



## **QUARTERLY REPORT ON CONSOLIDATED RESULTS**

### **FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

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**MASTER-PACK GROUP BERHAD (297020-W)**

for the third quarter ended 30 September 2019

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(the figures have not been audited)

		<b>Current quarter ended 30.09.2019 RM'000</b>	<b>Preceding year corresponding quarter ended 30.09.2018 RM'000</b>	<b>Current year-to-date ended 30.09.2019 RM'000</b>	<b>Preceding year corresponding year-to-date ended 30.09.2018 RM'000</b>
Revenue	<b>B1</b>	55,480	37,125	153,560	103,772
Operating expenses		(49,108)	(35,286)	(138,977)	(98,908)
Other operating income		143	139	430	1,103
Profit from operations		6,515	1,978	15,013	5,967
Finance costs		(369)	(304)	(1,136)	(813)
Share of (Loss)/Profit in associated companies		17	42	44	53
<b>Profit before taxation</b>		6,163	1,716	13,921	5,207
Taxation	<b>B4</b>	(176)	(463)	(1,361)	(1,268)
<b>Profit for the period</b>		5,987	1,253	12,560	3,939
<b>Other comprehensive income :-</b>					
Items that may be reclassified subsequently to <u>profit or loss</u> :-					
- Fair value gain/(loss) on available-for-sale financial assets		-	7	-	(21)
- Currency translation of foreign operations		16	-	143	-
<b>Other comprehensive income for the period</b>		16	7	143	(21)
		6,003	1,260	12,703	3,918
<b>Profit/(loss) for the financial period attributable to:-</b>					
- Owners of the Company		5,988	1,255	12,566	3,945
- Non-Controlling Interest		(1)	(2)	(6)	(6)
		5,987	1,253	12,560	3,939
<b>Total comprehensive income/(loss) for the financial period attributable to:-</b>					
- Owners of the Company		6,004	1,262	12,709	3,924
- Non-Controlling Interest		(1)	(2)	(6)	(6)
		6,003	1,260	12,703	3,918
<b>Earnings per share (sen) :</b>					
(i) Basic	<b>B8</b>	10.96	2.30	23.01	7.22
(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 third quarter ended 30 September 2019

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at end of current quarter ended 30.09.2019 RM'000 (unaudited)	As at end of financial year ended 31.12.2018 RM'000 (audited)
<b>Non-Current Assets</b>			
Property, plant and equipment		51,404	53,732
Investment properties		14,670	14,670
Goodwill on consolidation		196	196
Investment in associates		523	479
Available-for-sales financial assets		265	248
		67,058	69,325
<b>Current Assets</b>			
Inventories		13,746	14,627
Trade and other receivables		43,094	39,050
Prepayments		725	1,695
Current tax assets		1	125
Cash and bank balances		21,790	8,124
		79,356	63,621
<b>TOTAL ASSETS</b>		146,414	132,946
<b>Non-Current Liabilities</b>			
Loans and borrowings - secured	<b>B5</b>	3,829	5,236
Deferred tax liabilities		5,255	5,661
		9,084	10,897
<b>Current Liabilities</b>			
Trade and other payables		10,019	14,526
Loans and borrowings - secured	<b>B5</b>	23,750	16,114
Current tax liabilities		774	244
		34,543	30,884
<b>TOTAL LIABILITIES</b>		43,627	41,781
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		55,339	55,339
Other reserves		47,431	35,803
		102,770	91,142
Equity attributable to owner of the Company		102,770	91,142
Non-controlling interest		17	23
		102,787	91,165
<b>TOTAL EQUITY</b>		102,787	91,165
<b>TOTAL LIABILITIES AND EQUITY</b>		146,414	132,946
Net assets per share attributable to owners of the Company (RM)		1.88	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 third quarter ended 30 September 2019

**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	Revaluation Reserve RM'000	Fair Value Reserve RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000			
<b>9 months ended 30 September 2018</b>								
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	-	-	(21)	-	-	(21)	-	(21)
Profit for the financial period	-	-	-	-	3,945	3,945	(6)	3,939
Total comprehensive income for the period	-	-	(21)	-	3,945	3,924	(6)	3,918
Dividend Owners of the Company	-	-	-	-	(820)	(820)	-	(820)
Total transactions with owners	-	-	-	-	(820)	(820)	-	(820)
Transfer of revaluation surplus	-	(338)	-	-	338	-	-	-
Balance as at 30 September 2018	55,339	4,959	90	0	18,202	78,590	25	78,615

