



**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

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**MASTER-PACK GROUP BERHAD (297020-W)**  
for the second quarter ended 30 June 2017

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(the figures have not been audited)

		Current quarter ended 30.06.2017 RM '000	Preceding year corresponding quarter ended 30.06.2016 RM '000	Current year-to-date ended 30.06.2017 RM '000	Preceding year corresponding year-to-date ended 30.06.2016 RM '000
Revenue	<b>B1</b>	28,705	21,104	50,879	41,034
Operating expenses		(27,051)	(20,259)	(48,212)	(39,330)
Other operating income		137	95	285	177
<b>Profit from operations</b>		<b>1,791</b>	<b>940</b>	<b>2,952</b>	<b>1,881</b>
Finance costs		(177)	(152)	(352)	(309)
Share of (Loss)/Profit in associated companies		(48)	47	(85)	47
<b>Profit before taxation</b>		<b>1,566</b>	<b>835</b>	<b>2,515</b>	<b>1,619</b>
Taxation	<b>B4</b>	(455)	(352)	(755)	(641)
<b>Profit for the period</b>		<b>1,111</b>	<b>483</b>	<b>1,760</b>	<b>978</b>
<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		20	(12)	43	(18)
<b>Other comprehensive income for the period</b>		<b>20</b>	<b>(12)</b>	<b>43</b>	<b>(18)</b>
		<b>1,131</b>	<b>471</b>	<b>1,803</b>	<b>960</b>
<b>Profit/(loss) for the financial period attributable to:-</b>					
- Owners of the Company		1,114	625	1,765	1,218
- Non-Controlling Interest		(3)	(142)	(5)	(240)
		<b>1,111</b>	<b>483</b>	<b>1,760</b>	<b>978</b>
<b>Total comprehensive income/(loss) for the financial period attributable to:-</b>					
- Owners of the Company		1,134	613	1,808	1,200
- Non-Controlling Interest		(3)	(142)	(5)	(240)
		<b>1,131</b>	<b>471</b>	<b>1,803</b>	<b>960</b>
<b>Earnings per share (sen) :</b>					
(i) Basic	<b>B8</b>	2.04	1.14	3.23	2.23
(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 second quarter ended 30 June 2017

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at end of current quarter ended 30.06.2017 RM'000 (unaudited)	As at end of financial year ended 31.12.2016 RM'000 (audited)
<b>Non-Current Assets</b>			
Property, plant and equipment		39,781	37,418
Investment properties		13,980	13,980
Goodwill on consolidation		196	196
Investment in associates		497	581
Available-for-sales financial assets		319	277
		54,773	52,452
<b>Current Assets</b>			
Inventories		13,346	11,248
Trade and other receivables		28,801	21,934
Prepayments		349	1,549
Current tax assets		13	140
Cash and bank balances		5,585	6,325
		48,094	41,196
<b>TOTAL ASSETS</b>		102,867	93,648
<b>Non-Current Liabilities</b>			
Loans and borrowings - secured	<b>B5</b>	1,693	2,211
Deferred tax liabilities		3,466	3,760
		5,159	5,971
<b>Current Liabilities</b>			
Trade and other payables		11,062	6,553
Loans and borrowings - secured	<b>B5</b>	12,549	8,858
Current tax liabilities		191	163
		23,802	15,574
<b>TOTAL LIABILITIES</b>		28,961	21,545
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		55,339	54,620
Other reserves		18,532	17,443
Equity attributable to owner of the Company		73,871	72,063
Non-controlling interest		35	40
<b>TOTAL EQUITY</b>		73,906	72,103
<b>TOTAL LIABILITIES AND EQUITY</b>		102,867	93,648
Net assets per share attributable to owners of the Company (RM)		1.35	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 second quarter ended 30 June 2017

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

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	Retained Earnings 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 :-									
Derecognition of available-for-sale financial assets	-	-	-	-	(18)	-	(18)	-	(18)
Other comprehensive income for the financial year	-	-	-	-	(18)	-	(18)	-	(18)
Profit for the financial period	-	-	-	-	-	1,218	1,218	(240)	978
Total comprehensive income for the financial year	-	-	-	-	(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

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the second quarter ended 30 June 2017

