



## **QUARTERLY REPORT ON CONSOLIDATED RESULTS**

### **FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

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

for the second quarter ended 30 June 2020

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(the figures have not been audited)

		Current quarter ended 30.06.2020 RM '000	Preceding year corresponding quarter ended 30.06.2019 RM '000	Current year-to-date ended 30.06.2020 RM '000	Preceding year corresponding year-to-date ended 30.06.2019 RM '000
Revenue	<b>B1</b>	33,436	50,557	74,097	98,080
Operating expenses		(31,611)	(46,424)	(68,859)	(89,869)
Other operating income		283	168	459	287
Profit from operations		2,108	4,301	5,697	8,498
Finance costs		(184)	(359)	(407)	(767)
Share of (Loss)/Profit in associated companies		38	4	30	27
<b>Profit before taxation</b>		1,962	3,946	5,320	7,758
Taxation	<b>B4</b>	(250)	(468)	(567)	(1,185)
<b>Profit for the period</b>		1,712	3,478	4,753	6,573
<b>Other comprehensive income :-</b>					
Items that may be reclassified subsequently to profit or loss:-					
- Currency translation of foreign operations		82	26	311	127
<b>Other comprehensive income for the period</b>		82	26	311	127
		1,794	3,504	5,064	6,700
<b>Profit/(loss) for the financial period attributable to:-</b>					
- Owners of the Company		1,714	3,481	4,756	6,578
- Non-Controlling Interest		(2)	(3)	(3)	(5)
		1,712	3,478	4,753	6,573
<b>Total comprehensive income/(loss) for the financial period attributable to:-</b>					
- Owners of the Company		1,796	3,507	5,067	6,705
- Non-Controlling Interest		(2)	(3)	(3)	(5)
		1,794	3,504	5,064	6,700
<b>Earnings per share (sen) :</b>					
(i) Basic	<b>B9</b>	3.14	6.37	8.71	12.04
(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 second quarter ended 30 June 2020

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at end of current quarter ended 30.06.2020 RM'000 (unaudited)	As at end of financial year ended 31.12.2019 RM'000 (audited)
<b>Non-Current Assets</b>			
Property, plant and equipment		35,555	35,702
Investment properties		14,825	14,825
Goodwill on consolidation		196	196
Investment in associates		576	545
Right-of-use assets		14,137	14,899
Available-for-sales financial assets		243	265
		65,532	66,432
<b>Current Assets</b>			
Inventories		13,910	12,572
Trade and other receivables		23,652	39,788
Prepayments		412	1,801
Current tax assets		26	109
Cash and bank balances	<b>B10</b>	34,617	22,915
		72,617	77,185
<b>TOTAL ASSETS</b>		138,149	143,617
<b>Non-Current Liabilities</b>			
Lease Liabilities	<b>B6</b>	2,387	3,346
Deferred tax liabilities		5,189	5,399
		7,576	8,745
<b>Current Liabilities</b>			
Trade and other payables		9,156	14,090
Loans and borrowings - secured	<b>B5</b>	10,615	12,389
Lease liabilities	<b>B6</b>	1,948	1,953
Current tax liabilities		138	603
		21,857	29,035
<b>TOTAL LIABILITIES</b>		29,433	37,780
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		55,339	55,339
Other reserves		53,365	50,483
		108,704	105,822
Equity attributable to owner of the Company		108,704	105,822
Non-controlling interest		12	15
<b>TOTAL EQUITY</b>		108,716	105,837
<b>TOTAL LIABILITIES AND EQUITY</b>		138,149	143,617
Net assets per share attributable to owners of the Company (RM)		1.99	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 second quarter ended 30 June 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			
<b>6 months ended 30 June 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				139	-	139	-	139
Other comprehensive income for the period	-	-	-	139	-	139	-	139
Profit for the financial 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

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the second quarter ended 30 June 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	Revaluation Surplus	Currency Translation Reserve	Retained Profits RM'000			
<b>6 months ended 30 June 2020</b>								
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	-	-	-	311	-	311	-	311
Profit for the period	-	-	-	-	4,756	4,756	(3)	4,753
Total comprehensive income for the period	-	-	-	311	4,756	5,067	(3)	5,064
Dividend								
Owners of the Company	-	-	-	-	(2,185)	(2,185)	-	(2,185)
Total transactions with owners	-	-	-	-	(2,185)	(2,185)	-	(2,185)
Transfer of legal reserves	-	476	-	-	(476)	-	-	-
Transfer of revaluation surplus	-	-	(240)	-	240	-	-	-
Balance as at 31 March 2020	55,339	1,490	14,730	376	36,769	108,704	12	108,716

