u>	<u>3.57</u>	(335.9%)

The above Condensed Consolidated Statement of Profit or Loss and Other 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. No. 21338-W)

**Condensed Consolidated Statement of Financial Position****As at 30 June 2017**

	Note	As at 30.06.2017 RM'000 Unaudited	As at 31.12.2016 RM'000 Audited
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment		221,559	224,319
Land use rights		44,285	47,150
Intangible assets		1,407	570
Other assets		-	335
		<u>267,251</u>	<u>272,374</u>
<b>Current Assets</b>			
Inventories		66,946	52,126
Trade and other receivables		133,153	129,531
Other assets		641	2,549
Tax recoverable		2,278	2,089
Amount due from related companies		136	221
Cash and bank balances and short term funds		105,605	25,466
		<u>308,759</u>	<u>211,982</u>
<b>TOTAL ASSETS</b>		<u><u>576,010</u></u>	<u><u>484,356</u></u>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to owners of the company			
Share capital		167,363	60,023
Share premium		-	24
Warrants reserves		6,056	-
Other reserves		22,004	28,176
Retained earnings	23	83,710	93,820
<b>Total Equity</b>		<u>279,133</u>	<u>182,043</u>
<b>Non-Current Liabilities</b>			
Retirement benefit obligation		1,097	1,103
Borrowings	25	56,699	60,166
Deferred tax liabilities		2,772	2,836
Derivative financial instrument		4,054	8,136
		<u>64,622</u>	<u>72,241</u>
<b>Current Liabilities</b>			
Provisions		27	-
Retirement benefit obligation		60	-
Borrowings	25	103,998	106,604
Amount due to related companies		17,922	22,872
Trade and other payables		104,870	94,842
Tax payable		513	1,316
Derivative financial instrument		4,865	4,438
		<u>232,255</u>	<u>230,072</u>
<b>Total Liabilities</b>		<u>296,877</u>	<u>302,313</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>576,010</u></u>	<u><u>484,356</u></u>
<b>Net assets per share attributable to owners</b>			
of the Company (RM)		2.33	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. No. 21338-W)

**Condensed Consolidated Statement of Changes in Equity  
For the second quarter ended 30 June 2017**

	Attributable to Owners of the Company					Total RM'000
	Non-distributable			Distributable		
	Share Capital RM'000	Share Premium RM'000	Warrants Reserves RM'000	Other Reserve RM'000	Retained Earnings RM'000	
<b>As at 1 January 2017</b>	60,023	24	-	28,176	93,820	182,043
Adjustments for effects of Companies Act 2016 ( <b>Note a</b> )	24	(24)	-	-	-	-
Issuance of shares	107,316	-	6,056	-	-	113,372
Loss for the period	-	-	-	-	(10,110)	(10,110)
Currency translation differences	-	-	-	(6,172)	-	(6,172)
Total comprehensive loss for the period	-	-	-	(6,172)	(10,110)	(16,282)
<b>As at 30 June 2017</b>	<b>167,363</b>	<b>-</b>	<b>6,056</b>	<b>22,004</b>	<b>83,710</b>	<b>279,133</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 (loss)/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>-</b>	<b>14,924</b>	<b>96,832</b>	<b>171,803</b>

**Note a**

With the Companies Act 2016 ("New Act") which came 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. No. 21338-W)

**Condensed Consolidated Statement of Cash Flows  
For the second quarter ended 30 June 2017**

	<b>Current Year-To-Date 30.06.2017 RM'000 Unaudited</b>	<b>Preceding Year-To-Date 30.06.2016 RM'000 Unaudited</b>
<b>Net cash (used in)/generated from operating activities</b>		
Receipts from customers	258,368	256,730
Payments to suppliers	(262,435)	(239,432)
Cash generated from operations	<u>(4,067)</u>	<u>17,298</u>
Interest paid	(4,519)	(3,551)
Income tax paid	(2,044)	(1,568)
	<u>(10,630)</u>	<u>12,179</u>
<b>Net cash used in investing activities</b>		
Acquisition of property, plant and equipment	(15,111)	(66,152)
Proceeds from disposal of property, plant and equipment	11	32
Interest received	744	456
	<u>(14,356)</u>	<u>(65,664)</u>
<b>Net cash generated from financing activities</b>		
Proceeds from/(Repayments of) term loans, bankers' acceptances and revolving credit	(4,342)	32,365
Inter-company advance	(4,866)	13,773
Proceeds from issuance of shares	113,372	
	<u>104,164</u>	<u>46,138</u>
Net increase/(decrease) in Cash and Cash Equivalents	79,178	(7,347)
Effect of Exchange Rate Changes	961	(155)
Cash and Cash Equivalents at 1 January	25,466	37,915
Cash and Cash Equivalents at 30 June	<u><u>105,605</u></u>	<u><u>30,413</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



