

**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 2022**

(The figures have not been audited)

	Note	CUMULATIVE QUARTER		Changes %
		Current year Quarter Ended 31.03.2022 RM'000 Unaudited	Preceding year Quarter Ended 31.03.2021 RM'000 Audited	
Revenue		186,118	182,519	2.0
Cost of sales		(169,832)	(163,213)	4.1
Gross profit		16,286	19,306	(15.6)
Other income		210	401	(47.6)
Operating expenses		(12,838)	(12,859)	(0.2)
Finance costs		(2,443)	(2,225)	9.8
Profit Before Taxation	19	1,215	4,623	(73.7)
Taxation	21	(589)	(952)	(38.1)
Profit for the period		626	3,671	(82.9)
Other comprehensive income/(loss), net of tax				
Fair value of cash flow hedge		780	393	98.5
Foreign currency translation differences for foreign operations		(415)	5,344	(107.8)
Other comprehensive income for the period, net of tax		365	5,737	(93.6)
Total comprehensive income for the period		991	9,408	(89.5)
Profit attributable to:				
Owners of the company		626	3,671	(82.9)
Total comprehensive income attributable to:				
Owners of the company		991	9,408	(89.5)
Earnings per share attributable to owners of the Company:				
Basic (sen)		0.52	3.06	(83.0)
Diluted (sen)		0.52	3.06	(83.0)

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 2021 and the accompanying explanatory notes attached to the interim financial statements



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(Incorporated in Malaysia)

[Registration No. 197401004216 (21338-W)]

**Condensed Consolidated Statement of Financial Position
As at 31 March 2022**

	Note	As at 31.03.2022 RM'000 Unaudited	As at 31.12.2021 RM'000 Audited
ASSETS			
Non-Current Assets			
Property, plant and equipment		197,537	198,203
Right-of-use assets		44,171	45,241
Intangible assets		805	991
Deferred tax assets		205	205
Other assets		593	726
		<u>243,311</u>	<u>245,366</u>
Current Assets			
Inventories		110,645	112,899
Trade and other receivables		199,351	186,279
Prepayments		3,356	1,131
Tax recoverable		9	12
Cash and bank balances and short term funds		32,316	22,191
		<u>345,677</u>	<u>322,512</u>
TOTAL ASSETS		<u><u>588,988</u></u>	<u><u>567,878</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital		167,363	167,363
Warrants reserve		-	6,056
Other reserves		16,266	15,794
Accumulated losses		(57,265)	(63,947)
Total Equity		<u>126,364</u>	<u>125,266</u>
Non-Current Liabilities			
Amount due to related companies		43,482	38,690
Borrowings	24	4,077	44,850
Retirement benefit obligation		1,117	1,233
Lease liabilities		710	1,777
Deferred tax liabilities		807	814
Derivative financial instrument	25	-	1,076
		<u>50,193</u>	<u>88,440</u>
Current Liabilities			
Trade and other payables		163,777	149,769
Borrowings	24	243,090	199,485
Derivative financial instrument	25	576	280
Lease liabilities		4,562	4,638
Tax payable		426	-
		<u>412,431</u>	<u>354,172</u>
Total Liabilities		<u>462,624</u>	<u>442,612</u>
TOTAL EQUITY AND LIABILITIES		<u><u>588,988</u></u>	<u><u>567,878</u></u>
Net assets per share attributable to owners of the Company (RM)		<u>1.05</u>	<u>1.04</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 2021 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 2022**

	Attributable to Owners of the Company				
	Non-distributable				
	Share Capital	Warrants Reserve	Other Reserves	(Accumulated losses)/ Retained Earnings	Total
RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2022	167,363	6,056	15,794	(63,947)	125,266
Profit for the financial period	-	-	-	626	626
Cash flow hedge	-	-	780	-	780
Currency translation differences	-	-	(415)	-	(415)
Total comprehensive income for the financial period	-	-	365	626	991
Transaction with owners of the Company					
- Capital contribution	-	-	107	-	107
- Expiry of unexercised warrants	-	(6,056)	-	6,056	-
As at 31 March 2022	167,363	-	16,266	(57,265)	126,364
As at 1 January 2021	167,363	6,056	6,023	64,832	244,274
Profit for the financial period	-	-	-	3,671	3,671
Cash flow hedge	-	-	393	-	393
Currency translation differences	-	-	5,344	-	5,344
Total comprehensive income for the financial period	-	-	5,737	3,671	9,408
As at 31 March 2021	167,363	6,056	11,760	68,503	253,682

