



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 second quarter and year-to-date ended 30 June 2020

(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		
		30.06.2020	30.06.2019	%	30.06.2020	30.06.2019	%
		RM'000	RM'000		RM'000	RM'000	
		Unaudited	Unaudited		Unaudited	Audited	
Revenue		142,770	157,659	(9.4)	289,894	307,557	(5.7)
Cost of sales		(128,321)	(149,039)	13.9	(261,254)	(292,448)	10.7
Gross profit		14,449	8,620	67.6	28,640	15,109	89.6
Other income		640	940	(31.9)	814	2,117	(61.5)
Operating expenses		(11,221)	(13,278)	15.5	(22,564)	(23,670)	4.7
Finance costs		(3,104)	(3,754)	17.3	(5,996)	(7,169)	16.4
Profit/(Loss) Before Taxation	19	764	(7,472)	110.2	894	(13,613)	106.6
Taxation	21	(616)	59	(1,144.1)	(1,110)	(254)	337.0
Profit/(Loss) for the period		148	(7,413)	102.0	(216)	(13,867)	98.4
Other comprehensive (loss)/income, net of tax							
Fair value of cash flow hedge		(65)	(1,097)	94.1	(2,009)	(1,755)	14.5
Foreign currency translation differences for foreign operations		1,251	1,492	(16.2)	6,964	(1,259)	653.1
Other comprehensive income/(loss) for the period, net of tax		1,186	395	200.3	4,955	(3,014)	264.4
Total comprehensive income/(loss) for the period		1,334	(7,018)	(119.0)	4,739	(16,881)	128.1
Profit/(Loss) attributable to:							
Owners of the company		148	(7,413)	102.0	(216)	(13,867)	98.4
Total comprehensive income/(loss) attributable to:							
Owners of the company		1,334	(7,018)	(119.0)	4,739	(16,881)	128.1
Profit/(Loss) per share attributable to owners of the company:							
Basic (sen)		0.12	(6.18)	101.9	(0.18)	(11.55)	98.4
Diluted (sen)		0.12	(6.18)	101.9	(0.18)	(11.55)	98.4

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 30 June 2020**

		As at 30.06.2020 RM'000 Unaudited	As at 31.12.2019 RM'000 Audited
	Note		
ASSETS			
Non-Current Assets			
Property, plant & equipment		309,627	307,684
Right-of-use assets		64,447	63,189
Intangible assets		683	1,005
Deferred tax assets		205	229
Other assets		638	922
		<u>375,600</u>	<u>373,029</u>
Current Assets			
Inventories		79,264	73,235
Trade and other receivables		142,748	155,747
Other assets		1,191	519
Tax recoverable		216	242
Cash and bank balances and short term funds		35,135	27,134
		<u>258,554</u>	<u>256,877</u>
		<u>634,154</u>	<u>629,906</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital		167,363	167,363
Warrants reserves		6,056	6,056
Other reserves		15,075	10,120
Retained earnings		52,458	52,674
Total Equity		<u>240,952</u>	<u>236,213</u>
Non-Current Liabilities			
Retirement benefit obligation		1,162	1,245
Borrowings	24	80,667	84,179
Lease liabilities		2,115	2,655
Deferred tax liabilities		860	875
Amount due to related companies		22,516	22,516
Derivative financial instrument	25	2,664	1,459
		<u>109,984</u>	<u>112,929</u>
Current Liabilities			
Provisions		10	5
Retirement benefit obligation		134	134
Borrowings	24	150,400	153,570
Lease liabilities		3,835	3,149
Amount due to related companies		10,210	85
Trade and other payables		116,305	121,806
Tax payable		871	1,367
Derivative financial instrument	25	1,453	648
		<u>283,218</u>	<u>280,764</u>
Total Liabilities		<u>393,202</u>	<u>393,693</u>
		<u>634,154</u>	<u>629,906</u>
TOTAL EQUITY AND LIABILITIES			
Net assets per share attributable to owners of the Company (RM)			
		<u>2.01</u>	<u>1.97</u>

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 second quarter ended 30 June 2020

