



# MASTER-PACK™

GROUP BERHAD 297020-W

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

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

for the second quarter ended 30 June 2016

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(the figures have not been audited)

		<b>Current quarter ended 30.06.2016 RM '000</b>	<b>Preceding year corresponding quarter ended 30.06.2015 RM '000</b>	<b>Current year-to-date ended 30.06.2016 RM '000</b>	<b>Preceding year corresponding year-to-date ended 30.06.2015 RM '000</b>
Revenue	B1	21,104	18,049	41,034	35,792
Operating expenses		(20,259)	(16,902)	(39,330)	(33,626)
Other operating income		95	20	177	62
Profit from operations		940	1,167	1,881	2,228
Finance costs		(152)	(165)	(309)	(421)
Share of Profit in associated company		47	10	47	24
<b>Profit before taxation</b>		835	1,012	1,619	1,831
Taxation	B4	(352)	(307)	(641)	(594)
<b>Profit for the year</b>		483	705	978	1,237
<b>Other comprehensive income :-</b>					
<u>Items that may be reclassified subsequently to profit or loss:-</u>					
- Impairment of available-for-sales financial assets		(12)	(1)	(18)	9
<b>Other comprehensive income for the financial year</b>		(12)	(1)	(18)	9
		471	704	960	1,246
<b>Profit/(Loss) for the financial year attributable to:-</b>					
- Owners of the Company		625	718	1,218	1,245
- Non-Controlling Interest		(142)	(13)	(240)	(8)
		483	705	978	1,237
<b>Total comprehensive income/(loss) for the financial year attributable to:-</b>					
- Owners of the Company		613	717	1,200	1,254
- Non-Controlling Interest		(142)	(13)	(240)	(8)
		471	704	960	1,246
<b>Earnings per share (sen) :</b>					
(i) Basic	B8	1.14	1.31	2.23	2.28
(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 30.06.2016 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		38,407	38,284
Investment properties		13,980	13,980
Goodwill on consolidation		196	196
Investment in associates		417	370
Available-for-sales financial assets		285	303
		53,285	53,133
<b>Current Assets</b>			
Inventories		10,983	9,488
Trade and other receivables		22,109	21,244
Prepayments		381	556
Current tax assets		235	565
Cash and bank balances		3,560	5,392
		37,268	37,245
<b>TOTAL ASSETS</b>		90,553	90,378
<b>Non-Current Liabilities</b>			
Loans and borrowings - secured	B5	1,789	1,280
Deferred tax liabilities		4,291	4,435
		6,080	5,715
<b>Current Liabilities</b>			
Trade and other payables		4,796	7,262
Loans and borrowings - secured	B5	9,477	7,658
Current tax liabilities		92	53
		14,365	14,973
<b>TOTAL LIABILITIES</b>		20,445	20,688
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		54,620	54,620
Other reserves		15,598	14,940
Equity attributable to owner of the Company		70,218	69,560
Non-controlling interest		(110)	130
<b>TOTAL EQUITY</b>		70,108	69,690
<b>TOTAL LIABILITIES AND EQUITY</b>		90,553	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 second quarter ended 30 June 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>6 months ended 30 June 2015</b>											
Balance as at 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 :-											
- Impairment of available -for-sale financial assets	-	-	-	-	9	-	-	9	-	9	
Other comprehensive income	-	-	-	-	9	-	-	9	-	9	
Profit for the financial period	-	-	-	-	-	-	1,245	1,245	(8)	1,237	
Total comprehensive income for the financial year	-	-	-	-	9	-	1,245	1,254	(8)	1,246	
Dividend											
Owner of the Company	-	-	-	-	-	-	(819)	(819)	-	(819)	
Total transactions with owners	-	-	-	-	-	-	(819)	(819)	-	(819)	
Transfer of revaluation surplus	-	-	-	(153)	-	-	153	-	-	-	
Balance as at 30 June 2015	54,620	471	435	6,323	131	-	6,594	68,574	(42)	68,532	

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

for the second quarter ended 30 June 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>6 months ended 30 June 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:-										
- Impairment of available-for-sale financial assets	-	-	-	-	(18)	-	-	(18)	-	(18)
Other comprehensive income for the financial period	-	-	-	-	(18)	-	-	(18)	-	(18)
Profit for the financial period	-	-	-	-	-	-	1,218	1,218	(240)	978
Total comprehensive income for the financial period	-	-	-	-	(18)	-	1,218	1,200	(240)	960
Dividend										
Owner of the Company	-	-	-	-	-	-	(546)	(546)	-	(546)
Total transactions with owners	-	-	-	-	-	-	(546)	(546)	-	(546)
Transfer of revaluation surplus	-	-	-	(183)	4	-	183	4	-	4
Balance as at 30 June 2016	54,620	284	435	6,001	91	-	8,787	70,218	(110)	70,108

(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 second quarter ended 30 June 2016  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
(the figures have not been audited)

