



BOX-PAK (MALAYSIA) BHD.

(Incorporated in Malaysia)

(Co. No. 21338-W)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the quarter and year ended 31 December 2017
(The figures have not been audited)

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter Ended 31.12.2017 RM'000 Unaudited	Preceding Year Quarter Ended 31.12.2016 RM'000 Unaudited	Changes %	Financial Year Ended 31.12.2017 RM'000 Unaudited	Financial Year Ended 31.12.2016 RM'000 Audited	Changes %
Note						
Revenue	150,350	133,495	12.6%	552,752	500,712	10.4%
Cost of sales	(138,633)	(120,595)	15.0%	(513,271)	(453,438)	13.2%
Gross profit	11,717	12,900	(9.2%)	39,481	47,274	(16.5%)
Other income	2,432	(1,700)	(243.1%)	9,137	3,969	130.2%
Operating expenses	(13,707)	(12,396)	10.6%	(54,585)	(42,432)	28.6%
Finance costs	(2,626)	(2,440)	7.6%	(9,525)	(8,281)	15.0%
(Loss)/Profit Before Taxation	19 (2,184)	(3,636)	(39.9%)	(15,492)	530	(3,023.0%)
Taxation	21 1,367	(2,644)	(151.7%)	138	(1,383)	(110.0%)
Loss for the period	(817)	(6,280)	(87.0%)	(15,354)	(853)	1,700.0%
Other comprehensive (loss)/income, net of tax						
Foreign currency translation differences for foreign operations	(6,993)	9,219	(175.9%)	(15,492)	5,614	(376.0%)
Re-measurement of net retirement benefit obligations	-	(16)		-	(16)	
Other comprehensive (loss)/income for the period, net of tax	(6,993)	9,203	(176.0%)	(15,492)	5,598	(376.7%)
Total comprehensive (loss)/income for the period	(7,810)	2,923	(367.2%)	(30,846)	4,745	(750.1%)
Loss attributable to:						
Owners of the company	(817)	(6,280)	(87.0%)	(15,354)	(853)	1,700.0%
Total comprehensive (loss)/income attributable to:						
Owners of the company	(7,810)	2,923	(367.2%)	(30,846)	4,745	(750.1%)
Loss per share attributable to owners of the company:						
Basic (sen)	(0.68)	(10.46)	(93.5%)	(12.79)	(1.42)	800.7%
Diluted (sen)	-	(9.35)	(100.0%)	-	(1.27)	(100.0%)

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.**

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**Condensed Consolidated Statement of Financial Position
As at 31 December 2017**

	Note	As at 31.12.2017 RM'000 Unaudited	As at 31.12.2016 RM'000 Audited
ASSETS			
Non-Current Assets			
Property, plant & equipment		219,246	224,319
Land use rights		42,278	47,150
Intangible assets		1,082	570
Deferred tax assets		205	-
Other assets		32,354	335
		<u>295,165</u>	<u>272,374</u>
Current Assets			
Inventories		95,221	52,126
Trade and other receivables		147,130	129,531
Other assets		2,726	2,549
Tax recoverable		2,391	2,089
Amount due from related companies		857	221
Cash and bank balances and short term funds		62,709	25,466
		<u>311,034</u>	<u>211,982</u>
TOTAL ASSETS		<u>606,199</u>	<u>484,356</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		12,685	28,177
Retained earnings	23	78,466	93,820
Total Equity		<u>264,570</u>	<u>182,044</u>
Non-Current Liabilities			
Retirement benefit obligation		1,150	1,103
Borrowings	25	44,682	60,166
Deferred tax liabilities		1,066	2,836
Derivative financial instrument	26	2,530	8,136
		<u>49,428</u>	<u>72,241</u>
Current Liabilities			
Provisions		12	-
Retirement benefit obligation		60	-
Borrowings	25	154,522	106,604
Amount due to related companies		19,468	22,872
Trade and other payables		114,501	94,841
Tax payable		546	1,316
Derivative financial instrument		3,092	4,438
		<u>292,201</u>	<u>230,071</u>
Total Liabilities		<u>341,629</u>	<u>302,312</u>
TOTAL EQUITY AND LIABILITIES		<u>606,199</u>	<u>484,356</u>
Net assets per share attributable to owners of the Company (RM)			
		2.20	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.

