



**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 and year-to-date ended 30 June 2019**

(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	%		
		30.06.2019	30.06.2018		30.06.2019	30.06.2018	
		RM'000	RM'000	%	RM'000	RM'000	%
		Unaudited	Unaudited		Unaudited	Audited	
Revenue		157,659	148,828	5.9	307,557	287,120	7.1
Cost of sales		(149,039)	(137,499)	(8.4)	(292,448)	(268,155)	(9.1)
Gross profit		8,620	11,329	(23.9)	15,109	18,965	(20.3)
Other income		940	648	45.1	2,117	2,814	(24.8)
Operating expenses		(13,278)	(11,612)	(14.3)	(23,670)	(24,567)	3.7
Finance costs		(3,754)	(3,212)	(16.9)	(7,169)	(5,608)	(27.8)
Loss Before Taxation	19	(7,472)	(2,847)	(162.5)	(13,613)	(8,396)	(62.1)
Taxation	21	59	1,136	(94.8)	(254)	685	(137.1)
<b>Loss for the period</b>		<b>(7,413)</b>	<b>(1,711)</b>	<b>(333.3)</b>	<b>(13,867)</b>	<b>(7,711)</b>	<b>(79.8)</b>
<b>Other comprehensive (loss)/income, net of tax</b>							
Fair value of cash flow hedge		(1,097)	-	(100.0)	(1,755)	-	(100.0)
Foreign currency translation differences for foreign operations		1,492	6,978	(78.6)	(1,259)	(2,246)	43.9
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>395</b>	<b>6,978</b>	<b>(94.3)</b>	<b>(3,014)</b>	<b>(2,246)</b>	<b>(34.2)</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(7,018)</b>	<b>5,267</b>	<b>(233.2)</b>	<b>(16,881)</b>	<b>(9,957)</b>	<b>(69.5)</b>
<b>Loss attributable to:</b>							
Owners of the company		(7,413)	(1,711)	(333.3)	(13,867)	(7,711)	(79.8)
<b>Total comprehensive (loss)/income attributable to:</b>							
Owners of the company		(7,018)	5,267	(233.2)	(16,881)	(9,957)	(69.5)
<b>Loss per share attributable to owners of the company:</b>							
Basic (sen)		(6.18)	(1.43)	(332.2)	(11.55)	(6.42)	(79.9)
Diluted (sen)		(6.18)	(1.43)	(332.2)	(11.55)	(6.42)	(79.9)

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 2018 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 2019**

	Note	As at 30.06.2019 RM'000 Unaudited	As at 31.12.2018 RM'000 Audited
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment		332,158	332,585
Land use rights		40,692	41,977
Intangible assets		1,333	768
Deferred tax assets		216	205
Other assets		739	1,554
		<u>375,138</u>	<u>377,089</u>
<b>Current Assets</b>			
Inventories		71,108	93,106
Trade and other receivables		166,760	180,749
Other assets		1,080	1,052
Tax recoverable		2,391	2,391
Amount due from related companies		44	1,764
Cash and bank balances and short term funds		35,121	46,872
		<u>276,504</u>	<u>325,934</u>
<b>TOTAL ASSETS</b>		<u>651,642</u>	<u>703,023</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		10,408	13,422
Retained earnings		49,462	63,329
<b>Total Equity</b>		<u>233,289</u>	<u>250,170</u>
<b>Non-Current Liabilities</b>			
Retirement benefit obligation		1,324	1,266
Borrowings	24	106,613	107,153
Deferred tax liabilities		891	942
Amount due to related companies		20,391	20,391
Derivative financial instrument	25	1,708	440
		<u>130,927</u>	<u>130,192</u>
<b>Current Liabilities</b>			
Provisions		30	3
Borrowings	24	166,738	182,710
Amount due to related companies		342	1,442
Trade and other payables		118,555	135,465
Tax payable		61	225
Derivative financial instrument	25	1,700	2,816
		<u>287,426</u>	<u>322,661</u>
<b>Total Liabilities</b>		<u>418,353</u>	<u>452,853</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>651,642</u>	<u>703,023</u>
<b>Net assets per share attributable to owners of the Company (RM)</b>		1.94	2.08

