



QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE FIRST QUARTER ENDED 30 JUNE 2021

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MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(the figures have not been audited)

	Note	Current quarter ended 30.06.2021 RM '000	Preceding year corresponding quarter ended 30.06.2020 RM '000	Current year-to-date ended 30.06.2021 RM '000	Preceding year corresponding year-to-date ended 30.06.2020 RM '000
Revenue	B1	38,292	33,436	73,501	74,097
Operating expenses		(33,351)	(31,641)	(65,027)	(68,889)
Other operating income		490	313	991	489
Profit from operations		5,431	2,108	9,465	5,697
Finance costs		(116)	(184)	(237)	(407)
Share of (Loss)/Profit in associated companies		-	38	-	30
Profit before taxation		5,315	1,962	9,228	5,320
Taxation	B4	(1,018)	(250)	(1,672)	(567)
Profit for the period		4,297	1,712	7,556	4,753
Other comprehensive income :-					
Items that may be reclassified subsequently to profit or loss:-					
- Currency translation of foreign operations		16	82	542	311
Other comprehensive income for the period		16	82	542	311
		4,313	1,794	8,098	5,064
Profit/(loss) for the financial period attributable to:-					
- Owners of the Company		4,297	1,714	7,557	4,756
- Non-Controlling Interest		-	(2)	(1)	(3)
		4,297	1,712	7,556	4,753
Total comprehensive income/(loss) for the financial period attributable to:-					
- Owners of the Company		4,313	1,796	8,099	5,067
- Non-Controlling Interest		-	(2)	(1)	(3)
		4,313	1,794	8,098	5,064
Earnings per share (sen) :					
(i) Basic	B9	7.87	3.14	13.84	8.71
(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 2020 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at end of current quarter ended 30.06.2021 RM'000 (unaudited)	As at end of financial year ended 31.12.2020 RM'000 (audited)
Non-Current Assets			
Property, plant and equipment		35,131	35,723
Investment properties		15,145	15,145
Goodwill on consolidation		196	196
Investment in associates		-	606
Right-of-use assets		12,607	13,369
Available-for-sales financial assets		277	288
		63,356	65,327
Current Assets			
Inventories		15,647	11,803
Trade and other receivables		26,453	25,287
Prepayments		336	889
Current tax assets		77	584
Cash and bank balances	B10	37,096	37,988
		79,609	76,551
TOTAL ASSETS		142,965	141,878
Non-Current Liabilities			
Lease Liabilities	B6	766	1,211
Deferred tax liabilities		5,153	5,363
		5,919	6,574
Current Liabilities			
Trade and other payables		8,188	11,490
Loans and borrowings - secured	B5	6,428	7,182
Lease liabilities	B6	1,624	2,132
Dividend payable		-	1,092
Current tax liabilities		398	6
		16,638	21,902
TOTAL LIABILITIES		22,557	28,476
Equity			
Equity attributable to owners of the Company			
Share capital		55,339	55,339
Other reserves		65,060	58,053
		120,399	113,392
Equity attributable to owner of the Company		120,399	113,392
Non-controlling interest		9	10
TOTAL EQUITY		120,408	113,402
TOTAL LIABILITIES AND EQUITY		142,965	141,878
Net assets per share attributable to owners of the Company (RM)		2.20	2.08

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)
for the second quarter ended 30 June 2021

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

-----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
6 months ended 30 June 2020								
Balance as at 1 January 2020	55,339	1,014.00	14,970	65	34,434	105,822	15	105,837
Reclassification adjustments on :- Changes in currency translation				311	-	311	-	311
Profit for the financial 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 30 June 2020	55,339	1,490	14,730	376	36,769	108,704	12	108,716

MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 2021

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

(the figures have not been audited)

