BOX-PAK (MALAYSIA) BHD.
(Incorporated in Malaysia)
(Co. No. 21338-W)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the fourth quarter and year ended 31 December 2018
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		Current Year Quarter Ended 31.12.2018 RM'000 Unaudited	Preceding Year Quarter Ended 31.12.2017 RM'000 Unaudited	Changes %	Financial Year Ended 31.12.2018 RM'000 Unaudited	Financial Year Ended 31.12.2017 RM'000 Audited	Changes %
Revenue		172,601	150,350	14.8	627,363	552,752	13.5
Cost of sales		(159,865)	(138,633)	15.3	(580,270)	(513,271)	13.1
Gross profit		12,736	11,717	8.7	47,093	39,481	19.3
Other income		816	2,432	(66.4)	4,090	9,137	(55.2)
Operating expenses		(16,586)	(13,707)	21.0	(53,368)	(54,585)	(2.2)
Finance costs		(3,018)	(2,626)	14.9	(11,227)	(9,525)	17.9
Loss Before Taxation	19	(6,052)	(2,184)	177.1	(13,412)	(15,492)	(13.4)
Taxation	21	(2,314)	1,367	(269.3)	(1,470)	138	(1,165.2)
Loss for the period		**(8,366)**	**(817)**	924.0	**(14,882)**	**(15,354)**	(3.1)
Other comprehensive income/(loss), net of tax							
Fair value of cash flow hedge		(576)	-	-	(576)	-	-
Foreign currency translation differences for foreign operations		753	(6,993)	(110.8)	1,313	(15,492)	(108.5)
Other comprehensive (loss)/income for the period, net of tax		177	(6,993)	(102.5)	737	(15,492)	(104.8)
Total comprehensive loss for the period		**(8,189)**	**(7,810)**	4.9	**(14,145)**	**(30,846)**	(54.1)
Loss attributable to:							
Owners of the company		(8,366)	(817)	924.0	(14,882)	(15,354)	(3.1)
Total comprehensive loss attributable to:							
Owners of the company		(8,189)	(7,810)	4.9	(14,145)	(30,846)	(54.1)
Loss per share attributable to owners of the company:							
Basic (sen)		(6.97)	(0.68)	925.0	(12.40)	(14.62)	(15.2)

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 31 December 2018

	Note	As at 31.12.2018 RM'000 Unaudited	As at 31.12.2017 RM'000 Audited
ASSETS			
Non-Current Assets			
Property, plant & equipment		332,585	219,246
Land use rights		41,977	42,278
Intangible assets		768	1,082
Deferred tax assets		205	205
Other assets		1,554	32,354
		377,089	295,165
Current Assets			
Inventories		93,106	95,221
Trade and other receivables		180,749	147,130
Other assets		1,052	2,726
Tax recoverable		2,391	2,391
Amount due from related companies		1,764	857
Cash and bank balances and short term funds		46,872	62,709
		325,934	311,034
TOTAL ASSETS		703,023	606,199
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital		167,363	167,363
Warrants reserves		6,056	6,056
Other reserves		13,422	12,685
Retained earnings		63,329	78,466
Total Equity		250,170	264,570
Non-Current Liabilities			
Retirement benefit obligation		1,266	1,150
Borrowings	24	107,153	44,682
Deferred tax liabilities		942	1,066
Amount due to related companies		20,391	-
Derivative financial instrument	25	440	2,530
		130,192	49,428
Current Liabilities			
Provisions		3	12
Retirement benefit obligation		-	60
Borrowings	24	182,710	154,522
Amount due to related companies		1,442	19,468
Trade and other payables		135,465	114,501
Tax payable		225	546
Derivative financial instrument	25	2,816	3,092
		322,661	292,201
Total Liabilities		452,853	341,629
TOTAL EQUITY AND LIABILITIES		703,023	606,199
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 year ended 31 December 2018

	Attributable to Owners of the Company					
	Non-distributable				Distributable	
	Share Capital	Share Premium	Warrants Reserves	Other Reserves	Retained Earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2018	167,363	-	6,056	12,685	78,466	264,570
Adjustments on initial application of: MFRS 9 (**Note a**)	-	-	-	-	(255)	(255)
Loss for the financial year	-	-	-	-	(14,882)	(14,882)
Currency translation differences	-	-	-	737	-	737
Total comprehensive income/(loss) for the financial year	-	-	-	737	(14,882)	(14,145)
As at 31 December 2018	167,363	-	6,056	13,422	63,329	250,170
As at 1 January 2017	60,023	24	-	28,177	93,820	182,044
Adjustments for effects of Companies Act 2016 (**Note b**)	24	(24)	-	-	-	-
Issuance of shares	107,316	-	6,056	-	-	113,372
Loss for the financial year	-	-	-	-	(15,354)	(15,354)
Currency translation differences	-	-	-	(15,492)	-	(15,492)
Total comprehensive loss for the financial year	-	-	-	(15,492)	(15,354)	(30,846)
As at 31 December 2017	167,363	-	6,056	12,685	78,466	264,570

