



MASTER-PACK
GROUP BERHAD 199401011341

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE SECOND QUARTER ENDED 30 JUNE 2022

CONTENTS	PAGE(S)
Condensed Consolidated Statement of Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3 - 4
Condensed Consolidated Statement of Cash Flows	5 - 6
Explanatory Notes to the Interim Financial Statements as required by FRS 134	7 - 8
Additional information required by the Listing Requirements of Bursa Malaysia Security Berhad	9 -12

MASTER-PACK GROUP BERHAD (297020-W)

for the 2nd quarter ended 30 June 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(the figures have not been audited)

	Note	Current quarter ended 30.06.2022 RM '000	Preceding year corresponding quarter ended 30.06.2021 RM '000	Current year-to-date ended 30.06.2022 RM '000	Preceding year corresponding year-to-date ended 30.06.2021 RM '000
Revenue	B1	38,829	38,292	75,717	73,501
Operating expenses		(33,492)	(33,351)	(65,968)	(65,027)
Other operating income		507	490	1,190	991
Profit from operations		5,844	5,431	10,939	9,465
Finance costs		(88)	(116)	(207)	(237)
Profit before taxation		5,756	5,315	10,732	9,228
Taxation	B4	(1,504)	(1,018)	(1,894)	(1,672)
Profit for the period		4,252	4,297	8,838	7,556
Other comprehensive income :-					
Items that may be reclassified subsequently to profit or loss:-					
- Currency translation of foreign operations		736	16	997	542
Other comprehensive income for the period		736	16	997	542
		4,988	4,313	9,835	8,098
Profit/(loss) for the financial period attributable to:-					
- Owners of the Company		4,252	4,297	8,839	7,557
- Non-Controlling Interest		-	-	(1)	(1)
		4,252	4,297	8,838	7,556
Total comprehensive income/(loss) for the financial period attributable to:-					
- Owners of the Company		4,988	4,313	9,836	8,099
- Non-Controlling Interest		-	-	(1)	(1)
		4,988	4,313	9,835	8,098
Earnings per share (sen) :					
(i) Basic	B9	7.78	7.87	16.18	13.84
(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 2021 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)

for the 2nd quarter ended 30 June 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at end of current quarter ended 30.06.2022 RM'000 (unaudited)	As at end of financial year ended 31.12.2021 RM'000 (audited)
Non-Current Assets			
Property, plant and equipment		35,009	35,955
Investment properties		14,640	14,640
Right -of-use assets		11,604	12,324
Goodwill on consolidation		196	196
Other investments		263	265
		61,712	63,380
Current Assets			
Inventories		18,226	17,377
Trade and other receivables		28,088	30,250
Prepayments		264	2,445
Current tax assets		11	312
Cash and bank balances	B10	47,908	44,318
		94,497	94,702
TOTAL ASSETS		156,209	158,082
Non-Current Liabilities			
Lease Liabilities	B6	1,028	1,517
Deferred tax liabilities		5,047	5,195
		6,075	6,712
Current Liabilities			
Trade and other payables		9,606	17,100
Loans and borrowings - secured	B5	4,486	5,674
Lease liabilities	B6	1,040	1,457
Current tax liabilities		957	744
		16,089	24,975
TOTAL LIABILITIES		22,164	31,687
Equity			
Equity attributable to owners of the Company			
Share capital		55,339	55,339
Other reserves		78,700	71,049
		134,039	126,388
Equity attributable to owner of the Company		134,039	126,388
Non-controlling interest		6	7
TOTAL EQUITY		134,045	126,395
TOTAL LIABILITIES AND EQUITY		156,209	158,082
Net assets per share attributable to owners of the Company (RM)		2.45	2.31

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)
for the 2nd quarter ended 30 June 2022

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			
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 financial 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

MASTER-PACK GROUP BERHAD (297020-W)
for the 2nd quarter ended 30 June 2022

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)
(the figures have not been audited)

Note	Attributable to Owners of the Company					Retained Profits RM'000	TOTAL RM'000	Non-Controlling Interest RM'000	TOTAL EQUITY RM'000
	Share Capital	Legal Reserves	Revaluation Surplus	Currency Translation Reserve	Non Distributable				
6 months ended 30 June 2022									
Balance as at 1 January 2022	55,339	3,281	13,721	362	53,685	126,388	7	126,395	
Reclassification adjustments on :-									
Changes in currency translation	-	-	-	997	-	997	-	997	
Profit for the period	-	-	-	-	8,839	8,839	(1)	8,838	
Total comprehensive income for the period	-	-	-	997	8,839	9,836	(1)	9,835	
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	-	864	-	-	(864)	-	-	-	
Transfer of revaluation surplus	-	-	(312)	-	312	-	-	-	
Balance as at 30 June 2022	55,339	4,145	13,409	1,359	59,787	134,039	6	134,045	

