



## **QUARTERLY REPORT ON CONSOLIDATED RESULTS**

### **FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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

for the third quarter ended 30 September 2020

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(the figures have not been audited)

		Current quarter ended 30.09.2020 RM '000	Preceding year corresponding quarter ended 30.09.2019 RM '000	Current year-to-date ended 30.09.2020 RM '000	Preceding year corresponding year-to-date ended 30.09.2019 RM '000
Revenue	<b>B1</b>	33,578	55,480	107,675	153,560
Operating expenses		(30,856)	(49,108)	(99,745)	(138,977)
Other operating income		336	143	825	430
Profit from operations		3,058	6,515	8,755	15,013
Finance costs		(135)	(369)	(542)	(1,136)
Share of (Loss)/Profit in associated companies		13	17	43	44
<b>Profit before taxation</b>		2,936	6,163	8,256	13,921
Taxation	<b>B4</b>	(464)	(176)	(1,031)	(1,361)
<b>Profit for the period</b>		2,472	5,987	7,225	12,560
<b>Other comprehensive income :-</b>					
Items that may be reclassified subsequently to profit or loss:-					
- Currency translation of foreign operations		(290)	16	21	143
<b>Other comprehensive income for the period</b>		(290)	16	21	143
		2,182	6,003	7,246	12,703
<b>Profit/(loss) for the financial period attributable to:-</b>					
- Owners of the Company		2,473	5,988	7,229	12,566
- Non-Controlling Interest		(1)	(1)	(4)	(6)
		2,472	5,987	7,225	12,560
<b>Total comprehensive income/(loss) for the financial period attributable to:-</b>					
- Owners of the Company		2,183	6,004	7,250	12,709
- Non-Controlling Interest		(1)	(1)	(4)	(6)
		2,182	6,003	7,246	12,703
<b>Earnings per share (sen) :</b>					
(i) Basic	<b>B9</b>	4.53	10.96	13.24	23.01
(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 third quarter ended 30 September 2020

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at end of current quarter ended 30.09.2020 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		36,269	35,702
Investment properties		14,825	14,825
Goodwill on consolidation		196	196
Investment in associates		588	545
Right-of-use assets		13,862	14,899
Available-for-sales financial assets		248	265
		65,988	66,432
<b>Current Assets</b>			
Inventories		9,539	12,572
Trade and other receivables		24,314	39,788
Prepayments		608	1,801
Current tax assets		3	109
Cash and bank balances	<b>B10</b>	36,053	22,915
		70,517	77,185
<b>TOTAL ASSETS</b>		136,505	143,617
<b>Non-Current Liabilities</b>			
Lease Liabilities	<b>B6</b>	1,950	3,346
Deferred tax liabilities		5,166	5,399
		7,116	8,745
<b>Current Liabilities</b>			
Trade and other payables		10,774	14,090
Loans and borrowings - secured	<b>B5</b>	5,803	12,389
Lease liabilities	<b>B6</b>	1,892	1,953
Current tax liabilities		60	603
		18,529	29,035
<b>TOTAL LIABILITIES</b>		25,645	37,780
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		55,339	55,339
Other reserves		55,510	50,483
		110,849	105,822
Equity attributable to owner of the Company		110,849	105,822
Non-controlling interest		11	15
<b>TOTAL EQUITY</b>		110,860	105,837
<b>TOTAL LIABILITIES AND EQUITY</b>		136,505	143,617
Net assets per share attributable to owners of the Company (RM)		2.03	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 third quarter ended 30 September 2020

-----Attributable to Owners of the Company-----  
-----Non Distributable-----

Note	Share Capital RM'000	Legal Reserves RM'000	Revaluation Surplus RM'000	Currency Translation Reserve RM'000	Retained Profits RM'000	TOTAL RM'000	Non- Controlling Interest RM'000	TOTAL EQUITY 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 financial 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

