



QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

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MASTER-PACK GROUP BERHAD (297020-W)

for the fourth quarter ended 31 December 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(the figures have not been audited)

		Current quarter ended 31.12.2019 RM '000	Preceding year corresponding quarter ended 31.12.2018 RM '000	Current year-to-date ended 31.12.2019 RM '000	Preceding year corresponding year-to-date ended 31.12.2018 RM '000
Revenue	B1	51,039	41,814	204,599	145,586
Operating expenses		(47,868)	(40,003)	(186,845)	(138,910)
Other operating income		833	1,482	1,263	2,584
Profit from operations		4,004	3,293	19,017	9,260
Finance costs		(325)	(233)	(1,461)	(1,045)
Share of (Loss)/Profit in associated companies		22	(37)	66	16
Profit before taxation		3,701	3,023	17,622	8,231
Taxation	B4	(574)	(1,215)	(1,935)	(2,483)
Profit for the period		3,127	1,808	15,687	5,748
Other comprehensive income :-					
<u>Items that will not be reclassified to profit or loss</u>					
- Revaluation increase of properties		-	12,658	-	12,658
- Deferred tax effects thereof		-	(1,927)	-	(1,927)
<u>Items that may be reclassified subsequently to profit or loss:-</u>					
- Fair value gain/(loss) on available-for-sale financial assets		-	21	-	-
- Currency translation of foreign operations		(66)	(12)	77	(12)
Other comprehensive income for the period		(66)	10,740	77	10,719
		3,061	12,548	15,764	16,467
Profit/(loss) for the financial period attributable to:-					
- Owners of the Company		3,129	1,810	15,695	5,756
- Non-Controlling Interest		(2)	(2)	(8)	(8)
		3,127	1,808	15,687	5,748
Total comprehensive income/(loss) for the financial period attributable to:-					
- Owners of the Company		3,063	12,550	15,772	16,475
- Non-Controlling Interest		(2)	(2)	(8)	(8)
		3,061	12,548	15,764	16,467
Earnings per share (sen) :					
(i) Basic	B9	5.73	3.31	28.73	10.54
(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 fourth quarter ended 31 December 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at end of current quarter ended 31.12.2019 RM'000 (unaudited)	As at end of financial year ended 31.12.2018 RM'000 (audited)
Non-Current Assets			
Property, plant and equipment		35,702	53,732
Investment properties		14,825	14,670
Goodwill on consolidation		196	196
Investment in associates		545	479
Right-of-use assets		14,899	-
Available-for-sales financial assets		265	248
		66,432	69,325
Current Assets			
Inventories		12,572	14,627
Trade and other receivables		39,788	39,050
Prepayments		1,801	1,695
Current tax assets		109	125
Cash and bank balances		22,915	8,124
		77,185	63,621
TOTAL ASSETS		143,617	132,946
Non-Current Liabilities			
Loans and borrowings - secured	B5	-	5,236
Lease Liabilities	B6	3,346	-
Deferred tax liabilities		5,399	5,661
		8,745	10,897
Current Liabilities			
Trade and other payables		14,090	14,526
Loans and borrowings - secured	B5	12,389	16,114
Lease liabilities	B6	1,953	-
Current tax liabilities		603	244
		29,035	30,884
TOTAL LIABILITIES		37,780	41,781
Equity			
Equity attributable to owners of the Company			
Share capital		55,339	55,339
Other reserves		50,483	35,803
		105,822	91,142
Equity attributable to owner of the Company		105,822	91,142
Non-controlling interest		15	23
TOTAL EQUITY		105,837	91,165
TOTAL LIABILITIES AND EQUITY		143,617	132,946
Net assets per share attributable to owners of the Company (RM)		1.94	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)
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Note	-----Attributable to Owners of the Company----->							Non-Controlling Interest	TOTAL EQUITY
	-----Non Distributable-----				Distributable				
	Share Capital	Revaluation Surplus	Fair Value Reserve	Currency Translation Reserve	Capital Reserve	Retained Profits	TOTAL		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
12 months ended 31 December 2018									
Balance as at 1 January 2018	55,339	5,298	111	-	-	14,738	75,486	31	75,517
Changes in accounting policies	-	-	(111)	-	-	111	-	-	-
	55,339	5,298	-	-	-	14,849	75,486	31	75,517
Reclassification adjustments on :-									
Revaluation increase of properties	-	12,658	-	-	-	-	12,658	-	12,658
Changes in currency translation	-	-	-	(12)	-	-	(12)	-	(12)
Deferred tax relating to revalued properties	-	(1,927)	-	-	-	-	(1,927)	-	(1,927)
Other comprehensive income for the period	-	10,731	-	(12)	-	-	10,719	-	10,719
Profit for the financial period	-	-	-	-	-	5,756	5,756	(8)	5,748
Total comprehensive income for the period	-	10,731	-	(12)	-	5,756	16,475	(8)	16,467
Dividend									
Owners of the Company	-	-	-	-	-	(819)	(819)	-	(819)
Total transactions with owners	-	-	-	-	-	(819)	(819)	-	(819)
Transfer of revaluation surplus	-	(439)	-	-	-	439	-	-	-
Balance as at 31 December 2018	55,339	15,590	-	(12)	-	20,225	91,142	23	91,165

