



MASTER-PACK™

GROUP BERHAD 297020-W

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE FOURTH FINANCIAL QUARTER ENDED

31 DECEMBER 2015

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MASTER-PACK GROUP BERHAD (297020-W)

for the fourth quarter ended 31 December 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(the figures have not been audited)

	Current quarter ended 31.12.2015 RM'000	Corresponding period ended 31.12.2014 RM'000	Current year to date ended 31.12.2015 RM'000	Corresponding year to date ended 31.12.2014 RM'000
Revenue	20,297	20,093	74,463	76,571
Operating expenses	(19,615)	(18,107)	(70,527)	(69,677)
Other operating income	350	195	381	464
Profit from operations	1,032	2,181	4,317	7,358
Finance costs	(125)	(264)	(685)	(1,091)
Share of Profit in associated company	22	4	58	30
Investing result	13	-	46	0
Profit before taxation	942	1,921	3,736	6,297
Taxation	15	(377)	(1,002)	(1,464)
Profit for the year	957	1,544	2,734	4,833
Other comprehensive income :-				
<u>Items that will not be reclassified to profit or loss</u>				
- Revaluation increase of properties	-	-	-	5,980
- Deferred tax relating to revalued properties	-	-	-	(1,331)
- Deferred tax income relating to change in tax rate	-	-	134	-
<u>Items that may be reclassified subsequently to profit or loss:-</u>				
- (Loss)/Gain on available-for-sales financial assets	5	-	(17)	9
- Derecognition of available-for-sale financial assets	-	(33)	-	(39)
- Dissolution of foreign operations	-	12	-	12
Other comprehensive income for the financial year	5	(21)	117	4,631
	962	1,523	2,851	9,464
Profit/(Loss) for the financial year attributable to:-				
- Owners of the Company	1,085	1,551	2,872	4,874
- Non-Controlling Interest	(128)	(7)	(138)	(41)
	957	1,544	2,734	4,833
Total comprehensive income/(loss) for the financial year attributable to:-				
- Owners of the Company	1,089	1,530	2,989	9,505
- Non-Controlling Interest	(128)	(7)	(138)	(41)
	961	1,523	2,851	9,464
Earnings per share (sen) :				
(i) Basic	2.03	3.13	5.38	9.82
(ii) Fully diluted	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)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(the figures have not been audited)

	Note	As at end of financial year ended 31.12.2015 RM'000 (unaudited)	As at end of financial year ended 31.12.2014 RM'000 (audited)
Non-Current Assets			
Property, plant and equipment	B6	38,284	38,332
Investment properties		13,980	13,720
Goodwill on consolidation		196	196
Investment in associates		370	312
Available-for-sales financial assets		303	320
		53,133	52,880
Current Assets			
Inventories		9,488	10,144
Trade and other receivables		21,244	19,923
Prepayments		556	741
Current tax assets		565	312
Cash and bank balances		5,392	4,533
		37,245	35,653
TOTAL ASSETS		90,378	88,533
Non-Current Liabilities			
Loans and borrowings - secured	B5	1,280	4,940
Deferred tax liabilities		4,435	4,787
		5,715	9,727
Current Liabilities			
Trade and other payables		7,262	5,797
Loans and borrowings - secured	B5	7,658	9,817
Current tax liabilities		53	87
		14,973	15,701
TOTAL LIABILITIES		20,688	25,428
Equity			
Equity attributable to owners of the Company			
Share capital		54,620	49,620
Other reserves		14,940	13,519
		69,560	63,139
Equity attributable to owner of the Company		69,560	63,139
Non-controlling interest		130	(34)
TOTAL EQUITIES		69,690	63,105
TOTAL LIABILITIES AND EQUITY		90,378	88,533
Net assets per share attributable to owners of the Company (RM)		1.28	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)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(the figures have not been audited)

