Malaysian Pacific Industries Berhad

A Member of the Hong Leong Group

ANNUAL REPORT 2015

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COMPANY PROFILE

Malaysian Pacific Industries Berhad ("MPI")

is principally an investment holding company whilst the principal activities engaged by its subsidiaries are that of manufacturing, assembling, testing and sale of integrated circuits, semiconductor devices, electronic components and leadframes to customers worldwide.

MPI is a public listed company and its shares are traded on the Main Market of Bursa Malaysia Securites Berhad.

CORPORATE INFORMATION

DIRECTORS

YBhg Datuk Kwek Leng San
(Chairman)

Mr Peter Nigel Yates
(Group Managing Director)

YBhg Datuk Syed Zaid
bin Syed Jaffar Albar

Ms Lim Tau Kien

Ir. Dennis Ong Lee Khian

YBhg Dato' Mohamad Kamarudin
bin Hassan

COMPANY SECRETARIES

Ms Joanne Leong Wei Yin

Ms Lee Wui Kien

AUDITORS

KPMG
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7721 3388
Fax: 03-7721 3399

REGISTRAR

Hong Leong Share Registration
Services Sdn Bhd
Level 5, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel: 03-2164 1818
Fax: 03-2164 3703

REGISTERED OFFICE

Level 9, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel: 03-2164 2631
Fax: 03-2164 2514

COUNTRY OF INCORPORATION/ DOMICILE

A public limited liability company,
incorporated and domiciled in Malaysia

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-fourth Annual General Meeting of Malaysian Pacific Industries Berhad ("the Company") will be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Thursday, 29 October 2015 at 11.00 a.m. in order:

1. To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 30 June 2015.

2. To approve the payment of Director fees of RM192,000/- for the financial year ended 30 June 2015 (2014: RM180,000/-), to be divided amongst the Directors in such manner as the Directors may determine. **Resolution 1**

3. To re-elect the following retiring Directors:

   (a) Mr Peter Nigel Yates **Resolution 2**
   (b) Ir. Dennis Ong Lee Khian **Resolution 3**
   (c) YBhg Dato' Mohamad Kamarudin bin Hassan. **Resolution 4**

4. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following motions:

5. **Ordinary Resolution**
   -Authority To Directors To Issue Shares

   "**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being; **AND THAT** the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 6**

6. **Ordinary Resolution**
   -Proposed Renewal Of And New Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Leong Company (Malaysia) Berhad ("HLCM") And Persons Connected With HLCM

   "**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 of Part A of the Circular to Shareholders dated 7 October 2015 with HLCM and persons connected with HLCM ("Hong Leong Group") provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the Hong Leong Group than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders;

NOTICE OF ANNUAL GENERAL MEETING
... continued

AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Resolution 7**

7. **Ordinary Resolution**
-Proposed Renewal Of Authority For The Purchase Of Own Shares By The Company

"**THAT** subject to the Companies Act, 1965 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up ordinary share capital on Bursa Securities subject further to the following:

(a) the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up ordinary share capital of the Company ("Shares") for the time being;

(b) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the retained profits and/or the share premium account of the Company (As of 30 June 2015, the audited retained profits and share premium of the Company were RM372.519 million and RM247.431 million respectively); and

(c) the authority conferred by the resolution as set out in paragraphs (a) and (b) above will commence immediately upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next AGM after that date is required by law to be held, whichever occurs first and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authority;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares;

NOTICE OF ANNUAL GENERAL MEETING
... continued

AND THAT the Directors of the Company be and are hereby further authorised to deal with any Shares so purchased and any existing treasury shares ("Said Shares") in the following manner:

(i) cancel the Said Shares;
(ii) retain the Said Shares as treasury shares;
(iii) retain part of the Said Shares as treasury shares and cancel the remainder;
(iv) distribute all or part of the Said Shares as dividends to shareholders, and/or resell on Bursa Securities and/or cancel all or part of them,

or in any other manner as may be prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Main Market Listing Requirements of Bursa Securities and any other relevant authority for the time being in force; **AND THAT** the authority to deal with the Said Shares shall continue to be valid until all the Said Shares have been dealt with by the Directors of the Company." **Resolution 8**

8. To consider any other business of which due notice shall have been given.

By Order of the Board

Joanne Leong Wei Yin
Lee Wui Kien
Company Secretaries

Kuala Lumpur
7 October 2015

Notes

1. *For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 23 October 2015 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.*

2. *Save for a member who is an exempt authorised nominee, a member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.*

3. *Where two or more proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.*

4. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting.*

NOTICE OF ANNUAL GENERAL MEETING
... continued

Explanatory Notes

1. Resolution 6 - Authority To Directors To Issue Shares

   The proposed ordinary resolution, if passed, will give a renewed mandate to the Directors of the Company to issue ordinary shares of the Company from time to time provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 16 October 2014 and which will lapse at the conclusion of the Fifty-fourth Annual General Meeting.

   The Renewed Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issue of new shares, and to avoid delay and cost in convening general meetings to approve such issue of shares.

2. Resolution 7 - Proposed Renewal Of And New Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature ("Proposed Renewal Of And New Shareholders' Mandate")

   The proposed ordinary resolution, if passed, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Malaysian Pacific Industries Berhad Group, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company.

3. Resolution 8 - Proposed Renewal Of Authority For The Purchase Of Own Shares By The Company

   The proposed ordinary resolution, if passed, will empower the Directors to exercise the power of the Company to purchase its own shares ("Proposed Share Buyback") up to 10% of the issued and paid-up ordinary share capital of the Company by utilising its financial resources not immediately required. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Detailed information on the Proposed Renewal Of And New Shareholders' Mandate and Proposed Share Buyback are set out in the Circular to Shareholders/Share Buyback Statement dated 7 October 2015 which is despatched together with the Company's Annual Report.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individuals who are standing for election as Directors

   No individual is seeking election as a Director at the Fifty-fourth Annual General Meeting of the Company.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

   Details of the general mandate to issue securities in the Company pursuant to Section 132D of the Companies Act, 1965 are set out in Explanatory Note 1 of the Notice of Fifty-fourth Annual General Meeting.

DIRECTORS' PROFILE

YBHG DATUK KWEK LENG SAN
Chairman; Non-Executive/Non-Independent

Datuk Kwek Leng San, aged 60, a Singaporean, graduated from University of London with a Bachelor of Science (Engineering) degree. He also holds a Master of Science (Finance) degree from City University London. He has extensive business experience in various business sectors, including financial services and manufacturing.

Datuk Kwek is the Chairman of Malaysian Pacific Industries Berhad ("MPI"). He was appointed to the Board of Directors ("Board") of MPI on 27 July 1990 and subsequently as the Group Managing Director of MPI from September 1990 to August 1993. He is a member of the Nominating Committee of MPI.

He is the Chairman of Hong Leong Industries Berhad, Hume Industries Berhad (formerly known as Narra Industries Berhad) and Southern Steel Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He is also a Director of Hong Leong Company (Malaysia) Berhad and Hong Leong Foundation.

MR PETER NIGEL YATES
Group Managing Director/Non-Independent

Mr Peter Nigel Yates, aged 59, a British citizen, graduated from University of Wales, United Kingdom with a Bachelor of Science (Honours) degree in Electronic Engineering. He also holds a Diploma in Management from University of Coventry, United Kingdom.

He has extensive experience of more than 30 years in the semiconductor, industry and has managed large-scale semiconductor manufacturing operations in Asia, the United States of America ("USA") and Europe, in a wide variety of situations, from state-of-the-art technology to mature high volume/low cost activities, from turnaround situations to joint-venture start-ups and from plant closures to expansions and new construction.

Mr Peter Yates joined the MPI Group as Managing Director of Carsem (M) Sdn Bhd on 1 December 2008 and was subsequently appointed as the Group Managing Director of MPI on 1 November 2009. He does not sit on any committee of MPI.

YBHG DATUK SYED ZAID BIN SYED JAFFAR ALBAR
Non-Executive Director/Independent

Datuk Syed Zaid bin Syed Jaffar Albar, aged 61, a Malaysian, graduated with a Bachelor of Arts (Honours) degree in Law in the United Kingdom and qualified as a Barrister-at-Law from Lincoln's Inn. He has been in active legal practice for more than 30 years. Presently, he is the managing partner of a law firm in Kuala Lumpur.

Datuk Syed Zaid was appointed to the Board of MPI on 7 July 1994. He is the Chairman of the Board Audit & Risk Management Committee and a member of the Nominating Committee of MPI.

He is a Director of Malaysia Building Society Berhad, a company listed on the Main Market of Bursa Securities. He is also a Director of Motorsports Association of Malaysia.

MS LIM TAU KIEN
Non-Executive Director/Independent

Ms Lim Tau Kien, aged 59, a Malaysian, graduated from University of Glasgow Faculty of Law with a Bachelor of Accountancy and is a Chartered Accountant registered with the Institute of Chartered Accountants of Scotland.

Ms Lim forged her early career with Ernst & Young, United Kingdom, before joining the Ministry of Finance and Prime Minister's Department as a Federal Accountant. Subsequently, she moved to Shell where she held various senior financial positions over a period of 25 years, her last position being the Country Chief Financial Officer/Country Controller/Finance Director of Shell China.

Ms Lim was appointed to the Board of MPI on 1 July 2013 and is the Chairman of the Nominating Committee and a member of the Board Audit & Risk Management Committee of MPI.

She is also a Director of Hong Leong Financial Group Berhad, a company listed on the Main Market of Bursa Securities, and a Director of UEM Group Berhad.

DIRECTORS' PROFILE
... continued

IR. DENNIS ONG LEE KHIAN
Non-Executive Director/Independent

Ir. Dennis Ong Lee Khian, aged 60, a Malaysian, graduated from University of Swinburne, Australia with a Bachelor of Civil Engineering and registered as a Professional Engineer with the Board of Engineers Malaysia. He is also a Member of the Institution of Engineers Malaysia, a Fellow of the Institution of Engineers Australia and a Chartered Professional Engineer under the National Professional Engineers Register, Australia.

Ir. Dennis Ong started his career in Shell Malaysia in 1981. He held various senior management positions in Shell's downstream businesses in Malaysia as well as the ASEAN countries and Hong Kong. He was the Managing Director of Shell Timur Sdn Bhd prior to his retirement from the industry. Thereafter, Ir. Dennis Ong joined the School of Engineering of Monash University, Malaysia as Senior Lecturer.

Ir. Dennis Ong was appointed to the Board of MPI on 17 November 2014 and is a member of the Board Audit & Risk Management Committee of MPI.

YBHG DATO' MOHAMAD KAMARUDIN BIN HASSAN
Non-Executive Director/Independent

Dato' Mohamad Kamarudin bin Hassan, aged 60, a Malaysian, graduated from University of Malaya with a Bachelor of Economics (Honours) (Majoring in Business Administration) and also holds a Master of Business Administration (Majoring in Finance) from Oklahoma City University, USA.

Dato' Mohamad Kamarudin began his career with the Administrative and Diplomatic Service in 1979 with his first posting to the Macro-economic Division of the Economic Planning Unit in the Prime Minister's Department. In 1987, he was placed in the Ministry of International Trade and Industry (MITI) where he had served in various divisions of the Ministry. From 1992 to 1994, he was posted to the Malaysian Embassy in Washington DC, USA, as an Economic Counselor. Subsequently, in January 2006, Dato' Mohamad Kamarudin was seconded to Malaysia External Trade Development Corporation (MATRADE) as Deputy Chief Executive Officer, a post he held until his retirement on 31 August 2014. In June 2014, he was appointed as a consultant to the International Finance Corporation, a member of the World Bank Group.

Dato' Mohamad Kamarudin was appointed to the Board of MPI on 19 March 2015. He does not sit on any committee of MPI.

He is a Director of CCM Duopharma Biotech Berhad, Muhibbah Engineering (M) Berhad and Lion Diversified Holdings Berhad, companies listed on the Main Market of Bursa Securities. He is also a Director of ManagePay Systems Berhad, a company listed on the ACE Market of Bursa Securities.

Notes:

1. ***Family Relationship with Director and/or Major Shareholder***
   YBhg Datuk Kwek Leng San is a brother of YBhg Tan Sri Quek Leng Chan and Mr Quek Leng Chye, both major shareholders of MPI. Save as disclosed herein, none of the Directors has any family relationship with any other Director and/or major shareholder of MPI.

2. ***Conflict of Interest***
   None of the Directors has any conflict of interest with MPI.

3. ***Conviction of Offences***
   None of the Directors has been convicted of any offences within the past 10 years.

4. ***Attendance of Directors***
   Details of Board meeting attendance of each Director are disclosed in the Statement on Corporate Governance, Risk Management and Internal Control in the Annual Report.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Malaysian Pacific Industries Berhad ("MPI" or the "Company"), I am pleased to present the Annual Report and Financial Statements of the Group and of the Company for the financial year ("FY") ended 30 June 2015 ("FY 2015").

BUSINESS ENVIRONMENT

During FY 2015, global economic conditions have been challenging, with inconsistent growth across the world's major economies. The United States of America has experienced steady growth; China, the world's second largest economy, has been slowing down; and the Eurozone has been tackling persistent debt problems. Taken together, these factors have contributed to the US Dollar ("USD") gaining strength against most major currencies, but have also led to a slump in commodity prices. Despite this challenging environment, demand for electronics has remained resilient, and the global semiconductor industry posted its highest-ever sales in 2014, topping USD335 billion for the first time across all regions and products. The Group's strategy has been to align with the industry's higher growth segments, and mobile interconnectivity, sensors, Internet-of-Things and custom automotive products were key growth drivers for the year. With the benefit of the stronger USD and lower commodity prices, this growth has enabled the Group to increase revenue and achieve improved profits for the FY.

FINANCIAL REVIEW

Revenue for FY 2015 was RM1.4 billion, 8% higher than the previous FY. The profit attributable to the Group was higher at RM108.5 million from RM45.1 million in the previous FY. Consequently, earnings per share improved significantly to 57.1 sen against 23.9 sen recorded for FY ended 30 June 2014.

Healthy cash flow generated from the operations has enabled the Group to invest RM176.5 million into new plant and equipment for future growth, reduce debts by RM12.2 million and pay a total dividend of RM38 million to the shareholders of the Company.

CHAIRMAN'S STATEMENT
... continued

PROSPECTS

The semiconductor industry is forecasting modest growth for 2015 after a record year in 2014. With anticipated slower growth in the global economy, the Group will continue to fine tune the business portfolio, product innovation and cost reduction initiatives to maintain the Group's competitiveness.

DIVIDEND

The Company has declared and paid a first and second interim dividend totalling 20 sen per share tax exempt during FY 2015. The Board does not recommend any final dividend for FY 2015.

ACKNOWLEDGEMENT

On behalf of the Board, I warmly welcome YBhg Dato' Mohamad Kamarudin bin Hassan and Ir. Dennis Ong Lee Khian who joined the Board as Independent Non-Executive Directors during the FY.

I would also like to extend our sincere thanks and appreciation to Mr Tan Keok Yin, our Independent Non-Executive Director who retired at the Company's Fifty-third Annual General Meeting in October 2014, for his past services and contributions to the Group.

To our valued customers, business associates, vendors, financiers, shareholders and the Government, I take this opportunity to convey our appreciation and gratitude for their continuous support and confidence in the Group.

Lastly, my heartfelt appreciation goes to each and every Board members, management and staff for their contribution, commitment and dedicated service.

DATUK KWEK LENG SAN
Chairman

GROUP MANAGING DIRECTOR'S REVIEW

INDUSTRY REVIEW

The financial year ("FY") ended 30 June 2015 saw substantial improvement in profitability for Malaysian Pacific Industries Berhad. Revenue increased by 8%, supported by a strengthening US Dollar ("USD"), and profit attributable to equity holders increased from RM45.1 million to RM108.5 million. This solid improvement in performance is a result of improved asset utilisation, systematic cost-down programmes and our continuing focus on higher margin business, particularly ultra-thin micro-leadframe packages ("MLP") where this year, we have been independently acknowledged as the world's leading volume provider.

OPERATION REVIEW

Carsem Semiconductor (Suzhou) Co., Ltd ("Carsem Suzhou") had a very strong year, with combined shipments to all segments rising by 27% (in USD) as compared with the previous FY ended 30 June 2014 ("FY 2014"). The plant is running at high utilisation levels, and we have continued to invest in capacity for ultra-thin MLP assembly and test, especially for added-value applications such as multi-die, Radio Frequency ("RF") and copper clip. This has been our first year of significant penetration into the China smartphone/tablet market, and whilst we did see the impact of the widely-publicised loss of market share from the two leading global brands, the consequent lower demand has been compensated by gains in new markets. In contrast to MLP, take-up of our new range of Land Grid Array has been slow, although the final quarter saw a breakthrough in winning business from the global leader in consumer sensors which brings an important opportunity for the coming year.

