



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

(Incorporated in Malaysia)

(Co. No. 21338-W)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**For the third quarter ended 30 September 2018**

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		Current Year Quarter Ended 30.09.2018 RM'000	Preceding Year Quarter Ended 30.09.2017 RM'000	Changes %	Financial Year-To-Date Ended 30.09.2018 RM'000	Financial Year-To-Date Ended 30.09.2017 RM'000	Changes %
Revenue		167,642	144,245	16.2	454,762	402,402	13.0
Cost of sales		(152,250)	(135,144)	12.7	(420,405)	(374,638)	12.2
Gross profit		<u>15,392</u>	<u>9,101</u>	69.1	<u>34,357</u>	<u>27,764</u>	23.7
Other income		460	2,254	(79.6)	3,274	6,705	(51.2)
Operating expenses		(12,215)	(13,162)	(7.2)	(36,782)	(40,878)	(10.0)
Finance costs		(2,601)	(2,380)	9.3	(8,209)	(6,899)	19.0
Profit/(Loss) Before Taxation	19	<u>1,036</u>	<u>(4,187)</u>	(124.7)	<u>(7,360)</u>	<u>(13,308)</u>	(44.7)
Taxation	21	159	(240)	(166.3)	844	(1,229)	(168.7)
<b>Profit/(Loss) for the period</b>		<b><u>1,195</u></b>	<b><u>(4,427)</u></b>	(127.0)	<b><u>(6,516)</u></b>	<b><u>(14,537)</u></b>	(55.2)
<b>Other comprehensive income/(loss), net of tax</b>							
Foreign currency translation differences for foreign operations		<u>2,806</u>	<u>(2,327)</u>	(220.6)	<u>560</u>	<u>(8,499)</u>	(106.6)
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<u>2,806</u>	<u>(2,327)</u>	(220.6)	<u>560</u>	<u>(8,499)</u>	(106.6)
<b>Total comprehensive income/(loss) for the period</b>		<b><u>4,001</u></b>	<b><u>(6,754)</u></b>	(159.2)	<b><u>(5,956)</u></b>	<b><u>(23,036)</u></b>	(74.1)
<b>Profit/(Loss) attributable to:</b>							
Owners of the company		1,195	(4,427)	(127.0)	(6,516)	(14,537)	(55.2)
<b>Total comprehensive income/ (loss) attributable to:</b>							
Owners of the company		4,001	(6,754)	(159.2)	(5,956)	(23,036)	(74.1)
<b>Profit/(Loss) per share attributable to owners of the company:</b>							
Basic (sen)		<u>1.00</u>	<u>(3.69)</u>	(127.1)	<u>(5.43)</u>	<u>(12.11)</u>	(55.2)

