



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 2018
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		Current Year	Preceding Year	Changes	Financial	Financial	Changes
		Quarter	Quarter		Year-To-Date	Year-To-Date	
Ended	Ended	%	Ended	Ended	%		
		30.06.2018	30.06.2017		30.06.2018	30.06.2017	
		RM'000	RM'000		RM'000	RM'000	
Revenue		148,828	135,288	10.0	287,120	258,157	11.2
Cost of sales		(137,499)	(125,047)	10.0	(268,155)	(239,494)	12.0
Gross profit		11,329	10,241	10.6	18,965	18,663	1.6
Other income		648	2,673	(75.8)	2,814	4,451	(36.8)
Operating expenses		(11,612)	(14,522)	(20.0)	(24,567)	(27,716)	(11.4)
Finance costs		(3,212)	(2,266)	41.7	(5,608)	(4,519)	24.1
Loss Before Taxation	19	(2,847)	(3,874)	(26.5)	(8,396)	(9,121)	(7.9)
Taxation	21	1,136	(454)	(350.2)	685	(989)	(169.3)
Loss for the period		(1,711)	(4,328)	(60.5)	(7,711)	(10,110)	(23.7)
Other comprehensive income/(loss), net of tax							
Foreign currency translation differences for foreign operations		6,978	(3,709)	(288.1)	(2,246)	(6,172)	(63.6)
Other comprehensive income/(loss) for the period, net of tax		6,978	(3,709)	(288.1)	(2,246)	(6,172)	(63.6)
Total comprehensive income/(loss) for the period		5,267	(8,037)	(165.5)	(9,957)	(16,282)	(38.8)
Loss attributable to:							
Owners of the company		(1,711)	(4,328)	(60.5)	(7,711)	(10,110)	(23.7)
Total comprehensive income/(loss) attributable to:							
Owners of the company		5,267	(8,037)	(165.5)	(9,957)	(16,282)	(38.8)
Loss per share attributable to owners of the company:							
Basic (sen)		(1.43)	(3.61)	(60.4)	(6.42)	(8.42)	(23.8)

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.**

(Incorporated in Malaysia)

(Co. No. 21338-W)

Condensed Consolidated Statement of Financial Position**As at 30 June 2018**

	Note	As at 30.06.2018 RM'000 Unaudited	As at 31.12.2017 RM'000 Audited
ASSETS			
Non-Current Assets			
Property, plant & equipment		278,003	219,246
Land use rights		41,716	42,278
Intangible assets		867	1,082
Deferred tax assets		1,622	205
Other assets		33,681	32,354
		<u>355,889</u>	<u>295,165</u>
Current Assets			
Inventories		89,191	95,221
Trade and other receivables		158,749	147,130
Other assets		725	2,726
Tax recoverable		2,391	2,391
Amount due from related companies		1,250	857
Derivative financial instrument	25	32	-
Cash and bank balances and short term funds		47,865	62,709
		<u>300,203</u>	<u>311,034</u>
TOTAL ASSETS		<u><u>656,092</u></u>	<u><u>606,199</u></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		10,439	12,685
Retained earnings		70,755	78,466
Total Equity		<u>254,613</u>	<u>264,570</u>
Non-Current Liabilities			
Retirement benefit obligation		1,265	1,150
Borrowings	24	98,935	44,682
Deferred tax liabilities		921	1,066
Derivative financial instrument	25	2,116	2,530
		<u>103,237</u>	<u>49,428</u>
Current Liabilities			
Provisions		37	12
Retirement benefit obligation		-	60
Borrowings	24	168,372	154,522
Amount due to related companies		20,296	19,468
Trade and other payables		107,393	114,501
Tax payable		381	546
Derivative financial instrument	25	1,763	3,092
		<u>298,242</u>	<u>292,201</u>
Total Liabilities		<u>401,479</u>	<u>341,629</u>
TOTAL EQUITY AND LIABILITIES		<u><u>656,092</u></u>	<u><u>606,199</u></u>
Net assets per share attributable to owners of the Company (RM)		2.12	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 second quarter ended 30 June 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	-	-	-	-	(7,711)	(7,711)
Currency translation differences	-	-	-	(2,246)	-	(2,246)
Total comprehensive loss for the period	-	-	-	(2,246)	(7,711)	(9,957)
As at 30 June 2018	167,363	-	6,056	10,439	70,755	254,613
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
Profit for the period	-	-	-	-	(10,110)	(10,110)
Currency translation differences	-	-	-	(6,172)	-	(6,172)
Total comprehensive income/(loss) for the period	-	-	-	(6,172)	(10,110)	(16,282)
As at 30 June 2017	167,363	-	6,056	22,004	83,710	279,133

