

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

(Incorporated in Malaysia)

[Registration No. 197401004216 (21338-W)]

Condensed Consolidated Statement of Financial Position**As at 30 June 2024**

		As at 30.6.2024 RM'000 Unaudited	As at 31.12.2023 RM'000 Audited
	Note		
ASSETS			
Non-Current Assets			
Property, plant and equipment		170,195	179,345
Right-of-use assets		43,076	44,351
Intangible assets		39	68
		<u>213,310</u>	<u>223,764</u>
Current Assets			
Inventories		75,436	75,831
Trade and other receivables		160,619	133,958
Prepayments		2,350	1,270
Tax recoverable		551	374
Cash and bank balances and short term funds		53,695	77,485
		<u>292,651</u>	<u>288,918</u>
TOTAL ASSETS		<u><u>505,961</u></u>	<u><u>512,682</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital		167,363	167,363
Foreign currency translation reserve		11,356	15,489
Accumulated losses		(77,555)	(73,472)
Total Equity		<u>101,164</u>	<u>109,380</u>
Non-Current Liabilities			
Borrowings	24	42,323	44,019
Lease liabilities		2,334	2,655
Retirement benefit obligation		2,404	2,424
Deferred tax liabilities		734	750
		<u>47,795</u>	<u>49,848</u>
Current Liabilities			
Trade and other payables		158,003	166,437
Borrowings	24	195,341	181,630
Lease liabilities		3,292	3,571
Retirement benefit obligation		86	965
Derivative financial instrument	25	37	-
Tax payable		243	851
		<u>357,002</u>	<u>353,454</u>
Total Liabilities		404,797	403,302
TOTAL EQUITY AND LIABILITIES		<u><u>505,961</u></u>	<u><u>512,682</u></u>
Net assets per share attributable to owners of the Company (RM)			
		<u>0.84</u>	<u>0.91</u>

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 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 Second Quarter and Period-to-date Ended 30 June 2024

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		Current Quarter Ended 30.6.2024 RM'000	Preceding Quarter Ended 30.6.2023 RM'000	Changes %	Financial Period-to-Date Ended 30.6.2024 RM'000	Financial Period-to-Date Ended 30.6.2023 RM'000	Changes %
Revenue		160,780	154,368	4.2	318,141	311,831	2.0
Cost of sales		(147,704)	(142,758)	(3.5)	(288,271)	(288,234)	-
Gross profit		<u>13,076</u>	<u>11,610</u>	12.6	<u>29,870</u>	<u>23,597</u>	26.6
Other (expenses)/ income		(33)	983	103.4	2,582	1,343	92.3
Operating expenses		(16,146)	(12,380)	(30.4)	(29,134)	(24,991)	(16.6)
Finance costs		(3,024)	(3,799)	20.4	(6,432)	(7,565)	15.0
Loss Before Taxation	19	<u>(6,127)</u>	<u>(3,586)</u>	(70.9)	<u>(3,114)</u>	<u>(7,616)</u>	59.1
Taxation	21	(396)	(734)	46.0	(969)	(1,186)	18.3
Loss for the period		<u>(6,523)</u>	<u>(4,320)</u>	(51.0)	<u>(4,083)</u>	<u>(8,802)</u>	53.6
Other comprehensive (loss)/income, net of tax							
Foreign currency translation differences for foreign operations		(2,269)	3,222	(170.4)	(4,133)	4,183	(198.8)
Total comprehensive loss for the period		<u>(8,792)</u>	<u>(1,098)</u>	(700.7)	<u>(8,216)</u>	<u>(4,619)</u>	(77.9)
Loss attributable to:							
Owners of the Company		<u>(6,523)</u>	<u>(4,320)</u>	(51.0)	<u>(4,083)</u>	<u>(8,802)</u>	53.6
Total comprehensive loss attributable to:							
Owners of the Company		<u>(8,792)</u>	<u>(1,098)</u>	(700.7)	<u>(8,216)</u>	<u>(4,619)</u>	(77.9)
Loss per share attributable to owners of the Company:							
Basic (sen)		<u>(5.43)</u>	<u>(3.60)</u>	(50.8)	<u>(3.40)</u>	<u>(7.33)</u>	53.6

