



MASTER-PACK

GROUP BERHAD 297020-W

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

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MASTER-PACK GROUP BERHAD (297020-W)

for the fourth quarter ended 31 December 2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(the figures have not been audited)

		Current quarter ended 31.12.2016 RM '000	Preceding year corresponding quarter ended 31.12.2015 RM '000	Current year-to-date ended 31.12.2016 RM '000	Preceding year corresponding year-to-date ended 31.12.2015 RM '000
Revenue	B1	22,172	20,297	82,465	74,463
Operating expenses		(21,291)	(19,615)	(79,221)	(70,526)
Other operating income		491	363	900	427
Profit from operations		1,372	1,045	4,144	4,364
Finance costs		(161)	(125)	(649)	(685)
Share of Profit in associated companies		(30)	22	17	57
Profit before taxation		1,181	942	3,512	3,736
Taxation	B4	77	15	(956)	(1,001)
Profit for the year		1,258	957	2,556	2,735
Other comprehensive income :-					
<u>Items that will not be reclassified to profit or loss</u>					
- Deferred tax income relating to change in tax rate		-	-	-	134
<u>Items that may be reclassified subsequently to profit or loss:-</u>					
- Impairment of available-for-sales financial assets		(17)	5	(18)	(17)
Other comprehensive income for the financial year		(17)	5	(18)	117
		1,241	962	2,538	2,852
Profit/(Loss) for the financial year attributable to:-					
- Owners of the Company		1,320	1,085	3,067	2,872
- Non-Controlling Interest		(62)	(128)	(511)	(137)
		1,258	957	2,556	2,735
Total comprehensive income/(loss) for the financial year attributable to:-					
- Owners of the Company		1,303	1,090	3,049	2,989
- Non-Controlling Interest		(62)	(128)	(511)	(137)
		1,241	962	2,538	2,852
Earnings per share (sen) :					
(i) Basic	B8	2.42	2.03	5.62	5.39
(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 to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)
for the fourth quarter ended 31 December 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(the figures have not been audited)

	Note	As at end of current quarter ended 31.12.2016 RM'000 (unaudited)	As at end of financial year ended 31.12.2015 RM'000 (audited)
Non-Current Assets			
Property, plant and equipment		37,418	38,284
Investment properties		13,980	13,980
Goodwill on consolidation		196	196
Investment in associates		581	370
Available-for-sales financial assets		277	303
		52,452	53,133
Current Assets			
Inventories		11,248	9,488
Trade and other receivables		21,934	21,244
Prepayments		1,549	556
Current tax assets		140	565
Cash and bank balances		6,325	5,392
		41,196	37,245
TOTAL ASSETS		93,648	90,378
Non-Current Liabilities			
Loans and borrowings - secured	B5	2,211	1,280
Deferred tax liabilities		3,760	4,435
		5,971	5,715
Current Liabilities			
Trade and other payables		6,553	7,262
Loans and borrowings - secured	B5	8,858	7,658
Current tax liabilities		163	53
		15,574	14,973
TOTAL LIABILITIES		21,545	20,688
Equity			
Equity attributable to owners of the Company			
Share capital		54,620	54,620
Other reserves		17,443	14,940
Equity attributable to owner of the Company		72,063	69,560
Non-controlling interest		40	130
TOTAL EQUITY		72,103	69,690
TOTAL LIABILITIES AND EQUITY		93,648	90,378
Net assets per share attributable to owners of the Company (RM)		1.32	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 fourth quarter ended 31 December 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
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	0	-	-	134	-	134	
Loss on available-for-sale financial assets	-	-	-	-	(17)	-	-	(17)	-	(17)	
Other comprehensive income financial year	-	-	-	134	(17)	-	-	117	-	117	
Profit for the financial period	-	-	-	-	-	-	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	
Dividends	-	-	-	-	-	-	(1,365)	(1,365)	-	(1,365)	
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	

MASTER-PACK GROUP BERHAD (297020-W)
for the fourth quarter ended 31 December 2016

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

(the figures have not been audited)