Note	-----Attributable to Owners of the Company-----						Non-Controlling Interest RM'000	TOTAL EQUITY RM'000
	Share Capital	Legal Reserves	Revaluation Surplus	Currency Translation Reserve	Retained Profits RM'000	TOTAL RM'000		
6 months ended 30 June 2021								
Balance as at 1 January 2021	55,339	2,081	14,340	(363)	41,995	113,392	10	113,402
Reclassification adjustments on :-								
Changes in currency translation	-	-	-	542	-	542	-	542
Profit for the period	-	-	-	-	7,557	7,557	(1)	7,556
Total comprehensive income for the period	-	-	-	542	7,557	8,099	(1)	8,098
Dividend								
Owners of the Company	-	-	-	-	(1,092)	(1,092)	-	(1,092)
Total transactions with owners	-	-	-	-	(1,092)	(1,092)	-	(1,092)
Transfer of legal reserves	-	583	-	-	(583)	-	-	-
Transfer of revaluation surplus	-	-	(316)	-	316	-	-	-
Balance as at 30 June 2021	55,339	2,664	14,024	179	48,193	120,399	9	120,408

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year-to-date ended 30.06.2021 RM'000 (unaudited)	Preceding year-to-date ended 31.12.2020 RM'000 (audited)
Note		
OPERATING ACTIVITIES		
Profit before taxation	9,228	12,793
Adjustments for non-cash flow items:-		
Depreciation	2,039	4,131
Dividend income	(3)	(4)
Fair value gains on investment properties	-	(320)
Fair value losses / (gains) on financial instruments	11	(22)
Loss on disposal of investment in an associate	6	-
Gain on disposal of property, plant and equipment	(30)	(5)
Impairment loss/(gain) on financial assets	16	(138)
Interest expense	237	652
Interest income	(246)	(360)
Inventories written down	12	240
Loss on derecognition of financial assets	-	10
Reversal of inventories written down	-	(85)
Share of associates' profit	-	(61)
Operating profit before working capital changes	11,270	16,831
Changes in :-		
Inventories	(3,856)	614
Receivables	(1,182)	14,629
Prepayments	553	912
Payables	(3,302)	(2,600)
Cash generated from operations	3,483	30,386
Tax paid	(983)	(2,633)
Tax refunded	-	2
Net cash from operating activities	2,500	27,755
Cash flows from investing activities		
Acquisition of property, plant and equipment	(685)	(2,623)
Acquisition of right-of-use assets	-	-
Dividends received	3	4
Interest received	246	360
Proceeds from disposal of investment in an associate	600	-
Proceeds from disposal of property, plant and equipment	30	5
Net cash from/ (used in) investing activities	194	(2,254)

MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Current year-to-date ended 30.06.2021 RM'000 (unaudited)	Preceding year-to-date ended 31.12.2020 RM'000 (audited)
Cash flows from financing activities			
Dividend paid		(2,184)	(2,185)
Interest paid		(237)	(708)
Net increase/(decrease) in short-term loans and borrowings		(754)	(4,071)
Payment of lease liabilities		(953)	(1,956)
Net cash used in financing activities		(4,128)	(8,920)
Currency translation differences		542	(428)
Net (decrease)/increase in cash and cash equivalents		(892)	16,153
Cash and cash equivalents brought forward		37,988	21,835
Cash and cash equivalents carried forward	B10	37,096	37,988

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 2021

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 2021 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 2020. 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 2021 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 2020 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 2020. 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 except for the impact of the COVID-19 pandemic.

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 2021

A8. Dividend

A single tier interim dividend of 2 sen amounting to RM1,092,403.00 was paid on 10 May 2021 for the financial year ending 31 December 2021.

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 2021

B. Additional information required by the listing requirements of Bursa Malaysia Securities Berhad**B1 Performance Review of the Group****Current Quarter 2021 vs Corresponding Quarter 2020**

	Current quarter ended 30.06.2021 RM'000	Preceding year corresponding quarter ended 30.06.2020 RM'000	Changes	
			RM'000	%
Revenue	38,292	33,436	4,856	14.5%
Profit before taxation	5,315	1,962	3,353	170.9%

Revenue for the second quarter of 2021 was higher than the corresponding quarter of preceding year by RM4.9 million or 14.5%. For 2021 most customers of the Group in Malaysia were allowed to operate with approvals from the Ministry of International Trade and Industry (MITI) as compared to 2020 when only industries in the “essential services sectors” were allowed to operate. For the subsidiary in Vietnam, operations were not disrupted in both periods.

Due to the higher revenue from improvement in some industry sectors and combined with a lower operating expenses and financial cost, profit before taxation margin improved from 6% for 2020 Quarter 2 to 14% for 2021.

