

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

(Incorporated in Malaysia)

[Registration No. 197401004216 (21338-W)]

**Condensed Consolidated Statement of Financial Position  
As at 31 March 2023**

|  | Note | As at<br>31/3/2023<br>RM'000<br>Unaudited | As at<br>31.12.2022<br>RM'000<br>Audited |
|--|------|---|--|
| <b>ASSETS</b>  |      |   |  |
| <b>Non-Current Assets</b>  |      |   |  |
| Property, plant and equipment  |      | 188,443                                   | 189,668                                  |
| Right-of-use assets  |      | 47,609                                    | 48,942                                   |
| Intangible assets  |      | 227                                       | 398                                      |
| Other assets   |      | 592                                       | 878                                      |
|  |      | <u>236,871</u>                            | <u>239,886</u>                           |
| <b>Current Assets</b>  |      |   |  |
| Inventories  |      | 70,143                                    | 74,778                                   |
| Trade and other receivables  |      | 164,996                                   | 172,418                                  |
| Prepayments  |      | 3,372                                     | 3,529                                    |
| Tax recoverable  |      | 8   | 6  |
| Cash and bank balances and short term funds                                |      | 26,180                                    | 49,019                                   |
|  |      | <u>264,699</u>                            | <u>299,750</u>                           |
| <b>TOTAL ASSETS</b>  |      | <u><u>501,570</u></u>                     | <u><u>539,636</u></u>                    |
| <b>EQUITY AND LIABILITIES</b>  |      |   |  |
| <b>Equity attributable to owners of the company</b>                        |      |   |  |
| Share capital  |      | 167,363                                   | 167,363                                  |
| Other reserves   |      | 17,682                                    | 16,721                                   |
| Accumulated losses   |      | (68,415)                                  | (63,933)                                 |
| <b>Total Equity</b>  |      | <u>116,630</u>                            | <u>120,151</u>                           |
| <b>Non-Current Liabilities</b>   |      |   |  |
| Amount due to related companies  |      | 44,898                                    | 43,954                                   |
| Borrowings   | 24   | 47,884                                    | 47,566                                   |
| Lease liabilities  |      | 4,514                                     | 5,637                                    |
| Retirement benefit obligation  |      | 2,007                                     | 2,116                                    |
| Deferred tax liabilities   |      | 775                                       | 783                                      |
|  |      | <u>100,078</u>                            | <u>100,056</u>                           |
| <b>Current Liabilities</b>   |      |   |  |
| Trade and other payables   |      | 134,341                                   | 161,789                                  |
| Borrowings   | 24   | 145,591                                   | 151,946                                  |
| Lease liabilities  |      | 4,552                                     | 4,723                                    |
| Tax payable  |      | 378                                       | 971                                      |
|  |      | <u>284,862</u>                            | <u>319,429</u>                           |
| <b>Total Liabilities</b>   |      | <u>384,940</u>                            | <u>419,485</u>                           |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <u><u>501,570</u></u>                     | <u><u>539,636</u></u>                    |
| <b>Net assets per share attributable to owners<br/>of the Company (RM)</b> |      | <u>0.97</u>                               | <u>1.00</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 2022 and the accompanying explanatory notes attached to the interim financial statements

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

(Incorporated in Malaysia)

[Registration No. 197401004216 (21338-W)]

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income****For the first quarter ended 31 March 2023**

(The figures have not been audited)