Carsem (M) Sdn Bhd, comprising the two Ipoh plants, is maintaining its high-margin strategy of Added-Value MLP, High Density Leaded products and Test, which together comprise 87% of total sales. Typically, the MLP products support mobile consumer applications such as smartphones and tablets. This year, we have also started to penetrate wearable devices for which our ultra-thin MLP products are ideally suited. The MLP line is running at full capacity, and combined with Carsem Suzhou, Carsem has been recognised by third-party market researchers as the world's leading volume producer of MLP this year. Business in High Density Leaded has been less robust due to high inventory levels in the supply chain, but we have targeted and won important business in custom automotive sensors this year which are now starting to ramp up. We continue to develop and deploy our so-called i-manufacturing methodology of efficiency and performance improvement through automation, which is highly regarded by top customers.

Dynacraft Industries Sdn Bhd ("Dynacraft") has had a very good year, this being the first full FY since exiting the loss-making stamped leadframe business in FY 2014. Despite the expected USD revenue fall of 31%, profit increased substantially. Without the loss-making stamped business, and boosted by favourable commodity prices and exchange rate, management has been able to deliver a solid performance by focusing on operational improvements and re-positioning Dynacraft in the market place. Financial and non-financial performance metrics are at record levels, and non-stamped revenues grew by 12%. From here, we see clear growth opportunities in the China market for etched leadframe. The market is poised for growth; whilst local Chinese companies are strong in stamped leadframes, their capacity and experience in etched leadframes are limited. We will continue to invest in growth for this segment.

OPERATING SEGMENT REVIEW

Asia sales have grown steadily by 10% and now represent 56% of Group revenues. This region was most heavily affected by the Dynacraft stamped leadframe exit, but the revenue loss was offset by the growth in our assembly and test business. This was achieved by re-directing our sales strategy and production capacity to the newer

GROUP MANAGING DIRECTOR'S REVIEW
.... continued

OPERATING SEGMENT REVIEW *cont'd*

Chinese smartphone brands, offsetting the effect of the widely-publicised erosion of market share by the industry's top two leading smartphone brands. We also have a very strong position in RF front-end modules going into smartphones and tablets and are starting to penetrate into wearables.

United States of America segment sales declined by 11% and now represent 21% of Group revenues. This segment was also affected by the Dynacraft stamped leadframe exit. In contrast, sales of ultra-thin MLP into RF front-end module applications in the world's leading supplier of smartphones/tablets have been very robust this year and are expected to continue into 2016.

European sales were up by 23% and now represent 23% of Group sales. This improvement came from increasing sales to European automotive customers where our reputation is building year by year. Growth in this sector is expected to be steady and consistent, and provides a strategic counterbalance to the Company's position in smartphones and wearables, which will grow more dramatically but will also be subject to the fluctuations typical of consumer markets.

RESEARCH AND DEVELOPMENT ("R&D")

Carsem Technology Centre has developed and introduced into production Molded Interconnect System ("MIS") technology which is designed into the next generation mobile devices.

MIS is able to provide smaller footprint, complexity and superior shielding of RF signals to enable a better performance product while delivering Moisture Sensitivity Level (MSL) level 1 capability that Laminate cannot achieve.

In addition, breakthrough technologies currently under development include superior manufacturing technology in the form of Panel Packaging (PPAK), and the next generation of ultra-thin Quad Flat No-leads, 2.5 mm thin and known as "X4".

Carsem continues to develop its brand via technical papers in key conferences like Semicon Shanghai Symposium and the industry's prestigious bi-annual IEEE conference with four papers each respectively. The intellectual property portfolio continues to build up, with two additional patents granted and four applications pending.

OUTLOOK

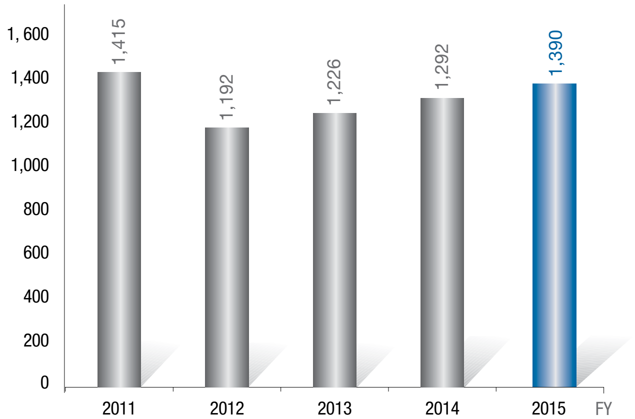
The Semiconductor Industry Association is currently forecasting modest growth of 2 to 3% this coming year, and customer inventory levels are currently high, signaling a slow start to the year. However, we believe the Group is positioned once again to grow faster than the industry, with strong offerings in the higher-growth segments of mobile interconnectivity, sensors, Internet-of-Things, and custom automotive products. This market position is underpinned by a strong balance sheet, an internationally respected R&D team, and a sound portfolio of plants, each tuned for cost-effective and profitable growth. We therefore expect the performance of the Group to continue to improve in the FY ending 30 June 2016.

PETER NIGEL YATES
Group Managing Director

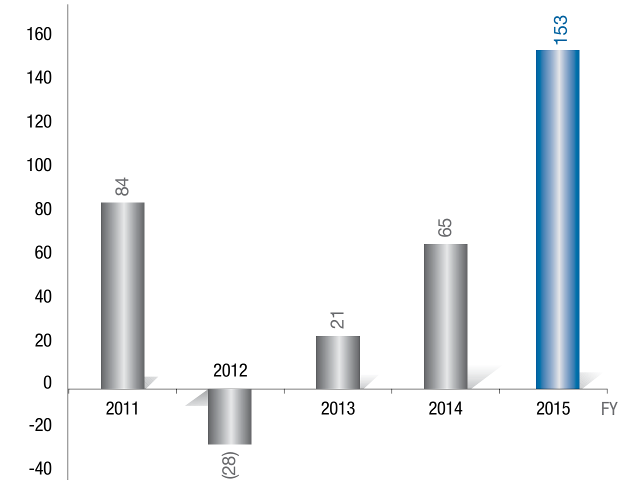
GROUP FINANCIAL HIGHLIGHTS

RM'million	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
REVENUE	1,415	1,192	1,226	1,292	1,390
PROFIT/(LOSS) BEFORE TAXATION	84	(28)	21	65	153
PROFIT/(LOSS) ATTRIBUTABLE OWNERS OF THE COMPANY	59	(20)	11	45	108
NET EARNINGS/(LOSS) PER SHARE (SEN)	30	(10)	6	24	57
NET DIVIDEND PER SHARE (SEN)	20	10	9	15	20
TOTAL EQUITY	969	934	916	907	1,028
TOTAL ASSETS	1,420	1,414	1,288	1,193	1,386
CAPITAL EXPENDITURE	241	203	97	72	176

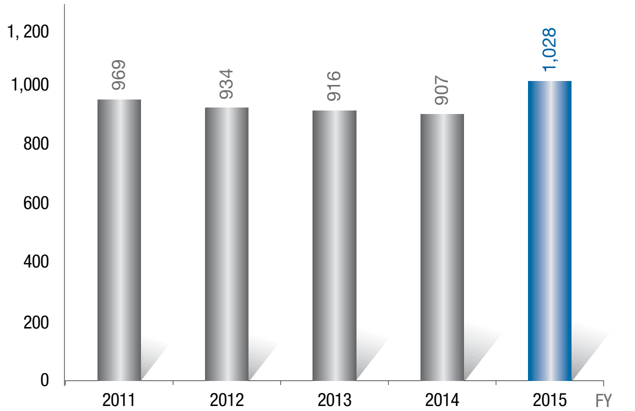
Revenue
(RM'million)



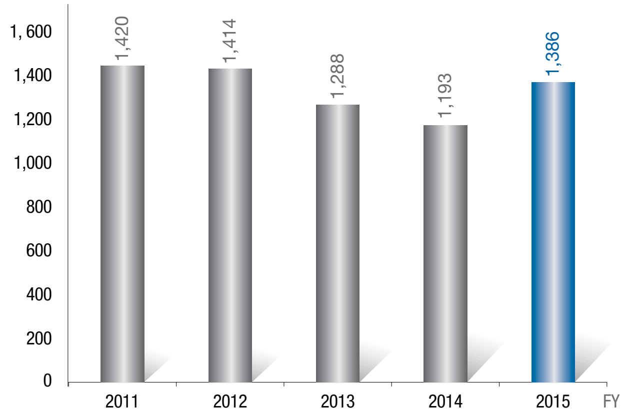
Profit / (Loss) Before Taxation
(RM'million)



Total Equity
(RM'million)



Total Assets
(RM'million)



CORPORATE SOCIAL RESPONSIBILITY

The Group strives to go beyond Corporate Social Responsibility ("CSR") and integrate sustainability in everything that we do. We need to move away from a list of check boxes to meaningful action to ensure impact to create real change for the better. This has impacted our actions this past year and will continue to affect thinking moving forward. We take this effort seriously and are not simply motivated by trying to enhance our corporate image.

We need to genuinely transform by integrating sustainability into the heart of our businesses and we are slowly making inroads into this. We believe in serving our communities, which include our employees, customers, business partners and the environment, as our partners. We have a common understanding that without the community, there is no company. The Group sees CSR, or more accurately, sustainability, as integral to its mission. The Group contributes to the socio-economic development of the nation through its business growth, promoting education, providing aid to marginalised communities, supporting and developing local talent, propagating green practices and practicing sustainable supply-chain in its operations.

Below is our commitment to each of the focus areas under the Group Sustainability Plan:

WORKPLACE

The Group is committed to upholding the human rights of our employees and treating them with dignity and respect. We strive to deliver innovative solutions as well as to create an inspiring and conducive working environment.

The Group also aims to ensure that the health, safety and welfare of our employees are well taken care of and we acknowledge our responsibility towards employees who may be affected by our activities through the following:

- Health awareness programmes which include quarterly blood donation drives, health talks and physical health checks.
- Provision of health and safety equipment at all plants within the Group.
- A commitment to health and safety through internal Emergency Rescue Team programmes.
- A comprehensive staff benefit and welfare scheme.

The Group identifies and hires local talent through our Graduate Development Programme – a programme in which we hire fresh local graduates to undergo a training programme. This programme aims to identify and develop young graduates into relevant fields of talents to support the growth of the Group. It entails classroom training, on-the-job familiarisation, learning assignments as well as mentoring. For the non-executives, various in-house and external programmes were conducted to enhance their technical competencies as well as supervisory skills in order to develop a competent workforce that is knowledgeable and highly motivated. Over 26,000 man-hours of training were provided to 4,400 employees of the Group covering Customer Relations, Environmental, Safety & Health, Equipment System, Finance, Human Resource, Leadership, Managerial, Ms Office, Multimedia, Quality Productivity Programme, Quality Reliability, Statistics, Team Building, Engineering & Technical.

Since its founding, the Group has demonstrated an on-going commitment to people and to fair employment practices. The Group's growth and expansion throughout the region have created a more diverse work force by tapping on our people who have different

CORPORATE SOCIAL RESPONSIBILITY
... continued

WORKPLACE *cont'd*

experiences, perspectives and cultures. This has allowed the Group to build on its creativity and innovation which helps the organisation to realise its full potential.

We believe that a well-managed, diverse and inclusive work force expands the Group's base of knowledge, skills and cross-cultural understanding, which in turn, enables us to understand, relate and respond to our diverse and changing customers throughout the world. Our overall commitment is reflected in our diversity and inclusion philosophy.

Consistent with our Best Work Environment practices, we maintain a work environment free from discrimination and we comply with all applicable laws pertaining to non-discrimination and equal opportunity. This is evidenced by the diverse ethnic and social backgrounds of members, staff and clients. The Group also complies with the Code of Conduct by Electronic Industry Citizenship Coalition ("EICC").

ENVIRONMENT

The Group endeavours to identify and minimise the negative environmental impacts of our products and business activities. We take steps to reduce environmental impact wherever possible.

Our environmental initiatives include smart and careful consumption of resources, water, emissions to air, waste generation, energy use and procurement processes. We are committed to minimising our environmental impact and encouraging greater sustainability throughout our business.

A majority of our semiconductor products are assembled, tested and sold to international electronic manufacturers who are recognised by EICC. The Group is actively involved in ensuring compliance with the standards including policy development, international labour organisation standard, business & employment ethics, environmental, safety & health and conflict free smelters requirements.

As part of ISO1400 and EICC, we adhere to a policy of the Restriction of Hazardous Substances (RoHS) and Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) compliance to minimise environmental impact.

Each operating company within the Group has an identified management team to oversee a programme to reduce energy usage on a year to year basis.

Our commitment to the environment has guided us to continually strive to reduce our waste in our manufacturing plants in Malaysia and elsewhere in the world by offering more environmentally friendly and sustainable operations.

MARKETPLACE

The Group is committed to good business ethics and integrity. For many years now, the Group has had in place internally generated best practices to ensure the economic sustainability of all its companies. Some of these best practices are:

- Established Financial Management Disciplines intended to drive excellence in financial management with the objective of preserving and enhancing the quality of the business as an on-going concern.
- An established Enterprise Risk Management structure to ensure that a systematic process and delegation of responsibility are clearly set out to guide management.
- A code of business conduct and ethics of financial reports which contains disclosures that are true and fair.
- In choosing its directors, the Group seeks individuals of high integrity, and with shareholder orientation and a genuine interest in their respective company's businesses. They are tasked with the responsibility of exercising their business judgment to act in what they reasonably believe to be in the best interest of the company and the shareholders they represent.
- The practice of responsible selling and marketing of products and services.

COMMUNITY

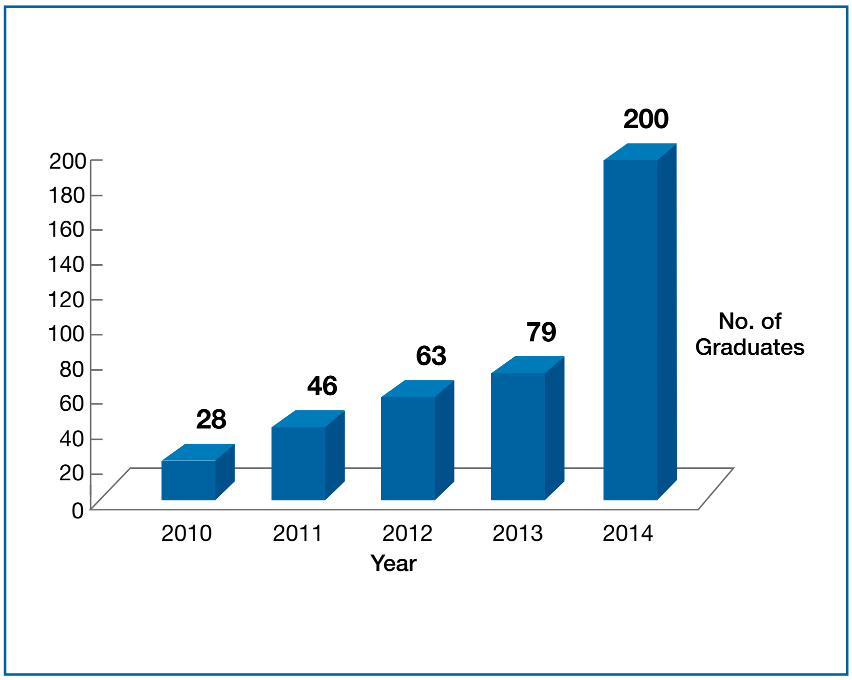
The Group conducts most of its philanthropic activities through Hong Leong Foundation, the charitable arm of the Hong Leong Group.

Incorporated in 1992, Hong Leong Foundation is a corporate foundation driven by the interest and passion of the Hong Leong Group. It is funded by contributions from Hong Leong Group Malaysia companies and is effectively its charitable arm through which most of the Group's philanthropic activities are conducted. The Foundation expended a total of RM26.9 million over the last 3 years and has the following programmes in place working with our Community Partners:

- Community Welfare Programme to address the daily needs of homes, shelters and community centres.
- Towards Self-Sufficiency:
  - Tertiary Scholarship Programme
  - Reach out and Rise Education Development Programme
  - The Hong Leong Masters Scholarship Programme
  - After School Care Programme

CORPORATE SOCIAL RESPONSIBILITY
... continued

Hong Leong Foundation Scholarship Graduates by Year:



COMMUNITY *cont'd*

- Community Partner Programme to enable furtherance of the charity's mission and vision:
    - Good Jobs: Employment Development Programme
    - Better Homes: Welfare Home Transformation Programme
    - Hong Leong Foundation NGO Accelerator Programme
    - Community Welfare Programme

The total funds disbursed by the Foundation in the financial year ended 30 June 2015 were RM6.9 million, benefiting 30 charity organisations. During the year, the Foundation disbursed RM3.2 million in scholarships to benefit around 200 scholars studying in various universities, all of whom are from financially-challenged families. Because gaps of opportunity exist along the entire spectrum of education development, the Foundation has set up a comprehensive programme to empower its scholars: enrichment camps and workshops, internships, mentorships and other supports to help them excel in their formative years at university and beyond.

Since 1993, Hong Leong Foundation has awarded more than RM29.5 million in scholarships to 1,204 scholars via its scholarship programmes for diplomas, degrees or masters.