**(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 second quarter ended 30 June 2020

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Current year-to-date ended 30.06.2020 RM'000 (unaudited)</b>	<b>Preceding year-to-date ended 31.12.2019 RM'000 (audited)</b>
<b>Note</b>		
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	5,320	17,622
Adjustments for non-cash flow items:-		
Compensation income	-	(130)
Depreciation	2,043	4,044
Dividend income	(3)	(7)
Fair value gains on investment properties	-	(155)
Fair value losses / (gains) on financial instruments	22	(17)
Gain on disposal of property, plant and equipment	(5)	(19)
Impairment losses / (reversal of impairment losses) on financial assets	48	(291)
Interest expense	407	1,461
Interest income	(145)	(92)
Inventories written down	12	471
Property, plant and equipment written off	-	6
Reversal of inventories written down	-	(270)
Share of associates' profit	(30)	(66)
Operating profit before working capital changes	7,669	22,557
Changes in :-		
Inventories	(1,350)	1,854
Receivables	16,088	(447)
Prepayments	1,389	(106)
Payables	(4,942)	(306)
Cash generated from operations	18,854	23,552
Tax paid	(1,159)	(2,679)
Tax refunded	-	857
Net cash from operating activities	17,695	21,730
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,127)	(839)
Acquisition of right-of-use assets	-	(2)
Dividends received	3	7
Interest received	145	92
Proceeds from disposal of property, plant and equipment	5	21
	(974)	(721)

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

for the second quarter ended 30 June 2020

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Current year-to-date ended 30.06.2020 RM'000 (unaudited)</b>	<b>Preceding year-to-date ended 31.12.2019 RM'000 (audited)</b>
	<b>Note</b>	
<b>Cash flows from financing activities</b>		
Dividend paid	(2,185)	(1,092)
Interest paid	(407)	(1,408)
Net decrease in short-term loans and borrowings	(694)	(677)
Payment of lease liabilities	(964)	(1,972)
Repayment of term loan	-	(103)
Net cash used in financing activities	(4,250)	(5,252)
Currency translation differences	311	78
Net increase in cash and cash equivalents	12,782	15,835
Cash and cash equivalents brought forward	21,835	6,000
Cash and cash equivalents carried forward	<b>B10</b> <u>34,617</u>	<u>21,835</u>

(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)

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

for the second quarter ended 30 June 2020

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 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 30 June 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 except for the impact of the Movement Control Order (MCO) due to the COVID-19 pandemic 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.



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

for the second quarter ended 30 June 2020

**A8. Dividend**

An interim dividend of 4 sen amounting to RM2,184,806.00 was paid on 24 June 2020 for the financial year ending 31 December 2020.

**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 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**

	<b>Current quarter ended 30.06.2020 RM'000</b>	<b>Preceding year corresponding quarter ended 30.06.2019 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	33,436	50,557	(17,121)	-33.9%
Profit before taxation	1,962	3,946	(1,984)	-50.3%

The revenue for the second quarter of the current financial year dropped by RM17.1 million or 33.9% compared to the revenue of the corresponding quarter of 2019. For the three months under review, Malaysia was under the rules of the Movement Control Order (MCO) where residents in Malaysia and economic activities were placed under strict Standard Operating Procedures (SOPs) by the government in its effort to combat the spread of the Coronavirus Disease (codenamed COVID-19). Although the Group was given some exemptions from the rules and was operating during the MCO period, restrictions on movement resulted in fewer deliveries and hence lower revenue and profits.

**Current Quarter 2020 vs Preceding Quarter**

	<b>Current quarter ended 30.06.2020 RM'000</b>	<b>Preceding quarter ended 31.03.2020 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	33,436	40,661	(7,225)	-17.8%
Profit before taxation	1,962	3,358	(1,396)	-41.6%

The second quarter in the MCO period was challenging compared to the preceding quarter where only two weeks was under the MCO period. Although the Group was operating during the MCO period, the Group still had to fulfill all the restrictions, limitations and rules laid down by the SOPs which also applied to customers including our supply chain. Revenue dropped by 17.8% or RM7.2 million as compared to the first quarter due to movement restriction resulting in fewer deliveries to customers. Profit before tax was lower by 41.6% or RM1.4 million were attributed to lower deliveries and higher operating cost to adhere to SOP requirements.