Current Quarter 2021 vs Preceding Quarter

	Current quarter ended 30.06.2021 RM'000	Preceding quarter ended 30.03.2021 RM'000	Changes	
			RM'000	%
Revenue	38,292	35,209	3,083	8.8%
Profit before taxation	5,315	3,913	1,402	35.8%

Compared to the preceding quarter, revenue is higher by RM3.1 million or 8.8% due to higher deliveries to some industry sectors and profit before taxation improved to RM5.3 million from the improved contribution from a good mix of customers.

Current Year-to-date 2021 vs Preceding Year-to-date 2020

	Current YTD ended 30.06.2021 RM'000	Preceding YTD ended 30.06.2020 RM'000	Changes	
			RM'000	%
Revenue	73,501	74,097	(596)	-0.8%
Profit before taxation	9,228	5,320	3,908	73.5%

MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 2021

However compared to the six months ended 30 June 2020, revenue dropped by RM0.6 million. This was due to the variance for first quarter of 2021 and 2020 was much higher. Nevertheless, profit before taxation to date increased by RM3.9 million or 73.5% due to improved deliveries to customers with better margins.

B2. Prospect 2021

As a packaging provider, our deliveries depend on our customers' orders for their outputs. Due to the COVID-19 pandemic, customers' business are impacted due to localities lockdowns and operating requirements. So far, our major customers are able to operate without abnormal restrictions and with a diversified customer base, we are confident revenue for 2021 could match that of 2020. Cost control measures are still challenging as raw material as well as sub-material costs have been on an upward trend. Nevertheless, we have managed to contain the rising operating cost for the first half of 2021 and will continue to be vigilant for any cost overrun.

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 30.06.2021 RM'000	Current year-to-date ended 30.06.2021 RM'000
Taxation		
- current year	(1,114)	(1,882)
Deferred tax		
- current year	96	210
	<u>(1,018)</u>	<u>(1,672)</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 30.06.2021**Short term borrowings - Secured**

	RM'000
Banker acceptances	<u>6,428</u>

The effective interest rates of loans and borrowings as at 30.06.2021 ranged from 2.91% to 4.97% per annum.

MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 2021

B6. Lease Liabilities as at 30.06.2021**Short term lease liabilities - Secured****RM'000**Lease liabilities due within one year 1,624**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	<u>763</u>	<u>3</u>	<u>766</u>

The effective interest rates of lease liabilities as at 30.06.2021 ranged from 5.79% to 6.12% per annum.

B7. Litigation

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

B8. Dividend Declared

The Board 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 30.06.2021	Current year-to-date ended 30.06.2021
Profit attributable to owners of the parent (RM'000)	4,297	7,557
Number of ordinary shares outstanding	54,620,150	54,620,150
Basic earning per share (sen)	7.87	13.84
Diluted	N/A	N/A

MASTER-PACK GROUP BERHAD (297020-W)

for the second quarter ended 30 June 2021

B10. Cash and cash equivalents

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
Term deposit (fixed rate)	8,100	4,475
Cash and bank balances	28,996	33,513
	<hr/> 37,096 <hr/>	<hr/> 37,988 <hr/>

B11. Profit Before Tax Items

	Current quarter ended 30.06.2021 RM'000	Current year-to-date ended 30.06.2021 RM'000
Depreciation	1,030	2,039
Foreign exchange loss	34	149
Loss on disposal of investment in associates	6	6
Gain on disposal of property, plant and equipment	(30)	(30)
Impairment (gain) / loss on other investments	(7)	11
Impairment (gain) / loss on financial assets	(2)	16
Interest expense	116	237
Interest income	(121)	(246)
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.

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B12. Disclosure of realised and unrealised profits and losses

	30.06.2021	31.12.2020
	RM'000	RM'000
Master-Pack Group Berhad and its subsidiaries :		
- Realised	21,817	15,226
- Unrealised	845	733
	<hr/>	<hr/>
	22,662	15,959
Total share of retained profits from associates :		
- Realised	-	506
- Unrealised	-	-
	<hr/>	<hr/>
	22,662	16,465
Less : Consolidation adjustments	25,531	25,531
	<hr/>	<hr/>
Total Group retained profit	48,193	41,996

By order of the Board

Lee Peng Loon

P'ng Chiew Keem

Secretaries

Penang

Date: 20 August 2021