This Corporate Social Responsibility Statement is made in accordance with the resolution of the Board of Directors.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

"CORPORATE GOVERNANCE IS THE PROCESS AND STRUCTURE USED TO DIRECT AND MANAGE THE BUSINESS AND AFFAIRS OF THE COMPANY TOWARDS ENHANCING BUSINESS PROSPERITY AND CORPORATE ACCOUNTABILITY WITH THE ULTIMATE OBJECTIVE OF REALISING LONG TERM SHAREHOLDER VALUE, WHILST TAKING INTO ACCOUNT THE INTEREST OF OTHER STAKEHOLDERS."

~ Finance Committee on Corporate Governance

The Board of Directors ("Board") has reviewed the manner in which the Malaysian Code on Corporate Governance 2012 ("Code") is applied in the Group as set out below. The Board is pleased to report compliance of the Group with the principles and recommendations as set out in the Code except where otherwise stated.

A. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference ("TOR") to assist in the discharge of this responsibility.

The roles and responsibilities of the Board are set out in the Board Charter which is published on the Company's website, and broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Group's businesses; identifying principal risks and ensuring the implementation of appropriate systems to manage those risks; and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals, and major capital expenditure.

There is a clear division of responsibilities between the Chairman and the Group Managing Director, which are distinct and separate.

The Chairman leads the Board and ensures its smooth and effective functioning.

The Group Managing Director is responsible for the vision and strategic direction of the Group, implementing the policies and decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing shareholder wealth, setting the benchmark and targets for operating companies, overseeing the day-to-day operations and tracking compliance and business progress.

Independent Non-Executive Directors ("INEDs") are responsible for providing insights, unbiased and independent views, advice and judgment to the Board and bring impartiality to Board deliberations and decision-making. They also ensure effective checks and balances on the Board. INEDs do not participate in the day-to-day management of the Company and there are no relationships or circumstances that could interfere with or are likely to affect the exercise of their independent judgment or the ability to act in the best interest of the Company and its shareholders.

The Group continues to operate in a sustainable manner and seeks to contribute positively to the well being of stakeholders. The Group's key corporate social responsibility activities or sustainability plan are set out in the Corporate Social Responsibility Statement of this Annual Report.

The Board observes the Company Directors' Code of Ethics established by the Companies Commission of Malaysia ("CCM") which is available at CCM's website at www.ssm.com.my. In addition, the Group also has a Code of Ethics that sets out sound principles and standards of good practice which are observed by the employees. The Group has in place procedures and rules for employees to raise responsibly, in confidence, concerns about serious misconduct and other possible improprieties which pose a financial, legal, reputational or operational risks to the Group.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

B. BOARD COMPOSITION

The Board comprises 6 directors, 4 of whom are non-executive and independent. The profiles of the members of the Board are provided in the Annual Report.

The Company is guided by the Policy on Board Composition adopted by the Company in determining its board composition. The Policy includes the following:

- The Board shall determine the appropriate size of the board to enable an efficient and effective conduct of board deliberation.
- The Board shall have a balance of skills and experience commensurate with the complexity, size, scope and operations of the Company and shall have an appropriate balance of independent directors comprising at least one third of the board.
- The Board shall also include a balanced composition of executive and non-executive directors.
- Board members should have the ability to commit time and effort to carry out duties and responsibilities effectively.
- The Board recognises the merits of Board diversity in adding value to collective skills, perspectives and strengths to the Board.

The Board will consider appropriate targets in Board diversity including gender, ethnicity and age balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate.

The Board is of the view that the current size and composition of the Board are appropriate and effective for the control and direction of the Group's business. The composition of the Board also fairly reflects the investment of shareholders in the Company.

C. BOARD COMMITTEES

Board Committees have been established by the Board to assist in the effective discharge of its duties.

I Board Audit & Risk Management Committee ("BARMC")

The composition of the BARMC, its TOR and a summary of its activities are set out in the Board Audit & Risk Management Committee Report of this Annual Report.

II Nominating Committee ("NC")

The NC was established on 29 April 2013.

The NC has been re-constituted as follows:

Ms Lim Tau Kien
Chairman, Independent Non-Executive Director
(Appointed as a Member and Chairman on 17 November 2014)

YBhg Datuk Syed Zaid bin Syed Jaffar Albar
Independent Non-Executive Director

YBhg Datuk Kwek Leng San
Non-Independent Non-Executive Director

Mr Tan Keok Yin
Independent Non-Executive Director
(Retired on 16 October 2014)

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

C. BOARD COMMITTEES *cont'd*

II Nominating Committee ("NC") *cont'd*

The NC's functions and responsibilities are set out in the TOR as follows:

- To review and propose to the Board, all appointments, re-appointments, re-elections and removals of directors; appointments of Board committees and chief executive; and to review the criteria to be used.
- To assess annually the independence of the independent directors.
- To propose for the Board's approval, objective performance criteria for evaluation of the performance of the Board as a whole, the Board committees and the contribution and performance of each individual director and Board committee member, including the chief executive and chief financial officer.
- To evaluate the Board's performance by carrying out the assessment process implemented by the Board for assessing the effectiveness of the Board as a whole, Board committees and the contribution and performance of each individual director and Board committee member, including the chief executive and chief financial officer.
- To review and propose appropriate training programmes for the Board.
- To carry out such other functions and duties as may be delegated by the Board from time to time.

The NC carried out its duties in accordance with its TOR.

The Company has in place the process and procedure for assessment of new appointment, re-appointment, re-election and removal of directors, and the appointment of chief executive, and the criteria used ("Process and Procedure for Assessment").

A formal evaluation process has been put in place to assess the effectiveness of the Board as a whole, the Board committees and the contribution and performance of each individual director, Board committee member and the chief financial officer.

Having reviewed the annual assessments in respect of the financial year ended 30 June 2015 ("FY 2015"), the NC is satisfied that the Board, Board committees, each individual director, each Board committee member and the Group Financial Controller (except for the newly appointed Directors whose assessments were carried out by the NC prior to their appointments in accordance with the Process and Procedure for Assessment) have effectively discharged their duties and responsibilities. They have also fulfilled their responsibilities and are suitably qualified to hold their positions.

The NC meets at least once in each financial year and additional meetings may be called at any time as and when necessary.

The NC met 3 times during FY 2015 where all the NC members attended.

During FY 2015, the NC has considered and reviewed the following:

- composition of the Board and Board committees;
- professional qualification and experience of the directors;
- independence of independent directors and their tenure;
- trainings undertaken by directors; and
- appointment and re-election of directors.

The NC has also evaluated the performance of the Board and Board committees, benchmarking against their respective TOR.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

C. BOARD COMMITTEES *cont'd*

III Remuneration Committee ("RC")

The Company does not have a RC. The Board is of the view that it is not necessary for the Company to establish a RC for the time being given the current size of the Board. The Board as a whole functions as the RC.

The Group's remuneration scheme for executive directors is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual plan and budget.

The level of remuneration of non-executive directors reflects the level of responsibilities undertaken by them.

The remuneration packages of executive directors are reviewed by the entire Board, with the presence of a majority of non-executive directors. The executive director concerned shall not participate in the deliberations and shall vacate the meeting room during deliberations of his remuneration package.

The Board, in assessing and reviewing the remuneration packages of executive directors, ensures that a strong link is maintained between their rewards and individual performance, based on the provisions in the Group's Human Resources Manual, which are reviewed from time to time to align with market/industry practices.

The fees of directors are recommended and endorsed by the Board for approval by the shareholders of the Company at its annual general meeting ("AGM").

The aggregate remuneration of directors (including remuneration of directors retired/appointed during FY 2015, and remuneration earned as directors of a subsidiary) for FY 2015 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	–	2,764,206	2,764,206
Non-Executive Directors	232,000	105,113	337,113

The number of directors whose remuneration falls into the following bands is as follows:

Range Of Remuneration (RM)	Executive	Non-Executive
50,000 and below	–	3
50,001 – 100,000	–	2
100,001 – 150,000	–	1
150,001 – 2,750,000	–	–
2,750,001 – 2,800,000	1	–

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

D. INDEPENDENCE

The Company has in place, an Independence of Directors Policy which sets out the criteria for assessing the independence of independent directors. The Board will apply these criteria upon admission, annually and when any new interest or relationship develops.

The Board further takes cognisance of Recommendations 3.2 and 3.3 of the Code that the tenure of an independent director should not exceed a cumulative term of 9 years. However, the Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Although a longer tenure of directorship may be perceived as relevant to the determination of a director's independence, the Board recognises that an individual's independence should not be determined solely based on tenure of service. Further, the continued tenure of directorship brings considerable stability to the Board, and the Company benefits from directors who have, over time, gained valuable insight into the Group, its market and the industry.

The independent directors have declared their independence, and the NC and the Board have determined, at the annual assessment, that they, including YBhg Datuk Syed Zaid bin Syed Jaffar Albar who has served on the Board for a cumulative tenure of more than 9 years, remain objective and have continued to bring independent and objective judgment to Board deliberations and decision-making.

Both the independent directors and non-independent directors are required to submit themselves for re-election at the AGM every 3 years under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") ["MMLR"] and Articles of Association of the Company. In addition, the re-appointment of directors who have attained 70 years of age and above is subject to shareholders' approval at the AGM under Section 129 of the Companies Act, 1965. In respect of the independent directors who have served a tenure of 9 years and above, and who are due for re-election or re-appointment, justification for their re-election or re-appointment, as the case may be, will be set out in the explanatory notes of the notice of AGM.

E. COMMITMENT

The directors are aware of their responsibilities and will devote sufficient time to carry out such responsibilities. In line with the MMLR, directors are required to comply with the restrictions on the number of directorships in public listed companies. Directors provide notifications to the Board for acceptance of any new Board appointment. This ensures that their commitment, resources and time are focused on the affairs of the Company to enable them to discharge their duties effectively. Board meetings are scheduled a year ahead in order to enable full attendance at Board meetings. Directors are required to attend at least 50% of Board meetings pursuant to the MMLR.

The Board meets quarterly with timely notices of issues to be discussed. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions.

All Board members are supplied with information in a timely manner. Board reports are circulated prior to Board meetings and the reports provide, amongst others, financial and corporate information, significant operational, financial and corporate issues, updates on the performance of the Company and of the Group and management's proposals which require the approval of the Board.

All directors have access to the advice and services of qualified and competent Company Secretaries and internal auditors. All directors also have access to independent professional advice at the Company's expense, in consultation with the Chairman of the Company.

At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretaries accordingly. Any director who has an interest in the subject matter to be deliberated shall abstain from deliberation and voting on the same during the meetings.

The Board met 4 times during FY 2015.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

E. COMMITMENT *cont'd*

Details of attendance of each director are as follows:

Directors	Attendance
YBhg Datuk Kwek Leng San	4/4
Mr Peter Nigel Yates	4/4
YBhg Datuk Syed Zaid bin Syed Jaffar Albar	4/4
Ms Lim Tau Kien	4/4
Ir. Dennis Ong Lee Khian *(Appointed on 17 November 2014)*	2/2*
YBhg Dato' Mohamad Kamarudin bin Hassan *(Appointed on 19 March 2015)*	1/1*
Mr Tan Keok Yin *(Retired on 16 October 2014)*	1/1*

* *Reflects the attendance and the number of meetings held during the period the Director held office.*

The Board recognises the importance of continuous professional development and training for directors.

The Company is guided by a Directors' Training Policy which covers an Induction Programme and Continuing Professional Development ("CPD") for directors of the Company. The Induction Programme which includes visits to the Group's various business operations and meetings with senior management is organised for newly appointed directors to assist them to familiarise and to get acquainted with the Group's businesses. The CPD encompasses areas related to the industry or businesses of the Group, governance, risk management and regulations through a combination of courses and conferences.

All directors of the Company have completed the Mandatory Accreditation Programme.

The Company regularly organises in-house programmes, briefings and updates by its in-house professionals. The directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programmes on a regular basis.

The Company has prepared for the use of its directors, a Director Manual which highlights, amongst others, the major duties and responsibilities of a director vis-à-vis various laws, regulations and guidelines governing the same.

In assessing the training needs of directors, the Board has determined that appropriate training programmes covering matters on corporate governance, finance, legal, risk management and/or statutory/regulatory compliance, be recommended and arranged for the directors to enhance their contributions to the Board.

During FY 2015, the directors received regular briefings and updates on the Group's businesses, operations, risk management, internal controls, corporate governance, finance and any changes to relevant legislation, rules and regulations from in-house professionals. The Company also organised an in-house programme for its directors and senior management.

The directors of the Company have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as directors.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

E. COMMITMENT *cont'd*

During FY 2015, the directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including:

- HKEx Consultation and IPO Updates
- HKEx Consultation Conclusion on Risk Management and Internal Control
- Price Control and Anti-Profiteering (Mechanism to Determine Unreasonably High Profit) (Net Profit Margin) Regulations 2014
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Shaking Things Up: Technology that Transforms and How to Keep Pace
- FIDE Forum: Risk From Whereof
- eBoard Directors' Training
- FIDE Forum: Industry Consultation Session on 2015 Non-Executive Directors' Remuneration Study
- PEMANDU (Performance Management & Delivery Unit) – "Lead the Change: Getting Women on Boards"
- Mandatory Accreditation Programme for Directors of Public Listed Companies
- Risk Management & Internal Control: Workshop for Audit Committee Members
- Financial Essentials for Non-Financial Professionals
- Corporate Governance: Balancing Rules & Practices
- International Directors Summit 2015: Inculcating Innovation, Catalysing Growth through Public-Private Partnership.

F. ACCOUNTABILITY AND AUDIT

The financial reporting and internal control system of the Group is overseen by the BARMC which comprises all independent non-executive directors. The primary responsibilities of the BARMC are set out in the Board Audit & Risk Management Committee Report.

The BARMC is supported by the Internal Audit Department whose principal responsibilities are to conduct risk-based audits to ensure that adequate and effective controls are in place to mitigate risks; operational audits to identify opportunities for operational improvement; and also ensure compliance with standard operating procedures of the Group. Investigation or special review will be carried out at the request of the BARMC and senior management on specific areas of concern when necessary. Significant breaches and deficiencies identified are discussed at the BARMC meetings where appropriate actions will be taken.

I Financial Reporting

The Board is responsible for ensuring the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the BARMC which assesses the financial statements with the assistance of the external auditors.

II Risk Management and Internal Control

The Statement on Risk Management and Internal Control ("SORMIC") as detailed under paragraph I of this Statement provides an overview of the system of internal controls and risk management framework of the Group.

III Relationship with Auditors

The appointment of external auditors is recommended by the BARMC which determines the remuneration of the external auditors. The BARMC reviews the suitability and independence of the external auditors annually. The external auditors meet with the BARMC to:

- present the scope of the audit before the commencement of audit; and
- review the results of the audit as well as the management letter after the conclusion of the audit.

At least twice a year, the BARMC will have a separate session with the external auditors without the presence of management.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

G. DISCLOSURE

The Company has in place a corporate disclosure policy for compliance with the disclosure requirements set out in the MMLR, and to raise awareness and provide guidance to the Board and management on the Group's disclosure requirements and practices.

All timely disclosure and material information documents will be posted on the website after release to Bursa.

H. SHAREHOLDERS

I Dialogue with Shareholders and Investors

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, circulars to shareholders and quarterly financial reports and the various announcements made during the year, through which shareholders and investors can have an overview of the Group's performance and operation.

Notices of general meetings and the accompanying explanatory notes are provided within the prescribed notice period on the Company website, Bursa website, in the media and by post to shareholders. This allows shareholders to make the necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

Shareholders have the right to demand to vote by way of a poll at the general meetings for resolutions and the voting results will be announced at the meetings and through Bursa.

The Company has a website at http://www.mpind.my which the shareholders can access for information which includes the Board Charter, corporate information, announcements/press releases/investor briefings, financial information, products information and investor relations.

In addition, shareholders and investors can have a channel of communication with the Group Managing Director to direct queries and provide feedback to the Group.

Queries may be conveyed to the following person:

Name	:	Mr Peter Nigel Yates
Tel No.	:	05-312 3333
Fax No.	:	05-312 5333
Email address	:	IRelations@mpind.my

II AGM

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Senior management and the external auditors are also available to respond to shareholders' queries during the AGM.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

... continued

I. SORMIC

The Responsibility of the Board

The Board recognises its overall responsibility for the adequacy and effectiveness of the Group's system of internal controls and risk management framework to safeguard shareholders' investment and the Group's assets.

Accordingly, the Board has entrusted the BARMC to provide oversight of the system of internal controls and risk management framework. The BARMC is assisted by the Group's Internal Audit Department in this role.

The Risk Management Framework

For FY 2015, management has maintained the risk management framework in accordance with MS ISO 31000: 2010. The framework serves to:

- establish the context of risk in relation to the Group's risk appetite;
- identify the risks faced by the Group in the operating environment;
- assess the likelihood and impact of such risks identified and hence their risk levels;
- evaluate the priority to be given to managing each risk based on its respective risk level;
- assess the adequacy and effectiveness of the existing risk mitigating measures;
- evaluate risk treatment options (i.e. changing the likelihood or consequence of the risk; and sharing, retaining or avoiding the risk) in relation to the Group's context of risk;
- develop any necessary further measures to manage these risks; and
- monitor and review risk mitigating measures, risk levels and emerging risks.

