



QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE SECOND QUARTER ENDED 30 JUNE 2019

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MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(the figures have not been audited)

	Note	Current quarter ended 30.06.2019 RM'000	Preceding year corresponding quarter ended 30.06.2018 RM'000	Current year-to-date ended 30.06.2019 RM'000	Preceding year corresponding year-to-date ended 30.06.2018 RM'000
Revenue	B1	50,557	32,796	98,080	66,647
Operating expenses		(46,424)	(31,083)	(89,869)	(63,622)
Other operating income		168	296	287	964
Profit from operations		4,301	2,009	8,498	3,989
Finance costs		(359)	(259)	(767)	(509)
Share of (Loss)/Profit in associated companies		4	9	27	11
Profit before taxation		3,946	1,759	7,758	3,491
Taxation	B4	(468)	(477)	(1,185)	(805)
Profit for the period		3,478	1,282	6,573	2,686
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)	-	(28)
- Currency translation of foreign operations		26	-	127	-
Other comprehensive income for the period		26	(14)	127	(28)
		3,504	1,268	6,700	2,658
Profit/(loss) for the financial period attributable to:-					
- Owners of the Company		3,481	1,284	6,578	2,690
- Non-Controlling Interest		(3)	(2)	(5)	(4)
		3,478	1,282	6,573	2,686
Total comprehensive income/(loss) for the financial period attributable to:-					
- Owners of the Company		3,507	1,270	6,705	2,662
- Non-Controlling Interest		(3)	(2)	(5)	(4)
		3,504	1,268	6,700	2,658
Earnings per share (sen) :					
(i) Basic	B8	6.37	2.35	12.04	4.92
(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)

MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at end of current quarter ended 30.06.2019 RM'000 (unaudited)	As at end of financial year ended 31.12.2018 RM'000 (audited)
Non-Current Assets			
Property, plant and equipment		52,279	53,732
Investment properties		14,670	14,670
Goodwill on consolidation		196	196
Investment in associates		506	479
Available-for-sales financial assets		265	248
		67,916	69,325
Current Assets			
Inventories		15,810	14,627
Trade and other receivables		41,957	39,050
Prepayments		535	1,695
Current tax assets		2	125
Cash and bank balances		12,481	8,124
		70,785	63,621
TOTAL ASSETS		138,701	132,946
Non-Current Liabilities			
Loans and borrowings - secured	B5	4,323	5,236
Deferred tax liabilities		5,400	5,661
		9,723	10,897
Current Liabilities			
Trade and other payables		7,533	14,526
Loans and borrowings - secured	B5	24,025	16,114
Current tax liabilities		635	244
		32,193	30,884
TOTAL LIABILITIES		41,916	41,781
Equity			
Equity attributable to owners of the Company			
Share capital		55,339	55,339
Other reserves		41,428	35,803
Equity attributable to owner of the Company		96,767	91,142
Non-controlling interest		18	23
TOTAL EQUITY		96,785	91,165
TOTAL LIABILITIES AND EQUITY		138,701	132,946
Net assets per share attributable to owners of the Company (RM)		1.77	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)

MASTER-PACK GROUP BERHAD (297020-W)
for the second quarter ended 30 June 2019

	Note	Capital RM'000	Reserve RM'000	Reserve RM'000	Reserve RM'000	Earnings RM'000	TOTAL RM'000	Interest RM'000	EQUITY 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)
Profit for the financial 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)
Total transactions with owners		-	-	-	-	(820)	(820)	-	(820)
Transfer of revaluation surplus		-	(226)	-	-	226	-	-	-
Balance as at 30 June 2018		55,339	5,071	83	0	16,835	77,328	27	77,355