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 September 2018**

	Note	As at 30.09.2018 RM'000 Unaudited	As at 31.12.2017 RM'000 Audited
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment		290,729	219,246
Land use rights		42,358	42,278
Intangible assets		800	1,082
Deferred tax assets		1,705	205
Other assets		35,260	32,354
		<u>370,852</u>	<u>295,165</u>
<b>Current Assets</b>			
Inventories		99,711	95,221
Trade and other receivables		182,525	147,130
Other assets		470	2,726
Tax recoverable		2,755	2,391
Amount due from related companies		1,039	857
Derivative financial instrument	25	22	-
Cash and bank balances and short term funds		39,000	62,709
		<u>325,522</u>	<u>311,034</u>
<b>TOTAL ASSETS</b>		<u><u>696,374</u></u>	<u><u>606,199</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the company</b>			
Share capital		167,363	167,363
Warrants reserves		6,056	6,056
Other reserves		13,245	12,685
Retained earnings		71,950	78,466
<b>Total Equity</b>		<u>258,614</u>	<u>264,570</u>
<b>Non-Current Liabilities</b>			
Retirement benefit obligation		1,293	1,150
Borrowings	24	117,621	44,682
Deferred tax liabilities		973	1,066
Derivative financial instrument	25	1,898	2,530
		<u>121,785</u>	<u>49,428</u>
<b>Current Liabilities</b>			
Provisions		58	12
Retirement benefit obligation		-	60
Borrowings	24	168,790	154,522
Amount due to related companies		20,553	19,468
Trade and other payables		124,767	114,501
Tax payable		225	546
Derivative financial instrument	25	1,582	3,092
		<u>315,975</u>	<u>292,201</u>
<b>Total Liabilities</b>		<u>437,760</u>	<u>341,629</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>696,374</u></u>	<u><u>606,199</u></u>
<b>Net assets per share attributable to owners of the Company (RM)</b>		2.15	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 third quarter ended 30 September 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	
<b>As at 1 January 2018</b>	167,363	-	6,056	12,685	78,466	264,570
Loss for the period	-	-	-	-	(6,516)	(6,516)
Currency translation differences	-	-	-	560	-	560
Total comprehensive income/(loss) for the period	-	-	-	560	(6,516)	(5,956)
<b>As at 30 September 2018</b>	167,363	-	6,056	13,245	71,950	258,614
<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	-	-	-	-	(14,537)	(14,537)
Currency translation differences	-	-	-	(8,499)	-	(8,499)
Total comprehensive loss for the period	-	-	-	(8,499)	(14,537)	(23,036)
<b>As at 30 September 2017</b>	167,363	-	6,056	19,677	79,283	272,379

**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 third quarter ended 30 September 2018**

	<b>Current Year-To-Date Ended 30.09.2018 RM'000 Unaudited</b>	<b>Preceding Year-To-Date Ended 30.09.2017 RM'000 Unaudited</b>
<b>Net cash used in operating activities</b>		
Receipts from customers	421,826	383,503
Payments to suppliers	(434,781)	(418,123)
	<hr/>	<hr/>
Cash used in operations	(12,955)	(34,620)
Interest paid	(8,209)	(6,899)
Income tax paid	(1,434)	(2,662)
	<hr/>	<hr/>
	(22,598)	(44,181)
<b>Net cash used in investing activities</b>		
Acquisition of property, plant and equipment		
- Property, plant and equipment	(90,729)	(21,158)
- Intangible assets	(65)	-
Income distribution from short term funds	69	-
Net change in short term funds	17	-
Interest received	645	1,376
Proceeds from disposal of property, plant and equipment	102	11
	<hr/>	<hr/>
	(89,961)	(19,771)
<b>Net cash generated from financing activities</b>		
Net drawdown in borrowings	95,650	6,950
Inter-company repayments	(10,338)	(3,862)
Proceeds from issuance of shares	-	113,372
	<hr/>	<hr/>
	85,312	116,460
Net (decrease)/increase in Cash and Cash Equivalents	(27,247)	52,508
Effect of Exchange Rate Changes	3,555	1,132
Cash and Cash Equivalents at 1 January	62,688	25,466
	<hr/>	<hr/>
Cash and Cash Equivalents at 30 September	38,996	79,106
Cash and Cash Equivalents at 30 September comprised the following:		
Cash and bank balances	12,663	14,398
Deposits with licensed bank	26,333	64,708
Short-term funds	4	-
	<hr/>	<hr/>
Cash and bank balances and short term funds	39,000	79,106
Less: Short-term funds	(4)	-
	<hr/>	<hr/>
Cash and Cash Equivalents at 30 September	38,996	79,106

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 Box-Pak (Malaysia) Bhd group of companies ("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 September 2018 are as follows:

	Malaysia RM'000	Vietnam RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>						
External sales	120,130	334,632	-	454,762	-	454,762
Inter-segmental sales	-	-	-	-	-	-
<b>Total revenue</b>	<b>120,130</b>	<b>334,632</b>	<b>-</b>	<b>454,762</b>	<b>-</b>	<b>454,762</b>
<b>RESULTS</b>						
Segment results	(5,911)	5,455	(2,004)	(2,460)	35	(2,425)
Other income	3,577	852	1,774	6,203	(2,929)	3,274
						849
Finance costs	(3,923)	(5,661)	(2,300)	(11,884)	3,675	(8,209)
Loss before taxation						(7,360)
Taxation						844
Loss after taxation						(6,516)
<b>ASSETS AND LIABILITIES</b>						
Segment assets	367,436	435,566	297,181	1,100,183	(408,291)	691,892
Unallocated corporate assets						4,482
Consolidated total assets						696,374
Segment liabilities	158,846	289,987	163,287	612,120	(179,038)	433,082
Unallocated corporate liabilities						4,678
Consolidated total liabilities						437,760
<b>OTHER INFORMATION</b>						
Capital Expenditure	27,506	6,658	56,630	90,794	-	90,794
Depreciation and amortisation	3,710	12,019	105	15,834		15,834
Non-cash expenses other than depreciation	1,858	510	2	2,370	-	2,370

**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 September 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	92,804	309,598	-	402,402	-	402,402
Inter-segmental sales	-	-	-	-	-	-
<b>Total revenue</b>	<b>92,804</b>	<b>309,598</b>	<b>-</b>	<b>402,402</b>	<b>-</b>	<b>402,402</b>
<b>RESULTS</b>						
Segment results	(17,942)	7,087	(2,259)	(13,114)	-	(13,114)
Other income	7,028	898	36	7,962	(1,257)	6,705
Finance costs	(2,272)	(5,884)	-	(8,156)	1,257	(6,899)
Profit before taxation						(13,308)
Taxation						(1,229)
Loss after taxation						(14,537)
<b>ASSETS AND LIABILITIES</b>						
Segment assets	341,774	397,648	98,898	838,320	(260,519)	577,801
Unallocated corporate assets						2,391
Consolidated total assets						580,192
Segment liabilities	122,080	261,478	17,942	401,500	(104,163)	297,337
Unallocated corporate liabilities						10,476
Consolidated total liabilities						307,813
<b>OTHER INFORMATION</b>						
Capital Expenditure	4,564	9,633	6,961	21,158	-	21,158
Depreciation and amortisation	2,905	12,236	901	16,042	-	16,042
Non-cash expenses other than depreciation	5,332	258	1	5,591	-	5,591

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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 September 2018 is as follows:

	<b>RM'000</b>
Approved and contracted for	17,177

**15. Related Party Transactions**

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

	<b>Current Year-To-Date Ended 30.09.2018 RM'000</b>
Sales to holding company	291
Sales to related companies	4,311
Rental income from a related company	146
Rental payable to a related company	1,436
Interest payable to holding company	629

<b>Nature of transaction</b>	<b>Identity</b>	
Sales of goods	Aik Joo Can Factory Sdn. Berhad <sup>(i)</sup>	70
	F & B Nutrition Sdn. Bhd. <sup>(ii)</sup>	10,599

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/or
- (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*****Third Quarter ended 30 September 2018 ("Q3, 2018") versus Third Quarter ended 30 September 2017 ("Q3, 2017")***

In Q3, 2018, the Group recorded a revenue of RM167.6 million, an increase of 16.2% from RM144.2 million in Q3, 2017. The increase in revenue was mainly contributed by increase in sales volume in Malaysia and Vietnam and upward adjustment in selling price to absorb the increase in paper cost.

The increase in selling price and sales volume as well as increase in production efficiency in Malaysia (following the commissioning of its new machinery in Senai) has contributed to the increase in gross profit. Gross profit increased from RM9.1 million in Q3, 2017 to RM15.4 million in Q3, 2018.

With improvement in gross profit, the Group recorded a profit before tax of RM1.0 million in the current quarter, compared to a loss before tax of RM4.2 million in Q3, 2017.