On an on-going basis, each operating company has clear accountabilities to:

- monitor its existing risks, identify emerging risks and hence update the enterprise-wide risk registers;
- maintain the adequacy, effectiveness and relevance of action plans and control systems developed to manage risks; and
- periodically prepare risk management report for reporting to the BARMC.

The System of Internal Controls

The key elements of the Group's system of internal controls are described below:

- A management structure exists with clearly defined delegation of responsibilities to the management of the Group's operating companies, including authorisation levels for all aspects of the business and operations.
- Documented corporate policies and procedures covering various aspects of the business and operations of the Group.
- Promotion of a strong internal control culture through the Group's values and ethics and also the "tone at the top".
- Diligent review of the quarterly financial results and reports and identifying the reasons for any unusual variances.
- Internal control assurance activities such as self-audits and completion of internal control questionnaires undertaken by management of the operating companies.
- Risk-based internal audits carried out by the Group's Internal Audit Department focusing on key risk areas.
- Recurring periodic reporting to the BARMC on the results of control assurance and audit activities and also the management of risks throughout the Group.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

I. SORMIC *cont'd*

Management and Decision-Making Processes

The internal control and risk management processes of the Group are in place for the year under review and up to the date of approval of the SORMIC for inclusion in the annual report; and reviewed periodically by the BARMC. These processes are intended to manage and not expected to eliminate all risks of failure to achieve business objectives. Accordingly, they can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

The Board has received assurance from the Group Managing Director and Group Financial Controller that the Group's system of internal controls and risk management framework are operating adequately and effectively, in all material aspects, based on the internal control system and risk management framework of the Group.

Review of the SORMIC by External Auditors

Pursuant to Paragraph 15.23 of the MMLR, the external auditors have reviewed the SORMIC pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants for inclusion in the 2015 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the SORMIC is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the SORMIC factually inaccurate. RPG 5 (Revised) does not require the external auditors to consider whether the SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

J. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The MMLR requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year.

The directors of the Company are satisfied that the financial statements of the Group and of the Company for FY 2015 have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia and that the Group and the Company have adopted appropriate accounting policies and have applied them consistently.

This Statement on Corporate Governance, Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

CONSTITUTION

The Board Audit & Risk Management Committee ("the Committee") of Malaysian Pacific Industries Berhad ("MPI" or "the Company") has been established since 12 July 1994.

COMPOSITION

The Committee has been re-constituted as follows:

YBhg Datuk Syed Zaid bin Syed Jaffar Albar
Chairman, Independent Non-Executive Director

Ms Lim Tau Kien
Independent Non-Executive Director

Ir. Dennis Ong Lee Khian
Independent Non-Executive Director
(Appointed on 17 November 2014)

Mr Tan Keok Yin
Independent Non-Executive Director
(Retired on 16 October 2014)

SECRETARY

The Secretary to the Committee is Ms Joanne Leong Wei Yin who is the Company Secretary of MPI.

TERMS OF REFERENCE

- To consider and recommend the nomination, appointment and/or re-appointment of a person or persons as external auditor(s), and to consider any resignation or dismissal of the external auditors.
- To review the independence and objectivity of the external auditors and their services, including non-audit services.
- To review the external audit fees.
- To review, with the external auditors, the audit scope and plan.
- To review, with the external auditors, the audit report and audit findings and the management's response thereto.
- To review the assistance given by the Group's officers to the external auditors.
- To review the quarterly reports and annual financial statements of the Company and of the Group prior to the approval by the Board.
- To review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit functions.
- To review the report and findings of the Internal Audit Department, including any findings of internal investigations and the management's response thereto.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT
... continued

TERMS OF REFERENCE *cont'd*

- To review the adequacy and integrity of internal control systems, including risk management and management information system.
- To review the risk management framework adopted by the Group and the processes employed to identify, evaluate and manage key business risks.
- To review related party transactions that may arise within the Company or the Group, where any one of the percentage ratios (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) of a related party transaction triggers the requirement of announcement to Bursa Malaysia Securities Berhad.
- To review other conflict of interest situations that may arise within the Company or the Group, including any transaction, procedure or course of conduct that may raise questions of management integrity.
- Other functions as may be agreed to by the Committee and the Board.

AUTHORITY

The Committee is authorised by the Board to review any activity of the Group within its Terms of Reference. It is authorised to seek any information it requires from any director or member of management and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent legal or other professional advice if it considers necessary.

MEETINGS

The Committee meets at least 4 times a year and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The head of finance, head of internal audit, risk manager, Group Managing Director and senior management may attend Committee meetings, on the invitation of the Committee, to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the Committee meetings to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the Committee members on significant audit and accounting areas which they noted in the course of their audit.

Issues raised, discussions, deliberations, decisions and conclusions made at the Committee meetings are recorded in the minutes of the Committee meetings. Where the Committee is considering a matter in which a Committee member has an interest, such member abstains from reviewing and deliberating on the subject matter.

2 members of the Committee, who shall be independent, shall constitute a quorum.

After each Committee meeting, the Committee shall report and update the Board on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the Board.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT
... continued

ACTIVITIES

The Committee carried out its duties in accordance with its Terms of Reference.

During the financial year ended 30 June 2015 ("FY 2015"), 4 Committee meetings were held and the attendance of the Committee members was as follows:

Members	Attendance
YBhg Datuk Syed Zaid bin Syed Jaffar Albar	4/4
Ms Lim Tau Kien	4/4
Ir. Dennis Ong Lee Khian *(Appointed on 17 November 2014)*	2/2*
Mr Tan Keok Yin *(Retired on 16 October 2014)*	1/1*

* *Reflects the attendance and the number of meetings held during the period the Committee member held office.*

The Committee had 2 separate sessions with the external auditors without the presence of management.

The Committee reviewed the quarterly reports and annual financial statements of the Group. The Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed the management letter and management's response, reviewed pertinent issues which had significant impact on the results of the Group and discussed applicable accounting and auditing standards. The Committee reviewed the internal auditor's audit findings and recommendations.

In addition, the Committee reviewed the adequacy and integrity of internal control systems, including risk management and relevant management information system. It also reviewed the processes put in place to identify, evaluate and manage the significant risks encountered by the Group.

The Committee reviewed various related party transactions carried out by the Group.

INTERNAL AUDIT

The Internal Audit ("IA") function is carried out in-house by the IA Department of HLMG Management Co Sdn Bhd ("HMMC"), a wholly-owned subsidiary of Hong Leong Manufacturing Group Sdn Bhd ("HLMG"). The provision of the IA services is part of the shared services of companies within the HLMG Group. The total cost incurred by the IA Department of HMMC for FY 2015 amounted to RM1,519,474.

The IA Department reports to the Committee of MPI. The IA function is performed with impartiality, proficiency and due professional care. The IA Department supports the Committee of MPI in the effective discharge of its responsibilities in respect of governance, internal controls and the risk management framework of the Group.

Audit plans developed by the IA Department are submitted to the Committee for review and agreement. Internal audits are carried out as agreed. Any resulting salient control concerns are reviewed by the Committee; and the implementation status of audit recommendations are monitored and reported to the Committee on a quarterly basis.

The IA Department also facilitates the implementation and maintenance of the risk management framework of the Group on an on-going basis.

This Board Audit & Risk Management Committee Report is made in accordance with the resolution of the Board of Directors.

FINANCIAL
STATEMENTS

DIRECTORS' REPORT
for the financial year ended 30 June 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are as stated in Note 3 to the financial statements. There have been no significant changes in these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	108,468	92,604
Non-controlling interests	14,142	–
	122,610	92,604

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

(i) a first interim dividend of 7.0 sen per share tax exempt amounting to RM13,922,819 in respect of the financial year ended 30 June 2015 on 12 December 2014; and

(ii) a second interim dividend of 13.0 sen per share tax exempt amounting to RM25,856,664 in respect of the financial year ended 30 June 2015 on 2 June 2015.

The Directors do not recommend a final dividend for the financial year ended 30 June 2015.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

YBhg Datuk Kwek Leng San, Chairman
Mr Peter Nigel Yates, Group Managing Director
YBhg Datuk Syed Zaid bin Syed Jaffar Albar
Ms Lim Tau Kien
Ir. Dennis Ong Lee Khian (appointed on 17 November 2014)
YBhg Dato' Mohamad Kamarudin bin Hassan (appointed on 19 March 2015)
Mr Tan Keok Yin (retired on 16 October 2014)

DIRECTORS' REPORT

for the financial year ended 30 June 2015
... continued

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year who had beneficial interests in the ordinary shares and/or options over ordinary shares of the Company and/or its related corporations during the financial year ended 30 June 2015 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:

		Number of ordinary shares/ordinary shares received# or to be received* arising from vesting of share grant/ordinary shares to be acquired arising from the exercise of options@			
	Nominal value per share RM	**At 1.7.2014**	**Acquired**	**Sold**	**At 30.6.2015**
Shareholdings in which Directors have direct interests					
Interests of YBhg Datuk Kwek Leng San in:					
Hong Leong Company (Malaysia) Berhad	1.00	117,500	–	–	**117,500**
Hong Leong Industries Berhad ("HLI")	0.50	2,520,000	–	–	**2,520,000**
Malaysian Pacific Industries Berhad	0.50	1,260,000	–	–	**1,260,000**
Hong Leong Bank Berhad	1.00	462,000	–	–	**462,000**
Guoco Group Limited	US$0.50	209,120	–	–	**209,120**
Hong Leong Financial Group Berhad	1.00	600,000	–	–	**600,000**
The Rank Group Plc	GBP13 8/9p	45,800	–	–	**45,800**
Hume Industries Berhad (formerly known as Narra Industries Berhad) ("HIB")	1.00	–	2,721,600(1) 397,351#	–	**3,118,951**
	–	–	802,649*	–	**802,649***
Interests of Mr Peter Nigel Yates in:					
Malaysian Pacific Industries Berhad	0.50	160,000	–	–	**160,000**
	–	2,500,000@	–	–	**2,500,000@**
Shareholding in which Director has indirect interest					
Interest of YBhg Datuk Kwek Leng San in:					
The Rank Group Plc	GBP13 8/9p	10,661(2)	–	–	**10,661(2)**

Legend:
(1) Entitlement to new ordinary shares of RM1.00 each in HIB ("HIB Shares") pursuant to the capital distribution by HLI to entitled shareholders of HLI on the basis of 1,080 new HIB Shares for every 1,000 ordinary shares held in HLI.
(2) Interest pursuant to Section 134(12)(c) of the Companies Act, 1965 in shares held by family member.

DIRECTORS' REPORT

for the financial year ended 30 June 2015
... continued

DIRECTORS' BENEFITS

No Director of the Company has since the end of the previous financial year received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or as fixed salary of full-time employees of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for YBhg Datuk Syed Zaid bin Syed Jaffar Albar, who may be deemed to derive a benefit by virtue of the provision of legal services by a firm in which YBhg Datuk Syed Zaid bin Syed Jaffar Albar has interest, to related corporations.

There were no arrangements during and at the end of the financial year which has the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

EXECUTIVE SHARE SCHEME ("ESS")

Malaysian Pacific Industries Berhad ("MPI" or "the Company") has, on 28 February 2014, implemented an executive share grant scheme ("ESGS") of up to 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company for the benefit of eligible executives. The ESGS together with the existing executive share option scheme ("ESOS") which was implemented on 8 March 2013 ("Effective Date") have been renamed as ESS. The ESS would be in force for a period of 10 years from the Effective Date.

The main features of the ESS are, inter alia, as follows:

(i) Eligible executives are those executives of the Group who have been confirmed in service on the date of offer or directors of the Group. The Board may from time to time at its discretion select and identify suitable eligible executives to be offered options or grants.

(ii) The aggregate number of shares comprised in:

   (a) exercised options;
   (b) unexercised options;
   (c) unexpired option offers and unexpired grant offers pending acceptances by the eligible executives;
   (d) outstanding grants;
   (e) completed grants; and
   (f) exercised options, unexercised options, outstanding grants, completed grants and unexpired offers pending acceptances, under any other executive share schemes established by the Company which are still subsisting;

   shall not exceed 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any one time ("Maximum Aggregate").

(iii) The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company.

(iv) The exercise of the options or vesting of shares may, at the absolute discretion of the Board, be satisfied by way of issuance of new ordinary shares of RM0.50 each in the Company (unless otherwise adjusted); transfer of existing shares; or a combination of both new shares and existing shares.

DIRECTORS' REPORT

for the financial year ended 30 June 2015

... continued

EXECUTIVE SHARE SCHEME ("ESS") *cont'd*

(v) At any point in time during the existence of the ESS, the allocation to an eligible executive who, either singly or collectively through persons connected with the eligible executive, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company, must not exceed 10% of the Maximum Aggregate.

(vi) The option offered to an option holder under the ESOS is exercisable by the option holder or the shares to be vested to a grant holder under the ESGS will be vested to the grant holder only during his employment or directorship with the Group and within the option exercise period of the ESOS, subject to any maximum limit as may be determined by the Board under the Bye-Laws of the ESS.

During the financial year ended 30 June 2015, Dynacraft Industries Sdn Bhd, a wholly-owned subsidiary of the Company, has granted conditional incentive share options ("Options") over 1,700,000 ordinary shares of RM0.50 each in the Company ("MPI Shares") at an exercise price of RM5.78 per share to its eligible executives. The Options granted are subject to the achievement of certain performance criteria by the option holders over the option performance period and the exercise period of the vested options will be up to the 30th month from the vesting date to be determined.

During the preceding financial year ended 30 June 2014, the Company has granted Options over 1,000,000 MPI Shares at an exercise price of RM4.30 per share to an eligible executive of Carsem Semiconductor (Suzhou) Co., Ltd, a wholly-owned subsidiary of the Company, whilst Carsem (M) Sdn Bhd, a subsidiary of the Company, has granted Options over 7,900,000 MPI Shares at an exercise price of RM2.61 per share to its eligible executives. The Options granted are subject to the achievement of certain performance criteria by the option holders over the option performance period and the exercise period of the vested options will be up to the 30th month from the vesting date to be determined.

There were no grant of shares under the ESGS of the Company during the financial year.

Since the commencement of the ESS:

(i) a total of 10,600,000 options had been granted. The aggregate options granted to directors and a chief executive of the Group was 3,900,000 options;

(ii) the aggregate allocation to directors and senior management of the Group is at the discretion of the Board, provided that such allocation does not exceed the Maximum Aggregate; and

(iii) the actual percentage of total options granted to directors and senior management of the Group was 1.961% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company as at 30 June 2015.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company and the Company has not issued any debenture during the financial year.

During the financial year, the Company purchased 1,000 ordinary shares of its issued share capital from the open market. The average price paid for the shares bought back was RM5.08 per ordinary share. The share buyback transaction was financed by internally generated funds. As at 30 June 2015, the total number of shares bought back was 10,987,000 ordinary shares of RM0.50 each which are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

DIRECTORS' REPORT

for the financial year ended 30 June 2015
... continued

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate provision made for doubtful debts; and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and the Company inadequate to any substantial extent; or

(ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Pursuant to Section 168(8) of the Companies Act, 1965, the Registrar of Companies has granted an order authorising Carsem Semiconductor (Suzhou) Co., Ltd to continue its financial year end of 31 December, which does not coincide with that of the Company, its ultimate holding company, in accordance with and as required by the local regulations of its country of incorporation.