**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 RM'000	TOTAL EQUITY RM'000
	-----Non-Distributable-----				Fair Value Reserve RM'000	Retained Earnings RM'000	TOTAL RM'000		
	Share Capital RM'000	Share Premium RM'000	Capital Redemption Reserve RM'000	Revaluation Reserve RM'000					
<b>6 months ended 30 June 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 assets	-	-	-	-	43	-	43	-	43
Other comprehensive income for the period	-	-	-	-	43	-	43	-	43
Profit for the period	-	-	-	-	-	1,765	1,765	(5)	1,760
Total comprehensive income for the period	-	-	-	-	43	1,765	1,808	(5)	1,803
Transfer pursuant to S168(2) of Companies Act 2016 Note	719	(284)	(435)	-	-	-	-	-	-
Transfer of revaluation surplus	-	-	-	(212)	-	212	-	-	-
Balance as at 30 June 2017	55,339	-	-	5,530	130	12,872	73,871	35	73,906

**(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)**

Note : Pursuant to Section 618(2) of the Companies Act 2016, any amount standing to the credit of a company's share premium account and capital redemption reserve shall become part of the company's share capital.

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the second quarter ended 30 June 2017

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

	Current year-to-date ended 30.06.2017 RM'000	Preceding year-to-date ended 30.06.2016 RM'000
Note		
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	2,515	1,619
<u>Adjustments for non-cash flow items :-</u>		
Allowance for slow moving inventories	51	-
Depreciation	1,534	1,460
Dividend income	(2)	(1)
Impairment loss on loans and receivables	463	697
Interest expense	352	309
Interest income	(35)	(23)
Property, plant and equipment written-off	6	1
Share of associate's (profit)/loss	85	47
	<b>4,969</b>	<b>4,109</b>
<u>Changes in Working Capital :-</u>		
Inventories	(2,149)	(1,495)
Receivables and prepayments	(6,130)	(1,387)
Payables	4,509	(2,466)
Cash generated from/(used in) operations	1,199	(1,239)
Income tax refunded	178	239
Income tax paid	(1,071)	(656)
<b>Net cash generated from/(used in) operating activities</b>	<b>306</b>	<b>(1,656)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	2	1
Interest received	35	23
Purchase of property, plant and equipment	(3,904)	(1,584)
<b>Net cash used in investing activities</b>	<b>(3,867)</b>	<b>(1,560)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(546)
Interest paid	(352)	(309)
Net increase/(decrease) in short-term loans and borrowings	3,774	634
Proceeds from hire purchase loans	-	1,179
Repayment of hire purchase obligations	(337)	(174)
Repayment of short term loans	(206)	(427)
<b>Net cash from financing activities</b>	<b>2,879</b>	<b>357</b>

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the second quarter ended 30 June 2017

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(the figures have not been audited)

	<b>Current</b>	<b>Preceding</b>
	<b>year-to-date ended</b>	<b>year-to-date ended</b>
	<b>30.06.2017</b>	<b>30.06.2016</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(682)</b>	<b>(2,859)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>4,571</b>	<b>2,516</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>B9</b> <u><u>3,889</u></u>	<u><u>(343)</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 2016 and the accompanying explanatory notes attached to the interim financial statements)

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the second quarter ended 30 June 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 30 June 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 30 June 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 cyclicity 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 quarter under review.

**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



**MASTER-PACK GROUP BERHAD (297020-W)**  
for the second quarter ended 30 June 2017

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**

Eng Hong Distribution Sdn Bhd (“Eng Hong”), a dormant indirect subsidiary was strike off in the Registrar of Companies pursuant to Section 308(1) of the Companies Act, 1965 in the Gazette dated 10 January 2017. The notice of striking off pursuant to Section 308(4) of the Companies Act, 1965 issued by SSM was received by Eng Hong on 10 August 2017.

Other than the above, 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 quarter ended 30.06.2017 RM'000</b>	<b>Current year-to-date ended 30.06.2017 RM'000</b>
Transactions with related party	1,501	2,451

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

**B1 Performance Review of the Group**

**Commentary Comparison for the current quarter**

	<b>Current quarter ended 30.06.2017 RM'000</b>	<b>Preceding year corresponding quarter ended 30.06.2016 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	28,705	21,104	+7,601	+36%
Profit before taxation	1,566	835	+731	+87.5%

**Current Quarter 2017 vs Corresponding Quarter 2016**

For the current quarter under review, revenue increased by RM7.6 million (36.0%) against the preceding year corresponding quarter. RM6.9 million was contributed by the solar panel industry customers and the balance of RM0.7 million was from the food and beverage industry. The increase was due to higher shipment to most customers and some positive price adjustments effected from April 2017 to accommodate the increase in raw materials prices.

