

MASTER-PACK GROUP BERHAD (297020-W)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE 3RD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

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MASTER-PACK GROUP BERHAD (297020-W)

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current quarter ended 30.09.2015 RM '000	Corresponding quarter ended 30.09.2014 RM '000	Current period to date ended 30.09.2015 RM '000	Corresponding period to date ended 30.09.2014 RM '000
Revenue	B1	18,374	18,845	54,166	56,477
Operating expenses		(17,285)	(17,033)	(50,912)	(51,572)
Other operating income		(9)	41	31	269
Profit from operations		1,080	1,853	3,285	5,174
Finance costs		(139)	(285)	(560)	(826)
Share of Profit in associated company		11	2	36	27
Investing result		11	-	33	-
Profit before taxation	B1	963	1,570	2,794	4,375
Taxation	B4	(422)	(243)	(1,017)	(1,088)
Profit for the period		541	1,327	1,777	3,287
Other comprehensive income :-					
Reclassification adjustments on:-					
- Impairment of available-for-sale financial assets		(31)	(27)	(22)	3
Other comprehensive income for the financial period		(31)	(27)	(22)	3
		510	1,300	1,755	3,290
Profit/(Loss) for the financial period attributable to:-					
- Owners of the Company		543	1,331	1,787	3,322
- Non-Controlling Interest		(2)	(4)	(10)	(35)
		541	1,327	1,777	3,287
Total comprehensive income/(loss) for the financial period attributable to:-					
- Owners of the Company		512	1,304	1,765	3,325
- Non-Controlling Interest		(2)	(4)	(10)	(35)
		510	1,300	1,755	3,290
Earnings per share (sen) :					
(i) Basic	B9	0.99	2.68	3.27	5.45
(ii) Fully diluted	B9	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at end of financial period ended 30.09.2015 RM'000	As at preceding financial year ended 31.12.2014 RM'000
Non-current assets			
Property, plant and equipment		37,800	38,332
Investment properties		13,720	13,720
Goodwill on consolidation		196	196
Investment in associates		349	312
Available-for-sales financial assets		297	320
		<u>52,362</u>	<u>52,880</u>
Current assets			
Inventories		9,101	10,144
Trade and other receivables		19,076	19,923
Prepayments		467	741
Current tax assets		358	312
Cash and bank balances		5,516	4,533
		<u>34,518</u>	<u>35,653</u>
TOTAL ASSETS		<u>86,880</u>	<u>88,533</u>
Non-current liabilities			
Loans and borrowings - secured	B5	1,420	4,940
Deferred tax liabilities		4,648	4,787
		<u>6,068</u>	<u>9,727</u>
Current liabilities			
Trade and other payables		5,448	5,797
Loans and borrowings - secured	B5	6,126	9,817
Current tax liabilities		197	87
		<u>11,771</u>	<u>15,701</u>
TOTAL LIABILITIES		<u>17,839</u>	<u>25,428</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		54,620	49,620
Other Reserves		14,465	13,519
Equity attributable to owners of the Company		<u>69,085</u>	<u>63,139</u>
Non-Controlling Interest		(44)	(34)
TOTAL EQUITY		<u>69,041</u>	<u>63,105</u>
TOTAL LIABILITIES AND EQUITY		<u>86,880</u>	<u>88,533</u>
Net Assets per share attributable to owners of the Company (RM)		1.26	1.27

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to Owners of the Company
Non-Distributable

