



QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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MASTER-PACK GROUP BERHAD (297020-W)

for the first quarter ended 31 March 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(the figures have not been audited)

| | | Current quarter ended 31.03.2020 RM '000 | Preceding year corresponding quarter ended 31.03.2019 RM '000 | Current year-to-date ended 31.03.2020 RM '000 | Preceding year corresponding year-to-date ended 31.03.2019 RM '000 |
|---|-----------|--|--|---|---|
| Revenue | B1 | 40,661 | 47,523 | 40,661 | 47,523 |
| Operating expenses | | (37,248) | (43,445) | (37,248) | (43,445) |
| Other operating income | | 176 | 119 | 176 | 119 |
| Profit from operations | | 3,589 | 4,197 | 3,589 | 4,197 |
| Finance costs | | (223) | (408) | (223) | (408) |
| Share of (Loss)/Profit in associated companies | | (8) | 23 | (8) | 23 |
| Profit before taxation | | 3,358 | 3,812 | 3,358 | 3,812 |
| Taxation | B4 | (317) | (717) | (317) | (717) |
| Profit for the period | | 3,041 | 3,095 | 3,041 | 3,095 |
| Other comprehensive income :- | | | | | |
| Items that may be reclassified subsequently to profit or loss:- | | | | | |
| - Currency translation of foreign operations | | 229 | 101 | 229 | 101 |
| Other comprehensive income for the period | | 229 | 101 | 229 | 101 |
| | | 3,270 | 3,196 | 3,270 | 3,196 |
| Profit/(loss) for the financial period attributable to:- | | | | | |
| - Owners of the Company | | 3,042 | 3,097 | 3,042 | 3,097 |
| - Non-Controlling Interest | | (1) | (2) | (1) | (2) |
| | | 3,041 | 3,095 | 3,041 | 3,095 |
| Total comprehensive income/(loss) for the financial period attributable to:- | | | | | |
| - Owners of the Company | | 3,271 | 3,198 | 3,271 | 3,198 |
| - Non-Controlling Interest | | (1) | (2) | (1) | (2) |
| | | 3,270 | 3,196 | 3,270 | 3,196 |
| Earnings per share (sen) : | | | | | |
| (i) Basic | B9 | 5.57 | 5.67 | 5.57 | 5.67 |
| (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 2019 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)

for the first quarter ended 31 March 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | As at end of current quarter ended 31.03.2020 RM'000 (unaudited) | As at end of financial year ended 31.12.2019 RM'000 (audited) |
|---|-----------|--|---|
| Non-Current Assets | | | |
| Property, plant and equipment | | 35,901 | 35,702 |
| Investment properties | | 14,825 | 14,825 |
| Goodwill on consolidation | | 196 | 196 |
| Investment in associates | | 537 | 545 |
| Right-of-use assets | | 14,516 | 14,899 |
| Available-for-sales financial assets | | 195 | 265 |
| | | 66,170 | 66,432 |
| Current Assets | | | |
| Inventories | | 10,082 | 12,572 |
| Trade and other receivables | | 31,123 | 39,788 |
| Prepayments | | 356 | 1,801 |
| Current tax assets | | 30 | 109 |
| Cash and bank balances | | 31,519 | 22,915 |
| | | 73,110 | 77,185 |
| TOTAL ASSETS | | 139,280 | 143,617 |
| Non-Current Liabilities | | | |
| Lease Liabilities | B6 | 2,914 | 3,346 |
| Deferred tax liabilities | | 5,271 | 5,399 |
| | | 8,185 | 8,745 |
| Current Liabilities | | | |
| Trade and other payables | | 8,773 | 14,090 |
| Loans and borrowings - secured | B5 | 10,958 | 12,389 |
| Lease liabilities | B6 | 1,905 | 1,953 |
| Current tax liabilities | | 352 | 603 |
| | | 21,988 | 29,035 |
| TOTAL LIABILITIES | | 30,173 | 37,780 |
| Equity | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | 55,339 | 55,339 |
| Other reserves | | 53,754 | 50,483 |
| | | 109,093 | 105,822 |
| Equity attributable to owner of the Company | | 109,093 | 105,822 |
| Non-controlling interest | | 14 | 15 |
| TOTAL EQUITY | | 109,107 | 105,837 |
| TOTAL LIABILITIES AND EQUITY | | 139,280 | 143,617 |
| Net assets per share attributable to owners of the Company (RM) | | 2.00 | 1.94 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)
for the first quarter ended 31 March 2020

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 | Legal Reserves RM'000 | Revaluation Surplus RM'000 | Currency Translation Reserve RM'000 | Retained Profits 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 |
| Profit for the financial 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 |

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for the first quarter ended 31 March 2020