|   | Note | CURRENT AND CUMULATIVE QUARTER       |                                      | Changes<br>% |
|---|------|--------------------------------------|--------------------------------------|--------------|
|   |      | Quarter Ended<br>31/3/2023<br>RM'000 | Quarter Ended<br>31/3/2022<br>RM'000 |              |
| Revenue   |      | 157,463                              | 186,118                              | (15)         |
| Cost of sales   |      | (145,476)                            | (169,832)                            | 14           |
| Gross profit  |      | <u>11,987</u>                        | <u>16,286</u>                        | (26)         |
| Other income  |      | 360                                  | 210                                  | 71           |
| Operating expenses  |      | (12,611)                             | (12,838)                             | 2            |
| Finance costs   |      | <u>(3,766)</u>                       | <u>(2,443)</u>                       | (54)         |
| (Loss)/Profit Before Taxation   | 19   | (4,030)                              | 1,215                                | (432)        |
| Taxation  | 21   | <u>(452)</u>                         | <u>(589)</u>                         | 23           |
| <b>(Loss)/Profit for the period</b>                                   |      | <b><u>(4,482)</u></b>                | <b><u>626</u></b>                    | (816)        |
| <b>Other comprehensive income/(loss), net of tax</b>                  |      |                                      |                                      |              |
| Fair value of cash flow hedge   |      | -                                    | 780                                  | (100)        |
| Foreign currency translation differences for foreign operations       |      | 961                                  | (415)                                | (332)        |
| <b>Other comprehensive income for the period, net of tax</b>          |      | <u>961</u>                           | <u>365</u>                           | 163          |
| <b>Total comprehensive (loss)/income for the period</b>               |      | <b><u>(3,521)</u></b>                | <b><u>991</u></b>                    | (455)        |
| <b>(Loss)/Profit attributable to:</b>                                 |      |                                      |                                      |              |
| Owners of the Company   |      | <u>(4,482)</u>                       | <u>626</u>                           | (816)        |
| <b>Total comprehensive (loss)/income attributable to:</b>             |      |                                      |                                      |              |
| Owners of the Company   |      | <u>(3,521)</u>                       | <u>991</u>                           | (455)        |
| <b>(Loss)/Profit per share attributable to owners of the Company:</b> |      |                                      |                                      |              |
| Basic (sen)   |      | (3.73)                               | 0.52                                 | (817)        |
| Diluted (sen)   |      | <u>(3.73)</u>                        | <u>0.52</u>                          | (817)        |

The above Unaudited 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 2022 and the accompanying explanatory notes attached to the interim financial statements

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

(Incorporated in Malaysia)

[Registration No. 197401004216 (21338-W)]

**Unaudited Condensed Consolidated Statement of Changes in Equity  
For the first quarter ended 31 March 2023**

|  | Attributable to Owners of the Company |                  |                |                    |         |
|--|---------------------------------------|------------------|----------------|--------------------|---------|
|  | Non-distributable                     |                  |                |                    | Total   |
|  | Share Capital                         | Warrants Reserve | Other Reserves | Accumulated losses |         |
| RM'000   | RM'000                                | RM'000           | RM'000         | RM'000             |         |
| <b>As at 1 January 2023</b>  | 167,363                               | -                | 16,721         | (63,933)           | 120,151 |
| Loss for the financial year  | -                                     | -                | -              | (4,482)            | (4,482) |
| Currency translation differences   | -                                     | -                | 961            | -                  | 961     |
| Total comprehensive income/(loss) for the financial year                   | -                                     | -                | 961            | (4,482)            | (3,521) |
| <b>As at 31 March 2023</b>   | 167,363                               | -                | 17,682         | (68,415)           | 116,630 |
| <b>As at 1 January 2022</b>  | 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 year                          | -                                     | -                | 365            | 626                | 991     |
| Transaction with owners of the Company<br>- Expiry of unexercised warrants | -                                     | (6,056)          | -              | 6,056              | -       |
| <b>As at 31 March 2022</b>   | 167,363                               | -                | 16,159         | (57,265)           | 126,257 |

The above Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements

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

(Incorporated in Malaysia)

[Registration No. 197401004216 (21338-W)]