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**Condensed Consolidated Statement of Changes in Equity
For the year ended 31 December 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 Reserves RM'000	Retained Earnings RM'000	
As at 1 January 2017	60,023	24	-	28,177	93,820	182,044
Adjustments for effects of Companies Act 2016 (Note a)	24	(24)	-	-	-	-
Issuance of shares	107,316	-	6,056	-	-	113,372
Loss for the period	-	-	-	-	(15,354)	(15,354)
Currency translation differences	-	-	-	(15,492)	-	(15,492)
Total comprehensive loss for the period	-	-	-	(15,492)	(15,354)	(30,846)
As at 31 December 2017	167,363	-	6,056	12,685	78,466	264,570
As at 1 January 2016	60,023	24	-	22,563	94,689	177,299
Profit for the period	-	-	-	-	(853)	(853)
Currency translation differences	-	-	-	5,614	-	5,614
Re-measurement of net retirement benefit obligations	-	-	-	-	(16)	(16)
Total comprehensive income/(loss) for the period	-	-	-	5,614	(869)	4,745
As at 31 December 2016	60,023	24	-	28,177	93,820	182,044

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 year ended 31 December 2017**

	Current Financial Year Ended 31.12.2017 RM'000 Unaudited	Preceding Financial Year Ended 31.12.2016 RM'000 Audited
Net cash (used in)/generated from operating activities		
Receipts from customers	542,880	486,653
Payments to suppliers	(610,017)	(457,944)
	<hr/>	<hr/>
Cash (used in)/generated from operations	(67,137)	28,709
Interest paid	(9,525)	(8,281)
Income tax paid	(2,909)	(5,482)
	<hr/>	<hr/>
	(79,571)	14,946
Net cash used in investing activities		
Acquisition of property, plant and equipment	(30,724)	(92,608)
Income distribution from short term funds	67	167
Inter-company repayments	(4,040)	(1,206)
Interest received	1,664	945
Proceeds from disposal of property, plant and equipment	145	93
	<hr/>	<hr/>
	(32,888)	(92,609)
Net cash generated from financing activities		
Net movements in borrowings	(3,417)	63,837
Proceeds from issuance of shares	113,372	-
	<hr/>	<hr/>
	109,955	63,837
Net decrease in Cash and Cash Equivalents	(2,504)	(13,826)
Effect of Exchange Rate Changes	39,747	1,377
Cash and Cash Equivalents at 1 January	25,466	37,915
	<hr/>	<hr/>
Cash and Cash Equivalents at 31 December	62,709	25,466

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
IC Interpretation 23 Uncertainty over Income Tax Treatments
Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 9 Prepayment Features with Negative Compensation
Amendments to MFRS 3 Annual Improvements to MFRS Standards 2015 - 2017 Cycle
Amendments to MFRS 11 Annual Improvements to MFRS Standards 2015 - 2017 Cycle
Amendments to MFRS 112 Annual Improvements to MFRS Standards 2015 - 2017 Cycle
Amendments to MFRS 123 Annual Improvements to MFRS Standards 2015 - 2017 Cycle
MFRS 17 Insurance Contracts
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.

**BOX-PAK (MALAYSIA) BHD. (21338-W)****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****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.

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 year under review.

6. Changes in Estimates

There were no changes in estimates that had a material effect on the financial statements during the current quarter and financial year 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 quarter and financial year.

8. Dividends Paid

There were no dividends paid during the financial year under review.

9. Segmental Reporting

Segmental results for the year ended 31 December 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	127,474	425,278	-	552,752	-	552,752
Inter-segmental sales	-	-	-	-	-	-
Total revenue	127,474	425,278	-	552,752	-	552,752
RESULTS						
Segment results	(20,462)	8,066	(2,708)	(15,104)	-	(15,104)
Other income	9,531	1,347	83	10,961	(1,824)	9,137
						(5,967)
Finance costs	(3,203)	(8,146)	-	(11,349)	1,824	(9,525)
Loss before taxation						(15,492)
Taxation						138
Loss after taxation						(15,354)
ASSETS AND LIABILITIES						
Segment assets	367,608	407,282	134,029	908,919	(305,316)	603,603
Unallocated corporate assets						2,596
Consolidated total assets						606,199
Segment liabilities	150,496	276,052	21,721	448,269	(113,874)	334,395
Unallocated corporate liabilities						7,234
Consolidated total liabilities						341,629
OTHER INFORMATION						
Capital Expenditure	6,195	11,925	12,604	30,724		30,724
Depreciation and amortisation	3,784	15,477	1,006	20,267		20,267
Non-cash expenses other than depreciation	7,478	287	1	7,766		7,766