	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 2020	167,363	6,056	10,120	52,674	236,213
Loss for the financial year	-	-	-	(216)	(216)
Cash flow hedge	-	-	(2,009)	-	(2,009)
Currency translation differences	-	-	6,964	-	6,964
Total comprehensive income/(loss) for the financial year	-	-	4,955	(216)	4,739
As at 30 June 2020	167,363	6,056	15,075	52,458	240,952
As at 1 January 2019	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)
As at 30 June 2019	167,363	6,056	10,408	49,462	233,289

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 second quarter ended 30 June 2020**

	Current Year-To-Date Ended 30.06.2020 RM'000 Unaudited	Preceding Year-To-Date Ended 30.06.2019 RM'000 Audited
Net cash generated from operating activities		
Receipts from customers	303,689	321,666
Payments to suppliers	(277,663)	(296,540)
	<hr/>	<hr/>
Cash generated from operations	26,026	25,126
Interest paid	(5,859)	(7,169)
Income tax paid	(1,866)	(480)
Income tax refunded	233	-
	<hr/>	<hr/>
	18,534	17,477
Net cash used in investing activities		
Acquisition of property, plant and equipment		
- Property, plant and equipment	(6,606)	(13,498)
- Intangible assets	(9)	(951)
Income distribution from short term funds	88	21
Net change in short term funds	(2,301)	(498)
Interest received	32	182
Proceeds from disposal of property, plant and equipment	105	36
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	(8,691)	(14,708)
Net cash used in financing activities		
Net repayment in borrowings	(11,428)	(15,872)
Inter-company receipts	10,041	661
Payment on lease liabilities	(1,893)	-
Interest on lease liabilities	(137)	-
	<hr/>	<hr/>
	(3,417)	(15,211)
Net increase/(decrease) in Cash and Cash Equivalents	6,426	(12,442)
Effect of Exchange Rate Changes	(727)	192
Cash and Cash Equivalents at 1 January	22,896	45,870
	<hr/>	<hr/>
Cash and Cash Equivalents at 30 June	28,595	33,620
Cash and Cash Equivalents at 30 June comprised the following:		
Cash and bank balances	28,595	30,688
Deposits with licensed bank	-	2,932
Short-term funds	6,540	1,501
	<hr/>	<hr/>
Cash and bank balances and short term funds	35,135	35,121
Less: Short-term funds	(6,540)	(1,501)
	<hr/>	<hr/>
Cash and Cash Equivalents at 30 June	28,595	33,620

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 which are 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 MFRS, Amendments and IC Interpretation 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 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 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.



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 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 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	76,469	206,542	6,883	-	289,894	-	289,894
Inter-segmental sales	-	-	-	-	-	-	-
Total revenue	76,469	206,542	6,883	-	289,894	-	289,894
RESULTS							
Segment results	2,505	8,712	(5,392)	(56)	5,769	307	6,076
Other income	1,474	1,293	2	2,032	4,801	(3,987)	814
							<u>6,890</u>
Finance costs	(2,094)	(4,299)	(2,039)	(1,243)	(9,675)	3,679	<u>(5,996)</u>
Profit before taxation							<u>894</u>
Taxation							<u>(1,110)</u>
Loss after taxation							<u><u>(216)</u></u>
ASSETS AND LIABILITIES							
Segment assets	320,800	417,450	151,978	167,373	1,057,601	(423,868)	633,733
Unallocated corporate assets							421
Consolidated total assets							<u><u>634,154</u></u>
Segment liabilities	116,356	257,973	127,353	79,142	580,824	(193,470)	387,354
Unallocated corporate liabilities							5,848
Consolidated total liabilities							<u><u>393,202</u></u>
OTHER INFORMATION							
Capital Expenditure	3,374	4,668	872	-	8,914	-	8,914
Depreciation and amortisation	4,334	9,946	2,953	19	17,252	-	17,252
Non-cash expenses other than depreciation	91	322	-	2	415	-	415



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 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
REVENUE							
External sales	89,647	215,404	2,506	-	307,557	-	307,557
Inter-segmental sales	-	-	-	-	-	-	-
Total revenue	89,647	215,404	2,506	-	307,557	-	307,557
RESULTS							
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)
ASSETS AND LIABILITIES							
Segment assets	341,402	409,459	154,010	169,290	1,074,161	(425,126)	649,035
Unallocated corporate assets							2,607
Consolidated total assets							651,642
Segment liabilities	141,109	269,914	113,215	84,483	608,721	(194,728)	413,993
Unallocated corporate liabilities							4,360
Consolidated total liabilities							418,353
OTHER INFORMATION							
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