Profit before tax for the current quarter was higher by RM0.7 million or 87.5% over that of the second quarter of 2016. The higher revenue for the current quarter resulted in much improved profitability as the larger volume brought down absorption of fixed cost per unit. The positive adjustment on selling prices also helped to improve profit margins.

	<b>Current quarter ended 30.06.2017 RM'000</b>	<b>Preceding quarter ended 31.03.2017 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	28,705	22,174	+6,531	+29.5%
Profit before taxation	1,566	949	+617	+65%

**Current Quarter vs Preceding Quarter**

Against the preceding quarter, revenue from the solar panel industry customers increased by RM7.7 million but reduced demand from the other sectors brought total net increase to RM6.5 million (29.5%). Compared to the preceding quarter, profitability continued to increase as the higher volume and price adjustment in April 2017 resulted in another improvement of RM0.6 million (65.0%) for quarter-on-quarter comparison on profit before tax.

**B2. Prospect 2017**

For the year 2017, on the back of good performance in the first half of the year, the Directors are optimistic the trend will continue for the rest of the year. While keeping cost down and therefore profitability up, in addition the arrival of new machinery will see the generation of more revenue. However, the growth is putting a strain on the group's working capital as it try to work within the constraint of its internally generated fund and existing banking facilities.

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

Not applicable.

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for the second quarter ended 30 June 2017

**B4. Taxation**

The taxation of the Group comprises:

	<b>Current quarter ended 30.06.17 RM'000</b>	<b>Current year-to-date ended 31.06.2017 RM'000</b>
Taxation		
- current year	(584)	(1,049)
- prior year	-	-
	<u>(584)</u>	<u>(1,049)</u>
Deferred tax	129	294
	<u>(455)</u>	<u>(755)</u>

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

**B5. Group borrowings as at 30.06.2017**  
**Short term borrowings - Secured**

	<b>RM'000</b>
Bank overdrafts	1,696
Banker acceptances	9,886
Short-term loans due within one year	238
Hire-purchase obligations due within one year	729
	<u>12,549</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>
Short-term loans	49	141	190
Hire-purchase obligations	708	795	1,503
	<u>757</u>	<u>936</u>	<u>1,693</u>

The effective interest rates of loans and borrowings as at 30.06.2017 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 has declared a first interim single tier dividend of one sen per share amounting to RM546,201.50 for the financial year ending 31 December 2017.

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the second quarter ended 30 June 2017

**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 30.06.2017</b>	<b>Current year-to-date ended 30.06.2017</b>
Profit attributable to owners of the parent (RM'000)	1,114	1,765
Number of ordinary shares outstanding	54,620,150	54,620,150
Basic earning per share (sen)	2.04	3.23
Diluted	N/A	N/A

**B9. Cash and cash equivalents**

	<b>As at 30.06.2017 RM'000</b>	<b>As at 30.06.2016 RM'000</b>
Cash and bank balances	5,585	3,560
Bank overdrafts	(1,696)	(3,903)
	<hr/> 3,889 <hr/>	<hr/> (343) <hr/>

**B10. Profit Before Tax Items**

	<b>Current quarter ended 30.06.2017 RM'000</b>	<b>Current year-to-date ended 30.06.2017 RM'000</b>
Depreciation	765	1,534
Foreign exchange gain	(96)	(126)
Impairment loss on loans and receivables	186	463
Interest expense	177	352
Interest income	(20)	(35)

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

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

	<b>Current quarter ended 30.06.2017 RM'000</b>	<b>Preceding year ended 30.06.2016 RM'000</b>
Master-Pack Group Berhad and its subsidiaries :		
- Realised	(17,145)	(35,053)
- Unrealised	1,094	418
	<hr/>	<hr/>
	(16,051)	(34,635)
Total share of retained profits from associates :		
- Realised	202	317
- Unrealised	-	-
	<hr/>	<hr/>
	(15,849)	(34,318)
Less : Consolidation adjustments	28,721	43,105
	<hr/>	<hr/>
Total Group retained profit	<hr/> <b>12,872</b> <hr/>	<hr/> <b>8,787</b> <hr/>

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

Secretaries

Penang  
Date: 23 August 2017