



# MASTER-PACK™

GROUP BERHAD 297020-W

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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**MASTER-PACK GROUP BERHAD (297020-W)**

for the first quarter ended 31 March 2016

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(the figures have not been audited)

	Current quarter ended 31.03.2016 RM'000	Preceding year corresponding quarter ended 31.03.2015 RM'000	Current year-to-date ended 31.03.2016 RM'000	Preceding year corresponding year-to-date ended 31.03.2015 RM'000
Revenue	19,930	17,743	19,930	17,743
Operating expenses	(19,071)	(16,724)	(19,071)	(16,724)
Other operating income	82	42	82	42
Profit from operations	941	1,061	941	1,061
Finance costs	(157)	(256)	(157)	(256)
Share of Profit in associated company	(1)	14	(1)	14
<b>Profit before taxation</b>	<b>783</b>	<b>819</b>	<b>783</b>	<b>819</b>
Taxation	(289)	(287)	(289)	(287)
<b>Profit for the year</b>	<b>494</b>	<b>532</b>	<b>494</b>	<b>532</b>
<b>Other comprehensive income :-</b>				
<u>Items that may be reclassified subsequently to profit or loss:-</u>				
- (Loss)/Gain on available-for-sales financial assets	(6)	10	(6)	10
<b>Other comprehensive income for the financial year</b>	<b>(6)</b>	<b>10</b>	<b>(6)</b>	<b>10</b>
	<b>488</b>	<b>542</b>	<b>488</b>	<b>542</b>
<b>Profit/(Loss) for the financial year attributable to:-</b>				
- Owners of the Company	592	526	592	526
- Non-Controlling Interest	(98)	6	(98)	6
	<b>494</b>	<b>532</b>	<b>494</b>	<b>532</b>
<b>Total comprehensive income/(loss) for the financial year attributable to:-</b>				
- Owners of the Company	586	536	586	536
- Non-Controlling Interest	(98)	6	(98)	6
	<b>488</b>	<b>542</b>	<b>488</b>	<b>542</b>
<b>Earnings per share (sen) :</b>				
(i) Basic	1.08	1.06	1.08	1.06
(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 2015 and the accompanying explanatory notes attached)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(the figures have not been audited)

	Note	As at end of current quarter ended 31.03.2016 RM'000 (unaudited)	As at end of financial year ended 31.12.2015 RM'000 (audited)
<b>Non-Current Assets</b>			
Property, plant and equipment		37,627	38,284
Investment properties		13,980	13,980
Goodwill on consolidation		196	196
Investment in associates		370	370
Available-for-sales financial assets		297	303
		52,470	53,133
<b>Current Assets</b>			
Inventories		10,725	9,488
Trade and other receivables		21,611	21,244
Prepayments		194	556
Current tax assets		306	565
Cash and bank balances		5,202	5,392
		38,038	37,245
<b>TOTAL ASSETS</b>		90,508	90,378
<b>Non-Current Liabilities</b>			
Loans and borrowings - secured	B5	2,008	1,280
Deferred tax liabilities		4,324	4,435
		6,332	5,715
<b>Current Liabilities</b>			
Trade and other payables		4,221	7,262
Loans and borrowings - secured	B5	9,676	7,658
Current tax liabilities		107	53
		14,004	14,973
<b>TOTAL LIABILITIES</b>		20,336	20,688
<b>Equity</b>			
Equity attributable to owners of the Company			
Share capital		54,620	54,620
Other reserves		15,520	14,940
		70,140	69,560
Equity attributable to owner of the Company		70,140	69,560
Non-controlling interest		32	130
<b>TOTAL EQUITIES</b>		70,172	69,690
<b>TOTAL LIABILITIES AND EQUITY</b>		90,508	90,378
Net assets per share attributable to owners of the Company (RM)		1.28	1.28

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)**

**MASTER-PACK GROUP BERHAD (297020-W)**

for the first quarter ended 31 March 2016

**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
<b>3 months ended 31 March 2015</b>											
Balance as at 1 January 2015	49,620	471	435	6,476	122	0	6,015	63,139	(34)	63,105	
Gain on available-for-sales financial assets	-	-	-	-	10	-	-	10	-	10	
Reclassification adjustments on :-											
Other comprehensive income for the financial year	-	-	-	0	10	0	-	10	-	10	
Profit for the financial period							526	526	6	532	
Total comprehensive income for the financial year	-	-	-	0	10	0	526	536	6	542	
Transfer of revaluation surplus	-	-	-	(99)	-	-	99	-	-	-	
Balance as at 31 March 2015	49,620	471	435	6,377	132	-	6,640	63,675	(28)	63,647	

**MASTER-PACK GROUP BERHAD (297020-W)**

for the first quarter ended 31 March 2016

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

(the figures have not been audited)