Note	-----Attributable to Owners of the Company-----										
	<-----Non-Distributable----->							Accumulated Profit	TOTAL	Non- Controlling Interest	TOTAL EQUITY
	Share Capital	Share Premium	Capital Redemption Reserve	Revaluation Reserve	Fair Value Reserve	Currency Translation Reserve	RM'000				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months ended 31 December 2014											
Balance as at 1 January 2014	49,620	471	435	2,020	152	(12)	948	53,634	7	53,641	
Revaluation increase of properties	-	-	-	5,980	-	-	-	5,980	-	5,980	
Deferred tax relating to revalued properties	-	-	-	(1,331)	-	-	-	(1,331)	-	(1,331)	
Gain on available-for-sales financial assets	-	-	-	-	9	-	-	9	-	9	
Reclassification adjustments on :-											
- Derecognition of available-for-sales financial assets	-	-	-	-	(39)	-	-	(39)	-	(39)	
- Dissolutions of foreign operations	-	-	-	-	-	12	-	12	-	12	
Other comprehensive income for the financial year	-	-	-	4,649	(30)	12	-	4,631	-	4,631	
Profit for the year							4,874	4,874	(41)	4,833	
Total comprehensive income for the financial year	-	-	-	4,649	(30)	12	4,874	9,505	(41)	9,464	
Transfer of revaluation surplus	-	-	-	(193)	-	-	193	-	-	-	
Balance as at 31 December 2014	49,620	471	435	6,476	122	-	6,015	63,139	(34)	63,105	

MASTER-PACK GROUP BERHAD (297020-W)
for the fourth quarter ended 31 December 2015

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

(the figures have not been audited)

Note	-----Attributable to Owners of the Company-----											
	-----Non-Distributable-----								Accumulated Profit RM'000	TOTAL RM'000	Non- Controlling Interest RM'000	TOTAL EQUITY RM'000
	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						
12 months ended 31 December 2015												
Balance as at 1 January 2015	49,620	471	435	6,476	122	-	6,015	63,139	(34)	63,105		
Deferred tax income relating to change in tax rate	-	-	-	134	-	-	-	134	-	134		
Gain on available-for-sales financial assets	-	-	-	-	(17)	-	-	(17)	-	(17)		
Other comprehensive income for the financial year	-	-	-	134	(17)	-	-	117	-	117		
Profit for the financial year	-	-	-	-	-	-	2,872	2,872	(138)	2,734		
Total comprehensive income for the financial year	-	-	-	134	(17)	-	2,872	2,989	(138)	2,851		
Issue of shares	5,000	-	-	-	-	-	-	5,000	-	5,000		
Share issue transaction costs	-	(187)	-	-	-	-	-	(187)	-	(187)		
Equity transactions with non-controlling interests	-	-	-	-	-	-	(16)	(16)	302	286		
<u>Single tier dividends</u>												
First interim dividend of 1.5 sen per share	-	-	-	-	-	-	(819)	(819)	-	(819)		
Second interim dividend of 1 sen per share	-	-	-	-	-	-	(546)	(546)	-	(546)		
Total transactions with owners	5,000	(187)	-	-	-	-	(1,381)	3,432	302	3,734		
Transfer of revaluation surplus	-	-	-	(426)	-	-	426	-	-	-		
Balance as at 31 December 2015	54,620	284	435	6,184	105	-	7,932	69,560	130	69,690		

(The Condensed Consolidated Statements of Changes in Equity 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)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(the figures have not been audited)