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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 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 2020 is as follows:

	RM'000
Approved and contracted for	<u>3,444</u>

15. Related Party Transactions

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

	Current Year-To-Date Ended 30.06.2020 RM'000
Sales to holding company	82
Sales to related companies	2,579
Rental income from a related company	116
Rental payable to a related company	996
Interest payable to related companies	<u>494</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

Second Quarter ended 30 June 2020 ("Q2, 2020") versus Second Quarter ended 30 June 2019 ("Q2, 2019")

In Q2, 2020, the Group recorded a revenue of RM142.8 million, a decrease of 9.4% from RM157.7 million in Q2, 2019. The decrease was mainly attributable to decrease in sales volume as demand from end-customers had weakened following the Covid-19 pandemic. The Group's Myanmar subsidiary contributed a revenue of RM2.7 million.

Group profit increased from RM8.6 million in Q2, 2019 to RM14.4 million in Q2, 2020. This was mainly attributable to growth in gross profit margin from the Group's Malaysia and Vietnam operations and lower gross loss incurred by Myanmar operation.

The Group recorded a profit before taxation of RM0.8 million in Q2, 2020 as compared to a loss before taxation of RM7.5 million in Q2, 2019. The loss before taxation reported in Q2, 2019 was partially contributed by impairment loss on receivables amounting to RM2.4 million.

Year-To-Date ended 30 June 2020 ("YTD 2020") versus Year-To-Date ended 30 June 2019 ("YTD 2019")

In YTD 2020, the Group's revenue was RM289.9 million, a decrease of 5.7% from RM307.6 million recorded in YTD 2019. Lower revenue in the current period was contributed by decreased sales volume attributable to lower demand following the Covid-19 pandemic.

Group profit increased from RM15.1 million in YTD 2019 to RM28.6 million in YTD 2020. This was mainly attributable to an increase in gross profit margin from the Group's Malaysia and Vietnam operations and lower gross loss incurred by Myanmar operation. The improvement in Malaysia and Vietnam operations was attributable to improved cost management and efficiency.

The Group recorded a profit before taxation of RM0.9 million in YTD 2020 as compared to a loss before taxation of RM13.6 million in YTD 2019. This was contributed by the aforesaid reason and impairment loss on doubtful debts amounting to RM2.4 million which was recognised in YTD 2019.

17. Material Change in Performance of Operating Segments for Q2, 2020 compared with Immediate Preceding Quarter Ended 31 March 2020 ("Q1, 2020")

	Current Year Quarter Ended 30.06.2020 RM'000	Immediate Preceding Quarter Ended 31.03.2020 RM'000	Changes %
Revenue	142,770	147,124	(3.0)
Operating Profit	3,228	2,848	13.3
Profit Before Interest and Tax	3,868	3,022	28.0
Profit Before Taxation	764	130	487.7
Profit/(Loss) After Taxation	148	(364)	(140.7)
Profit/(Loss) attributable to:			
Owners of the company	148	(364)	(140.7)



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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 Q2, 2020 compared with Immediate Preceding Quarter Ended 31 March 2020 ("Q1, 2020") (Con't)

For the current quarter under review, the Group's net revenue decreased to RM142.8 million from RM147.1 million in the immediate preceding quarter. The decrease was mainly contributed by decrease in sales demand due to the global outbreak of Covid-19.

Despite the decrease in Group's revenue, the Group's gross profit improved from RM14.2 million in the immediate preceding quarter to RM14.4 million in Q2, 2020. This was attributable to improvement in cost management.

The Group recorded a profit before taxation of RM0.8 million in Q2, 2020, compared to a profit before taxation of RM0.1 million in Q1, 2020.

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 Group's operations are however still facing stiff competition in the market.

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.

The 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 outbreak of Covid-19 which has affected the global economy, consumer demand and supply chain.

The Board of Directors ("Board") remains cautiously optimistic in addressing the challenges faced by the Group in the remaining quarters of 2020.

