



BOX-PAK (MALAYSIA) BHD.

(Incorporated in Malaysia)

[Registration No. 197401004216 (21338-W)]

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the fourth quarter and year ended 31 December 2019**

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		Current Year	Preceding Year	Changes	Financial	Financial	Changes
		Quarter	Quarter		Year	Year	
Ended	Ended		Ended	Ended			
		31.12.2019	31.12.2018	%	31.12.2019	31.12.2018	%
		RM'000	RM'000		RM'000	RM'000	
		Unaudited	Unaudited		Unaudited	Audited	
Revenue		170,100	172,601	(1.4)	647,469	627,363	3.2
Cost of sales		(147,223)	(159,865)	7.9	(593,116)	(580,270)	(2.2)
Gross profit		<u>22,877</u>	<u>12,736</u>	79.6	<u>54,353</u>	<u>47,093</u>	15.4
Other income		609	816	(25.4)	3,559	4,090	(13.0)
Operating expenses		(14,884)	(16,586)	10.3	(50,986)	(53,368)	4.5
Finance costs		(4,236)	(3,018)	(40.4)	(15,210)	(11,227)	(35.5)
Profit/(Loss) Before Taxation	19	<u>4,366</u>	<u>(6,052)</u>	172.1	<u>(8,284)</u>	<u>(13,412)</u>	38.2
Taxation	21	(1,454)	(2,314)	(37.2)	(2,223)	(1,470)	51.2
Profit/(Loss) for the period		<u>2,912</u>	<u>(8,366)</u>	134.8	<u>(10,507)</u>	<u>(14,882)</u>	29.4
Other comprehensive income/(loss), net of tax							
Fair value of cash flow hedge		399	(576)	(100.0)	(1,531)	(576)	(100.0)
Foreign currency translation differences for foreign operations		<u>(2,873)</u>	<u>753</u>	(481.5)	<u>(1,771)</u>	<u>1,313</u>	234.9
Other comprehensive (loss)/income for the period, net of tax		<u>(2,474)</u>	<u>177</u>	(1,497.7)	<u>(3,302)</u>	<u>737</u>	548.0
Total comprehensive income/(loss) for the period		<u>438</u>	<u>(8,189)</u>	(105.3)	<u>(13,809)</u>	<u>(14,145)</u>	2.4
Profit/(Loss) attributable to:							
Owners of the company		2,912	(8,366)	134.8	(10,507)	(14,882)	29.4
Total comprehensive income/(loss) attributable to:							
Owners of the company		438	(8,189)	(105.3)	(13,809)	(14,145)	2.4
Profit/(Loss) per share attributable to owners of the company:							
Basic (sen)		2.43	(6.97)	134.9	(8.75)	(12.40)	29.4
Diluted (sen)		<u>2.43</u>	<u>(6.97)</u>	134.9	<u>(8.75)</u>	<u>(12.40)</u>	29.4

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)

[Registration No. 197401004216 (21338-W)]

**Condensed Consolidated Statement of Financial Position
As at 31 December 2019**

	Note	As at 31.12.2019 RM'000 Unaudited	As at 31.12.2018 RM'000 Audited
ASSETS			
Non-Current Assets			
Property, plant & equipment		307,684	332,585
Right-of-use assets		63,189	-
Land use rights		-	41,977
Intangible assets		1,005	768
Deferred tax assets		229	205
Other assets		922	1,554
		<u>373,029</u>	<u>377,089</u>
Current Assets			
Inventories		73,235	93,106
Trade and other receivables		155,747	180,749
Other assets		519	1,052
Tax recoverable		242	2,391
Amount due from related companies		-	1,764
Cash and bank balances and short term funds		27,134	46,872
		<u>256,877</u>	<u>325,934</u>
TOTAL ASSETS		<u><u>629,906</u></u>	<u><u>703,023</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		10,120	13,422
Retained earnings		52,674	63,329
Total Equity		<u>236,213</u>	<u>250,170</u>
Non-Current Liabilities			
Retirement benefit obligation		1,245	1,266
Borrowings	24	84,179	107,153
Lease liabilities		2,655	-
Deferred tax liabilities		875	942
Amount due to related companies		22,516	20,391
Derivative financial instrument	25	1,459	440
		<u>112,929</u>	<u>130,192</u>
Current Liabilities			
Provisions		5	3
Retirement benefit obligation		134	-
Borrowings	24	153,570	182,710
Lease liabilities		3,149	-
Amount due to related companies		85	1,442
Trade and other payables		121,806	135,465
Tax payable		1,367	225
Derivative financial instrument	25	648	2,816
		<u>280,764</u>	<u>322,661</u>
Total Liabilities		<u>393,693</u>	<u>452,853</u>
TOTAL EQUITY AND LIABILITIES		<u><u>629,906</u></u>	<u><u>703,023</u></u>
Net assets per share attributable to owners of the Company (RM)		1.97	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.