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 | Legal Reserves | Fair Revaluation Surplus | Currency Translation Reserve | Retained Profits RM'000 | | | |
| 3 months ended 31 March 2020 | | | | | | | | |
| Balance as at 1 January 2020 | 55,339 | 1,014 | 14,970 | 65 | 34,434 | 105,822 | 15 | 105,837 |
| Reclassification adjustments on :- | | | | | | | | |
| Changes in currency translation | - | - | - | 229 | - | 229 | - | 229 |
| Profit for the period | - | - | - | - | 3,042 | 3,042 | (1) | 3,041 |
| Total comprehensive income for the period | - | - | - | 229 | 3,042 | 3,271 | (1) | 3,270 |
| Transfer of legal reserves | - | 310 | - | - | (310) | - | - | - |
| Transfer of revaluation surplus | - | - | (157) | - | 157 | - | - | - |
| Balance as at 31 March 2020 | 55,339 | 1,324 | 14,813 | 294 | 37,323 | 109,093 | 14 | 109,107 |

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)

for the first quarter ended 31 March 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(the figures have not been audited)

| | Note | Current year-to-date ended 31.03.2020 RM'000 | Preceding year-to-date ended 31.12.2019 RM'000 |
|---|-------------|---|---|
| OPERATING ACTIVITIES | | | |
| Profit before taxation | | 3,358 | 17,622 |
| <u>Adjustments for non-cash flow items :-</u> | | | |
| Compensation income | | - | (130) |
| Depreciation | | 1,024 | 4,044 |
| Dividend income | | - | (7) |
| Gain on disposal of property, plant and equipment | | (5) | (19) |
| Gain on fair value adjustment of investment properties | | - | (155) |
| Impairment (gain)/loss on other investments | | 70 | (17) |
| Impairment loss on loans and receivables | | 7 | - |
| Interest expense | | 223 | 1,461 |
| Interest income | | (66) | (92) |
| Inventories written down | | 6 | 471 |
| Property, plant and equipment written-off | | - | 6 |
| Reversal of impairment loss on loans and receivables | | - | (291) |
| Reversal of inventories written down | | - | (270) |
| Share of associate's profit | | 8 | (66) |
| Operating profit before working capital changes | | 4,625 | 22,557 |
| <u>Changes in Working Capital :-</u> | | | |
| Inventories | | 2,484 | 1,854 |
| Receivables | | 8,658 | (447) |
| Prepayments | | 1,445 | (106) |
| Payables | | (5,324) | (306) |
| Cash generated from operations | | 11,888 | 23,552 |
| Income tax refunded | | 0 | 857 |
| Income tax paid | | (617) | (2,679) |
| Net cash generated from operating activities | | 11,271 | 21,730 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of right-of-use assets | | - | (2) |
| Dividends received | | - | 7 |
| Interest received | | 66 | 92 |
| Proceeds from disposal of properties, plant and equipment | | 5 | 21 |
| Purchase of property, plant and equipment | | (835) | (839) |
| Net cash used in investing activities | | (764) | (721) |

MASTER-PACK GROUP BERHAD (297020-W)

for the first quarter ended 31 March 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(the figures have not been audited)

| | Current year-to-date ended 31.03.2020 RM'000 | Preceding year-to-date ended 31.12.2019 RM'000 |
|---|---|---|
| Note | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid | - | (1,092) |
| Interest paid | (169) | (1,408) |
| Net (decrease)/increase in short-term loans and borrowings | (1,079) | (677) |
| Repayment of lease liability | (479) | (1,972) |
| Repayment of short term loans | - | (103) |
| Net cash generated from financing activities | (1,727) | (5,252) |
| CURRENCY TRANSLATION DIFFERENCES | 229 | 78 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 8,955 | 15,835 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR | 21,835 | 6,000 |
| CASH AND CASH EQUIVALENTS AT THE END OF YEAR | 30,790 | 21,835 |
| B10 | | |

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

Notes to the Interim Financial Statements:-

MASTER-PACK GROUP BERHAD (297020-W)

for the first quarter ended 31 March 2020

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 2020 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 2019. 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 2020 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 2019 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 2019. The Group has not applied the following MFRS which have been issued but are not yet effective :-

- MFRS 17 Insurance Contracts
- Amendments to MFRS 3 Definition of a Business
- Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 101 and MFRS 108 Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards

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.

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

MASTER-PACK GROUP BERHAD (297020-W)

for the first quarter ended 31 March 2020

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 first quarter ended 31 March 2020

B. Additional information required by the listing requirements of Bursa Malaysia Securities Berhad**B1 Performance Review of the Group****Current Quarter 2020 vs Corresponding Quarter 2019**

| | Current quarter ended 31.03.2020 RM'000 | Preceding year corresponding quarter ended 31.03.2019 RM'000 | Changes | |
|------------------------|--|---|----------------|----------|
| | | | RM'000 | % |
| Revenue | 40,661 | 47,523 | ▼ -6,862 | ▼ -14.4% |
| Profit before taxation | 3,358 | 3,812 | ▼ -454 | ▼ -11.9% |

The revenue for the current quarter dropped by RM6.9 million or 14.4% compared to the revenue of the corresponding quarter of 2019 due to lower demand from customers. In addition the MCO (Movement Control Order) implemented by the Government of Malaysia from 18 March 2020 saw a drop in revenue by 50% during the two weeks in March 2020. The Group was fortunate, both facilities in Nibong Tebal and Kuching were allowed to operate during the MCO period albeit at 50% capacity while the facility in Vietnam continued operating as usual. Nevertheless, the Group's profit before taxation contracted by 11.9% compared against the profit before tax of the corresponding quarter of 2019.

