

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

(Incorporated in Malaysia)

(Co. No. 21338-W)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**For the first quarter ended 31 March 2018**

(The figures have not been audited)

	Note	CUMULATIVE QUARTER		Changes %
		Current year Quarter Ended 31.03.2018 RM'000 Unaudited	Preceding year Quarter Ended 31.03.2017 RM'000 Audited	
Revenue		138,292	122,869	12.6%
Cost of sales		(130,656)	(114,447)	14.2%
Gross profit		<u>7,636</u>	<u>8,422</u>	(9.3%)
Other income		2,166	1,778	21.8%
Operating expenses		(12,955)	(13,194)	(1.8%)
Finance costs		(2,396)	(2,253)	6.3%
Loss Before Taxation	19	<u>(5,549)</u>	<u>(5,247)</u>	5.8%
Taxation	21	(451)	(535)	(15.7%)
Loss for the period		<u>(6,000)</u>	<u>(5,782)</u>	3.8%
Other comprehensive loss, net of tax				
Foreign currency translation differences for foreign operations		(9,224)	(2,463)	274.5%
Other comprehensive loss for the period, net of tax		<u>(9,224)</u>	<u>(2,463)</u>	274.5%
Total comprehensive loss for the period		<u>(15,224)</u>	<u>(8,245)</u>	84.6%
Loss attributable to:				
Owners of the company		(6,000)	(5,782)	3.8%
Total comprehensive loss attributable to:				
Owners of the company		(15,224)	(8,245)	84.6%
Loss per share attributable to owners of the Company:				
Basic (sen)		(5.00)	(4.82)	3.7%
Diluted (sen)		-	(4.78)	(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 2017 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 March 2018**

	Note	As at 31.03.2018 RM'000 Unaudited	As at 31.12.2017 RM'000 Audited
ASSETS			
Non-Current Assets			
Property, plant and equipment		247,670	219,246
Land use rights		39,878	42,278
Intangible assets		929	1,082
Deferred tax assets		205	205
Other assets		31,863	32,354
		<u>320,545</u>	<u>295,165</u>
Current Assets			
Inventories		91,681	95,221
Trade and other receivables		138,697	147,130
Other assets		426	2,726
Tax recoverable		2,391	2,391
Amount due from related companies		1,014	857
Cash and bank balances and short term funds		26,406	62,709
		<u>260,615</u>	<u>311,034</u>
TOTAL ASSETS		<u>581,160</u>	<u>606,199</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital		167,363	167,363
Warrants reserves		6,056	6,056
Other reserves		3,461	12,685
Retained earnings		72,466	78,466
Total Equity		<u>249,346</u>	<u>264,570</u>
Non-Current Liabilities			
Retirement benefit obligation		1,237	1,150
Borrowings	25	38,671	44,682
Deferred tax liabilities		1,035	1,066
Derivative financial instrument	26	2,413	2,530
		<u>43,356</u>	<u>49,428</u>
Current Liabilities			
Provisions		36	12
Retirement benefit obligation		-	60
Borrowings	25	165,396	154,522
Amount due to related companies		19,576	19,468
Trade and other payables		101,554	114,501
Tax payable		488	546
Derivative financial instrument		1,408	3,092
		<u>288,458</u>	<u>292,201</u>
Total Liabilities		<u>331,814</u>	<u>341,629</u>
TOTAL EQUITY AND LIABILITIES		<u>581,160</u>	<u>606,199</u>
Net assets per share attributable to owners of the Company (RM)		2.08	2.20

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 first quarter ended 31 March 2018**

	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 2018	167,363	-	6,056	12,685	78,466	264,570
Loss for the period	-	-	-	-	(6,000)	(6,000)
Currency translation differences	-	-	-	(9,224)	-	(9,224)
Total comprehensive loss for the period	-	-	-	(9,224)	(6,000)	(15,224)
As at 31 March 2018	167,363	-	6,056	3,461	72,466	249,346
As 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)
As at 31 March 2017	167,363	-	6,056	25,713	88,038	287,170

Note a

With the Companies Act 2016 ("CA 2016") 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 CA 2016, 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 CA 2016.