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the third quarter ended 30 September 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			
<b>9 months ended 30 September 2019</b>								
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	-	-	-	154	-	154	-	154
Profit for the period	-	-	-	-	12,566	12,566	(6)	12,560
Total comprehensive income for the period	-	-	-	154	12,566	12,720	(6)	12,714
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	-	(465)	-	-	465	-	-	-
Balance as at 30 September 2019	55,339	15,125	-	142	32,164	102,770	17	102,787

(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 third quarter ended 30 September 2019

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(the figures have not been audited)

Note	Current year-to-date ended 30.09.2019 RM'000	Preceding year-to-date ended 30.09.2018 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	13,921	5,207
<u>Adjustments for non-cash flow items :-</u>		
Depreciation	3,016	2,702
Dividend income	(6)	(6)
Gain on changes in ownership of an associate	-	(154)
Gain on disposal of investment properties	-	(418)
Gain on disposal of property, plant and equipment	(8)	(16)
Impairment (gain)/loss on other investments	(16)	-
Impairment gain on loans and receivables	29	110
Interest expense	1,136	813
Interest income	(48)	(27)
Inventories written down	9	164
Property, plant and equipment written-off	3	-
Reversal of impairment loss on loans and receivables	(8)	-
Share of associate's profit	(44)	(53)
	<b>17,984</b>	<b>8,322</b>
<u>Changes in Working Capital :-</u>		
Inventories	872	(659)
Receivables	(4,065)	(4,247)
Prepayments	970	1,050
Payables	(4,507)	579
	11,254	5,045
Cash generated from operations	11,254	5,045
Income tax refunded	385	22
Income tax paid	(1,499)	(1,113)
	<b>10,140</b>	<b>3,954</b>
<b>Net cash generated from operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	6	6
Interest received	48	27
Proceeds from disposal of investment properties	-	1,716
Proceeds from disposal of properties, plant and equipment	8	-
Purchase of property, plant and equipment	(690)	(5,664)
	<b>(628)</b>	<b>(3,915)</b>
<b>Net cash used in investing activities</b>		

**MASTER-PACK GROUP BERHAD (297020-W)**

for the third quarter ended 30 September 2019

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(the figures have not been audited)

	<b>Current year-to-date ended 30.09.2019 RM'000</b>	<b>Preceding year-to-date ended 30.09.2018 RM'000</b>
<b>Note</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(1,092)	(820)
Interest paid	(1,136)	(813)
Net increase in short-term loans and borrowings	6,633	1,153
Proceeds from hire purchase loans	78	3,178
Repayment of hire purchase obligations	(1,503)	(1,275)
Repayment of short term loans	(103)	(166)
<b>Net cash generated from financing activities</b>	<b>2,877</b>	<b>1,257</b>
<b>CURRENCY TRANSLATION DIFFERENCES</b>		
	<b>154</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>12,389</b>	<b>1,296</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>	<b>6,000</b>	<b>2,815</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>18,543</b>	<b>4,111</b>
<b>B9</b>		

(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 third quarter ended 30 September 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 September 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 September 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 third quarter ended 30 September 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**

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.

**MASTER-PACK GROUP BERHAD (297020-W)**

for the third quarter ended 30 September 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**

	<b>Current quarter ended 30.09.2019 RM'000</b>	<b>Preceding year corresponding quarter ended 30.09.2018 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	55,480	37,125	+18,355	+49.4%
Profit before taxation	6,163	1,716	+4,447	+259.1%

The revenue for the current quarter is 49.4% or RM18.355 million higher than the revenue of the corresponding quarter of 2018 due to increase in deliveries to customers and these high deliveries are translated into much higher profits as the high volume brought down unit cost coupled with lower direct manufacturing cost.