-----Attributable to Owners of the Company----->

<-----Non-Distributable----->

Note	Share Capital		Capital Redemption Reserve	Revaluation Reserve	Fair Value Reserve	Currency Translation Reserve	Accumulated Profit	TOTAL	Non-Controlling Interest	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>3 months ended 31 March 2016</b>										
Balance as at 1 January 2016	54,620	284	435	6,184	105	-	7,932	69,560	130	69,690
Reclassification adjustments on:-										
- Derecognition of available-for-sale financial asses	-	-	-	-	(6)	-	-	(6)	-	(6)
Other comprehensive income for the financial period	-	-	-	-	(6)	-	-	(6)	-	(6)
Profit for the financial period	-	-	-	-	-	-	586	586	(98)	488
Total comprehensive income for the financial period	-	-	-	-	(6)	-	586	580	(98)	482
Balance as at 31 March 2016	54,620	284	435	6,184	99	-	8,518	70,140	32	70,172

**(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)**

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the first quarter ended 31 March 2016  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
(the figures have not been audited)

	<b>Note</b>	<b>Current quarter ended 31.03.2016 RM'000 (unaudited)</b>	<b>Preceding year corresponding quarter ended 31.03.2015 RM'000 (audited)</b>
<b>OPERATING ACTIVITIES</b>			
Profit before taxation		783	819
<u>Adjustments for non-cash flow items :-</u>			
Allowance for slow moving inventories		-	4
Depreciation		728	676
Dividend income		(1)	-
Gain on derecognition of available-for-sale financial assets		6	-
Impairment loss on loans and receivables		272	84
Interest expense		157	256
Interest income		(12)	(11)
Share of associate's profit		1	(14)
<b>Operating profit before working capital changes</b>		<b>1,934</b>	<b>1,814</b>
<u>Changes in Working Capital :-</u>			
Inventories		(1,237)	356
Receivables and prepayments		(291)	1,276
Payables		(3,041)	(1,145)
Cash generated from operations		(2,635)	2,301
Income tax refunded		239	67
Income tax paid		(326)	(368)
<b>Net cash generated from operating activities</b>		<b>(2,722)</b>	<b>2,000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends received		1	0
Interest received		12	11
Proceeds from disposal of properties, plant and equipment		1	-
Purchase of property, plant and equipment		(71)	(1,109)
<b>Net cash used in investing activities</b>		<b>(57)</b>	<b>(1,098)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest paid		(157)	(256)
Net increase/(decrease) in short-term loans and borrowings		4,071	108
Repayment of hire purchase obligations		(60)	(136)
Repayment of long term loans		(217)	(3,759)
Proceeds from hire purchase loans		1,179	-
Term loan raised		-	1,000
<b>Net cash used in financing activities</b>		<b>4,816</b>	<b>(3,043)</b>

**MASTER-PACK GROUP BERHAD (297020-W)**

for the first quarter ended 31 March 2016

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**

(the figures have not been audited)

	Current quarter ended 31.03.2016 RM'000 (unaudited)	Preceding year corresponding quarter ended 31.03.2015 RM'000 (audited)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,037</b>	<b>319</b>
<b>CASH AND CASH EQUIVALENTS AS AT 1 JANUARY</b>	<b>2,516</b>	<b>2,261</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31 MARCH</b>	<b>B9</b> <u><u>4,553</u></u>	<u><u>2,580</u></u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015 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 period ended 31 March 2016 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 2015. 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 March 2016 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 2015 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 2015.

The management foresees that all the MFRS that are effective for annual periods beginning on or after 1 January 2016, as stated in the audited accounts for the financial year 31 December 2015 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 period 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**

There was no dividend paid during the current financial quarter.

**A9. Segmental information**

The Group has two operating segments as follows:-

**a) Packaging Division**

Designing and manufacturing corrugated paper cartons as well as providing one-stop packaging solutions and the Manufacture and sale of food wrappers, bags and boxes.

**b) Other Divisions**

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

In view that contribution from the other divisions is not significant, operating results from the other divisions is not segregated with effect from this reporting quarter.