**Unaudited Condensed Consolidated Statement of Cash Flows  
For the first quarter ended 31 March 2023**

|   | Current<br>Period Ended<br>31/3/2023<br>RM'000 | Preceding<br>Period Ended<br>31/3/2022<br>RM'000 |
|---|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |  |  |
| (Loss)/Profit before tax  | (4,030)  | 1,215  |
| <b>Adjustments:</b>   |  |  |
| Depreciation and amortisation of assets                             | 8,177  | 6,957  |
| Loss/(Gain) on disposal of property, plant and equipment            | 67   | (2)  |
| Net (gain)/loss on termination and remeasurement of lease contracts | (73)   | 6  |
| Interest expense  | 3,766  | 2,443  |
| Interest income   | (42)   | (13)   |
| Net (reversal on)/impairment loss on:                               |  |  |
| - property, plant and equipment                                     | -  | (17)   |
| - financial instruments   | (545)  | -  |
| Retirement benefits obligations                                     | 28   | -  |
| Usage of spare parts in property, plant and equipment               | -  | 536  |
| Write back of inventories   | (606)  | -  |
| Write off in respect of:  |  |  |
| - property, plant and equipment                                     | -  | 35   |
| - inventories   | 339  | -  |
| Income distribution from short term funds                           | (2)  | (1)  |
| Fair value loss on derivative                                       | -  | 107  |
| Unrealised loss on foreign exchange                                 | 265  | -  |
| Operating profit before changes in working capital                  | <u>7,344</u>                                   | <u>11,266</u>                                    |
| Changes in working capital  |  |  |
| Inventories   | 4,901  | 2,254  |
| Trade and other receivables   | 7,807  | (2,607)  |
| Trade and other payables  | (24,892)                                       | 6,457  |
| Contract liabilities  | (131)  | -  |
| <b>Cash (used in)/generated from operations</b>                     | <u>(4,971)</u>                                 | <u>17,370</u>                                    |
| Retirement benefits paid  | (136)  | (115)  |
| Interest paid   | (84)   | (49)   |
| Income tax paid   | (1,055)  | (169)  |
| Net cash (used in)/generated from operating activities              | <u>(6,246)</u>                                 | <u>17,037</u>                                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |  |  |
| Acquisition of property, plant and equipment                        | (4,070)  | (4,099)  |
| Acquisition of intangible asset                                     | -  | (60)   |
| Proceeds from disposal of property, plant and equipment             | 12   | 163  |
| Uplift/(Placement) of short-term funds                              | 2,367  | (4,110)  |
| Dividends received from short term investment                       | 2  | 1  |
| Interest received   | 42   | 13   |
| Net cash used in investing activities                               | <u>(1,647)</u>                                 | <u>(8,092)</u>                                   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |  |  |
| Net repayment of term loans   | (3,418)  | (5,614)  |
| Net movement in other borrowings and lease liabilities              | (3,223)  | 7,809  |
| Payment of lease liabilities  | (1,142)  | (1,164)  |
| Repayment to related companies                                      | (1,454)  | -  |
| Interest paid   | (3,692)  | (2,394)  |
| Net cash (used in) financing activities                             | <u>(12,929)</u>                                | <u>(1,363)</u>                                   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>         | <u>(20,822)</u>                                | <u>7,582</u>                                     |
| Effect of exchange rate changes                                     | 351  | (1,567)  |
| Cash and cash equivalents brought forward                           | 42,363   | 22,191   |
| <b>Cash and cash equivalents carried forward</b>                    | <u>21,892</u>                                  | <u>28,206</u>                                    |
|   | <b>31.03.2023</b>                              | <b>31.03.2022</b>                                |
|   | <b>RM'000</b>                                  | <b>RM'000</b>                                    |
| Cash and Cash Equivalents at 31 March comprise the following:       |  |  |
| Cash and bank balances  | 21,892   | 32,316   |
| Short term funds  | -  | (4,110)  |
|   | <u>21,892</u>                                  | <u>28,206</u>                                    |

The above Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 compliance with the requirements of MFRS 134 Interim Financial Reporting and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

These interim financial statements include only condensed financial statements and should be read in conjunction with the annual financial statements for the financial year ended 31 December 2022 ("FYE 2022"). The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the financial position and performance of Box-Pak (Malaysia) Bhd ("Box-Pak" or "the Company") group of companies ("Box-Pak Group" or "the Group") since FYE 2022.

