

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND QUARTER ENDED 31 DECEMBER 2004**

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2004**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2004 RM'000	31/12/2003 RM'000	31/12/2004 RM'000	31/12/2003 RM'000
Revenue	257,250	293,182	572,369	540,066
Operating expenses	(245,842)	(244,465)	(521,019)	(466,937)
Other operating (income) / expenses	526	(1,864)	(6,394)	(1,557)
Operating profit	11,934	46,853	44,956	71,572
Finance cost	(5,351)	(3,725)	(9,991)	(7,519)
Interest income	2,010	1,454	3,316	2,648
Profit before taxation	8,593	44,582	38,281	66,701
Taxation	(861)	(3,158)	(3,661)	(6,168)
Profit after taxation	7,732	41,424	34,620	60,533
Minority interest	(5,901)	(12,520)	(14,897)	(18,694)
Net Profit for the period	1,831	28,904	19,723	41,839
Earnings per share (sen): -				
(a) Basic	0.92	14.53	9.92	21.03
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2004.

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND QUARTER ENDED 31 DECEMBER 2004****The figures have not been audited****CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2004**

	As at end of current quarter 31/12/2004 RM'000	As at preceding financial year end 30/06/2004 RM'000
Property, plant and equipment	1,036,641	1,009,934
Investments	4,663	4,663
Intangible assets	17,757	18,839
Other assets	57,344	62,678
Current assets		
Inventories	65,539	68,468
Trade and other receivables	154,540	202,208
Tax recoverable	8,364	12,749
Cash and bank balances	213,843	151,615
	442,286	435,040
Current Liabilities		
Trade and other payables	167,370	208,506
Short term borrowings and overdraft (unsecured)	155,340	326,358
Taxation	3	10
	322,713	534,874
Net current assets	119,573	(99,834)
	1,235,978	996,280
Share capital	104,942	104,942
Reserves	737,578	747,693
Treasury shares, at cost	(163,620)	(163,620)
	678,900	689,015
Minority shareholders' interests	237,273	235,577
Long term and deferred liabilities		
Borrowings (unsecured)	277,836	38,000
Deferred taxation	41,480	33,102
Retirement benefits	489	586
	319,805	71,688
	1,235,978	996,280
Net tangible assets per share (sen)	332	337

**The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual
Financial Report for the Year Ended 30 June 2004.**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2004**

	Current Year- To-Date 31/12/2004 RM'000	Preceding Year corresponding period ended 31/12/2003 RM'000
Profit before taxation	38,281	66,701
Adjustment for:-		
Depreciation and amortisation	106,709	100,738
Non-cash items	18	302
Gain on disposal of quoted investments	-	(2,174)
Net financing cost	6,675	4,871
Operating profit before changes in working capital	151,683	170,438
Changes in working capital		
Net change in long term / current assets	55,930	(61,276)
Net change in current liabilities	(41,136)	72,203
Taxation paid	9,095	(19)
Net financing cost paid	(6,675)	(4,871)
Other operating expenses paid	(115)	(172)
Net cash flow generated from operating activities	168,782	176,303
Investing Activities		
Equity investments	-	34,197
Other investments	(132,334)	(114,006)
Net cash flow used in investing activities	(132,334)	(79,809)
Financing Activities		
Dividends paid	(43,038)	(41,838)
Net proceeds (repayment) of borrowings	69,529	(15,242)
Net cash flow generated from / (used in) financing activities	26,491	(57,080)
Net change in cash and cash equivalent	62,939	39,414
Cash & cash equivalent at beginning of period	150,904	147,387
Cash & cash equivalent at end of period	213,843	186,801

Cash and cash equivalent included in the cash flow statement comprise the following balance sheet amounts:

	31/12/2004 RM'000	31/12/2003 RM'000
Cash	213,843	197,641
Bank Overdraft	-	(10,840)
	213,843	186,801

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2004.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2004**

<i>Current Period</i>	Share Capital	Reserve attributable to capital	Reserve attributable to revenue	Retained profits	Treasury Shares	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 31 December 2004						
At 1 July 2004	104,942	250,162	(3,629)	501,160	(163,620)	689,015
Net Profit for the period				19,723		19,723
Dividends Paid				(29,838)		(29,838)
Redemption of RPS		100		(100)		-
At 31 December 2004	104,942	250,262	(3,629)	490,945	(163,620)	678,900
Preceding year corresponding period ended 31 December 2003						
At 1 July 2003	104,942	249,952	(3,629)	486,684	(163,620)	674,399
Net Profit for the period				41,839		41,839
Dividends Paid				(29,838)		(29,838)
Redemption of RPS		80		(80)		-
At 31 December 2003	104,942	250,102	(3,629)	498,605	(163,620)	686,400

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2004.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND QUARTER ENDED 31 DECEMBER 2004**

The figures have not been audited

1. Accounting policies and methods of computation

The interim financial report has been prepared in accordance with MASB 26 “Interim Financial Reporting” and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2004.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2004.

2. Qualification of audit report of the preceding annual financial statements

The audit report for the preceding annual financial statements was not qualified.

3. Seasonality or cyclicity of interim operations

The traditional year-end festive surge in new orders did not materialise, as demand was mostly met from stocks already built earlier.

4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

5. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years

There were no changes in estimates of amounts reported in prior financial years.

6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There was no issuance of share, share buy-back, share cancellation, resale of treasury shares nor repayment of debt or equity share during the financial quarter ended 31 December 2004.

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2004

The figures have not been audited

7. Dividend

During the current financial year-to-date, the Company paid a gross first interim dividend of 15 sen tax exempt per RM0.50 ordinary share amounting to RM29.838 million on 28 December 2004.