	Share Capital RM'000	Share Premium RM'000	Capital Redemption Reserve RM'000	Revaluation Reserve RM'000	Fair Value Reserve RM'000	Currency Translation Reserve RM'000	Accumulated (Losses)/Profit RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
9 months ended 30 September 2014										
Balance as of 1 January 2014	49,620	471	435	2,020	152	(12)	948	53,634	7	53,641
Reclassification adjustments on impairment loss of available-for-sale financial assets	-	-	-	-	3	-	-	3	-	3
Other comprehensive income for the financial year	-	-	-	-	3	-	-	3	-	3
Profit for the financial year	-	-	-	-	-	-	3,322	3,322	(35)	3,287
Total comprehensive income for the financial year	-	-	-	-	3	-	3,322	3,325	(35)	3,290
Transfer of revaluation surplus	-	-	-	(69)	-	-	69	-	-	-
Balance as of 30 September 2014	49,620	471	435	1,951	155	(12)	4,339	56,959	(28)	56,931
9 months ended 30 September 2015										
Balance as of 1 January 2015	49,620	471	435	6,476	122	-	6,015	63,139	(34)	63,105
Issuance of shares	5,000	-	-	-	-	-	-	5,000	-	5,000
Reclassification adjustments on:-	-	-	-	-	(22)	-	-	(22)	-	(22)
- Derecognition of available-for-sale financial assets	-	-	-	-	(22)	-	-	(22)	-	(22)
Other comprehensive income for the financial year	-	-	-	-	-	-	1,787	1,787	(10)	1,777
Profit for the financial period	-	-	-	-	-	-	1,787	1,787	(10)	1,777
Total comprehensive income for the financial year	-	-	-	-	(22)	-	1,787	1,765	(10)	1,755
Dividend	-	-	-	-	-	-	(819)	(819)	-	(819)
Owner of the Company	-	-	-	-	-	-	(819)	(819)	-	(819)
Total transactions with owners	-	-	-	-	-	-	(819)	(819)	-	(819)
Transfer of revaluation surplus	-	-	-	(208)	-	-	208	-	-	-
Balance as of 30 September 2015	54,620	471	435	6,268	100	-	7,191	69,085	(44)	69,041

Note

9 months ended 30 September 2014

Balance as of 1 January 2014

Reclassification adjustments on impairment loss of available-for-sale financial assets
Other comprehensive income for the financial year
Profit for the financial year

Total comprehensive income for the financial year

Transfer of revaluation surplus

Balance as of 30 September 2014

9 months ended 30 September 2015

Balance as of 1 January 2015

Issuance of shares

Reclassification adjustments on:-
- Derecognition of available-for-sale financial assets
Other comprehensive income for the financial year
Profit for the financial period

Total comprehensive income for the financial year

Dividend

Owner of the Company

Total transactions with owners

Transfer of revaluation surplus

Balance as of 30 September 2015

MASTER-PACK GROUP BERHAD (297020-W)

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Current period to date ended 30.09.2015 RM'000	Corresponding period to date ended 30.09.2014 RM'000
OPERATING ACTIVITIES			
Profit before taxation		2,794	4,375
Adjustments for non-cash flow items :-			
Depreciation		2,060	1,727
Dividend income		(9)	(4)
Gain on derecognition of available-for-sale financial assets		-	(39)
Gain on disposal of property, plant and equipment		(19)	-
Impairment loss on loans and receivables		656	201
Interest expense		560	826
Interest income		(33)	-
Inventories written down		16	-
Inventories written-off		20	-
Share of associate's profit		(36)	(27)
Operating profit before working capital changes		6,009	7,059
Changes in Working Capital			
Inventories		1,007	451
Net Change in current assets		464	(1,585)
Net Change in current liabilities		(348)	(725)
Income tax refunded		82	135
Income tax paid		(1,174)	(1,119)
Net cash generated from operating activities		6,040	4,216
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends Received		9	4
Interest Received		33	-
Proceeds from disposal of available-for-sale financial assets		-	39
Proceeds from disposal of properties, plant and equipment		19	-
Purchase of property, plant and equipment		(1,529)	(3,156)
Net cash used in investing activities		(1,468)	(3,113)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to shareholders		(819)	(4)
Interest paid		(560)	(826)
Net increase/(decrease) in short-term loans and borrowings		(1,602)	(690)
Repayment of hire-purchase obligations		(169)	(17)
Repayment of long term loans		(645)	(694)
Proceeds from hire purchase		63	1,123
Proceeds from long term loan		-	33
Proceeds from issuance of shares		5,000	-
Repayment of short-term loan		(4,770)	-
Net cash used in financing activities		(3,502)	(1,075)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		1,070	28
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		2,261	2,688
CASH AND CASH EQUIVALENTS AT END OF PERIOD	B10	3,331	2,716

* The amount is not substantial therefore not reflected

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)
QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Notes to the Interim Financial Statements: -

A. Explanatory Notes to the Interim Financial Statements as required by MFRS134

A1. Basis of preparation

The interim financial statements of the Group for the period ended 30 September 2015 are unaudited and have been prepared in accordance with the requirements of MFRS134: Interim Financial Reporting and paragraph 9.22 of Bursa Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of Master-Pack Group Berhad (“the Group”) for the year ended 31 December 2014. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions so as to give a true and fair view of the state of affairs of the Group as of 30 September 2015 and of its results and cash flows for the year ended on that date.