## **2. Significant Accounting Policies**

The accounting policies adopted for this interim report are consistent with those adopted in the audited financial statements for the FYE 2022 except for the following:

The Group adopted (where applicable) the following accounting standards, interpretations or amendments which are applicable to the Group that have been issued by the Malaysian Accounting Standards Board ("MASB") effective 1 January 2023:

- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The adoption of new amendments do not have any material financial impact to the Group.

### **MFRSs, interpretations and amendments effective for annual period beginning on or after 1 January 2024**

- Amendments to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements - Non-current Liabilities with Covenants Classification of Liabilities as Current or Non-current*

### **MFRSs, interpretations and amendments effective for annual period beginning on or after a date yet to be confirmed**

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the abovementioned accounting standards, interpretations or amendments is not expected to have any material financial impact on the Group.

## **3. Auditors' report**

The auditors' report dated 4 April 2023 in respect of the financial statements for the financial year ended 31 December 2022 was not subject to any audit qualification.

## **4. Seasonal or Cyclical Factors**

The operation of the Group are not subject to seasonal or cyclical fluctuations except that certain products are subject to seasonal demand where higher sales will be recorded a few months before the major festive seasons such as Ramadan and Chinese New Year and lower sales in the first quarter of every financial year.

**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 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 during 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 financial period ended 31 March 2023 are as follows:

|   | Malaysia<br>RM'000 | Vietnam<br>RM'000 | Myanmar<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|---|--------------------|-------------------|-------------------|------------------|-----------------|-----------------------|------------------------|
| <b>REVENUE</b>                            |                    |                   |                   |                  |                 |                       |                        |
| External sales                            | 41,818             | 101,464           | 14,181            | -                | 157,463         | -                     | 157,463                |
| Inter-segmental sales                     | -                  | -                 | -                 | -                | -               | -                     | -                      |
| <b>Total revenue</b>                      | <b>41,818</b>      | <b>101,464</b>    | <b>14,181</b>     | <b>-</b>         | <b>157,463</b>  | <b>-</b>              | <b>157,463</b>         |
| <b>RESULTS</b>                            |                    |                   |                   |                  |                 |                       |                        |
| Segment results                           | (242)              | (95)              | (176)             | (80)             | (593)           | (31)                  | (624)                  |
| Other income                              | 1,473              | 348               | 114               | 1,209            | 3,144           | (2,784)               | 360                    |
| Finance costs                             | (1,881)            | (1,573)           | (1,275)           | (1,546)          | (6,275)         | 2,509                 | (3,766)                |
| Loss before taxation                      |                    |                   |                   |                  |                 |                       | (4,030)                |
| Taxation                                  |                    |                   |                   |                  |                 |                       | (452)                  |
| Loss after taxation                       |                    |                   |                   |                  |                 |                       | (4,482)                |
| <b>ASSETS AND LIABILITIES</b>             |                    |                   |                   |                  |                 |                       |                        |
| Segment assets                            | 363,516            | 405,820           | 48,254            | 198,566          | 1,016,156       | (514,594)             | 501,562                |
| Unallocated corporate assets              |                    |                   |                   |                  |                 |                       | 8                      |
| <b>Consolidated total assets</b>          |                    |                   |                   |                  |                 |                       | <b>501,570</b>         |
| Segment liabilities                       | 169,334            | 198,975           | 156,063           | 108,410          | 632,782         | (248,995)             | 383,787                |
| Unallocated corporate liabilities         |                    |                   |                   |                  |                 |                       | 1,153                  |
| <b>Consolidated total liabilities</b>     |                    |                   |                   |                  |                 |                       | <b>384,940</b>         |
| <b>OTHER INFORMATION</b>                  |                    |                   |                   |                  |                 |                       |                        |
| Capital Expenditure                       | 1,110              | 2,606             | 354               | -                | 4,070           | -                     | 4,070                  |
| Depreciation and amortisation             | 2,810              | 4,914             | 443               | 10               | 8,177           | -                     | 8,177                  |
| Non-cash expenses other than depreciation | 1,335              | 5,003             | 178               | 1                | 6,517           | -                     | 6,517                  |