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[Registration No. 197401004216 (21338-W)]

**Condensed Consolidated Statement of Changes in Equity
For the year ended 31 December 2019**

	Attributable to Owners of the Company				
	Non-distributable			Distributable	
	Share Capital RM'000	Warrants Reserves RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total RM'000
As at 1 January 2019	167,363	6,056	13,422	63,329	250,170
Adjustments on initial application of: MFRS 16 (Note a)	-	-	-	(148)	(148)
Loss for the financial year	-	-	-	(10,507)	(10,507)
Cash flow hedge	-	-	(1,531)	-	(1,531)
Currency translation differences	-	-	(1,771)	-	(1,771)
Total comprehensive loss for the financial year	-	-	(3,302)	(10,507)	(13,809)
As at 31 December 2019	167,363	6,056	10,120	52,674	236,213
As at 1 January 2018	167,363	6,056	12,685	78,466	264,570
Adjustments on initial application of MFRS 9 (Note b)	-	-	-	(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

Note a

The adoption of MFRS 16 *Leases* has fundamentally changed the accounting for leases of the Group by introducing a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use assets representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. However, there are recognition exemptions for short term leases and leases of low value items.

Note b

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 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.

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.**

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**Condensed Consolidated Statement of Cash Flows
For the year ended 31 December 2019**

	Current Year Ended 31.12.2019 RM'000 Unaudited	Preceding Year Ended 31.12.2018 RM'000 Audited
Net cash generated from/(used in) operating activities		
Receipts from customers	664,770	597,036
Payments to suppliers	(602,770)	(588,868)
Cash generated from operations	62,000	8,168
Interest paid	(14,954)	(11,227)
Income tax paid	(1,177)	(1,915)
Income tax refunded	2,158	-
	48,027	(4,974)
Net cash used in investing activities		
Acquisition of property, plant and equipment		
- Property, plant and equipment	(21,400)	(103,813)
- Intangible assets	(990)	(100)
Income distribution from short term funds	98	75
Net change in short term funds	(3,237)	(981)
Interest received	270	385
Proceeds from disposal of property, plant and equipment	108	362
	(25,151)	(104,072)
Net cash (used in)/generated from financing activities		
Net (repayment)/drawdown in borrowings	(50,860)	90,659
Inter-company receipts	7,822	1,416
Payment of lease liabilities	(2,685)	-
Interest on lease liabilities	(256)	-
	(45,979)	92,075
Net decrease in Cash and Cash Equivalents	(23,103)	(16,971)
Effect of Exchange Rate Changes	129	153
Cash and Cash Equivalents at 1 January	45,870	62,688
Cash and Cash Equivalents at 31 December	22,896	45,870
Cash and Cash Equivalents at 31 December comprised the following:		
Cash and bank balances	19,165	37,123
Deposits with licensed bank	3,731	8,747
Short-term funds	4,238	1,002
Cash and bank balances and short term funds	27,134	46,872
Less: Short-term funds	(4,238)	(1,002)
Cash and Cash Equivalents at 31 December	22,896	45,870

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 except for MFRS 16 *Leases*. The effect of adopting MFRS 16 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 *References to the Conceptual Framework in MFRS Standards*

Amendments MFRS 3 *Definition of a Business*

Amendments MFRS 101 and MFRS 108 *Definition of Material*

Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*

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. [Registration No. 197401004216 (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 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 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
REVENUE							
External sales	175,357	464,894	7,218	-	647,469	-	647,469
Inter-segmental sales	-	-	-	-	-	-	-
Total revenue	175,357	464,894	7,218	-	647,469	-	647,469
RESULTS							
Segment results	(1,963)	17,437	(12,456)	(129)	2,889	478	3,367
Other income	4,894	1,007	164	4,421	10,486	(6,927)	3,559
							6,926
Finance costs	(5,460)	(8,916)	(4,188)	(3,111)	(21,675)	6,465	(15,210)
Loss before taxation							(8,284)
Taxation	60	(1,858)	-	(425)	(2,223)	-	(2,223)
Loss after taxation							(10,507)
ASSETS AND LIABILITIES							
Segment assets	320,792	411,744	145,875	165,254	1,043,665	(414,230)	629,435
Unallocated corporate assets							471
Consolidated total assets							629,906
Segment liabilities	118,244	260,865	115,147	78,920	573,176	(183,832)	389,344
Unallocated corporate liabilities							4,349
Consolidated total liabilities							393,693
OTHER INFORMATION							
Capital Expenditure	8,493	6,772	11,302	-	26,567	-	26,567
Depreciation and amortisation	7,859	16,643	5,626	38	30,166	-	30,166
Non-cash expenses other than depreciation	5,820	1,347	-	1	7,168	-	7,168