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 second quarter ended 30 June 2018**

	Current Year-To-Date Ended 30.06.2018 RM'000 Unaudited	Preceding Year-To-Date Ended 30.06.2017 RM'000 Unaudited
Net cash used in operating activities		
Receipts from customers	277,477	258,368
Payments to suppliers	(282,499)	(262,435)
	<hr/>	<hr/>
Cash used in operations	(5,022)	(4,067)
Interest paid	(5,608)	(4,519)
Income tax paid	(1,041)	(2,044)
	<hr/>	<hr/>
	(11,671)	(10,630)
Net cash used in investing activities		
Acquisition of property, plant and equipment		
- Property, plant and equipment	(73,036)	(15,111)
- Intangible assets	(65)	-
Income distribution from short term funds	50	-
Net change in short term funds	5	-
Interest received	645	744
Proceeds from disposal of property, plant and equipment	75	11
	<hr/>	<hr/>
	(72,326)	(14,356)
Net cash generated from financing activities		
Net drawdown/(repayment) in borrowings	67,533	(4,342)
Inter-company receipts/(repayments)	435	(4,866)
Proceeds from issuance of shares	-	113,372
	<hr/>	<hr/>
	67,968	104,164
Net (decrease)/increase in Cash and Cash Equivalents	(16,029)	79,178
Effect of Exchange Rate Changes	1,201	961
Cash and Cash Equivalents at 1 January	62,688	25,466
	<hr/>	<hr/>
Cash and Cash Equivalents at 30 June	47,860	105,605
Cash and Cash Equivalents at 30 June comprised the following:		
Cash and bank balances	22,571	26,915
Deposits with licensed bank	25,289	78,690
Short-term funds	5	-
	<hr/>	<hr/>
Cash and bank balances and short term funds	47,865	105,605
Less: Short-term funds	(5)	-
	<hr/>	<hr/>
Cash and Cash Equivalents at 30 June	47,860	105,605

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



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 which are 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 the 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 MFRS, Amendments and IC Interpretation 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 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 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 current quarter and 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 current quarter and 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 current quarter and 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 financial period ended 30 June 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	74,786	212,334	-	287,120	-	287,120
Inter-segmental sales	-	-	-	-	-	-
Total revenue	74,786	212,334	-	287,120	-	287,120
RESULTS						
Segment results	(7,269)	2,455	(840)	(5,654)	52	(5,602)
Other income	2,730	644	519	3,893	(1,079)	2,814
						(2,788)
Finance costs	(2,449)	(3,534)	(652)	(6,635)	1,027	(5,608)
Loss before taxation						(8,396)
Taxation						685
Loss after taxation						(7,711)
ASSETS AND LIABILITIES						
Segment assets	363,718	410,730	282,988	1,057,436	(405,389)	652,047
Unallocated corporate assets						4,045
Consolidated total assets						656,092
Segment liabilities	155,345	266,909	149,036	571,290	(174,992)	396,298
Unallocated corporate liabilities						5,181
Consolidated total liabilities						401,479
OTHER INFORMATION						
Capital Expenditure	24,600	5,627	42,874	73,101	-	73,101
Depreciation and amortisation	2,373	7,968	7	10,348		10,348
Non-cash expenses other than depreciation	1,627	256	4	1,887	-	1,887

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

Segmental results for the financial period ended 30 June 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	59,457	198,700	-	258,157	-	258,157
Inter-segmental sales	-	-	-	-	-	-
Total revenue	59,457	198,700	-	258,157	-	258,157
RESULTS						
Segment results	(12,956)	5,809	(1,906)	(9,053)	-	(9,053)
Other income	4,612	453	26	5,091	(640)	4,451
						<u>(4,602)</u>
Finance costs	(1,441)	(3,718)	-	(5,159)	640	(4,519)
Profit before taxation						<u>(9,121)</u>
Taxation						<u>(989)</u>
Loss after taxation						<u><u>(10,110)</u></u>
ASSETS AND LIABILITIES						
Segment assets	331,378	396,645	68,672	796,695	(222,963)	573,732
Unallocated corporate assets						2,278
Consolidated total assets						<u><u>576,010</u></u>
Segment liabilities	121,783	257,877	1,534	381,194	(96,521)	284,673
Unallocated corporate liabilities						12,204
Consolidated total liabilities						<u><u>296,877</u></u>
OTHER INFORMATION						
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

