



# MASTER-PACK

GROUP BERHAD 297020-W

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 MARCH 2017

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**MASTER-PACK GROUP BERHAD (297020-W)**  
for the first quarter ended 31 March 2017

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(the figures have not been audited)

|   |           | Current<br>quarter<br>ended<br>31.03.2017<br>RM'000 | Preceding year<br>corresponding<br>quarter<br>ended<br>31.03.2016<br>RM'000 | Current<br>year-to-date<br>ended<br>31.03.2017<br>RM'000 | Preceding year<br>corresponding<br>year-to-date<br>ended<br>31.03.2016<br>RM'000 |
|---|-----------|---|---|--|--|
| Revenue   | <b>B1</b> | 22,174  | 19,930  | 22,174   | 19,930   |
| Operating expenses  |           | (21,161)  | (19,071)  | (21,161)   | (19,071)   |
| Other operating income  |           | 148   | 82  | 148  | 82   |
| Profit from operations  |           | 1,161   | 941   | 1,161  | 941  |
| Finance costs   |           | (175)   | (157)   | (175)  | (157)  |
| Share of Loss in associated companies   |           | (37)  | (1)   | (37)   | (1)  |
| <b>Profit before taxation</b>   |           | 949   | 783   | 949  | 783  |
| Taxation  | <b>B4</b> | (300)   | (289)   | (300)  | (289)  |
| <b>Profit for the period</b>  |           | 649   | 494   | 649  | 494  |
| <b>Other comprehensive income :-</b>  |           |   |   |  |  |
| <u>Items that may be reclassified subsequently to profit or loss:-</u>            |           |   |   |  |  |
| - Fair value gain / (loss) on available-for-sales financial assets                |           | 23  | (6)   | 23   | (6)  |
| <b>Other comprehensive income for the period</b>                                  |           | 23  | (6)   | 23   | (6)  |
|   |           | 672   | 488   | 672  | 488  |
| <b>Profit/(loss) for the financial year attributable to:-</b>                     |           |   |   |  |  |
| - Owners of the Company   |           | 651   | 592   | 651  | 592  |
| - Non-Controlling Interest  |           | (2)   | (98)  | (2)  | (98)   |
|   |           | 649   | 494   | 649  | 494  |
| <b>Total comprehensive income/(loss) for the financial year attributable to:-</b> |           |   |   |  |  |
| - Owners of the Company   |           | 674   | 586   | 674  | 586  |
| - Non-Controlling Interest  |           | (2)   | (98)  | (2)  | (98)   |
|   |           | 672   | 488   | 672  | 488  |
| <b>Earnings per share (sen) :</b>   |           |   |   |  |  |
| (i) Basic   | <b>B8</b> | 1.19  | 1.08  | 1.19   | 1.08   |
| (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 2016 and the accompanying explanatory notes attached to the interim financial statements)**

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the first quarter ended 31 March 2017

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|   | Note      | As at end of<br>current quarter ended<br>31.03.2017<br>RM'000<br>(unaudited) | As at end of<br>financial year ended<br>31.12.2016<br>RM'000<br>(audited) |
|---|-----------|--|---|
| <b>Non-Current Assets</b>                                       |           |  |   |
| Property, plant and equipment                                   |           | 37,037   | 37,418  |
| Investment properties   |           | 13,980   | 13,980  |
| Goodwill on consolidation                                       |           | 196  | 196   |
| Investment in associates  |           | 544  | 581   |
| Available-for-sales financial assets                            |           | 299  | 277   |
|   |           | 52,056   | 52,452  |
| <b>Current Assets</b>   |           |  |   |
| Inventories   |           | 11,354   | 11,248  |
| Trade and other receivables                                     |           | 23,056   | 21,934  |
| Prepayments   |           | 1,447  | 1,549   |
| Current tax assets  |           | 157  | 140   |
| Cash and bank balances  |           | 7,528  | 6,325   |
|   |           | 43,542   | 41,196  |
| <b>TOTAL ASSETS</b>   |           | 95,598   | 93,648  |
| <b>Non-Current Liabilities</b>                                  |           |  |   |
| Loans and borrowings - secured                                  | <b>B5</b> | 1,923  | 2,211   |
| Deferred tax liabilities  |           | 3,595  | 3,760   |
|   |           | 5,518  | 5,971   |
| <b>Current Liabilities</b>                                      |           |  |   |
| Trade and other payables  |           | 7,030  | 6,553   |
| Loans and borrowings - secured                                  | <b>B5</b> | 10,098   | 8,858   |
| Current tax liabilities   |           | 177  | 163   |
|   |           | 17,305   | 15,574  |
| <b>TOTAL LIABILITIES</b>  |           | 22,823   | 21,545  |
| <b>Equity</b>   |           |  |   |
| <b>Equity attributable to owners of the Company</b>             |           |  |   |
| Share capital   |           | 54,620   | 54,620  |
| Other reserves  |           | 18,117   | 17,443  |
| Equity attributable to owner of the Company                     |           | 72,737   | 72,063  |
| Non-controlling interest  |           | 38   | 40  |
| <b>TOTAL EQUITY</b>   |           | 72,775   | 72,103  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                             |           | 95,598   | 93,648  |
| Net assets per share attributable to owners of the Company (RM) |           | 1.33   | 1.32  |