BOX-PAK (MALAYSIA) BHD. [Registration No. 197401004216 (21338-W)]
PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Reporting (Cont'd)

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
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

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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 2019 is as follows:

	RM'000
Approved and contracted for	1,551

15. Related Party Transactions

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

	Current Financial Year Ended 31.12.2019 RM'000
Sales to holding company	319
Sales to related companies	14,622
Rental income from a related company	194
Interest income to a related company	36
Interest payable to holding company	96
Interest payable to related companies	881

Nature of transaction	Identity	
Sales of goods to related parties	Aik Joo Can Factory Sdn. Berhad ⁽ⁱ⁾	24
	F & B Nutrition Sdn. Bhd. ⁽ⁱⁱ⁾	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. [Registration No. 197401004216 (21338-W)]
**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
 BURSA MALAYSIA SECURITIES BERHAD**

16. Operating Segments Review

Fourth Quarter ended 31 December 2019 ("Q4, 2019") versus Fourth Quarter ended 31 December 2018 ("Q4, 2018")

In Q4, 2019, the Group recorded a revenue of RM170.1 million, a decrease of 1.4% from RM172.6 million in Q4, 2018. The decrease was mainly contributed by the lower sales recorded by the Group's Malaysia operations.

Gross profit increased from RM12.7 million in Q4, 2018 to RM22.9 million in Q4, 2019. This was mainly attributable to normalisation of paper cost in Malaysia and Vietnam operations but was reduced by gross loss incurred by the Myanmar operations.

The Group recorded a profit before taxation of RM4.4 million in Q4, 2019 as opposed to a loss before taxation of RM6.1 million in Q4, 2018. Higher profit was recorded in the Malaysia and Vietnam operations. However, this was reduced by loss in Myanmar operations of RM4.1 million.

Financial Year Ended 31 December 2019 ("FYE 2019") versus Financial Year Ended 31 December 2018 ("FYE 2018")

In FYE 2019, the Group's revenue was RM647.5 million, an increase of 3.2% from RM627.4 million recorded in FYE 2018. The higher revenue in the current year was contributed by increased sales volume in Malaysia, Vietnam and Myanmar operations.

Gross profit increased from RM47.1 million in FYE 2018 to RM54.4 million in FYE 2019. This was mainly attributable to an increase in gross profit margin from the Group's Malaysia and Vietnam operations. Gross loss of RM8.9 million was incurred in Myanmar operations.

The Group recorded a lower loss before taxation of RM8.3 million in FYE 2019 compared to RM13.4 million in FYE 2018. The Group incurred a loss before taxation of RM16.5 million in Myanmar for its first year of operation.

17. Material Change in Performance of Operating Segments for Q4, 2019 compared with Immediate Preceding Quarter Ended 30 September 2019 ("Q3, 2019")

	Current Year Quarter Ended 31.12.2019 RM'000	Immediate Preceding Quarter Ended 30.09.2019 RM'000	Changes %
Revenue	170,100	169,812	0.2
Operating Profit	7,993	3,935	103.1
Profit Before Interest and Tax	8,602	4,768	80.4
Profit Before Taxation	4,366	963	353.4
Profit After Taxation	2,912	448	550.0
Profit attributable to:			
Owners of the company	2,912	448	550.0



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**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
 BURSA MALAYSIA SECURITIES BERHAD**

17. Material Change in Performance of Operating Segments for Q4, 2019 compared with Immediate Preceding Quarter Ended 30 September 2019 ("Q3, 2019") (Cont'd)

For the current quarter under review, the Group's net revenue increased to RM170.1 million from RM169.8 million in the immediate preceding quarter. The increase was mainly contributed by increase in sales volume in Vietnam.

The Group's gross profit improved from RM16.4 million in the immediate preceding quarter to RM22.9 million in Q4, 2019. This was due mainly to higher sales in Vietnam.

The Group profit before taxation increased to RM4.4 million in Q4, 2019 from RM1.0 million in Q3, 2019. This was due mainly to higher gross profit as stated above.

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 stabilising.

The increased labour cost due to adjustments in minimum wages in Malaysia and Vietnam will affect the profitability of the Group's operations in these countries.

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 recent outbreak of the virus Covid-19, though has not significantly impacted the Group's business operations, may cause future disruption to the demand for the Group's product, as it may disrupt the global supply chain and cause global economy to slowdown.

The Board of Directors remains optimistic in addressing the challenges faced by the Group in 2020.