MASTER-PACK GROUP BERHAD (297020-W)
for the fourth quarter ended 31 December 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
	-----Non Distributable-----				Distributable					
	Share Capital RM'000	Revaluation Surplus RM'000	Fair Value Reserve RM'000	Currency Translation Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000				
12 months ended 31 December 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	-	-	-	77	-	-	77	-	77	
Profit for the period	-	-	-	-	-	15,695	15,695	(8)	15,687	
Total comprehensive income for the period	-	-	-	77	-	15,695	15,772	(8)	15,764	
Dividend										
Owners of the Company	-	-	-	-	-	(1,092)	(1,092)	-	(1,092)	
Total transactions with owners	-	-	-	-	-	(1,092)	(1,092)	-	(1,092)	
Transfer of investment & equity fund	-	-	-	-	1,014	(1,014)	-	-	-	
Transfer of revaluation surplus	-	(620)	-	-	-	620	-	-	-	
Balance as at 31 December 2019	55,339	14,970	-	65	1,014	34,434	105,822	15	105,837	

(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 fourth quarter ended 31 December 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(the figures have not been audited)

Note	Current year-to-date ended 30.12.2019 RM'000	Preceding year-to-date ended 31.12.2018 RM'000
OPERATING ACTIVITIES		
Profit before taxation	17,622	8,231
<u>Adjustments for non-cash flow items :-</u>		
Compensation income	(130)	-
Depreciation	4,044	3,661
Dividend income	(7)	(15)
Gain on disposal of investment properties	-	(480)
Gain on disposal of property, plant and equipment	(19)	(16)
Gain on disposal of investment in unquoted shares	-	(447)
Gain on fair value adjustment of investment properties	(155)	-
Impairment (gain)/loss on other investments	(17)	53
Impairment loss on loans and receivables	-	183
Interest expense	1,461	1,045
Interest income	(92)	(52)
Inventories written down	471	232
Property, plant and equipment written-off	6	1
Reversal of impairment loss on loans and receivables	(291)	(884)
Reversal of inventories written down	(270)	-
Share of associate's profit	(66)	(16)
	22,557	11,496
<u>Changes in Working Capital :-</u>		
Inventories	1,854	(2,029)
Receivables	(447)	(5,820)
Prepayments	(106)	460
Payables	(306)	4,362
	23,552	8,469
Cash generated from operations		
Income tax refunded	857	23
Income tax paid	(2,679)	(1,794)
	21,730	6,698
Net cash generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of right-of-use assets	(2)	-
Additions of investment properties	-	(836)
Dividends received	7	15
Interest received	92	52
Proceeds from disposal of investment properties	-	1,700
Proceeds from disposal of properties, plant and equipment	22	16
Proceeds from disposal of investment in unquoted shares	-	524
Purchase of property, plant and equipment	(839)	(2,080)
	(720)	(609)
Net cash used in investing activities		

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(the figures have not been audited)

	Current year-to-date ended 30.12.2019 RM'000	Preceding year-to-date ended 31.12.2018 RM'000
	Note	
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,092)	(819)
Interest paid	(1,408)	(1,071)
Net (decrease)/increase in short-term loans and borrowings	(677)	1,023
Repayment of hire purchase obligations	-	(1,803)
Repayment of lease liability	(1,972)	-
Repayment of short term loans	(103)	(222)
Net cash used in financing activities	(5,252)	(2,892)
CURRENCY TRANSLATION DIFFERENCES		
	77	(12)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,835	3,185
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	6,000	2,815
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	B9 <u><u>21,835</u></u>	<u><u>6,000</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 2018 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)

for the fourth quarter ended 31 December 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 December 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 December 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.