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)**

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the first quarter ended 31 March 2017

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

<-----Attributable to Owners of the Company----->  
<-----Non-Distributable----->

| Note   | Attributable to Owners of the Company |               |                            |                     |                    |                              |                    | TOTAL  | Non-Controlling Interest | TOTAL EQUITY |
|--|---------------------------------------|---------------|----------------------------|---------------------|--------------------|------------------------------|--------------------|--------|--------------------------|--------------|
|  | Share Capital                         | Share Premium | Capital Redemption Reserve | Revaluation Reserve | Fair Value Reserve | Currency Translation Reserve | Accumulated Profit |        |                          |              |
|  | 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 assets | -                                     | -             | -                          | -                   | (6)                | -                            | -                  | (6)    | -                        | (6)          |
| Other comprehensive income for the financial year    | -                                     | -             | -                          | -                   | (6)                | -                            | -                  | (6)    | -                        | (6)          |
| Profit for the financial period                      | -                                     | -             | -                          | -                   | -                  | -                            | 586                | 586    | (98)                     | 488          |
| Total comprehensive income for the financial year    | -                                     | -             | -                          | -                   | (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       |

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the first quarter ended 31 March 2017

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**  
(the figures have not been audited)

<-----Attributable to Owners of the Company----->  
<-----Non-Distributable----->

| Note  | Attributable to Owners of the Company |                            |  |                                  |                                    |  |                                 | TOTAL<br>RM'000 | Non-<br>Controlling<br>Interest<br>RM'000 | TOTAL<br>EQUITY<br>RM'000 |
|---|---------------------------------------|----------------------------|--|----------------------------------|------------------------------------|--|---------------------------------|-----------------|---|---------------------------|
|   | Share<br>Capital<br>RM'000            | Share<br>Premium<br>RM'000 | Capital<br>Redemption<br>Reserve<br>RM'000 | Revaluation<br>Reserve<br>RM'000 | Fair<br>Value<br>Reserve<br>RM'000 | Currency<br>Translation<br>Reserve<br>RM'000 | Accumulated<br>Profit<br>RM'000 |                 |   |                           |
| <b>3 months ended 31 March 2017</b>                   |                                       |                            |  |                                  |                                    |  |                                 |                 |   |                           |
| Balance as at 1 January 2017                          | 54,620                                | 284                        | 435  | 5,742                            | 87                                 | -  | 10,895                          | 72,063          | 40  | 72,103                    |
| Reclassification adjustments on :-                    |                                       |                            |  |                                  |                                    |  |                                 |                 |   |                           |
| Fair value gain on available-for-sale financial asset | -                                     | -                          | -  | -                                | 23                                 | -  | -                               | 23              | -   | 23                        |
| Other comprehensive income for the period             | -                                     | -                          | -  | -                                | 23                                 | -  | -                               | 23              | -   | 23                        |
| Profit for the period                                 | -                                     | -                          | -  | -                                | -                                  | -  | 651                             | 651             | (2)                                       | 649                       |
| Total comprehensive income for the period             | -                                     | -                          | -  | -                                | 23                                 | -  | 651                             | 674             | (2)                                       | 672                       |
| Transfer of revaluation surplus                       | -                                     | -                          | -  | (101)                            | -                                  | -  | 101                             | -               | -   | -                         |
| Balance as at 31 March 2017                           | 54,620                                | 284                        | 435  | 5,641                            | 110                                | -  | 11,647                          | 72,737          | 38  | 72,775                    |

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the first quarter ended 31 March 2017