19. Profit/(Loss) Before Taxation

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

	Current Year Quarter Ended 31.12.2019 RM'000	Preceding Year Quarter Ended 31.12.2018 RM'000	Current Financial Year Ended 31.12.2019 RM'000	Preceding Financial Year Ended 31.12.2018 RM'000
Other (income)/expenses:				
- Interest income	(28)	(91)	(270)	(385)
- Income distribution from short term funds	(71)	(6)	(98)	(75)
- Gain on derivatives	(280)	(778)	(2,680)	(2,942)
- Gain on disposal of property, plant and equipment	6	(64)	(76)	(310)
- Others	(236)	123	(435)	(378)
	(609)	(816)	(3,559)	(4,090)



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**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
 BURSA MALAYSIA SECURITIES BERHAD**

19. Profit/(Loss) Before Taxation (Cont'd)

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

	Current Year Quarter Ended 31.12.2019 RM'000	Preceding Year Quarter Ended 31.12.2018 RM'000	Current Financial Year Ended 31.12.2019 RM'000	Preceding Financial Year Ended 31.12.2018 RM'000
Interest expense	4,236	3,018	15,210	11,227
Depreciation and amortisation	9,332	6,267	30,166	22,101
Provision for waste disposal	7	40	187	220
Impairment loss on doubtful debts	315	371	2,603	371
Net foreign exchange loss	1,480	1,999	2,980	3,478
Write off of:				
- inventories	94	33	231	277
- 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 31.12.2019 RM'000	Preceding Year Quarter Ended 31.12.2018 RM'000	Current Financial Year Ended 31.12.2019 RM'000	Preceding Financial Year Ended 31.12.2018 RM'000
Income Tax				
- current year	(1,453)	(1,411)	(2,312)	(1,586)
- prior year	1	473	(2)	(8)
Deferred taxation	(2)	(1,376)	91	124
	(1,454)	(2,314)	(2,223)	(1,470)

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 year under review.



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**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:

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Current - unsecured		
- Revolving credit	27,800	44,400
- Trade facilities	103,524	119,358
- Term loans	21,783	18,952
- Bank overdraft	463	-
	<hr/>	<hr/>
	153,570	182,710
Non-current - unsecured		
- Term loans	84,179	107,153
	<hr/>	<hr/>
	237,749	289,863

Borrowings which are denominated in foreign currencies are as follows:

Current - unsecured		
- Trade facilities (denominated in Vietnam Dong ("VND"))	83,238	92,761
- Trade facilities (denominated in USD)	195	804
- Term loans (denominated in VND)	7,845	7,933
- Term loans (denominated in USD)	13,938	3,524
	<hr/>	<hr/>
Non-current - unsecured		
- Term loans (denominated in VND)	19,612	27,766
- Term loans (denominated in USD)	64,567	79,386
	<hr/>	<hr/>

The interest rates for the borrowings are as follows:

Term loans:		
- Fixed rates	-	3.50%
- Floating rates	2.90%-7.20%	3.64% - 7.80%
Trade facilities	2.33% - 7.06%	3.09% - 6.66%
Revolving credits	4.56% - 4.80%	4.75% - 5.00%
	<hr/>	<hr/>

Hedging activities on major borrowings

- (a) 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 RM78.5 million.



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25. Derivative financial instrument

(a) Disclosure of derivative

As at 31 December 2019, the Group had 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 31 December 2019 are set out below:

Type of derivatives	Contract/ Notional amount RM'000	Fair value Assets/ (Liabilities) RM'000
Hedging derivatives:		
Interest swap contract		
- Less than one (1) year	25,228	(648)
- One (1) year to three (3) years	56,762	(1,459)
		<u>(2,107)</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 decreased by RM1.2 million, from RM3.3 million as at 31 December 2018 to RM2.1 million as at 31 December 2019 due mainly to repayment of loan and changes in interest rate.

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 loan had been fully repaid during the year.



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26. Dividend

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

27. Profit/(Loss) Per Share

(a) Basic

Basic profit/(loss) per ordinary share for the financial year ended is calculated by dividing profit/(loss) for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year:

	Current Year Quarter Ended 31.12.2019	Preceding Year Quarter Ended 31.12.2018	Current Financial Year Ended 31.12.2019	Preceding Financial Year Ended 31.12.2018
Profit/(Loss) attributable to owners of the Company (RM '000)	2,912	(8,366)	(10,507)	(14,882)
Weighted average number of ordinary shares in issue ('000)	120,047	120,047	120,047	120,047
Basic profit/(loss) per share (sen)	2.43	(6.97)	(8.75)	(12.40)

(b) Diluted

For the financial year 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 year 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 26 February 2020.

Batu Caves, Selangor Darul Ehsan
26 February 2020