



MASTER-PACK™

GROUP BERHAD 297020-W

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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MASTER-PACK GROUP BERHAD (297020-W)

for the third quarter ended 30 September 2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(the figures have not been audited)

	Note	Current quarter ended 30.09.2016 RM '000	Preceding year corresponding quarter ended 30.09.2015 RM '000	Current year-to-date ended 30.09.2016 RM '000	Preceding year corresponding year-to-date ended 30.09.2015 RM '000
Revenue	B1	19,259	18,374	60,293	54,166
Operating expenses		(18,600)	(17,285)	(57,930)	(50,912)
Other operating income		232	2	409	67
Profit from operations		891	1,091	2,772	3,321
Finance costs		(179)	(139)	(488)	(560)
Share of Profit in associated company		1	11	47	33
Profit before taxation		713	963	2,331	2,794
Taxation	B4	(392)	(422)	(1,033)	(1,017)
Profit for the year		321	541	1,298	1,777
Other comprehensive income :-					
<u>Items that may be reclassified subsequently to profit or loss:-</u>					
- Impairment of available-for-sales financial assets		17	(31)	(1)	(22)
Other comprehensive income for the financial year		17	(31)	(1)	(22)
		338	510	1,297	1,755
Profit/(Loss) for the financial year attributable to:-					
- Owners of the Company		530	543	1,747	1,787
- Non-Controlling Interest		(209)	(2)	(449)	(10)
		321	541	1,298	1,777
Total comprehensive income/(loss) for the financial year attributable to:-					
- Owners of the Company		547	512	1,746	1,765
- Non-Controlling Interest		(209)	(2)	(449)	(10)
		338	510	1,297	1,755
Earnings per share (sen) :					
(i) Basic	B8	0.97	0.99	3.20	3.27
(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

MASTER-PACK GROUP BERHAD (297020-W)
for the third quarter ended 30 September 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(the figures have not been audited)

	Note	As at end of current quarter ended 30.09.2016 RM'000 (unaudited)	As at end of financial year ended 31.12.2015 RM'000 (audited)
Non-Current Assets			
Property, plant and equipment		37,796	38,284
Investment properties		13,980	13,980
Goodwill on consolidation		196	196
Investment in associates		417	370
Available-for-sales financial assets		297	303
		52,686	53,133
Current Assets			
Inventories		12,710	9,488
Trade and other receivables		20,503	21,244
Prepayments		470	556
Current tax assets		188	565
Cash and bank balances		4,783	5,392
		38,654	37,245
TOTAL ASSETS		91,340	90,378
Non-Current Liabilities			
Loans and borrowings - secured	B5	2,356	1,280
Deferred tax liabilities		4,225	4,435
		6,581	5,715
Current Liabilities			
Trade and other payables		4,112	7,262
Loans and borrowings - secured	B5	10,108	7,658
Current tax liabilities		98	53
		14,318	14,973
TOTAL LIABILITIES		20,899	20,688
Equity			
Equity attributable to owners of the Company			
Share capital		54,620	54,620
Other reserves		16,140	14,940
		70,760	69,560
Equity attributable to owner of the Company		70,760	69,560
Non-controlling interest		(319)	130
TOTAL EQUITY		70,441	69,690
TOTAL LIABILITIES AND EQUITY		91,340	90,378
Net assets per share attributable to owners of the Company (RM)		1.29	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 third quarter ended 30 September 2016

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(the figures have not been audited)

Note	-----Attributable to Owners of the Company-----							Accumulated Profit RM'000	TOTAL RM'000	Non- Controlling Interest RM'000	TOTAL EQUITY RM'000
	-----Non-Distributable-----				Fair Value Reserve RM'000	Currency Translation Reserve RM'000	TOTAL RM'000				
	Share Capital RM'000	Share Premium RM'000	Capital Redemption Reserve RM'000	Revaluation Reserve RM'000							
9 months ended 30 Sep 2015											
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	-	-	-	-	(22)	-	-	(22)	-	(22)	
Other comprehensive income	-	-	-	-	(22)	-	-	(22)	-	(22)	
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											
Owner of the Company	-	-	-	-	-	-	(819)	(819)	-	(819)	
Total transactions with owners	-	-	-	-	-	-	(819)	(819)	-	(819)	
Transfer of revaluation surplus	-	-	-	(208)	-	-	208	-	-	-	
Balance as at 30 Sep 2015	54,620	471	435	6,268	100	-	7,191	69,085	(44)	69,041	

