

**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 first quarter ended 31 March 2020
(The figures have not been audited)

| | Note | CUMULATIVE QUARTER | | Changes % |
|---|------|--|--|--------------|
| | | Current year Quarter Ended 31.03.2020 RM'000 Unaudited | Preceding year Quarter Ended 31.03.2019 RM'000 Audited | |
| Revenue | | 147,124 | 149,898 | (1.9) |
| Cost of sales | | (132,933) | (143,409) | (7.3) |
| Gross profit | | 14,191 | 6,489 | 118.7 |
| Other income | | 174 | 1,177 | (85.2) |
| Operating expenses | | (11,343) | (10,392) | 9.2 |
| Finance costs | | (2,892) | (3,415) | (15.3) |
| Profit/(Loss) Before Taxation | 19 | 130 | (6,141) | (102.1) |
| Taxation | 21 | (494) | (313) | 57.8 |
| Loss for the period | | (364) | (6,454) | (94.4) |
| Other comprehensive (loss)/income, net of tax | | | | |
| Fair value of cash flow hedge | | (1,944) | (658) | 195.4 |
| Foreign currency translation differences for foreign operations | | 5,713 | (2,751) | (307.7) |
| Other comprehensive income/(loss) for the period, net of tax | | 3,769 | (3,409) | (210.6) |
| Total comprehensive income/(loss) for the period | | 3,405 | (9,863) | (134.5) |
| Loss attributable to: | | | | |
| Owners of the company | | (364) | (6,454) | (94.4) |
| Total comprehensive income/(loss) attributable to: | | | | |
| Owners of the company | | 3,405 | (9,863) | (134.5) |
| Loss per share attributable to owners of the Company: | | | | |
| Basic (sen) | | (0.30) | (5.38) | (94.4) |
| Diluted (sen) | | (0.30) | (5.38) | (94.4) |

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 2019 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 March 2020**

| | Note | As at 31.03.2020 RM'000 Unaudited | As at 31.12.2019 RM'000 Audited |
|--|------|--|--|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | | 313,017 | 307,684 |
| Right-of-use assets | | 65,780 | 63,189 |
| Intangible assets | | 855 | 1,005 |
| Deferred tax assets | | 205 | 229 |
| Other assets | | 766 | 922 |
| | | <u>380,623</u> | <u>373,029</u> |
| Current Assets | | | |
| Inventories | | 71,811 | 73,235 |
| Trade and other receivables | | 147,555 | 155,747 |
| Other assets | | 1,363 | 519 |
| Tax recoverable | | 13 | 242 |
| Cash and bank balances and short term funds | | 21,663 | 27,134 |
| | | <u>242,405</u> | <u>256,877</u> |
| TOTAL ASSETS | | <u><u>623,028</u></u> | <u><u>629,906</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 | | 13,889 | 10,120 |
| Retained earnings | | 52,310 | 52,674 |
| Total Equity | | <u>239,618</u> | <u>236,213</u> |
| Non-Current Liabilities | | | |
| Retirement benefit obligation | | 1,132 | 1,245 |
| Borrowings | 24 | 84,540 | 84,179 |
| Lease liabilities | | 2,828 | 2,655 |
| Deferred tax liabilities | | 868 | 875 |
| Amount due to related parties | | 22,516 | 22,516 |
| Derivative financial instrument | 25 | 2,701 | 1,459 |
| | | <u>114,585</u> | <u>112,929</u> |
| Current Liabilities | | | |
| Provisions | | 17 | 5 |
| Retirement benefit obligation | | 134 | 134 |
| Borrowings | 24 | 143,070 | 153,570 |
| Lease liabilities | | 4,145 | 3,149 |
| Amount due to related companies | | 944 | 85 |
| Trade and other payables | | 119,019 | 121,806 |
| Tax payable | | 146 | 1,367 |
| Derivative financial instrument | 25 | 1,350 | 648 |
| | | <u>268,825</u> | <u>280,764</u> |
| Total Liabilities | | <u>383,410</u> | <u>393,693</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>623,028</u></u> | <u><u>629,906</u></u> |
| Net assets per share attributable to owners of the Company (RM) | | 2.00 | 1.97 |