Current Quarter 2020 vs Preceding Quarter

| | Current quarter ended 31.03.2020 RM'000 | Preceding quarter ended 31.12.2019 RM'000 | Changes | |
|------------------------|--|--|----------------|----------|
| | | | RM'000 | % |
| Revenue | 40,661 | 51,047 | ▼ -10,386 | ▼ -20.3% |
| Profit before taxation | 3,358 | 3,701 | ▼ -343 | ▼ -9.3% |

Compared to the preceding quarter ie Quarter 4 of 2019 revenue for current quarter decreased by a total of RM10.4 million or 20.3%. This was mainly due the reduction of orders affected by line change of model which will take around 9 months for modification of production facility. In addition, the two weeks partial closure in March due to the MCO, added to the drop in deliveries. However, the Group still managed to record a profit before taxation of RM3.4 million amidst the challenging circumstances.

B2. Prospect 2020

The year 2020 is going to be very challenging as the impacts from the pandemic of COVID-19 takes effect on every aspects of livelihood in terms of health, social interactions and businesses. While the Group will not be spared from the consequences of business disruptions on supply and demand, the Group can ride through the year due to its strong balance sheet it has built over the years and a basket of diversified customers. As packaging is essential in the shipping of goods from one location to another, there are opportunities for the Group to tap into. The new trend that emerged during the last

MASTER-PACK GROUP BERHAD (297020-W)

for the first quarter ended 31 March 2020

two months when Malaysia was under the MCO, saw the rise in food deliveries and online shopping which translate into the needs for more packaging. The management will also review its business processes and procedures, identify its strengths and weakness and business strategies moving forward.

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 31.03.2020 RM'000 | Current year-to-date ended 31.03.2020 RM'000 |
|----------------|--|---|
| Taxation | | |
| - current year | (445) | (445) |
| Deferred tax | | |
| - current year | 128 | 128 |
| | <u>(317)</u> | <u>(317)</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 | 729 |
| Banker acceptances | 10,230 |
| | <u>10,959</u> |

The effective interest rates of loans and borrowings as at 31.03.2020 ranged from 3.63% to 4.65% per annum.

MASTER-PACK GROUP BERHAD (297020-W)

for the first quarter ended 31 March 2020

B6. Lease Liabilities as at 31.03.2020**Short term lease liabilities - Secured****RM'000**

Lease liabilities due within one year

1,905

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 | 2,374 | 540 | 2,914 |

The effective interest rates of lease liabilities as at 31.03.2020 ranged from 5.93% to 6.31% per annum.

B7. Litigation

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

B8. Dividend Declared

The Board of Directors has declared an interim dividend of 4 sen amounting to RM2,182,806 on 27 May 2020 to be payable on 24 June 2020 for the financial year ending 31 December 2020.

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 31.03.2020 | Current year-to-date ended 31.03.2020 |
|--|---|--|
| Profit attributable to owners of the parent (RM'000) | 3,042 | 3,042 |
| Number of ordinary shares outstanding | 54,620,150 | 54,620,150 |
| Basic earning per share (sen) | 5.57 | 5.57 |
| Diluted | N/A | N/A |

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for the first quarter ended 31 March 2020

B10. Cash and cash equivalents

| | As at 31.03.2020 RM'000 | As at 31.12.2019 RM'000 |
|------------------------|--|--|
| Cash and bank balances | 31,519 | 22,915 |
| Bank overdrafts | (729) | (1,080) |
| | <u>30,790</u> | <u>21,835</u> |

B11. Profit Before Tax Items

| | Current quarter ended 31.03.2020 RM'000 | Current year-to-date ended 31.03.2020 RM'000 |
|---|--|---|
| Depreciation | 1,024 | 1,024 |
| Foreign exchange loss | 132 | 132 |
| Gain on disposal of property, plant and equipment | (5) | (5) |
| Impairment loss/(gain) on other investments | 70 | 70 |
| Impairment loss on loans and receivables | 7 | 7 |
| Interest expense | 223 | 223 |
| Interest income | (66) | (66) |
| Inventory written-down | 6 | 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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for the first quarter ended 31 March 2020

B12. Disclosure of realised and unrealised profits and losses

| | Current quarter ended 31.03.2020 RM'000 | Preceding year ended 31.03.2019 RM'000 |
|---|--|---|
| Master-Pack Group Berhad and its subsidiaries : | | |
| - Realised | 9,883 | (6,889) |
| - Unrealised | 976 | 899 |
| | 10,859 | (5,990) |
| Total share of retained profits from associates : | | |
| - Realised | 437 | 402 |
| - Unrealised | - | - |
| | 11,296 | (5,588) |
| Less : Consolidation adjustments | 26,027 | 29,065 |
| Total Group retained profit | 37,323 | 23,477 |

By order of the Board

Lee Peng Loon

P'ng Chiew Keem

Secretaries

Penang

Date: 27 May 2020