Note a

The adoption of MFRS 9 Financial Instruments has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 Financial Instruments: Recognition and Measurement with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

The Company applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 on opening receivables have been recognised directly in retained earnings.

Note b

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 year ended 31 December 2018

	Current Year Ended 31.12.2018 RM'000 Unaudited	Preceding Year Ended 31.12.2017 RM'000 Audited
Net cash used in operating activities		
Receipts from customers	597,160	542,559
Payments to suppliers	(588,868)	(577,993)
Cash used in operations	8,292	(35,434)
Interest paid	(11,227)	(9,525)
Income tax paid	(1,915)	(2,909)
	(4,850)	(47,868)
Net cash used in investing activities		
Acquisition of property, plant and equipment		
- Property, plant and equipment	(103,813)	(61,702)
- Intangible assets	(100)	(1,042)
Income distribution from short term funds	75	67
Net change in short term funds	(981)	(21)
Interest received	385	1,664
Proceeds from disposal of property, plant and equipment	362	463
	(104,072)	(60,571)
Net cash generated from financing activities		
Net drawdown in borrowings	87,609	31,865
Inter-company repayments	1,416	(4,040)
Proceeds from issuance of shares	-	113,372
	89,025	141,197
Net (decrease)/increase in Cash and Cash Equivalents	(19,897)	32,758
Effect of Exchange Rate Changes	3,079	4,464
Cash and Cash Equivalents at 1 January	62,688	25,466
Cash and Cash Equivalents at 31 December	45,870	62,688
Cash and Cash Equivalents at 31 December comprised the following:		
Cash and bank balances	37,123	60,163
Deposits with licensed bank	8,747	2,525
Short-term funds	1,002	21
Cash and bank balances and short term funds	46,872	62,709
Less: Short-term funds	(1,002)	(21)
Cash and Cash Equivalents at 31 December	45,870	62,688

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

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 thes above standards and interpretation did not have any material effect on the financial performance or position of the Group except for MFRS 9 Financial Instrument. The effect of adopting MFRS 9 is disclosed in Note a in the Condensed Consolidated Statement of Changes in Equity.

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.

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 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 under review.

8. Dividends Paid

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

9. Segmental Reporting

Segmental results for the financial year ended 31 December 2018 are as follows:
`

	Malaysia RM'000	Vietnam RM'000	Myanmar RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
REVENUE							
External sales	167,118	460,245	-	-	627,363	-	627,363
Inter-segmental sales	-	-	-	-	-	-	-
Total revenue	167,118	460,245	-	-	627,363	-	627,363
RESULTS							
Segment results	(7,676)	5,116	(3,713)	(97)	(6,370)	95	(6,275)
Other income	4,901	1,176	204	2,633	8,914	(4,824)	4,090
							(2,185)
Finance costs	(5,351)	(8,242)	(2,363)	-	(15,956)	4,729	(11,227)
Loss before taxation							(13,412)
Taxation							(1,470)
Loss after taxation							(14,882)
ASSETS AND LIABILITIES							
Segment assets	363,457	440,865	152,124	169,210	1,125,656	(425,229)	700,427
Unallocated corporate assets							2,596
Consolidated total assets							703,023
Segment liabilities	157,773	297,580	104,098	83,810	643,261	(194,831)	448,430
Unallocated corporate liabilities							4,423
Consolidated total liabilities							452,853
OTHER INFORMATION							
Capital Expenditure	28,471	8,418	67,024	-	103,913	-	103,913
Depreciation and amortisation	5,044	16,143	914	-	22,101	-	22,101
Non-cash expenses other than depreciation	2,807	1,050	-	725	4,582	-	4,582

9. Segmental Reporting (Cont'd)

Segmental results for the financial year ended 31 December 2017 are as follows:

	Malaysia RM'000	Vietnam RM'000	Myanmar 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	(1,839)	(869)	(15,104)	-	(15,104)
Other income	9,531	1,347	44	39	10,961	(1,824)	9,137
							(5,967)
Finance costs	(3,203)	(8,146)	-	-	(11,349)	1,824	(9,525)
Profit before taxation							(15,492)
Taxation							138
Loss after taxation							(15,354)
ASSETS AND LIABILITIES							
Segment assets	367,608	407,282	48,975	85,054	908,919	(305,316)	603,603
Unallocated corporate assets							2,596
Consolidated total assets							606,199
Segment liabilities	150,496	276,052	20,676	1,045	448,269	(113,874)	334,395
Unallocated corporate liabilities							7,234
Consolidated total liabilities							341,629
OTHER INFORMATION							
Capital Expenditure	6,195	11,925	44,624	-	62,744	-	62,744
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

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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 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 2018 is as follows:

	RM'000
Approved and contracted for	20,999

15. Related Party Transactions

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

	Current Financial Year Ended 31.12.2018 RM'000
Sales to holding company	342
Sales to related companies	5,388
Rental income from a related company	194
Rental payable to a related company	1,914
Interest payable to holding company	807
Interest payable to related company	26

Nature of transaction	Identity	
Sales of goods	Aik Joo Can Factory Sdn. Berhad (i)	116
	F & B Nutrition Sdn. Bhd. (ii)	14,348

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.

16. Operating Segments Review

Fourth Quarter ended 31 December 2018 ("Q4, 2018") versus Fourth Quarter ended 31 December 2017 ("Q4, 2017")

In Q4, 2018, the Group recorded a revenue of RM172.6 million, an increase of 14.8% from RM150.4 million in Q4, 2017. The increase was mainly contributed by increase in sales volume in Malaysia and Vietnam.

The increase in gross profit from RM11.7 million in Q4, 2017 to RM12.7 million was attributable to the increase in sales volume.

The Group incurred a higher loss before taxation of RM6.1 million as compared to RM2.2 million in Q4, 2017 after taking into consideration higher administrative and finance cost, mainly incurred to support the pre-operating activities of Myanmar plant.

Financial Year Ended 31 December 2018 ("FYE 2018") versus Financial Year Ended 31 December 2017 ("FYE 2017")

In FYE 2018, the Group's revenue is RM627.4 million, an increase from RM552.8 million recorded for FYE 2017. Higher revenue in the current financial year is contributed by increased sales volume in both Malaysia and Vietnam operations, and a comparatively higher average selling prices, which was adjusted to reflect higher paper costs.

As a result of the increase in revenue, gross profit improved to RM47.1 million in FYE 2018, from RM39.5 million in FYE 2017.

The Group recorded a lower loss before tax of RM13.4 million in FYE 2018 compared to a loss before tax of RM15.5 million in FYE 2017, after taking into consideration the pre-operating loss of RM5.9 million incurred in the new plant in Myanmar.

17. Material Change in Performance of Operating Segments for Q4, 2018 compared with Immediate Preceding Quarter Ended 30 September 2018 ("Q3, 2018")

	Current Year Quarter Ended 31.12.2018 RM'000	Immediate Preceding Quarter Ended 30.09.2018 RM'000	Changes %
Revenue	172,601	167,642	3.0
Operating (Loss)/Profit	(3,850)	3,177	(221.2)
(Loss)/Profit Before Interest and Tax	(3,034)	3,637	(183.4)
(Loss)/Profit Before Taxation	(6,052)	1,036	(684.2)
(Loss)/Profit After Taxation	(8,366)	1,195	(800.1)
(Loss)/Profit attributable to:			
Owners of the company	(8,366)	1,195	(800.1)

In Q4, 2018, the Group's net revenue increased to RM172.6 million from RM167.6 million in the immediate preceding quarter. The improvement in revenue was mainly due to increased sales volume in Q4, 2018.

Gross profit decreased from RM15.4 million in the immediate preceding quarter to RM12.7 million in Q4, 2018, due to higher manufacturing expenses in Malaysia and Vietnam.

The Group recorded RM1.3 million in pre-operating loss in its Myanmar plant, and higher unrealised foreign exchange losses in Q4, 2018. The Group recorded a loss before taxation of RM6.1 million, compared to a profit before taxation of RM1.0 million in Q3, 2018.

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 this poses a risk to the Group, as it purchases its imported raw materials mainly in USD. 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.

The new plant in Myanmar will commence operation in the first quarter of 2019. Since this is a greenfield project, the Group can only anticipate positive contribution from this plant in 4 to 5 years upon commencement of operation.

Barring unforeseen circumstances, the Board of Directors ("Board") expects the results to improve in 2019.