**MASTER-PACK GROUP BERHAD (297020-W)**  
for the third quarter ended 30 September 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>9 months ended 30 September 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	-	-	-	(17)	-	(17)	-	(17)
Profit for the period	-	-	-	-	7,229	7,229	(4)	7,225
Total comprehensive income for the period	-	-	-	(17)	7,229	7,212	(4)	7,208
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	-	749	-	-	(749)	-	-	-
Transfer of revaluation surplus	-	-	(356)	-	356	-	-	-
Balance as at 30 September 2020	55,339	1,763	14,614	48	39,085	110,849	11	110,860

**(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 third quarter ended 30 September 2020

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

Note	Current year-to-date ended 30.09.2020 RM'000 (unaudited)	Preceding year-to-date ended 31.12.2019 RM'000 (audited)
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	8,256	17,622
Adjustments for non-cash flow items:-		
Compensation income	-	(130)
Depreciation	3,088	4,044
Dividend income	(4)	(7)
Fair value gains on investment properties	-	(155)
Fair value losses / (gains) on financial instruments	17	(17)
Gain on disposal of property, plant and equipment	(5)	(19)
Impairment losses / (reversal of impairment losses) on financial assets	27	(291)
Interest expense	446	1,461
Interest income	(174)	(92)
Inventories written down	14	471
Property, plant and equipment written off	-	6
Reversal of inventories written down	-	(270)
Share of associates' profit	(43)	(66)
Operating profit before working capital changes	11,622	22,557
Changes in :-		
Inventories	3,019	1,854
Receivables	15,447	(447)
Prepayments	1,193	(106)
Payables	(3,316)	(306)
Cash generated from operations	27,965	23,552
Tax paid	(1,703)	(2,679)
Tax refunded	2	857
Net cash from operating activities	26,264	21,730
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(2,618)	(839)
Acquisition of right-of-use assets	-	(2)
Dividends received	4	7
Interest received	174	92
Proceeds from disposal of property, plant and equipment	5	21
Net cash used in investing activities	(2,435)	(721)

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

for the third quarter ended 30 September 2020

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Current</b> <b>year-to-date ended</b> <b>30.09.2020</b> <b>RM'000</b> (unaudited)	<b>Preceding</b> <b>year-to-date ended</b> <b>31.12.2019</b> <b>RM'000</b> (audited)
	<b>Note</b>	
<b>Cash flows from financing activities</b>		
Dividend paid	(2,185)	(1,092)
Interest paid	(446)	(1,408)
Net decrease in short-term loans and borrowings	(5,506)	(677)
Payment of lease liabilities	(1,457)	(1,972)
Repayment of term loan	-	(103)
Net cash used in financing activities	(9,594)	(5,252)
Currency translation differences	(17)	78
Net increase in cash and cash equivalents	14,218	15,835
Cash and cash equivalents brought forward	21,835	6,000
Cash and cash equivalents carried forward	<b>B10</b> 36,053	21,835

**(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 third quarter ended 30 September 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 September 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 September 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.



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

for the third quarter ended 30 September 2020

**A8. Dividend**

There was no dividend paid in 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 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 30.09.2020 RM'000</b>	<b>Preceding year corresponding quarter ended 30.09.2019 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	33,578	55,480	(21,902)	-39.5%
Profit before taxation	2,936	6,163	(3,227)	-52.4%

The revenue for the third quarter of the current financial year dropped by RM21.9 million or 39.5% compared to the revenue of the corresponding quarter of 2019 while profit before tax was lower by RM3.2 million or 52.4%. The drop in revenue was due to decision of a major customer to change to a new product model and discontinue the old product model resulting in a temporary drop in revenue and the lower revenue resulted in the lower profit before taxation.

**Current Quarter 2020 vs Preceding Quarter**

	<b>Current quarter ended 30.09.2020 RM'000</b>	<b>Preceding quarter ended 30.09.2020 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	33,578	33,436	142	0.42%
Profit before taxation	2,936	1,962	974	49.6%

Compared to the second quarter for the financial year, revenue was at about the same level at RM33 million, an increase of 0.4% in percentage term while profit before taxation improved by RM1 million or 49.6%. Adapting to Malaysian Recovery Movement Order, management had taken strict measures in controlling operational cost. The improvement in profitability against the previous quarter is due to reduction in expenditure from effective cost controls on overtime, less manpower, lower materials cost and finance expenses.