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

Segmental results for the year ended 31 December 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	111,549	389,163	-	500,712	-	500,712
Inter-segmental sales	16,529	-	-	16,529	(16,529)	-
Total revenue	128,078	389,163	-	517,241	(16,529)	500,712
RESULTS						
Segment results	(589)	22,595	(634)	21,372	(16,530)	4,842
Other income	3,483	892	19	4,394	(425)	3,969
						<u>8,811</u>
Finance costs	(2,907)	(5,799)	-	(8,706)	425	<u>(8,281)</u>
Profit before taxation						<u>530</u>
Taxation						<u>(1,383)</u>
Loss after taxation						<u><u>(853)</u></u>
ASSETS AND LIABILITIES						
Segment assets	244,558	387,299	70,808	702,665	(220,398)	482,267
Unallocated corporate assets						<u>2,089</u>
Consolidated total assets						<u><u>484,356</u></u>
Segment liabilities	134,927	244,866	168	379,961	(94,375)	285,586
Unallocated corporate liabilities						<u>16,726</u>
Consolidated total liabilities						<u><u>302,312</u></u>
OTHER INFORMATION						
Capital Expenditure	11,036	55,133	26,439	92,608	-	92,608
Depreciation and amortisation	3,291	16,168	-	19,459	-	19,459
Non-cash expenses other than depreciation	3,324	1,386	-	4,710	-	4,710

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**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 financial year under review.

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

There were no material events subsequent to the end of the financial year 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 financial year under review.

13. Changes in Contingent Liabilities or Contingent Assets

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

14. Capital Commitments

The amount of capital commitments as at 31 December 2017 is as follows:

	RM'000
Approved and contracted for	<u>107,162</u>

15. Related Party Transactions

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

	Current Financial Year Ended 31.12.2017 RM'000
Sales to holding company	324
Sales to related companies	7,849
Rental income from a related company	194
Rental payable to a related company	1,035
Interest payable to holding company	<u>887</u>

Nature of transaction**Identity**

Sales of trading inventories	Aik Joo Can Factory Sdn. Berhad ⁽ⁱ⁾	47
	F & B Nutrition Sdn. Bhd. ⁽ⁱⁱ⁾	8,100
	Canzo Sdn. Bhd. ⁽ⁱⁱⁱ⁾	17

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

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

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

**BOX-PAK (MALAYSIA) BHD. (21338-W)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD****16. Operating Segments Review*****Fourth Quarter ended 31 December 2017 ("Q4, 2017") versus Fourth Quarter ended 31 December 2016 ("Q4, 2016")***

For Q4, 2017, the Group recorded a revenue of RM150.4 million, an increase of 12.6% from RM133.5 million in Q4, 2016. The increase in revenue was mainly contributed by upward adjustments in average selling price to partially absorb the increase in paper cost.

Gross profit decreased from RM12.9 million in Q4, 2016 to RM11.7 million in Q4, 2017 due to the margin compression attributable to rising paper cost. Cost of medium paper and testliners, being the main raw material of the Group have risen more than 30% compared to prices in Q4, 2016.

Despite the drop in gross profit, the Group recorded a smaller loss before tax of RM2.2 million in the current quarter, compared to a loss before tax of RM3.6 million in Q4, 2016. This was due mainly to reduction in general and administration expenses following cost cutting measures undertaken by the Group.

Financial Year Ended 31 December 2017 ("FYE2017") versus Financial Year Ended 31 December 2016 ("FYE2016")

In FYE2017, the Group's revenue was RM552.8 million, an increase from RM500.7 million recorded in FYE2016. Higher revenue was contributed by upward adjustments in selling price in Malaysia and Vietnam, and favourable exchange rate in translating sales denominated in Vietnam Dong ("VND").

A lower gross profit of RM39.5 million was recorded in FYE2017 due mainly to escalating paper cost which increased by at least 20% as compared to FYE2016.

After taking into consideration pre-operating costs incurred in Myanmar and higher finance and administration costs, the Group recorded a loss before tax of RM15.5 million in FYE2017 compared to a profit before tax of RM0.5 million in FYE2016.