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 2017 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 first quarter ended 31 March 2018**

	Current year Quarter Ended 31.03.2018 RM'000 Unaudited	Preceding year Quarter Ended 31.03.2017 RM'000 Audited
Net cash used in operating activities		
Receipts from customers	148,682	126,172
Payments to suppliers	(146,873)	(130,023)
Cash generated from/(used in) operations	1,809	(3,851)
Interest paid	(2,396)	(2,253)
Income tax paid	(540)	(1,379)
	<u>(1,127)</u>	<u>(7,483)</u>
Net cash used in investing activities		
Acquisition of:		
- Property, plant and equipment	(41,704)	(4,522)
- Intangible assets	(37)	-
Income distribution from short term funds	29	9
Inter-company repayments	(50)	3,718
Interest received	182	22
Net change in short term funds	(1,793)	-
Proceeds from disposal of property, plant and equipment	22	5
	<u>(43,351)</u>	<u>(768)</u>
Net cash generated from financing activities		
Net drawdown/(repayment) in borrowings	7,190	(33,977)
Proceeds from issuance of shares	-	113,372
	<u>7,190</u>	<u>79,395</u>
Net (decrease)/increase in Cash and Cash Equivalents	(37,288)	71,144
Effect of Exchange Rate Changes	(808)	419
Cash and Cash Equivalents at 1 January	62,688	25,466
Cash and Cash Equivalents at 31 March	<u>24,592</u>	<u>97,029</u>
Cash and Cash Equivalents at 31 March comprised the following:		
Cash and bank balances	23,565	10,613
Deposits with licenced bank	1,027	86,416
Short-term funds	1,814	-
Cash and bank balances and short term funds	26,406	97,029
Less: Short-term funds	(1,814)	-
Cash and Cash Equivalents at 31 March	<u>24,592</u>	<u>97,029</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 2017 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 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 2017. 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 2017.

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 2017.

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 2018:

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*

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 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 on 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 2017 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 period under review.

6. Changes in Estimates

There were no changes in estimates that had a material effect on the financial statements during the financial 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 financial period under review.

8. Dividends Paid

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

9. Segmental Reporting

Segmental results for the quarter ended 31 March 2018 are as follows:

	Malaysia RM'000	Vietnam RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External sales	37,627	100,665	-	138,292	-	138,292
Inter-segmental sales	-	-	-	-	-	-
Total revenue	37,627	100,665	-	138,292	-	138,292
RESULTS						
Segment results	(5,340)	524	(515)	(5,331)	12	(5,319)
Other income	2,357	405	109	2,871	(705)	2,166
						(3,153)
Finance costs	(1,182)	(1,814)	(93)	(3,089)	693	(2,396)
Loss before taxation						(5,549)
Taxation						(451)
Loss after taxation						(6,000)
ASSETS AND LIABILITIES						
Segment assets	363,667	379,812	171,613	915,092	(336,528)	578,564
Unallocated corporate assets						2,596
Consolidated total assets						581,160
Segment liabilities	152,281	255,319	63,955	471,555	(145,085)	326,470
Unallocated corporate liabilities						5,344
Consolidated total liabilities						331,814
OTHER INFORMATION						
Capital Expenditure	19,019	2,662	20,060	41,741		41,741
Depreciation and amortisation	976	3,847	122	4,945		4,945
Non-cash expenses other than depreciation	2,158	182	1	2,341		2,341



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

9. Segmental Reporting (Cont'd)

Segmental results for the quarter 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
						(2,994)
Finance costs	(883)	(1,699)	-	(2,582)	329	(2,253)
Profit before taxation						(5,247)
Taxation						(535)
Loss 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

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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 financial 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 financial 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 financial 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 2018 is as follows:

	RM'000
Approved and contracted for	<u>74,497</u>

15. Related Party Transactions

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

	Current year Quarter Ended 31.03.2018 RM'000
Sales to holding company	84
Sales to related companies	1,914
Rental income from a related company	49
Rental payable to a related company	507
Interest payable to holding company	<u>199</u>

Nature of transaction	Identity	
Sales of trading inventories	Aik Joo Can Factory Sdn. Berhad ⁽ⁱ⁾	11
	F & B Nutrition Sdn. Bhd. ⁽ⁱⁱ⁾	3,117

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

- (a) common directorships held by the directors of the Group, Yeoh Jin Hoe, Chee Khay Leong and Keith Christopher Yeoh Min Kit; 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 2018 ("Q1, 2018") versus First Quarter Ended 31 March 2017 ("Q1, 2017")***

In Q1, 2018, the Group recorded a revenue of RM138.3 million, an increase of 12.6% from RM122.9 million in Q1, 2017. The increase in revenue was mainly contributed by increased sales quantity and upward adjustments in average selling price to partially absorb the increase in paper cost. The increase was however partially offset by relatively stronger Ringgit Malaysia ("RM") against Vietnam Dong ("VND") which resulted in smaller growth in reported revenue from the Vietnam operations.

Gross profit decreased from RM8.4 million in Q1, 2017 to RM7.6 million in Q1, 2018. This was mainly attributable to reduction in gross profit margin from the Group's Vietnam operations due to higher paper cost and relatively weaker VND against RM.

The Group also incurred a pre-operating loss amounting to RM0.4 million in Q1, 2018 in Myanmar. Consequently, the Group recorded a loss before taxation of RM5.5 million in Q1, 2018, compared to RM5.2 million in Q1, 2017.

17. Material Change in Performance of Operating Segments for Q1, 2018 compared with Immediate Preceding Quarter Ended 31 December 2017 ("Q4, 2017")

	Current Quarter Ended 31.03.2018 RM'000	Immediate Preceding Quarter Ended 31.12.2017 RM'000	Changes %
Revenue	138,292	150,350	(8.0%)
Operating Loss	(5,319)	(1,990)	167.3%
(Loss)/Profit Before Interest and Taxation	(3,153)	442	(813.3%)
Loss Before Taxation	(5,549)	(2,184)	154.1%
Loss After Taxation	<u>(6,000)</u>	<u>(817)</u>	634.4%
Loss attributable to:			
Owners of the company	<u>(6,000)</u>	<u>(817)</u>	634.4%

For the current quarter under review, the Group's net revenue decreased to RM138.3 million from RM150.4 million in the immediate preceding quarter. The decrease in revenue was mainly attributable to the Vietnam operations, which recorded lower sales after the Vietnam new year celebration. This decrease in revenue was also partially attributable to relatively stronger RM against VND, which resulted in a lower revenue when translating revenue and results contributed by the Vietnam operations.

As a result of the aforesaid reasons, the Group's gross profit decreased from RM11.7 million in the immediate preceding quarter to RM7.6 million in Q1, 2018.

Consequently, the Group recorded a loss before taxation of RM5.5 million in Q1, 2018, compared to a loss before taxation of RM2.2 million in the preceding quarter.

18. Commentary on Prospects

The main challenges faced by the Group in the financial year 2018 is the management of paper cost which has experienced sharp and continuous rise in 2017 and rising production costs.

**BOX-PAK (MALAYSIA) BHD. (21338-W)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD****18. Commentary on Prospects (cont'd)**

Effective 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.

Faced with 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.

Following the change in leadership in the Malaysian Government after the recent general election, the management will monitor closely changes in the Government policies, if any, which may impact its operations in Malaysia.

