Malaysian Pacific Industries Berhad 2009

Malaysian Pacific Industries Berhad (4817-U)

A Member of the Hong Leong Group

ANNUAL REPORT 2009

Malaysian Pacific Industries Berhad
(4817-U)

Contents

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 world-wide.

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

Corporate Information

DIRECTORS

Mr Kwek Leng San
Executive Chairman

Mr David Edward Comley
Group Managing Director

Tuan Syed Zaid bin Syed Jaffar Albar

Mr Tan Keok Yin

YBhg Tan Sri Asmat bin Kamaludin

COMPANY SECRETARY

Ms Joanne Leong Wei Yin

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 Forty-eighth 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 Tuesday, 20 October 2009 at 10.00 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 2009;

2. to approve the payment of Directors' fees of RM220,000/- for the financial year ended 30 June 2009, 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 Kwek Leng San **(Resolution 2)**
   (b) Mr Tan Keok Yin; **(Resolution 3)**

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

5. as a special business, to consider and, if thought fit, pass the following motion as an 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 in any one financial year 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."; and **(Resolution 5)**

6. to consider any other business of which due notice shall have been given.

By Order of the Board

Joanne Leong Wei Yin
Company Secretary

Kuala Lumpur
28 September 2009

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy 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.

2. 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 of the meeting or adjourned meeting.

3. Ordinary Resolution On 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 in any one financial year 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 21 October 2008 and which will lapse at the conclusion of the Forty-eighth Annual General Meeting.

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

Statement Accompanying Notice of Annual General Meeting

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

- Details of individuals who are standing for election as Directors

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

Directors' Profile

MR KWEK LENG SAN
Executive Chairman/Non-Independent

Mr Kwek Leng San, aged 54, 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.

Mr Kwek was appointed to the Board of MPI on 27 July 1990 and subsequently as the Group Managing Director of MPI from September 1990 to August 1993 before assuming his present position as the Executive Chairman on 20 July 1999. He does not sit on any committee of MPI.

Presently, he is the Executive Chairman of Malaysian Pacific Industries Berhad ("MPI"), President & Chief Executive Officer of Hong Leong Industries Berhad ("HLI") and Hume Industries (Malaysia) Berhad, Managing Director of Narra Industries Berhad ("Narra"), Chairman of Southern Steel Berhad and a Director of Hong Leong Company (Malaysia) Berhad and Hong Leong Foundation.

He attended all the Board meetings of MPI held during the financial year ended 30 June 2009.

MR DAVID EDWARD COMLEY
Group Managing Director/Non-Independent

Mr David Edward Comley, aged 60, a British, graduated from Lanchester Polytechnic with a Bachelor of Science (Electrical Engineering) degree.

He started his career with Plessey Semiconductors ("Plessey") in 1970. During his 17 years of service in Plessey, he held a number of key roles with the last position as the Worldwide Assembly Manager, responsible for the management of Plessey's UK Assembly Facility and the Offshore Subcontractors in Malaysia, Hong Kong, Philippines and Taiwan.

In 1987, he joined ITEQ Europe as Operations Director before joining AMKOR ANAM Europe Ltd in 1990 as Director of Operations and later as Managing Director.

Mr David Comley joined the MPI Group as the Managing Director of Carsem (M) Sdn Bhd on 11 November 1991 and was subsequently promoted as the Group Managing Director of MPI on 16 August 1993. He does not sit on any committee of MPI. He is also a Director of HLI.

He attended all the Board meetings of MPI held during the financial year ended 30 June 2009.

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

Syed Zaid bin Syed Jaffar Albar, aged 55, a Malaysian, graduated with a B.A.(Hons) in Law, United Kingdom and Barrister-at-Law from Lincoln's Inn. He has been in active legal practice for more than 26 years. Presently, he is the managing partner of a law firm in Kuala Lumpur.

Syed Zaid was appointed to the Board of MPI on 7 July 1994 and is the Chairman of the Board Audit & Risk Management Committee of MPI. He is also a Director of Narra, Malaysia Building Society Berhad, Motorsports Commission of Malaysia Bhd, Motorsports Association of Malaysia Bhd and Kencana Petroleum Berhad.

He attended all the Board meetings of MPI held during the financial year ended 30 June 2009.

MR TAN KEOK YIN
Non-Executive Director/Independent

Mr Tan Keok Yin, aged 65, a Malaysian, graduated with a Bachelor of Arts (Honours) degree in Economics from the University of Malaya in 1966. He also completed a Management Programme at the University of California, Berkeley in 1984 and a Programme in International Boards and Directors at the Swedish Academy of Directors, Stockholm in 1995. He started his career with Bank Negara Malaysia ("BNM") in 1966 and served in various capacities in the Economics, Investments Departments and the Penang Branch of BNM. In 1977, he joined the Federation of Malaysian Manufacturers (FMM) as Deputy Director and was appointed Chief Executive Officer in 1981 till 1999. He served on various Government Boards and Committees and participated actively as speaker and panelist at the World Economic Forum, ASEAN Economic Cooperation meetings and other international business forums. He was also a Management Board member of GS1 (One Global System) located in Brussels, an international body that develops and promotes the GS1 standards of article numbering, bar coding and electronic communication worldwide. Currently, Mr Tan serves as a member of the Steering Committee of the Financial Institutions Directors' Education Programme chaired by the Deputy Governor, BNM, aimed at strengthening the skills and performance of directors in corporate governance.

Mr Tan was appointed to the Board of MPI on 3 July 1995 and is a member of the Board Audit & Risk Management Committee of MPI.

He is also a Director of Hong Leong Bank Berhad, GuocoLand (Malaysia) Berhad and Hong Leong Assurance Berhad.

Mr Tan attended all the Board meetings of MPI held during the financial year ended 30 June 2009.

YBHG TAN SRI ASMAT BIN KAMALUDIN
Non-Executive Director/Independent

Tan Sri Asmat bin Kamaludin, aged 65, a Malaysian, graduated from the University of Malaya with a Bachelor of Arts (Honours) degree in Economics. He also holds a Diploma in European Economic Integration from the University of Amsterdam. Tan Sri Asmat has vast experience of 35 years in various capacities in the public service and his last post in the public service was as the Secretary General of the Ministry of International Trade & Industry Malaysia, a position he held since May 1992. In the last five years prior to his retirement in January 2001, Tan Sri Asmat served as a board member of Malaysia Technology Development Corporation, Multimedia Development Corporation, Malaysian Trade Development Corporation, Permodalan Nasional Berhad, Small and Medium Industries Development Corporation and Perbadanan Johor.

Tan Sri Asmat was appointed to the Board of MPI on 2 February 2001 and is a member of the Board Audit & Risk Management Committee of MPI.

Tan Sri Asmat is the Non-Executive Chairman of UMW Holdings Berhad, Panasonic Manufacturing Malaysia Berhad, Symphony House Berhad, SCOMI Group Berhad, Compugates Holdings Berhad, Trans-Asia Shipping Corporation Berhad and Non-Executive Vice Chairman of YTL Cement Berhad and a Director of Lion Industries Corporation Berhad, Permodalan Nasional Berhad, The Royal Bank of Scotland Berhad and JACTIM Foundation. He was also appointed to represent Malaysia as Governor on the Governing Board of The Economic Research Institute for Asean and East Asia.

He attended all the Board meetings of MPI held during the financial year ended 30 June 2009.

Notes:

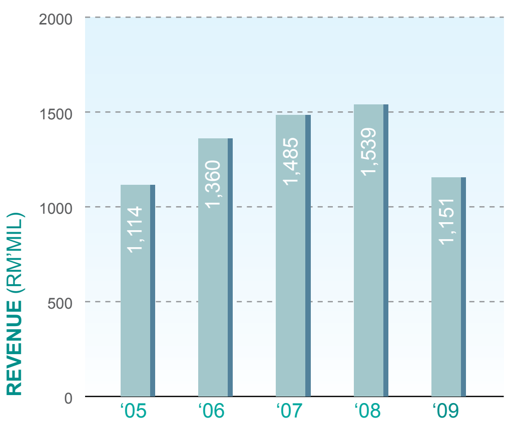
1. **Family Relationship with Director and/or Major Shareholder**
   Mr Kwek Leng San is a brother of Tan Sri Quek Leng Chan and Mr Quek Leng Chye, both major shareholders of MPI. Save as disclosed herein, none of the Directors has any family relationship with any other Director and/or major shareholder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

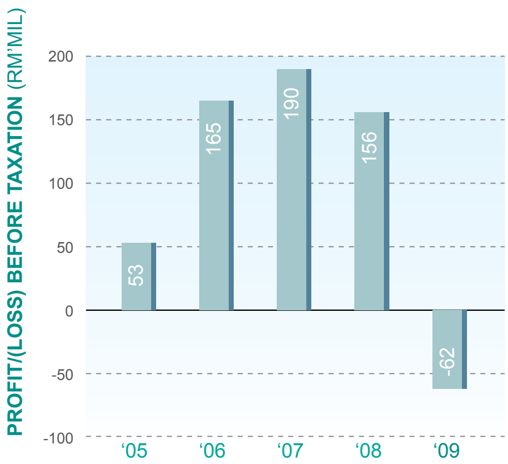
2. **Conflict of Interest**
   None of the Directors has any conflict of interest with MPI.

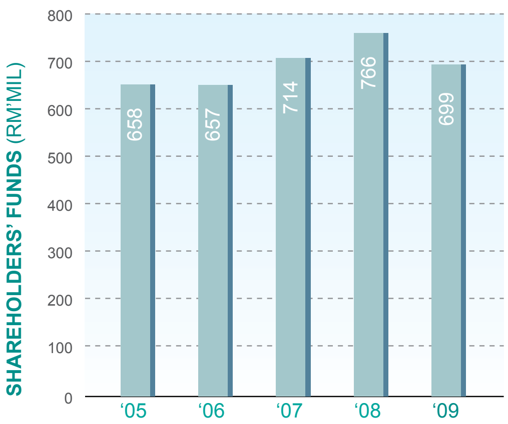
3. **Conviction of Offences**
   None of the Directors has been convicted of any offences in the past 10 years.

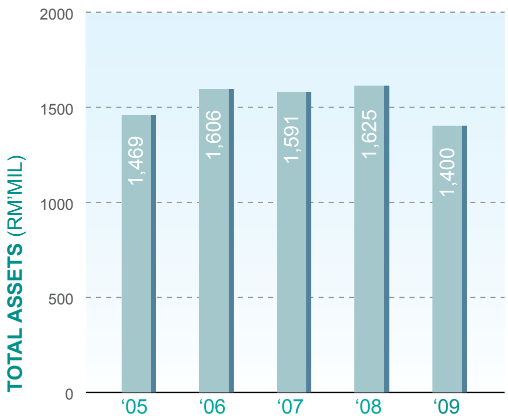
Group Financial Highlights

(RM'mil)	2005	2006	2007	2008	2009
Revenue	1,114	1,360	1,485	1,539	1,151
Profit/(Loss) Before Taxation	53	165	190	156	(62)
Profit/(Loss) Attributable to Equity Holders of the Company	47	107	132	112	(40)
Net Earnings/(Loss) Per Share (sen)	24	54	68	58	(20)
Net Dividend Per Share (sen)	38	38	40	37	20
Shareholders' Funds	658	657	714	766	699
Total Assets	1,469	1,606	1,591	1,625	1,400
Capital Expenditure	233	370	214	267	129









Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 30 June 2009.

CHALLENGING BUSINESS ENVIRONMENT

The credit crunch in the financial market that started in 2008 had led the world economy into a severe recession. Higher unemployment rates, record low level of consumer confidence and tightening in credit financing in the United States and Europe had severely dampened consumer demand. Malaysia, a country heavily dependent on exports, experienced a reversal in gross domestic product growth rate from 6.7% in the second quarter of 2008 to a contraction of 3.9% in the second quarter of 2009. With the implementation of economic stimulus packages by various economic groups and several countries, the rate of contraction in the world economy has shown signs of abatement but the visibility and pace of recovery remain unclear.