17. Material Change in Performance of Operating Segments for Q4, 2017 compared with Immediate Preceding Quarter Ended 30 September 2017 ("Q3, 2017")

	Current Quarter Ended 31.12.2017 RM'000	Immediate Preceding Quarter Ended 30.09.2017 RM'000	Changes %
Revenue	150,350	144,245	4.2%
Operating Loss	(1,990)	(4,061)	(51.0%)
Loss Before Interest and Tax	442	(1,807)	(124.5%)
Loss Before Taxation	(2,184)	(4,187)	(47.8%)
Loss After Taxation	(817)	(4,427)	(81.5%)
Loss attributable to:			
Owners of the company	(817)	(4,427)	(81.5%)

**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 Q4, 2017 compared with Immediate Preceding Quarter Ended 30 September 2017 ("Q3, 2017") (Cont'd)**

For the current quarter under review, the Group's net revenue increased to RM150.4 million from RM144.2 million in the immediate preceding quarter. The increase in revenue was mainly due to increase sales volume in Vietnam operations and upward adjustments in selling price in Q4, 2017.

Gross profit increased from RM9.1 million in the immediate preceding quarter to RM11.7 million in Q4, 2017 due mainly to higher gross profit margin contributed by higher selling price.

Consequently, the Group's loss before taxation of RM4.2 million in Q3, 2017 was reduced to RM2.2 million in the current quarter.

18. Commentary on Prospects

The main challenges faced by the Group in the financial year 2017 was the sharp and continuous rise in paper cost. This will continue to affect the Group's performance in the coming financial year.

Effective from 1 January 2018, companies in Malaysia are required to absorb levy imposed on foreign workers. Previously, the cost was borne by the workers. This, together with Employment Insurance System introduced on 1 January 2018 will further increase the labour cost.

The Vietnam National Wages Council has announced a further increase in minimum wage in Vietnam of approximately 6.1%-7.0% which took effect from 1 January 2018.

The recent increase in interest rate by Bank Negara Malaysia will have an impact on the Group's borrowing costs.

Faced by these cost pressures, the management will continue to review its selling price to key customers whilst stepping up its efforts to bring down its operating costs in 2018. The Group will also continue to upgrade its production equipment to improve efficiency.

Construction of the Group's new plant in Myanmar is currently in progress and it is expected to commence operations in the second half of 2018. However, pre-operating cost will continue to be incurred.

19. (Loss)/Profit Before Taxation

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

	Current Year Quarter Ended 31.12.2017 RM'000	Preceding Year Quarter Ended 31.12.2016 RM'000	Current Financial Year Ended 31.12.2017 RM'000	Preceding Financial Year Ended 31.12.2016 RM'000
Other (income)/expenses:-				
- Interest income	(288)	(259)	(1,664)	(945)
- Income distribution from short term funds	(46)	(112)	(67)	(167)
- (Gain)/Loss on derivatives	(1,833)	1,783	(6,952)	(2,640)
- Gain on disposal of assets	8	(12)	-	(70)
- Realised exchange gain	(206)	-	(206)	-
- Others	(67)	300	(248)	(147)
	(2,432)	1,700	(9,137)	(3,969)
Interest expense	2,626	2,440	9,525	8,281
Depreciation and amortisation	4,225	6,571	20,267	19,459
Provision for waste disposal	60	57	240	237
Net gain/(loss) on disposal of assets	48	(12)	40	(70)
Net foreign exchange loss/(gain)	2,879	(1,638)	7,084	3,401
Write off of assets	-	(427)	-	30

**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 31.12.2017 RM'000	Preceding Year Quarter Ended 31.12.2016 RM'000	Current Financial Year Ended 31.12.2017 RM'000	Preceding Financial Year Ended 31.12.2016 RM'000
Income Tax				
- current year	3,160	(1,950)	1,837	(4,612)
- prior year	-	(814)	-	(814)
Deferred taxation	(2,069)	120	(1,975)	4,043
	<u>1,091</u>	<u>(2,644)</u>	<u>(138)</u>	<u>(1,383)</u>

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 31 December 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	19,728	24 months	4,272	3.80
Business venture in Myanmar	50,000	17,602	24 months	32,398	28.60
Repayment of short term borrowings and working capital	38,500	38,500	12 months	-	-
Expenses in relation to the corporate exercise [^]	900	900	1 month	-	-
	<u>113,400</u>	<u>76,730</u>		<u>36,670</u>	<u>32.40</u>

Note:

[^] 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. Material Litigations**

There were no pending material litigation against the Group as at the end of the financial year under review.

