



**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

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MASTER-PACK GROUP BERHAD (297020-W)
for the third quarter ended 30 September 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(the figures have not been audited)

		Current quarter ended 30.09.2017 RM'000	Preceding year corresponding quarter ended 30.09.2016 RM'000	Current year-to-date ended 30.09.2017 RM'000	Preceding year corresponding year-to-date ended 30.09.2016 RM'000
Revenue	B1	31,667	19,259	82,546	60,293
Operating expenses		(30,217)	(18,600)	(78,429)	(57,930)
Other operating income		128	232	413	409
Profit from operations		1,578	891	4,530	2,772
Finance costs		(258)	(179)	(610)	(488)
Share of (Loss)/Profit in associated companies		(17)	1	(102)	47
Profit before taxation		1,303	713	3,818	2,331
Taxation	B4	(293)	(392)	(1,048)	(1,033)
Profit for the period		1,010	321	2,770	1,298
Other comprehensive income :-					
<u>Items that may be reclassified subsequently to profit or loss:-</u>					
- Fair value gain/(loss) on available-for-sale financial assets		(16)	17	27	(1)
Other comprehensive income for the period		(16)	17	27	(1)
		994	338	2,797	1,297
Profit/(loss) for the financial period attributable to:-					
- Owners of the Company		1,012	530	2,777	1,747
- Non-Controlling Interest		(2)	(209)	(7)	(449)
		1,010	321	2,770	1,298
Total comprehensive income/(loss) for the financial period attributable to:-					
- Owners of the Company		996	547	2,804	1,746
- Non-Controlling Interest		(2)	(209)	(7)	(449)
		994	338	2,797	1,297
Earnings per share (sen) :					
(i) Basic	B8	1.85	0.97	5.08	3.20
(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 third quarter ended 30 September 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at end of current quarter ended 30.09.2017 RM'000 (unaudited)	As at end of financial year ended 31.12.2016 RM'000 (audited)
Non-Current Assets			
Property, plant and equipment		39,097	37,418
Investment properties		13,980	13,980
Goodwill on consolidation		196	196
Investment in associates		480	581
Available-for-sales financial assets		303	277
		54,056	52,452
Current Assets			
Inventories		13,022	11,248
Trade and other receivables		31,729	21,934
Prepayments		760	1,549
Current tax assets		21	140
Cash and bank balances		5,204	6,325
		50,736	41,196
TOTAL ASSETS		104,792	93,648
Non-Current Liabilities			
Loans and borrowings - secured	B5	3,963	2,211
Deferred tax liabilities		3,303	3,760
		7,266	5,971
Current Liabilities			
Trade and other payables		6,622	6,553
Loans and borrowings - secured	B5	16,550	8,858
Current tax liabilities		-	163
		23,172	15,574
TOTAL LIABILITIES		30,438	21,545
Equity			
Equity attributable to owners of the Company			
Share capital		55,339	54,620
Other reserves		18,982	17,443
Equity attributable to owner of the Company		74,321	72,063
Non-controlling interest		33	40
TOTAL EQUITY		74,354	72,103
TOTAL LIABILITIES AND EQUITY		104,792	93,648
Net assets per share attributable to owners of the Company (RM)		1.36	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 third quarter ended 30 September 2017

	Note	Capital RM'000	Premium RM'000	Reserve RM'000	Reserve RM'000	Reserve RM'000	Earnings RM'000	TOTAL RM'000	Interest RM'000	EQUITY RM'000
9 months ended 30 September 2016										
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		-	-	-	-	(1)	-	(1)	-	(1)
Other comprehensive income for the financial year		-	-	-	-	(1)	-	(1)	-	(1)
Profit for the financial period		-	-	-	-	-	1,747	1,747	(449)	1,298
Total comprehensive income for the financial year		-	-	-	-	(1)	1,747	1,746	(449)	1,297
Dividend Owners of the Company		-	-	-	-	-	(546)	(546)	-	(546)
Total transactions with owners		-	-	-	-	-	(546)	(546)	-	(546)
Transfer of revaluation surplus		-	-	-	(332)	-	332	0	-	0
Balance as at 30 September 2016		54,620	284	435	5,852	104	9,465	70,760	(319)	70,441