MASTER-PACK GROUP BERHAD (297020-W)
for the second quarter ended 30 June 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			
6 months ended 30 June 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	-	-	-	139	-	139	-	139
Profit for the period	-	-	-	-	6,578	6,578	(5)	6,573
Total comprehensive income for the period	-	-	-	139	6,578	6,717	(5)	6,712
Dividend Owners of the Company	-	-	-	-	(1,092)	(1,092)	-	(1,092)
Total transactions with owners	-	-	-	-	(1,092)	(1,092)	-	(1,092)
Transfer of revaluation surplus	-	(309)	-	-	309	-	-	-
Balance as at 30 June 2019	55,339	15,281	-	127	26,020	96,767	18	96,785

(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 second quarter ended 30 June 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(the figures have not been audited)

	Current year-to-date ended 30.06.2019 RM'000	Preceding year-to-date ended 30.06.2018 RM'000
OPERATING ACTIVITIES		
Profit before taxation	7,758	3,491
<u>Adjustments for non-cash flow items :-</u>		
Depreciation	2,031	1,759
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	(8)	(16)
Impairment gain on other investments	(16)	-
Impairment gain on loans and receivables	1	127
Interest expense	766	510
Interest income	(30)	(18)
Inventories written down	3	6
Property, plant and equipment written-off	3	-
Reversal of impairment loss on loans and receivables	(6)	-
Share of associate's (profit)/loss	(27)	(11)
Operating profit before working capital changes	10,473	5,273
<u>Changes in Working Capital :-</u>		
Inventories	(1,187)	214
Receivables	(2,903)	439
Prepayments	1,160	(1,857)
Payables	(6,993)	(1,357)
Cash generated from/(used in) operations	550	2,712
Income tax refunded	10	22
Income tax paid	(940)	(719)
Net cash (used in) / generated from operating activities	(380)	2,015
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	2	2
Interest received	30	18
Proceeds from disposal of investment properties	-	1,716
Proceeds from disposal of properties, plant and equipment	8	-
Purchase of property, plant and equipment	(510)	(1,382)
Net cash (used in) / generated from investing activities	(470)	354

MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(the figures have not been audited)

	Current year-to-date ended 30.06.2019 RM'000	Preceding year-to-date ended 30.06.2018 RM'000
	Note	
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,092)	(820)
Interest paid	(766)	(510)
Net increase/(decrease) in short-term loans and borrowings	5,998	376
Proceeds from hire purchase loans	-	251
Repayment of hire purchase obligations	(1,028)	(759)
Repayment of short term loans	(103)	(111)
Net cash generated from financing activities	3,009	(1,573)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,159	796
CURRENCY TRANSLATION DIFFERENCES	139	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	6,000	2,815
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	B9 8,298	3,611

(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)

MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 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 30 June 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 30 June 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.

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.

MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 2019

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 2 sen per share amounting to RM1,092,403.00 was paid on 10 May 2019 for the financial year ending 31 December 2019.

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.

MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 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 30.06.2019 RM'000	Preceding year corresponding quarter ended 30.06.2018 RM'000	Changes	
			RM'000	%
Revenue	50,557	32,796	+17,761	+54.2%
Profit before taxation	3,946	1,759	+2,187	+124.3%

For the quarter ended 30th June 2019, revenue was RM50.6 million compared to RM32.8 million for the corresponding quarter in the preceding year. The surge in revenue due to high demand from existing customers and the high revenue result in better profit as compared to the corresponding quarter of preceding year.

Current Quarter 2019 vs Preceding Quarter

	Current quarter ended 30.06.2019 RM'000	Preceding quarter ended 31.03.2019 RM'000	Changes	
			RM'000	%
Revenue	50,557	47,523	+3,034	+6.4%
Profit before taxation	3,946	3,812	+134	+3.5%

Orders from existing customers continue to increase for the second quarter of this year compared to preceding quarter in the same year with a net increase of 6.4% or RM3.0 million. Profits improved for this quarter compared to the preceding quarter due to lower raw material prices. Drop in demand for most paper grades in the global market has brought down paper and wood products cost.