19. Loss Before Taxation

Included in loss before taxation are the following items:

	Current Year Quarter Ended 31.12.2018 RM'000	Preceding Year Quarter Ended 31.12.2017 RM'000	Current Financial Year Ended 31.12.2018 RM'000	Preceding Financial Year Ended 31.12.2017 RM'000
Other (income)/expenses:				
- Interest income	(91)	(288)	(385)	(1,664)
- Income distribution from short term funds	(6)	(46)	(75)	(67)
- Gain on derivatives	(778)	(1,833)	(2,942)	(6,952)
- (Gain)/Loss on disposal of property, plant and equipment	(64)	8	(310)	-
- Reversal of write-down of inventories	-	(206)	-	(206)
- Others	123	(67)	(378)	(248)
	(816)	(2,432)	(4,090)	(9,137)
Interest expense	3,018	2,626	11,227	9,525
Depreciation and amortisation	6,267	4,225	22,101	20,267
Provision for waste disposal	40	60	220	240
Net foreign exchange loss	1,999	2,879	3,478	7,084
Allowance/(Reversal) for doubtful debts	374	(657)	371	(664)
Write off of:				
- inventories	33	383	277	383
- property, plant and equipment	-	-	189	-

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 31.12.2018 RM'000	Preceding Year Quarter Ended 31.12.2017 RM'000	Current Financial Year Ended 31.12.2018 RM'000	Preceding Financial Year Ended 31.12.2017 RM'000
Income Tax				
- current year	(1,411)	(230)	(1,586)	(1,829)
- prior year	473	(8)	(8)	(8)
Deferred taxation	(1,376)	1,881	124	1,975
	(2,314)	1,643	(1,470)	138

The Group recorded taxation expenses despite of losses in absence of group relief.

22. Status of Corporate Proposal

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 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	20,000	20,000	24 months	-	-
Variance of Utilisation * - Repayment of Revolving Credit facilities	4,000	4,000	before 31 December 2018	-	-
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	-	-
	113,400	113,400		-	-

Note:
* 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. This was completed during the quarter under review.

22. Status of Corporate Proposal (Cont'd)

^ 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.

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 31.12.2018 RM'000	As at 31.12.2017 RM'000
Current - unsecured		
- Revolving credit	44,400	39,100
- Trade facilities	119,358	100,584
- Term loans	18,952	14,838
	182,710	154,522
Non-current - unsecured		
- Term loans	107,153	44,682
	289,863	199,204

Borrowings which are denominated in foreign currencies are as follows:

Current - unsecured		
- Trade facilities (denominated in Vietnam Dong ("VND"))	92,761	81,658
- Trade facilities (denominated in USD)	804	3,040
- Term loans (denominated in VND)	7,933	4,462
- Term loans (denominated in USD)	3,524	1,382
Non-current - unsecured		
- Term loans (denominated in VND)	27,766	37,187
- Term loans (denominated in USD)	79,386	-

The interest rates for the borrowings are as follows:

Term loans:		
- Fixed rates	3.50%	3.50%
- Floating rates	3.64% - 7.80%	3.18% - 4.34%
Trade facilities	3.09% - 6.66%	1.97% - 6.75%
Revolving credits	4.75% - 5.00%	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 RM7.5 million (2017: RM16.5 million).

24. Group Borrowings and Debt Securities (Cont'd)

(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.

(c) In 2018, the Group entered into an interest rate swap contract with a financial institution to hedge the interest rate exposure in respect of a long term loan denominated in USD. The outstanding balance of the said term loan amounted to RM82.9 million.

25. Derivative financial instrument

(a) **Disclosure of derivative**

As at 31 December 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 December 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	7,495	(2,675)
Foreign exchange contracts		
- Less than one year	804	(5)
Hedging derivatives:		
Interest swap contract		
- Less than one year	19,508	(136)
- One year to three years	58,525	(405)
- Three years to five years	4,877	(35)
		(3,256)

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 RM2.4 million, from RM5.6 million as at 31 December 2017 to RM3.3 million as at 31 December 2018 due mainly to change in USD/RM exchange rate and interest rate.

26. Dividend

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

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 31.12.2018	Preceding Year Quarter Ended 31.12.2017	Current Financial Year Ended 31.12.2018	Preceding Financial Year Ended 31.12.2017
Loss attributable to owners of the Company (RM '000)	(8,366)	(817)	(14,882)	(15,354)
Weighted average number of ordinary shares in issue ('000)	120,047	120,047	120,047	105,041
Basic loss per share (sen)	(6.97)	(0.68)	(12.40)	(14.62)

(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 20 February 2019.

Batu Caves, Selangor Darul Ehsan
20 February 2019