**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 2022 are as follows:

|   | Malaysia<br>RM'000 | Vietnam<br>RM'000 | Myanmar<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|---|--------------------|-------------------|-------------------|------------------|-----------------|-----------------------|------------------------|
| <b>REVENUE</b>                            |                    |                   |                   |                  |                 |                       |                        |
| External sales                            | 46,800             | 128,578           | 10,740            | -                | 186,118         | -                     | 186,118                |
| Inter-segmental sales                     | -                  | -                 | -                 | -                | -               | -                     | -                      |
| <b>Total revenue</b>                      | <b>46,800</b>      | <b>128,578</b>    | <b>10,740</b>     | <b>-</b>         | <b>186,118</b>  | <b>-</b>              | <b>186,118</b>         |
| <b>RESULTS</b>                            |                    |                   |                   |                  |                 |                       |                        |
| 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                    |
|   |                    |                   |                   |                  |                 |                       | 3,658                  |
| Finance costs                             | (935)              | (1,226)           | (1,191)           | (565)            | (3,917)         | 1,474                 | (2,443)                |
| <b>Profit before taxation</b>             |                    |                   |                   |                  |                 |                       | <b>1,215</b>           |
| Taxation                                  |                    |                   |                   |                  |                 |                       | (589)                  |
| <b>Profit after taxation</b>              |                    |                   |                   |                  |                 |                       | <b>626</b>             |
| <b>ASSETS AND LIABILITIES</b>             |                    |                   |                   |                  |                 |                       |                        |
| Segment assets                            | 354,115            | 448,765           | 47,143            | 185,953          | 1,035,976       | (447,202)             | 588,774                |
| Unallocated corporate assets              |                    |                   |                   |                  |                 |                       | 214                    |
| <b>Consolidated total assets</b>          |                    |                   |                   |                  |                 |                       | <b>588,988</b>         |
| Segment liabilities                       | 152,390            | 249,795           | 142,358           | 97,877           | 642,420         | (181,605)             | 460,815                |
| Unallocated corporate liabilities         |                    |                   |                   |                  |                 |                       | 1,809                  |
| <b>Consolidated total liabilities</b>     |                    |                   |                   |                  |                 |                       | <b>462,624</b>         |
| <b>OTHER INFORMATION</b>                  |                    |                   |                   |                  |                 |                       |                        |
| Capital Expenditure                       | 1,526              | 2,508             | 125               | -                | 4,159           | -                     | 4,159                  |
| Depreciation and amortisation             | 2,601              | 4,594             | (238)             | -                | 6,957           | -                     | 6,957                  |
| Non-cash expenses other than depreciation | (3,781)            | (239)             | (21)              | -                | (4,041)         | -                     | (4,041)                |

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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 financial period under review up to the date of this announcement, that have not been disclosed in this quarterly interim 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 during the current quarter under review and since the end of the financial period.

**14. Capital Commitments**

As at 31 March 2023, the Group has the following capital commitment:

|                             |               |
|-----------------------------|---------------|
|                             | <b>RM'000</b> |
| Approved and contracted for | <u>444</u>    |

**15. Related Party Transactions**

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

|  | <b>Current<br/>Quarter<br/>Ended<br/>31/3/2023<br/>RM'000</b> |
|--|---|
| Sales to immediate holding company         | 152   |
| Sales to related companies                 | 1,689   |
| Rental paid/payable to a related company   | (801)   |
| Interest paid/payable to related companies | <u>(737)</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.

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**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 2023 ("Q1, 2023") versus First Quarter Ended 31 March 2022 ("Q1, 2022")***

In Q1, 2023, the Group recorded a revenue of RM157.5 million, a decrease of 15.4% from RM186.1 million in Q1, 2022.

Consequently, the Group's gross profit decreased by 26.4% in Q1, 2023 as compared to Q1, 2022. This also led to a loss before tax of RM4.0 million in Q1, 2023 as compared to profit before tax of RM1.2 million in Q1, 2022. This is mainly due to the decreased in sales volume from the Malaysia and Vietnam plants. The decrease was mainly attributable to seasonal fluctuation in certain market segment and the economic slowdown in Vietnam.