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)

for the 2nd quarter ended 30 June 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year-to-date ended 30.06.2022 RM'000 (unaudited)	Preceding year-to-date ended 31.12.2021 RM'000 (audited)
OPERATING ACTIVITIES		
Profit before taxation	10,732	18,229
Adjustments for non-cash flow items:-		
Depreciation	1,887	4,047
Dividend income	(4)	(5)
Fair value loss/(gains) on financial instruments	2	(35)
Loss on disposal of investment in an associate	-	6
Loss on disposal of investment in a subsidiary	-	99
Gain on disposal of property, plant and equipment	-	(20)
Impairment loss on financial assets	14	58
Interest expense	207	442
Interest income	(406)	(604)
Inventories written down	12	85
Loss on derecognition of financial assets	-	28
Property, plant and equipment written off	17	-
Operating profit before working capital changes	12,461	22,330
Changes in :-		
Inventories	(861)	(5,659)
Receivables	2,148	(5,052)
Prepayments	2,181	(1,556)
Payables	(7,493)	5,612
Cash generated from operations	8,436	15,675
Tax paid	(1,535)	(2,910)
Net cash generated from operating activities	6,901	12,765
Cash flows from investing activities		
Acquisition of property, plant and equipment	(233)	(1,724)
Dividends received	4	5
Interest received	406	604
Proceeds from disposal of investment in an associate	-	600
Proceeds from disposal of investment in a subsidiary	-	380
Proceeds from disposal of property, plant and equipment	-	20
Proceeds from disposal of other investment	-	57
Net cash generated from/(used in) investing activities	177	(58)

MASTER-PACK GROUP BERHAD (297020-W)

for the 2nd quarter ended 30 June 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year-to-date ended 30.06.2022 RM'000 (unaudited)	Preceding year-to-date ended 31.12.2021 RM'000 (audited)
	Note	
Cash flows from financing activities		
Dividend paid	(2,185)	(3,277)
Interest paid	(207)	(449)
Net decrease in short-term loans and borrowings	(1,188)	(1,501)
Payment of lease liabilities	(906)	(1,870)
Net cash used in financing activities	(4,486)	(7,097)
Currency translation differences	998	720
Net increase in cash and cash equivalents	3,590	6,330
Cash and cash equivalents brought forward	44,318	37,988
Cash and cash equivalents carried forward	B10 47,908	44,318

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)

MASTER-PACK GROUP BERHAD (297020-W)

for the 2nd quarter ended 30 June 2022

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 2022 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 2021. 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 2022 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 2021 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 2021 except for the adoption of the following MFRS :-

- Amendments to MFRS 3 Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract
- Annual improvements to MFRS Standards 2018 - 2020

The initial application of the above MFRSs is either not relevant or did not have any significant impacts on the financial statements.

The Group has not applied the following MFRS which have been issued but are not yet effective at the end of the reporting period:-

- MFRS 17 Insurance Contracts
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101 Disclosure of Accounting Policies
- Amendments to MFRS 108 Definition of Accounting Estimates
- Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the above standards and amendments is either not relevant or 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.

MASTER-PACK GROUP BERHAD (297020-W)

for the 2nd quarter ended 30 June 2022

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

A single tier interim dividend of 4 sen amounting to RM2,184,806 was paid on 25 April 2022 for the financial year ending 31 December 2022.

A9. Segmental Information

The Group has two operating segments as follows:-

a) Packaging Division

Designing and manufacturing corrugated paper cartons, wooden packaging 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 except an application had been submitted to Suruhanjaya Syarikat Malaysia on 22 June 2022 to strike-off Master-Pack Energy Sdn. Bhd., a dormant subsidiary. As at to-date the strike-off is still pending approval.

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 2nd quarter ended 30 June 2022

B. Additional information required by the listing requirements of Bursa Malaysia Securities Berhad**B1 Performance Review of the Group****Current Quarter 2022 vs Corresponding Quarter 2021**

	Current quarter ended 30.06.2022 RM'000	Preceding year corresponding quarter ended 30.06.2021 RM'000	Changes	
			RM'000	%
Revenue	38,829	38,292	537	1.4%
Profit before taxation	5,756	5,315	441	8.3%

Revenue for the quarter ended 30 June 2022 is RM0.5 million or 1.4% higher compared to the corresponding quarter of the preceding year. This was due to higher deliveries. Profit before taxation improved by RM0.4 million or 8.3%.