Note	-----Attributable to Owners of the Company-----							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	Accumulated Profit RM'000			
12 months ended 31 December 2016										
Balance as at 1 January 2016	54,620	284	435	6,184	105	-	7,932	69,560	130	69,690
Loss on available-for-sale financial assets	-	-	-	-	(18)	-	-	(18)	-	(18)
Other comprehensive income for the financial year	-	-	-	-	(18)	-	-	(18)	-	(18)
Profit for the financial year	-	-	-	-	-	-	3,067	3,067	(90)	2,977
	-	-	-	-	-	-	3,067	3,067	(90)	2,977
Total comprehensive income for the financial year	-	-	-	-	(18)	-	3,067	3,049	(90)	2,959
Dividends	-	-	-	-	-	-	(546)	(546)	-	(546)
Total transactions with owners	-	-	-	-	-	-	(546)	(546)	-	(546)
Transfer of revaluation surplus	-	-	-	(442)	-	-	442	-	-	-
Balance as at 31 December 2016	54,620	284	435	5,742	87	-	10,895	72,063	40	72,103

(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 fourth quarter ended 31 December 2016
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(the figures have not been audited)

	Note	Current year ended 31.12.2016 RM'000 (unaudited)	Preceding year ended 31.12.2015 RM'000 (audited)
OPERATING ACTIVITIES			
Profit before taxation		3,512	3,736
<u>Adjustments for non-cash flow items :-</u>			
Depreciation		2,971	2,772
Dividend income		(3)	(10)
Gain on loss of control of a subsidiary		(312)	-
(Gain)/loss on disposal of property, plant and equipment		(15)	(30)
Gain on fair value adjustment of investment properties		-	(260)
Impairment loss on available-for-sale financial assets		8	-
Impairment loss on loans and receivables		1,535	900
Impairment loss on property, plant and equipment		-	26
Interest expense		649	685
Interest income		(43)	(46)
Inventories written down		75	46
Property, plant and equipment written-off		8	-
Reversal of impairment loss on loans and receivables		(5)	(21)
Reversal of inventories written down		(25)	(96)
Share of associate's profit		(17)	(58)
Waiver of debts		(5)	-
Operating profit before working capital changes		8,333	7,644
<u>Changes in Working Capital :-</u>			
Inventories		(2,368)	706
Receivables and prepayments		(3,800)	(2,015)
Payables		1,291	1,555
Cash generated from operations		3,456	7,890
Income tax refunded		531	111
Income tax paid		(1,627)	(1,618)
Net cash generated from operating activities		2,360	6,383
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash outflow on loss of control of a subsidiary		(365)	-
Dividends received		3	10
Interest received		43	46
Proceeds from disposal of property, plant and equipment		15	30
Purchase of property, plant and equipment		(1,182)	(2,687)
Net cash used in investing activities		(1,486)	(2,601)

MASTER-PACK GROUP BERHAD (297020-W)

for the fourth quarter ended 31 December 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(the figures have not been audited)

	Current year ended 31.12.2016 RM'000 (unaudited)	Preceding year ended 31.12.2015 RM'000 (audited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(546)	(1,365)
Interest paid	(638)	(684)
Issuance of shares	-	5,000
Issuance of shares by a subsidiary	1,280	-
Issuance of share to non-controlling interest	-	196
Net increase/(decrease) in short-term loans and borrowings	1,343	(632)
Proceeds from hire purchase loans	977	-
Repayment of hire purchase obligations	(478)	(228)
Repayment of short term loans	(758)	(5,627)
Share issue transaction costs paid	-	(187)
Net cash used in financing activities	1,180	(3,527)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,054	255
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	2,516	2,261
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	4,570	2,516

(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)

MASTER-PACK GROUP BERHAD (297020-W)
for the fourth quarter ended 31 December 2016

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 Dec 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 December 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.

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 fourth quarter ended 31 December 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.

On 28 November 2016, the Company announced that Kumpulan Perhubungan Sdn Berhad (“KPSB”), a wholly-owned subsidiary of the Company’s major shareholder, Yayasan Bumiputra Pulau Pinang Berhad (“Yayasan”) had on 28 November 2016 subscribed 1,280,000 new ordinary shares of RM1.00 each in Excellfood Pack Sdn Bhd (“EPSB”) (“EPSB Shares”), representing 64% equity interest in EPSB for a total cash consideration of RM1,280,000 only (hereinafter referred to as “the Transaction”).

The Transaction had resulted in the dilution of the Company’s wholly-owned subsidiary, Master-Pack Sdn Bhd (“MPSB”)’s direct equity interest in EPSB from 51.0% to 26.2%. Pursuant to the Transaction, EPSB ceased as an indirect subsidiary of the Company and the interest in EPSB is accounted for as an associate using equity method.