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 Changes in Equity
For the first quarter ended 31 March 2020**

| | 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 |
| As at 1 January 2020 | 167,363 | 6,056 | 10,120 | 52,674 | 236,213 |
| Loss for the period | - | - | - | (364) | (364) |
| Cash flow hedge | - | - | (1,944) | - | (1,944) |
| Currency translation differences | - | - | 5,713 | - | 5,713 |
| Total comprehensive income/(loss) for the period | - | - | 3,769 | (364) | 3,405 |
| As at 31 March 2020 | 167,363 | 6,056 | 13,889 | 52,310 | 239,618 |
| As at 1 January 2019 | 167,363 | 6,056 | 13,422 | 63,329 | 250,170 |
| Loss for the period | - | - | - | (6,454) | (6,454) |
| Cash flow hedge | - | - | (658) | - | (658) |
| Currency translation differences | - | - | (2,751) | - | (2,751) |
| Total comprehensive loss for the period | - | - | (3,409) | (6,454) | (9,863) |
| As at 31 March 2019 | 167,363 | 6,056 | 10,013 | 56,875 | 240,307 |

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 2019 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 Cash Flows
For the first quarter ended 31 March 2020**

| | Current year Quarter Ended 31.03.2020 RM'000 Unaudited | Preceding year Quarter Ended 31.03.2019 RM'000 Audited |
|--|---|---|
| Net cash generated from/(used in) operating activities | | |
| Receipts from customers | 155,593 | 157,314 |
| Payments to suppliers | (137,558) | (151,245) |
| | <hr/> | <hr/> |
| Cash generated from operations | 18,035 | 6,069 |
| Interest paid | (2,825) | (3,415) |
| Income tax paid | (1,749) | (336) |
| Income tax refunded | 233 | - |
| | <hr/> | <hr/> |
| | 13,694 | 2,318 |
| Net cash generated from/(used in) investing activities | | |
| Acquisition of: | | |
| - Property, plant and equipment | (2,677) | (13,201) |
| - Intangible assets | (9) | - |
| Income distribution from short term funds | 45 | 16 |
| Net change in short term funds | 2,724 | 1,000 |
| Interest received | 23 | 112 |
| Proceeds from disposal of property, plant and equipment | 105 | 36 |
| | <hr/> | <hr/> |
| | 211 | (12,037) |
| Net cash generated from financing activities | | |
| Net repayment in borrowings | (15,159) | (8,683) |
| Inter-company receipts | 580 | 509 |
| Payment of lease liabilities | (864) | - |
| Interest on lease liabilities | (67) | - |
| | <hr/> | <hr/> |
| | (15,510) | (8,174) |
| Net decrease in Cash and Cash Equivalents | (1,605) | (17,893) |
| Effect of Exchange Rate Changes | (1,143) | (2) |
| Cash and Cash Equivalents at 1 January | 22,896 | 45,870 |
| | <hr/> | <hr/> |
| Cash and Cash Equivalents at 31 March | 20,148 | 27,975 |
| Cash and Cash Equivalents at 31 March comprised the following: | | |
| Cash and bank balances | 20,148 | 17,750 |
| Deposits with licenced bank | - | 10,225 |
| Short-term funds | 1,515 | 2 |
| | <hr/> | <hr/> |
| Cash and bank balances and short term funds | 21,663 | 27,977 |
| Less: Short-term funds | (1,515) | (2) |
| | <hr/> | <hr/> |
| Cash and Cash Equivalents at 31 March | 20,148 | 27,975 |

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2019. 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 2019.

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 2019.

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 mandatory for financial periods beginning on or after 1 January 2020:

Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3 Definition of a Business
Amendments to MFRS 101 and MFRS 108 Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

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 Standard, Amendments and Annual Improvements to Standards were issued but not yet effective and have not been adopted by the Group:

MFRS 17 Insurance Contracts
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
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, if applicable when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect on 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 2019 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 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 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 under review.