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 financial year ended 31 December 2023 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 Second Quarter Ended 30 June 2024**

<----- Attributable to Owners of the Company ----->
<----- Non-distributable ----->

	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000
As at 1 January 2024	167,363	15,489	(73,472)	109,380
Loss for the financial period	-	-	(4,083)	(4,083)
Currency translation differences	-	(4,133)	-	(4,133)
Total comprehensive loss for the financial period	-	(4,133)	(4,083)	(8,216)
As at 30 June 2024	167,363	11,356	(77,555)	101,164
As at 1 January 2023	167,363	16,721	(63,933)	120,151
Loss for the financial period	-	-	(8,802)	(8,802)
Currency translation differences	-	4,183	-	4,183
Total comprehensive income/(loss) for the financial period	-	4,183	(8,802)	(4,619)
As at 30 June 2023	167,363	20,904	(72,735)	115,532

The above Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 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 Second Quarter Ended 30 June 2024**

	Current Period-to-Date 30.6.2024 RM'000	Preceding Period-to-Date 30.6.2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(3,114)	(7,616)
Adjustments:		
Depreciation and amortisation of assets	16,875	16,522
Loss/(Gain) on disposal of property, plant and equipment	85	(12)
Net gain on termination and remeasurement of lease contracts	(1)	(80)
Interest expense	6,432	7,565
Interest income	(114)	(99)
Net impairment loss/(reversal of impairment loss) on financial instruments	35	(437)
Retirement benefits obligations	142	56
Write down/(Write back) of inventories	599	(738)
Write off in respect of:		
- inventories	295	423
- property, plant and equipment	-	51
Income distribution from short term funds	(5)	(8)
Fair value loss on derivative	37	-
Unrealised gain on foreign exchange	(1,872)	(2,863)
Operating profit before changes in working capital	<u>19,394</u>	<u>12,764</u>
Changes in working capital:		
Inventories	(499)	3,819
Trade and other receivables	(24,769)	16,839
Trade and other payables	1,333	(36,194)
Contract liabilities	(5)	(131)
Cash used in operations	<u>(4,546)</u>	<u>(2,903)</u>
Retirement benefits paid	(1,041)	(259)
Interest paid	-	(7)
Income tax paid	(1,771)	(1,519)
Net cash used in operating activities	<u>(7,358)</u>	<u>(4,688)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(6,938)	(6,903)
Acquisition of intangible asset	(28)	-
Proceeds from disposal of property, plant and equipment	219	51
Net movement of short-term funds	1,629	1,713
Dividends received from short term investment	5	8
Interest received	114	99
Net cash used in investing activities	<u>(4,999)</u>	<u>(5,032)</u>

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

(Incorporated in Malaysia)

[Registration No. 197401004216 (21338-W)]

**Unaudited Condensed Consolidated Statement of Cash Flows (Cont'd)
For the Second Quarter Ended 30 June 2024**

	Current Period-to-Date 30.6.2024 RM'000	Preceding Period-to-Date 30.6.2023 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of term loans	(2,744)	(7,105)
Net movement in other borrowings	15,977	(1,760)
Payment of lease liabilities	(2,061)	(955)
Net repayment to related companies	(9,637)	(808)
Interest paid	(6,284)	(7,555)
Net cash used in financing activities	<u>(4,749)</u>	<u>(18,183)</u>
Net decrease in cash and cash equivalents	(17,106)	(27,903)
Effect of exchange rate changes	(5,054)	10,059
Cash and cash equivalents brought forward	75,855	42,363
Cash and cash equivalents carried forward	<u><u>53,695</u></u>	<u><u>24,519</u></u>
	30.6.2024 RM'000	30.6.2023 RM'000
Cash and Cash Equivalents at 30 June comprise the following:		
Cash and bank balances	53,695	24,516
Short term funds	-	4,944
	<u>53,695</u>	<u>29,460</u>
Less: Short term funds	-	(4,944)
	<u><u>53,695</u></u>	<u><u>24,516</u></u>

The above Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 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 2023 ("FYE 2023"). 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 2023.