Weak consumer demand, excess industry capacity and inventory correction had adversely impacted the Group's revenue and profitability during the financial year under review.

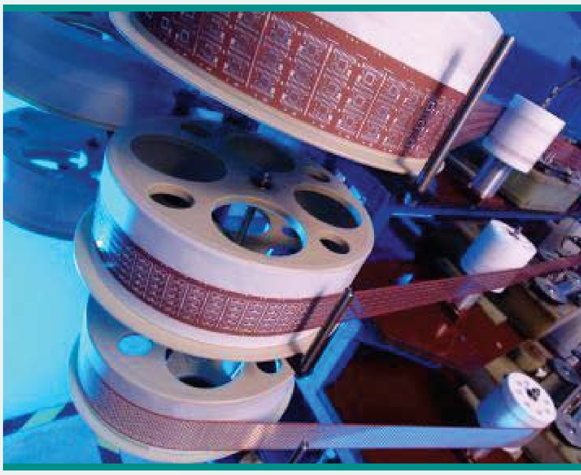
FINANCIAL REVIEW

The financial year ended 30 June 2009 ("FY 2009") had started with a strong performance in the first quarter. However, the subsequent two quarters experienced a sharp reduction in revenue, but this was followed by a gradual recovery in the last quarter. The volatile performance reflected continued uncertainties in the global economic conditions.

Revenue for FY 2009 was RM1,151 million, representing a 25% decline from the previous financial year ended 30 June 2008 ("FY 2008"). Loss attributable to equity holders of the parent was at RM40 million, compared with a profit of RM112 million recorded in FY 2008.

Reflecting the unfavourable business environment, capital expenditure was significantly reduced to RM129 million from RM267 million. However, the Group continued to pay out a total dividend of RM40 million in spite of the adverse business conditions for the financial year under review.

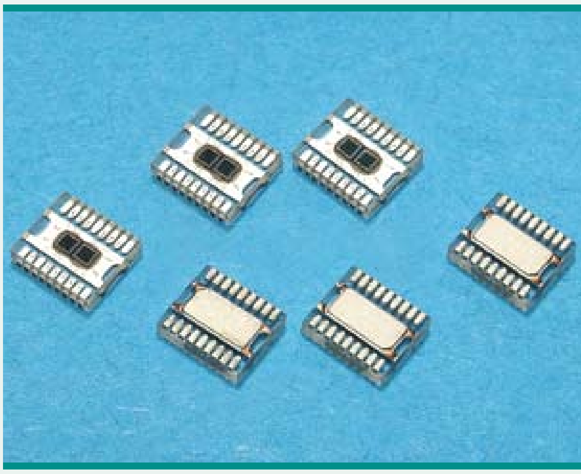
SIGNIFICANT DEVELOPMENT



Amkor Technology, Inc ("Amkor") has filed a complaint with the International Trade Commission ("ITC") on 17 November 2003 alleging Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd and Carsem Inc (collectively "Carsem Group") of infringing three of Amkor's United States Patents. Amkor has also filed a civil lawsuit at the District Court on even date alleging Carsem Group of infringement of the same three patents which are the subject of the ITC Investigation.

Following a hearing in July and August 2004, an Administrative Law Judge ("ALJ") issued an Initial Determination finding all of the asserted claims of Amkor's patents invalid, not infringed, or both, and no violation by Carsem Group. Subsequently, the ITC reviewed the Initial Determination and remanded to the ALJ for further findings on several issues.

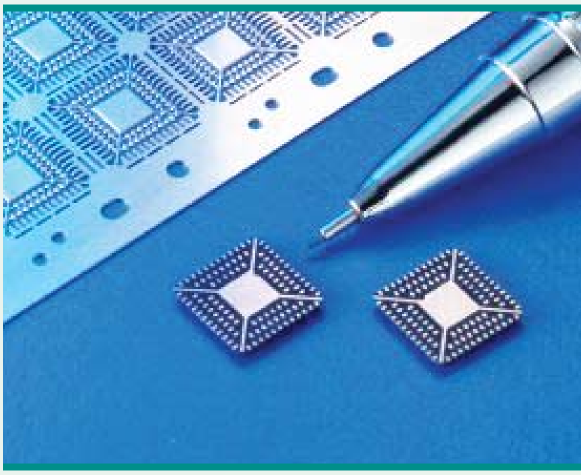
Carsem Group has been advised by its lawyers that the ALJ has found that some but not all of Carsem Group's devices infringed on Amkor's patents. Carsem Group has filed a petition for review by the ITC and the motion to extend the target date ("Target Date") for completion of this investigation by three months pending ASAT, Inc.'s subpoena enforcement proceeding.



On 1 July 2009, the ITC issued a Remand Order remanding the investigation to the ALJ and setting a new Target Date of 1 September 2009 to complete the investigation, but instructed the ALJ to set a schedule for the remand proceedings, and to issue an Initial Determination extending the Target Date accordingly. Subsequently, the ALJ issued an Order extending the Target Date to 2 February 2010.

On 10 and 11 September 2009, the ALJ held a hearing at the ITC in order to receive the additional evidence ordered by the ITC. Parties are presently in the process of filing post-hearing pleadings. The deadline for the ALJ to issue his Initial Determination addressing the newly received evidence is 2 November 2009.

PROSPECTS



In view of the challenging business operating environment, the management is focusing on qualification of cost efficient products and operational productivity to maintain the Group's competitive edge in the semiconductor industry.

Barring any unforeseen circumstances, the Board expects the Group's performance to be satisfactory in the financial year ending 30 June 2010.

DIVIDEND

The Company had declared and paid a first and second interim dividend totalling 20 sen per share tax exempt during the financial year under review. The Board does not recommend a final dividend for FY 2009.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to each and every employee of the Group for their contribution, commitments and dedication to the Group.

Our appreciation also goes to our valued customers, business associates, vendors, financiers, shareholders and the Government for their continuous support and confidence in the Group.

KWEK LENG SAN
Chairman

Group Managing Director's Review

INDUSTRY REVIEW

The financial year ended 30 June 2009 ("FY 2009") was a disappointing year for Malaysian Pacific Industries Berhad ("MPI") with revenue falling by 25% from the previous financial year ended 30 June 2008 ("FY 2008") resulting in a loss after tax of RM66 million.

The year started well with a robust first quarter but with the world financial sector in disarray and its economy in free fall, it was only a matter of time before its impact was felt in the semiconductor industry. The fall in revenue in MPI's three subsidiaries was sudden and dramatic but different in timing.

OPERATION REVIEW

Carsem Semiconductor (Suzhou) Co., Ltd. ("Carsem Suzhou")'s revenue remained strong for the second quarter, fell dramatically in the third quarter only to recover midway through the fourth quarter. This almost certainly reflects China's strong and resilient economy and its ability to pick up quicker than the economies in the 'West'. Carsem Suzhou's revenue grew year-on-year by 13% but with reduced profitability.

Carsem (M) Sdn Bhd ("Carsem (M)") felt the full impact of the downturn in the world economy with a dramatic reduction in revenue in the second quarter and a further and equally dramatic reduction in the third quarter. The fourth quarter saw a significant recovery from the previous quarter. However, this was not sufficient to offset the fall in revenue in the second and third quarters and revenue for the year was 31% down from FY 2008.

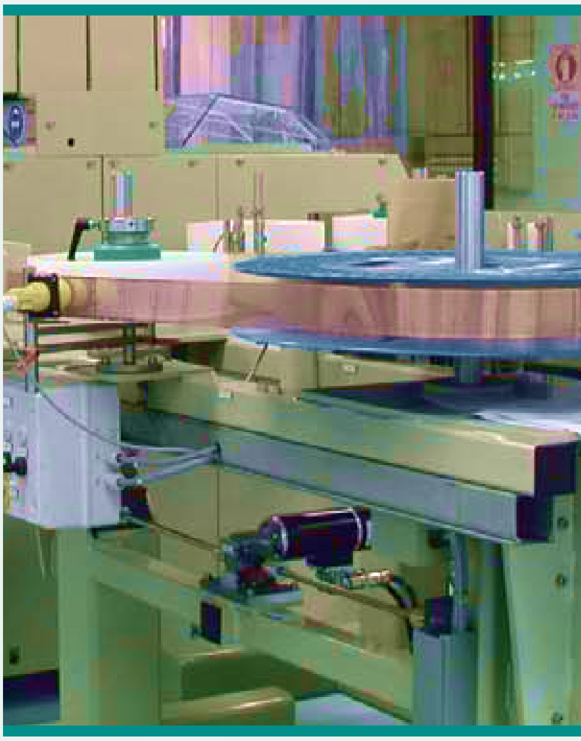
Dynacraft Industries Sdn Bhd ("Dynacraft")'s revenue remained strong in the second quarter, fell dramatically in the third quarter and recovered well in the fourth quarter. Revenue fell 27% year-on-year but profit increased as Dynacraft overcame its problems described in last year's report.

The Group's loss for FY 2009 was the result of the significant drop in revenue at Carsem (M). Our revenue was fully exposed to the weakness in the economies of the United States and Europe and exacerbated by the inventory correction in the semiconductor industry.

OPERATION REVIEW *cont'd*

Unfortunately, both Carsem (M) and Dynacraft had to implement a voluntary separation scheme although we chose not to do so in Carsem Suzhou as we felt that China would be quick to recover. The manufacturing restructuring programme reported last year at Carsem (M) has progressed such that all packages are now internally qualified and most have either completed or are under qualification at Carsem (M)'s customers. It is anticipated that this programme would be substantially completed by the end of the new financial year.

The sudden and dramatic fall in revenue had caused the Group to focus on managing its cash. Capital investments were postponed with the Group spending RM129 million, the lowest for many years and compared with RM267 million for FY 2008. The Group's debt fell by RM48 million from FY 2008 and a dividend of 20 sen per share was declared for FY 2009.



RESEARCH AND DEVELOPMENT

The technology centre at Carsem (M) has made excellent progress over the past twelve months introducing many new technologies and products that have started to generate substantial revenue, the most notable being copper wire-bond technology, Micro Leadframe Packages ("MLP") clear package for optical sensors, flip-chip MLP with exposed die back for power control, MLP with thicknesses of 0.5 mm and 0.4 mm for consumer applications with space constraints and innovative movement and pressure sensors.

A similar albeit smaller development capability now exists in Carsem Suzhou, ensuring that the China market is served with state-of-the-art assembly technology.

Dynacraft continues to focus on etching and plating technologies needed to support the growing and demanding MLP range of products. Micro thin nickel/palladium plating with roughening to ensure good adhesion to mould compounds, selective plating for high plating tolerances and a roughening process for silver plated leadframes are the main programmes.

OUTLOOK

In FY 2008, the main challenge for the Group was one of cost reduction and improved competitiveness. The downturn in the world economy has emphasised even more strongly the importance of this programme.

Carsem Suzhou has established an excellent reputation for high quality, cost effective MLP assembly and test and I expect them to show good growth this year as they build on this reputation. Dynacraft's problems of a year ago are behind them and their profits should improve. Carsem (M) will benefit from the recovery of the world economy and as the cost reductions come into play, will also improve its profitability.

DAVID EDWARD COMLEY
Group Managing Director

Corporate Social Responsibility

Long before corporate social responsibility as a single concept was promulgated into guidelines for companies to follow, the Group was well on its journey. Corporate Social Responsibility (CSR) for the Group has always been more than just about community welfare. It is about having a sustainable business strategy in the face of global demands and challenges. It is also about conducting business with a conscience - caring for the community, the environment, the customers, employees and stakeholders.