	Current quarter ended 30.06.2016 RM'000 (unaudited)	Preceding year corresponding quarter ended 30.06.2015 RM'000 (unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	1,619	1,831
<u>Adjustments for non-cash flow items :-</u>		
Depreciation	1,460	1,365
Dividend income	(1)	(1)
Impairment loss on loans and receivables	697	322
Interest expense	309	421
Interest income	(23)	(22)
Inventories written down	-	16
Inventories written-off	-	20
Property, plant and equipment written-off	1	-
Share of associate's profit	47	(25)
<b>Operating profit before working capital changes</b>	<b>4,109</b>	<b>3,927</b>
<u>Changes in Working Capital :-</u>		
Inventories	(1,495)	247
Receivables and prepayments	(1,387)	(306)
Payables	(2,466)	(821)
Cash generated from operations	(1,239)	3,047
Income tax refunded	239	67
Income tax paid	(656)	(719)
<b>Net cash generated from operating activities</b>	<b>(1,656)</b>	<b>2,395</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends received	1	1
Interest received	23	22
Purchase of property, plant and equipment	(1,584)	(1,169)
<b>Net cash used in investing activities</b>	<b>(1,560)</b>	<b>(1,146)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend paid	(546)	(819)
Interest paid	(309)	(421)
Issuance of shares	-	5,000
Net increase/(decrease) in short-term loans and borrowings	634	(619)
Repayment of hire purchase obligations	(174)	(112)
Repayment of long term loans	(427)	(5,201)
Proceeds from hire purchase loans	1,179	63
<b>Net cash used in financing activities</b>	<b>357</b>	<b>(2,109)</b>

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the second quarter ended 30 June 2016

	Note	Current quarter ended 30.06.2016 RM'000 (unaudited)	Preceding year corresponding quarter ended 30.06.2015 RM'000 (unaudited)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(2,859)	(860)
<b>CASH AND CASHEQUIVALENTS AS AT 1 JANUARY</b>		2,516	2,261
<b>CASH AND CASHEQUIVALENTS AS AT 30 JUNE</b>	<b>B9</b>	<u><u>(343)</u></u>	<u><u>1,401</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 30 June 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 30 June 2016 and of its results and cash flows for the period 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**

An interim dividend of 1% amounting to RM546,201.50 was paid on 10 June 2016 for the financial year ending 31 December 2016.

**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**

Inactive companies and investment holding company.

In view that contribution from the other divisions is not significant, operating results from the other divisions is not segregated.

**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**

On 15 June 2016, the Company made an announcement that it had submitted to Suruhanjaya Syarikat Malaysia (“SSM”) an application to strike off Eng Hong Distribution Sdn Bhd from the register pursuant to Section 308 of the Companies Act, 1965.

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.

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

**B1 Performance Review of the Group**

	<b>Current quarter ended 30.06.2016 RM'000</b>	<b>Preceding year corresponding quarter ended 30.06.2015 RM'000</b>	<b>Current year-to-date ended 30.06.2016 RM'000</b>	<b>Preceding year corresponding year-to-date ended 30.06.2015 RM'000</b>
Revenue	21,104	18,049	41,034	35,792
Profit before taxation	835	1,012	1,619	1,831

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

**2nd Quarter 2016 vs 2nd Quarter 2015**

For the second quarter ended for the current year, the Group's total revenue increased by RM3million or 16.9% compared to preceding year corresponding quarter due to orders from new customers. Profit margin dropped from 5.6% to 3.9% compared to preceding year corresponding quarter due to higher cost of production especially for raw materials which was affected by currency exchange rates.

**Comparison with immediate preceding quarter (2<sup>nd</sup> Quarter 2016 vs 1<sup>st</sup> Quarter 2016)**

Compared to preceding quarter the Group's total revenue increased by RM1.2million or 6% and profit also improved marginally by 7%.

**B2. Prospect 2016**

While turnover is expected to continue to improve for the rest of the year, profitability is tight as the Malaysian Ringgit is still weak. Cost of material is not coming down whilst selling prices have not increased.

**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 30.06.2016 RM'000</b>	<b>Current period to-date ended 30.06.2016 RM'000</b>
Taxation		
- current year	(361)	(761)
- prior year	(23)	(24)
	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
	(384)	(785)
Deferred tax	32	144
	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
	(352)	(641)

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

**B5. Group borrowings as at 30.06.2016**  
**Short term borrowings - Secured**

	<b>RM'000</b>
Bank overdrafts	3,903
Banker acceptances	4,508
Long-term loans due within one year	572
Hire-purchase obligations due within one year	494
	<u>9,477</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	238	151	389
Hire-purchase obligations	517	883	1,400
	<u>755</u>	<u>1,034</u>	<u>1,789</u>

The effective interest rates of loans and borrowings as at 30.06.2016 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**

The Board of Directors does not declare any dividend for the financial period under review.

**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 30.06.2016</b>	<b>Preceding year corresponding quarter ended 30.06.2015</b>
Profit attributable to owners of the parent (RM'000)	625	718
Number of ordinary shares outstanding	54,620,150	54,620,150
Basic earning per share (sen)	1.14	1.31
Diluted	N/A	N/A

**B9. Cash and cash equivalents**

	<b>As at 30.06.2016 RM'000</b>	<b>As at 30.06.2015 RM'000</b>
Cash and bank balances	3,560	4,887
Bank overdrafts	(3,903)	(3,486)
	<u>(343)</u>	<u>1,401</u>

**B10. Profit Before Tax Items**

	<b>Current quarter ended 30.06.2016 RM'000</b>	<b>Current year to-date ended 30.06.2016 RM'000</b>
Depreciation	732	1,460
Impairment loss on loans and receivables	425	697
Impairment of available for sale financial assets	12	18
Interest expense	152	309
Interest income	(11)	(23)
Foreign exchange (gain)/loss	12	(25)

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 30.06.2016 RM'000</b>	<b>Preceding year corresponding quarter ended 30.06.2015 RM'000</b>
Master-Pack Group Berhad and its subsidiaries :		
- Realised	(35,053)	(36,457)
- Unrealised	418	49
	(34,635)	(36,408)
Total share of retained profits from associates :		
- Realised	317	237
- Unrealised	-	-
	(34,318)	(36,171)
Less : Consolidation adjustments	43,105	42,765
Total Group accumulated profit	8,787	6,594

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

Secretaries

Penang  
Date: 26 August 2016