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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 fourth quarter ended 31 December 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 31.12.2019 RM'000	Preceding year corresponding quarter ended 31.12.2018 RM'000	Changes	
			RM'000	%
Revenue	51,039	41,814	+9,225	+22.1%
Profit before taxation	3,701	3,023	+678	+22.4%

Revenue for the fourth quarter of 2019 is RM9.2 million (22.1%) higher than the same quarter of the previous year. The new set-up in Vietnam in the fourth quarter of 2018 is now running and supplying to its customer in full capacity this quarter.

Current Quarter 2019 vs Preceding Quarter

	Current quarter ended 31.12.2019 RM'000	Preceding quarter ended 30.09.2019 RM'000	Changes	
			RM'000	%
Revenue	51,039	55,480	-4,441	-8.0%
Profit before taxation	3,701	6,163	-2,462	-39.9%

However, revenue for current quarter against the preceding quarter has dropped as certain customers gave out fewer orders in light of their own decline in requirements and the drop in volume resulted in lower profits as well.

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

	Current year-to-date ended 31.12.2019 RM'000	Preceding year-to-date ended 31.12.2018 RM'000	Changes	
			RM'000	%
Revenue	204,599	145,586	+59,013	+40.5%
Profit before taxation	17,622	8,231	+9,391	114.1%

Overall, for the entire year of 2019, revenue climbed and surpassed RM200 million and profitability more than doubled that of the previous year. With higher revenue, higher margins was achieved through higher productivity, lower cost of raw material and lower overheads.

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for the fourth quarter ended 31 December 2019

B2. Prospect 2020

2020 may see some decline in overall results compared to the year 2019 as more business challenges kick in not only for the Group but for the customers as well as businesses around the world are experiencing rapid changes. Nevertheless, management is of the opinion the group will be able to manage the impact.

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 31.12.2019 RM'000	Current year-to-date ended 31.12.2019 RM'000
Taxation		
- current year	(538)	(2,903)
- prior year	108	706
	<u>(430)</u>	<u>(2,197)</u>
Deferred tax		
- current year	(130)	276
- prior year	(14)	(14)
	<u>(574)</u>	<u>(1,935)</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 31.12.2019**Short term borrowings - Secured**

	RM'000
Bank overdrafts	1,081
Banker acceptances	11,308
	<u>12,389</u>

The effective interest rates of loans and borrowings as at 31.12.2019 ranged from 4.57% to 8.35% per annum.

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B6. Lease Liabilities as at 31.12.2019**Short term lease liabilities - Secured**

	RM'000
Lease liabilities due within one year	1,953

Long-term lease liabilities - Secured

	Due Within 1 to 2 years RM'000	Due Within 2 to 5 years RM'000	Total RM'000
Lease liabilities	2,384	962	3,346

The effective interest rates of lease liabilities as at 31.12.2019 ranged from 4.98% to 6.16% per annum.

B7. Litigation

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

B8. Dividend Declared

The Board of Directors does not declare any dividend for the financial period under review.

B9. 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 31.12.2019	Current year-to-date ended 31.12.2019
Profit attributable to owners of the parent (RM'000)	3,129	15,695
Number of ordinary shares outstanding	54,620,150	54,620,150
Basic earning per share (sen)	5.73	28.73
Diluted	N/A	N/A

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B10. Cash and cash equivalents

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Cash and bank balances	22,916	8,124
Bank overdrafts	(1,081)	(2,124)
	<u>21,835</u>	<u>6,000</u>

B11. Profit Before Tax Items

	Current quarter ended 31.12.2019 RM'000	Current year-to-date ended 31.12.2019 RM'000
Depreciation	1,028	4,044
Foreign exchange loss	225	451
Gain on disposal of property, plant and equipment	(11)	(19)
Gain on fair value adjustment of investment propertie	(155)	(155)
Impairment gain on other investments	(1)	(17)
Impairment gain on loans and receivables	(29)	-
Interest expense	325	1,461
Interest income	(44)	(92)
Inventory written-down	462	471
Reversal of impairment loss on loans and receivables	(283)	(291)

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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B12. Disclosure of realised and unrealised profits and losses

	Current quarter ended 31.12.2019 RM'000	Preceding year ended 31.12.2018 RM'000
Master-Pack Group Berhad and its subsidiaries :		
- Realised	7,065	(8,233)
- Unrealised	898	(984)
	<hr/> 7,963	<hr/> (9,217)
Total share of retained profits from associates :		
- Realised	445	379
- Unrealised	-	-
	<hr/> 8,408	<hr/> (8,838)
Less : Consolidation adjustments	26,026	29,063
Total Group retained profit	<hr/> <hr/> 34,434	<hr/> <hr/> 20,225

By order of the Board

Lee Peng Loon

P'ng Chiew Keem

Secretaries

Penang

Date: 28 February 2020