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 2023 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 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 and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures - Supplier Finance Arrangements*

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

MFRSs, interpretations and amendments effective for annual period beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

MFRSs, interpretations and amendments effective for annual period beginning on or after 1 January 2026

- Amendments to MFRS 9 and MFRS 7, *The Classification and Measurement of Financial Instruments*

MFRSs, interpretations and amendments effective for annual period beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- Amendments to MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

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 2 April 2024 in respect of the financial statements for the FYE 2023 was not subject to any audit qualification.



4. Seasonal or Cyclical Factors

The operations 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.

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 and 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 current quarter and 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 during the current quarter and the financial period under review.

8. Dividends Paid

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

9. Segmental Reporting

Segmental results for the current quarter ended 30 June 2024 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	44,510	103,781	12,489	-	160,780	-	160,780
Inter-segmental sales	-	-	-	-	-	-	-
Total revenue	44,510	103,781	12,489	-	160,780	-	160,780
RESULTS							
Segment results	(1,720)	(163)	(1,296)	(87)	(3,266)	196	(3,070)
Other income/ (expenses)	2,083	271	50	1,255	3,659	(3,692)	(33)
							<u>(3,103)</u>
Finance costs	(1,876)	(1,390)	(1,390)	(1,864)	(6,520)	3,496	(3,024)
Loss before taxation							<u>(6,127)</u>
Taxation							(396)
Loss after taxation							<u><u>(6,523)</u></u>



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 preceding quarter ended 30 June 2023 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	39,211	105,045	10,112	-	154,368	-	154,368
Inter-segmental sales	-	-	-	-	-	-	-
Total revenue	39,211	105,045	10,112	-	154,368	-	154,368
RESULTS							
Segment results	(872)	(50)	(115)	(81)	(1,118)	305	(813)
Other income	2,225	285	(62)	1,276	3,724	(2,698)	1,026
							213
Finance costs	(1,942)	(1,517)	(1,344)	(1,694)	(6,497)	2,698	(3,799)
Loss before taxation							(3,586)
Taxation							(734)
Loss after taxation							(4,320)

Segmental results for the financial period ended 30 June 2024 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	93,777	200,344	24,020	-	318,141	-	318,141
Inter-segmental sales	-	-	-	-	-	-	-
Total revenue	93,777	200,344	24,020	-	318,141	-	318,141
RESULTS							
Segment results	555	639	(480)	(176)	538	198	736
Other income	6,214	626	323	2,518	9,681	(7,099)	2,582
							3,318
Finance costs	(3,803)	(3,036)	(2,781)	(3,713)	(13,333)	6,901	(6,432)
Loss before taxation							(3,114)
Taxation							(969)
Loss after taxation							(4,083)



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 2024 are as follows (Cont'd):

	Malaysia RM'000	Vietnam RM'000	Myanmar RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
ASSETS AND LIABILITIES							
Segment assets	397,262	416,693	54,002	209,612	1,077,569	(572,159)	505,410
Unallocated corporate assets							551
Consolidated total assets							<u>505,961</u>
Segment liabilities	154,745	259,062	176,705	119,832	710,344	(306,561)	403,783
Unallocated corporate liabilities							1,014
Consolidated total liabilities							<u>404,797</u>
OTHER INFORMATION							
Capital Expenditure	1,923	4,657	358	-	6,938	-	6,938
Depreciation and amortisation	4,285	11,576	992	23	16,876	-	16,876
Non-cash expenses other than depreciation	246	689	3,213	3	4,151	-	4,151