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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 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 2018 is as follows:

	RM'000
Approved and contracted for	<u>50,663</u>

15. Related Party Transactions

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

	Current Year-To-Date Ended 30.06.2018 RM'000
Sales to holding company	174
Sales to related companies	2,814
Rental income from a related company	97
Rental payable to a related company	957
Interest payable to holding company	<u>415</u>

Nature of transaction**Identity**

Sales of goods	Aik Joo Can Factory Sdn. Berhad ⁽ⁱ⁾	52
	F & B Nutrition Sdn. Bhd. ⁽ⁱⁱ⁾	6,815

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

- (a) common directorships held by directors of the Group, Yeoh Jin Hoe and Chee Khay Leong; 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 Company, 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 2018 ("Q2, 2018") versus Second Quarter ended 30 June 2017 ("Q2, 2017")***

In Q2, 2018, the Group recorded a revenue of RM148.8 million, an increase of 10.0% from RM135.3 million in Q2, 2017. The increase in revenue was mainly contributed by an increase in sales volume and selling price. Selling price was adjusted higher to absorb the increase in paper cost.

Gross profit increased from RM10.2 million in Q2, 2017 to RM11.3 million in Q2, 2018 due to higher average selling prices in Malaysia and Vietnam.

With improvement in gross profit, the Group recorded a smaller loss before tax of RM2.8 million in the current quarter, compared to a loss before tax of RM3.9 million in Q2, 2017. This was also partially contributed by lower foreign currency exchange loss and higher finance costs.

Year-To-Date ended 30 June 2018 ("YTD 2018") versus Year-To-Date ended 30 June 2017 ("YTD 2017")

In YTD 2018, the Group's revenue was RM287.1 million, an increase from RM258.2 million recorded in YTD 2017. Higher revenue in the current period was contributed by increased sales volume and comparatively higher average selling prices, which was adjusted to reflect higher paper cost.

As a result of the increase in revenue, gross profit improved slightly to RM19.0 million in YTD 2018, from RM18.7 million in YTD 2017.

The Group recorded a loss before tax of RM8.4 million in YTD 2018 compared to a loss before tax of RM9.1 million in YTD 2017. Apart from the improvement in gross profit, this reduction in loss before tax was a result of lower general and administration expenses incurred by the Group in the current period.

17. Material Change in Performance of Operating Segments for Q2, 2018 compared with Immediate Preceding Quarter Ended 31 March 2018 ("Q1, 2018")

	Current Year Quarter Ended 30.06.2018 RM'000	Immediate Preceding Quarter Ended 31.03.2018 RM'000	Changes %
Revenue	148,828	138,292	7.6
Operating Profit/(Loss)	(283)	(5,319)	(94.7)
Profit/(Loss) Before Interest and Tax	365	(3,153)	(111.6)
Profit/(Loss) Before Taxation	(2,847)	(5,549)	(48.7)
Profit/(Loss) After Taxation	<u>(1,711)</u>	<u>(6,000)</u>	(71.5)
Profit/(Loss) attributable to:			
Owners of the company	<u>(1,711)</u>	<u>(6,000)</u>	(71.5)

**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 Q2, 2018 compared with Immediate Preceding Quarter Ended 31 March 2018 ("Q1, 2018") (Cont'd)**

For the current quarter under review, the Group's net revenue increased to RM148.8 million from RM138.3 million in the immediate preceding quarter. The improvement in revenue was mainly due to increased sales volume in Q2, 2018.

Gross profit increased from RM7.6 million in the immediate preceding quarter to RM11.3 million in Q2, 2018, as a result of higher revenue and improved margins contributed by higher selling prices.

Consequently, the Group's loss before taxation of RM5.5 million in Q1, 2018 was reduced to RM2.8 million in the current quarter.

18. Commentary on Prospects

Following the change in leadership in the Malaysian Government after general election in May 2018, the management will monitor closely changes in the Government policies, if any, which may impact its operations in Malaysia.

The anticipated change in the tax regime following the proposed abolishment of Goods and Services Tax Act, 2014 and the proposed reintroduction of Sales and Services Tax Act is not expected to have major affect on the operations of the Group.

Construction of the Group's new plant in Myanmar is currently in progress and the plant is expected to commence operations in the coming quarter. Initial operation loss is expected.

Barring unforeseen circumstances, the Board of Directors expects the results to improve in the second half of 2018.