Economic Sustainability

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:

- An established Financial Management Discipline intended to drive excellence in financial management with the objective of preserving and enhancing the quality of business as a going concern.
- An established Enterprise Risk Management structure to ensure that a systematic process and delegation of responsibility is clearly set out to guide management. The Group sees Enterprise Risk Management as a serious consideration to protect the company from defaults that could fundamentally damage enterprise value.
- A strict code of business conduct and ethics which the Group abides by in all types of transactions and interactions.
- Public communications, like financial reports, contain disclosures that are fair, accurate, timely and understandable.
- In choosing its directors, the Group seeks individuals of high integrity, have 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 strict practice of responsible selling and marketing of products and services in a global market that is increasingly becoming even more aggressive and competitive.

Social Sustainability

Employee Development and Welfare

The Group follows structured development programmes to help develop both technical and soft skills of employees.

Social Sustainability *cont'd*

Employee Development and Welfare *cont'd*

The Group's Graduate Development Programme aims to identify and develop young graduates into engineering talents to support the growth of the Group. This programme entails classroom training, on-the-job familiarisation, learning assignments as well as mentoring.

For executives and non-executives, various in-house and external programmes are conducted to enhance both technical competencies as well as supervisory or leadership skills in order to develop a competent workforce.

Besides having embarked on a Quality and Productivity Programme since 1991, the Group also initiated LEAN Manufacturing practices in 2007. Both these programmes run with the aim to inculcate a continuous improvement culture amongst the workforce in the Group. Employees at various levels are trained in using necessary problem solving tools as a way of employee development and for them to champion improvements in their workplace.

Diversity and Inclusion

The Group develops talent regardless of race, gender or religious belief. Employee advancement is based on merit and we believe that it is this variety of persuasions and culture that fuel creativity, entrepreneurship and openness.

The Group also actively promotes work-life balance through various sports, family and social events initiatives. In this regard, various initiatives such as sports activities, social events and family day were carried out with the full support and commitment of the employees throughout the financial year.

Environmental Preservation

As part of our commitment to our employees and to society as a whole, we practise environmental preservation and maintain high standards of Occupational Society and Health management practices. Environmental management programmes such as recycling campaigns, air pollution controls and waste management programmes are continuously deployed to achieve the Group's objectives.

In addition, we conduct regular occupational safety and awareness programmes for our employees.

Community Investment

The Group conducts most of its philanthropic activities through Hong Leong Foundation, the charitable arm of the Hong Leong Group. Since its incorporation in 1992, the Foundation's programmes have been funded by the Group companies' contributions. The Foundation focuses on education and community welfare as its key thrusts and responds to appeals for aid of victims of natural disasters such as floods, tsunamis, earthquake and others. Among its focus areas, education in particular, takes top priority.

Community Investment *cont'd*

Scholarship

The Foundation has, as part of its donation framework, designed a Scholarship Programme to benefit Malaysian students from low-income families. The Foundation believes that providing scholarships is about providing opportunities – giving deserving students the chance to have the higher education necessary to become tomorrow's leaders.

Over one million Ringgit is allocated each year for scholarship grants for the public for diploma and undergraduate studies at local universities and selected institutions of higher learning. Invitations are also extended to the scholars for industrial training at Group companies to help ensure that scholars graduate into the workforce with sufficient knowledge and relevant experience.

Apart from these, a separate fund is set aside for scholarship grants for deserving children of Group employees. Both grants for the public and Group employees' children are unconditional.

The Group has been providing on-the-job industrial trainings for students of various technical institutes, colleges and universities to expose them to real life industrial scenarios and impart to them relevant skills and knowledge. Selected students are given a three to six-month attachment programme with our factory operation, undergoing various trainings according to the technical syllabus developed in collaboration with the technical institutes, colleges and universities. The main objective of the programme is to produce skilled labour that is equipped with employable knowledge and industrial know-how.

Student Assistance

Although primary and secondary education in Malaysia is free, there are still a number of students from low-income families who find it a challenge to avail of this educational opportunity. To address the immediate needs of these students, the Foundation reaches out to them through the Student Assistance Programme. To date, through this Programme, the Foundation has donated school bags, books, uniforms, bicycles and others to thousands of school children nationwide.

School Building Fund

The Foundation actively pursues opportunities where it can play a part in improving the quality of education in the country today. Donations for the construction of bigger and better facilities for learning institutions help create an environment in which students can excel. Towards this end, the Foundation has made substantial donations to various academic and vocational training institutions nationwide with thousands of students benefiting from the improved and/or added facilities.

Community Welfare

Every year, the Foundation donates to selected charities nationwide in an effort to help improve the lives of the less fortunate through its Community Welfare Programme. Through cash donations, charities are able to ensure their survival and their ability to provide shelter, food and clothing for all its residents – the young orphans, the aged who have been abandoned by their families, the sick, the disabled and the mentally challenged.

Community Investment *cont'd*

Community Welfare cont'd

The Foundation has made substantial donations to many charities over the years. In this financial year alone, to name a few: United Voice, P.S. The Children, Kiwanis Down Syndrome Foundation Kuantan, Yayasan Orang-Orang Kurang Upaya Kelantan, Penang Shan Children's Home Association, The National Autism Society of Malaysia, Rumah Kebajikan Kanak-Kanak Cacat Negeri Perak, The Salvation Army, Persatuan Perkhidmatan Komuniti Taiping, Pusat Jagaan Diamond Home, Hospis Malaysia, Pusat Haemodialisis Mawar, Yayasan Tunku Nurul Hayati, Touch Community Society Seremban, Montfort Youth Centre, Pertubuhan Perkhidmatan Intervensi Awal Batu Pahat, CHK Moral Uplifting Society Kidney Foundation, Kuching Autistic Association, Sarawak Thalassaemia Society, Mental Health Association of Sarawak Kuching Branch, Sarawak Society for Parents of Children with Special Needs, Association for Children with Special Needs Sibu, Miri Red Crescent Dialysis Centre, Seri Mengasih Centre and Sabah Cheshire Home (Sandakan Branch).

Small Enterprise Programme

The people behind the Group are core entrepreneurs and we seek to propagate this same spirit of entrepreneurship to the community. By expanding our contribution to the community to include this new category, through our dealings with various charities on programmes designed to help the underprivileged set up their own businesses, we are able to teach people to stand on their own two feet, eventually breaking the cycle of poverty. Over the short term, those whom we help by giving seed money for businesses will be able to generate enough income to be able to provide for their families' needs. Over time, with proper management and guidance, these businesses will grow and, in turn, be able to help others.

Towards this end, we are working with various NGOs, among which are Yayasan Salam Malaysia, United Voice, Malaysian Aids Council, Shelter Home for Children, Rose Virginie Good Shepherd Centre and Persatuan Kanak-Kanak Istimewa Kajang, Selangor.

Apart from activities carried out by the Foundation, Group companies have staged their own activities in numerous communities nationwide. The Group's employees have regularly participated in community services that include visits to orphanages and welfare homes, assist in the provision of medical services to poor communities through blood donation drives and volunteer work in hospitals as well as initiating and participating in projects involving environmental and social issues.

Awards and Recognition

Carsem Group has received the following awards and recognition:

* Supplier Excellence Award for 2008 from Texas Instruments.
* Best Test Support for 2008 from RDA Microelectronics.
* Recognition of Excellence in Manufacturing Support for 2008 from Volterra Semiconductor Corporation.
* Recognition of Co-Development & Excellence in Manufacturing on TRON Product from Freescale Semiconductor Inc.

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

Corporate Governance & 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 has reviewed the manner in which the Malaysian Code on Corporate Governance ("the Code") is applied in the Group as set out below. The Board is pleased to report compliance of the Group with the Best Practices set out in Part 2 of the Code except where otherwise stated.

A. DIRECTORS

I The Board

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

The role and responsibilities of the Board 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 these risks; and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals and major capital expenditure.

The Board observes the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

II Board Balance

The Board of Directors comprises five (5) directors, three (3) of whom are non-executive and independent. The profiles of the members of the Board are provided in the Annual Report.

The Board is of the view that the current Board composition fairly reflects the investment of shareholders in the Company.

The Executive Chairman leads the Board and is responsible for the vision and strategic direction of the Group as well as to monitor progress on implementation of Key Performance Areas and strategic developments.

The Group Managing Director ("GMD") is responsible for implementing the policies and decisions of the Board, overseeing the day-to-day operations, setting the plan and direction, benchmark and targets for operating companies, tracking compliance and business progress, initiating innovative business ideas to create competitive edge and development of business and corporate strategies with the aim of enhancing shareholder wealth.

The Board has identified the Company Secretary of the Company to whom concerns may be conveyed, who would bring the same to the attention of the Board.

III Board Meetings

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.

The Board met four (4) times during the financial year ended 30 June 2009. Details of attendance of each director are disclosed in the Directors' Profile in the Annual Report. At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretary 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.

IV Supply of Information

All Board members are supplied with information on 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, performance of the Company and of the Group and management's proposals which require the approval of the Board.

A. DIRECTORS *cont'd*

IV Supply of Information *cont'd*

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

V Appointments to the Board

Given the current size of the Board, the Board is of the view that it is not necessary for the Company to establish a Nominating Committee for the time being and the Board as a whole will serve as the Nominating Committee. All new nominations received are assessed and approved by the entire Board in line with its policy of ensuring nominees are persons of sufficient calibre and experience.

The process of assessing the directors is an on-going responsibility of the entire Board. A formal evaluation process has been put in place to assess the effectiveness of the Board as a whole, the Board committee and the contribution and performance of each individual director, including the Executive Chairman and GMD.

Having reviewed the assessments in respect of the financial year ended 30 June 2009, the Board is satisfied that the Board and Board committee have continued to operate effectively in discharging their duties and responsibilities. The directors have also fulfilled their responsibilities as members of the Board and are suitably qualified to hold their positions.

VI Re-election

All directors are required to submit themselves for re-election every three (3) years.

VII Training and Education

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

As part of the training programme for its directors, the Company prepared for the use of its directors, the Director Manual, and organised in-house programmes and regular 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.

The Director Manual which is given to every director for their reference, highlights, amongst others, the major duties and responsibilities of a director vis-à-vis various laws, regulations and guidelines governing the same. New directors will also be given a briefing on the businesses of the Group.

During the financial year ended 30 June 2009, the directors received regular briefings and updates on the Group's businesses, operations, risk management, internal controls, corporate governance, finance and any new or changes to the companies and other 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.

During the financial year ended 30 June 2009, the directors of the Company, including members of the Board Audit & Risk Management Committee, attended the following training programmes, seminars, briefings and workshops:

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Malaysian Code on Corporate Governance (Revised 2007)
- "Doing better deals"
- Failure Mode Effects Analysis
- Risk Management: Challenges and Opportunities
- Developing Sustainable Futures
- C-Suite 2009 Budget Tax Perspectives
- Financial Reporting Standard (FRS) 139 Financial Instruments: Recognition and Measurement
- Financial Institutions Directors' Education Programme
- Outsourcing World Summit Conference Series
- Engineering Technical Review
- Central Processing Engineering Review

B. DIRECTORS' REMUNERATION

I Level and Make-up of Remuneration

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

The Group's remuneration scheme for executive directors is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmark 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.

II Procedure

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, including non-executive directors, are recommended and endorsed by the Board for approval by the shareholders of the Company at its Annual General Meeting ("AGM").

III Disclosure

The aggregate remuneration of directors (including remuneration earned as executive director of a subsidiary) for the financial year ended 30 June 2009 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	110,000	2,352,328	2,462,328
Non-Executive Directors	150,000	69,521	219,521

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	-	-
50,001 – 100,000	-	3
100,001 – 300,000	-	-
300,001 – 350,000	1	-
350,001 – 2,100,000	-	-
2,100,001 – 2,150,000	1	-

C. SHAREHOLDERS

I Dialogue between Companies and Investors

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, circulars to shareholders, 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.

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

In addition, the GMD could provide shareholders and investors with a channel of communication in which they can provide feedback to the Group.

Queries may be conveyed to the following person:

Name : Mr David Edward Comley
Tel No : 05-312 3333
Fax No : 05-312 5333
E-mail 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.