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

In YTD 2018, the Group's revenue was RM454.8 million, an increase from RM402.4 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 to RM34.4 million in YTD 2018, from RM27.8 million in YTD 2017.

The Group recorded a loss before tax of RM7.4 million in YTD 2018 compared to a loss before tax of RM13.3 million in YTD 2017.

**17. Material Change in Performance of Operating Segments for Q3, 2018 compared with Immediate Preceding Quarter Ended 30 June 2018 ("Q2, 2018")**

	<b>Current Year Quarter Ended 30.09.2018 RM'000</b>	<b>Immediate Preceding Quarter Ended 30.06.2018 RM'000</b>	<b>Changes %</b>
Revenue	167,642	148,828	12.6
Operating Profit/(Loss)	3,177	(283)	(1,222.6)
Profit/(Loss) Before Interest and Tax	3,637	365	896.4
Profit/(Loss) Before Taxation	1,036	(2,847)	(136.4)
Profit/(Loss) After Taxation	1,195	(1,711)	(169.8)
<b>Profit/(Loss) attributable to:</b>			
Owners of the company	1,195	(1,711)	(169.8)

For the current quarter under review, the Group's net revenue increased to RM167.6 million from RM148.8 million in the immediate preceding quarter. The improvement in revenue was mainly due to increased sales volume in Q3, 2018.

Gross profit increased from RM11.3 million in the immediate preceding quarter to RM15.4 million in Q3, 2018, as a result of higher sales tonnage and improved margins contributed by higher selling prices.

Consequently, the Group recorded a profit before taxation of RM1.0 million in Q3, 2018 as compared to a loss before taxation of RM2.8 million in Q2, 2018.



**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**

The Group operates in a very competitive industry. On the local front, the Group's results have been showing signs of improvement, with the stabilisation of raw material costs in 2018. On the other hand, the Group's Vietnam operations is going through a challenging time, with continuously rising raw material costs, and stiff competition from other large corrugated carton manufacturers.

The United States Dollar ("USD") has been volatile and is seen to be strengthening against the Ringgit ("RM") in the later part of the Q3, 2018. A strengthened USD against RM would mean higher imported raw material costs for the Malaysia operations.

In the recently announced budget, the Malaysian Government proposed to increase minimum wage by 10%, from RM1,000 to RM1,100 per month. The Vietnam's National Wage Council had also announced an increase in Vietnam minimum wage by 5.3% in 2019. These may add additional cost pressure to the Group.

Construction of the Group's new plant in Myanmar is completed on 23 August 2018 and the plant is expected to commence operations in the first quarter of 2019. Initial operation loss is expected.

Barring unforeseen circumstances, the Board of Directors ("Board") expects the results to further improve in the final quarter of 2018.

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

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

	<b>Current Year Quarter Ended 30.09.2018 RM'000</b>	<b>Preceding Year Quarter Ended 30.09.2017 RM'000</b>	<b>Current Year-To-Date Ended 30.09.2018 RM'000</b>	<b>Preceding Year-To-Date Ended 30.09.2017 RM'000</b>
Other expenses/(income):				
- Interest income	-	(632)	(645)	(1,376)
- Income distribution from short term funds	(19)	(10)	(69)	(21)
- Gain on derivatives	(390)	(1,464)	(2,164)	(5,119)
- Gain on disposal of property, plant and equipment	(28)	(5)	(246)	(8)
- Reversal of write-down of inventories	133	-	-	-
- Others	(156)	(143)	(150)	(181)
	(460)	(2,254)	(3,274)	(6,705)
Interest expense	2,601	2,380	8,209	6,899
Depreciation and amortisation	5,486	5,042	15,834	16,042
Provision for waste disposal	60	60	180	180
Net foreign exchange loss	635	1,388	1,479	4,205
Write off of:				
- inventories	127	-	244	-
- property, plant and equipment	1	-	189	-