Note	Current year to date ended 31.12.2015 RM'000 (unaudited)	Corresponding year to date ended 31.12.2014 RM'000 (audited)
OPERATING ACTIVITIES		
Profit before taxation	3,736	6,297
<u>Adjustments for non-cash flow items :-</u>		
Allowance for slow moving inventories	46	75
Depreciation	2,772	2,348
Dividend income	(10)	(5)
Gain on derecognition of available-for-sale financial assets	-	(39)
Gain on derecognition of property, plant and equipment	(30)	-
Gain on fair value adjustment of investment properties	(260)	(280)
Impairment loss on loans and receivables	900	170
Impairment loss on property, plant and equipment	26	-
Interest expense	685	1,091
Interest income	(46)	(20)
Loss on dissolution of a subsidiary	-	12
Revaluation increase of properties	-	(62)
Reversal of allowance for slow moving inventories	(21)	(48)
Reversal of impairment loss on loans and receivables	(96)	-
Share of associate's profit	(58)	(30)
Operating profit before working capital changes	7,644	9,509
<u>Changes in Working Capital :-</u>		
Inventories	706	39
Receivables and prepayments	(2,015)	(1,903)
Payables	1,555	(336)
Cash generated from operations	7,890	7,309
Income tax refunded	111	134
Income tax paid	(1,618)	(1,620)
Net cash generated from operating activities	6,383	5,823
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends received	10	5
Interest received	46	20
Proceeds from available-for-sale financial assets	-	39
Proceeds from disposal of properties, plant and equipment	30	-
Purchase of property, plant and equipment	(2,687)	(2,436)
Net cash used in investing activities	(2,601)	(2,372)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
(the figures have not been audited)

	Current year to date ended 31.12.2015 RM'000 (unaudited)	Corresponding year to date ended 31.12.2014 RM'000 (audited)
Note		
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend paid	(1,365)	-
Interest paid	(684)	(1,091)
Net increase/(decrease) in short-term loans and borrowings	(632)	108
Issue of shares	5,000	-
Issue of shares to non-controlling interests	196	-
Repayment of hire purchase obligations	(228)	(136)
Repayment of long term loans	(5,627)	(3,759)
Share issue transaction costs paid	(187)	-
Term loan raised	-	1,000
Net cash used in financing activities	(3,527)	(3,878)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	255	(427)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	2,261	2688
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	2,516	2,261
B12		

(The Condensed Consolidated Statement of Cash Flow 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)

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 year ended 31 December 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 31 December 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 cyclicity 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

A single tier 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.

A11. Changes in the composition of the Group

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 31.12.2015 RM'000	Current year to date ended 31.12.2015 RM'000
<u>Sales transacted with Related Party</u>		
Richmond Technology Sdn. Bhd.	1,289	4,008

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

B1 Performance Review of the Group

	Current quarter ended 31.12.2015 RM'000	Corresponding quarter ended 31.12.2014 RM'000	Current year to date ended 31.12.2015 RM'000	Corresponding year to date ended 31.12.2014 RM'000
Revenue				
Packaging	20,290	20,154	74,357	76,745
Others	757	1,770	3,137	4,858
	<u>21,047</u>	<u>21,924</u>	<u>77,494</u>	<u>81,603</u>
Elimination	(750)	(1,831)	(3,031)	(5,032)
	<u>20,297</u>	<u>20,093</u>	<u>74,463</u>	<u>76,571</u>
Profit before taxation				
Packaging	621	1,705	4,157	6,061
Others	1,072	1,309	1,989	2,802
	<u>1,693</u>	<u>3,014</u>	<u>6,146</u>	<u>8,863</u>
Elimination	(751)	(1,093)	(2,410)	(2,566)
	<u>942</u>	<u>1,921</u>	<u>3,736</u>	<u>6,297</u>

B1. Commentary Comparison for the current quarter

4th Quarter 2015 vs 4th Quarter 2014

The Group's total revenue for the 4th quarter 2015 was RM20.3 million, marginally higher by just 1% compared to the same quarter for the previous year. However, profit drop RM1.0 million or 51% mainly due to impairment for bad debts and higher cost of raw materials due to weakening of the Malaysian ringgit which also had adverse impact on all operating costs.

Comparison with immediate preceding quarter

The Group's total revenue for the 4th quarter 2015 increased by RM1.9 million as compared to the 3rd quarter's revenue of RM18.4 million. Nevertheless, profit before tax dropped RM0.02 million or 2% due to higher cost of imported raw materials.

B2. Prospect 2016

The Directors of the Group are optimistic that results for the financial year 2016 will remain positive despite the challenging situation of the Malaysian economy. The Group's venture into new product line ie food packaging has commenced operations in January 2016. It is timely with the demand for hygienic food packaging by consumers. The revenue from this line will help mitigate the Group's current primary reliance on the Malaysian industrial sector for its growth and performance.