MASTER-PACK GROUP BERHAD (297020-W)
for the third quarter ended 30 September 2016

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

(the figures have not been audited)

Note	←-----Attributable to Owners of the Company-----→								Non-Controlling Interest	TOTAL EQUITY
	←-----Non-Distributable-----→					Currency Translation Reserve	Accumulated Profit	TOTAL		
	Share Capital	Share Premium	Capital Redemption Reserve	Revaluation Reserve	Fair Value Reserve					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
9 months ended 30 Sep 2016										
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	-	-	-	-	(1)	-	-	(1)	-	(1)
Other comprehensive income for the financial period	-	-	-	-	(1)	-	-	(1)	-	(1)
Profit for the financial period	-	-	-	-	-	-	1,747	1,747	(449)	1,298
Total comprehensive income for the financial period	-	-	-	-	(1)	-	1,747	1,746	(449)	1,297
Dividend										
Owner of the Company	-	-	-	-	-	-	(546)	(546)	-	(546)
Total transactions with owners	-	-	-	-	-	-	(546)	(546)	-	(546)
Transfer of revaluation surplus	-	-	-	(332)	-	-	332	-	-	-
Balance as at 30 Sep 2016	54,620	284	435	5,852	104	-	9,465	70,760	(319)	70,441

(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 third quarter ended 30 September 2016
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(the figures have not been audited)

	Current quarter ended 30.09.2016 RM'000 (unaudited)	Preceding year corresponding quarter ended 30.09.2015 RM'000 (unaudited)
OPERATING ACTIVITIES		
Profit before taxation	2,331	2,794
<u>Adjustments for non-cash flow items :-</u>		
Depreciation	2,290	2,060
Dividend income	(3)	(9)
(Gain)/loss on disposal of property, plant and equipment	(15)	(19)
Impairment loss on loans and receivables	1,122	656
Interest expense	488	560
Interest income	(32)	(33)
Inventories written down	19	16
Inventories written-off	-	20
Share of associate's profit	(47)	(33)
Operating profit before working capital changes	6,153	6,012
<u>Changes in Working Capital :-</u>		
Inventories	(3,203)	1,007
Receivables and prepayments	1,929	461
Payables	(3,150)	(348)
Cash generated from operations	1,729	7,132
Income tax refunded	249	82
Income tax paid	(1,071)	(1,174)
Net cash generated from operating activities	907	6,040
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends received	3	9
Interest received	32	33
Proceeds from disposal of property, plant and equipment	15	19
Purchase of property, plant and equipment	(1,808)	(1,529)
Net cash used in investing activities	(1,758)	(1,468)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend paid	(546)	(819)
Interest paid	(488)	(560)
Issuance of shares	-	5,000
Net increase/(decrease) in short-term loans and borrowings	1,567	(1,602)
Repayment of short term loans	-	(4,770)
Repayment of hire purchase obligations	(312)	(169)
Repayment of long term loans	(625)	(645)
Proceeds from hire purchase loans	2,156	63
Net cash used in financing activities	1,752	(3,502)

MASTER-PACK GROUP BERHAD (297020-W)
for the third quarter ended 30 September 2016

	Note	Current quarter ended 30.09.2016 RM'000 (unaudited)	Preceding year corresponding quarter ended 30.09.2015 RM'000 (unaudited)
NET INCREASE IN CASH AND CASH EQUIVALENTS		901	1,070
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		2,516	2,261
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	B9	<u><u>3,417</u></u>	<u><u>3,331</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 Sep 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 Sep 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

There were no dividend paid during the current 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

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.