DIRECTORS' REPORT
for the financial year ended 30 June 2015
... continued

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board,

Peter Nigel Yates

Datuk Syed Zaid bin Syed Jaffar Albar

Kuala Lumpur
24 August 2015

STATEMENTS OF FINANCIAL POSITION
as at 30 June 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
ASSETS					
Property, plant and equipment	4	**809,260**	823,171	**60**	208
Investment properties	5	**34,288**	–	**–**	–
Investments	6	**46**	46	**432,131**	432,131
Total non-current assets		**843,594**	823,217	**432,191**	432,339
Inventories	8	**93,481**	94,458	**–**	–
Trade and other receivables including derivatives	9	**297,036**	197,299	**67,214**	56,678
Cash and cash equivalents	10	**152,014**	78,114	**59,703**	16,519
Total current assets		**542,531**	369,871	**126,917**	73,197
TOTAL ASSETS		**1,386,125**	1,193,088	**559,108**	505,536
Equity attributable to owners of the Company					
Share capital	11	**104,942**	104,942	**104,942**	104,942
Reserves	12	**917,931**	791,179	**617,130**	558,871
Treasury shares, at cost		**(163,808)**	(163,803)	**(163,808)**	(163,803)
		859,065	732,318	**558,264**	500,010
Non-controlling interests		**169,101**	174,811	**–**	–
TOTAL EQUITY		**1,028,166**	907,129	**558,264**	500,010
LIABILITIES					
Employee benefits	14(a)	**332**	332	**245**	245
Deferred tax liabilities	7	**31,989**	29,035	**–**	–
Total non-current liabilities		**32,321**	29,367	**245**	245
Trade and other payables including derivatives	15	**222,728**	162,574	**599**	5,281
Loans and borrowings	13	**93,592**	93,442	**–**	–
Current tax liabilities		**9,318**	576	**–**	–
Total current liabilities		**325,638**	256,592	**599**	5,281
TOTAL LIABILITIES		**357,959**	285,959	**844**	5,526
TOTAL EQUITY AND LIABILITIES		**1,386,125**	1,193,088	**559,108**	505,536

The notes on pages 46 to 98 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue					
- Sale of goods		**1,389,203**	1,291,745	**–**	–
- Dividend income		**887**	95	**84,679**	114,795
Cost of sales		**(1,182,475)**	(1,156,213)	**–**	–
Gross profit		**207,615**	135,627	**84,679**	114,795
Distribution expenses		**(23,845)**	(22,538)	**–**	–
Administrative expenses		**(35,951)**	(34,577)	**(2,461)**	(1,938)
Other operating income		**21,150**	22,969	**10,331**	339
Other operating expenses		**(14,650)**	(33,552)	**–**	–
Results from operations		**154,319**	67,929	**92,549**	113,196
Interest income		**983**	870	**255**	170
Finance costs		**(2,316)**	(3,982)	**(170)**	(1,790)
Profit before taxation	16	**152,986**	64,817	**92,634**	111,576
Taxation	17	**(30,376)**	(11,172)	**(30)**	(48)
Profit for the year		**122,610**	53,645	**92,604**	111,528
Profit attributable to:					
Owners of the Company		**108,468**	45,144	**92,604**	111,528
Non-controlling interests		**14,142**	8,501	**–**	–
		122,610	53,645	**92,604**	111,528
Basic earnings per ordinary share (sen)	18	**57.12**	23.87		

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

... continued

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Profit for the year		**122,610**	53,645	**92,604**	111,528
Other comprehensive income/ (expense), net of tax	19				
Items that are or may be reclassified to profit or loss					
- Foreign currency translation differences for foreign operations		**54,671**	(425)	**–**	–
- Cash flow hedge		**(6,434)**	–	**–**	–
Total comprehensive income for the year		**170,847**	53,220	**92,604**	111,528
Total comprehensive income attributable to:					
Owners of the Company		**158,166**	44,719	**92,604**	111,528
Non-controlling interests		**12,681**	8,501	**–**	–
		170,847	53,220	**92,604**	111,528

The notes on pages 46 to 98 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2015

Group	← Attributable to owners of the Company											
	← Non-distributable							→ Distributable				
	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Reserve for own shares RM'000	Executive share scheme reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2013	104,942	249,952	1,050	9,382	24,752	(60,426)	–	(163,803)	550,339	716,188	199,868	916,056
Other comprehensive expense - foreign currency translation differences	–	–	–	–	(425)	–	–	–	–	(425)	–	(425)
Profit for the year	–	–	–	–	–	–	–	–	45,144	45,144	8,501	53,645
Total comprehensive (expense)/income for the year	–	–	–	–	(425)	–	–	–	45,144	44,719	8,501	53,220
Purchase of trust shares	–	–	–	–	–	(1,053)	–	–	–	(1,053)	–	(1,053)
Dividends (Note 20)	–	–	–	–	–	–	–	–	(28,366)	(28,366)	(36,300)	(64,666)
Share-based payment	–	–	–	–	–	–	830	–	–	830	325	1,155
Issuance of shares to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	–	2,417	2,417
Total distribution to owners	–	–	–	–	–	(1,053)	830	–	(28,366)	(28,589)	(33,558)	(62,147)
Transfer to capital reserve	–	–	–	865	–	–	–	–	(865)	–	–	–
At 30 June 2014	104,942	249,952	1,050	10,247	24,327	(61,479)	830	(163,803)	566,252	732,318	174,811	907,129
	Note 11	Note 12	Note 12	Note 12	Note 12	Note 12	Note 12		Note 12			

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2015

... continued

Group	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Capital reserve RM'000	Hedging reserve RM'000	Exchange fluctuation reserve RM'000	Reserve for own shares RM'000	Executive share scheme reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Attributable to owners of the Company												
	Non-distributable									Distributable			
At 1 July 2014	104,942	249,952	1,050	10,247	–	24,327	(61,479)	830	(163,803)	566,252	732,318	174,811	907,129
Other comprehensive income/(expenses)													
- foreign currency translation differences	–	–	–	–	–	54,671	–	–	–	–	54,671	–	54,671
- cash flow hedge	–	–	–	–	(4,973)	–	–	–	–	–	(4,973)	(1,461)	(6,434)
Profit for the year	–	–	–	–	–	–	–	–	–	108,468	108,468	14,142	122,610
Total comprehensive (expense)/income for the year	–	–	–	–	(4,973)	54,671	–	–	–	108,468	158,166	12,681	170,847
Disposal of trust shares	–	(2,521)	–	–	–	–	7,646	–	–	–	5,125	–	5,125
Dividends (Note 20)	–	–	–	–	–	–	–	–	–	(37,985)	(37,985)	(18,768)	(56,753)
Share-based payment	–	–	–	–	–	–	–	1,446	–	–	1,446	377	1,823
Purchase of treasury shares	–	–	–	–	–	–	–	–	(5)	–	(5)	–	(5)
Total distribution to owners	–	(2,521)	–	–	–	–	7,646	1,446	(5)	(37,985)	(31,419)	(18,391)	(49,810)
Transfer to capital reserve	–	–	–	3,528	–	–	–	–	–	(3,528)	–	–	–
At 30 June 2015	**104,942**	**247,431**	**1,050**	**13,775**	**(4,973)**	**78,998**	**(53,833)**	**2,276**	**(163,808)**	**633,207**	**859,065**	**169,101**	**1,028,166**
	Note 11	Note 12	Note 12	Note 12	Note 12	Note 12	Note 12	Note 12		Note 12			

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2015

... continued

Company	Share capital RM'000	Share premium RM'000	Reserve for own shares RM'000	Executive share scheme reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
	Non-distributable					*Distributable*	
At 1 July 2013	104,942	249,952	(10,780)	–	(163,803)	237,760	418,071
Profit/Total comprehensive income for the year	–	–	–	–	–	111,528	111,528
Dividends (Note 20)	–	–	–	–	–	(29,661)	(29,661)
Share-based payment	–	–	–	72	–	–	72
Total distribution to owners	–	–	–	72	–	(29,661)	(29,589)
At 30 June 2014/1 July 2014	104,942	249,952	(10,780)	72	(163,803)	319,627	500,010
Profit/Total comprehensive income for the year	–	–	–	–	–	92,604	92,604
Disposal of trust shares	–	(2,521)	7,646	–	–	–	5,125
Dividends (Note 20)	–	–	–	–	–	(39,712)	(39,712)
Share-based payment	–	–	–	242	–	–	242
Purchase of treasury shares	–	–	–	–	(5)	–	(5)
Total distribution to owners	–	(2,521)	7,646	242	(5)	(39,712)	(34,350)
At 30 June 2015	**104,942**	**247,431**	**(3,134)**	**314**	**(163,808)**	**372,519**	**558,264**
	Note 11	Note 12	Note 12	Note 12		Note 12	

The notes on pages 46 to 98 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from operating activities				
Profit before taxation	**152,986**	64,817	**92,634**	111,576
Adjustments for:				
Depreciation of property, plant and equipment	**203,880**	204,908	**157**	156
Depreciation of investment properties	**233**	–	**–**	–
Dividend income	**(1,528)**	(531)	**(84,679)**	(114,795)
Finance costs	**2,316**	3,982	**170**	1,790
Interest income	**(983)**	(870)	**(255)**	(170)
Fair value loss/(gain) on forward exchange contract	**1,866**	(3,508)	**–**	–
Fair value loss on financial instruments designated as hedge instruments	**5,256**	–	**–**	–
(Gain)/Loss on disposal of property, plant and equipment	**(1,264)**	722	**–**	–
Reversal of impairment on property, plant and equipment	**(251)**	(2,360)	**–**	–
Property, plant and equipment written off	**18**	169	**–**	–
Retirement benefits written back	**–**	(88)	**–**	–
Share-based payment	**1,823**	1,155	**–**	–
Unrealised gain on foreign exchange	**(16,078)**	(8,784)	**(10,293)**	(336)
Operating profit/(loss) before working capital changes	**348,274**	259,612	**(2,266)**	(1,779)
Inventories	**5,843**	(21,369)	**–**	–
Trade and other receivables	**(65,931)**	33,082	**(1)**	13
Trade and other payables	**36,599**	(1,032)	**144**	(128)
Cash generated from/(used in) operations	**324,785**	270,293	**(2,123)**	(1,894)
Taxation paid	**(17,646)**	(4,441)	**(30)**	(13)
Finance costs paid	**(2,316)**	(3,982)	**(170)**	(1,790)
Interest income received	**983**	870	**255**	170
Dividends received	**1,528**	531	**84,679**	114,795
Net cash generated from operating activities	**307,334**	263,271	**82,611**	111,268
Cash flows from investing activities				
Additional equity investment in subsidiaries	**–**	–	**–**	(5,640)
Additional equity investment in subsidiary from non-controlling interest	**–**	2,417	**–**	–
Proceeds from disposal of property, plant and equipment	**2,637**	5,946	**–**	–
Purchase of property, plant and equipment	**(176,452)**	(72,417)	**(9)**	–
Net cash used in investing activities	**(173,815)**	(64,054)	**(9)**	(5,640)

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2015

... continued

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from financing activities				
Repayment to subsidiaries	**–**	–	**(4,826)**	(4,836)
Dividends paid to owners of the Company	**(37,985)**	(28,366)	**(39,712)**	(29,661)
Dividends paid to non-controlling shareholder of a subsidiary company	**(18,768)**	(36,300)	**–**	–
Repayments of borrowings	**(119,493)**	(252,817)	**–**	(55,000)
Drawdown from borrowings	**107,259**	161,634	**–**	–
Repurchase of treasury shares	**(5)**	–	**(5)**	–
Disposal/(Purchase) of trust shares	**5,125**	(1,053)	**5,125**	–
Net cash used in financing activities	**(63,867)**	(156,902)	**(39,418)**	(89,497)
Net change in cash and cash equivalents	**69,652**	42,315	**43,184**	16,131
Effect of exchange rate fluctuation on cash held	**4,248**	11	**–**	–
Cash and cash equivalents as at 1 July	**78,114**	35,788	**16,519**	388
Cash and cash equivalents at 30 June	**152,014**	78,114	**59,703**	16,519

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposit with licensed banks	**104,033**	24,677	**59,350**	11,504
Cash and bank balances	**47,981**	53,437	**353**	5,015
	152,014	78,114	**59,703**	16,519

The notes on pages 46 to 98 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Malaysian Pacific Industries Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

Level 9, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur.

The immediate and ultimate holding companies of the Company are Hong Leong Manufacturing Group Sdn Bhd and Hong Leong Company (Malaysia) Berhad respectively, both incorporated in Malaysia.

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2015 comprise the Company, its subsidiaries and special purpose entities (together referred to as "the Group"). The financial statements of the Company as at and for the financial year ended 30 June 2015 do not include other entities.

The Company is an investment holding company whilst the principal activities of the subsidiaries are set out in Note 3 to the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 24 August 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared on the historical cost basis other than those disclosed in Note 2.2 to the financial statements.

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Companies Act, 1965 in Malaysia.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

These financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company and all values are rounded to the nearest thousand ("RM'000"), unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(a) Basis of consolidation *cont'd*

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Special purpose entities

Special purpose entities ("SPE") are entities defined in MFRS 10, *Consolidated Financial Statements*, which may constitute a corporation, trust, partnership or unincorporated entity created to accomplish a narrow and well defined objective with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their governing board, trustee or management over the operations of the SPE. Accordingly, the ESS Trust set up as mentioned in Note 2.2(j)(iii) is consolidated in the consolidated financial statements of the Group.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(b) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing herein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of a component of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment from the date they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(b) Property, plant and equipment *cont'd*

(iii) Depreciation *cont'd*

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	41 - 99 years
Buildings	20 - 50 years
Building improvement	10 years
Plant, equipment and motor vehicles	2 - 10 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.

(c) Investment property

Investment property carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2.2b.

Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 10-50 years for buildings and improvements. Leasehold land is depreciated over the lease term.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(d) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statements of financial position.

Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(e) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(e) Financial instruments *cont'd*

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss are subject to review for impairment (see Note 2.2(h)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(e) Financial instruments *cont'd*

(ii) Financial instrument categories and subsequent measurement *cont'd*

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(iv) Hedge accounting

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit or loss. The gain or loss on the hedged item, except for hedge item categorised as available-for-sale, attributable to the hedged risk is adjusted to the carrying amount of the hedged item and recognised in profit or loss. For a hedge item categorised as available-for-sale, the fair value gain or loss attributable to the hedge risk is recognised in profit or loss.

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(e) Financial instruments *cont'd*

(iv) Hedge accounting *cont'd*

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the control of the asset is not retained or substantially all risks and rewards of the financial assets are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value.

(h) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(h) Impairment *cont'd*

(i) Financial assets *cont'd*

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for deferred tax assets and inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statements of changes in equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are sold or subsequently reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(j) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(j) Employee benefits *cont'd*

(ii) Defined benefit plan

The Group operates an unfunded defined benefit scheme for the eligible employees. The present value of the defined benefit obligation as required by MFRS 119, *Employee Benefits* has not been used in deriving at the provision, as the amount involved is not material to the Group. Accordingly, no further disclosure as required by the standard is made.

(iii) Share-based payments

The Group operates equity-settled share-based compensation plans for the employees of the Group under the Malaysian Pacific Industries Berhad's Executive Share Scheme ("ESS").

In connection with the ESS, trusts have been set up and are administered by an appointed trustee ("ESS Trusts"). The trustee will be entitled, from time to time, to accept advances from the Group, upon such terms and conditions as the Group and the trustee may agree, to purchase the ordinary shares of MPI from the open market for the ESS Trusts ("Trust Shares").

The fair value of the share options or grant offers granted to employees is recognised as an employment cost with a corresponding increase in the executive share scheme reserve over the vesting period. When the share options are exercised or grant offers are completed, the amount from the executive share scheme reserve is transferred to retained earnings. When the share options not exercised or grant offers not completed are expired, the amount from the executive share scheme reserve is transferred to retained earnings.

The fair value of the share options or grant offers is measured using Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The ESS Trusts for MPI are consolidated into the Group's consolidated financial statements as a deduction from equity and classified as reserve for own shares. Dividends received by the ESS Trusts are eliminated against the Company's dividend payment.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(k) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the respective functional currencies of Group entities at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the respective functional currencies of Group entities at the exchange rate at the date the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a cash flow hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

(ii) Financial statements of foreign operations denominated in functional currencies other than RM

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 July 2011 which are reported using the exchange rates at the dates of the acquisition. The income and expenses of foreign operations are translated to RM at average exchange rates for the year.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(l) Provisions

A provision is recognised if, as a result of a past event, the Group or the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(m) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(iii) Dividend income

Dividend income of the Group and of the Company is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(p) Taxation

Taxation comprises current and deferred taxation. Taxation is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current taxation is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred taxation is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred taxation is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred taxation is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

Unutilised reinvestment allowance and investment tax allowance are treated as tax base of assets and are recognised as a reduction of tax expense as and when they are utilised.

(q) Earnings per ordinary share

The Group presents basic earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(s) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

(t) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Statement of compliance

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements,* MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRS Interpretations and amendments effective for annual periods beginning on or after 1 Janurary 2017

- MFRS 15, *Revenue from Contract Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments* (2014)

The Group plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 July 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016.
- from the annual period beginning on 1 July 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 July 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The Group is currently assessing the financial impact that may arise from the initial application of the abovementioned accounting standards, amendments or interpretations.

NOTES TO THE FINANCIAL STATEMENTS
... continued

3. COMPANIES IN THE GROUP

The principal activities of the companies in the Group, their country of incorporation and the effective interest of Malaysian Pacific Industries Berhad are shown below:

Name of subsidiary	Country of incorporation	Effective interest 2015 %	2014 %	Principal activities
Carsem (M) Sdn Bhd	Malaysia	**70**	70	Manufacturing and testing of semiconductor devices and electronic components
• Recams Sdn Bhd ^	Malaysia	**70**	70	In member's voluntary liquidation
Carsem Holdings Limited *	Bermuda	**100**	100	Investment holding
• Carsem Holdings (HK) Limited #	Hong Kong	**100**	100	Sale and marketing of semiconductor devices and electronic components
• Carsem Semiconductor (Suzhou) Co., Ltd #	The People's Republic of China	**100**	100	Manufacturing and testing of semiconductor devices and electronic components
Dynacraft Industries Sdn Bhd	Malaysia	**100**	100	Manufacturing and sale of leadframes
Carter Realty Sdn Bhd	Malaysia	**70**	70	Investment holding
• Carsem Inc. *	United States of America	**70**	70	Semiconductor devices' and electronic components' marketing agent

Notes:
- • Sub-subsidiary companies.
- # The financial statements of these subsidiary companies are not audited by KPMG.
- * These financial statements are not required to be audited in their respective countries of incorporation.
- ^ This subsidiary is in member's voluntary liquidation and has been consolidated based on unaudited financial statements.