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 31.12.2015 RM'000	Current year to date ended 31.12.2015 RM'000
Taxation		
- current year	52	1,180
- prior year	10	38
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	62	1,218
Deferred tax	(77)	(216)
	<hr/>	<hr/>
	(15)	1,002
	<hr/> <hr/>	<hr/> <hr/>

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

B5. Group borrowings as at 31.12.2015
Short term borrowings - Secured

	RM'000
Bank overdrafts	2,876
Banker acceptances	3,784
Long-term loans due within one year	804
Hire-purchase obligations due within one year	194
	<hr/>
	7,658
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Long-term borrowing due - Secured

	Within 1 to 2 years RM'000	Within 2 to 5 years RM'000	Total RM'000
Long-term loans	358	226	584
Hire-purchase obligations	261	435	696
	<hr/>	<hr/>	<hr/>
	619	661	1,280
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The effective interest rates of loans and borrowings as at 31.12.2015 ranged from 3.66% to 9.35% per annum.

B6. Valuation of Investment Properties

The revaluation of the investment properties is made on a yearly basis to ascertain their fair value for accounting purposes in compliance of both the Financial Reporting Standard (FRS) 140 on Investment Properties and the Group's revaluation policy. The revaluation was made by an independent firm of professional valuer, Raine & Horne International Zaki + Partners Sdn. Bhd.

The market value placed on the Properties by the valuer and the revaluation increase is set out as below:-

Hunza Complex, Greenlane Heights, Jalan Gangsa, 11600 Penang

	Market Value on 31 December 2014 (RM'000)	Market Value on 31 December 2015 (RM'000)	Revaluation Surplus (RM'000)
Office unit 5-3-1	620	680	60
Office unit 5-3-2	450	490	40
Office unit 5-3-3	450	490	40
Office unit 5-3-4	450	490	40
Office unit 5-3-5	450	490	40
Office unit 5-3-6	450	490	40
	<hr/>	<hr/>	<hr/>
Total	2870	3130	260
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The revaluation surplus for the above properties amounting to RM260,000. is recognised as income for the financial year.

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.

**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 31.12.2015 RM'000	Current year to date ended 31.12.2015 RM'000
Profit attributable to owners of the parent (RM'000)	1,085	2,872
Number of ordinary shares outstanding	53,387,473	53,387,473
Basic earning per share (sen)	2.03	5.38
Diluted	N/A	N/A

B10. Cash and cash equivalents

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Cash and bank balances	5,392	4,533
Bank overdrafts	(2,876)	(2,272)
	<u>2,516</u>	<u>2,261</u>

B11. Profit Before Tax Items

	Current quarter ended 31.12.2015 RM'000	Current year to date 31.12.2015 RM'000
Allowance for slow moving inventories	46	46
Depreciation	712	2,772
Gain on disposal of property, plant and equipment	(11)	(30)
Impairment loss on loans and receivables	244	900
Impairment loss on property, plant and equipment	26	26
Interest expense	125	685
Interest income	(13)	(46)
Inventory written-off	(20)	-
Revaluation increase of investment properties	(260)	(260)
Reversal of allowance for slow moving inventories	(96)	(96)
Reversal of impairment loss on loans and receivables	(21)	(21)

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

B12. Disclosure of realised and unrealised profits and losses

	Current year ended 31.12.2015 RM'000	Preceding year ended 31.12.2014 RM'000
Master-Pack Group Berhad and its subsidiaries :		
- Realised	(21,822)	(36,393)
- Unrealised	332	(11)
	<hr/>	<hr/>
	(21,490)	(36,404)
Total share of retained profits from associates :		
- Realised	270	212
- Unrealised	-	-
	<hr/>	<hr/>
	(21,220)	(36,192)
Less : Consolidation adjustments	29,152	42,207
	<hr/>	<hr/>
Total Group accumulated profit	<u>7,932</u>	<u>6,015</u>

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

Secretaries

Penang
Date: 26 February 2016