19. Profit/(Loss) Before Taxation

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

	Current Year Quarter Ended 30.06.2020 RM'000	Preceding Year Quarter Ended 30.06.2019 RM'000	Current Year-To-Date Ended 30.06.2020 RM'000	Preceding Year-To-Date Ended 30.06.2019 RM'000
Other income:				
- Interest income	(9)	(69)	(32)	(181)
- Income distribution from short term funds	(43)	(5)	(88)	(21)
- Gain on derivatives	-	(707)	-	(1,602)
- Gain on disposal of property, plant and equipment	-	(46)	(57)	(82)
- Others	(588)	(113)	(637)	(231)
	(640)	(940)	(814)	(2,117)



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

19. Profit/(Loss) Before Taxation (Con't)

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

	Current Year Quarter Ended 30.06.2020 RM'000	Preceding Year Quarter Ended 30.06.2019 RM'000	Current Year-To-Date Ended 30.06.2020 RM'000	Preceding Year-To-Date Ended 30.06.2019 RM'000
Interest expense	3,104	3,754	5,996	7,169
Depreciation and amortisation	8,774	7,139	17,252	13,760
Provision for waste disposal	17	60	42	120
Impairment loss on doubtful debts	-	2,370	-	2,370
Net foreign exchange (loss)/gain	(103)	865	(945)	755
Write off of:				
- inventories	13	19	91	19
- 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 30.06.2020 RM'000	Preceding Year Quarter Ended 30.06.2019 RM'000	Current Year-To-Date Ended 30.06.2020 RM'000	Preceding Year-To-Date Ended 30.06.2019 RM'000
Income Tax				
- current year	(624)	48	(1,102)	(265)
- prior year	-	-	-	-
Deferred taxation	8	11	(8)	11
	(616)	59	(1,110)	(254)

The disproportionate tax charges for the Group was attributable to the 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. [Registration No. 197401004216 (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:

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
Current - unsecured		
- Revolving credit	21,500	27,800
- Trade facilities	110,240	103,524
- Term loans	18,660	21,783
- Bank overdraft	-	463
	<hr/>	<hr/>
	150,400	153,570
Non-current - unsecured		
- Term loans	80,667	84,179
	<hr/>	<hr/>
	231,067	237,749

Borrowings which are denominated in foreign currencies are as follows:

Current - unsecured		
- Trade facilities (denominated in Vietnam Dong ("VND"))	87,058	83,238
- Trade facilities (denominated in USD)	3,497	195
- Term loans (denominated in VND)	4,099	7,845
- Term loans (denominated in USD)	14,561	13,938
	<hr/>	<hr/>
Non-current - unsecured		
- Term loans (denominated in VND)	20,498	19,612
- Term loans (denominated in USD)	60,169	64,567
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The interest rates for the borrowings are as follows:

Term loans:		
- Floating rates	1.39% - 3.65%	2.90% - 7.20%
Trade facilities	1.14% - 6.85%	2.33% - 7.06%
Revolving credits	3.49% - 3.65%	4.56% - 4.80%

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 RM74.7 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 30 June 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.

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 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	14,561	(1,453)
- One (1) year to three (3) years	60,169	(2,664)
		<u>(4,117)</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 30 June 2020 due mainly to change in USD/RM exchange rate and interest rate.



BOX-PAK (MALAYSIA) BHD. [Registration No. 197401004216 (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. Profit/(Loss) Per Share

(a) Basic

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

	Current Year Quarter Ended 30.06.2020	Preceding Year Quarter Ended 30.06.2019	Current Year-To-Date Ended 30.06.2020	Preceding Year-To-Date Ended 30.06.2019
Profit/(Loss) attributable to owners of the Company (RM '000)	148	(7,413)	(216)	(13,867)
Weighted average number of ordinary shares in issue ('000)	120,047	120,047	120,047	120,047
Basic profit/(loss) per share (sen)	0.12	(6.18)	(0.18)	(11.55)

(b) Diluted

For the financial period under review, the outstanding warrants did not have a dilutive effect to the profit/(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 26 August 2020.

Batu Caves, Selangor Darul Ehsan
26 August 2020