



MASTER-PACK

GROUP BERHAD 297020-W

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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MASTER-PACK GROUP BERHAD (297020-W)

for the first quarter ended 31 March 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(the figures have not been audited)

		Current quarter ended 31.03.2019 RM'000	Preceding year corresponding quarter ended 31.03.2018 RM'000	Current year-to-date ended 31.03.2019 RM'000	Preceding year corresponding year-to-date ended 31.03.2018 RM'000
Revenue	B1	47,523	33,851	47,523	33,851
Operating expenses		(43,445)	(32,539)	(43,445)	(32,539)
Other operating income		119	668	119	668
Profit from operations		4,197	1,980	4,197	1,980
Finance costs		(408)	(250)	(408)	(250)
Share of (Loss)/Profit in associated companies		23	2	23	2
Profit before taxation		3,812	1,732	3,812	1,732
Taxation	B4	(717)	(328)	(717)	(328)
Profit for the period		3,095	1,404	3,095	1,404
Other comprehensive income :-					
Items that may be reclassified subsequently to <u>profit or loss</u> :-					
- Fair value gain/(loss) on available-for-sale financial assets		-	(14)	-	(14)
- Currency translation of foreign operations		101	-	101	-
Other comprehensive income for the period		101	(14)	101	(14)
		3,196	1,390	3,196	1,390
Profit/(loss) for the financial period attributable to:-					
- Owners of the Company		3,097	1,406	3,097	1,406
- Non-Controlling Interest		(2)	(2)	(2)	(2)
		3,095	1,404	3,095	1,404
Total comprehensive income/(loss) for the financial period attributable to:-					
- Owners of the Company		3,198	1,392	3,198	1,392
- Non-Controlling Interest		(2)	(2)	(2)	(2)
		3,196	1,390	3,196	1,390
Earnings per share (sen) :					
(i) Basic	B9	5.67	2.57	5.67	2.57
(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 2018 and the accompanying explanatory notes attached to the interim financial statements)

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for the first quarter ended 31 March 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at end of current quarter ended 31.03.2019 RM'000 (unaudited)	As at end of financial year ended 31.12.2018 RM'000 (audited)
Non-Current Assets			
Property, plant and equipment		52,841	53,732
Investment properties		14,670	14,670
Goodwill on consolidation		196	196
Investment in associates		502	479
Available-for-sales financial assets		261	248
		68,470	69,325
Current Assets			
Inventories		12,558	14,627
Trade and other receivables		46,527	39,050
Prepayments		548	1,695
Current tax assets		53	125
Cash and bank balances		10,450	8,124
		70,136	63,621
TOTAL ASSETS		138,606	132,946
Non-Current Liabilities			
Loans and borrowings - secured	B5	4,764	5,236
Deferred tax liabilities		5,517	5,661
		10,281	10,897
Current Liabilities			
Trade and other payables		14,957	14,526
Loans and borrowings - secured	B5	18,676	16,114
Current tax liabilities		331	244
		33,964	30,884
TOTAL LIABILITIES		44,245	41,781
Equity			
Equity attributable to owners of the Company			
Share capital		55,339	55,339
Other reserves		39,001	35,803
Equity attributable to owner of the Company		94,340	91,142
Non-controlling interest		21	23
TOTAL EQUITY		94,361	91,165
TOTAL LIABILITIES AND EQUITY		138,606	132,946
Net assets per share attributable to owners of the Company (RM)		1.73	1.67

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

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for the first quarter ended 31 March 2019

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Note	-----Attributable to Owners of the Company-----						Non-Controlling Interest	TOTAL EQUITY
	-----Non Distributable-----		Fair Value Reserve	Currency Translation Reserve	Retained Earnings	TOTAL		
	Share Capital	Revaluation Reserve	Fair Value Reserve	Currency Translation 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
3 months ended 31 March 2018								
Balance as at 1 January 2018	55,339	5,298	111	-	14,738	75,486	31	75,517
Reclassification adjustments on :-								
Fair value loss on available-for-sale financial assets	-	-	(14)	-	-	(14)	-	(14)
Other comprehensive income for the period	-	-	(14)	-	-	(14)	-	(14)
Profit for the financial period	-	-	-	-	1,406	1,406	(2)	1,404
Total comprehensive income for the period	-	-	(14)	-	1,406	1,392	(2)	1,390
Transfer of revaluation surplus	-	(113)	-	-	113	-	-	-
Balance as at 31 March 2018	55,339	5,185	97	0	16,257	76,878	29	76,907