D. ACCOUNTABILITY AND AUDIT

The Board Audit & Risk Management Committee ('the Committee") was established on 12 July 1994. The financial reporting and internal control system of the Group is overseen by the Committee which comprises all independent non-executive directors. The primary responsibilities of the Committee are set out in the Board Audit & Risk Management Committee Report.

The Committee met four (4) times during the financial year ended 30 June 2009. Details of attendance of the Committee members are set out in the Board Audit & Risk Management Committee Report appearing on page 23 of the Annual Report. The head of finance, head of internal audit, risk manager, GMD 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.

The Committee is supported by the Internal Audit Department which principal responsibility is to conduct periodic audits to ensure compliance with systems and/or standard operating procedures of the Group. Investigation will be made at the request of the Committee and senior management on specific areas of concern when necessary. Significant breaches and deficiencies identified are discussed at the Committee 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 Committee which assesses the financial statements with the assistance of the external auditors.

D. ACCOUNTABILITY AND AUDIT *cont'd*

II Internal Control

The Statement on Internal Control as detailed under paragraph E of this Statement provides an overview of the state of internal controls within the Group.

III Relationship with Auditors

The appointment of external auditors is recommended by the Committee which determines the remuneration of the external auditors. The external auditors meet with the Committee 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 Committee will have a separate session with the external auditors without the presence of executive directors and management.

E. STATEMENT ON INTERNAL CONTROL

The Board of Directors, recognising its responsibilities in ensuring sound internal controls, has put in place a risk management framework for the Group to assist it in:

- identifying the significant risks faced by the Group in the operating environment as well as evaluating the impact of such risks identified;
- developing the necessary measures to manage these risks; and
- monitoring and reviewing the effectiveness of such measures.

The Board has entrusted the Committee with the responsibility to oversee the implementation of the risk management framework of the Group.

The Board, in concurrence with the Committee, has appointed a Risk Manager to administer the risk management framework. The Risk Manager is responsible to:

- periodically evaluate all identified risks for their continuing relevance in the operating environment and inclusion in the Risk Management Framework;
- assess adequacy of action plans and control systems developed to manage these risks;
- monitor the performance of management in executing the action plans and operating the control systems; and
- periodically report to the Committee on the state of internal controls and the management of risks throughout the Group.

The Committee, assisted by the Internal Audit Department, provides oversight on the implementation of the risk management framework of the Group.

These on-going processes have been in place for the year under review, and reviewed periodically by the Committee.

The controls built into the risk management framework are intended to manage and not expected to eliminate all risks of failure to achieve business objectives but to provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

F. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The Main Market Listing Requirements of Bursa Malaysia Securities Berhad require 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 its financial performance and cash flows of the Group and of the Company for the financial year.

The directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2009, the Group has used the appropriate accounting policies and applied them consistently. The directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

This Statement on Corporate Governance & 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:

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

Mr Tan Keok Yin
Independent Non-Executive Director

YBhg Tan Sri Asmat bin Kamaludin
Independent Non-Executive Director
(Appointed on 1 December 2008)

Mr Kwek Leng San
Non-Independent Executive Director
(Resigned on 1 December 2008)

SECRETARY

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

TERMS OF REFERENCE

- To nominate and recommend for the approval of the Board of Directors (“Board”), a person or persons as external auditor(s).
- 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.
- 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 any related party transactions that may arise within the Company or the Group.
- 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 MPI and its subsidiaries ("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 four (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.

At least twice a year, the Committee will have a separate session with the external auditors without the presence of executive directors and management.

Two (2) independent and non-executive members of the Committee 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.

ACTIVITIES

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

During the financial year ended 30 June 2009, four (4) Committee meetings were held and the attendance of the Committee members was as follows:

Member	Attendance
Tuan Syed Zaid bin Syed Jaffar Albar	4/4
Mr Tan Keok Yin	4/4
YBhg Tan Sri Asmat bin Kamaludin (Appointed on 1 December 2008)	2/2 *
Mr Kwek Leng San (Resigned on 1 December 2008)	2/2 *

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

The Committee had two (2) separate sessions with the external auditors without the presence of executive directors and 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.

ACTIVITIES *cont'd*

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 HLI-HUME Management Co Sdn Bhd ("HLI-HUME"), a company owned by Hong Leong Industries Berhad ("HLI") and Hume Industries (Malaysia) Berhad ("HIMB") in the equity ratio of 51% and 49% respectively. The provision of the IA services is part of the shared services of companies within the HLI Group and HIMB Group. The total cost incurred by the IA Department of HLI-HUME for the financial year ended 30 June 2009 amounted to RM762,000.

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. This is accomplished by the periodic assessment and internal audits conducted to ensure compliance with systems and standard operating procedures of the Group.

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

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

Malaysian Pacific Industries Berhad
(4817-U)

Financial Statements

Directors' Report
for the financial year ended 30 June 2009

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2009.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, 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
(Loss)/profit attributable to equity holders of the Company	(39,904)	31,064

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review 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 10 sen per share tax exempt amounting to RM19,890,142 in respect of the financial year ended 30 June 2009 on 17 December 2008; and

(ii) a second interim dividend of 10 sen per share tax exempt amounting to RM19,890,042 in respect of the financial year ended 30 June 2009 on 16 June 2009.

The Directors do not recommend a final dividend for the financial year under review.

DIRECTORS OF THE COMPANY

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

Mr Kwek Leng San *(Executive Chairman)*
Mr David Edward Comley *(Group Managing Director)*
Tuan Syed Zaid bin Syed Jaffar Albar
Mr Tan Keok Yin
YBhg Tan Sri Asmat bin Kamaludin

In accordance with Article 115 of the Company's Articles of Association, Mr Kwek Leng San and Mr Tan Keok Yin retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year who had beneficial interests in the ordinary shares and/or options of the Company and/or its related corporations during the financial year ended 30 June 2009 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:

	Nominal value per share RM	Number of ordinary shares/*shares to be acquired arising from the exercise of options Balance at 01.07.2008	Bought	Sold	Balance at 30.06.2009
Shareholdings in which <u>Directors have direct interests</u>					
Interests of Mr Kwek Leng San in:					
Hong Leong Company (Malaysia) Berhad	1.00	117,500	-	-	117,500
Hong Leong Industries Berhad	0.50	2,220,000	300,000	-	2,520,000
Malaysian Pacific Industries Berhad	0.50	315,000	-	-	315,000
HLG Capital Berhad	1.00	119,000	-	-	119,000
Hong Leong Bank Berhad	1.00	385,000	-	-	385,000
Guoco Group Limited	USD0.50	209,120	-	-	209,120
Hong Leong Financial Group Berhad	1.00	600,000	-	-	600,000
Interests of Mr David Edward Comley in:					
Malaysian Pacific Industries Berhad	0.50	60,000	-	60,000	-
	-	1,500,000 *	-	-	1,500,000 *
Interest of Tuan Syed Zaid bin Syed Jaffar Albar in:					
Hong Leong Financial Group Berhad	1.00	116,851	-	78,700	38,151
Shareholdings in which <u>Director has indirect interests</u>					
Interest of YBhg Tan Sri Asmat bin Kamaludin in:					
Hong Leong Bank Berhad	1.00	3,000 @	-	-	3,000 @

Legend:

@ Held through children who are not directors of the Company.

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 Tuan Syed Zaid bin Syed Jaffar Albar, who may be deemed to derive a benefit by virtue of the provision of legal services 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 OPTION SCHEME ("ESOS" OR "SCHEME")

The ESOS of up to fifteen percent (15%) of the issued and paid-up ordinary share capital of Malaysian Pacific Industries Berhad ("MPI" or "the Company") which was approved by the shareholders of the Company on 14 October 2005, was established on 23 January 2006 and would be in force for a period of ten (10) years.

On 13 January 2006, the Company announced that Bursa Malaysia Securities Berhad has approved-in-principle the listing of new ordinary shares of the Company to be issued pursuant to the exercise of options under the ESOS at any time during the existence of the ESOS.

The ESOS would provide an opportunity for eligible executives who have contributed to the growth and development of the Group to participate in the equity of the Company.

The main feature of the ESOS are, inter alia, as follows:

1. Eligible executives are those executives of the Group who have been confirmed in service on the date of offer or directors (executive or non-executive) of the Company and its subsidiaries. The maximum allowable allotments for full time executive directors have been approved by the shareholders of the Company in a general meeting. The Board may from time to time at its discretion select and identify suitable eligible executives to be offered options.

2. The aggregate number of shares to be issued under the ESOS shall not exceed fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company for the time being.

3. The Scheme shall be in force for a period of ten (10) years from 23 January 2006.

4. The option price shall not be at a discount of more than ten percent (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.

5. The option granted to an option holder under the ESOS is exercisable by the option holder only during his employment with MPI Group and within the option exercise period subject to any maximum limit as may be determined by the Board under the Bye-Laws of the ESOS.

6. The exercise of the option may, at the absolute discretion of the Board of the Company, be satisfied by way of issuance of new shares; transfer of existing shares purchased by a trust established for the ESOS ("ESOS Trust"); or a combination of both new shares and existing shares.

MPI has granted conditional incentive share options ("Options") over 250,000 ordinary shares of RM0.50 each in MPI at an exercise price of RM10.61 per share to an eligible executive of Carsem Semiconductor (Suzhou) Co., Ltd, a wholly-owned subsidiary of the Company, whilst Carsem (M) Sdn Bhd ("Carsem M") and Dynacraft Industries Sdn Bhd ("Dynacraft"), both subsidiaries of the Company, have granted Options over a total of 3,400,000 ordinary shares of RM0.50 each in MPI at an exercise price of RM10.61 per share to eligible executives of Carsem M and Dynacraft.

The Options granted are subject to the achievement of certain performance criteria by the option holders over the option performance period.

The Options, if vested, will be satisfied by existing MPI shares held by the ESOS Trust set up for the Options.

EXECUTIVE SHARE OPTION SCHEME ("ESOS" OR "SCHEME") *cont'd*

The Board of Dynacraft has determined that the option holders of Dynacraft ("Dynacraft Option Holders") have not achieved the performance criteria at the end of the option performance period. Hence, the Options over 800,000 ordinary shares of RM0.50 each in MPI ("Dynacraft Options") have not been vested to the Dynacraft Option Holders and accordingly, the Dynacraft Options lapsed subsequent to financial year-end.

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 under review.

During the financial year, the Company purchased 2,000 ordinary shares of its issued share capital from the open market. The average price paid for the shares bought back was RM5.68 per ordinary share. The share buy back transactions were financed by internally generated funds. As at 30 June 2009, the total number of shares bought back was 10,984,000 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.

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) all current assets have been stated at the lower of cost and net realisable value.

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.

OTHER STATUTORY INFORMATION *cont'd*

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 30 June 2009 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 holding company, in accordance with and as required by the local regulations of its country of incorporation.