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 two quarters ended 30 June 2019**

	Attributable to Owners of the Company				
	Non-distributable			Distributable	
	Share Capital	Warrants Reserves	Other Reserves	Retained Earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 1 January 2019</b>	167,363	6,056	13,422	63,329	250,170
Loss for the financial year	-	-	-	(13,867)	(13,867)
Cash flow hedge	-	-	(1,755)	-	(1,755)
Currency translation differences	-	-	(1,259)	-	(1,259)
Total comprehensive loss for the financial year	-	-	(3,014)	(13,867)	(16,881)
<b>As at 30 June 2019</b>	167,363	6,056	10,408	49,462	233,289
<b>As at 1 January 2018</b>	167,363	6,056	12,685	78,466	264,570
Loss for the financial year	-	-	-	(7,711)	(7,711)
Currency translation differences	-	-	(2,246)	-	(2,246)
Total comprehensive loss for the financial year	-	-	(2,246)	(7,711)	(9,957)
<b>As at 30 June 2018</b>	167,363	6,056	10,439	70,755	254,613

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 2018 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 two quarters ended 30 June 2019**

	<b>Current Year Ended 30.06.2019 RM'000 Unaudited</b>	<b>Preceding Year Ended 30.06.2018 RM'000 Audited</b>
<b>Net cash generated from/(used in) operating activities</b>		
Receipts from customers	321,666	277,477
Payments to suppliers	(296,540)	(282,499)
	<hr/>	<hr/>
Cash generated from/(used in) operations	25,126	(5,022)
Interest paid	(7,169)	(5,608)
Income tax paid	(480)	(1,041)
	<hr/>	<hr/>
	17,477	(11,671)
<b>Net cash used in investing activities</b>		
Acquisition of property, plant and equipment		
- Property, plant and equipment	(13,498)	(73,036)
- Intangible assets	(951)	(65)
Income distribution from short term funds	21	50
Net change in short term funds	(498)	5
Interest received	182	645
Proceeds from disposal of property, plant and equipment	36	75
	<hr/>	<hr/>
	(14,708)	(72,326)
<b>Net cash (used in)/generated from financing activities</b>		
Net (repayment)/drawdown in borrowings	(15,872)	67,533
Inter-company receipts	661	435
	<hr/>	<hr/>
	(15,211)	67,968
Net decrease in Cash and Cash Equivalents	(12,442)	(16,029)
Effect of Exchange Rate Changes	192	1,201
Cash and Cash Equivalents at 1 January	45,870	62,688
	<hr/>	<hr/>
Cash and Cash Equivalents at 30 June	33,620	47,860
Cash and Cash Equivalents at 30 June comprised the following:		
Cash and bank balances	30,688	22,571
Deposits with licensed bank	2,932	25,289
Short-term funds	1,501	5
	<hr/>	<hr/>
Cash and bank balances and short term funds	35,121	47,865
Less: Short-term funds	(1,501)	(5)
	<hr/>	<hr/>
Cash and Cash Equivalents at 30 June	33,620	47,860

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2018. 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 2018.

## **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 2018.

### **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 2019:

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*

Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*

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 *References to the Conceptual Framework in MFRS Standards*

Amendments MFRS 3 *Definition of a Business*

Amendments MFRS 101 and MFRS 108 *Definition of Material*

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 2018 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.



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

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**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 financial period ended 30 June 2019 are as follows:

	Malaysia RM'000	Vietnam RM'000	Myanmar RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>							
External sales	89,647	215,404	2,506	-	307,557	-	307,557
Inter-segmental sales	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>89,647</b>	<b>215,404</b>	<b>2,506</b>	<b>-</b>	<b>307,557</b>	<b>-</b>	<b>307,557</b>
<b>RESULTS</b>							
Segment results	(3,525)	1,435	(6,438)	(33)	(8,561)	-	(8,561)
Other income	2,484	476	188	2,216	5,364	(3,247)	2,117
							(6,444)
Finance costs	(2,775)	(4,348)	(2,068)	(1,240)	(10,431)	3,262	(7,169)
Loss before taxation							(13,613)
Taxation							(254)
Loss after taxation							(13,867)
<b>ASSETS AND LIABILITIES</b>							
Segment assets	341,402	409,459	154,010	169,290	1,074,161	(425,126)	649,035
Unallocated corporate assets							2,607
<b>Consolidated total assets</b>							<b>651,642</b>
Segment liabilities	141,109	269,914	113,215	84,483	608,721	(194,728)	413,993
Unallocated corporate liabilities							4,360
<b>Consolidated total liabilities</b>							<b>418,353</b>
<b>OTHER INFORMATION</b>							
Capital Expenditure	3,402	1,985	9,062	-	14,449	-	14,449
Depreciation and amortisation	2,731	8,188	2,841	-	13,760	-	13,760
Non-cash expenses other than depreciation	4,131	292	6	1	4,430	-	4,430

**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 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
<b>REVENUE</b>							
External sales	74,786	212,334	-	-	287,120	-	287,120
Inter-segmental sales	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>74,786</b>	<b>212,334</b>	<b>-</b>	<b>-</b>	<b>287,120</b>	<b>-</b>	<b>287,120</b>
<b>RESULTS</b>							
Segment results	(7,269)	2,455	(810)	(30)	(5,654)	52	(5,602)
Other income	2,730	644	41	478	3,893	(1,079)	2,814
							(2,788)
Finance costs	(2,449)	(3,534)	464	(1,116)	(6,635)	1,027	(5,608)
Loss before taxation							(8,396)
Taxation							685
Loss after taxation							(7,711)
<b>ASSETS AND LIABILITIES</b>							
Segment assets	363,718	410,730	135,672	147,316	1,057,436	(405,389)	652,047
Unallocated corporate assets							4,045
Consolidated total assets							656,092
Segment liabilities	155,345	266,909	84,723	64,313	571,290	(174,992)	396,298
Unallocated corporate liabilities							5,181
Consolidated total liabilities							401,479
<b>OTHER INFORMATION</b>							
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

[The rest of this page has been intentionally left blank]



**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 30 June 2019 is as follows:

	<b>RM'000</b>
Approved and contracted for	<u>1,087</u>

**15. Related Party Transactions**

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

	<b>Current Year-To-Date Ended 30.06.2019 RM'000</b>
Sales to holding company	118
Sales to related companies	7,263
Rental income from a related company	97
Rental payable to a related company	957
Interest income to a related company	36
Interest payable to holding company	96
Interest payable to related companies	<u>370</u>

<b>Nature of transaction</b>	<b>Identity</b>	
Sales of goods	Aik Joo Can Factory Sdn. Berhad <sup>(i)</sup>	24
	F & B Nutrition Sdn. Bhd. <sup>(ii)</sup>	3,484

Kian Joo Can Factory Berhad became a subsidiary of Can-One Berhad on 18 March 2019. Prior that, transactions with the parties (i) and (ii) were recognised as related parties transactions 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*****Second Quarter ended 30 June 2019 ("Q2, 2019") versus Second Quarter ended 30 June 2018 ("Q2, 2018")***

In Q2, 2019, the Group recorded a revenue of RM157.7 million, an increase of 5.9% from RM148.8 million in Q2, 2018. The increase was mainly contributed by increase in sales volume in Malaysia and Vietnam. The Group's Myanmar subsidiary contributed a revenue of RM1.8 million.

Group profit decreased from RM11.3 million in Q2, 2018 to RM8.6 million in Q2, 2019. This was mainly attributable to a reduction in gross profit margin from the Group's Vietnam operations and gross loss incurred by the Myanmar subsidiary.

The Group recorded a loss before taxation of RM7.5 million in Q2, 2019 compared to RM2.8 million in Q2, 2018. This was contributed by the aforesaid reason, initial operating loss of RM3.5 million in Myanmar and impairment loss on doubtful debts amounting to RM2.4 million which was recognised during the quarter.