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 2021 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 2022**

	Current year Quarter Ended 31.03.2022 RM'000 Unaudited	Preceding year Quarter Ended 31.03.2021 RM'000 Audited
Net cash generated from/(used in) operating activities		
Receipts from customers	171,018	156,455
Payments to suppliers	(166,447)	(177,709)
Cash generated from/(used in) operations	4,571	(21,254)
Interest paid	(2,394)	(2,154)
Income tax paid	(169)	(1,528)
	2,008	(24,936)
Net cash generated used in investing activities		
Acquisition of:		
- Property, plant and equipment	(3,966)	(4,123)
- Intangible assets	(60)	(105)
Income distribution from short term funds	1	52
Net change in short term funds	(4,110)	(817)
Interest received	13	6
Proceeds from disposal of property, plant and equipment	163	194
	(7,959)	(4,793)
Net cash generated from financing activities		
Net drawdown in borrowings	2,194	32,084
Inter-company receipts/(repayments)	12,552	(14,000)
Payment of lease liabilities	(1,164)	(1,119)
Interest on lease liabilities	(49)	(71)
	13,533	16,894
Net increase/(decrease) in Cash and Cash Equivalents	7,582	(12,835)
Effect of Exchange Rate Changes	(1,567)	(521)
Cash and Cash Equivalents at 1 January	22,191	30,380
Cash and Cash Equivalents at 31 March	28,206	17,024
	31.03.2022	31.03.2021
	RM'000	RM'000
Cash and Cash Equivalents at 31 March comprised the following:		
Cash and bank balances	28,206	17,024
Short-term funds	4,110	14,701
Cash and bank balances and short term funds	32,316	31,725
Less: Short-term funds	(4,110)	(14,701)
Cash and Cash Equivalents at 31 March	28,206	17,024

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2021. 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 2021.

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 2021.

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 2022:

Annual Improvements to MFRS Standards 2018 - 2020
Amendments to MFRS 3 *Reference to the Conceptual Framework*
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*

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:

Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*
MFRS 17 *Insurance Contracts*
Amendments to MFRS 17 *Insurance Contracts*
Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)
Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)
Amendments to MFRS 112 *Deferred tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to MFRS 117 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*
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 2021 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 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 other than the warrants previously issued that expired on 13 March 2022.

8. Dividends Paid

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

9. Segmental Reporting

Segmental results for the financial period ended 31 March 2022 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	46,800	128,578	10,740	-	186,118	-	186,118
Inter-segmental sales	-	-	-	-	-	-	-
Total revenue	46,800	128,578	10,740	-	186,118	-	186,118
RESULTS							
Segment results	(251)	2,548	1,048	(71)	3,274	174	3,448
Other income	417	270	15	1,155	1,857	(1,647)	210
							<u>3,658</u>
Finance costs	(935)	(1,226)	(1,191)	(565)	(3,917)	1,474	(2,443)
Profit before taxation							<u>1,215</u>
Taxation							<u>(589)</u>
Profit after taxation							<u><u>626</u></u>
ASSETS AND LIABILITIES							
Segment assets	354,115	448,765	47,143	185,953	1,035,976	(447,202)	588,774
Unallocated corporate assets							214
Consolidated total assets							<u><u>588,988</u></u>
Segment liabilities	152,390	249,795	142,358	97,877	642,420	(181,605)	460,815
Unallocated corporate liabilities							1,809
Consolidated total liabilities							<u><u>462,624</u></u>
OTHER INFORMATION							
Capital Expenditure	1,526	2,508	126	-	4,160	-	4,160
Depreciation and amortisation	2,601	4,594	(239)	-	6,956	-	6,956
Non-cash expenses other than depreciation	(3,781)	(239)	(21)	-	(4,041)	-	(4,041)