**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:-

	<b>Current quarter ended 31.03.2016 RM'000</b>	<b>Current year to date ended 31.03.2016 RM'000</b>
<u>Sales transacted with Related Party</u>		
Richmond Technology Sdn. Bhd.	1,105	1,105

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

**B1 Performance Review of the Group**

	<b>Current quarter ended 31.03.2016 RM'000</b>	<b>Preceding year corresponding quarter ended 31.03.2015 RM'000</b>	<b>Current year-to-date ended 31.03.2016 RM'000</b>	<b>Preceding year corresponding year-to-date ended 31.03.2015 RM'000</b>
Revenue	19,930	17,743	19,930	17,743
Profit before taxation	783	819	783	819

**B1. Commentary Comparison for the current quarter**

**1st Quarter 2016 vs 1st Quarter 2015**

For the first quarter ended 31 March 2016, the Group's total revenue increased by RM2.2million or 12.3% compared to preceding year corresponding quarter due to higher orders from existing customers and new products sales which contributed 7% of the higher revenue. However, profit was marginally lower by 4% at RM0.78 million for current quarter compared to RM0.82million in the preceding year corresponding quarter. The lower profits despite higher sales is due to higher cost of production especially for raw materials which was affected by currency exchange rates.

**Comparison with immediate preceding quarter (1<sup>st</sup> Quarter 2016 vs 4<sup>th</sup> Quarter 2015)**

The Group's total revenue for the first quarter 2016 was lower by 1.8% while profit was lower by RM0.2million compared with immediate preceding quarter. No significant change in the Group's operating environment was noted except for the commencement of operation by Master-Pack Sdn Bhd's new subsidiary. Turnover from this subsidiary is not significant for the quarter under review which has not contributed any profit to the Group for the time being.

**B2. Prospect 2016**

While turnover is expected to increase this year compared to 2015, profitability of the Group is not expected to outperform that of the previous year due to difficulty in collections from some customers whose liquidity has deteriorated seriously and the Group expects further impairment of past debts may be necessary for this financial year.

**B3. Variance of actual profit from forecast profit and shortfall in the profit guarantee**

Not applicable.

**B4. Taxation**

The taxation of the Group comprises:

	<b>Current quarter ended 31.03.2016 RM'000</b>	<b>Preceding year corresponding quarter ended 31.03.2015 RM'000</b>
Taxation		
- current year	(400)	(302)
- prior year	(1)	(12)
	(401)	(314)
Deferred tax	112	27
	(289)	(287)

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

**B5. Group borrowings as at 31.03.2016**  
**Short term borrowings - Secured**

	<b>RM'000</b>
Bank overdrafts	649
Banker acceptances	7,855
Long-term loans due within one year	684
Hire-purchase obligations due within one year	488
	<u>9,676</u>

**Long-term borrowings - Secured**

	<b>Due Within 1 to 2 years RM'000</b>	<b>Due Within 2 to 5 years RM'000</b>	<b>Total RM'000</b>
Long-term loans	308	179	487
Hire-purchase obligations	511	1,010	1,521
	<u>819</u>	<u>1,189</u>	<u>2,008</u>

The effective interest rates of loans and borrowings as at 31.03.2016 ranged from 3.66% to 9.35% per annum.

**B6. Litigation**

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

**B7. Dividend Declared**

A Single Tier Interim Dividend of 1 sen per ordinary share of RM1.00 each for the financial year ending 31 December 2016 is declared to all shareholders as registered in the Company's Record of Depositors as at 27 May 2016. The said dividend will be paid on 10 June 2016.

**B8. Earnings 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.

	<b>Current quarter ended 31.03.2016 RM'000</b>	<b>Preceding year corresponding quarter ended 31.03.2015 RM'000</b>
Profit attributable to owners of the parent (RM'000)	592	526
Number of ordinary shares outstanding	54,620,150	49,620,150
Basic earning per share (sen)	1.08	1.06
<b>Diluted</b>	N/A	N/A

**B9. Cash and cash equivalents**

	<b>As at 31.03.2016 RM'000</b>	<b>As at 31.03.2015 RM'000</b>
Cash and bank balances	5,202	4,076
Bank overdrafts	(649)	(1,496)
	<u>4,553</u>	<u>2,580</u>

**B10. Profit Before Tax Items**

	<b>Current quarter ended 31.03.2016 RM'000</b>	<b>Preceding year corresponding quarter ended 31.03.2015 RM'000</b>
Depreciation	728	676
Impairment loss on loans and receivables	272	84
Interest expense	157	256
Interest income	(12)	(11)
Inventory written-off	0	4
Foreign exchange (gain)/loss	(37)	4

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

**B11. Disclosure of realised and unrealised profits and losses**

	<b>Current quarter ended 31.03.2016 RM'000</b>	<b>Preceding year corresponding quarter ended 31.03.2015 RM'000</b>
Master-Pack Group Berhad and its subsidiaries :		
- Realised	(35,157)	(35,773)
- Unrealised	443	(17)
	(34,714)	(35,790)
Total share of retained profits from associates :		
- Realised	270	227
- Unrealised	-	-
	(34,444)	(35,563)
Less : Consolidation adjustments	42,962	42,203
Total Group accumulated profit	8,518	6,640

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

Secretaries

Penang  
Date: 13 May 2016