8. Dividends Paid

There were no dividends paid during the current quarter under review.

9. Segmental Reporting

Segmental results for the quarter ended 31 March 2020 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 | 38,767 | 104,203 | 4,154 | - | 147,124 | - | 147,124 |
| Inter-segmental sales | - | - | - | - | - | - | - |
| Total revenue | 38,767 | 104,203 | 4,154 | - | 147,124 | - | 147,124 |
| RESULTS | | | | | | | |
| Segment results | 2,013 | 3,031 | (2,629) | (26) | 2,389 | 458 | 2,847 |
| Other income | 793 | 693 | 1 | 1,035 | 2,522 | (2,348) | 174 |
| | | | | | | | 3,021 |
| Finance costs | (1,089) | (2,180) | (1,020) | (492) | (4,781) | 1,889 | (2,892) |
| Loss before taxation | | | | | | | 129 |
| Taxation | | | | | | | (494) |
| Loss after taxation | | | | | | | (365) |
| ASSETS AND LIABILITIES | | | | | | | |
| Segment assets | 315,541 | 414,240 | 150,589 | 166,907 | 1,047,277 | (424,467) | 622,810 |
| Unallocated corporate assets | | | | | | | 218 |
| Consolidated total assets | | | | | | | 623,028 |
| Segment liabilities | 111,301 | 260,050 | 122,004 | 79,060 | 572,415 | (194,069) | 378,346 |
| Unallocated corporate liabilities | | | | | | | 5,065 |
| Consolidated total liabilities | | | | | | | 383,411 |
| OTHER INFORMATION | | | | | | | |
| Capital Expenditure | 2,684 | 1,723 | 449 | - | 4,856 | | 4,856 |
| Depreciation and amortisation | 2,098 | 4,879 | 1,491 | 10 | 8,478 | - | 8,478 |
| Non-cash expenses other than depreciation | 393 | 282 | - | 4 | 679 | | 679 |



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 quarter ended 31 March 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 | 46,198 | 102,969 | 731 | - | 149,898 | - | 149,898 |
| Inter-segmental sales | - | - | - | - | - | - | - |
| Total revenue | 46,198 | 102,969 | 731 | - | 149,898 | - | 149,898 |
| RESULTS | | | | | | | |
| Segment results | (284) | 295 | (3,911) | (19) | (3,919) | 16 | (3,903) |
| Other income | 1,408 | 218 | 89 | 1,097 | 2,812 | (1,635) | 1,177 |
| | | | | | | | (2,726) |
| Finance costs | (1,439) | (2,151) | (1,019) | (441) | (5,050) | 1,635 | (3,415) |
| Profit before taxation | | | | | | | (6,141) |
| Taxation | | | | | | | (313) |
| Loss after taxation | | | | | | | (6,454) |
| ASSETS AND LIABILITIES | | | | | | | |
| Segment assets | 358,653 | 407,401 | 153,180 | 167,533 | 1,086,767 | (424,388) | 662,379 |
| Unallocated corporate assets | | | | | | | 2,596 |
| Consolidated total assets | | | | | | | 664,975 |
| Segment liabilities | 154,087 | 267,539 | 110,284 | 82,596 | 614,506 | (193,991) | 420,515 |
| Unallocated corporate liabilities | | | | | | | 4,153 |
| Consolidated total liabilities | | | | | | | 424,668 |
| OTHER INFORMATION | | | | | | | |
| Capital Expenditure | 2,582 | 1,650 | 8,969 | - | 13,201 | - | 13,201 |
| Depreciation and amortisation | 1,348 | 4,047 | 1,226 | - | 6,621 | - | 6,621 |
| Non-cash expenses other than depreciation | 1,105 | 203 | 2 | - | 1,310 | - | 1,310 |

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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 current quarter under review.

11. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current quarter 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 current quarter 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 March 2020 is as follows:

| | |
|-----------------------------|---------------|
| | RM'000 |
| Approved and contracted for | <u>1,814</u> |

15. Related Party Transactions

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

| | Current year Quarter Ended 31.03.2020 RM'000 |
|---------------------------------------|---|
| Sales to holding company | 31 |
| Sales to related companies | 1,412 |
| Rental income from a related company | 58 |
| Interest payable to a related company | <u>259</u> |

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

First Quarter Ended 31 March 2020 ("Q1, 2020") versus First Quarter Ended 31 March 2019 ("Q1, 2019")

In Q1, 2020, the Group recorded a revenue of RM147.1 million, a decrease of 1.9% from RM149.9 million in Q1, 2019. The decrease was mainly contributed by the lower sales recorded by the Group's Malaysia operations. The reduction was mainly due to the enforced shutdown and reduction in production capacity during the Movement Control Order ("MCO") imposed by the Malaysian Government to fight against the Covid-19 pandemic.

Gross profit increased from RM6.5 million in Q1, 2019 to RM14.2 million in Q1, 2020. This was mainly attributable to an increase in gross profit margin as a result of normalisation of paper cost and increased production in Myanmar.

Consequently, the Group recorded a profit before taxation of RM0.1 million in Q1, 2020, compared to loss before taxation of RM6.1 million in Q1, 2019.

17. Material Change in Performance of Operating Segments for Q1, 2020 compared with Immediate Preceding Quarter Ended 31 December 2019 ("Q4, 2019")

| | Current Quarter Ended 31.03.2020 RM'000 | Immediate Preceding Quarter Ended 31.12.2019 RM'000 | Changes % |
|---------------------------------------|--|--|----------------------|
| Revenue | 147,124 | 170,100 | (13.5%) |
| Operating Profit | 2,848 | 7,993 | (64.4%) |
| Profit Before Interest and Taxation | 3,022 | 8,602 | (64.9%) |
| Profit Before Taxation | 130 | 4,366 | (97.0%) |
| (Loss)/Profit After Taxation | <u>(364)</u> | <u>2,912</u> | (112.5%) |
| (Loss)/Profit attributable to: | | | |
| Owners of the company | <u>(364)</u> | <u>2,912</u> | (112.5%) |

For the current quarter under review, the Group's net revenue decreased to RM147.1 million from RM170.1 million in the immediate preceding quarter. The decrease in revenue was mainly attributable to the Vietnam operations, which recorded lower sales after the Vietnamese new year celebrations. The decrease was also due to MCO imposed by the Malaysian Government.

As a result of the aforesaid reasons, the Group's gross profit decreased from RM22.9 million in the immediate preceding quarter to RM14.2 million in Q1, 2020.

The Group's profit before taxation decreased to RM0.1 million in Q1, 2020 from RM4.4 million in Q4, 2019. This was mainly due to lower 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 profit reported and paper cost stabilising.

Effective 1 February 2020, the Malaysian Government increased the minimum wage from RM1,100 to RM1,200 per month. Meanwhile, the Vietnam's National Wage Council had increased the minimum wage by 5%, effective 1 January 2020. These would add additional cost pressure to the Group.

The exchange rate of 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.



BOX-PAK (MALAYSIA) BHD. [Registration No. 197401004216 (21338-W)]
**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
 BURSA MALAYSIA SECURITIES BERHAD**

18. Commentary on Prospects (cont'd)

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 Group's operating environment for the financial year ending 31 December 2020 was affected by recent outbreak of Covid-19 which had impacted the global economy, consumer demand and supply chain. The Malaysian Government had imposed MCO effective 18 March 2020 to 31 March 2020 arising from Covid-19. The MCO was extended until 12 May 2020, followed by a Conditional MCO until 9 June 2020.