**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**

	<b>Current Year Quarter Ended 30.09.2018 RM'000</b>	<b>Preceding Year Quarter Ended 30.09.2017 RM'000</b>	<b>Current Year-To-Date Ended 30.09.2018 RM'000</b>	<b>Preceding Year-To-Date Ended 30.09.2017 RM'000</b>
Income Tax				
- current year	189	(271)	(175)	(1,323)
- prior year	-	-	(481)	-
Deferred taxation	(30)	31	1,500	94
	<u>159</u>	<u>(240)</u>	<u>844</u>	<u>(1,229)</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 September 2018, are summarised as follows:

<b>Purpose</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation to-date RM'000</b>	<b>Intended Timeframe (within)</b>	<b>Balanced to be utilised RM'000</b>	<b>%</b>
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 <sup>^</sup>	900	900	1 month	-	-
	<u>113,400</u>	<u>109,400</u>		<u>4,000</u>	<u>3.50</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.

On 23 October 2018, the Company announced its decision to vary the intended use of the RM4.0 million balance of proceeds raised from the Rights Issue with Warrants.

The Board resolved to utilise the balance of proceeds of RM4.0 million (originally intended for construction of new factory) to partially repay revolving credit facilities taken by the Group.

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:

	<b>As at 30.09.2018 RM'000</b>	<b>As at 31.12.2017 RM'000</b>
Current - unsecured		
- Revolving credit	48,400	39,100
- Trade facilities	106,171	100,584
- Term loans	14,219	14,838
	<hr/>	<hr/>
	168,790	154,522
Non-current - unsecured		
- Term loans	117,621	44,682
	<hr/>	<hr/>
	286,411	199,204

Borrowings which are denominated in foreign currencies are as follows:

Current - unsecured		
- Trade facilities (denominated in Vietnam Dong ("VND"))	85,990	81,658
- Trade facilities (denominated in USD)	1,570	3,040
- Term loans (denominated in VND)	4,873	4,462
- Term loans (denominated in USD)	352	1,382
	<hr/>	<hr/>
Non-current - unsecured		
- Term loans (denominated in VND)	33,232	37,187
- Term loans (denominated in USD)	82,890	-
	<hr/>	<hr/>

The interest rates for the borrowings are as follows:

Term loans:		
- Fixed rates	3.50%	3.50%
- Floating rates	3.32% - 4.34%	3.18% - 4.34%
Trade facilities	2.95% - 6.41%	1.97% - 6.75%
Revolving credits	4.75% - 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 RM11.6 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 September 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 September 2018 are set out below:

<b>Type of derivative</b>	<b>Contract/ Notional amount RM'000</b>	<b>Fair value Assets/ (Liabilities) RM'000</b>
<b>Non-hedging derivatives:</b>		
Cross currency swap contract		
- Less than one year	7,308	(1,582)
- One year to three years	4,263	(1,898)
Foreign exchange contracts		
- Less than one year	1,592	22
		<u>(3,458)</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 RM2.1 million, from RM5.6 million as at 31 December 2017 to RM3.5 million as at 30 September 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. Profit/(Loss) Per Share****(a) Basic**

Basic profit/(loss) per ordinary share for the financial period ended is calculated by dividing profit/(loss) 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 30.09.2018</b>	<b>Preceding Year Quarter Ended 30.09.2017</b>	<b>Current Year-To-Date Ended 30.09.2018</b>	<b>Preceding Year-To-Date Ended 30.09.2017</b>
Profit/(Loss) attributable to owners of the Company (RM '000)	1,195	(4,427)	(6,516)	(14,537)
Weighted average number of ordinary shares in issue ('000)	120,047	120,047	120,047	120,047
<b>Basic profit/(loss) per share (sen)</b>	<b>1.00</b>	<b>(3.69)</b>	<b>(5.43)</b>	<b>(12.11)</b>

**(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 in accordance with a resolution of the Board passed on 21 November 2018.

Batu Caves, Selangor Darul Ehsan  
21 November 2018