24. Group Borrowings and Debt Securities

Total Group borrowings are as follows:

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Current - unsecured		
- Revolving credit	39,100	37,000
- Trade facilities	100,584	58,622
- Term loans	14,838	10,982
	<hr/> 154,522	<hr/> 106,604
Non-current - unsecured		
- Term loans	44,682	60,166
	<hr/> 199,204	<hr/> 166,770

Borrowings which are denominated in foreign currencies are as follows:

Current - unsecured		
- Trade facilities (denominated in VND)	81,658	42,152
- Trade facilities (denominated in USD)	3,040	-
- Term loans (denominated in VND)	4,462	-
- Term loans (denominated in USD)	1,382	1,987
	<hr/> 37,187	<hr/> 47,412
Non-current - unsecured		
- Term loans (denominated in VND)	37,187	47,412
- Term loans (denominated in USD)	-	1,525
	<hr/> -	<hr/> 1,525

The interest rates for the borrowings are as follows:

Term loans:		
- Fixed rates	3.50%	3.50%
- Floating rates	3.18% - 4.34%	2.45% - 6.55%
Trade facilities	1.97% - 6.75%	3.10% - 6.50%
Revolving credits	4.48% - 4.74%	4.69%

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 RM16.49 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.

**BOX-PAK (MALAYSIA) BHD. (21338-W)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD****25. Derivative financial instrument**

(a) Disclosure of derivative

Details of derivative financial instrument outstanding as at 31 December 2017 is set out below:

Type of derivative	Contract/ Notional amount RM'000	Fair value Liabilities RM'000
Non-hedging derivative:		
Cross currency swap contract		
- Less than one year	8,994	3,037
- One year to three years	7,495	2,530
Foreign exchange contracts:		
- Less than one year	736	55
		<u>5,622</u>

For the financial year ended 31 December 2017, the Group entered into forward foreign exchange contracts to hedge against USD/RM exchange rate fluctuations on certain payable balances and forecast transactions.

In the financial year ended 2012, the Group obtained a term loan denominated in RM from a financial institution, with whom the Group entered into a USD/RM cross currency swap contract. The term loan was subsequently converted into USD and extended to its subsidiary in Vietnam. The Group shall repay the loan in RM at a predetermined USD/RM conversion rate as per the cross-currency swap contract. The subsidiary shall repay the loan in USD to the Group.

There have been no changes since the end of the previous financial year ended 31 December 2016 in respect of the following:

- i. the market risk, credit risk and liquidity risk associated with the derivatives;
- ii. the cash requirements of the derivatives;
- iii. the policies in place for mitigating or controlling the risks associated with the derivatives; and
- iv. the related accounting policies.

(b) Disclosure of gains/losses arising from fair value changes of financial instruments

The fair value of financial instruments decreased by RM7.0 million, from RM12.6 million as at 31 December 2016 to RM5.6 million as at 31 December 2017 due to USD/RM exchange rate strengthening against the contracted rate.

26. Dividend

No dividend has been proposed for the financial year under review.

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

Basic loss per ordinary share for the financial year ended is calculated by dividing loss for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Current Year Quarter Ended 31.12.2017	Preceding Year Quarter Ended 31.12.2016	Current Financial Year Ended 31.12.2017	Preceding Financial Year Ended 31.12.2016
Loss attributable to owners of the company (RM '000)	(817)	(6,280)	(15,354)	(853)
Weighted average number of ordinary shares in issue ('000)				
At beginning of the year	120,047	60,023	120,047	60,023
Effect on ordinary shares issued	-	-	-	-
At end of the year	120,047	60,023	120,047	60,023
Basic loss per share (sen)	(0.68)	(10.46)	(12.79)	(1.42)

(b) Diluted

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

	Current Year Quarter Ended 31.12.2017	Preceding Year Quarter Ended 31.12.2016	Current Financial Year Ended 31.12.2017	Preceding Financial Year Ended 31.12.2016
Loss attributable to owners of the Company (RM '000)	-	(6,280)	-	(853)
Weighted average number of ordinary shares ('000)	-	60,023	-	60,023
Effect of bonus element of Warrants ('000)	-	7,136	-	7,136
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share ('000)	-	67,159	-	67,159
Diluted loss per share (sen)	-	(9.35)	-	(1.27)

For the financial year under review, the outstanding warrants did not have a dilutive effect to the loss per ordinary share as the average market price of ordinary shares as at the end of the reporting year was below the exercise price of the warrants.



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

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

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 21 February 2018.

Batu Caves, Selangor Darul Ehsan
21 February 2018