19. Loss Before Taxation

Included in loss before taxation are the following items:

	Current Year Quarter Ended 30.06.2018 RM'000	Preceding Year Quarter Ended 30.06.2017 RM'000	Current Year-To-Date Ended 30.06.2018 RM'000	Preceding Year-To-Date Ended 30.06.2017 RM'000
Other (income)/expenses:				
- Interest income	(463)	(722)	(645)	(744)
- Income distribution from short term funds	(21)	(2)	(50)	(11)
- Loss/(Gain) on derivatives	27	(1,961)	(1,774)	(3,655)
- Gain on disposal of property, plant and equipment	(196)	(3)	(218)	(3)
- Realised exchange gain	-	(96)	-	-
- Reversal of write-down of inventories	(54)	-	(133)	-
- Others	59	111	6	(38)
	(648)	(2,673)	(2,814)	(4,451)
Interest expense	3,212	2,266	5,608	4,519
Depreciation and amortisation	5,403	5,723	10,348	11,000
Provision for waste disposal	60	60	120	120
Net foreign exchange (gain)/loss	(474)	2,191	844	2,817
Write off of:				
- inventories	50	-	117	-
- property, plant and equipment	4	-	188	-

**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 30.06.2018 RM'000	Preceding Year Quarter Ended 30.06.2017 RM'000	Current Year-To-Date Ended 30.06.2018 RM'000	Preceding Year-To-Date Ended 30.06.2017 RM'000
Income Tax				
- current year	(364)	(486)	(364)	(1,052)
- prior year	-	-	(481)	-
Deferred taxation	1,500	32	1,530	63
	<u>1,136</u>	<u>(454)</u>	<u>685</u>	<u>(989)</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 30 June 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	50,000	24 months	-	-
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>109,400</u>		<u>4,000</u>	<u>3.50</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 period under review.

24. Group Borrowings and Debt Securities

Total Group borrowings are as follows:

	As at 30.06.2018 RM'000	As at 31.12.2017 RM'000
Current - unsecured		
- Revolving credit	48,400	39,100
- Trade facilities	104,148	100,584
- Term loans	15,824	14,838
	<hr/>	<hr/>
	168,372	154,522
Non-current - unsecured		
- Term loans	98,935	44,682
	<hr/>	<hr/>
	267,307	199,204

Borrowings which are denominated in foreign currencies are as follows:

Current - unsecured		
- Trade facilities (denominated in VND)	81,473	81,658
- Trade facilities (denominated in USD)	1,281	3,040
- Term loans (denominated in VND)	6,143	4,462
- Term loans (denominated in USD)	687	1,382
	<hr/>	<hr/>
Non-current - unsecured		
- Term loans (denominated in VND)	32,859	37,187
- Term loans (denominated in USD)	63,079	-
	<hr/>	<hr/>

The interest rates for the borrowings are as follows:

Term loans:		
- Fixed rates	3.51%	3.50%
- Floating rates	3.33% - 4.34%	3.18% - 4.34%
Trade facilities	2.77% - 6.41%	1.97% - 6.75%
Revolving credits	4.72% - 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 RM12.0 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 30 June 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 30 June 2018 are set out below:

Type of derivative	Contract/ Notional amount RM'000	Fair value Assets/ (Liabilities) RM'000
Non-hedging derivatives:		
Cross currency swap contract		
- Less than one year	7,574	(1,763)
- One year to three years	4,418	(2,116)
Foreign exchange contracts		
- Less than one year	1,312	32
		<u>(3,847)</u>

There have been no significant 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 30 June 2018 due mainly to USD/RM exchange rate strengthening against the contracted rate.

26. Dividend

No dividend has been declared for the financial period 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 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 30.06.2018	Preceding Year Quarter Ended 30.06.2017	Current Year-To-Date Ended 30.06.2018	Preceding Year-To-Date Ended 30.06.2017
Loss attributable to owners of the company (RM '000)	<u>(1,711)</u>	<u>(4,328)</u>	<u>(7,711)</u>	<u>(10,110)</u>
Weighted average number of ordinary shares in issue ('000)	<u>120,047</u>	<u>120,047</u>	<u>120,047</u>	<u>120,047</u>
Basic loss per share (sen)	<u>(1.43)</u>	<u>(3.61)</u>	<u>(6.42)</u>	<u>(8.42)</u>

(b) Diluted

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 20 August 2018.

Batu Caves, Selangor Darul Ehsan
20 August 2018