A2. Annual Audit Report

The auditors’ report on the financial statements for the year ended 31 December 2014 was not qualified.

A3. Changes in Accounting Policies and Method of Computation

The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2014.

The management foresees that all the MFRS that are effective for annual periods beginning on or after 1 January 2015, as stated in the audited accounts for the financial year 31 December 2014 will not have any significant impact.

A4. Seasonality or cyclical nature of operations

The Group’s performance is not significantly affected by any seasonal or cyclical factor for the financial year under review.

A5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows because of their nature, size, or incidence for the financial year under review.

A6. Changes in estimates

There were no material changes in the estimates for the financial year under review.

A7. Issues, repurchases, and repayment of debt and equity securities

There were no issuance and repayment of debts and equity securities.

A8. Dividend

An interim dividend of 1% amounting to RM546,201.50 was paid on 6 November 2015 for the financial year ending 31 December 2015.

A9. Segmental information

The Group has 2 reportable operating segments. The operations of the reportable segments are as follows:-

a) Packaging Division

Designing and manufacturing corrugated paper cartons as well as providing one-stop packaging solutions.

b) Other Divisions

Trading of diesel and fuel additives, inactive companies and an investment holding company.

A10. Events after reporting period

There was no material event subsequent to the reporting period that has not been reflected in these financial statements.

MASTER-PACK GROUP BERHAD (297020-W)
QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Notes to the Interim Financial Statements: -

A11. Changes in the composition of the Group

Pursuant to Paragraph 19.9(24) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company made the following announcements:-

- a) Announcement dated 14 August 2015, Sin Wan Fatt Marine Products Sdn. Bhd., a wholly owned subsidiary had disposed its 52.63% dormant company, Ocean Garden Seafood Products Sdn. Bhd. at a total cash consideration of RM2.00 only.
- b) Announcement dated 9 September 2015, disposed the entire equity interest of its wholly owned dormant subsidiary of Tung Hai Fishing Sendirian Berhad at a total cash consideration of RM2.00 only.
- c) Announcement dated 12 October 2015, disposed 68% equity interest of its dormant subsidiary of Master-Pack Labs Sdn. Bhd. at a total cash consideration of RM2.00 only.

The main purpose of the disposals is to streamline the portfolio of the Group and to save the cost associated in maintaining a dormant company.

Other than the above, there were no business combinations, long term investment and restructuring or discontinuing operations during the financial year.

A12. Changes in contingent liabilities or contingent assets

There was no liability that the Group is contingently liable to since the last annual reporting date.

A13. Recurrent Related Party Transaction

The recurrent related party transactions of revenue and trading nature approved in accordance with the shareholders' mandate on 29 May 2015 and transacted with the subsidiaries are set out below:-

	Current quarter ended 30.09.2015 RM'000	Current period to date ended 30.09.2015 RM'000
<u>Sales transacted with Related Party</u>		
Richmond Technology Sdn. Bhd.	832	2,719

MASTER-PACK GROUP BERHAD (297020-W)
QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Notes to the Interim Financial Statements: -

B. Additional information required by the listing requirements of Bursa Malaysia Securities Berhad

B1 Performance review of the Group

	Current Quarter ended 30.09.2015 RM '000	Corresponding Quarter ended 30.09.2014 RM '000	Current Period to Date ended 30.09.2015 RM '000	Corresponding Period to Date ended 30.09.2014 RM '000
Revenue				
Packaging	18,340	18,875	54,067	56,589
Others	1,534	1,021	2,380	3,088
	19,874	19,896	56,447	59,677
Elimination	(1,500)	(1,051)	(2,281)	(3,200)
Total	18,374	18,845	54,166	56,477
Profit before taxation				
Packaging	1,088	1,505	3,535	4,356
Others	1,358	563	917	1,493
	2,446	2,068	4,452	5,849
Elimination	(1,483)	(498)	(1,658)	(1,474)
Total	963	1,570	2,794	4,375

B1. Commentary Comparison for the current quarter

3rd Quarter 2015 vs 3rd Quarter 2014

The Group's total revenue for the 3rd quarter 2015 was RM18.4 million, down RM0.4 million (-2.5%) compared to 3rd quarter 2014. Profit before taxation dropped by RM0.6 million mainly due to:-

a) Packaging division

The packaging division revenue was down RM0.5 million (-2.8%) and profit before taxation was down RM0.4 million (-27.7%) due to higher operating cost and impact on raw materials due to weakening of the Malaysian Ringgit.

b) Other divisions

There was no significant revenue from the other divisions and the loss incurred was due to fixed operating cost.