MASTER-PACK GROUP BERHAD (297020-W)

for the third quarter ended 30 September 2016

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

	Current quarter ended 30.09.2016 RM'000	Preceding year corresponding quarter ended 30.09.2015 RM'000	Current year-to-date ended 30.09.2016 RM'000	Preceding year corresponding year-to-date ended 30.09.2015 RM'000
Revenue	19,259	18,374	60,293	54,166
Profit before taxation	713	963	2,331	2,794

Commentary Comparison for the current quarter

3rd Quarter 2016 vs 3rd Quarter 2015

Revenue for the current quarter is higher by RM0.9million (4.8%) compared to corresponding quarter in the preceding year due to new products viz. food paper wrappers and bags which contributed RM0.7million. However, profit before tax is lower due to higher cost of raw materials compared to the previous year. Moreover, production for the new products is still at its initial stage and has not reached its optimal level of production.

Comparison with immediate preceding quarter (3rd Quarter 2016 vs 2nd Quarter 2016)

Compared to preceding quarter, revenue dropped by RM1.8 million or 8.7% due to lower delivery of carton boxes to the smaller intermediate industrial customers. As a result of the drop in sales, profit before tax also shrank by RM122 thousand to RM713 thousand compared to RM835 thousand in the second quarter. However, profit margin dropped marginally by 0.2% from 3.9% to 3.7%.

B2. Prospect 2016

Total turnover for 2016 is expected to surpass that of the previous year due to the new products introduced during the year. However, profit margins will continue to slide due to higher cost of raw materials and other operating costs in general. Nevertheless, measures are being taken to improve the Group's productivity and competitiveness by implementing continuous improvement programmes throughout the organization.

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 30.09.2016 RM'000	Current period to-date ended 30.09.2016 RM'000
Taxation		
- current year	(436)	(1,197)
- prior year	0	(24)
	(436)	(1,221)
Deferred tax	44	188
	(392)	(1,033)

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

B5. Group borrowings as at 30.09.2016
Short term borrowings - Secured

	RM'000
Bank overdrafts	1,366
Banker acceptances	7,602
Long-term loans due within one year	420
Hire-purchase obligations due within one year	720
	<u>10,108</u>

Long-term borrowings - Secured

	Due Within 1 to 2 years RM'000	Due Within 2 to 5 years RM'000	Total RM'000
Long-term loans	228	114	342
Hire-purchase obligations	1,384	630	2,014
	<u>1,612</u>	<u>744</u>	<u>2,356</u>

The effective interest rates of loans and borrowings as at 30.09.2016 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.

	Current quarter ended 30.09.2016	Current year-to-date ended 30.09.2016
Profit attributable to owners of the parent (RM'000)	530	1,747
Number of ordinary shares outstanding	54,620,150	54,620,150
Basic earning per share (sen)	0.97	3.20
Diluted	N/A	N/A

B9. Cash and cash equivalents

	As at 30.09.2016 RM'000	As at 30.09.2015 RM'000
Cash and bank balances	4,783	5,516
Bank overdrafts	(1,366)	(2,185)
	<u>3,417</u>	<u>3,331</u>

B10. Profit Before Tax Items

	Current quarter ended 30.09.2016 RM'000	Current year to-date ended 30.09.2016 RM'000
Depreciation	830	2,290
Impairment loss on loans and receivables	425	1,122
Impairment of available for sale financial assets	(17)	1
Interest expense	179	488
Interest income	(9)	(32)
Foreign exchange (gain)/loss	(7)	(32)

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

	Current quarter ended 30.09.2016 RM'000	Preceding year corresponding quarter ended 30.09.2015 RM'000
Master-Pack Group Berhad and its subsidiaries :		
- Realised	(34,650)	(26,409)
- Unrealised	484	68
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	(34,166)	(26,341)
Total share of retained profits from associates :		
- Realised	318	248
- Unrealised	-	-
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	(33,848)	(26,093)
Less : Consolidation adjustments	43,313	33,284
	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
Total Group accumulated profit	9,465	7,191

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

Secretaries

Penang
Date: 25 November 2016