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

	<b>Current YTD ended 30.09.2020 RM'000</b>	<b>Preceding YTD ended 30.09.2019 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	107,675	153,560	(45,885)	-29.9%
Profit before taxation	8,256	13,921	(5,665)	-40.7%

Current year-to-date revenue dropped by RM46 million or 29.9% compared to preceding year due to as aforesaid above. The lower revenue also resulted in lower profit before tax, a reduction of RM5.7 million or 40.7%.

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

for the third quarter ended 30 September 2020

**B2. Prospect 2020**

The Recovery Movement Order (RMCO) in Malaysia with targeted areas placed under Enhanced Movement Control Order (EMCO) due to the COVID-19 pandemic will remain for the rest of year 2020. All subsidiaries of the Group are currently operating as usual prior to the declaration of COVID-19 pandemic by World Health Organization (WHO) in March 2020. The company is taking proactive steps through daily monitoring of the COVID-19 current situation and barring any unforeseen circumstances, the Group is confident results for the financial year 2020 will be positive albeit below 2019's level.

**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 30.09.2020 RM'000</b>	<b>Current year-to-date ended 30.09.2020 RM'000</b>
Taxation		
- current year	(340)	(1,118)
- prior year	(147)	(146)
	<u>(487)</u>	<u>(1,264)</u>
Deferred tax		
- current year	23	233
	<u>(464)</u>	<u>(1,031)</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 30.09.2020****Short term borrowings - Secured**

	<b>RM'000</b>
Banker acceptances	<u>5,803</u>

The effective interest rates of loans and borrowings as at 30.09.2020 ranged from 2.91% to 4.97% per annum.

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

for the third quarter ended 30 September 2020

**B6. Lease Liabilities as at 30.09.2020****Short term lease liabilities - Secured**

	<b>RM'000</b>
Lease liabilities due within one year	1,892

**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	1,916	34	1,950

The effective interest rates of lease liabilities as at 30.09.2020 ranged from 5.22% 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.

**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 30.09.2020</b>	<b>Current year-to-date ended 30.09.2020</b>
Profit attributable to owners of the parent (RM'000)	2,473	7,229
Number of ordinary shares outstanding	54,620,150	54,620,150
Basic earning per share (sen)	4.53	13.24
Diluted	N/A	N/A

**B10. Cash and cash equivalents**

	<b>As at 30.09.2020 RM'000</b>	<b>As at 31.12.2019 RM'000</b>
Term deposit (fixed rate)	4,475	-
Cash and bank balances	31,578	22,915
Bank overdrafts	-	(1,080)
	<u>36,053</u>	<u>21,835</u>

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

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**B11. Profit Before Tax Items**

	<b>Current quarter ended 30.09.2020 RM'000</b>	<b>Current year-to-date ended 30.09.2020 RM'000</b>
Depreciation	1,045	3,088
Foreign exchange loss	86	171
Gain on disposal of property, plant and equipment	-	(5)
Impairment (gain)/loss on other investments	(5)	17
Impairment (gain)/loss on loans and receivables	(21)	27
Interest expense	39	446
Interest income	(29)	(174)
Inventory written-down	2	14

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

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

	<b>Current quarter ended 30.09.2020 RM'000</b>	<b>Preceding year ended 30.09.2019 RM'000</b>
Master-Pack Group Berhad and its subsidiaries :		
- Realised	11,586	1,608
- Unrealised	981	1,064
	12,567	2,672
Total share of retained profits from associates :		
- Realised	488	423
- Unrealised	-	-
	13,055	3,095
Less : Consolidation adjustments	26,030	29,069
Total Group retained profit	39,085	32,164

By order of the Board

Lee Peng Loon

P'ng Chiew Keem

Secretaries

Penang

Date: 20 November 2020