NOTES TO THE FINANCIAL STATEMENTS
... continued

4. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM'000	Building*/ Building improvement RM'000	Plant equipment and motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost					
At 1 July 2013	28,816	342,827	3,051,181	69,702	3,492,526
Additions	–	692	70,306	1,419	72,417
Disposals	–	–	(151,905)	–	(151,905)
Write off	–	(3)	(56,825)	–	(56,828)
Transfers	–	57,911	11,464	(69,375)	–
Currency translation differences	–	(7)	(154)	–	(161)
At 30 June 2014/1 July 2014	28,816	401,420	2,924,067	1,746	3,356,049
Additions	–	1,499	172,068	2,885	176,452
Disposals	–	–	(13,513)	–	(13,513)
Write off	–	–	(67,444)	(236)	(67,680)
Transfers	–	–	4,395	(4,395)	–
Transfers to investment properties	(8,551)	(37,732)	–	–	(46,283)
Currency translation differences	553	16,427	94,039	–	111,019
At 30 June 2015	**20,818**	**381,614**	**3,113,612**	**–**	**3,516,044**
Accumulated depreciation and impairment losses					
At 1 July 2013					
Accumulated depreciation	9,943	192,073	2,284,478	–	2,486,494
Accumulated impairment losses	–	–	46,833	236	47,069
	9,943	192,073	2,331,311	236	2,533,563
Charge for the year	356	18,015	186,537	–	204,908
Disposals	–	–	(145,237)	–	(145,237)
Write off	–	–	(56,659)	–	(56,659)
Reversal of impairment losses	–	72	(2,432)	–	(2,360)
Transfers	–	660	(660)	–	–
Currency translation differences	–	(97)	(1,240)	–	(1,337)
At 30 June 2014					
Accumulated depreciation	10,299	210,651	2,267,219	–	2,488,169
Accumulated impairment losses	–	72	44,401	236	44,709
	10,299	210,723	2,311,620	236	2,532,878
Charge for the year	328	15,295	188,257	–	203,880
Disposals	–	–	(12,140)	–	(12,140)
Write off	–	–	(67,426)	(236)	(67,662)
Reversal of impairment losses	–	–	(251)	–	(251)
Transfers to investment properties	(1,766)	(9,996)	–	–	(11,762)
Currency translation differences	133	3,712	57,996	–	61,841
At 30 June 2015					
Accumulated depreciation	8,994	219,734	2,435,193	–	2,663,921
Accumulated impairment losses	–	–	42,863	–	42,863
	8,994	**219,734**	**2,478,056**	**–**	**2,706,784**

NOTES TO THE FINANCIAL STATEMENTS
... continued

4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group	Leasehold land RM'000	Building*/ Building improvement RM'000	Plant equipment and motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Carrying amounts					
At 1 July 2013	18,873	150,754	719,870	69,466	958,963
At 30 June 2014/1 July 2014	18,517	190,697	612,447	1,510	823,171
At 30 June 2015	**11,824**	**161,880**	**635,556**	**–**	**809,260**

Company	Equipment and motor vehicles RM'000
Cost	
At 1 July 2013	889
Write off	(107)
At 30 June 2014/1 July 2014	782
Additions	9
At 30 June 2015	**791**
Accumulated depreciation	
At 1 July 2013	525
Write off	(107)
Charge for the year	156
At 30 June 2014/1 July 2014	574
Charge for the year	157
At 30 June 2015	**731**
Carrying amounts	
At 1 July 2013	364
At 30 June 2014/1 July 2014	208
At 30 June 2015	**60**

* The buildings of the Group are situated on leasehold land owned by the Group except for certain buildings amounting to RM36,022,000 (2014: RM37,495,000) of a subsidiary which are situated on a land classified as an operating lease (Note 22).

NOTES TO THE FINANCIAL STATEMENTS
... continued

4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

4.1 Leasehold land

Included in the carrying amount of leasehold land are:

	Group 2015 RM'000	Group 2014 RM'000
Leasehold land with unexpired lease period of less than 50 years	**5,387**	5,102
Leasehold land with unexpired lease period of more than 50 years	**6,437**	13,415
	11,824	18,517

5. INVESTMENT PROPERTIES

	Group 2015 RM'000
Leasehold land and building	
Cost	
1 July	**–**
Transfer from property, plant & equipment	**46,283**
At 30 June	**46,283**
Accumulated depreciation	
1 July	**–**
Transfer from property, plant & equipment	**11,762**
Charge for the year	**233**
At 30 June	
Accumulated depreciation	**11,923**
Accumulated impairment losses	**72**
	11,995
Carrying amounts	
At 30 June	**34,288**
Fair value	
At 30 June	**65,500**

NOTES TO THE FINANCIAL STATEMENTS
... continued

5. INVESTMENT PROPERTIES *cont'd*

During the financial year ended 30 June 2015, two properties have been transferred from property, plant and equipment to investment properties, since the buildings were no longer used by the Group and one is leased to a third party. No contingent rents are charged.

The followings are recognised in profit or loss in respect of investment properties:

	Group 2015 RM'000
Rental income	**962**
Direct operating expenses	
- income generating investment properties	**154**
- non-income generating investment properties	**206**

Fair value information

Fair value of investment properties are categorised as Level 3:

Level 3 fair values have been determined by Directors' valuation using sales comparison approach. Sales price of comparable properties are adjusted for differences in key attributes such as property size. The significant unobservable input into the Directors' valuation is price per square feet of comparable properties. The estimated fair value would increase/decrease if expected value per square feet of recent sales and listing of similar properties were higher/lower.

6. INVESTMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares in subsidiaries, at cost	**–**	–	**432,085**	432,085
Other investments categorised as available-for-sale	**46**	46	**46**	46
	46	46	**432,131**	432,131

The subsidiary companies and their principal activities are disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
... continued

6. INVESTMENTS *cont'd*

6.1 Non-controlling interest in subsidiaries

The subsidiary groups that have non-controlling interests ("NCI") are as follows:

	Carsem (M) Sdn Bhd and its subsidiary	
	2015 RM'000	**2014 RM'000**
NCI percentage of ownership interest and voting interest	**30%**	30%
Carrying amount of NCI	**166,354**	172,154
Profit allocated to NCI	**12,947**	8,261

Summarised financial information before intra-group elimination

	Carsem (M) Sdn Bhd and its subsidiary	
	As at 30 June 2015 RM'000	**As at 30 June 2014 RM'000**
Statements of financial position		
Total assets	**734,747**	739,220
Total liabilities	**(172,594)**	(167,655)
Net assets	**562,153**	571,565
Statements of profit or loss and other comprehensive income for the year		
Profit for the year	**43,155**	24,879
Total comprehensive income	**53,148**	45,046
Statements of cash flows for the financial year ended		
Net cash flow generated from operating, investing and financing activities	**31,922**	2,303
Dividends paid to NCI	**18,768**	36,300

NOTES TO THE FINANCIAL STATEMENTS
... continued

7. DEFERRED TAXATION

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2015 RM'000	Assets 2014 RM'000	Liabilities 2015 RM'000	Liabilities 2014 RM'000	Net 2015 RM'000	Net 2014 RM'000
Property, plant and equipment	**–**	–	**(40,518)**	(33,079)	**(40,518)**	(33,079)
Inventories	**3,341**	2,284	**–**	–	**3,341**	2,284
Other items	**5,188**	1,760	**–**	–	**5,188**	1,760
Deferred tax assets/(liabilities)	**8,529**	4,044	**(40,518)**	(33,079)	**(31,989)**	(29,035)
Set off of tax	**(8,529)**	(4,044)	**8,529**	4,044	**–**	–
	–	–	**(31,989)**	(29,035)	**(31,989)**	(29,035)

Deferred tax liabilities and assets are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Movement in temporary differences during the year

Group	At 1.7.2013 RM'000	Recognised in profit or loss (Note 17) RM'000	At 30.6.2014/ 1.7.2014 RM'000	Recognised in profit or loss (Note 17) RM'000	Recognised in other comprehensive income (Note 19) RM'000	At 30.6.2015 RM'000
Property, plant and equipment	(29,080)	(3,999)	(33,079)	(7,439)	–	**(40,518)**
Inventories	2,420	(136)	2,284	1,057	–	**3,341**
Other items	6,982	(5,222)	1,760	1,803	1,625	**5,188**
	(19,678)	(9,357)	(29,035)	(4,579)	1,625	**(31,989)**

NOTES TO THE FINANCIAL STATEMENTS
... continued

8. INVENTORIES

	Group	
	2015	**2014**
	RM'000	**RM'000**
Raw materials	**59,087**	65,154
Work-in-progress	**13,221**	10,857
Finished goods	**10,523**	10,260
Consumable spares	**10,650**	8,187
	93,481	94,458

9. TRADE AND OTHER RECEIVABLES INCLUDING DERIVATIVES

		Group		Company	
	Note	**2015**	**2014**	**2015**	**2014**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables		**215,460**	164,724	**–**	–
Allowance for impairment losses		**(6,405)**	(6,796)	**–**	–
		209,055	157,928	**–**	–
Amounts due from subsidiaries	a	**–**	–	**66,872**	56,579
Other debtors		**60,458**	20,374	**314**	75
Deposits		**1,387**	1,345	**5**	5
Prepayments		**26,136**	15,710	**23**	19
Derivative financial assets					
- Forward exchange contracts		**–**	1,942	**–**	–
		297,036	197,299	**67,214**	56,678

Company

Note a

Amounts due from subsidiaries are non-trade, unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
... continued

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Deposits with licensed banks	**104,033**	24,677	**59,350**	11,504
Cash and bank balances	**47,981**	53,437	**353**	5,015
	152,014	78,114	**59,703**	16,519

Included in deposits and bank balances are the following balances placed with a related company arising from normal business transactions:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Deposits and bank balances	**103,848**	23,545	**59,663**	11,820

11. SHARE CAPITAL

	Group and Company			
	2015		2014	
Ordinary shares of RM0.50 each	**Number of shares '000**	**Amount RM'000**	**Number of shares '000**	**Amount RM'000**
Authorised				
At 1 July/30 June	**400,000**	**200,000**	400,000	200,000
Issued and fully paid				
At 1 July/30 June	**209,884**	**104,942**	209,884	104,942

During the financial year, the Company purchased 1,000 (2014: Nil) ordinary shares of its issued share capital from the open market. The average price paid for the shares bought back was RM5.08 (2014: Nil) per ordinary share. As at 30 June 2015, the total number of shares bought back was 10,987,000 (2014: 10,986,000) ordinary shares of RM0.50 each which are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

NOTES TO THE FINANCIAL STATEMENTS
... continued

12. RESERVES

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Reserves consist of:					
Share premium		**247,431**	249,952	**247,431**	249,952
Capital redemption reserve	a	**1,050**	1,050	**–**	–
Capital reserve	b	**13,775**	10,247	**–**	–
Exchange fluctuation reserve	c	**78,998**	24,327	**–**	–
Reserve for own shares	d	**(53,833)**	(61,479)	**(3,134)**	(10,780)
Executive share scheme reserve	e	**2,276**	830	**314**	72
Hedging reserve	f	**(4,973)**	–	**–**	–
Retained earnings		**633,207**	566,252	**372,519**	319,627
		917,931	791,179	**617,130**	558,871

Note a
Capital redemption reserve represents a transfer from the revenue reserve arising from the redemption of redeemable preference shares by a subsidiary of the Company.

Note b
Capital reserve represents a transfer from the revenue reserve to capital reserve by a subsidiary as required by the relevant regulations of its country of incorporation.

Note c
Exchange fluctuation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Note d
Reserve for own shares represents Trust Shares purchased by the ESS Trusts as disclosed in Note 2.2(j)(iii).

During the financial year, the trustee has disposed 820,800 Trust Shares in the open market. As at 30 June 2015, the total number of Trust Shares purchased by the trustee was 8,970,000 (2014: 9,790,800) ordinary shares of RM0.50 each.

Note e
Executive share scheme reserve represents fair value of the share options granted to employees as disclosed in note 2.2(j)(iii).

Note f
Hedging reserve represents the effective portion of the cumulative net change in the fair value of cash flow hedge related to hedged transactions that have not yet occurred.

NOTES TO THE FINANCIAL STATEMENTS
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13. LOANS AND BORROWINGS

	Group 2015 RM'000	Group 2014 RM'000
Current (unsecured)		
Revolving credit	**74,852**	78,442
Bankers' acceptances	**18,740**	15,000
	93,592	93,442

14. EMPLOYEE BENEFITS

a Retirement benefits

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Retirement benefits obligation	**332**	332	**245**	245

b Share-based payment

The Company has, on 28 February 2014, implemented an executive share grant scheme ("ESGS") of up to 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company for the benefit of the eligible executives. The ESGS together with the existing executive share option scheme which was implemented on 8 March 2013 ("Effective Date") have been renamed as Executive Share Scheme ("ESS"). The ESS would be in force for a period of 10 years from the Effective Date.

During the financial year ended 30 June 2015, Dynacraft Industries Sdn Bhd, a wholly-owned subsidiary of the Company, has granted conditional incentive share options ("Options") over 1,700,000 ordinary shares of RM0.50 each in the Company ("MPI Shares") at an exercise price of RM5.78 per share to its eligible executives. The Options granted are subject to the achievement of certain performance criteria by the option holders over the option performance period and the exercise period of the vested options will be up to the 30th month from the vesting date to be determined.

During the preceding financial year ended 30 June 2014, the Company has granted Options over 1,000,000 MPI Shares at an exercise price of RM4.30 per share to an eligible executive of Carsem Semiconductor (Suzhou) Co., Ltd, a wholly-owned subsidiary of the Company, whilst Carsem (M) Sdn Bhd, a subsidiary of the Company, has granted Options over 7,900,000 MPI Shares at an exercise price of RM2.61 per share to its eligible executives. The Options granted are subject to the achievement of certain performance criteria by the option holders over the option performance period and the exercise period of the vested options will be up to the 30th month from the vesting date to be determined.

There were no grant of shares under the ESGS of the Company during the financial year.

There were no options vested during the financial year.

14. EMPLOYEE BENEFITS *cont'd*

b Share-based payment *cont'd*

Weighted average fair value of share options and assumptions

	2015	2014
Weighted average fair value at grant date	**RM0.75**	RM0.61

At grant date:		
Weighted average share price	**RM6.66**	RM5.08
Weighted average exercise price	**RM3.28**	RM2.80
Expected volatility (weighted average volatility)	**29.00%**	27.98%
Option life (expected weighted average life)	**6 years**	6 years
Weighted average expected dividends	**3.99%**	3.87%
Weighted average risk-free interest rate (based on Malaysian government bonds)	**3.76%**	3.75%

Value of employee services received for issue of share options

	Group	
	2015 RM'000	2014 RM'000
Share options granted in 2014	**1,500**	1,155
Share options granted in 2015	**323**	–
	1,823	1,155

15. TRADE AND OTHER PAYABLES INCLUDING DERIVATIVES

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables		**56,317**	57,407	**–**	–
Amounts due to:					
- Related companies	a	**56**	62	**–**	–
- Subsidiaries	c	**–**	–	**–**	4,826
Other payables		**117,061**	60,489	**–**	–
Accrued expenses		**35,979**	44,616	**599**	455
Derivative financial liabilities					
- Forward exchange contracts designated as hedge instruments	b	**13,315**	–	**–**	–
		222,728	162,574	**599**	5,281

NOTES TO THE FINANCIAL STATEMENTS
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15. TRADE AND OTHER PAYABLES INCLUDING DERIVATIVES *cont'd*

Group

Note a

Amounts due to related companies are non-trade, unsecured, interest free and repayable on demand.

Note b

During the financial year under review, the Group designated its forward exchange contracts as instruments to hedge the cash flow risk in relation to the variation of cash flows arising from future forecasted sales. The total notional value of the forward exchange contracts as at 30 June 2015 is RM 320,851,000 (2014: Nil).

Company

Note c

Amounts due to subsidiaries are non-trade, unsecured, interest free and repayable on demand.