AUDITORS

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

On behalf of the Board,

KWEK LENG SAN

DAVID EDWARD COMLEY

Kuala Lumpur
19 August 2009

Balance Sheets
as at 30 June 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Non-current assets					
Property, plant and equipment	4	**1,051,454**	1,157,994	**-**	155
Prepaid lease payments	5	**20,302**	20,467	**-**	-
Investments	6	**46**	693	**460,491**	473,539
Intangible assets	7	**12,393**	12,393	**-**	-
Other assets	8	**-**	-	**4,345**	4,455
		1,084,195	1,191,547	**464,836**	478,149
Current assets					
Inventories	9	**71,998**	105,475	**-**	-
Trade and other receivables	10	**166,282**	225,668	**61,623**	48,301
Deposits, cash and bank balances	11	**77,329**	102,245	**33,071**	19,212
		315,609	433,388	**94,694**	67,513
TOTAL ASSETS		**1,399,804**	1,624,935	**559,530**	545,662
Equity attributable to equity holders of the Company					
Share capital	12	**104,942**	104,942	**104,942**	104,942
Reserves	13	**758,217**	824,397	**495,626**	504,227
Treasury shares, at cost		**(163,791)**	(163,779)	**(163,791)**	(163,779)
		699,368	765,560	**436,777**	445,390
Minority interest		**220,956**	259,687	**-**	-
TOTAL EQUITY		**920,324**	1,025,247	**436,777**	445,390
Non-current liabilities					
Borrowings (unsecured)	14	**73,806**	120,166	**-**	59,000
Employee benefits	15 (a)	**422**	442	**245**	245
Deferred taxation	16	**62,640**	58,525	**-**	-
		136,868	179,133	**245**	59,245
Current liabilities					
Trade and other payables	17	**149,463**	201,090	**46,108**	16,595
Borrowings (unsecured)	14	**193,149**	219,465	**76,400**	24,432
		342,612	420,555	**122,508**	41,027
TOTAL LIABILITIES		**479,480**	599,688	**122,753**	100,272
TOTAL EQUITY AND LIABILITIES		**1,399,804**	1,624,935	**559,530**	545,662

The notes on pages 38 to 70 are an integral part of these financial statements.

Income Statements
for the financial year ended 30 June 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Revenue		**1,150,630**	1,539,126	**31,496**	83,452
Cost of sales		**(1,068,656)**	(1,289,180)	**-**	-
Gross profit		**81,974**	249,946	**31,496**	83,452
Distribution expenses		**(16,812)**	(19,819)	**-**	-
Administration expenses		**(45,397)**	(46,230)	**(1,344)**	(1,140)
Other operating income		**14,181**	3,683	**4,751**	173
Other operating expenses		**(87,497)**	(17,920)	**(470)**	(1,673)
(Loss)/profit from operation		**(53,551)**	169,660	**34,433**	80,812
Interest expense		**(10,473)**	(15,738)	**(3,806)**	(3,727)
Interest income		**2,290**	2,557	**485**	662
(Loss)/profit before taxation	18	**(61,734)**	156,479	**31,112**	77,747
Taxation	19	**(4,163)**	(9,180)	**(48)**	(82)
(Loss)/profit for the financial year		**(65,897)**	147,299	**31,064**	77,665
Attributable to:					
Equity holders of the Company		**(39,904)**	112,176	**31,064**	77,665
Minority interest		**(25,993)**	35,123	**-**	-
(Loss)/profit for the financial year		**(65,897)**	147,299	**31,064**	77,665
Basic/Diluted (loss)/earnings per ordinary share (sen)	20	**(20.47)**	57.55		
Dividends per ordinary share (sen)	21	**20.00**	37.00		

The notes on pages 38 to 70 are an integral part of these financial statements.

Statements of Changes in Equity
for the financial year ended 30 June 2009

Group		Attributable to equity holders of the Company											
	Note	Share capital	Share premium*	Capital redemption reserve*	Capital reserve*	Exchange fluctuation reserve*	Reserve for own shares*	Share option reserve*	Retained profits	Treasury shares	Total	Minority interest	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2007		104,942	249,952	560	-	895	(42,603)	689	563,033	(163,761)	713,707	252,740	966,447
Net gain recognised directly in equity - Foreign currency translation differences		-	-	-	-	10,611	-	-	-	-	10,611	-	10,611
Profit for the financial year		-	-	-	-	-	-	-	112,176	-	112,176	35,123	147,299
Total recognised income for the financial year		-	-	-	-	10,611	-	-	112,176	-	122,787	35,123	157,910
Dividends	21	-	-	-	-	-	-	-	(72,114)	-	(72,114)	(28,176)	(100,290)
Transfer to capital redemption reserve		-	-	100	-	-	-	-	(100)	-	-	-	-
Transfer to capital reserve		-	-	-	1,806	-	-	-	(1,806)	-	-	-	-
Purchase of treasury shares		-	-	-	-	-	-	-	-	(18)	(18)	-	(18)
Share-based payments	15(b)	-	-	-	-	-	-	1,198	-	-	1,198	-	1,198
At 30 June 2008		104,942	249,952	660	1,806	11,506	(42,603)	1,887	601,189	(163,779)	765,560	259,687	1,025,247
		Note 12	Note 13	Note 13	Note 13	Note 13	Note 13	Note 13	Note 13				

* Non-distributable

The notes on pages 38 to 70 are an integral part of these financial statements.

Group	Note	Attributable to equity holders of the Company											
		Share capital	Share premium*	Capital redemption reserve*	Capital reserve*	Exchange fluctuation reserve*	Reserve for own shares*	Share option reserve*	Retained profits	Treasury shares	Total	Minority interest	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2008		104,942	249,952	660	1,806	11,506	(42,603)	1,887	601,189	(163,779)	765,560	259,687	1,025,247
Net gain recognised directly in equity - Foreign currency translation differences		-	-	-	-	11,797	-	-	-	-	11,797	-	11,797
Loss for the financial year		-	-	-	-	-	-	-	(39,904)	-	(39,904)	(25,993)	(65,897)
Total recognised income/ (expense) for the financial year		-	-	-	-	11,797	-	-	(39,904)	-	(28,107)	(25,993)	(54,100)
Dividends	21	-	-	-	-	-	-		(38,980)	-	(38,980)	(13,497)	(52,477)
Transfer to capital redemption reserve		-	-	50	-	-	-	-	(50)	-	-	-	-
Transfer to capital reserve		-	-	-	477	-	-	-	(477)	-	-	-	-
Purchase of treasury shares		-	-	-	-	-	-	-	-	(12)	(12)	-	(12)
Share-based payments	15(b)	-	-	-	-	-	-	907	-	-	907	759	1,666
At 30 June 2009		104,942	249,952	710	2,283	23,303	(42,603)	2,794	521,778	(163,791)	699,368	220,956	920,324
		Note 12	Note 13	Note 13	Note 13	Note 13	Note 13	Note 13	Note 13				

* Non-distributable

The notes on pages 38 to 70 are an integral part of these financial statements.

Company

	Note	Share capital RM'000	Share premium* RM'000	Share option reserve* RM'000	Retained profits RM'000	Treasury shares RM'000	Total RM'000
At 1 July 2007		104,942	249,952	47	250,074	(163,761)	441,254
Profit for the financial year		-	-	-	77,665	-	77,665
Dividends	21	-	-	-	(73,594)	-	(73,594)
Purchase of treasury shares		-	-	-	-	(18)	(18)
Shared-based payments	15(b)	-	-	83	-	-	83
At 30 June 2008/1 July 2008		104,942	249,952	130	254,145	(163,779)	445,390
Profit for the financial year		-	-	-	31,064	-	31,064
Dividends	21	-	-	-	(39,780)	-	(39,780)
Purchase of treasury shares		-	-	-	-	(12)	(12)
Shared-based payments	15(b)	-	-	115	-	-	115
At 30 June 2009		104,942	249,952	245	245,429	(163,791)	436,777
		Note 12	Note 13	Note 13	Note 13		

* Non-distributable

The notes on pages 38 to 70 are an integral part of these financial statements.

Cash Flow Statements

for the financial year ended 30 June 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before taxation		**(61,734)**	156,479	**31,112**	77,747
Adjustments for:					
Amortisation of prepaid lease payments		**373**	355	**-**	-
Depreciation of property, plant and equipment		**240,276**	235,205	**155**	155
Dividend income		**-**	-	**(31,496)**	(83,452)
Gain on disposal of property, plant and equipment		**(153)**	(1,329)	**-**	-
(Reversal)/impairment of property, plant and equipment		**(3,347)**	7,787	**-**	-
Impairment of investment in a subsidiary		**-**	-	**-**	135
Gain on return of investment in a subsidiary		**-**	-	**(212)**	-
Impairment of other investments		**470**	-	**470**	-
Interest expense		**10,473**	15,738	**3,806**	3,727
Interest income		**(2,290)**	(2,557)	**(485)**	(662)
Property, plant and equipment written off		**8,653**	1,894	**-**	-
Share-based payments		**1,666**	1,198	**-**	-
Unrealised (gain)/loss on foreign exchange		**(4,410)**	(711)	**(4,521)**	1,510
Operating profit/(loss) before changes in working capital		**189,977**	414,059	**(1,171)**	(840)
Change in inventories		**34,461**	1,108	**-**	-
Change in trade and other receivables		**67,593**	(14,266)	**195**	81
Change in trade and other payables		**(51,628)**	(10,050)	**(143)**	(83)
Cash generated from/(used in) operations		**240,403**	390,851	**(1,119)**	(842)
Tax (paid)/refunded		**(48)**	420	**(48)**	420
Interest expense paid		**(10,473)**	(15,738)	**(3,806)**	(3,727)
Interest income received		**2,290**	2,557	**485**	662
Dividend received		**-**	-	**31,496**	83,452
Retirement benefit paid		**(20)**	(64)	**-**	-
Net cash generated from operating activities		**232,152**	378,026	**27,008**	79,965

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		**5,296**	3,814	**-**	-
Purchase of property, plant and equipment		**(129,280)**	(267,412)	**-**	-
Proceeds from disposal of other investments		**177**	-	**177**	-
Redemption of redeemable preference shares by a subsidiary		**-**	-	**5,000**	10,000
Capital distribution from a subsidiary		**-**	-	**7,613**	1,217
Net cash (used in)/generated from investing activities		**(123,807)**	(263,598)	**12,790**	11,217
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		**239,861**	416,267	**8,700**	83,700
Repayments of borrowings		**(321,440)**	(435,050)	**(15,732)**	(87,201)
Dividend paid to equity holders of the Company		**(38,980)**	(72,114)	**(39,780)**	(73,594)
Dividend paid to minority shareholders of subsidiaries		**(13,497)**	(28,176)	**-**	-
Repayment of finance lease		**-**	(28)	**-**	-
Purchase of treasury shares		**(12)**	(18)	**(12)**	(18)
Repayment by/(advance to) subsidiaries		**-**	-	**20,885**	(3,928)
Net cash used in financing activities		**(134,068)**	(119,119)	**(25,939)**	(81,041)
Net change in cash and cash equivalents		**(25,723)**	(4,691)	**13,859**	10,141
Cash and cash equivalents at beginning of financial year	(i)	**102,245**	106,758	**19,212**	9,071
Effect on foreign exchange		**807**	178	**-**	-
Cash and cash equivalents at end of financial year	(i)	**77,329**	102,245	**33,071**	19,212

Note on the cash flow statements

(i) Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Deposits, cash and bank balances	11	**77,329**	102,245	**33,071**	19,212

The notes on pages 38 to 70 are an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

Malaysian Pacific Industries Berhad ("MPI" or "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 Industries Berhad and Hong Leong Company (Malaysia) Berhad respectively, both incorporated in Malaysia. Hong Leong Industries Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad.

The consolidated financial statements as at and for the financial year ended 30 June 2009 comprise the Company and its subsidiaries ("the Group"). The financial statements of the Company for the financial year ended 30 June 2009 do not include other entities.

The Company is an investment holding company while the principal activities of other group entities 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 19 August 2009 in accordance with a resolution.

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 except as 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 Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia.

The preparation of 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 are described in the following notes:

- Note 7 - measurement of the recoverable amounts of cash-generating units; and
- Note 26 - contingency

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.

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, and have been applied consistently by Group entities.

(a) Subsidiaries and Basis of Consolidation

Subsidiaries are enterprises controlled by the Company. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Subsidiaries are consolidated using the acquisition method of accounting. The acquisition method of accounting involves allocating the cost of acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. Any excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition represents negative goodwill which is immediately recognised in the income statement.

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

Minority interests represent the minorities' share of the fair value of the subsidiaries' net identifiable assets, liabilities and contingent liabilities at the date of acquisition and the minorities' share of changes in the subsidiaries' equity since then.