Segmental results for the financial period ended 30 June 2023 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	81,029	206,509	24,293	-	311,831	-	311,831
Inter-segmental sales	-	-	-	-	-	-	-
Total revenue	<u>81,029</u>	<u>206,509</u>	<u>24,293</u>	<u>-</u>	<u>311,831</u>	<u>-</u>	<u>311,831</u>
RESULTS							
Segment results	(1,114)	(145)	(291)	(161)	(1,711)	274	(1,437)
Other income	3,698	633	52	2,485	6,868	(5,482)	1,386
							<u>(51)</u>
Finance costs	(3,823)	(3,090)	(2,619)	(3,240)	(12,772)	5,207	(7,565)
Loss before taxation							<u>(7,616)</u>
Taxation							<u>(1,186)</u>
Loss after taxation							<u><u>(8,802)</u></u>



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 2023 are as follows (Cont'd):

	Malaysia RM'000	Vietnam RM'000	Myanmar RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
ASSETS AND LIABILITIES							
Segment assets	354,188	416,344	48,843	208,047	1,027,422	(532,797)	494,625
Unallocated corporate assets							9
Consolidated total assets							<u>494,634</u>
Segment liabilities	160,868	203,580	164,237	116,191	644,876	(267,199)	377,677
Unallocated corporate liabilities							1,425
Consolidated total liabilities							<u>379,102</u>
OTHER INFORMATION							
Capital Expenditure	1,868	4,594	441	-	6,903	-	6,903
Depreciation and amortisation	3,973	11,588	941	20	16,522	-	16,522
Non-cash expenses other than depreciation	638	5,184	494	2	6,318	-	6,318

10. Valuation of Property, Plant and Equipment

The Group did not carry out any revaluation exercise for accounting purposes during the current quarter and 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 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

The amount of capital commitments as at 30 June 2024 is as follows:

	RM'000
Approved and contracted for	5,959

This note is to be read in conjunction with Note 22.

15. Related Party Transactions

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

	Current Period-to-Date Ended 30.6.2024 RM'000
Sales to holding company	123
Sales to related companies	7,083
Rental payable to a related company	1,608
Interest payable to related companies	264

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.

[The rest of this page has been intentionally left blank]



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 2024 ("Q2, 2024") versus Second Quarter ended 30 June 2023 ("Q2, 2023")

In Q2, 2024, the Group recorded a revenue of RM160.8 million, an increase of 4.2% from RM154.4 million in Q2, 2023. The increased in revenue mainly due to higher sales tonnage being achieved in Q2, 2024.

The Group's overall gross profit increased by RM1.5 million in the current quarter under review. The increase in gross profit was mainly attributed to higher production and sales tonnage.

The Group has recorded a loss on foreign exchange difference of RM3.3 million in Q2, 2024 as compared with the gain on foreign exchange difference of RM0.8 million in Q2, 2023.

Consequently, the Group recorded a higher loss before taxation in Q2, 2024.

Period-To-Date ended 30 June 2024 ("PTD Q2, 2024") versus Period-To-Date ended 30 June 2023 ("PTD Q2, 2023")

In PTD Q2, 2024, the Group's revenue was RM318.1 million, an increase of 2.0% from RM311.8 million recorded in PTD Q2, 2023. The increased in revenue was mainly due to higher sales tonnage achieved during the period.

The Group's PTD Q2, 2024 gross profit has increased by RM6.3 million as compared to PTD Q2, 2023. The increased in gross profit was mainly due to higher production and sales volume particularly from the Malaysia and Vietnam entities.

Consequently, the Group has recorded a lower loss before taxation in PTD Q2, 2024 as compared to PTD Q2, 2023.

17. Material Change in Performance of Operating Segments for Q2, 2024 compared with Immediate Preceding Quarter Ended 31 March 2024 ("Q1, 2024")

	Current Quarter Ended 30.6.2024 RM'000	Immediate Preceding Quarter Ended 31.3.2024 RM'000	Changes %
Revenue	160,780	157,361	2.2
Gross Profit	13,076	16,794	(22.1)
(Loss)/Profit Before Interest and Tax	(3,103)	6,421	(148.3)
(Loss)/Profit Before Taxation	(6,127)	3,013	(303.4)
(Loss)/Profit After Taxation	<u>(6,523)</u>	<u>2,440</u>	(367.3)
(Loss)/Profit attributable to:			
Owners of the Company	<u>(6,523)</u>	<u>2,440</u>	(367.3)