MASTER-PACK GROUP BERHAD (297020-W)
for the third quarter ended 30 September 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	TOTAL EQUITY
	-----Non-Distributable-----			Capital Redemption Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings		
	Share Capital	Share Premium	Capital Redemption Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	TOTAL	Non-Controlling Interest	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 30 September 2017									
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	-	-	-	-	27	-	27	-	27
Other comprehensive income for the period	-	-	-	-	27	-	27	-	27
Profit for the period	-	-	-	-	-	2,777	2,777	(7)	2,770
Total comprehensive income for the period	-	-	-	-	27	2,777	2,804	(7)	2,797
Dividend									
Owners of the Company	-	-	-	-	-	(546)	(546)	-	(546)
Total transactions with owners	-	-	-	-	-	(546)	(546)	-	(546)
Transfer pursuant to S168(2) of Companies Act 2016	719	(284)	(435)	-	-	-	-	-	-
Note									
Transfer of revaluation surplus	-	-	-	(326)	-	326	-	-	-
Balance as at 30 September 2017	55,339	-	-	5,416	114	13,452	74,321	33	74,354

(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 third quarter ended 30 September 2017

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

	Current year-to-date ended 30.09.17 RM'000	Preceding year-to-date ended 30.09.2016 RM'000
OPERATING ACTIVITIES		
Profit before taxation	3,818	2,331
<u>Adjustments for non-cash flow items :-</u>		
Allowance for slow moving inventories	51	-
Depreciation	2,385	2,290
Dividend income	(4)	(3)
(Gain)/loss on disposal of property, plant and equipment	-	(15)
Impairment loss on loans and receivables	656	1,122
Interest expense	610	488
Interest income	(52)	(32)
Inventories written down	-	19
Property, plant and equipment written-off	6	-
Share of associate's (profit)/loss	102	(47)
	7,572	6,153
<u>Changes in Working Capital :-</u>		
Inventories	(1,826)	(3,203)
Receivables and prepayments	(9,662)	1,929
Payables	69	(3,150)
	(3,847)	1,729
Cash generated from/(used in) operations	(3,847)	1,729
Income tax refunded	178	249
Income tax paid	(1,727)	(1,071)
	(5,396)	907
Net cash generated from/(used in) operating activities	(5,396)	907
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	4	3
Interest received	52	32
Proceeds from disposal of property, plant and equipment	-	15
Purchase of property, plant and equipment	(4,070)	(1,808)
	(4,014)	(1,758)
Net cash used in investing activities	(4,014)	(1,758)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(546)	(546)
Interest paid	(610)	(488)
Net increase/(decrease) in short-term loans and borrowings	4,754	1,567
Proceeds from hire purchase loans	3,460	2,156
Repayment of hire purchase obligations	(707)	(312)
Repayment of short term loans	(258)	(625)
	6,093	1,752
Net cash from financing activities	6,093	1,752

MASTER-PACK GROUP BERHAD (297020-W)
for the third quarter ended 30 September 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(the figures have not been audited)

	Current	Preceding
	year-to-date ended	year-to-date ended
	30.09.2017	30.09.2016
Note	RM'000	RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,317)	901
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,571	2,516
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	B9 <u><u>1,254</u></u>	<u><u>3,417</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 third quarter ended 30 September 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 September 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 September 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

A single tier interim dividend of one sen per share amounting to RM546,201.50 for the financial year ending 31 December 2017 was paid on 26 September 2017.

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.

MASTER-PACK GROUP BERHAD (297020-W)
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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

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 27th February and 3rd 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:-

	Current quarter ended 30.09.2017 RM'000	Current year-to-date ended 30.09.2017 RM'000
Transactions with related party	1,845	4,296

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

	Current quarter ended 30.09.2017 RM'000	Preceding year corresponding quarter ended 30.09.2016 RM'000	Changes	
			RM'000	%
Revenue	31,667	19,259	+12,408	+64.4%
Profit before taxation	1,303	713	+590	+82.7%

Current Quarter 2017 vs Corresponding Quarter 2016

For the third quarter of 2017, revenue increased by 64% compared against corresponding quarter of 2016. As explained in the second quarter results, the significant jump in revenue against preceding year due to continuation of the increased orders from the solar panel industry. Total revenue from the solar panel industry contributed 48% of total revenue for this quarter compared to 32% for corresponding quarter of 2016. Profit before tax is also significantly higher by 83% from RM0.7 million to RM1.3 million. The large volume brought down unit fixed cost, mitigating increase in cost of paper. On average, paper cost increased by 16% per Metric Tonne for this quarter under review compared to third quarter of 2016.