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for the first quarter ended 31 March 2019

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	Revaluation Reserve RM'000	Fair Value Reserve RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000			
3 months ended 31 March 2019								
Balance as at 1 January 2019	55,339	15,590	-	(12)	20,225	91,142	23	91,165
Reclassification adjustments on :-								
Changes in currency translation	-	-	-	101	-	101	-	101
Other comprehensive income for the period	-	-	-	101	-	101	-	101
Profit for the period	-	-	-	-	3,097	3,097	(2)	3,095
Total comprehensive income for the period	-	-	-	101	3,097	3,198	(2)	3,196
Transfer of revaluation surplus	-	(155)	-	-	155	-	-	-
Balance as at 31 March 2019	55,339	15,435	-	89	23,477	94,340	21	94,361

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)

for the first quarter ended 31 March 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(the figures have not been audited)

Note	Current year-to-date ended 31.03.2019 RM'000	Preceding year-to-date ended 31.03.2018 RM'000
OPERATING ACTIVITIES		
Profit before taxation	3,812	1,732
<u>Adjustments for non-cash flow items :-</u>		
Depreciation	995	883
Dividend income	(2)	(189)
(Gain) on disposal of investment properties	-	(419)
Impairment gain on other investments	(13)	-
Impairment gain on loans and receivables	(2)	151
Interest expense	408	250
Interest income	(14)	(7)
Inventories written down	3	6
Property, plant and equipment written-off	3	-
Reversal of impairment loss on loans and receivables	(2)	-
Share of associate's (profit)/loss	(23)	(2)
Operating profit before working capital changes	5,165	2,405
<u>Changes in Working Capital :-</u>		
Inventories	2,067	498
Receivables	(7,475)	(2,646)
Prepayments	1,147	836
Payables	431	(1,106)
Cash generated from/(used in) operations	1,335	(13)
Income tax refunded	10	22
Income tax paid	(592)	(419)
Net cash generated from / (used in) operating activities	753	(410)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	2	189
Interest received	14	7
Proceeds from disposal of investment properties	-	1,700
Purchase of property, plant and equipment	(108)	(760)
Net cash (used in) / generated from investing activities	(92)	1,136

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for the first quarter ended 31 March 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(the figures have not been audited)

	Current year-to-date ended 31.03.2019 RM'000	Preceding year-to-date ended 31.03.2018 RM'000
	Note	
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(408)	(250)
Net increase/(decrease) in short-term loans and borrowings	2,138	(46)
Proceeds from hire purchase loans	-	251
Repayment of hire purchase obligations	(533)	(376)
Repayment of short term loans	(59)	(56)
Net cash generated from/ (used in) financing activities	1,138	(477)
CURRENCY TRANSLATION DIFFERENCES		
	(17)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,799	249
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	6,000	2,815
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	7,782	3,064
	B9	

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

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for the first quarter ended 31 March 2019

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 2019 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 2018. 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 2019 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 2018 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 2018. The following new MFRs, IC Interpretations, and amendments to certain MFRS that take effect from 1 January 2019 has not being adopted :-

- MFRS 16 Leases
- IC Interpretation 23 Uncertainty over Income Tax Treatments
- Amendments to MFRS 3 Previously Held Interest in a Joint Operation (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)
- Amendments to MFRS 9 Prepayment Features with Negative Compensation
- Amendments to MFRS 11 Previously Held Interest in a Joint Operation (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)
- Amendments to MFRS 112 Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)
- Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123 Borrowing Costs Eligible for Capitalization (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)
- Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures

The adoption of the above standard, IC interpretation and amendments is not expected to have any material effect on the financial performance or position of the Group.

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.

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for the first quarter ended 31 March 2019

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 was 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

Rental of properties, investment holding and an inactive 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

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.