BOX-PAK (MALAYSIA) BHD. [Registration No. 197401004216 (21338-W)]

**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, 2024 compared with Immediate Preceding Quarter Ended 31 March 2024 ("Q1, 2024") (Cont'd)

The Group's overall revenue increased by RM3.4 million in the current quarter under review. The increase in revenue was mainly due to higher sales tonnage achieved by the Group. Although the Group recorded higher revenue in the current quarter, there was a decrease in gross profit as the average selling price has decreased as compared with Q1, 2024. As a result, the Group has recorded a lower gross profit by RM3.7 million.

The Group has recorded a loss on foreign exchange difference of RM3.3 million in Q2, 2024 as compared with the gain on foreign exchange difference of RM2.2 million in Q1, 2024.

Consequently, the Group recorded a loss before taxation of RM6.1 million in Q2, 2024 compared to a profit before taxation of RM3.0 million in Q1, 2024.

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.

Some of the plans or measures that continue to be undertaken by the Group in 2024 included 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 2024.



BOX-PAK (MALAYSIA) BHD. [Registration No. 197401004216 (21338-W)]

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

19. Loss Before Taxation

Included in loss before taxation are the following items:

	Current Quarter Ended 30.6.2024 RM'000	Preceding Quarter Ended 30.6.2023 RM'000	Current Period-to-Date Ended 30.6.2024 RM'000	Preceding Period-to-Date Ended 30.6.2023 RM'000
Other income:				
- Interest income	(57)	(57)	(115)	(99)
- Income distribution from short-term funds	(3)	(6)	(5)	(8)
- Loss/(Gain) on disposal of property, plant and equipment	122	(79)	85	(12)
- Net foreign exchange loss/(gain)	3,315	(790)	1,124	(885)
- Others	(3,344)	(51)	(3,671)	(339)
	33	(983)	(2,582)	(1,343)
Interest expense	3,024	3,799	6,432	7,565
Depreciation and amortisation	8,367	8,345	16,876	16,522
Provision for waste disposal	6	(9)	6	22
Net impairment loss/(reversal of impairment loss) on financial instruments	54	109	35	(437)
Write off of:				
- inventories	110	84	295	423
- property, plant and equipment	-	51	-	51

20. Variance from Forecast Profit and shortfall in Profit Guarantee

No profit forecast or guarantee was issued by the Group.

21. Taxation

	Current Quarter Ended 30.6.2024 RM'000	Preceding Quarter Ended 30.6.2023 RM'000	Current Period-to-Date Ended 30.6.2024 RM'000	Preceding Period-to-Date Ended 30.6.2023 RM'000
Income Tax				
- current year	404	282	985	734
Deferred taxation	(8)	-	(16)	-
	<u>396</u>	<u>282</u>	<u>969</u>	<u>734</u>

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



BOX-PAK (MALAYSIA) BHD. [Registration No. 197401004216 (21338-W)]

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

22. Status of Corporate Proposals

Proposed sublease by Box-Pak (Vietnam) Co., Ltd (“BPV”), a wholly-owned subsidiary of the Company, through a project company to be incorporated as a wholly-owned subsidiary of BPV (“Project Company”), of a parcel of leasehold vacant industrial land located in land Lot I-9, D5 & N5 Streets, Huu Thanh Industrial Zone, Duc Hoa District, Long An Province, Vietnam (“Subject Property”)

BPV had on 27 March 2024, entered into a conditional in-principle land sublease agreement (“**In-Principle Land Sublease Agreement**”) with IDICO Corporation - Joint Stock Company (“**IDICO**”) for the sublease of the Subject Property, measuring approximately 50,000 square metres for a period of approximately 45 years up to 6 August 2069, for a sublease consideration (which is stipulated as “lump sum infrastructure using fee” in the In-Principle Land Sublease Agreement) of Vietnamese Dong 179,524,000,000 (exclusive of value added tax), equivalent to approximately RM34,286,478 (“**Proposed Sublease**”).