16. PROFIT BEFORE TAXATION

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Auditors' remuneration				
Holding company's auditors				
- Statutory audits	**137**	134	**24**	21
- Other services	**29**	24	**8**	8
Other auditors				
- Statutory audits	**48**	43	**–**	–
- Other services	**18**	17	**–**	–
Depreciation of property, plant and equipment	**203,880**	204,908	**157**	156
Depreciation of investment properties	**233**	–	**–**	–
Directors' remuneration (Key management personnel)				
Executive Directors				
- Other emoluments	**2,223**	2,345	**–**	–
- Share-based payment	**398**	343	**–**	–
	2,621	2,688	**–**	–
Non-Executive Directors				
- Fees *	**232**	220	**192**	180
- Other emoluments	**105**	108	**105**	108
	337	328	**297**	288

NOTES TO THE FINANCIAL STATEMENTS
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16. PROFIT BEFORE TAXATION *cont'd*

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Profit before taxation is arrived at after charging/(crediting): *cont'd*				
(Gain)/Loss on disposal of property, plant and equipment	**(1,264)**	722	**–**	–
Gross dividends from:				
- Unquoted subsidiaries	**–**	–	**(83,792)**	(114,700)
- Other investments	**(1,528)**	(531)	**(887)**	(95)
Reversal of impairment on property, plant and equipment	**(251)**	(2,360)	**–**	–
(Reversal of)/Provision for impairment loss on trade receivables	**(391)**	910	**–**	–
Finance costs				
- Term loan	**–**	722	**–**	722
- Others	**2,316**	3,260	**170**	1,068
Interest income	**(983)**	(870)	**(255)**	(170)
Provision/(Reversal of provision) for slow moving inventories	**4,956**	(124)	**–**	–
Loss/(Gain) on foreign exchange				
- Realised	**11,978**	7,938	**–**	–
- Unrealised	**(16,078)**	(8,784)	**(10,293)**	(336)
Property, plant and equipment written off	**18**	169	**–**	–
(Reversal of provision)/Provision for termination benefits	**(582)**	9,000	**–**	–
Settlement of a lawsuit	**–**	12,836	**–**	–
Personnel expenses:				
- Wages, salaries and others	**305,768**	294,049	**–**	–
- Contributions to Employees Provident Fund	**32,839**	30,429	**–**	–
- Share-based payment	**1,425**	812	**–**	–
Rental of property, plant and equipment	**3,566**	3,299	**53**	53
Research and development expenditure	**19,161**	20,189	**–**	–
Rental income of investment property	**(962)**	–	**–**	–
Retirement benefits written back	**–**	(88)	**–**	–
Fair value loss/(gain) on forward exchange contract	**1,866**	(3,508)	**–**	–
Fair value loss on financial instruments designated as hedge instruments	**5,256**	–	**–**	–

The estimated monetary value of Executive Directors' benefits-in-kind of the Group is RM143,000 (2014: RM165,000).

* This includes the fee for a Director which has been assigned in favour of the company where the Director is employed.

NOTES TO THE FINANCIAL STATEMENTS
... continued

17. TAXATION

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current taxation				
Malaysian				
- Current year	**13,996**	738	**22**	34
- Prior years	**587**	(228)	**8**	14
Overseas				
- Current year	**11,214**	1,305	**–**	–
	25,797	1,815	**30**	48
Deferred taxation				
- Current year	**4,918**	9,227	**–**	–
- Prior years	**(339)**	130	**–**	–
	4,579	9,357	**–**	–
	30,376	11,172	**30**	48

Reconciliation of taxation

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Profit before taxation	**152,986**	64,817	**92,634**	111,576
Taxation at Malaysian statutory tax rate of 25%	**38,247**	16,204	**23,159**	27,894
Difference of tax rate in foreign jurisdiction	**(5,079)**	(1,381)	**–**	–
Non-deductible expenses	**3,406**	(596)	**–**	839
Change in unrecognised temporary differences	**564**	–	**564**	–
Tax exempt income	**(22,583)**	(17,880)	**(23,701)**	(28,699)
Effect of temporary differences arising in pioneer period	**15,573**	14,923	**–**	–
	30,128	11,270	**22**	34
Under/(Over) provision in prior years	**248**	(98)	**8**	14
	30,376	11,172	**30**	48

NOTES TO THE FINANCIAL STATEMENTS
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18. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The basic earnings per ordinary share is calculated by dividing the Group's profit attributable to owners of the Company of RM108,468,000 (2014: RM45,144,000) by the weighted average number of ordinary shares outstanding during the financial year of 189,884,189 (2014: 189,111,293) as follows:

Weighted average number of ordinary shares

	2015 '000	2014 '000
Issued ordinary shares at 1 July	**209,884**	209,884
Less:		
Treasury shares held at 1 July	**(10,986)**	(10,986)
Trust shares held at 1 July	**(9,790)**	(9,379)
	189,108	189,519
Effect of disposal/(purchase) of Trust Shares held in ESS Trusts	**776**	(408)
Weighted average number of ordinary shares at 30 June	**189,884**	189,111

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share in the current and previous financial year as there are no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
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19. OTHER COMPREHENSIVE INCOME

	Before tax RM'000	Tax benefit RM'000	Net of tax RM'000
2015			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge			
- Loss arising during the year	**(13,315)**	**2,724**	**(10,591)**
- Reclassification adjustments for loss included in profit or loss	**5,256**	**(1,099)**	**4,157**
	(8,059)	**1,625**	**(6,434)**
Foreign currency translation differences for foreign operations			
- Gain arising during the year	**54,671**	**–**	**54,671**
	46,612	**1,625**	**48,237**
2014			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations			
- Loss arising during the year	(425)	–	(425)
	(425)	–	(425)

20. DIVIDENDS

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
First interim				
7.0 sen per share tax exempt (2014: 5.0 sen per share tax exempt)	**13,295**	9,455	**13,899**	9,887
Second interim				
13.0 sen per share tax exempt (2014: 10.0 sen per share tax exempt)	**24,690**	18,911	**25,813**	19,774
	37,985	28,366	**39,712**	29,661

Dividends received by the ESS Trusts for the Group and the Company amounted to RM1,794,000 (2014: RM1,469,000) and RM67,000 (2014: RM174,000) respectively are eliminated against the dividend expense of the Company upon consolidation of the ESS Trusts as disclosed in Note 2.2(j)(iii).

21. OPERATING SEGMENTS

The Group's operating and reportable segments are geographical segments by location of customers. For each geographical segment by location of customers, the Board of Directors reviews internal management reports on at least a quarterly basis. The Group's reportable segments are as follows:

- Asia
- The United States of America ("USA"); and
- Europe

These segments are engaged in manufacturing and testing of semiconductor devices and electronic components and sale of leadframes.

Segment profit

Performance is measured based on segment profit before interest income, finance costs and taxation as included in the internal management reports that are reviewed by the Board of Directors.

Segment assets

Segment assets information is not presented to the Board of Directors and hence no disclosure is made on segment assets.

Segment liabilities

Segment liabilities information is not presented to the Board of Directors and hence no disclosure is made on segment liabilities.

NOTES TO THE FINANCIAL STATEMENTS
... continued

21. OPERATING SEGMENTS *cont'd*

	Asia		USA		Europe		Total	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Segment profit	**105,134**	42,385	**26,621**	16,321	**25,224**	10,621	**156,979**	69,327
Included in the measure of segment profit are:								
Revenue from external customers	**778,063**	705,929	**291,147**	326,406	**319,993**	259,410	**1,389,203**	1,291,745
Depreciation and amortisation	**116,109**	112,089	**43,973**	52,649	**43,856**	39,998	**203,938**	204,736
Reversal of impairment of property, plant and equipment	**(111)**	(615)	**(58)**	(761)	**(82)**	(984)	**(251)**	(2,360)
Property, plant and equipment written off	**13**	76	**2**	46	**3**	47	**18**	169

Reconciliations of reportable segment profit

	2015 RM'000	**2014 RM'000**
Profit		
Reportable segments	**156,979**	69,327
Non-reportable segments	**(2,660)**	(1,398)
Finance costs	**(2,316)**	(3,982)
Interest income	**983**	870
Consolidated profit before taxation	**152,986**	64,817

NOTES TO THE FINANCIAL STATEMENTS
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21. OPERATING SEGMENTS *cont'd*

Reconciliations of reportable segment profit *cont'd*

	2015 External revenue RM'000	2015 Depreciation & amortisation RM'000	2014 External revenue RM'000	2014 Depreciation & amortisation RM'000
Reportable segments	**1,389,203**	**203,938**	1,291,745	204,736
Non-reportable segments	**887**	**175**	95	172
	1,390,090	**204,113**	1,291,840	204,908

Geographical segments

Revenue of the Group by geographical location of the customers is as follows:

	Revenue 2015 RM'000	Revenue 2014 RM'000
USA	**291,147**	326,406
Singapore	**272,481**	276,179
Malaysia	**202,799**	194,471
Ireland	**135,859**	113,569
Taiwan	**134,023**	96,964
Switzerland	**51,934**	31,936
Others	**300,960**	252,220
	1,389,203	1,291,745

Non-current assets (except for financial assets) of the Group by geographical location of the assets are as follows:

	Non-current assets 2015 RM'000	Non-current assets 2014 RM'000
Malaysia	**457,406**	514,916
The People's Republic of China	**386,105**	308,218
Others	**37**	37
	843,548	823,171

Major customer

During the financial year, revenue from one single customer amounted to RM150,476,000 (2014: RM187,555,000) contributed to more than 10% (2014: 14%) of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS
... continued

22. COMMITMENTS

	Group	
	2015 RM'000	**2014 RM'000**
Property, plant and equipment:		
Authorised and contracted for	**25,652**	31,743
Authorised but not contracted for	**27,407**	41,540
	53,059	73,283

	Group	
	2015 RM'000	**2014 RM'000**
Leases as lesses		
Operating lease commitments:		
Expiring within one year	**1,532**	1,473
Expiring between one to five years	**6,513**	6,129
Expiring after five years	**27,977**	29,893
	36,022	37,495

Group

The Group has lease commitments of RM1,532,000 (2014: RM1,473,000) per annum in respect of three lots of land sub-leased at cost from a third party. The annual rental rate per square foot will increase by 30% every five years and the lease expires on 30 August 2031. The Group has an option to purchase outright from the third party, at market value, the remaining lease tenure of the land, which is exercisable in any of the calendar years 2019, 2024 and 2029. None of the leases include contingent rental.

NOTES TO THE FINANCIAL STATEMENTS
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23. RELATED PARTIES

The Group has related party transactions with corporations which are related to the Directors and/or major shareholders of the Company and/or related corporations and/or persons connected with them as follows:

(i) Hong Leong Company (Malaysia) Berhad ("HLCM") is a major shareholder of the Company through Hong Leong Manufacturing Group Sdn Bhd. YBhg Tan Sri Quek Leng Chan is a major shareholder of the Company, and a Director and a major shareholder of HLCM. YBhg Datuk Kwek Leng San is a Director and a shareholder of the Company and HLCM. Mr Quek Leng Chye is a shareholder and a major shareholder of the Company and HLCM. Mr Kwek Leng Beng is a Director of HLCM and a major shareholder of the Company and HLCM. Mr Kwek Leng Kee is a major shareholder of the Company and HLCM. YBhg Tan Sri Quek Leng Chan, YBhg Datuk Kwek Leng San and Mr Quek Leng Chye are brothers. HLCM is a person connected with YBhg Tan Sri Quek Leng Chan, YBhg Datuk Kwek Leng San, Mr Quek Leng Chye, Mr Kwek Leng Beng and Mr Kwek Leng Kee;

(ii) Hong Leong Industries Berhad ("HLI"), HLMG Management Co Sdn Bhd ("HMMC"), Hong Leong Assurance Berhad ("HLA"), Hong Leong Capital Berhad ("HLCB"), GuocoLand (Malaysia) Berhad ("GLM"), GuocoLeisure Limited ("GL") and GuoLine Intellectual Assets Limited ("GIAL") are subsidiaries of HLCM; and

(iii) Guardian Security Consultants Sdn Bhd ("GSC") is an indirect associate of HLCM.

Significant transactions with related parties are as follows:

	Transactions	Related party	Group 2015 RM'000	Group 2014 RM'000
(a)	Rental of properties	HMMC	**53**	53
(b)	Receipt of insurance and insurance broking services, stock broking and corporate advisory services, hotel-related services, security guard services, after sales services in respect of air conditioners and related products	HLA, HLCB and its subsidiaries, GLM, GL and its subsidiaries, GSC, HLI and its subsidiaries	**110**	151
(c)	Receipt of group management and/or support services	Subsidiaries of HLCM	**8,878**	5,627
(d)	Payment for usage of the Hong Leong logo and trade mark	GIAL	**18**	13

Significant balances with related parties at the reporting date are disclosed in Note 9 and Note 15 to the financial statements.

The above transactions have been carried out on commercial terms consistent with the usual business practices and policies of the Group and of the Company.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group.

There are no transactions with any key management personnel during the financial year other than Directors' remuneration as disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS
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24. FINANCIAL INSTRUMENTS

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL");
(c) Available-for-sale financial assets ("AFS"); and
(d) Other financial liabilities measured at amortised cost ("OL").

	Carrying amount RM'000	L&R/ OL RM'000	FVTPL RM'000	AFS RM'000	Derivatives used for hedging RM'000
2015					
Financial assets					
Group					
Investments	**46**	**–**	**–**	**46**	**–**
Trade and other receivables including derivatives (excluding prepayments)	**270,900**	**270,900**	**–**	**–**	**–**
Cash and cash equivalents	**152,014**	**152,014**	**–**	**–**	**–**
	422,960	**422,914**	**–**	**46**	**–**
Company					
Investments	**46**	**–**	**–**	**46**	**–**
Trade and other receivables including derivatives (excluding prepayments)	**67,191**	**67,191**	**–**	**–**	**–**
Cash and cash equivalents	**59,703**	**59,703**	**–**	**–**	**–**
	126,940	**126,894**	**–**	**46**	**–**
Financial liabilities					
Group					
Loans and borrowings	**93,592**	**93,592**	**–**	**–**	**–**
Trade and other payables including derivatives	**222,728**	**209,413**	**–**	**–**	**13,315**
	316,320	**303,005**	**–**	**–**	**13,315**
Company					
Trade and other payables including derivatives	**599**	**599**	**–**	**–**	**–**

24. FINANCIAL INSTRUMENTS *cont'd*

24.1 Categories of financial instruments *cont'd*

	Carrying amount RM'000	L&R/ OL RM'000	FVTPL RM'000	AFS RM'000
2014				
Financial assets				
Group				
Investments	46	–	–	46
Trade and other receivables including derivatives (excluding prepayments)	181,589	179,647	1,942	–
Cash and cash equivalents	78,114	78,114	–	–
	259,749	257,761	1,942	46
Company				
Investments	46	–	–	46
Trade and other receivables including derivatives (excluding prepayments)	56,659	56,659	–	–
Cash and cash equivalents	16,519	16,519	–	–
	73,224	73,178	–	46
Financial liabilities				
Group				
Loans and borrowings	93,442	93,442	–	–
Trade and other payables including derivatives	162,574	162,574	–	–
	256,016	256,016	–	–
Company				
Trade and other payables including derivatives	5,281	5,281	–	–

NOTES TO THE FINANCIAL STATEMENTS
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24. FINANCIAL INSTRUMENTS *cont'd*

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net (losses)/gains arising from:				
Loans and receivables	**(3,712)**	16,235	**11,435**	506
Fair value through profit or loss				
- Loss on financial instruments designated as hedge instruments	**(5,256)**	–	**–**	–
- (Loss)/Gain on fair value of forward exchange contract	**(1,866)**	3,508	**–**	–
Other liabilities	**5,711**	(21,679)	**(170)**	(1,790)
	(5,123)	(1,936)	**11,265**	(1,284)

24.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.3.1 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, short term deposit and bank balances and outstanding forward exchange contracts. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit.

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of each financial asset.

NOTES TO THE FINANCIAL STATEMENTS
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24. FINANCIAL INSTRUMENTS *cont'd*

24.3 Financial risk management *cont'd*

24.3.1 Credit risk *cont'd*

Receivables *cont'd*

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually. The exposure of credit risk for trade receivables, net of impairment loss, as at the end of the reporting period by geographic region was:

	Group	
	2015	**2014**
	RM'000	**RM'000**
USA	**49,915**	37,674
Singapore	**42,268**	34,267
Malaysia	**24,099**	24,887
Ireland	**19,559**	16,326
Taiwan	**17,721**	9,261
Switzerland	**748**	3,861
Others	**54,745**	31,652
	209,055	157,928

NOTES TO THE FINANCIAL STATEMENTS
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24. FINANCIAL INSTRUMENTS *cont'd*

24.3 Financial risk management *cont'd*

24.3.1 Credit risk *cont'd*

Receivables *cont'd*

Impairment losses

The ageing of receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Net RM'000
2015			
Not past due	**144,585**	**–**	**144,585**
Past due 1 - 30 days	**54,976**	**(542)**	**54,434**
Past due 31 - 60 days	**9,417**	**(1,463)**	**7,954**
Past due more than 60 days	**6,482**	**(4,400)**	**2,082**
	215,460	**(6,405)**	**209,055**
2014			
Not past due	123,822	–	123,822
Past due 1 - 30 days	35,664	(3,154)	32,510
Past due 31 - 60 days	3,393	(2,055)	1,338
Past due more than 60 days	1,845	(1,587)	258
	164,724	(6,796)	157,928

The movements in the allowance for impairment losses of receivables during the financial year were:

	Group 2015 RM'000	Group 2014 RM'000
At 1 July	**6,796**	5,886
(Reversal)/Provision	**(391)**	910
At 30 June	**6,405**	6,796

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

24. FINANCIAL INSTRUMENTS *cont'd*

24.3 Financial risk management *cont'd*

24.3.1 Credit risk *cont'd*

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Company provides advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries were not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

Short term deposit and bank balances and outstanding forward exchange contract

Short term deposit and bank balances are placed/forward exchange contracts are entered into with licensed banks with good credit rating. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

24.3.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables, loans and borrowings.