Comparison with immediate preceding quarter

The Group managed to maintain its turnover and profit before tax for the current quarter as compared to the preceding quarter for both packaging and other divisions.

MASTER-PACK GROUP BERHAD (297020-W)
QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Notes to the Interim Financial Statements: -

B2. Prospect 2015
 Performance for the last quarter of 2015 is expected to be challenging in view of further weakening of the Ringgit against US Dollar which directly impact cost of materials and other operational costs indirectly .

B3. Variance of actual profit from forecast profit and shortfall in the profit guarantee
 Not applicable.

B4. Taxation
 The taxation of the Group comprises:

	Current quarter ended 30.09.2015 RM'000	Current period to date 30.09.2015 RM'000
Taxation		
- current year	(435)	(1,128)
- prior year	(15)	(28)
	(450)	(1,156)
Deferred	28	139
	(422)	(1,017)

The higher effective tax rate is due to non-allowable expenses.

B5. Group borrowings as at 30.09.2015 (all denominated in RM'000)

			Secured
Short term borrowings			
Bank Overdrafts			2,185
Banker Acceptances			2,809
Long-term loan due within one year			891
Hire-purchase payable due within one year			241
			6,126
Long term borrowings due	Within	Within	
	1 to 2 years	2 to 5 years	Total
Long-term Loan	421	291	712
Hire-purchase Creditors	257	451	708
	678	742	1,420

The effective interest rates of loans and borrowings as at 30.09.2015 ranged from 3.66% to 9.35% per annum.

B6. Status of corporate proposals announced but not yet completed
 There was no corporate proposal announced but not yet completed by the Group for the current quarter under review.

B7. Litigation
 There is no material litigation at the date of this report.

B8. Dividend Declared
 As per announcement dated 30 September 2015, a single tier interim dividend of 1 sen per ordinary share of RM1.00 each for the financial year ending 31 December 2015 was paid on 6 November 2015.

MASTER-PACK GROUP BERHAD (297020-W)
QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Notes to the Interim Financial Statements: -

B9. Earning Per Share

Basic

Basic earnings per share is calculated by dividing profit attributable to owners of the parent entity by the weighted average number of ordinary shares in issue during the period.

	Current quarter ended 30.09.2015	Current period to date ended 30.09.2015
Profit attributable to owners of the parent (RM'000)	543	1,787
Number of ordinary shares outstanding	54,620,150	54,620,150
Basic earning per share (sen)	0.99	3.27
Diluted	N/A	N/A

B10. Cash and cash equivalents

	As at 30.09.2015 RM'000	As at 30.09.2014 RM'000
Cash and bank balances	5,516	4,323
Bank overdrafts	(2,185)	(1,607)
	3,331	2,716

B11. Profit Before Tax Items

	Current quarter to date ended 30.09.2015 RM'000	Current period to date 30.09.2015 RM'000
Depreciation	695	2,060
Gain on disposal of property, plant and equipment	(19)	(19)
Impairment loss on loans and receivables	334	656
Interest expense	139	560
Interest income	(11)	(33)
Inventory written down	-	16
Inventory written-off	-	20

Items which are not disclosed as per Listing Requirement Notes 16 Appendix 9B are not applicable to the group for the current period.

MASTER-PACK GROUP BERHAD (297020-W)
QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Notes to the Interim Financial Statements: -

B12. Disclosure of realised and unrealised profits and losses

	Current Period ended 30.09.2015 RM'000	Preceding Period ended 30.09.2014 RM'000
Master-Pack Group Berhad and its subsidiaries :		
- Realised	(26,409)	(37,819)
- Unrealised	68	(250)
	<hr/>	<hr/>
	(26,341)	(38,069)
Total share of retained profits from associates :		
- Realised	248	208
- Unrealised	-	-
	<hr/>	<hr/>
	(26,093)	(37,861)
Less : Consolidation adjustments	33,284	42,200
	<hr/>	<hr/>
Total group accumulated profit	7,191	4,339
	<hr/>	<hr/>

By order of the Board
Lee Peng Loon
P'ng Chiew Keem

Secretaries

Penang
Date: 20 November 2015