***Year-To-Date ended 30 June 2019 ("YTD 2019") versus Year-To-Date ended 30 June 2018 ("YTD 2018")***

In YTD 2019, the Group's revenue was RM307.6 million, an increase from RM287.1 million recorded in YTD 2018. 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.

Group profit decreased from RM19.0 million in YTD 2018 to RM15.1 million in YTD 2019. This was mainly attributable to a reduction in gross profit margin from the Group's Vietnam operations and gross loss incurred by the Myanmar subsidiary.

The Group recorded a loss before taxation of RM13.6 million in YTD 2019 compared to RM8.4 million in YTD 2018. This was contributed by the aforesaid reason, initial operating loss of RM8.3 million in Myanmar and impairment loss on doubtful debts amounting to RM2.4 million which was recognised during the current period.

**17. Material Change in Performance of Operating Segments for Q2, 2019 compared with Immediate Preceding Quarter Ended 31 March 2019 ("Q1, 2019")**

	<b>Current Year Quarter Ended 30.06.2019 RM'000</b>	<b>Immediate Preceding Quarter Ended 31.03.2019 RM'000</b>	<b>Changes %</b>
Revenue	157,659	149,898	5.2
Operating Loss	(4,658)	(3,903)	19.3
Loss Before Interest and Tax	(3,718)	(2,726)	36.4
Loss Before Taxation	(7,472)	(6,141)	21.7
Loss After Taxation	(7,413)	(6,454)	14.9
<b>Loss attributable to:</b>			
Owners of the company	(7,413)	(6,454)	14.9

**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, 2019 compared with Immediate Preceding Quarter Ended 31 March 2019 ("Q1, 2019") (Con't)**

For the current quarter under review, the Group's net revenue increased to RM157.7 million from RM149.9 million in the immediate preceding quarter. The increase was mainly contributed by increase in sales volume in Vietnam.

Consequently, the Group's gross profit improved from RM6.5 million in the immediate preceding quarter to RM8.6 million in Q2, 2019.

The Group recorded a loss before taxation of RM7.5 million in Q2, 2019, compared to a loss before taxation of RM6.1 million in Q1, 2019 mainly due to impairment loss on doubtful debts of RM2.4 million made in the current quarter.

**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 revenue growing and paper cost easing. The Group's Vietnam operations is however still facing stiff competition in the market.

The exchange rate of United States Dollar ("USD") against RM 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.

The new plant in Myanmar commenced 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.

The Board of Directors ("Board") remains optimistic in addressing the challenges faced by the Group in the remaining quarters of 2019.

**19. Loss Before Taxation**

Included in loss before taxation are the following items:

	<b>Current Year Quarter Ended 30.06.2019 RM'000</b>	<b>Preceding Year Quarter Ended 30.06.2018 RM'000</b>	<b>Current Year-To-Date Ended 30.06.2019 RM'000</b>	<b>Preceding Year-To-Date Ended 30.06.2018 RM'000</b>
Other (income)/expenses:				
- Interest income	(69)	(463)	(181)	(645)
- Income distribution from short term funds	(5)	(21)	(21)	(50)
- (Gain)/Loss on derivatives	(707)	27	(1,602)	(1,774)
- Gain on disposal of property, plant and equipment	(46)	(196)	(82)	(218)
- Reversal of write-down of inventories	-	(54)	-	(133)
- Others	(113)	59	(231)	6
	(940)	(648)	(2,117)	(2,814)

**BOX-PAK (MALAYSIA) BHD. (21338-W)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF  
BURSA MALAYSIA SECURITIES BERHAD****19. Loss Before Taxation (Con't)**

Included in loss before taxation are the following items: (Con't)

	<b>Current Year Quarter Ended 30.06.2019 RM'000</b>	<b>Preceding Year Quarter Ended 30.06.2018 RM'000</b>	<b>Current Year-To-Date Ended 30.06.2019 RM'000</b>	<b>Preceding Year-To-Date Ended 30.06.2018 RM'000</b>
Interest expense	3,754	3,212	7,169	5,608
Depreciation and amortisation	7,139	5,403	13,760	10,348
Provision for waste disposal	60	60	120	120
Impairment loss on doubtful debts	2,370	-	2,370	-
Net foreign exchange loss	865	(474)	755	844
Write off of:				
- inventories	19	50	19	117
- property, plant and equipment	-	4	-	188

**20. Variance from Forecast Profit and shortfall in Profit Guarantee**

No profit forecast or guarantee was issued by the Group.