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for the first quarter ended 31 March 2019

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

B1 Performance Review of the Group

Current Quarter 2019 vs Corresponding Quarter 2018

	Current quarter ended 31.03.2019 RM'000	Preceding year corresponding quarter ended 31.03.2018 RM'000	Changes	
			RM'000	%
Revenue	47,523	33,851	+13,672	+40.4%
Profit before taxation	3,812	1,732	+2,080	+120.1%

Revenue for the 1st quarter ended 31st Mar 2019 was RM47.5 million, RM13.7 million (40.4%) higher than corresponding quarter for 2018. The increase was mainly from higher volume of deliveries to its customers. With the higher revenue coupled with the continuous programs put in place to reduce cost and increase productivity and efficiency over the past years, profit before taxation improved significantly.

Current Quarter 2019 vs Preceding Quarter

	Current quarter ended 31.03.2019 RM'000	Preceding quarter ended 31.12.2018 RM'000	Changes	
			RM'000	%
Revenue	47,523	41,815	+5,708	+13.7%
Profit before taxation	3,812	3,023	+789	+26.1%

Compared to the quarter ended 31st December 2018, revenue improved further by another RM5.7 million (13.7%) to RM47.5 million. As per the comparison above against the corresponding quarter of preceding year, the increase in revenue and profit before tax was also due to higher volume of deliveries to its customers.

B2. Prospect 2019

While the revenue for the year 2019 is expected to surpassed that of 2018, and the programs put in place as mentioned above should bring in better margins, nevertheless impact from external factors which are beyond control such as exposure to currencies exchange rate, raw material prices,

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for the first quarter ended 31 March 2019

inflationary impact on other operating costs may affect profitability. Nevertheless, management are ever vigilant to take measures to mitigate any negative effect.

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 31.03.2019 RM'000	Current year-to-date ended 31.03.2019 RM'000
Taxation		
- current year	(726)	(726)
- prior year	(134)	(134)
	<u>(860)</u>	<u>(860)</u>
Deferred tax		
- current year	143	143
	<u>(717)</u>	<u>(717)</u>

The effective tax rate for the year is lower than the Malaysian income tax rate of 24% due to tax free status enjoyed by its subsidiary in Vietnam.

B5. Group borrowings as at 31.03.2019**Short term borrowings - Secured**

	RM'000
Bank overdrafts	2,668
Banker acceptances	14,071
Short-term loans due within one year	44
Hire-purchase obligations due within one year	1,893
	<u>18,676</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>2,492</u>	<u>2,272</u>	<u>4,764</u>

The effective interest rates of loans and borrowings as at 31.03.2019 ranged from 4.61% to 8.5% per annum.

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for the first quarter ended 31 March 2019

B6. Litigation

There is no material litigation at the date of this report.

B7. Dividend Declared

The Board of Directors has declared and paid an interim dividend of 2 sen amounting to RM1,091,403.00 on 10 May 2019 for the financial year ending 31 December 2019.

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 31.03.2019	Current year-to-date ended 31.03.2019
Profit attributable to owners of the parent (RM'000)	3,097	3,097
Number of ordinary shares outstanding	54,620,150	54,620,150
Basic earning per share (sen)	5.67	5.67
Diluted	N/A	N/A

B9. Cash and cash equivalents

	As at 31.03.2019 RM'000	As at 31.12.2018 RM'000
Term deposit (fixed rate)	-	500
Cash and bank balances	10,450	5,243
Bank overdrafts	(2,668)	(2,679)
	<u>7,782</u>	<u>3,064</u>

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for the first quarter ended 31 March 2019

B10. Profit Before Tax Items

	Current quarter ended 31.03.2019 RM'000	Current year-to-date ended 31.03.2019 RM'000
Depreciation	995	995
Foreign exchange loss	16	16
Impairment gain on other investments	(13)	(13)
Impairment gain on loans and receivables	(2)	(2)
Interest expense	408	408
Interest income	(14)	(14)
Inventory written-down	3	3
Reversal of impairment loss on loans and receivables	(2)	(2)

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

	Current quarter ended 31.03.2019 RM'000	Preceding year ended 31.03.2018 RM'000
Master-Pack Group Berhad and its subsidiaries :		
- Realised	(6,889)	(14,314)
- Unrealised	899	1,597
	(5,990)	(12,717)
Total share of retained profits from associates :		
- Realised	402	248
- Unrealised	-	-
	(5,588)	(12,469)
Less : Consolidation adjustments	29,065	28,726
Total Group retained profit	23,477	16,257

By order of the Board

Lee Peng Loon

P'ng Chiew Keem

Secretaries

Penang

Date: 24 May 2019