Nonetheless, the Board of Directors of the Company ("Board") remains cautiously 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 31.03.2020 RM'000 | Preceding Year Quarter Ended 31.03.2019 RM'000 |
|---|---|---|
| Other income: | | |
| - Interest income | (23) | (112) |
| - Income distribution from short term funds | (45) | (16) |
| - Gain on disposal of property, plant and equipment | (57) | (36) |
| - Gain on derivatives | - | (895) |
| - Others | (49) | (118) |
| | (174) | (1,177) |
| Interest expense | 2,892 | 3,415 |
| Depreciation and amortisation | 8,478 | 6,621 |
| Provision for waste disposal | 25 | 60 |
| Net foreign exchange gain | (842) | (110) |
| Write off of inventories | 78 | - |
| Write off of property, plant and equipment | - | 184 |

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 31.03.2020 RM'000 | Preceding Year Quarter Ended 31.03.2019 RM'000 |
|-------------------|---|---|
| Income Tax | | |
| - current year | 478 | 313 |
| - prior year | - | - |
| Deferred taxation | 16 | - |
| | 494 | 313 |

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



BOX-PAK (MALAYSIA) BHD. [Registration No. 197401004216 (21338-W)]
**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
 BURSA MALAYSIA SECURITIES BERHAD**

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 for the current quarter under review.

24. Group Borrowings and Debt Securities

Total Group borrowings are as follows:

| | As at 31.03.2020 RM'000 | As at 31.12.2019 RM'000 |
|-------------------------|--|--|
| Current - unsecured | | |
| - Revolving credit | 21,500 | 27,800 |
| - Trade facilities | 100,823 | 103,524 |
| - Term loans | 20,747 | 21,783 |
| - Bank overdraft | - | 463 |
| | <hr/> | <hr/> |
| | 143,070 | 153,570 |
| Non-current - unsecured | | |
| - Term loans | 84,540 | 84,179 |
| | <hr/> | <hr/> |
| | 227,610 | 237,749 |

Borrowings which are denominated in foreign currencies are as follows:

| | | |
|---|--------|--------|
| Current - unsecured | | |
| - Trade facilities (denominated in VND) | 83,076 | 83,238 |
| - Trade facilities (denominated in USD) | 1,140 | 195 |
| - Term loans (denominated in VND) | 6,083 | 7,845 |
| - Term loans (denominated in USD) | 14,664 | 13,938 |
| | <hr/> | <hr/> |
| Non-current - unsecured | | |
| - Term loans (denominated in VND) | 20,276 | 19,612 |
| - Term loans (denominated in USD) | 64,264 | 64,567 |
| | <hr/> | <hr/> |

The interest rates for the borrowings are as follows:

| | | |
|-------------------|---------------|---------------|
| Term loans: | | |
| - Floating rates | 2.69% - 5.60% | 2.90% - 7.20% |
| Trade facilities | 1.14% - 7.06% | 2.33% - 7.06% |
| Revolving credits | 4.02% - 4.25% | 4.56% - 4.80% |
| | <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.
- (b) 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 RM78.9 million.



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**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 31 March 2020, 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.

Details of derivative financial instrument outstanding as at 31 March 2020 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 | 14,664 | (1,350) |
| - One year (1) to three (3) years | 64,264 | (2,701) |
| | | <u>(4,051)</u> |

There have been no significant changes since the end of the previous financial year ended 31 December 2019 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 RM2.0 million, from RM2.1 million as at 31 December 2019 to RM4.1 million as at 31 March 2020 due mainly to change in USD/RM exchange rate and interest rate.

26. Dividend

No dividend has been declared for the current quarter under review.



BOX-PAK (MALAYSIA) BHD. [Registration No. 197401004216 (21338-W)]
**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

27. Loss Per Share

(a) Basic

Basic loss per ordinary share for the current quarter 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 current quarter.

| | Current Year Quarter Ended 31.03.2020 | Preceding Year Quarter Ended 31.03.2019 |
|--|--|--|
| Loss attributable to owners of the company (RM '000) | <u>(364)</u> | <u>(6,454)</u> |
| Weighted average number of ordinary shares in issue ('000) | <u>120,047</u> | <u>120,047</u> |
| Basic loss per share (sen) | <u>(0.30)</u> | <u>(5.38)</u> |

(b) Diluted

For the current quarter under review, the outstanding warrants did not have a dilutive effect to the loss per ordinary share as the average market price of ordinary shares as at the end of the reporting period was below the exercise price of the warrants.

28. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 2 June 2020.

Batu Caves, Selangor Darul Ehsan
2 June 2020