**17. Material Change in Performance of Operating Segments for Q1, 2023 compared with Immediate Preceding Quarter Ended 31 December 2022 ("Q4, 2022")**

|                                       | <b>Current<br/>Quarter Ended<br/>31/3/2023<br/>RM'000</b> | <b>Immediate<br/>Preceding<br/>Quarter Ended<br/>31/12/2022<br/>RM'000</b> | <b>Changes<br/>%</b> |
|---------------------------------------|---|--|----------------------|
| Revenue                               | 157,463   | 189,736  | (17)                 |
| Gross profit                          | 11,987  | 17,285   | (31)                 |
| (Loss)/Profit Before Interest and Tax | (264)   | 3,408  | (108)                |
| Loss Before Taxation                  | (4,030)   | (355)  | (1,035)              |
| Loss After Taxation                   | <u>(4,482)</u>  | <u>(1,756)</u>   | (155)                |
| <b>Loss attributable to:</b>          |   |  |                      |
| Owners of the Company                 | <u>(4,482)</u>  | <u>(1,756)</u>   | (155)                |

For the current quarter under review, the Group's net revenue decreased from RM189.7 million in the immediate preceding quarter to RM157.5 million due to lower sales volume in Malaysia and Vietnam plants.

The gross profit of the Group decreased from RM17.3 million in Q4, 2022 to RM12.0 million in Q1, 2023, mainly contributed by lower sales volume in Malaysia and Vietnam plants.

Due to the aforesaid reason, the Group reported a loss before taxation of RM4.0 million in Q1, 2023 as compared to a loss before taxation of RM0.4 million in Q4, 2022.

**18. Commentary on Prospects**

The Group operates in a very competitive industry with numerous competitors. As a consequence, the results continued to reflect the challenges of managing inflationary cost impact, and the volatility of Malaysian Ringgit against United States Dollar ("USD") and hikes in interest rates.

Moreover, secondary packaging such as corrugated cartons are very dependent on the economic condition in the countries we operate in. In particular, Vietnam experienced headwinds in their economy due to a slowdown in exports. This has a direct impact to the demand for carton packaging.



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**18. Commentary on Prospects (Cont'd)**

Some of the plans or measures being undertaken by the Group in 2022 will be continued in 2023 and these include the following:

- to allocate additional resources for business development activities to further increase the sales volume and sales orders from existing and new customers;
- to further improve inventories management and control to rationalise paper roll purchases;
- to further improve the production efficiencies by reducing production wastages and increase process automation to reduce overheads cost;
- to increase focus on sales and collections to free up cash flow for the Group; and
- continuous skills development for the existing employees from sales, production and procurement divisions to enhance productivity and efficiency.

The Board of Directors ("Board") remains cautiously optimistic in addressing the challenges faced by the Group as the Group strives to improve its performance in 2023.

**19. (Loss)/Profit Before Taxation**

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

|  | <b>Quarter Ended<br/>31/3/2023<br/>RM'000</b> | <b>Quarter Ended<br/>31/3/2022<br/>RM'000</b> |
|--|---|---|
| Other (income)/expenses:                                   |   |   |
| - Interest income  | (42)  | (13)  |
| - Income distribution from short term funds                | (2)   | (1)   |
| - Loss/(Gain) on disposal of property, plant and equipment | 67  | (2)   |
| - Others   | (383)   | (194)   |
|  | (360)   | (210)   |
| Interest expense   | 3,766   | 2,443   |
| Depreciation and amortisation                              | 8,177   | 6,957   |
| Provision for waste disposal                               | 31  | 60  |
| Net reversal of impairment loss on doubtful debts          | (546)   | -   |
| Net foreign exchange loss/(gain)                           | 95  | (75)  |
| Write off of:  |   |   |
| - inventories  | 339   | -   |
| - property, plant and equipment                            | -   | 35  |

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

No profit forecast or guarantee was issued by the Group.