In the Company's balance sheet, investments in subsidiaries are stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and 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 on the date of valuation between a willing buyer and a willing seller after making proper marketing wherein 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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(b) Property, Plant and Equipment *cont'd*

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

The cost of replacing part of such an item 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 part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

Depreciation is recognised in the income statements on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

Buildings	20 years
Building improvement	10 years
Plant, equipment and motor vehicles	2 - 10 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(c) Prepaid Lease Payments

Leasehold land that normally had an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments and is amortised on a straight-line basis over the remaining lease term of the land.

(d) Intangible Assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost which is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate it might be impaired. Impairment losses are recognised in the income statements when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds the recoverable amount.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is immediately recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(d) Intangible Assets *cont'd*

(ii) Development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed to the income statements as incurred.

Expenditure on development activities, for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses, and is amortised over a period of ten years on a straight line basis. Other development expenditure is expensed to the income statements as incurred.

(e) Investments in Equity Securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition:

- Investments in non-current equity securities other than investments in subsidiaries are stated at cost less allowance for diminution in value; and
- All current investments are carried at the lower of cost and market value, determined on an aggregate investment basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investment in subsidiaries, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

(i) the recognition of an asset on the day it is received by the entity; and

(ii) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories are mainly determined on the weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes raw materials and 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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(g) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts. Known bad debts are written off and specific allowance is made for any debts considered to be doubtful of collection. Receivables are not held for the purposes of trading.

(h) 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 value. For the purpose of cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(i) Impairment

The carrying amounts of the Group's assets other than inventories and financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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.

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 groups of assets (the "cash generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

(j) Share Capital

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

When share capital are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Where 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.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable cost and the carrying amount of the treasury shares is recognised in equity.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(k) Loans and Borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(l) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(m) Employee Benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the income statements in the period in which the associated services are rendered by the employees.

(ii) Defined contribution plans

The Company and its subsidiaries made contributions to the statutory pension scheme as required by the law. Such contributions are recognised as an expense in the income statements as and when incurred.

(iii) Defined benefit plans

The Group operates an unfunded defined benefit scheme for the eligible employees. The present value of the defined benefit obligation as required by FRS 119_{2004}, Employee Benefits has not been used in deriving the provision, as the amount involved is not material to the Group and the Company. Accordingly, no further disclosure as required by the standard is made.

(iv) Share-based payments and reserve for own shares

The Group operates an equity-settled, share based compensation plan for the employees of the Group under the Malaysian Pacific Industries Berhad's Executive Share Option Scheme ("ESOS").

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

The fair value of the share options 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.

In connection with the ESOS, a trust has been set up and is administered by an appointed trustee ("ESOS Trust"). 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 ESOS Trust ("Trust Shares").

The ESOS Trust is consolidated into the Group's consolidated financial statements and the trust shares are accounted for as a deduction from equity and classified as reserve for own shares. Dividends received by the ESOS Trust are eliminated against the dividend expense of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(n) 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 balance sheet date are retranslated to the functional currency 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 functional currency at the exchange rate at the date the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(ii) Financial statements of foreign operations denominated in functional currencies other than Ringgit Malaysia ("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 balance sheet date, except for goodwill and fair value adjustments arising from business combinations before 1 July 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations are translated to RM at average exchange rates for the year. Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies, and from the translation of the income and expenses of those companies at the average rate, are taken to reserves.

On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(iii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

(o) Derivative Financial Instruments

The Group uses derivative financial instruments, including forward foreign exchange contracts, to hedge its exposure to foreign exchange risks arising from operational, financing and investment activities.

Derivative financial instruments (used for hedging purposes) are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions upon realisation.

Derivatives that do not qualify for hedge accounting are accounted for as trading instruments and marked to market at balance sheet date. Any profit or loss is recognised in the income statements upon realisation.

(p) Revenue

Group

(i) Goods sold

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is stated net of discount and returns in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(p) Revenue *cont'd*

Company

(ii) Dividend income

Dividend income of the Company is recognised when the right to receive payment is established.

(q) Interest Income/Borrowing Costs

Interest income is recognised in the income statements on accrual basis.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are captalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

(r) Operating Lease

Operating lease payments are recognised in the income statements on a straight-line basis over the term of the relevant lease.

(s) Financial Lease

Leases in terms of which the Group 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.

(t) Taxation

Taxation in the income statements comprise current and deferred tax. Taxation is recognised in the income statements except to the extent that it relates to item recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax 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 balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(t) Taxation *cont'd*

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unutilised reinvestment allowance and investment tax allowance are recognised as a reduction of tax expense as and when they are utilised.

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(u) Provisions

A provision is recognised if, as a result of a past event, the Group 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(v) 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.

2.3 Statement of Compliance

The Group and the Company have not applied the following Amendments to FRSs, FRSs and IC Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs/Interpretations		Effective date
Amendments to FRS 1 and Amendments to FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010 1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosure	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2010

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Statement of Compliance *cont'd*

FRS 4, IC Interpretation 13 and 14 are not applicable to the Group and the Company and hence, no further disclosure is required.

The Group plans to adopt FRS 8 for the financial year ending 30 June 2010. The Group and the Company plan to adopt the other Amendments to FRSs, FRSs and IC Interpretations for the financial year ending 30 June 2011.

The financial impact on the financial statements of the Group and the Company resulting from the adoption of FRS 7 and FRS 139 upon first adoption of these FRSs as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and errors are not disclosed by virtue of the exemptions given in the respective FRSs.

The first adoption of the other Amendments to FRSs, FRSs and IC Interpretations are not expected to have any material financial impact on the financial statements of the Group and the Company except for FRS 123.

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 2009 %	Effective interest 2008 %	Principal activity
Carsem (M) Sdn Bhd	Malaysia	**70**	70	Manufacturing and testing of semiconductor devices and electronic components
Carsem Semiconductor Sdn Bhd +	Malaysia	**70**	70	Dormant
Carsem Holdings Limited *	Bermuda	**100**	100	Investment holding
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
Carsem Holdings (HK) Limited #	Hong Kong	**100**	-	Intended to be an investment holding company
Advance Dyna, Inc. *	United States of America	**100**	100	In member's voluntary liquidation
MPI (BVI) Limited #	British Virgin Islands	**-**	100	Wound-up

+ Sub-subsidiary.
# Subsidiary not audited by KPMG.
* These financial statements are not required to be audited in their respective countries of incorporation.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Building* improvement RM'000	Plant, equipment and motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost				
At 1 July 2007	298,475	2,539,054	34,030	2,871,559
Additions	4,061	235,916	27,435	267,412
Disposals	-	(8,646)	-	(8,646)
Write off	-	(53,087)	-	(53,087)
Transfers	4,745	23,461	(28,206)	-
Currency translation differences	1,464	7,311	-	8,775
At 30 June 2008/1 July 2008	308,745	2,744,009	33,259	3,086,013
Additions	1,820	121,380	6,080	129,280
Disposals	-	(53,374)	-	(53,374)
Write off	-	(91,841)	(2,267)	(94,108)
Transfers	17,337	5,727	(23,064)	-
Currency translation differences	2,509	17,368	-	19,877
At 30 June 2009	**330,411**	**2,743,269**	**14,008**	**3,087,688**
Accumulated depreciation and impairment				
At 1 July 2007				
Accumulated depreciation	96,121	1,640,866	-	1,736,987
Accumulated impairment	-	2,724	-	2,724
	96,121	1,643,590	-	1,739,711
Charge for the financial year	15,377	219,828	-	235,205
Disposals	-	(6,161)	-	(6,161)
Write off	-	(51,193)	-	(51,193)
Impairment	-	7,787	-	7,787
Currency translation differences	266	2,404	-	2,670
At 30 June 2008/1 July 2008				
Accumulated depreciation	111,764	1,805,744	-	1,917,508
Accumulated impairment	-	10,511	-	10,511
	111,764	1,816,255	-	1,928,019
Charge for the financial year	16,150	224,126	-	240,276
Disposals	-	(48,231)	-	(48,231)
Write off	-	(85,455)	-	(85,455)
Reversal of impairment	-	(3,347)	-	(3,347)
Currency translation differences	474	4,498	-	4,972
At 30 June 2009				
Accumulated depreciation	**128,388**	**1,900,682**	**-**	**2,029,070**
Accumulated impairment	**-**	**7,164**	**-**	**7,164**
	128,388	**1,907,846**	**-**	**2,036,234**

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

Group

	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 2007	202,354	895,464	34,030	1,131,848
At 30 June 2008/1 July 2008	196,981	927,754	33,259	1,157,994
At 30 June 2009	**202,023**	**835,423**	**14,008**	**1,051,454**

Company

	Equipment and motor vehicles RM'000
Cost	
At 1 July 2007	1,044
Write off	(8)
At 30 June 2008/1 July 2008/30 June 2009	**1,036**
Accumulated depreciation	
At 1 July 2007	734
Charge for the financial year	155
Write off	(8)
At 30 June 2008/1 July 2008	881
Charge for the financial year	155
At 30 June 2009	**1,036**
Carrying amounts	
At 1 July 2007	310
At 30 June 2008/1 July 2008	155
At 30 June 2009	**-**

* The buildings of the Group are situated on leasehold land classified as prepaid lease payments (Note 5) except for certain buildings of a subsidiary which are situated on an operating lease land (Note 23).

Included in property, plant and equipment of the Group are plant and machinery acquired under finance lease agreement with a net book value of Nil (2008: RM243,000).

5. PREPAID LEASE PAYMENTS

	Group RM'000
Cost	
At 1 July 2007	28,436
Currency translation differences	136
At 30 June 2008/1 July 2008	28,572
Currency translation differences	233
At 30 June 2009	**28,805**
Accumulated amortisation	
At 1 July 2007	7,737
Charge for the financial year	355
Currency translation differences	13
At 30 June 2008/1 July 2008	8,105
Charge for the financial year	373
Currency translation differences	25
At 30 June 2009	**8,503**
Carrying amounts	
- Short term	5,589
- Long term	15,110
At 1 July 2007	20,699
- Short term	9,601
- Long term	10,866
At 30 June 2008/1 July 2008	20,467
- Short term	**9,603**
- Long term	**10,699**
At 30 June 2009	**20,302**

6. INVESTMENTS

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
Long term				
Unquoted shares, at cost:				
Subsidiaries	**-**	-	**460,445**	519,596
Less: Impairment losses	**-**	-	**-**	(46,750)
	-	-	**460,445**	472,846
Other investments	**46**	693	**46**	693
	46	693	**460,491**	473,539

7. INTANGIBLE ASSETS

Group	Goodwill	Development expenditure	Total
	RM'000	RM'000	RM'000
Cost			
At 1 July 2008/30 June 2009	12,393	2,400	14,793
Accumulated amortisation			
At 1 July 2008/30 June 2009	-	2,400	2,400
Carrying Amounts			
At 1 July 2008/30 June 2009	**12,393**	**-**	**12,393**

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to one of the subsidiary's operating divisions which represent the lowest level within the subsidiary at which the goodwill is monitored for internal management purposes.

The recoverable amount of the cash generating unit was based on its value in use. The recoverable amount of the unit was determined to be higher than its carrying amount.

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the recent financial projections approved by the management. The discount rate used is based on the subsidiary's weighted average cost of capital of 6.55%.

The revenue and gross margins used in the projections were based on past experience and expectations of market development.

The management does not expect any reasonable change in the key assumptions would cause the carrying amount of the cash generating unit to exceed its recoverable amount.

8. OTHER ASSETS

Other assets of the Company comprise advances given to a trustee to purchase the Trust Shares as disclosed in Note 2.2(m)(iv). The advances shall be repaid by the trustee upon the sale of all the Trust Shares.

