



**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

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MASTER-PACK GROUP BERHAD (297020-W)
for the second quarter ended 30 June 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(the figures have not been audited)

		Current quarter ended 30.06.2018 RM '000	Preceding year corresponding quarter ended 30.06.2017 RM '000	Current year-to-date ended 30.06.2018 RM '000	Preceding year corresponding year-to-date ended 30.06.2017 RM '000
Revenue	B1	32,796	28,705	66,647	50,879
Operating expenses		(31,083)	(27,051)	(63,622)	(48,212)
Other operating income		296	137	964	285
Profit from operations		2,009	1,791	3,989	2,952
Finance costs		(259)	(177)	(509)	(352)
Share of (Loss)/Profit in associated companies		9	(48)	11	(85)
Profit before taxation		1,759	1,566	3,491	2,515
Taxation	B4	(477)	(455)	(805)	(755)
Profit for the period		1,282	1,111	2,686	1,760
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		(14)	20	(28)	43
Other comprehensive income for the period		(14)	20	(28)	43
		1,268	1,131	2,658	1,803
Profit/(loss) for the financial period attributable to:-					
- Owners of the Company		1,284	1,114	2,690	1,765
- Non-Controlling Interest		(2)	(3)	(4)	(5)
		1,282	1,111	2,686	1,760
Total comprehensive income/(loss) for the financial period attributable to:-					
- Owners of the Company		1,270	1,134	2,662	1,808
- Non-Controlling Interest		(2)	(3)	(4)	(5)
		1,268	1,131	2,658	1,803
Earnings per share (sen) :					
(i) Basic	B8	2.35	2.04	4.92	3.23
(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 2017 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)
for the second quarter ended 30 June 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at end of current quarter ended 30.06.2018 RM'000 (unaudited)	As at end of financial year ended 31.12.2017 RM'000 (audited)
Non-Current Assets			
Property, plant and equipment		38,448	39,478
Investment properties		13,602	14,170
Goodwill on consolidation		196	196
Investment in associates		437	540
Investment in unquoted shares		268	-
Available-for-sales financial assets		273	301
		53,224	54,685
Current Assets			
Inventories		12,610	12,830
Trade and other receivables		32,847	33,413
Prepayments		4,458	2,601
Current tax assets		14	230
Cash and bank balances		4,998	4,571
		54,927	53,645
TOTAL ASSETS		108,151	108,330
Non-Current Liabilities			
Loans and borrowings - secured	B5	3,746	4,404
Deferred tax liabilities		2,970	3,262
		6,716	7,666
Current Liabilities			
Trade and other payables		9,254	10,610
Loans and borrowings - secured	B5	14,475	14,428
Current tax liabilities		351	109
		24,080	25,147
TOTAL LIABILITIES		30,796	32,813
Equity			
Equity attributable to owners of the Company			
Share capital		55,339	55,339
Other reserves		21,989	20,147
Equity attributable to owner of the Company		77,328	75,486
Non-controlling interest		27	31
TOTAL EQUITY		77,355	75,517
TOTAL LIABILITIES AND EQUITY		108,151	108,330
Net assets per share attributable to owners of the Company (RM)		1.42	1.38

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)
for the second quarter ended 30 June 2018

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Note	-----Attributable to Owners of the Company-----							Non-Controlling Interest	TOTAL EQUITY
	-----Non-Distributable-----					Retained Earnings	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	
6 months ended 30 June 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	-	-	-	-	43	-	43	-	43
Other comprehensive income for the period	-	-	-	-	43	-	43	-	43
Profit for the financial 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 S618(2) Companies Act 2016	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

MASTER-PACK GROUP BERHAD (297020-W)
for the second quarter ended 30 June 2018

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-----					Retained Earnings RM'000	TOTAL RM'000		
	Share Capital RM'000	Share Premium RM'000	Capital Redemption Reserve RM'000	Revaluation Reserve RM'000	Fair Value Reserve RM'000				
6 months ended 30 June 2018									
Balance as at 1 January 2018	55,339	-	-	5,297	111	14,739	75,486	31	75,517
Reclassification adjustments on :-									
Fair value loss on available-for-sale financial assets	-	-	-	-	(28)	-	(28)	-	(28)
Other comprehensive income for the period	-	-	-	-	(28)	-	(28)	-	(28)
Profit for the period	-	-	-	-	-	2,690	2,690	(4)	2,686
Total comprehensive income for the period	-	-	-	-	(28)	2,690	2,662	(4)	2,658
Dividend Owners of the Company	-	-	-	-	-	(820)	(820)	-	(820)
Transfer of revaluation surplus	-	-	-	(226)	-	226	-	-	-
Balance as at 30 June 2018	55,339	-	-	5,071	83	16,835	77,328	27	77,355