Current Quarter 2022 vs Preceding Quarter 2021

	Current quarter ended 30.06.2022 RM'000	Preceding quarter ended 31.03.2022 RM'000	Changes	
			RM'000	%
Revenue	38,829	36,888	1,941	5.3%
Profit before taxation	5,756	4,976	780	15.7%

Compared to the preceding quarter, revenue increased by RM1.9 million or 5.3% due to higher deliveries. Profit before taxation improved by RM0.8 million from higher deliveries bringing down unit fixed cost.

Current Year-to-date 2022 vs Preceding Year-to-date 2021

	Current YTD ended 30.06.2022 RM'000	Preceding YTD ended 30.06.2021 RM'000	Changes	
			RM'000	%
Revenue	75,717	73,501	2,216	3.0%
Profit before taxation	10,732	9,228	1,504	16.3%

Year-to-date revenue increased by RM2.2 million, 3.0% and profit before taxation at RM10.7 million for the six months to 30 June 2022 improved by RM1.5 million, 16.3%. This was due to higher deliveries to customers with better margins.

B2. Prospect 2022

Revenue for the rest of the year is not expected to fluctuate much while profit margins may decline due to depreciation of the Malaysian Ringgit against the US Dollar impact on raw material costs and inflationary pressures will also push up other operating cost in addition to the upward adjustment on wages. However, measures have been put in place to mitigate the adverse effects.

MASTER-PACK GROUP BERHAD (297020-W)

for the 2nd quarter ended 30 June 2022

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 30.06.2022 RM'000	Current year-to-date ended 30.06.2022 RM'000
Taxation		
- current year	(1,541)	(2,504)
- prior year	(13)	462
Deferred tax		
- current year	50	148
	<u>(1,504)</u>	<u>(1,894)</u>

The effective tax rate for the year is slightly lower than the Malaysian income tax rate of 24% due to lower tax rate enjoyed by its foreign subsidiary.

B5. Group borrowings as at 30.06.2022**Short term borrowings - Secured**

	RM'000
Banker acceptances	<u>4,486</u>

The effective interest rates of loans and borrowings as at 30.06.2022 ranged from 3.27% to 3.70% per annum.

B6. Lease Liabilities as at 30.06.2022**Short term lease liabilities - Secured**

	RM'000
Lease liabilities due within one year	<u>1,040</u>

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>610</u>	<u>418</u>	<u>1,028</u>

The effective interest rates of lease liabilities as at 30.06.2022 ranged from 5.55% to 6.00% per annum.

MASTER-PACK GROUP BERHAD (297020-W)

for the 2nd quarter ended 30 June 2022

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 30.06.2022	Current year-to-date ended 30.06.2022
Profit attributable to owners of the parent (RM'000)	4,252	8,839
Number of ordinary shares outstanding	54,620,150	54,620,150
Basic earning per share (sen)	7.78	16.18
Diluted	N/A	N/A

B10. Cash and cash equivalents

	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000
High liquid investments in money market funds	8,103	8,096
Term deposits	17,010	13,650
Cash and bank balances	22,795	22,572
	<u>47,908</u>	<u>44,318</u>

MASTER-PACK GROUP BERHAD (297020-W)

for the 2nd quarter ended 30 June 2022

B11. Profit Before Tax Items

	RM'000	RM'000
Depreciation	892	1,887
Foreign exchange loss	37	60
Impairment loss on other investments	21	2
Impairment (gain)/loss on financial assets	(25)	14
Interest expense	88	207
Interest income	(219)	(406)
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.

B12. Disclosure of realised and unrealised profits and losses

	Current quarter ended 30.06.2022 RM'000	Preceding year ended 31.12.2021 RM'000
Master-Pack Group Berhad and its subsidiaries :		
- Realised	34,153	28,091
- Unrealised	730	691
	<hr/>	<hr/>
	34,883	28,782
Less : Consolidation adjustments	24,904	24,903
	<hr/>	<hr/>
Total Group retained profit	<u>59,787</u>	<u>53,685</u>

By order of the Board

Lee Peng Loon

P'ng Chiew Keem

Secretaries

Penang

Date: 19 August 2022