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

|  | Current<br>year-to-date ended<br>31.03.2017<br>RM'000 | Preceding<br>year-to-date ended<br>31.03.2016<br>RM'000 |
|--|---|---|
| <b>OPERATING ACTIVITIES</b>                                |   |   |
| Profit before taxation                                     | 949   | 783   |
| <u>Adjustments for non-cash flow items :-</u>              |   |   |
| Allowance for slow moving inventories                      | 42  | -   |
| Depreciation   | 769   | 728   |
| Dividend income  | (2)   | (1)   |
| Impairment loss on loans and receivables                   | 277   | 272   |
| Interest expense   | 175   | 157   |
| Interest income  | (15)  | (12)  |
| Property, plant and equipment written-off                  | 1   | -   |
| Share of associate's (profit)/loss                         | 37  | 1   |
|  | <b>2,233</b>  | <b>1,928</b>  |
| <u>Changes in Working Capital :-</u>                       |   |   |
| Inventories  | (148)   | (1,237)   |
| Receivables and prepayments                                | (1,298)   | (285)   |
| Payables   | 477   | (3,041)   |
|  | 1,264   | (2,635)   |
| Cash generated from operations                             |   |   |
| Income tax refunded  | 60  | 239   |
| Income tax paid  | (528)   | (326)   |
|  | <b>796</b>  | <b>(2,722)</b>  |
| <b>Net cash generated from operating activities</b>        |   |   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |   |   |
| Dividends received   | 2   | 1   |
| Interest received  | 15  | 12  |
| Proceeds from disposal of property, plant and equipment    | -   | 1   |
| Purchase of property, plant and equipment                  | (389)   | (71)  |
|  | <b>(372)</b>  | <b>(57)</b>   |
| <b>Net cash used in investing activities</b>               |   |   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |   |   |
| Interest paid  | (175)   | (157)   |
| Net increase/(decrease) in short-term loans and borrowings | 2,176   | 4,071   |
| Proceeds from hire purchase loans                          | -   | 1,179   |
| Repayment of hire purchase obligations                     | (167)   | (60)  |
| Repayment of short term loans                              | (105)   | (217)   |
|  | <b>1,729</b>  | <b>4,816</b>  |
| <b>Net cash from financing activities</b>                  |   |   |

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the first quarter ended 31 March 2017

| <b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS</b>               |             |   |   |
|---|-------------|---|---|
| <b>(the figures have not been audited)</b>                          |             |   |   |
|   | <b>Note</b> | <b>Current<br/>year-to-date ended<br/>31.03.2017<br/>RM'000</b> | <b>Preceding<br/>year-to-date ended<br/>31.03.2016<br/>RM'000</b> |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                    |             | <b>2,153</b>  | <b>2,037</b>  |
| <b>CASH AND CASH EQUIVALENTS AT THE<br/>BEGINNING OF THE PERIOD</b> |             | <b>4,571</b>  | <b>2,516</b>  |
| <b>CASH AND CASH EQUIVALENTS AT THE<br/>END OF THE PERIOD</b>       | <b>B9</b>   | <b><u>6,724</u></b>   | <b><u>4,553</u></b>   |

**(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)**

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the first quarter ended 31 March 2017

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 2017 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 2016. 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 2017 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 2016 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 2016.

The management foresees that all the MFRS that are effective for annual periods beginning on or after 1 January 2017, as stated in the audited accounts for the financial year 31 December 2016 will not have any significant impact.

**A4. Seasonality or cyclical nature of operations**

The Group’s performance is not significantly affected by any seasonal or cyclical factor for the financial period 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 period 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 first quarter ended 31 March 2017

**A11. Changes in the composition of the Group**

There was no business combinations, long term investment and restructuring or discontinuing operations during the financial period under review.

**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 Transactions**

As per announcement on 27<sup>th</sup> February and 3<sup>rd</sup> May 2017, Master-Pack Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into recurrent related party transactions with Excelfood Pack Sdn. Bhd. during the period as set out below:-

|  | <b>Current<br/>quarter ended<br/>31.03.2017<br/>RM'000</b> | <b>Current<br/>year-to-date ended<br/>31.03.2017<br/>RM'000</b> |
|--|--|---|
| Transactions with Excelfood Pack Sdn Bhd | 950  | 950   |

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

**B1 Performance Review of the Group**

|                        | Current quarter<br>ended<br>31.03.2017<br>RM'000 | Preceding year<br>corresponding<br>quarter ended<br>31.03.2016<br>RM'000 | Current<br>year-to-date<br>ended<br>31.03.2017<br>RM'000 | Preceding year<br>corresponding<br>year-to-date ended<br>31.03.2016<br>RM'000 |
|------------------------|--|--|--|---|
| Revenue                | 22,174   | 19,930   | 22,174   | 19,930  |
| Profit before taxation | 949  | 783  | 949  | 783   |

**Commentary Comparison for the current quarter**

**Comparison of 1<sup>st</sup> Quarter 2017 vs 1<sup>st</sup> Quarter 2016**

Revenue for the first quarter 2017 increased by RM2.244million (11.3%) against the first quarter of 2016. This was attributed by higher orders and delivery to one of its major customers in the solar panel industry. Profit before tax increased by RM166 thousand or 21.2%. The poorer performance in the first quarter of 2016 was due to losses by a subsidiary. The Group has reduced its holding of 51% in this subsidiary to 26.2% in November 2016. This subsidiary is now an associate and the share of loss from this associate for the first quarter 2017 is RM30 thousand.