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 31.12.2016 RM'000	Preceding year corresponding quarter ended 31.12.2015 RM'000	Current year-to-date ended 31.12.2016 RM'000	Preceding year corresponding year-to-date ended 31.12.2015 RM'000
Revenue	22,172	20,297	82,465	74,463
Profit before taxation	1,181	942	3,512	3,736

Commentary Comparison for the current quarter

4th Quarter 2016 vs 4th Quarter 2015

Revenue for the current quarter was higher by RM1.9 million (9%) as compared to corresponding quarter of 2015. 47% of the increase was contributed by higher deliveries to the Solar Energy industrial sector. Profit before tax after deducting gain from disposal of subsidiary of RM312 thousand (refer note A11) was RM 869 thousand, down RM73 thousand (-8%) compared to corresponding quarter of preceding year due to higher cost of production, in particular cost of imported raw materials as a result of weakening of the Malaysian Ringgit.

Comparison with immediate preceding quarter (4th Quarter 2016 vs 3rd Quarter 2016)

Compared to preceding quarter, revenue increased by RM2.9 million (15%) for the same reason as above. In addition are higher deliveries to the Food & Beverage, Services and Trading and other sectors due to the festive season in the last quarter of the calendar year also contributed to the higher revenue in current quarter. The higher revenue result in better profit before tax by RM156 thousand or 22%.

Comparison with preceding year

Compared to preceding year, revenue increased by RM8.0 million (11%), of which RM5.0 million was from Solar Energy, up 28%, RM1.4 million from the Food & Beverage sector (12%), and the balance RM1.6 million from all the other sectors. However, profit before tax dropped RM539 thousand (-14%) as there were minimal increase in selling prices while cost of production, raw materials in particular increased. The increased revenue help to mitigate the adverse impact from a weaker Ringgit.

B2. Prospect 2017

For the year 2017, the Group expects turnover to surpass that of 2016, having secured new customers and existing customers have also indicated higher support to the group. The Group has planned for new capital expenditures to meet the increased requirements and improve efficiency and productivity. The capital expenditures will be financed by external borrowings.

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 31.12.2016 RM'000	Current year ended 31.12.2016 RM'000
Taxation		
- current year	(553)	(1,750)
- prior year	143	119
	(410)	(1,631)
Deferred tax	487	675
	77	(956)

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

MASTER-PACK GROUP BERHAD (297020-W)
for the fourth quarter ended 31 December 2016

B5. Group borrowings as at 31.12.2016
Short term borrowings - Secured

	RM'000
Bank overdrafts	1,755
Banker acceptances	6,112
Short-term loans due within one year	306
Hire-purchase obligations due within one year	685
	<u>8,858</u>

Long-term borrowings - Secured

	Due Within 1 to 2 years RM'000	Due Within 2 to 5 years RM'000	Total RM'000
Short-term loans	214	114	328
Hire-purchase obligations	727	1,156	1,883
	<u>941</u>	<u>1,270</u>	<u>2,211</u>

The effective interest rates of loans and borrowings as at 31.12.2016 ranged from 4.52% to 8.35% 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 31.12.2016	Current year-to-date ended 31.12.2016
Profit attributable to owners of the parent (RM'000)	1,320	3,067
Number of ordinary shares outstanding	54,620,150	54,620,150
Basic earning per share (sen)	2.42	5.62
Diluted	N/A	N/A

B9. Cash and cash equivalents

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Cash and bank balances	6,325	5,392
Bank overdrafts	(1,755)	(2,876)
	<u>4,570</u>	<u>2,516</u>

MASTER-PACK GROUP BERHAD (297020-W)
for the fourth quarter ended 31 December 2016

B10. Profit Before Tax Items

	Current quarter ended 31.12.2016 RM'000	Current year ended 31.12.2016 RM'000
Depreciation	681	2,971
Foreign exchange (gain)/loss	27	(5)
Impairment of available for sale financial assets	34	8
Impairment loss on loans and receivables	413	1,535
Interest expense	161	649
Interest income	(11)	(43)
Inventory written-down	(19)	75

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

	31.12.2016 RM'000	31.12.2015 RM'000
Master-Pack Group Berhad and its subsidiaries :		
- Realised	(18,975)	(35,535)
- Unrealised	867	332
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	(18,108)	(35,203)
Total share of retained profits from associates :		
- Realised	287	270
- Unrealised	-	-
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	(17,821)	(34,933)
Less : Consolidation adjustments	28,716	42,865
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Total Group accumulated profit	10,895	7,932

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

Secretaries

Penang
Date: 27 February 2017