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for the second quarter ended 30 June 2019

Current Year-to-date 2019 vs Preceding Year-to-date 2018

	Current year-to-date ended 30.06.2019 RM'000	Preceding year-to-date ended 30.06.2018 RM'000	Changes	
			RM'000	%
Revenue	98,080	66,647	+31,433	+47.2%
Profit before taxation	7,758	3,491	+4,267	+122.2%

The increase in revenue for the first and second quarter of 2019 totaled RM31.4 million or 47.2% compared to total year-to-date revenue of the same period of the preceding year while profit before tax jumped 122.2 % to RM7.7 million already for the six months ended 30th June 2019. All these was achieved due to high deliveries to customer of new products as well as the drop in raw material prices and the continuous effort by management to keep the operation costs down.

B2. Prospect 2019

The pace set in the first six months is expected to continue for the rest of the year. However, the group's customers' demand for packaging products depend on the demand for their products and thus we are not insulated from the performance of the world economy. In addition to new competition within the local market place, management need to be proactive to new challenges to ensure another year of stellar performance.

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 30.06.2019 RM'000	Current year-to-date ended 30.06.2019 RM'000
Taxation		
- current year	(720)	(1,446)
- prior year	134	-
	<hr style="width: 100%; border: 0.5px solid black;"/> (586)	<hr style="width: 100%; border: 0.5px solid black;"/> (1,446)
Deferred tax		
- current year	118	261
	<hr style="width: 100%; border: 0.5px solid black;"/> (468)	<hr style="width: 100%; border: 0.5px solid black;"/> (1,185)

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for the second quarter ended 30 June 2019

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 30.06.2019**Short term borrowings - Secured**

	RM'000
Bank overdrafts	4,183
Banker acceptances	17,930
Hire-purchase obligations due within one year	1,912
	<u>24,025</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>2,486</u>	<u>1,837</u>	<u>4,323</u>

The effective interest rates of loans and borrowings as at 30.06.2019 ranged from 4.61% to 8.5% 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.

	Current quarter ended 30.06.2019	Current year-to-date ended 30.06.2019
Profit attributable to owners of the parent (RM'000)	3,481	6,578
Number of ordinary shares outstanding	54,620,150	54,620,150
Basic earning per share (sen)	6.37	12.04
Diluted	N/A	N/A

MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 2019

B9. Cash and cash equivalents

	As at 30.06.2019 RM'000	As at 30.06.2018 RM'000
Term deposit (fixed rate)	-	500
Cash and bank balances	12,481	4,498
Bank overdrafts	(4,183)	(1,387)
	<u>8,298</u>	<u>3,611</u>

B10. Profit Before Tax Items

	Current quarter ended 30.06.2019 RM'000	Current year-to-date ended 30.06.2019 RM'000
Depreciation	1,036	2,031
Foreign exchange gain	(145)	(129)
Gain on disposal of property, plant and equipment	(8)	(8)
Impairment gain on other investments	(3)	(16)
Impairment loss on loans and receivables	1	1
Interest expense	358	766
Interest income	(16)	(30)
Inventory written-down	-	3
Reversal of impairment loss on loans and receivables	(4)	(6)

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

MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 2019

B11. Disclosure of realised and unrealised profits and losses

	Current quarter ended 30.06.2019 RM'000	Preceding year ended 30.06.2018 RM'000
Master-Pack Group Berhad and its subsidiaries :		
- Realised	(4,421)	(13,941)
- Unrealised	968	1,636
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	(3,453)	(12,305)
Total share of retained profits from associates :		
- Realised	406	411
- Unrealised	-	-
	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
	(3,047)	(11,894)
Less : Consolidation adjustments	29,067	28,729
	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
Total Group retained profit	<hr style="width: 100%; border: 1.5px solid black;"/>	<hr style="width: 100%; border: 1.5px solid black;"/>
	26,020	16,835

By order of the Board

Lee Peng Loon

P'ng Chiew Keem

Secretaries

Penang

Date: 23 August 2019