**Comparison with immediate preceding quarter (1<sup>st</sup> Quarter 2017 vs 4<sup>th</sup> Quarter 2016)**

However, compared to preceding quarter, revenue increased by RM2 thousand only. The negligible difference despite the higher revenue from the solar panel industry in the first quarter of 2017 is due to offset by drop in revenue from the East Malaysia plant. Profit before tax for this quarter improved by RM869 thousand (9.2%), after adjusting for the gain of RM312 thousand in the preceding quarter from loss of control of the subsidiary mentioned above.

**B2. Prospect 2017**

The first quarter of 2017 has set the pace for higher revenue and the trend is expected to continue to the end of the year. However, delivering the performance appears challenging as the group faces increasingly higher cost of operations, viz in raw material prices, cost of fuel and energy and generally all other items in view of reported higher inflation rate expected in Malaysia. Nevertheless, the Group will still pursue its plan to upgrade and supplement existing machineries to ensure its competitiveness over the longer term.

**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<br>quarter ended<br>31.03.2017<br>RM'000 | Current<br>year-to-date ended<br>31.03.2017<br>RM'000 |
|----------------|--|---|
| Taxation       |  |   |
| - current year | (465)  | (465)   |
| - prior year   | -  | -   |
|                | (465)  | (465)   |
| Deferred tax   | 165  | 165   |
|                | (300)  | (300)   |

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

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the first quarter ended 31 March 2017

**B5. Group borrowings as at 31.03.2017**  
**Short term borrowings - Secured**

|   | <b>RM'000</b> |
|---|---------------|
| Bank overdrafts                               | 804           |
| Banker acceptances                            | 8,287         |
| Short-term loans due within one year          | 287           |
| Hire-purchase obligations due within one year | 720           |
|   | <u>10,098</u> |

**Long-term borrowings - Secured**

|                           | <b>Due Within<br/>1 to 2 years<br/>RM'000</b> | <b>Due Within<br/>2 to 5 years<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---------------------------|---|---|-------------------------|
| Short-term loans          | 109   | 133   | 242                     |
| Hire-purchase obligations | 758   | 923   | 1,681                   |
|                           | <u>867</u>                                    | <u>1,056</u>                                  | <u>1,923</u>            |

The effective interest rates of loans and borrowings as at 31.03.2017 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.

|  | <b>Current<br/>quarter ended<br/>31.03.2017</b> | <b>Current<br/>year-to-date ended<br/>31.03.2017</b> |
|--|---|--|
| Profit attributable to owners of the parent (RM'000) | 651   | 651  |
| Number of ordinary shares outstanding                | 54,620,150                                      | 54,620,150   |
| Basic earning per share (sen)                        | 1.19  | 1.19   |
| Diluted  | N/A   | N/A  |

**B9. Cash and cash equivalents**

|                        | <b>As at<br/>31.03.2017<br/>RM'000</b> | <b>As at<br/>31.03.2016<br/>RM'000</b> |
|------------------------|--|--|
| Cash and bank balances | 7,528                                  | 5,202                                  |
| Bank overdrafts        | (804)                                  | (649)                                  |
|                        | <u>6,724</u>                           | <u>4,553</u>                           |

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the first quarter ended 31 March 2017

**B10. Profit Before Tax Items**

|  | <b>Current<br/>quarter ended<br/>31.03.2017<br/>RM'000</b> | <b>Current<br/>year-to-date ended<br/>31.03.2017<br/>RM'000</b> |
|--|--|---|
| Depreciation                             | 769  | 769   |
| Foreign exchange gain                    | (30)   | (30)  |
| Impairment loss on loans and receivables | 277  | 277   |
| Interest expense                         | 175  | 175   |
| Interest income                          | (15)   | (15)  |

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<br/>quarter ended<br/>31.03.2017<br/>RM'000</b> | <b>Preceding<br/>year ended<br/>31.03.2016<br/>RM'000</b> |
|---|--|---|
| Master-Pack Group Berhad and its subsidiaries :   |  |   |
| - Realised  | (18,322)   | (48,870)  |
| - Unrealised                                      | 1,000  | 443   |
|   | (17,322)   | (48,427)  |
| Total share of retained profits from associates : |  |   |
| - Realised  | 250  | 270   |
| - Unrealised                                      | -  | -   |
|   | (17,072)   | (48,157)  |
| Less : Consolidation adjustments                  | 28,719   | 56,675  |
| Total Group accumulated profit                    | 11,647   | 8,518   |

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

Secretaries

Penang  
Date: 24 May 2017