A Land Sublease Contract with IDICO (as defined in the In-Principle Land Sublease Agreement) shall be executed by the entity that will occupy and utilise the Subject Property. As such, the Project Company will be the signing party of the Land Sublease Contract as the sublessee, after it is duly incorporated and obtained the Investment Registration Certificate and Enterprise Registration Certificate at a later date.

The final remaining Sublease Conditions Precedent set out in the In-Principle Land Sublease Agreement (i.e. BPV having obtained the Investment Registration Certificate and Enterprise Registration Certificate for the establishment of Krafton Greenpax (Viet Nam) Company Limited, being the Project Company to carry out the Project on the Subject Property) has been fulfilled on 16 July 2024, and the In-Principle Land Sublease Agreement has become unconditional on even date.

Save for the above, 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 date of the issue of this quarterly report.

24. Group Borrowings and Debt Securities

Total Group borrowings are as follows:

	As at 30.6.2024 RM'000	As at 31.12.2023 RM'000
Current - unsecured		
- Revolving credit	32,136	30,970
- Trade facilities	157,334	144,950
- Term loans	5,829	5,669
- Finance lease liabilities	42	41
	<u>195,341</u>	<u>181,630</u>
Non-current - unsecured		
- Term loans	42,257	43,932
- Finance lease liabilities	66	87
	<u>42,323</u>	<u>44,019</u>
Total borrowings	<u><u>237,664</u></u>	<u><u>225,649</u></u>



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 (Cont'd)

	As at 30.6.2024 RM'000	As at 31.12.2023 RM'000
Borrowings which are denominated in foreign currencies are as follows:		
Current - unsecured		
- Trade facilities (denominated in Vietnam Dong ("VND"))	124,625	116,907
- Trade facilities (denominated in USD)	7,494	3,652
- Term loans (denominated in USD)	5,829	5,669
Non-current - unsecured		
- Term loans (denominated in USD)	42,257	43,932

The interest rates for the borrowings are as follows:

Term loans:		
- Floating rates	7.10%	7.26%
Trade facilities	3.00% - 5.99%	2.80% - 6.74%
Revolving credits	4.73% - 6.66%	4.71% - 5.88%
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) Certain amounts of the Group's borrowings denominated in USD were hedged.

25. Derivative financial instruments

As at 30 June 2024, the Group had entered into forward foreign currency exchange contracts to hedge against USD/RM exchange rate fluctuations.

The fair value of the derivatives were determined by using mark-to-market values at the end of the reporting date and changes in the fair value were recognised in the statement of profit or loss and other comprehensive income.

Details of derivative financial instruments outstanding as at 30 June 2024 are set out below :

Type of derivative	Notional Amount RM'000	Current Liabilities RM'000
<u>Non-hedging derivative</u>		
Foreign exchange contracts	10,232	37

Other than the above derivatives which were measured at fair value, the Group did not remeasure other financial assets and financial liabilities after initial recognition



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 (PTD Q2, 2023: Nil).

27. Loss Per Share

(a) Basic

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

	Current Quarter Ended 30.6.2024	Preceding Quarter Ended 30.6.2023	Current Period-to-Date Ended 30.6.2024	Preceding Period-to-Date Ended 30.6.2023
Loss attributable to owners of the Company (RM '000)	<u>(6,523)</u>	<u>(4,320)</u>	<u>(4,083)</u>	<u>(8,802)</u>
Weighted average number of ordinary shares in issue ('000)	<u>120,047</u>	<u>120,047</u>	<u>120,047</u>	<u>120,047</u>
Basic loss per share (sen)	<u><u>(5.43)</u></u>	<u><u>(3.60)</u></u>	<u><u>(3.40)</u></u>	<u><u>(7.33)</u></u>

(b) Diluted

For the financial period under review, the diluted loss per share was the same as the basic loss 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 22 August 2024.

Batu Caves, Selangor Darul Ehsan
22 August 2024