## **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 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 30 June 2017 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	59,457	198,700	-	258,157	-	258,157
Inter-segmental sales	-	-	-	-	-	-
<b>Total revenue</b>	<b>59,457</b>	<b>198,700</b>	<b>-</b>	<b>258,157</b>	<b>-</b>	<b>258,157</b>
<b>RESULTS</b>						
Segment results	(12,956)	5,809	(1,906)	(9,053)	-	(9,053)
Other income	4,612	453	26	5,091	(640)	4,451
Finance costs	(1,441)	(3,718)	-	(5,159)	640	(4,519)
Loss before taxation						(9,121)
Taxation						(989)
Loss after taxation						(10,110)
<b>ASSETS AND LIABILITIES</b>						
Segment assets	331,378	396,645	68,672	796,695	(222,963)	573,732
Unallocated corporate assets						2,278
<b>Consolidated total assets</b>						<b>576,010</b>
Segment liabilities	121,783	257,877	1,534	381,194	(96,521)	284,673
Unallocated corporate liabilities						12,204
<b>Consolidated total liabilities</b>						<b>296,877</b>
<b>OTHER INFORMATION</b>						
Capital Expenditure	3,831	9,083	2,197	15,111	-	15,111
Depreciation and amortisation	1,947	8,268	785	11,000	-	11,000
Non-cash expenses other than depreciation	3,721	-	1	3,722	-	3,722

**BOX-PAK (MALAYSIA) BHD. (21338-W)****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****9. Segmental Reporting (Cont'd)**

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
						<u>7,029</u>
Finance costs	(1,298)	(2,467)	-	(3,765)	214	(3,551)
Profit before taxation						<u>3,478</u>
Taxation						<u>(1,335)</u>
Profit after taxation						<u><u>2,143</u></u>
<b>ASSETS AND LIABILITIES</b>						
Segment assets	236,551	343,159	64,933	644,643	(200,357)	444,286
Unallocated corporate assets						<u>1,770</u>
Consolidated total assets						<u><u>446,056</u></u>
Segment liabilities	133,500	198,482	10,309	342,291	(86,448)	255,843
Unallocated corporate liabilities						<u>18,410</u>
Consolidated total liabilities						<u><u>274,253</u></u>
<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	5,429	-	-	5,429	-	5,429

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#### 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 30 June 2017 is as follows:

	<b>RM'000</b>
Approved and contracted for	<u>127,490</u>

#### 15. Related Party Transactions

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

	<b>Current Year-To-Date 30.06.2017 RM'000</b>
Sales to holding company	102
Sales to related companies	2,774
Rental income from a related company	97
Rental payable to a related company	478
Interest payable to holding company	<u>478</u>

#### Nature of transaction

#### Identity

Sales of trading inventories	Aik Joo Can Factory Sdn. Berhad <sup>(i)</sup>	16
	F & B Nutrition Sdn. Bhd. <sup>(ii)</sup>	3,019
	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****16. Operating Segments Review*****Second Quarter ended 30 June 2017 ("Q2, 2017") versus Second Quarter ended 30 June 2016 ("Q2, 2016")***

For Q2, 2017, the Group recorded a revenue of RM135.3 million, an increase of 9.9% from RM123.1 million in Q2, 2016. Increase in revenue was contributed by increase in sales in Malaysia and Vietnam from existing and new customers. The relative strengthening of Vietnam Dong ("VND") against RM has also contributed to the increase in revenue.

Gross profit decreased from RM13.5 million in Q2, 2016 to RM10.2 million in Q2, 2017 due to the margin compression attributable to rising paper cost in Malaysia and Vietnam, whilst the selling price only increased marginally due to weak market sentiment and competition.

Consequently, the Group recorded a loss before tax of RM3.9 million in the current quarter, from a profit before tax of RM1.1 million in Q2, 2016. Apart from the lower gross profit, higher finance cost and pre-operating expenses incurred in Myanmar also contributed to the loss recorded in Q2, 2017.

***Year-To-Date ended 30 June 2017 ("YTD 2017") versus Year-To-Date ended 30 June 2016 ("YTD 2016")***

In YTD 2017, the Group's revenue was RM258.2 million, an increase from RM243.5 million recorded in YTD 2016. Higher revenue was contributed by footwear, food and beverage segments in Malaysia and Vietnam.

Escalating paper cost and production cost had contributed to the lower gross profit of RM18.7 million in YTD 2017 as compared to RM24.8 million in YTD 2016.