**21. Taxation**

	<b>Current Year Quarter Ended 30.06.2019 RM'000</b>	<b>Preceding Year Quarter Ended 30.06.2018 RM'000</b>	<b>Current Year-To-Date Ended 30.06.2019 RM'000</b>	<b>Preceding Year-To-Date Ended 30.06.2018 RM'000</b>
Income Tax				
- current year	48	(364)	(265)	(364)
- prior year	-	-	-	(481)
Deferred taxation	11	1,500	11	1,530
	<u>59</u>	<u>1,136</u>	<u>(254)</u>	<u>685</u>

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

**22. Status of Corporate Proposals**

There was no corporate proposal announced but not completed as at the date of the issue of this quarterly report.

**23. Material Litigations**

There was no pending material litigation against the Group as at the end of 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****24. Group Borrowings and Debt Securities**

Total Group borrowings are as follows:

	<b>As at 30.06.2019 RM'000</b>	<b>As at 31.12.2018 RM'000</b>
Current - unsecured		
- Revolving credit	38,600	44,400
- Trade facilities	117,704	119,358
- Term loans	10,434	18,952
	<hr/>	<hr/>
	166,738	182,710
Non-current - unsecured		
- Term loans	106,613	107,153
	<hr/>	<hr/>
	273,351	289,863

Borrowings which are denominated in foreign currencies are as follows:

Current - unsecured		
- Trade facilities (denominated in Vietnam Dong ("VND"))	85,859	92,761
- Trade facilities (denominated in USD)	3,849	804
- Term loans (denominated in VND)	3,922	7,933
- Term loans (denominated in USD)	3,513	3,524
	<hr/>	<hr/>
Non-current - unsecured		
- Term loans (denominated in VND)	27,456	27,766
- Term loans (denominated in USD)	79,157	79,386
	<hr/>	<hr/>

The interest rates for the borrowings are as follows:

Term loans:		
- Fixed rates	3.50%	3.50%
- Floating rates	3.52% - 7.80%	3.64% - 7.80%
Trade facilities	2.93% - 7.06%	3.09% - 6.66%
Revolving credits	3.37% - 4.80%	4.75% - 5.00%

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 RM3.0 million (2018: RM7.5 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.
- (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 RM82.7 million.

**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 2019, the Group had:

- i. forward foreign exchange contracts to hedge against USD/RM exchange rate fluctuations on certain payable balances and forecast transactions.
- ii. 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 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.

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 2019 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 (1) year	2,998	(1,075)
Foreign exchange contracts		
- Less than one (1) year	3,845	(4)
<b>Hedging derivatives:</b>		
Interest swap contract		
- Less than one (1) year	22,045	(621)
- One (1) year to three (3) years	60,625	(1,708)
		<u>(3,408)</u>

There have been no significant changes since the end of the previous financial year ended 31 December 2018 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 increased by RM0.1 million, from RM3.3 million as at 31 December 2018 to RM3.4 million as at 30 June 2019 due mainly to change in USD/RM exchange rate and interest rate.

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

	<b>Current Year Quarter Ended 30.06.2019</b>	<b>Preceding Year Quarter Ended 30.06.2018</b>	<b>Current Year-To-Date Ended 30.06.2019</b>	<b>Preceding Year-To-Date Ended 30.06.2018</b>
Loss attributable to owners of the Company (RM '000)	(7,413)	(1,711)	(13,867)	(7,711)
Weighted average number of ordinary shares in issue ('000)	120,047	120,047	120,047	120,047
<b>Basic loss per share (sen)</b>	<b>(6.18)</b>	<b>(1.43)</b>	<b>(11.55)</b>	<b>(6.42)</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 August 2019.

Batu Caves, Selangor Darul Ehsan  
21 August 2019