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**21. Taxation**

|                   | <b>Quarter Ended<br/>31/3/2023<br/>RM'000</b> | <b>Quarter Ended<br/>31/3/2022<br/>RM'000</b> |
|-------------------|---|---|
| Income Tax        |   |   |
| - current year    | 452   | 597   |
| Deferred taxation | -   | (8)   |
|                   | <hr/>   | <hr/>   |
|                   | 452   | 589   |
|                   | <hr/>   | <hr/>   |

**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 material litigation nor pending material litigation against the Group since the end of the previous financial year up to the date of the issuance of this quarterly report.

**24. Group Borrowings and Debt Securities**

Total Group borrowings are as follows:

|                             | <b>As at<br/>31/3/2023<br/>RM'000</b> | <b>As at<br/>31/12/2022<br/>RM'000</b> |
|-----------------------------|---------------------------------------|--|
| Current - unsecured         |                                       |  |
| - Revolving credit          | 37,000                                | 39,500                                 |
| - Trade facilities          | 102,412                               | 102,864                                |
| - Term loans                | 6,149                                 | 9,543                                  |
| - Finance lease liabilities | 31                                    | 39                                     |
|                             | <hr/>                                 | <hr/>                                  |
|                             | 145,592                               | 151,946                                |
| Non-current - unsecured     |                                       |  |
| - Term loans                | 47,756                                | 47,439                                 |
| - Finance lease liabilities | 127                                   | 127                                    |
|                             | <hr/>                                 | <hr/>                                  |
|                             | 193,475                               | 199,512                                |
|                             | <hr/>                                 | <hr/>                                  |



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**24. Group Borrowings and Debt Securities (Cont'd)**

Borrowings which are denominated in foreign currencies are as follows:

|  | <b>As at<br/>31/3/2023<br/>RM'000</b> | <b>As at<br/>31/12/2022<br/>RM'000</b> |
|--|---------------------------------------|--|
| Current - unsecured                                      |                                       |  |
| - Trade facilities (denominated in Vietnam Dong ("VND")) | 79,025                                | 81,847                                 |
| - Trade facilities (denominated in USD)                  | 279                                   | 279                                    |
| - Term loans (denominated in VND)                        | 2,083                                 | 4,122                                  |
| - Term loans (denominated in USD)                        | 4,066                                 | 5,421                                  |
| Non-current - unsecured                                  |                                       |  |
| - Term loans (denominated in VND)                        | -                                     | 4,122                                  |
| - Term loans (denominated in USD)                        | 47,756                                | 43,317                                 |

The interest rates for the borrowings are as follows:

|                           |               |               |
|---------------------------|---------------|---------------|
| Term loans:               |               |               |
| - Floating rates          | 4.45% - 9.46% | 4.84% - 9.46% |
| Trade facilities          | 1.16% - 7.95% | 1.16% - 7.95% |
| Revolving credits         | 3.42% - 4.50% | 3.42% - 4.50% |
| Finance lease liabilities | 2.08%         | 2.08%         |

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) No hedging was done on borrowings denominated in USD. The Group monitors the foreign currency movement and will take necessary actions to minimise the risk whenever deem appropriate.

**25. Derivative financial instruments**

There was no outstanding derivatives as at 31 March 2023.

**26. Dividend**

No dividend has been declared for the current quarter under review (Q1, 2022: Nil).



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**27. Loss Per Share**

**(a) Basic**

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

|   | <b>Quarter Ended<br/>31/3/2023</b> | <b>Quarter Ended<br/>31/3/2022</b> |
|---|------------------------------------|------------------------------------|
| Loss attributable to owners<br>of the Company (RM'000)        | (4,482)                            | 626                                |
| Weighted average number of<br>ordinary shares in issue ('000) | 120,047                            | 120,047                            |
| <b>Basic (loss)/profit per share (sen)</b>                    | <b>(3.73)</b>                      | <b>0.52</b>                        |

**(b) Diluted**

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

**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 25 May 2023.

Batu Caves, Selangor Darul Ehsan  
25 May 2023