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

for the second quarter ended 30 June 2020

**Current Year-to-date 2020 vs Preceding Year-to-date 2019**

	<b>Current YTD ended 30.06.2020 RM'000</b>	<b>Preceding YTD ended 30.06.2019 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	74,097	98,080	(23,983)	-24.5%
Profit before taxation	5,320	7,758	(2,438)	-31.4%

Current year-to-date revenue fell 24.5% to RM74.1 million from RM98.1 million compared to the same period of last year due to the unprecedented impact from the outbreak of COVID-19 throughout the world. Nevertheless the Group still manage to record a profit before tax of RM5.3 million compared to RM7.8 million for the preceding year, down 31.4%.

**B2. Prospect 2020**

Malaysia is still under the rules of the MCO albeit with much relaxed SOPs compared to the first two phases from 18 March 2020 to 9 June 2020. The communities have started getting back to their daily activities prior to the start of the MCO. The Group is able to operate and function without much disruption, orders from and deliveries to customers are slowly resuming as customers who were affected by lockdowns in other countries are slowly easing back to a new normal.

The Group is fortunate to have built a strong financial standing over the last few years. Barring any further unforeseen adverse circumstances, the Group is confident that it will be able to ride the pandemic for this financial year.

**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 30.06.2020 RM'000</b>	<b>Current year-to-date ended 30.06.2020 RM'000</b>
Taxation		
- current year	(333)	(778)
- prior year	1	1
	<u>(332)</u>	<u>(777)</u>
Deferred tax		
- current year	82	210
	<u>(250)</u>	<u>(567)</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.

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

for the second quarter ended 30 June 2020

**B5. Group borrowings as at 30.06.2020****Short term borrowings - Secured**

	<b>RM'000</b>
Banker acceptances	10,615

The effective interest rates of loans and borrowings as at 30.06.2020 ranged from 2.91% to 4.97% per annum.

**B6. Lease Liabilities as at 30.06.2020****Short term lease liabilities - Secured**

	<b>RM'000</b>
Lease liabilities due within one year	1,948

**Long-term lease liabilities - 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>
Lease liabilities	1,624	763	2,387

The effective interest rates of lease liabilities as at 30.06.2020 ranged from 5.61% to 6.80% 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.

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

for the second quarter ended 30 June 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.

	<b>Current quarter ended 30.06.2020</b>	<b>Current year-to-date ended 30.06.2020</b>
Profit attributable to owners of the parent (RM'000)	1,714	4,756
Number of ordinary shares outstanding	54,620,150	54,620,150
Basic earning per share (sen)	3.14	8.71
Diluted	N/A	N/A

**B10. Cash and cash equivalents**

	<b>As at 30.06.2020 RM'000</b>	<b>As at 31.12.2019 RM'000</b>
Cash and bank balances	34,617	22,915
Bank overdrafts	-	(1,080)
	<u>34,617</u>	<u>21,835</u>

**B11. Profit Before Tax Items**

	<b>Current quarter ended 30.06.2020 RM'000</b>	<b>Current year-to-date ended 30.06.2020 RM'000</b>
Depreciation	1,014	2,043
Foreign exchange (gain) / loss	(47)	85
Gain on disposal of property, plant and equipment	(5)	(5)
Impairment loss/(gain) on other investments	(48)	22
Impairment loss on loans and receivables	7	48
Interest expense	238	407
Interest income	(79)	(145)
Inventory written-down	6	12

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 2020

**B12. Disclosure of realised and unrealised profits and losses**

	<b>Current quarter ended 30.06.2020 RM'000</b>	<b>Preceding year ended 30.06.2019 RM'000</b>
Master-Pack Group Berhad and its subsidiaries :		
- Realised	9,257	(4,421)
- Unrealised	1,008	968
	<hr/> 10,265	<hr/> (3,453)
Total share of retained profits from associates :		
- Realised	475	406
- Unrealised	-	-
	<hr/> 10,740	<hr/> (3,047)
Less : Consolidation adjustments	26,029	29,067
	<hr/> 36,769	<hr/> 26,020
Total Group retained profit	<hr/> <hr/> 36,769	<hr/> <hr/> 26,020

By order of the Board

Lee Peng Loon

P'ng Chiew Keem

Secretaries

Penang

Date: 21 August 2020