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)
for the second quarter ended 30 June 2018

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

	Note	Current year-to-date ended 30.06.2018 RM'000	Preceding year-to-date ended 30.06.2017 RM'000
OPERATING ACTIVITIES			
Profit before taxation		3,491	2,515
<u>Adjustments for non-cash flow items :-</u>			
Allowance for slow moving inventories		-	51
Depreciation		1,759	1,534
Dividend income		(2)	(2)
(Gain) on changes in ownership of an associate		(154)	-
(Gain) on disposal of investment properties		(419)	-
(Gain) on disposal of property, plant and equipment		(16)	-
Impairment loss on loans and receivables		127	463
Interest expense		510	352
Interest income		(18)	(35)
Inventories written down		6	-
Property, plant and equipment written-off		-	6
Share of associate's (profit)/loss		(11)	85
		5,273	4,969
<u>Changes in Working Capital :-</u>			
Inventories		214	(2,149)
Receivables and prepayments		(1,418)	(6,130)
Payables		(1,357)	4,509
		2,712	1,199
Cash generated from/(used in) operations			
Income tax refunded		22	178
Income tax paid		(719)	(1,071)
		2,015	306
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		2	2
Interest received		18	35
Proceeds from disposal of investment properties		1,716	-
Purchase of property, plant and equipment		(1,382)	(3,904)
		354	(3,867)
Net cash (used in) / generated from investing activities			

MASTER-PACK GROUP BERHAD (297020-W)
for the second quarter ended 30 June 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(the figures have not been audited)

	Current year-to-date ended 30.06.2018 RM'000	Preceding year-to-date ended 30.06.2017 RM'000
NOTE		
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(820)	-
Interest paid	(510)	(352)
Net increase/(decrease) in short-term loans and borrowings	376	3,774
Proceeds from hire purchase loans	251	-
Repayment of hire purchase obligations	(759)	(337)
Repayment of short term loans	(111)	(206)
Net cash (used in) / generated from financing activities	(1,573)	2,879
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	796	(682)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		
	2,815	4,571
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		
B9	3,611	3,889

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)
for the second quarter ended 30 June 2018

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 2018 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 2017. 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 2018 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 2017 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 2017 except for the newly-issued Malaysian Financial Reporting Standards (“MFRS”), to be applied for the financial period beginning on 1st January 2018:

- MFRS 15: Revenue from Contracts with Customers

The adoption of the above MFRS 15 did not have any material financial impact on these condensed consolidated financial statements.

- MFRS 9: Financial Instruments

For impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with the expected credit loss (“ECL”) model. The Group has applied MFRS 9 retrospectively on the initial application date of 1 January 2018 on trade receivables and has elected not to restate comparatives. The Group considers a trade receivable to be in default when payment are 180 days past due and also consider factors specific to the individual debtor who has defaulted in payment.

The movements in allowance for impairment based on the ECL model in MFRS 9 is as follows:-

	RM'000
Balance at 1 January 2018	3,334
Impairment loss recognised :-	
Retrospective adjustment	117
Impairment loss for the year to-date	124
	241
Impairment loss reversed	(114)
Impairment loss written off	-
Balance at 30 June 2018	3,461

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The age analysis of trade receivables as at 30 June 2018 after impairment is as follows:-

	Before impairment	Allowance for impairment	After impairment
	RM'000	RM'000	RM'000
Neither past due nor impaired	26,601	-	26,601
Past due :-			
- 1 to 30 days	5,846	-	5,846
- 31 to 120 days	27	(13)	14
- 121 days to 180 days	31	(23)	8
- more than 180 days	3,425	(3,425)	-
Balance at 31 March 2018	35,930	(3,461)	32,469

A4. Seasonality or cyclical 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 1.5 sen per share amounting to RM819,302.25 was paid on 8 May 2018 for the financial year ending 31 December 2018.

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 second quarter ended 30 June 2018

A11. Changes in the composition of the Group

On 2 April 2018 Excelfood Pack Sdn Bhd (“EFP”) ceased to be an associate of Master-Pack Sdn. Bhd (“MP”) when MP shareholdings in EFP was reduced from 20.96% to 13.10%.

As per announcement made on 10 July 2018, MP had incorporated a wholly-owned subsidiary known as Master-Pack Vietnam Co., Ltd (“MPV”) bearing company number 1101886844 in the Socialist Republic of Vietnam on 4 July 2018.

MPV is principally involved in the manufacturing and trading of packaging boxes made of wood with an initial paid-up capital of USD200,000.