**Current Quarter 2019 vs Preceding Quarter**

	<b>Current quarter ended 30.09.2019 RM'000</b>	<b>Preceding quarter ended 30.06.2019 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	55,480	50,557	+4,923	+9.7%
Profit before taxation	6,163	3,946	+2,217	+56.2%

Revenue for current quarter against the preceding quarter is also higher due to higher deliveries and similarly the higher volume results in better profit margins.

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

	<b>Current year-to-date ended 30.09.2019 RM'000</b>	<b>Preceding year-to-date ended 30.09.2018 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	153,560	103,772	+49,788	+48.0%
Profit before taxation	13,921	5,207	+8,714	+167.4%

With every quarter of 2019 registering an increase in revenue and profit before tax, the cumulative revenue for the year-to-date has increased by nearly RM50 million and profit before tax more than doubled that of the preceding year, all due to the explanations above.

**MASTER-PACK GROUP BERHAD (297020-W)**

for the third quarter ended 30 September 2019

**B2. Prospect 2019**

While the performance achieved to date has surpassed that of the year of 2018, management is still working relentlessly to keep up to the demands of customers and being vigilant on the economic development around the world that can affect the group's business.

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

Not applicable.

**B4. Taxation**

The taxation of the Group comprises:

	<b>Current quarter ended 30.09.2019 RM'000</b>	<b>Current year-to-date ended 30.09.2019 RM'000</b>
Taxation		
- current year	(919)	(2,365)
- prior year	598	598
	<u>(321)</u>	<u>(1,767)</u>
Deferred tax		
- current year	145	406
	<u>(176)</u>	<u>(1,361)</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 foreign subsidiary.

**B5. Group borrowings as at 30.09.2019****Short term borrowings - Secured**

	<b>RM'000</b>
Bank overdrafts	3,247
Banker acceptances	18,566
Hire-purchase obligations due within one year	1,937
	<u>23,750</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>
Hire-purchase obligations	<u>2,441</u>	<u>1,388</u>	<u>3,829</u>

The effective interest rates of loans and borrowings as at 30.09.2019 ranged from 4.61% to 8.5% per annum.

**MASTER-PACK GROUP BERHAD (297020-W)**

for the third quarter ended 30 September 2019

**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.

	<b>Current quarter ended 30.09.2019</b>	<b>Current year-to-date ended 30.09.2019</b>
Profit attributable to owners of the parent (RM'000)	5,988	12,566
Number of ordinary shares outstanding	54,620,150	54,620,150
Basic earning per share (sen)	10.96	23.01
Diluted	N/A	N/A

**B9. Cash and cash equivalents**

	<b>As at 30.09.2019 RM'000</b>	<b>As at 30.09.2018 RM'000</b>
Cash and bank balances	21,790	6,021
Bank overdrafts	(3,247)	(1,910)
	<u>18,543</u>	<u>4,111</u>

**MASTER-PACK GROUP BERHAD (297020-W)**

for the third quarter ended 30 September 2019

**B10. Profit Before Tax Items**

	<b>Current quarter ended 30.09.2019 RM'000</b>	<b>Current year-to-date ended 30.09.2019 RM'000</b>
Depreciation	985	3,016
Foreign exchange loss	97	226
Gain on disposal of property, plant and equipment	-	(8)
Impairment gain on other investments	-	(16)
Impairment loss on loans and receivables	30	29
Interest expense	370	1,136
Interest income	(18)	(48)
Inventory written-down	6	9
Reversal of impairment loss on loans and receivables	(2)	(8)

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**

	<b>Current quarter ended 30.09.2019 RM'000</b>	<b>Preceding year ended 30.09.2018 RM'000</b>
Master-Pack Group Berhad and its subsidiaries :		
- Realised	1,608	(12,623)
- Unrealised	1,064	1,664
	<hr/> 2,672	<hr/> (10,959)
Total share of retained profits from associates :		
- Realised	423	452
- Unrealised	-	-
	<hr/> 3,095	<hr/> (10,507)
Less : Consolidation adjustments	29,069	28,709
Total Group retained profit	<hr/> <hr/> 32,164	<hr/> <hr/> 18,202

By order of the Board

Lee Peng Loon

P'ng Chiew Keem

Secretaries

Penang

Date: 22 November 2019