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 31 March 2021 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	52,477	125,751	4,291	-	182,519	-	182,519
Inter-segmental sales	-	-	-	-	-	-	-
Total revenue	52,477	125,751	4,291	-	182,519	-	182,519
RESULTS							
Segment results	2,770	5,865	(2,306)	(165)	6,164	283	6,447
Other income	459	477	1	1,009	1,946	(1,545)	401
							6,848
Finance costs	(740)	(1,213)	(918)	(615)	(3,486)	1,261	(2,225)
Profit before taxation							4,623
Taxation							(952)
Profit after taxation							3,671
ASSETS AND LIABILITIES							
Segment assets	344,226	448,719	143,823	179,377	1,116,145	(450,349)	665,796
Unallocated corporate assets							211
Consolidated total assets							666,007
Segment liabilities	132,594	238,183	130,047	91,946	592,770	(184,751)	408,019
Unallocated corporate liabilities							4,306
Consolidated total liabilities							412,325
OTHER INFORMATION							
Capital Expenditure	3,036	3,201	656	-	6,893	-	6,893
Depreciation and amortisation	2,310	5,061	1,276	-	8,647	-	8,647
Non-cash expenses other than depreciation	83	94	322	4	503	-	503

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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 31 March 2022 is as follows:

	RM'000
Approved and contracted for	<u>671</u>

15. Related Party Transactions

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

	Current year Quarter Ended 31.03.2022 RM'000
Sales to holding company	44
Sales to related companies	1,861
Rental payable to a related company	740
Interest payable to a related company	<u>241</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 2022 ("Q1, 2022") versus First Quarter Ended 31 March 2021 ("Q1, 2021")

In Q1, 2022, the Group recorded revenue of RM186.2 million, a slight increase of 2.0% from RM182.5 million in Q1, 2021, with Myanmar plant being the main contributor to the increase.

Despite the increase in revenue, the Group recorded decrease in gross profit from RM19.3 million in Q1, 2021 to RM16.3 million in Q1, 2022. This was mainly attributable to lower gross profit margin from the Group's Malaysia and Vietnam operations due to higher costs of raw material while Myanmar plant recorded a better gross profit due to increase in sales demand.

Consequently, the Group recorded a lower profit before taxation of RM1.2 million in Q1, 2022, compared to a profit before taxation of RM4.6 million in Q1, 2021.

17. Material Change in Performance of Operating Segments for Q1, 2022 compared with Immediate Preceding Quarter ended 31 December 2021 ("Q4, 2021")

	Current Quarter Ended 31.03.2022 RM'000	Immediate Preceding Quarter Ended 31.12.2021 RM'000	Changes %
Revenue	186,118	189,834	(2.0)
Operating Profit/(Loss)	3,448	(118,111)	102.9
Profit/(Loss) Before Interest and Taxation	3,658	(117,724)	103.1
Profit/(Loss) Before Taxation	1,215	(120,612)	101.0
Profit/(Loss) After Taxation	<u>626</u>	<u>(120,897)</u>	100.5
Profit attributable to:			
Owners of the Company	<u>626</u>	<u>(120,897)</u>	100.5

For the current quarter under review, the Group's net revenue slightly decreased from RM189.8 million in the immediate preceding quarter to RM186.1 million.

Despite the lower revenue, the Group reported gross profit of RM16.3 million as opposed to gross loss of RM9.8 million in Q4, 2021 due to inventories written down of RM15.6 million being recorded in Q4, 2021.

The Group recorded a profit before taxation of RM1.2 million in Q1, 2022 as compared to a loss before tax of RM120.6 million. This was mainly due to the following:

- Impairment loss on property, plant and equipment and right-of-use assets of RM96.4 million recorded in Q4, 2021, and
- Inventories written down as explained above.

18. Commentary on Prospects

The Group operates in a very competitive industry and faces stiff competition in the market with the Covid-19 pandemic. As a consequence, the results continued to reflect the challenges of managing escalating cost of raw materials as well as the weakening Malaysian Ringgit against United States Dollar ("USD"). The Group also faced operational restrictions due to regulatory compliance of Covid-19 standard operating procedures in the locations that the Group operates in.