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

19. Loss Before Taxation

Included in loss before taxation are the following items:

	Current Year	Preceding Year
	Quarter Ended	Quarter Ended
	31.03.2018	31.03.2017
	RM'000	RM'000
Other (income)/expenses:		
- Interest income	(182)	(22)
- Income distribution from short term funds	(29)	(9)
- Gain on disposal of property, plant and equipment	(22)	-
- Gain on derivatives	(1,801)	(1,694)
- Reversal of write-down of inventories	(79)	-
- Others	(53)	(53)
	(2,166)	(1,778)
Interest expense	2,396	2,253
Depreciation and amortisation	4,945	5,277
Provision for waste disposal	60	60
Net foreign exchange loss	1,318	723
Write off of inventories	67	-
Write off of property, plant and equipment	184	-

20. Variance from Forecast Profit and shortfall in Profit Guarantee

No profit forecast or guarantee was issued by the Group.

**BOX-PAK (MALAYSIA) BHD. (21338-W)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD****21. Taxation**

	Current Year Quarter Ended 31.03.2018 RM'000	Preceding Year Quarter Ended 31.03.2017 RM'000
Income Tax		
- current year	-	(566)
- prior year	481	-
Deferred taxation	(30)	31
	<u>451</u>	<u>(535)</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 March 2018, 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	20,000	24 months	4,000	3.50
Business venture in Myanmar	50,000	45,345	24 months	4,655	4.10
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>104,745</u>		<u>8,655</u>	<u>7.60</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 was no pending material litigation against the Group for the financial period under review.

24. Group Borrowings and Debt Securities

Total Group borrowings are as follows:

	As at 31.03.2018 RM'000	As at 31.12.2017 RM'000
Current - unsecured		
- Revolving credit	42,600	39,100
- Trade facilities	106,919	100,584
- Term loans	15,877	14,838
	165,396	154,522
Non-current - unsecured		
- Term loans	38,671	44,682
	204,067	199,204

Borrowings which are denominated in foreign currencies are as follows:

Current - unsecured		
- Trade facilities (denominated in VND)	84,077	81,658
- Trade facilities (denominated in USD)	1,054	3,040
- Term loans (denominated in VND)	5,898	4,462
- Term loans (denominated in USD)	985	1,382
	33,424	37,187
Non-current - unsecured		
- Term loans (denominated in VND)	33,424	37,187

The interest rates for the borrowings are as follows:

Term loans:		
- Fixed rates	3.50%	3.50%
- Floating rates	3.54% - 4.34%	3.18% - 4.34%
Trade facilities	2.49% - 6.41%	1.97% - 6.75%
Revolving credits	4.71% - 4.99%	4.48% - 4.74%

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 RM14.2 million (2017: RM16.5 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**

As at 31 March 2018, the Group had entered into forward foreign exchange contracts to hedge against USD/RM exchange rate fluctuations on certain payable balances and forecast transactions.

The fair value of the derivatives are determined by using mark-to-market values at the end of the reporting date and changes in the fair value are recognised in profit or loss.

Details of derivative financial instrument outstanding as at 31 March 2018 are 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	8,993	2,413
- One year to three years	5,248	1,408
		<hr/>
		3,821

There have been no changes since the end of the previous financial year ended 31 December 2017 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 RM1.8 million, from RM5.6 million as at 31 December 2017 to RM3.8 million as at 31 March 2018 due to USD/RM exchange rate strengthening against the contracted rate.

26. Dividend

No dividend has been declared for the financial period under review.

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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 period ended is calculated by dividing loss 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 31.03.2018	Preceding Year Quarter Ended 31.03.2017
Loss attributable to owners of the company (RM '000)	(6,000)	(5,782)
Weighted average number of ordinary shares in issue ('000)	120,047	120,047
Basic loss per share (sen)	(5.00)	(4.82)

(b) Diluted

Diluted loss per ordinary share for the financial period is calculated by dividing the loss 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 31.03.2018	Preceding Year Quarter Ended 31.03.2017
Loss attributable to owners of the Company (RM '000)	-	(5,782)
Weighted average number of ordinary shares ('000)	-	120,047
Effect of bonus element of Warrants ('000)	-	1,015
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share ('000)	-	121,062
Diluted loss per share (sen)	-	(4.78)

For the financial period 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 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 May 2018.

Batu Caves, Selangor Darul Ehsan
23 May 2018