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayments and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents and bank facilities to meet their working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
... continued

24. FINANCIAL INSTRUMENTS *cont'd*

24.3 Financial risk management *cont'd*

24.3.2 Liquidity risk *cont'd*

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
2015				
Group				
Non-derivative financial liabilities				
Trade and other payables	**209,413**	**–**	**209,413**	**209,413**
Loans and borrowings	**93,592**	**0.8 - 1.3**	**94,921**	**94,921**
	303,005		**304,334**	**304,334**
Derivative financial liabilities				
Forward exchange contracts (gross settled):				
Outflow	**13,315**	**–**	**334,166**	**334,166**
Inflow	**–**	**–**	**(320,851)**	**(320,851)**
	316,320		**317,649**	**317,649**
Company				
Non-derivative financial liabilities				
Trade and other payables	**599**	**–**	**599**	**599**
2014				
Group				
Non-derivative financial liabilities				
Trade and other payables	162,574	–	162,574	162,574
Loans and borrowings	93,442	1.1 - 4.2	95,350	95,350
	256,016		257,924	257,924
Company				
Non-derivative financial liabilities				
Trade and other payables	5,281	–	5,281	5,281

NOTES TO THE FINANCIAL STATEMENTS
... continued

24. FINANCIAL INSTRUMENTS *cont'd*

24.3 Financial risk management *cont'd*

24.3.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, that will affect the Group's and the Company's financial position or cash flows.

Currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases, cash and cash equivalents and loans and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily USD.

Risk management objectives, policies and processes for managing the risk

Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts, on a case by case basis.

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts (nominal amounts for the forward exchange contracts) as at the end of the reporting period was:

	Denominated in USD	
Group	**2015 RM'000**	**2014 RM'000**
Trade receivables	**208,561**	157,373
Forward exchange contracts – receivables	**(320,851)**	(108,525)
Cash and cash equivalents	**34,841**	33,982
Trade and other payables	**(91,183)**	(79,448)
Loans and borrowings	**(93,592)**	(78,442)
Net exposure	**(262,224)**	(75,060)

Currency risk sensitivity analysis

A 5% (2014: 5%) strengthening of the Ringgit Malaysia against USD at the end of the reporting period would have increased profit before taxation of the Group by RM13,111,000 (2014: RM3,753,000). A 5% (2014: 5%) weakening of the Ringgit Malaysia against USD would have had equal but opposite effect on profit or loss. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

NOTES TO THE FINANCIAL STATEMENTS
... continued

24. FINANCIAL INSTRUMENTS *cont'd*

24.3 Financial risk management *cont'd*

24.3.3 Market risk *cont'd*

Interest rate risk

The Group and the Company manage its interest rate exposure by maintaining available lines of fixed and floating rate borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed rate instruments				
Deposits with licensed banks	**104,033**	24,677	**59,350**	11,504
Floating rate instruments				
Loans and borrowings	**(93,592)**	(93,442)	**–**	–

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 50 basis points (bp) (2014: 50 bp) in interest rates at the end of the reporting period would have decreased the profit before taxation of the Group by RM468,000 (2014: RM467,000). A decrease of 50 bp in interest rates would have had equal but opposite effect on profit or loss. This analysis assumes that all other variables remained constant.

24. FINANCIAL INSTRUMENTS *cont'd*

24.3 Financial risk management *cont'd*

24.3.4 Hedging activities

24.3.4.1 Cash flow hedge

The Group and the Company has entered into a number of forward exchange contracts to hedge the cash flow risk in relation to the variations of cash flows arising from future forecasted transactions. These forward exchange contracts has a total notional amount of USD87,495,000 (2014: Nil) and all of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

The following table indicates the periods in which the cash flows associated with the foreign exchange currencies are expected to occur and affect profit or loss:

	Carrying amount RM'000	Expected cash flow RM'000	Under 1 year RM'000
Group			
2015			
Forward exchange contract	**13,315**	**13,315**	**13,315**

During the financial year, a loss of RM6,434,000 was recognised in other comprehensive income and RM1,911,000 was reclassified from equity to profit or loss as other operating expenses.

Ineffectiveness loss amounting to RM3,345,000 was recognised in profit or loss during the financial year in respect of the hedge.

24.3.5 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It is not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS
... continued

24. FINANCIAL INSTRUMENTS *cont'd*

24.3 Financial risk management *cont'd*

24.3.6 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group			
2015			
Financial assets			
Investments	**–**	**46**	**–**
Financial liabilities			
Forward exchange contracts	**–**	**13,315**	**–**
2014			
Financial assets			
Forward exchange contracts	–	1,942	–
Investment	–	46	–
	–	1,988	–

Level 2 fair value

Derivatives

The fair value of derivatives are obtained from observable market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS
... continued

25. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio.

The debt-to-equity ratios are as follows:

	Group	
	2015 RM'000	**2014 RM'000**
Total loans and borrowings	**93,592**	93,442
Less: Cash and cash equivalents	**(152,014)**	(78,114)
Net (cash)/debt	**(58,422)**	15,328
Total equity	**1,028,166**	907,129
Debt-to-equity ratio	**Nil**	0.02

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS
... continued

26. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company, into realised and unrealised profits or losses, is as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Total retained earnings				
- realised	**664,284**	604,360	**362,226**	319,291
- unrealised	**(14,279)**	(18,810)	**10,293**	336
	650,005	585,550	**372,519**	319,627
Less: Consolidation adjustments	**(16,798)**	(19,298)	**–**	–
	633,207	566,252	**372,519**	319,627

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

STATEMENT BY DIRECTORS
pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 38 to 97 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 26 on page 98 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Peter Nigel Yates

Datuk Syed Zaid bin Syed Jaffar Albar

Kuala Lumpur
24 August 2015

STATUTORY DECLARATION
pursuant to Section 169(16) of the Companies Act, 1965

I, Cheah Wing Ket, the person primarily responsible for the financial management of MALAYSIAN PACIFIC INDUSTRIES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 38 to 98 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named, Cheah Wing Ket at Kuala Lumpur in the Federal Territory on 24 August 2015.

Cheah Wing Ket

Before me:

Mohan A.S. Maniam
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

to the members of Malaysian Pacific Industries Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malaysian Pacific Industries Berhad, which comprise the statements of financial position as at 30 June 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 97.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2015 and of their financial performances and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

to the members of Malaysian Pacific Industries Berhad

... continued

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 3 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 26 on page 98 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Lam Shuh Siang
Approval Number: 3045/02/17(J)
Chartered Accountant

Petaling Jaya, Selangor
24 August 2015

OTHER INFORMATION

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2015

Location	Tenure	Existing use	Acquisition Date	Approximate Area (Sq Ft)	Approximate Age of Building (Year)	Net Book Value as at 30 June 2015 (RM'000)
Jalan Lapangan Terbang 30720 Ipoh, Perak Darul Ridzuan	20 Apr 2074	Office and factory building	21 Sep 1998	158,297	19 - 40	9,661
Jalan Lapangan Terbang 30720 Ipoh, Perak Darul Ridzuan	15 Aug 2081	Office and factory building	21 Sep 1998	64,469	17 - 27	8,833
Jalan Lapangan Terbang 30720 Ipoh, Perak Darul Ridzuan	23 May 2082	Office and factory building	21 Sep 1998	19,849	19 - 27	476
Jalan Lapangan Terbang 30720 Ipoh, Perak Darul Ridzuan	08 May 2039	Industrial land-factory under construction	28 Jan 1999 & 30 Mar 1998	53,274	–	11,247
Jalan Lapangan Terbang 30720 Ipoh, Perak Darul Ridzuan	08 May 2039	Office and factory building	07 Apr 1989	45,680	21	150
Jalan Lapangan Terbang 30720 Ipoh, Perak Darul Ridzuan	06 Nov 2063	Multi-storey car park	07 Nov 2003	66,812	8	5,132
Lot 52986 Kawasan Perindustrian Taman Meru, Jelapang Perak Darul Ridzuan	29 Oct 2091	Office and factory building	30 Oct 1992	1,348,966	24	31,689
No. 88, West Shen Hu Road Suzhou Industrial Park Suzhou, Province of Jiangsu, 215021 The People's Republic of China	19 Aug 2052	Office and factory building	30 Apr 2002	645,823	12	84,108
Lot 2367, Bayan Lepas Pulau Pinang	30 Aug 2031	Office and factory building *	18 Jun 1995	257,000	21	19,831
Lot 8, Bayan Lepas Pulau Pinang	06 Jan 2070	Office and factory building ^	18 Jun 1995	227,441	16	12,881
Plot 15, Bayan Lepas Pulau Pinang	06 Jan 2070	Office and factory building ^	24 Feb 2005	208,357	10	21,477

Notes:

* *This building is situated on an operating lease land as disclosed in Note 22 to the financial statements*

^ *These buildings are classified as investment properties during the financial year as disclosed in Note 5 to the financial statements*

OTHER INFORMATION
... continued

2. ANALYSIS OF SHAREHOLDINGS AS AT 28 AUGUST 2015

Class of Shares : Ordinary shares of RM0.50 each
Voting Rights
- On a show of hands : 1 vote
- On a poll : 1 vote for each share held

Distribution Schedule Of Shareholders As At 28 August 2015

Size of Holdings	No. of Shareholders	%	No. of Shares*	%
Less than 100	728	13.90	16,295	0.01
100 – 1,000	1,859	35.50	1,180,243	0.59
1,001 – 10,000	2,006	38.30	7,413,246	3.73
10,001 – 100,000	516	9.85	16,294,623	8.19
100,001 – less than 5% of issued shares	127	2.43	69,606,924	35.00
5% and above of issued shares	1	0.02	104,386,088	52.48
	5,237	100.00	198,897,419	100.00

Note:

* *Excluding 10,987,000 shares bought back and retained by the Company as treasury shares.*

List Of Thirty Largest Shareholders As At 28 August 2015

	Name of Shareholders	No. of Shares	%
1.	Assets Nominees (Tempatan) Sdn Bhd - Hong Leong Manufacturing Group Sdn Bhd	104,386,088	52.48
2.	Assets Nominees (Tempatan) Sdn Bhd - Exempt AN for Malaysian Pacific Industries Berhad (Carsem-ESOS)	7,783,600	3.91
3.	AmanahRaya Trustees Berhad - Public Smallcap Fund	6,672,700	3.35
4.	Low Poh Weng	3,976,500	2.00
5.	Assets Nominees (Tempatan) Sdn Bhd - Hong Leong Industries Berhad	2,438,469	1.23
6.	AmanahRaya Trustees Berhad - Public Strategic Smallcap Fund	1,951,600	0.98
7.	Citigroup Nominees (Tempatan) Sdn Bhd - Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund	1,858,400	0.93
8.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for The Bank Of New York Mellon (Mellon Acct)	1,701,038	0.86
9.	AmanahRaya Trustees Berhad - Public Islamic Opportunities Fund	1,652,600	0.83
10.	Pertubuhan Keselamatan Sosial	1,645,700	0.83
11.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan See Min Realty Sdn Bhd (E-KUG)	1,520,000	0.76

OTHER INFORMATION
... continued

2. ANALYSIS OF SHAREHOLDINGS AS AT 28 AUGUST 2015 *cont'd*

List Of Thirty Largest Shareholders As At 28 August 2015 *cont'd*

	Name of Shareholders	No. of Shares	%
12.	DB (Malaysia) Nominee (Asing) Sdn Bhd - SSBT Fund PLD2 for Polunin Emerging Markets Small Cap Fund, LLC	1,442,200	0.72
13.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	1,422,875	0.72
14.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 14)	1,292,800	0.65
15.	Amanah Raya Berhad - Kumpulan Wang Bersama Syariah	1,250,000	0.63
16.	Hong Leong Assurance Berhad - As Beneficial Owner (Life Par)	1,203,500	0.60
17.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Amundi)	1,124,200	0.57
18.	HLIB Nominees (Asing) Sdn Bhd - Hong Leong Fund Management Sdn Bhd for Asia Fountain Investment Company Limited	1,000,000	0.50
19.	Tan Kah Hock	1,000,000	0.50
20.	Assets Nominees (Tempatan) Sdn Bhd - Soft Portfolio Sdn Bhd	995,500	0.50
21.	HSBC Nominees (Asing) Sdn Bhd - Coutts & Co Ltd HK for Kwek Leng San	990,000	0.50
22.	Assets Nominees (Tempatan) Sdn Bhd - Exempt AN for Malaysian Pacific Industries Berhad (DCI-ESOS)	850,000	0.43
23.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	791,413	0.40
24.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Morgan Stanley & Co. LLC (Client)	771,100	0.39
25.	Hong Bee Hardware Company, Sdn. Berhad	757,250	0.38
26.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	736,625	0.37
27.	AmanahRaya Trustees Berhad - Sekim Amanah Saham Nasional	675,100	0.34
28.	AmanahRaya Trustees Berhad - Public Islamic Treasures Growth Fund	674,700	0.34
29.	Eletechnics Sdn Bhd	600,000	0.30
30.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Credit Suisse Securities (USA) LLC (PB Client)	592,400	0.30
		153,756,358	77.30

OTHER INFORMATION
... continued

2. ANALYSIS OF SHAREHOLDINGS AS AT 28 AUGUST 2015 *cont'd*

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 28 August 2015 are as follows:

	Name of Shareholders	Direct Interest No. of shares	%	Indirect Interest No. of shares	%
1.	Hong Leong Manufacturing Group Sdn Bhd	104,386,088	52.48	2,438,469	1.23 ^
2.	Hong Leong Company (Malaysia) Berhad ("HLCM")	–	–	110,183,857	55.40 ^
3.	YBhg Tan Sri Quek Leng Chan	–	–	112,217,857	56.42 *
4.	HL Holdings Sdn Bhd	–	–	110,183,857	55.40 #
5.	Hong Realty (Private) Limited	–	–	110,941,107	55.78 ®
6.	Hong Leong Investment Holdings Pte. Ltd.	–	–	110,941,107	55.78 ®
7.	Kwek Holdings Pte Ltd	–	–	110,941,107	55.78 ®
8.	Mr Kwek Leng Beng	–	–	110,941,107	55.78 ®
9.	Mr Kwek Leng Kee	–	–	110,941,107	55.78 ®
10.	Davos Investment Holdings Private Limited	–	–	110,941,107	55.78 ®
11.	Mr Quek Leng Chye	150,000	0.08	110,941,107	55.78 ®

Notes:

^ *Held through subsidiary(ies).*
* *Held through HLCM and companies in which YBhg Tan Sri Quek Leng Chan and his children have interests.*
# *Held through HLCM.*
® *Held through HLCM and a company in which the substantial shareholder has interest.*

3. DIRECTORS' INTERESTS AS AT 28 AUGUST 2015

Subsequent to the financial year end, there was no change, as at 28 August 2015, to the Directors' interests in the ordinary shares and/or options over ordinary shares of the Company and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Directors' Report on page 33 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965.

4. SHARE BUYBACK SCHEDULE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Month	No. of Shares Bought Back	Highest Price Paid RM	Lowest Price Paid RM	Average Price Paid RM	Total Consideration (Including transaction charges) RM
November 2014	1,000	5.08	5.08	5.08	5,080

5. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 21, Part A, Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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Malaysian Pacific Industries Berhad (4817-U)

A Member of the Hong Leong Group

FORM OF PROXY

I/We____

NRIC/Passport/Company No. ______________________________

of ____

being a member of **MALAYSIAN PACIFIC INDUSTRIES BERHAD** ("the Company"), hereby appoint ________________

____

____

NRIC/Passport No. __________________________________

of ____

____

or failing him/her, __________________________________

____

____

NRIC/Passport No. __________________________________

of ____

____

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Fifty-fourth Annual General Meeting of the Company to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Thursday, 29 October 2015 at 11.00 a.m. and at any adjournment thereof.

My/Our proxy/proxies is/are to vote either on a show of hands or on a poll as indicated below with an "X":

	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Director fees		
2.	To re-elect Mr Peter Nigel Yates as a Director		
3.	To re-elect Ir. Dennis Ong Lee Khian as a Director		
4.	To re-elect YBhg Dato' Mohamad Kamarudin bin Hassan as a Director		
5.	To re-appoint Messrs KPMG as Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
6.	To approve the ordinary resolution on authority to Directors to issue shares		
7.	To approve the ordinary resolution on the proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Hong Leong Company (Malaysia) Berhad ("HLCM") and persons connected with HLCM		
8.	To approve the ordinary resolution on the proposed renewal of authority for the purchase of own shares by the Company		

Dated this ________ day of ______________ 2015

____________________ ____________________

Number of shares held Signature(s) of Member

Notes:

1. *For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 23 October 2015 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.*
2. *If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.*
3. *If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.*
4. *A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
5. *Save for a member who is an exempt authorised nominee, a member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.*
6. *Where two or more proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid (please see note 9 below).*
7. *In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.*
8. *All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than forty-eight hours before the time appointed for holding of the meeting or adjourned meeting.*
9. *In the event two or more proxies are appointed, please fill in the ensuing section:*

Name of proxies	CDS Account No.	% of shareholdings to be represented

Please fold here

Affix
Stamp

The Company Secretaries
Malaysian Pacific Industries Berhad (4817-U)
Level 9, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Malaysia

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