9. INVENTORIES

	Group	
	2009	2008
	RM'000	RM'000
Raw materials	**42,348**	62,359
Work-in-progress	**7,922**	13,485
Finished goods	**12,006**	16,968
Consumable spares	**9,722**	12,663
	71,998	105,475

10. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2009	2008	2009	2008
		RM'000	RM'000	RM'000	RM'000
Trade receivables	a	**140,791**	206,507	**-**	-
Less: Allowance for doubtful debts		**(1,816)**	(1,927)	**-**	-
		138,975	204,580	**-**	-
Amounts due from a subsidiary	b	**-**	-	**61,601**	48,140
Other debtors		**9,008**	9,995	**2**	132
Deposits		**1,015**	1,033	**5**	5
Prepayments		**17,284**	10,060	**15**	24
		166,282	225,668	**61,623**	48,301

Group

Note a

Trade receivables amounted to RM138,431,000 (2008: RM195,006,000) are denominated in US Dollar.

Company

Note b

Amounts due from a subsidiary is non-trade, unsecured, interest free and has no fixed terms of repayment.

Amounts due from a subsidiary is denominated in US Dollar.

11. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Deposits with:				
Licensed banks	**30,767**	55,411	**21,708**	2,411
Discount house	**11,237**	16,532	**11,237**	16,532
	42,004	71,943	**32,945**	18,943
Cash and bank balances	**35,325**	30,302	**126**	269
	77,329	102,245	**33,071**	19,212

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

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Deposits and bank balances	**10,605**	55,753	**126**	269

Cash and bank balances amounting to RM1,538,000 (2008: RM25,877,000) and RM17,524,000 (2008: RM9,271,000) are denominated in US Dollar and RMB respectively.

12. SHARE CAPITAL

	Group and Company			
	2009		2008	
	Number of shares		Number of shares	
Ordinary shares of RM0.50 each	'000	RM'000	'000	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 bought back 2,000 of its own shares at an average price of RM5.68 per ordinary share from the open market. As at 30 June 2009, the total number of shares bought back was 10,984,000 (2008: 10,982,000) 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.

13. RESERVES

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Reserves consist of:					
Share premium		**249,952**	249,952	**249,952**	249,952
Capital redemption reserve	a	**710**	660	**-**	-
Capital reserve	b	**2,283**	1,806	**-**	-
Exchange fluctuation reserve	c	**23,303**	11,506	**-**	-
Reserve for own shares	d	**(42,603)**	(42,603)	**-**	-
Share option reserve	e	**2,794**	1,887	**245**	130
Retained profits	f	**521,778**	601,189	**245,429**	254,145
		758,217	824,397	**495,626**	504,227

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 ESOS Trust as disclosed in Note 2.2(m)(iv).

There were no Trust Shares purchased by the trustee during the financial year. As at 30 June 2009, the total number of Trust Shares purchased by the trustee was 4,000,000 (2008: 4,000,000) ordinary shares of RM0.50 each.

Note e

Share option reserve represents fair value of the share options granted to employees as disclosed in Note 2.2(m)(iv).

Note f

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 credit and tax exempt income to frank in full all its retained profits at 30 June 2009 if paid out as dividends.

The Finance Act 2008 introduced a single tier company income tax system with effect from year of assessment 2009. As such, the Section 108 tax credit as at 30 June 2009 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

14. BORROWINGS (UNSECURED)

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Current					
Term loans	a	**103,600**	73,397	**59,000**	8,732
Revolving credit	a	**52,613**	68,397	**17,400**	15,700
Bankers' acceptances	a	**36,936**	77,631	**-**	-
Finance lease	b	**-**	40	**-**	-
		193,149	219,465	**76,400**	24,432
Non-current					
Term loans	a	**73,806**	120,166	**-**	59,000
		73,806	120,166	**-**	59,000
		266,955	339,631	**76,400**	83,432

Note a

Group

Terms and debt repayment schedule for term loans:

	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000
2009	**2009 - 2011**	**177,406**	**103,600**	**73,806**
2008	2009 - 2010	193,563	73,397	120,166

There are no covenants for the term loans.

The following borrowings are denominated in USD:

	Group 2009 RM'000	Group 2008 RM'000
Term loan	**60,406**	40,831
Revolving credit	**35,213**	32,697
Bankers' acceptances	**-**	21,313
	95,619	94,841

The term loans bear interest from 1.0% to 5.1% (2008: 3.2 % to 6.3%) per annum.

The bankers' acceptances bear interest of 2.2% to 4.2% (2008: 3.6% to 8.5%) per annum.

The revolving credit which is repayable on demand is subject to interest of 1.2% to 4.3% (2008: 4.2% to 4.3%) per annum.

14. BORROWINGS (UNSECURED) *cont'd*

Company

Terms and debt repayment schedule for term loans:

	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000
2009	**2009 - 2010**	**59,000**	**59,000**	**-**
2008	2008 - 2010	67,732	8,732	59,000

There are no covenants for the term loans.

The term loans bear interest from 3.1 % to 4.5 % (2008: 4.2% to 4.5%) per annum.

The revolving credit which is repayable on demand is subject to interest of 2.8% to 4.3% (2008: 4.2% to 4.4%) per annum.

Note b

Group

Finance lease liabilities are payable as follows:

	2009			2008		
	Minimum lease payments RM'000	Interest RM'000	Principal RM'000	Minimum lease payments RM'000	Interest RM'000	Principal RM'000
Less than 1 year	-	-	-	41	1	40

The finance lease arrangement bears interest of Nil (2008: 1.5% to 1.9%) per annum.

15. EMPLOYEE BENEFITS

(a) Retirement Benefits

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 30 June	**422**	442	**245**	245

15. EMPLOYEE BENEFITS *cont'd*

(b) Share-based Payments

The ESOS of the Company which was approved by the shareholders of the Company on 14 October 2005, was established on 23 January 2006 and would be in force for a period of ten (10) years.

Malaysian Pacific Industries Berhad ("MPI") has granted conditional incentive share options ("Options") over 250,000 ordinary shares of RM0.50 each in MPI at an exercise price of RM10.61 per share to an eligible executive of Carsem Semiconductor (Suzhou) Co., Ltd., a wholly-owned subsidiary of the Company, whilst Carsem (M) Sdn Bhd ("Carsem M") and Dynacraft Industries Sdn Bhd ("Dynacraft"), both subsidiaries of the Company, have granted Options over a total of 3,400,000 ordinary shares of RM0.50 each in MPI at an exercise price of RM10.61 per share to eligible executives of Carsem M and Dynacraft.

The Options granted are subject to the achievement of certain performance criteria by the option holders over the option performance period.

The Options, if vested, will be satisfied by existing MPI shares held by the ESOS Trust set up for the Options.

No Options were vested during the current financial year. The weighted average share price for the financial year was RM5.88.

There is no movement in the number and weighted average exercise price ("WAEP") of the options during the financial year. The number of Options outstanding as at the end of the financial year of 3,650,000 units have a WAEP of RM10.61 and were exercisable from 1 July 2009 to 31 December 2011, if vested. In 2008, the performance period of the Options of 2,600,000 units has been extended. As a result, the incremental fair value granted as a result of the modification is RM328,000.

The fair value of services received in return for share options granted was based on the fair value of the Options granted, measured using Black Scholes model, with the following inputs:

Fair value of Options measured at grant date/modification date and assumptions

	At grant date	At modification date
Weighted average fair value	RM1.08	RM0.28
Weighted average share price	RM10.70	RM5.88
Exercise price	RM10.61	RM10.61
Expected volatility*	14.97%	26.41%
Options life	5 years	6 years
Expected dividends	4.64%	3.40%
Risk-free interest rate (based on Malaysian government bonds)	3.69%	3.61%

* The expected volatility reflects the assumption that the historical volatility was indicative of future trend, which might not necessarily be the actual outcome. No other features of the Options granted were incorporated into the measurement of fair value.

The Board of Dynacraft has determined that the option holders of Dynacraft ("Dynacraft Option Holders") have not achieved the performance criteria at the end of the option performance period. Hence, the Options over 800,000 ordinary shares of RM0.50 each in MPI ("Dynacraft Options") have not been vested to the Dynacraft Option Holders and accordingly, the Dynacraft Options lapsed subsequent to financial year-end.

16. DEFERRED TAXATION

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	2009			2008		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	**9,134**	**(76,328)**	**(67,194)**	6,873	(71,374)	(64,501)
Inventories	**4,774**	**-**	**4,774**	3,865	-	3,865
Other items	**1,264**	**(1,484)**	**(220)**	2,111	-	2,111
Tax assets/(liabilities)	**15,172**	**(77,812)**	**(62,640)**	12,849	(71,374)	(58,525)
Set off of tax	**(15,172)**	**15,172**	**-**	(12,849)	12,849	-
Net tax liabilities	**-**	**(62,640)**	**(62,640)**	-	(58,525)	(58,525)

Deferred tax liabilities and assets are offset above 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.

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following items:

	Note	Group 2009 RM'000	Group 2008 RM'000
Unutilised tax losses	a	**754**	756
Unabsorbed capital allowances	b	**31,818**	-

Note a

Deferred tax asset on utilised tax lossess has not been recognised as it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Note b

Deferred tax asset on unabsorbed capital allowances has not been recognised as the unabsorbed capital allowances will be utilised during the pioneer period.

17. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade payables	a	**65,527**	81,818	**-**	-
Amounts due to:					
- Related companies	b	**13**	193	**-**	-
- Subsidiaries	c	**-**	-	**45,335**	15,677
Other payables		**51,622**	72,817	**-**	-
Accrued expenses		**32,301**	46,262	**773**	918
		149,463	201,090	**46,108**	16,595

Group

Note a

Trade payables denominated in currencies other than the functional currency are as follows:

	2009 RM'000	2008 RM'000
U.S. Dollar	**42,509**	60,820
Others	**633**	776

Note b

Amounts due to related companies are non-trade, unsecured, interest free and have no fixed terms of repayment.

Company

Note c

Amounts due to subsidiaries are non-trade, unsecured, interest free and have no fixed terms of repayment.

18. (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before taxation is arrived at after charging/ (crediting):				
Auditors' remuneration				
Holding company's auditors				
- statutory audits	**114**	114	**20**	20
- other services	**16**	13	**3**	3
Other auditors				
- statutory audits	**30**	28	**-**	-
- other services	**15**	13	**-**	-
(Reversal of)/allowance for doubtful debts	**(111)**	1,927	**-**	-
Inventories written down	**4,791**	6,086	**-**	-
Depreciation of property, plant and equipment	**240,276**	235,205	**155**	155
Amortisation of prepaid lease payments	**373**	355	**-**	-
Gain on disposal of property, plant and equipment	**(153)**	(1,329)	**-**	-
(Reversal)/impairment of property, plant and equipment	**(3,347)**	7,787	**-**	-
Property, plant and equipment written off	**8,653**	1,894	**-**	-
Directors' remuneration (Key management personnel)				
Executive Directors				
- Fees	**110**	110	**70**	70
- Salaries and bonuses	**1,460**	2,180	**200**	200
- Other emoluments	**10**	20	**10**	20
- Contribution to Employees Provident Fund	**143**	262	**24**	24
- Share-based payments	**685**	496	**-**	-
	2,408	3,068	**304**	314
Non-Executive Directors				
- Fees	**150**	150	**150**	150
- Other emoluments	**70**	-	**70**	45
	220	150	**220**	195
Personnel expenses:				
- Wages, salaries and others	**243,214**	297,117	**132**	88
- Contributions to Employees Provident Fund	**23,924**	29,389	**16**	11
- Share-based payments	**981**	702	**-**	-
- Retrenchment costs	**11,771**	-	**-**	-
Gross dividends from unquoted subsidiaries	**-**	-	**(31,496)**	(83,452)
Impairment of investment in a subsidiary	**-**	-	**-**	135
Impairment of other investments	**470**	-	**470**	-
Gain on return of investment in a subsidiary	**-**	-	**(212)**	-