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

The recurrent related party transactions of revenue and trading nature approved in accordance with the shareholders’ mandate on 24th May 2017 and transacted with the subsidiaries are set out below:-

	Current quarter ended 30.06.2018 RM'000	Current year-to-date ended 30.06.2018 RM'000
Transactions with related party	2,424	5,212

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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 30.06.2018 RM'000	Preceding year corresponding quarter ended 30.06.2017 RM'000	Changes	
			RM'000	%
Revenue	32,796	28,705	+4,091	+14.3%
Profit before taxation	1,759	1,566	+193	+12.3%

Current Quarter 2018 vs Corresponding Quarter 2017

For the second quarter ended 30 June 2018, revenue for the group was RM32.8 million compared to RM28.7 million in the corresponding quarter of 2017 recording an increase of RM4.1 million due to higher demand from existing customers and higher prices taking effect in the current quarter, offsetting higher cost of raw materials as well as operating expenditure resulting in a net increase in profit before taxation of RM0.2 million.

	Current quarter ended 30.06.2018 RM'000	Preceding quarter ended 31.03.2018 RM'000	Changes	
			RM'000	%
Revenue	32,796	33,851	█ -1,055	█ -3.1%
Profit before taxation	1,759	1,732	█ +27	█ +1.6%

Current Quarter vs Preceding Quarter

However, compared against the preceding quarter, revenue dropped by RM1.1 million or 3.1% due to lesser working days and some customers having a temporary shut-down for festive holidays in June 2018 or for their internal restructuring purpose. Nevertheless, profitability is maintained at RM1.7 million at a profit before tax margin of above 5%. Collections from customers was normal and additional impairment for doubtful debts for the year to date was only RM10 thousand.

B2. Prospect 2018

Growth in revenue is expected to continue for the rest of the year with total revenue to surpass the RM100 million mark again and exceed the total revenue of 2017. In addition, revenue from newly incorporated foreign subsidiary, Master-Pack Vietnam Co., Ltd will also contribute to the increase. Management is monitoring closely the international price of raw material and currency rate fluctuation of the Malaysian Ringgit against the US Dollar that could adversely affect the profitability of the Group.

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

Not applicable.

MASTER-PACK GROUP BERHAD (297020-W)
for the second quarter ended 30 June 2018

B4. Taxation

The taxation of the Group comprises:

	Current quarter ended 30.06.2018 RM'000	Current year-to-date ended 30.06.2018 RM'000
Taxation		
- current year	(587)	(1,097)
Deferred tax	110	292
	<u>(477)</u>	<u>(805)</u>

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

B5. Group borrowings as at 30.06.2018
Short term borrowings - Secured

	RM'000
Bank overdrafts	1,387
Banker acceptances	11,312
Short-term loans due within one year	215
Hire-purchase obligations due within one year	1,561
	<u>14,475</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	<u>1,341</u>	<u>2,405</u>	<u>3,746</u>

The effective interest rates of loans and borrowings as at 30.06.2018 ranged from 4.51% 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.

MASTER-PACK GROUP BERHAD (297020-W)
for the second quarter ended 30 June 2018

**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 30.06.2018	Current year-to-date ended 30.06.2018
Profit attributable to owners of the parent (RM'000)	1,284	2,690
Number of ordinary shares outstanding	54,620,150	54,620,150
Basic earning per share (sen)	2.35	4.92
Diluted	N/A	N/A

B9. Cash and cash equivalents

	As at 30.06.2018 RM'000	As at 30.06.2017 RM'000
Term deposits (fixed rate)	500	-
Cash and bank balances	4,498	5,585
Bank overdrafts	(1,387)	(1,696)
	<u>3,611</u>	<u>3,889</u>

B10. Profit Before Tax Items

	Current quarter ended 30.06.2018 RM'000	Current year-to-date ended 30.06.2018 RM'000
Depreciation	876	1,759
Foreign exchange loss / (gain)	9	(48)
Gain on changes in ownership of associates	(154)	(154)
Gain on disposal of investment properties	(419)	(419)
Gain on disposal of property, plant and equipment	(16)	(16)
Impairment (gain) / loss on loans and receivables	(24)	127
Interest expense	260	510
Interest income	(11)	(18)
Inventory written-down	-	6

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

	Current quarter ended 30.06.2018 RM'000	Preceding year ended 30.06.2017 RM'000
Master-Pack Group Berhad and its subsidiaries :		
- Realised	(13,941)	(17,145)
- Unrealised	1,636	1,094
	<hr/>	<hr/>
	(12,305)	(16,051)
Total share of retained profits from associates :		
- Realised	411	202
- Unrealised	-	-
	<hr/>	<hr/>
	(11,894)	(15,849)
Less : Consolidation adjustments	28,729	28,721
	<hr/>	<hr/>
Total Group retained profit	<u>16,835</u>	<u>12,872</u>

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

Secretaries

Penang
Date: 24 August 2018