8. Segmental Reporting

The Group's segmental report for the current year-to-date is as follows:-

	Semiconductor RM'000	Investment holding RM'000	Total RM'000
Revenue	571,938	431	572,369
Operating profit	49,718	(4,762)	44,956
Finance cost			(9,991)
Interest income			3,316
Profit before taxation			38,281
Taxation			(3,661)
Profit after taxation			34,620
Minority interest			(14,897)
Net profit for the period			19,723

9. Valuations of property, plant and equipment

The valuation of property, plant and equipment has been brought forward without any amendments from the previous annual financial statements.

10. Material Events Not Reflected In The Financial Statements

There were no material subsequent events to be disclosed as at the date of this report.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND QUARTER ENDED 31 DECEMBER 2004**

The figures have not been audited

11. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

12. Contingent liabilities or contingent assets

Save as disclosed in Note 23, there are no contingent liabilities or contingent assets as at the date of this report.

13. Review of Performance

Compared with the same quarter last year, the Group's revenue decreased to RM257.3 million or 12.3% from RM293.2 million. Consequently, profit before tax also decreased from RM44.6 million to RM8.6 million. The decline in performance is attributable to sharply lower sales.

14. Material changes in profit before taxation ("PBT")

The Group's PBT for the quarter under review was RM8.6 million as compared with RM29.7 million for the preceding quarter. The decrease was attributable mainly to the acute drop in revenue, reflecting the impact of the current softness in the world-wide semiconductor industry.

15. Prospects

Although visibility is poor and the global economy remains uncertain, the Board expects this slow-down to be short-term and the industry should see some recovery in the second half of the current financial year ending 30 June 2005.

16. Profit forecast / profit guaranteed

This note is not applicable.

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17. Taxation

Taxation comprise: -

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2004 RM'000	31/12/2003 RM'000	31/12/2004 RM'000	31/12/2003 RM'000
Current taxation				
Malaysia				
- Current Year	19	39	89	45
- (Over) / under provision in prior years	(1,497)	125	(4,806)	135
Deferred taxation				
- Current Year	2,339	2,994	8,378	5,988
	861	3,158	3,661	6,168
	861	3,158	3,661	6,168

The Group's effective tax rate is lower than the statutory tax rate mainly due to tax incentive / allowances granted to certain subsidiaries.

18. Sale of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties for the current quarter and year to-date.

19. Quoted securities

(a) There were no purchases or disposals of quoted securities (other than securities in existing subsidiaries and associated companies) for the current quarter and financial year-to-date.

(b) Particulars of investments in quoted securities as at 31 December 2004: -

	RM'000
At cost	3,970
At book value	3,970
At market value	13,763

20. Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

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21. Group's borrowings and debt securities

Particulars of the Group's borrowings and debts securities as at 31 December 2004 are as follows:

	RM'000
(i) Unsecured short term borrowings and overdraft	155,340
(ii) Unsecured long term borrowings	277,836
	<u>433,176</u>

The above include borrowings denominated in foreign currency as follows: -

	RM'000
USD borrowings	430,629

22. Financial Instruments with Off Balance Sheet Risk

The Group enters into short-term foreign exchange contracts to hedge its exposure to currency fluctuations affecting certain foreign currency denominated trade payables and receivables.

Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

The Instruments with Off Balance Sheet Risk as at 21 February 2005 are as follow: -

	Contract amount (RM'000)
Foreign exchange forward contracts	358,569

The above contracts are maturing within a period of 6 months.

There is minimal credit and market risk because the contracts were executed with established financial institutions.

Gains and losses on foreign exchange contracts are recognised in the income statements upon realisation.

23. Changes in Material Litigation

The International Trade Commission ("ITC") in Washington D.C. has on 18 November 2004, issued an initial determination **in favour** of Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd and Carsem Inc. (collectively "Carsem Group") in relation to a complaint filed by Amkor Technology, Inc. ("Amkor") on 17 November 2003.

The complaint alleged Carsem Group of infringing three of Amkor's Micro Lead Frame patents by making, using, selling, offering for sale, and importing into the United States Carsem's MLP (Micro Leadframe Package) products.

Administrative Law Judge Honorable Charles E. Bullock determined that Amkor's asserted claims were invalid, not infringed or both, and that no violation of Section 337 of the Tariff Act of 1930 occurred.

Amkor has appealed to the ITC against the Administrative Law Judge's initial determination. Carsem Group has responded to the appeal and a decision by the ITC will be issued by 31 March 2005.

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24. Dividend

- (a) The Board does not recommend any interim dividend for the quarter ended 31 December 2004 of the financial year ending 30 June 2005 (2003/2004 : nil).
- (b) For the financial year-to-date, a total gross dividend of 15 sen per share tax exempt has been declared and paid on 28 December 2004 (6 month ended 31 December 2003: 15 sen tax exempt).

25. Earnings Per Share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the current quarter are based on the net profit attributable to ordinary shareholders of RM1,831,000 (2003/2004 : RM28,904,000) and the weighted average number of ordinary shares outstanding during the quarter of 198,918,419 (2003/2004: 198,918,419).

The calculation of basic earnings per ordinary share for the current year-to-date are based on the net profit attributable to ordinary shareholders of RM19,723,000 (2003/2004 : RM41,839,000) and the weighted average number of ordinary shares outstanding during the period of 198,918,419 (2003/2004: 198,918,419).

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share in the current quarter / year-to-date and preceding year corresponding quarter / period as the fair value of the ordinary shares for the periods were lower than the exercise price of the options. Therefore, no consideration for adjustment in the form of increase in the number of shares was used in calculating the potential dilution of its earnings per share.

By Order of the Board
Malaysian Pacific Industries Berhad

Joanne Leong Wei Yin
Company Secretary

Kuala Lumpur
28 February 2005