As a result, a loss before tax of RM9.1 million was recorded in YTD 2017, from a profit before tax of RM3.5 million in YTD 2016. This decrease in profit before tax was also contributed by higher finance cost, marketing expenses and pre-operating expenses incurred in Myanmar.

**17. Material Change in Performance of Operating Segments for Q2, 2017 compared with Immediate Preceding Quarter Ended 31 March 2017 ("Q1, 2017")**

	<b>Current Quarter Ended 30.06.2017 RM'000</b>	<b>Immediate Preceding Quarter Ended 31.03.2017 RM'000</b>	<b>Changes %</b>
Revenue	135,288	122,869	10.1%
Operating Loss	(4,281)	(4,772)	(10.3%)
Loss Before Interest and Tax	(1,608)	(2,994)	(46.3%)
Loss Before Tax	(3,874)	(5,247)	(26.2%)
Loss After Tax	<u>(4,328)</u>	<u>(5,782)</u>	(25.1%)
<b>Loss attributable to:</b>			
Owners of the company	<u>(4,328)</u>	<u>(5,782)</u>	(25.1%)

For the current quarter under review, the Group's net revenue increased to RM135.3 million from RM122.9 million in the immediate preceding quarter. Revenue increased in Malaysia due to demand from existing and new customers in the food and beverage sector whereas the increase in revenue from Vietnam was contributed by existing customers, especially customers from footwear and beer sector.

Gross profit improved slightly from RM8.4 million in the immediate preceding quarter to RM10.2 million in Q2, 2017 due to higher production volume and effort to control production cost.

**BOX-PAK (MALAYSIA) BHD. (21338-W)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF  
BURSA MALAYSIA SECURITIES BERHAD****17. Material Change in Performance of Operating Segments for Q2, 2017 compared with Immediate Preceding Quarter Ended 31 March 2017 ("Q1, 2017") (Cont'd)**

Consequently, the Group recorded a loss before taxation of RM3.9 million in Q2, 2017 from a loss of RM5.2 million in the immediate preceding quarter.

**18. Commentary on Prospects**

The main challenge faced by the Group in the current financial year is the sharp and continuous increase in paper cost (since the end of 2016) and the rising competition in Malaysia and Vietnam. Since the end of the previous financial year, average cost of the main paper materials used by the Group has increased by more than 8% and is expected to increase further.

Labour cost has also increased due to the revision in minimum wage rate in Malaysia (since July 2016) and Vietnam (since January 2017). The Vietnam government has in August 2017 announced further increase in minimum wage in Vietnam of approximately 6.5%-7.0%, effective 1 January 2018.

The prospect of possible implementation of employment insurance in Malaysia may add further burden to the escalating operating cost in Malaysia.

To address the challenges faced, the Group is in the process of upgrading its production facilities in Malaysia and implementing cost cutting initiatives to reduce production cost. The management is also in the process of negotiating with its key customers to share the burden of escalating cost.

The Group's investment in Myanmar is in progress but it is not expected to contribute to the Group's results in 2017.

The Board is cautiously optimistic that the Group's results will improve in the second half of 2017.

**19. (Loss)/Profit Before Taxation**

Included in (loss)/profit before taxation are the following items:

	<b>Current Year Quarter Ended 30.06.2017 RM'000</b>	<b>Preceding Year Quarter Ended 30.06.2016 RM'000</b>	<b>Current Year-To-Date 30.06.2017 RM'000</b>	<b>Preceding Year-To-Date 30.06.2016 RM'000</b>
Other (income)/expenses:-				
- Interest income	(722)	(223)	(744)	(456)
- Income distribution from short term funds	(2)	-	(11)	-
- Gain on derivatives	(1,961)	-	(3,655)	(4,501)
- Gain on disposal of assets	(3)	(33)	(3)	(17)
- Realised foreign exchange gain	(96)	(85)	-	-
- Others	111	577	(38)	(123)
	(2,673)	236	(4,451)	(5,097)
Interest expense	2,266	1,839	4,519	3,551
Depreciation and amortisation	5,723	4,047	11,000	8,062
Provision for waste disposal	60	60	120	120
Loss on derivatives	-	594	-	-
Net foreign exchange loss	2,191	928	2,817	4,514

**BOX-PAK (MALAYSIA) BHD. (21338-W)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF  
BURSA MALAYSIA SECURITIES BERHAD****20. Variance from Forecast Profit and shortfall in Profit Guarantee**

No profit forecast or guarantee was issued by the Group.