	Current quarter ended 30.09.2017 RM'000	Preceding quarter ended 30.06.2017 RM'000	Changes	
			RM'000	%
Revenue	31,667	28,705	+2,962	+10.3%
Profit before taxation	1,303	1,566	-263	-16.8%

Current Quarter vs Preceding Quarter

Compared to the second quarter of 2017, revenue increased by another 10%. Contribution from the solar panel industry increased by 2% from 46% to 48% of total revenue. However, profit before tax drop from RM1.6 million to RM1.3 million. This is due to increase in repair and maintenance cost, depreciation and finance charges. During the quarter, new machinery was brought in to replace old machinery to automate some processes. Total capital expenditure to-date for 2017 is RM4.1 million. The new machinery is financed by Hire-Purchase over 60 instalments. Finance charges increased from RM177 thousand in the preceding quarter to RM258 thousand. Hire-purchase interest increased by RM65 thousand while finance cost for trade facilities to support higher working capital required due to enlarged revenue increased by RM18 thousand.

B2. Prospect 2017

Year-to-date revenue and profit before tax has already reached 2016's total revenue of RM82 million and surpassed 2016 profit before tax of RM3.5 million. The year 2017 operating results is expected to end better than 2016. For the fourth quarter of 2017, more new machinery will be brought in for further improvement in operational efficiency.

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

Not applicable.

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B4. Taxation

The taxation of the Group comprises:

	Current quarter ended 30.09.2017 RM'000	Current year-to-date ended 30.09.2017 RM'000
Taxation		
- current year	(506)	(1,555)
- prior year	50	50
	<u>(456)</u>	<u>(1,505)</u>
Deferred tax	163	457
	<u>(293)</u>	<u>(1,048)</u>

The lower effective tax rate for the current quarter is due to adjustment in respect of prior year. The effective tax rate for year-to-date is still high due to non-allowable expenses.

B5. Group borrowings as at 30.09.2017
Short term borrowings - Secured

	RM'000
Bank overdrafts	3,950
Banker acceptances	10,866
Short-term loans due within one year	376
Hire-purchase obligations due within one year	1,358
	<u>16,550</u>

Long-term borrowings - Secured

	Due Within 1 to 2 years RM'000	Due Within 2 to 5 years RM'000	Total RM'000
Hire-purchase obligations	1,996	1,967	3,963

The effective interest rates of loans and borrowings as at 30.09.2017 ranged from 3.22% 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 declared any dividend for the financial period under review.

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for the third quarter ended 30 September 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.

	Current quarter ended 30.09.2017	Current year-to-date ended 30.09.2017
Profit attributable to owners of the parent (RM'000)	1,012	2,777
Number of ordinary shares outstanding	54,620,150	54,620,150
Basic earning per share (sen)	1.85	5.08
Diluted	N/A	N/A

B9. Cash and cash equivalents

	As at 30.09.2017 RM'000	As at 30.09.2016 RM'000
Cash and bank balances	5,204	4,783
Bank overdrafts	(3,950)	(1,366)
	<hr style="border-top: 1px solid black;"/> 1,254	<hr style="border-top: 1px solid black;"/> 3,417

B10. Profit Before Tax Items

	quarter ended 30.09.2017 RM'000	year-to-date ended 30.09.2017 RM'000
Depreciation	851	2,385
Foreign exchange gain	(49)	(176)
Impairment loss on loans and receivables	193	656
Interest expense	258	610
Interest income	(17)	(52)

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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for the third quarter ended 30 September 2017

B11. Disclosure of realised and unrealised profits and losses

	Current quarter ended 30.09.2017 RM'000	Preceding year ended 30.09.2016 RM'000
Master-Pack Group Berhad and its subsidiaries :		
- Realised	(16,678)	(34,650)
- Unrealised	1,222	484
	<hr/>	<hr/>
	(15,456)	(34,166)
Total share of retained profits from associates :		
- Realised	185	318
- Unrealised	-	-
	<hr/>	<hr/>
	(15,271)	(33,848)
Less : Consolidation adjustments	28,723	43,313
	<hr/>	<hr/>
Total Group retained profit	<hr/> <hr/>	<hr/> <hr/>
	13,452	9,465

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

Secretaries

Penang
Date: 24 November 2017