The twin issues of a political upheaval in Myanmar which started in early 2021 and the Covid-19 pandemic situation continue unabated. This had impacted our operations somewhat and remains a challenge.



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

18. Commentary on Prospects (cont'd)

The Group will continue to assess the operational and financial impact of the political instability and monitor the development in Myanmar to enable effective and timely response to any changes in order to protect the Group's interest.

The transition to the endemic phase and re-opening of borders have provided a positive prospect of recovery to the Group.

The Board of Directors ("Board") remains cautiously optimistic in addressing the challenges faced by the Group for the remaining period of 2022.

19. Profit Before Taxation

Included in profit before taxation are the following items:

	Current Year Quarter Ended 31.03.2022 RM'000	Preceding Year Quarter Ended 31.03.2021 RM'000
Other income:		
- Interest income	(13)	(6)
- Income distribution from short term funds	(1)	(52)
- Gain on disposal of property, plant and equipment	(2)	-
- Others	(194)	(343)
	(210)	(401)
Interest expense	2,443	2,225
Depreciation and amortisation	6,956	8,647
Provision for waste disposal	60	59
Net foreign exchange gain	(75)	(143)
Write off of:		
- inventories	-	25
- property, plant and equipment	35	44

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 31.03.2022 RM'000	Preceding Year Quarter Ended 31.03.2021 RM'000
Income Tax		
- current year	597	959
- prior year	-	-
Deferred taxation	(8)	(7)
	589	952

The disproportionate tax charges for the Group was attributable to the absence of group relief.



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**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
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22. Status of Corporate Proposals

There was no corporate proposal announced or to be 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 date of issue of this quarterly report.

24. Group Borrowings and Debt Securities

Total Group borrowings are as follows:

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
Current - unsecured		
- Revolving credit	58,001	47,000
- Trade facilities	130,156	133,304
- Term loans	54,485	18,687
- Bank overdraft	448	494
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	243,090	199,485
Non-current - unsecured		
- Term loans	4,077	44,850
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	247,167	244,335

Borrowings which are denominated in foreign currencies are as follows:

Current - unsecured		
- Trade facilities (denominated in Vietnam Dong ("VND"))	94,035	98,096
- Trade facilities (denominated in USD)	4,652	4,325
- Term loans (denominated in VND)	6,116	8,066
- Term loans (denominated in USD)	48,369	10,621
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Non-current - unsecured		
- Term loans (denominated in VND)	4,077	4,033
- Term loans (denominated in USD)	-	40,817
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The interest rates for the borrowings are as follows:

Term loans:		
- Floating rates	1.49% - 5.22%	1.16% - 4.85%
Trade facilities	1.07% - 6.00%	1.02% - 5.81%
Revolving credits	3.15% - 3.42%	3.19% - 3.50%
Bank overdraft	6.40%	7.64%
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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 repaid 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 loan denominated in USD. The outstanding balance of the said term loan amounted to RM48.4 million as at 31 March 2022.



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**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
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25. Derivative financial instrument

(a) Disclosure of derivative

As at 31 March 2022, 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 instruments outstanding as at 31 March 2022 are set out below:

Type of derivatives	Contract/ Notional amount RM'000	Fair value Liabilities RM'000
Hedging derivatives:		
Interest swap contract		
- Less than one (1) year	48,369	576

There have been no significant changes since the end of the previous financial year ended 31 December 2021 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 RM0.8 million, from RM1.4 million as at 31 December 2021 to RM0.6 million as at 31 March 2022 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 (Q1, 2021: Nil).



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

27. Earnings Per Share

(a) Basic

Basic profit per ordinary share for the financial period under review is calculated by dividing profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period:

	Current Year	Preceding Year
	Quarter Ended	Quarter Ended
	31.03.2022	31.03.2021
Profit attributable to owners of the Company (RM '000)	626	3,671
Weighted average number of ordinary shares in issue ('000)	120,047	120,047
Basic profit per share (sen)	0.52	3.06

(b) Diluted

For the financial period under review, the diluted profit per share was the same as the basic profit per share.

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 25 May 2022.

Batu Caves, Selangor Darul Ehsan
25 May 2022