**21. Taxation**

	Current Year Quarter Ended 30.06.2017 RM'000	Preceding Year Quarter Ended 30.06.2016 RM'000	Current Year-To-Date 30.06.2017 RM'000	Preceding Year-To-Date 30.06.2016 RM'000
Income Tax				
- current year	(486)	(632)	(1,052)	(1,631)
Deferred taxation	32	279	63	296
	<u>(454)</u>	<u>(353)</u>	<u>(989)</u>	<u>(1,335)</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****Renounceable rights issue of new ordinary shares in Box-Pak (Malaysia) Bhd. together with free detachable warrants ("Rights Issue with Warrants")**

The Rights Issue with Warrants was completed on 21 March 2017. The status of the utilisation of proceeds from the Rights Issue with Warrants as at 30 June 2017, are summarised as follows:

Purpose	Proposed utilisation RM'000	Actual utilisation to-date RM'000	Intended Timeframe (within)	Balanced to be utilised RM'000	%
Business expansion in Malaysia	24,000	1,133	24 months	22,867	20.16
Business venture in Myanmar	50,000	-	24 months	50,000	44.09
Repayment of short term borrowings and working capital	38,500	38,500	12 months	-	-
Expenses in relation to the corporate exercise <sup>^</sup>	900	900	1 month	-	-
	<u>113,400</u>	<u>40,533</u>		<u>72,867</u>	<u>64.26</u>

Note:

<sup>^</sup> The amount of RM867,000 had been utilised to pay for expenses in relation to the corporate exercise. The excess amount of RM33,000 was utilised for working capital purpose.

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

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

	<b>As at 30.06.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
Total retained earnings of the Group:		
- Realised	102,080	116,332
- Unrealised	(14,370)	(18,512)
	<hr/>	<hr/>
Consolidation adjustments	87,710 (4,000)	97,820 (4,000)
	<hr/>	<hr/>
Total Group retained earnings as per Consolidated Accounts	<b>83,710</b>	<b>93,820</b>

**24. Material Litigations**

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

**25. Group Borrowings and Debt Securities**

Total Group borrowings are as follows:

	<b>As at 30.06.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
Current - unsecured		
- Revolving credit	22,500	37,000
- Trade facilities	71,044	58,622
- Term loans	10,454	10,982
	<hr/>	<hr/>
	103,998	106,604
Non-current - unsecured		
- Term loans	56,699	60,166
	<hr/>	<hr/>
	<b>160,697</b>	<b>166,770</b>

Borrowings which are denominated in foreign currencies are as follows:

Current - unsecured		
- Trade facilities (denominated in VND)	55,060	42,152
- Term loans (denominated in USD)	1,461	1,987
	<hr/>	<hr/>
Non-current - unsecured		
- Term loans (denominated in VND)	43,976	47,412
- Term loans (denominated in USD)	730	1,525
	<hr/>	<hr/>

The interest rates for the borrowings are as follows:

Term loans:		
- Fixed rates	3.50%	3.50%
- Floating rates	3.05% - 6.55%	2.45% - 6.55%
Trade facilities	3.31% - 6.50%	3.10% - 6.50%
Revolving credits	4.71%	4.69%
	<hr/>	<hr/>

**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 (Cont'd)**

Hedging activities on major borrowings

- (a) In 2012, the Group entered into a USD/RM cross currency swap contract with a financial institution to hedge the interest rate and foreign currency exposure in respect of a long term loan obtained in Malaysia and advanced to a foreign subsidiary. The outstanding balance of the said term loan amounted to RM21.74 million (2016: RM25.48 million).
- (b) No hedging was done on borrowings denominated in VND as the borrowings obtained by subsidiaries in Vietnam will be retired in the same currency.

**26. Dividend**

The Board of Directors of the Company 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.

	<b>Current Year Quarter Ended 30.06.2017</b>	<b>Preceding Year Quarter Ended 30.06.2016</b>	<b>Current Year-To-Date 30.06.2017</b>	<b>Preceding Year-To-Date 30.06.2016</b>
(Loss)/Profit attributable to owners of the company (RM '000)	(4,328)	769	(10,110)	2,143
Weighted average number of ordinary shares in issue ('000)				
At beginning of the period	120,047	60,023	120,047	60,023
Effect on ordinary shares issued	-	-	-	-
At end of the period	120,047	60,023	120,047	60,023
<b>Basic (loss)/earnings per share (sen)</b>	<b>(3.61)</b>	<b>1.28</b>	<b>(8.42)</b>	<b>3.57</b>

**(b) Diluted**

For the financial period under review, the outstanding warrants does not have a dilutive effect to the (loss)/earnings per ordinary share as the average market price of ordinary shares as at the end of the reporting period was below the exercise price of the warrants.

**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 23 August 2017.