18. (LOSS)/PROFIT BEFORE TAXATION *cont'd*

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
(Loss)/profit before taxation is arrived at after charging/ (crediting): *cont'd*				
Interest expense				
- Term loan	**6,742**	11,883	**2,717**	1,305
- Others	**3,731**	3,855	**1,089**	2,422
Net loss/(gain) on foreign exchange				
- realised	**70,467**	(1,822)	**-**	(173)
- unrealised	**(4,410)**	(711)	**(4,521)**	1,510
Rental of property, plant, equipment and premises	**3,200**	3,613	**53**	56
Rental income	**(120)**	(90)	**-**	-
Research and development expenditure	**14,644**	14,170	**-**	-
Forfeiture of deposit from disposal of a building	**(3,247)**	-	**-**	-

The estimated monetary value of Executive Directors' benefits in kind of the Group are RM54,000 (2008 - RM85,000)

19. TAXATION

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Current taxation				
Malaysian tax				
- current year	**32**	52	**32**	52
- prior years	**16**	30	**16**	30
	48	82	**48**	82
Deferred taxation				
- current year	**6,115**	9,098	**-**	-
- prior years	**(2,000)**	-	**-**	-
	4,163	9,180	**48**	82

19. TAXATION *cont'd*

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Reconciliation of taxation					
(Loss)/profit before taxation		**(61,734)**	156,479	**31,112**	77,747
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)		**(15,434)**	40,685	**7,778**	20,214
Effect of change in tax rates		**-**	(6,215)	**-**	-
Non-deductible expenses		**2,867**	3,138	**128**	1,540
Tax exempt income		**(5,032)**	(43,916)	**(7,874)**	(21,697)
Effect of temporary differences arising in pioneer period		**17,244**	17,178	**-**	-
Effect of unrecognised deferred tax assets	16b	**7,954**	-	**-**	-
Tax incentive		**(1,647)**	(1,219)	**-**	-
Changes in unrecognised temporary differences previously not recognised		**(594)**	1,108	**-**	-
Others		**789**	(1,609)	**-**	(5)
		6,147	9,150	**32**	52
(Over)/under provision in prior years		**(1,984)**	30	**16**	30
Taxation		**4,163**	9,180	**48**	82

20. EARNINGS PER ORDINARY SHARE

Basic (loss)/earnings per ordinary share

The basic (loss)/earnings per ordinary share is calculated by dividing the Group's loss attributable to equity holders of the Company of RM39,904,000 (2008 - profit attributable to ordinary equity holders of the parent of RM112,176,000) by the weighted average number of ordinary shares outstanding during the financial year of 194,901,696 (2008 - 194,903,730) calculated as follows:

Weighted average number of ordinary shares

	Group/Company 2009 RM'000	Group/Company 2008 RM'000
Issued ordinary shares at beginning of the financial year	**209,884**	209,884
Less:		
Treasury shares held at beginning of the financial year	**(10,982)**	(10,980)
Trust shares held at beginning of the financial year	**(4,000)**	(4,000)
	194,902	194,904
Effect of purchase of treasury shares	**-**	-
Weighted average number of ordinary shares	**194,902**	194,904

20. EARNINGS PER ORDINARY SHARE *cont'd*

Diluted earnings per ordinary share

The Group has no dilution in its (loss)/earnings per ordinary share in the current and previous financial years as the potential ordinary shares from assumed exercise of the Options to ordinary shares would increase the basic (loss)/ earnings per ordinary share.

21. DIVIDENDS

Dividends recognised in the current year by the Group and the Company are:

Ordinary Shares	Per share (Tax exempt)	Group	Company	Date of payment
	Sen	RM'000	RM'000	
2009				
First Interim	10.0	19,490	19,890	17 December 2008
Second Interim	10.0	19,490	19,890	16 June 2009
	20.0	**38,980**	**39,780**	
2008				
First Interim	13.0	25,337	25,857	27 December 2007
Second Interim	24.0	46,777	47,737	18 June 2008
	37.0	72,114	73,594	

Dividend received by the ESOS Trust amounted to RM800,000 (2008: RM1,480,000) are eliminated against the dividend expense of the Company following the consolidation of ESOS Trust as disclosed in Note 2.2 (m) (iv).

22. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's geographical segments by location of customers.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-earning assets and related revenue, interest-bearing loans and borrowings and related expenses, tax assets and liabilities and related expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The group operates in a single principal industry and accordingly, the financial information by business segment is not presented.

Geographical Segments

a) By Location of Customers

The Group's operations are located in Malaysia and The People's Republic of China.

In presenting information on the basis of geographical segments, segment revenue and trade receivables are based on the geographical location of customers which consist of Asia, United States of America and Europe. Segment assets and liabilities are apportioned based on revenue.

22. SEGMENTAL INFORMATION *cont'd*

b) By Asset-Based

Assets and capital expenditure is based on the geographical location of the assets.

a) Geographical Segments by Location of Customers

	Asia		USA		Europe		Consolidated	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Total segment revenue	**515,999**	619,826	**253,471**	333,135	**381,160**	586,165	**1,150,630**	1,539,126
Segment result	**(4,224)**	71,068	**(11,264)**	42,067	**(33,739)**	62,511	**(49,227)**	175,646
Unallocated expenses							**(4,324)**	(5,986)
(Loss)/profit from operation							**(53,551)**	169,660
Interest expense							**(10,473)**	(15,738)
Interest income							**2,290**	2,557
(Loss)/profit before taxation							**(61,734)**	156,479
Taxation							**(4,163)**	(9,180)
(Loss)/profit for the financial year							**(65,897)**	147,299
Segment assets	**616,267**	650,330	**299,509**	342,920	**406,699**	529,440	**1,322,475**	1,522,690
Unallocated assets							**77,329**	102,245
Total assets							**1,399,804**	1,624,935
Segment liabilities	**70,534**	90,758	**32,377**	42,962	**46,974**	67,812	**149,885**	201,532
Unallocated liabilities							**329,595**	398,156
Total liabilities							**479,480**	599,688

22. SEGMENTAL INFORMATION *cont'd*

a) Geographical Segments by Location of Customers *cont'd*

	Asia		USA		Europe		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Capital expenditure	**63,809**	113,451	**30,356**	62,486	**35,115**	91,475	**129,280**	267,412
Depreciation and amortisation	**102,708**	92,326	**53,848**	51,909	**84,093**	91,325	**240,649**	235,560
Non-cash expenses other than depreciation and amortisation	**2,448**	412	**713**	1,736	**(282)**	6,691	**2,879**	8,839

(b) Geographical Segments by Asset-Based

	Total assets		Capital expenditure	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Malaysia	**1,068,616**	1,295,430	**84,904**	209,732
The People's Republic of China	**253,717**	227,135	**44,324**	57,650
Others	**142**	125	**52**	30
	1,322,475	1,522,690	**129,280**	267,412
Unallocated	**77,329**	102,245	**-**	-
	1,399,804	1,624,935	**129,280**	267,412

23. COMMITMENTS

	Group	
	2009	2008
	RM'000	RM'000
Property, plant and equipment:		
Authorised and contracted for	**46,095**	285,505
Authorised but not contracted for	**153,593**	11,554
	199,688	297,059

23. COMMITMENTS *cont'd*

	Group	
	2009	**2008**
	RM'000	**RM'000**
Operating lease commitments:		
Expiring within one year	**1,133**	906
Expiring between one to five years	**6,186**	5,846
Expiring after five years	**36,022**	37,495
	43,341	44,247

Group

The Group has lease commitments of RM1,133,000 (2008: RM906,000) 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 expire 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 2009, 2014, 2019, 2024 and 2029. None of the leases include contingent rental.

24. RELATED PARTIES

The Company has controlling related party relationships with its holding companies and subsidiaries.

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 Industries Berhad ("HLI"). YBhg Tan Sri Quek Leng Chan, a major shareholder of the Company, is a Director and a major shareholder of HLCM. Mr Kwek Leng San is a Director and a shareholder of the Company and HLCM. Mr Quek Leng Chye is a shareholder of the Company 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, Mr Kwek Leng San and Mr Quek Leng Chye are brothers. HLCM is a person connected with YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng San, Mr Quek Leng Chye, Mr Kwek Leng Beng and Mr Kwek Leng Kee;

(ii) Hong Leong Assurance Berhad ("HLA"), HLG Capital Berhad ("HLG"), GuocoLand (Malaysia) Berhad ("GLM"), GuocoLeisure Limited ("GL"), Hong Leong Bank Berhad ("HLB") and GuoLine Intellectual Assets Limited ("GIAL") are subsidiaries of HLCM; and

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

24. RELATED PARTIES *cont'd*

Significant transactions with related parties are as follows:

Transactions		Entities with joint control or significant influence over the entity related parties	Group 2009 RM'000	Group 2008 RM'000
(a)	Rental of shared office space	HLA	54	56
(b)	Receipt of insurance and insurance broking services, stock broking and corporate advisory services, hotel-related services, security services, after sales services in respect of air conditioners and related products	HLA, HLG and its subsidiaries, GLM, GL and its subsidiaries, GSC, HLI and its subsidiaries	122	123
(c)	Receipt of corporate office support services	Subsidiary of HLI	1,026	1,081
(d)	Receipt of group management and/or support services	Subsidiary and an associate of HLCM	1,059	4,374
(e)	Payment for usage of the Hong Leong logo and trade mark	GIAL/HLCM	26	3
(f)	Interest income	HLB and its subsidiary	186	174

The above transactions have been carried out on normal commercial terms consistent with the usual business practices and policies of the Group and of the Company and on terms not more favourable to the related parties than those generally available to and/or from the public and are not detrimental to the minority shareholders.

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.

25. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

Exposure to credit, interest rate, liquidity and currency risk arises in the normal course of the business of the Group and the Company. The Directors of the Group and the Company will consider and evaluate the risk management of the Group and the Company periodically.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Group and the Company's accounting policies in relation to derivative financial instruments are set out in Note 2.2(o).

25. FINANCIAL INSTRUMENTS *cont'd*

Credit 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 over a certain amount. The Group and the Company do not require collateral in respect of financial assets.

At balance sheet 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.

Interest Rate Risk

The Group and the Company manage their interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings.

Liquidity Risk

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

Foreign Currency Risk

The Group and the Company incur foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily US Dollars.

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

Effective Interest Rates and Repricing Analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

Group	**Note**	**Weighted average effective interest rate**	**Total**	**Less than 1 year**
2009		**%**	**RM'000**	**RM'000**
Fixed rate instruments				
Deposits with financial institutions	**11**	**1.8**	**42,004**	**42,004**
Bankers' acceptances	**14**	**2.3**	**36,936**	**36,936**
			78,940	**78,940**
Floating rate instruments				
Term loan	**14**	**2.4**	**177,406**	**177,406**
Revolving credit	**14**	**1.7**	**52,613**	**52,613**
			230,019	**230,019**

25. FINANCIAL INSTRUMENTS *cont'd*

Effective Interest Rates and Repricing Analysis cont'd

Group	**Note**	**Weighted average effective interest rate**	**Total**	**Less than 1 year**
2008		**%**	**RM'000**	**RM'000**
Fixed rate instruments				
Deposits with financial institutions	11	3.3	71,943	71,943
Bankers' acceptances	14	4.7	77,631	77,631
Finance lease	14	1.9	40	40
			149,614	149,614
Floating rate instruments				
Term loan	14	4.5	193,563	193,563
Revolving credit	14	3.9	68,397	68,397
			261,960	261,960

Company	**Note**	**Weighted average effective interest rate**	**Total**	**Less than 1 year**
2009		**%**	**RM'000**	**RM'000**
Fixed rate instruments				
Deposits with financial institutions	**11**	**1.6**	**32,945**	**32,945**
Floating rate instruments				
Term loan	**14**	**3.8**	**59,000**	**59,000**
Revolving credit	**14**	**3.6**	**17,400**	**17,400**
			76,400	**76,400**
2008				
Fixed rate instruments				
Deposits with financial institutions	11	3.3	18,943	18,943
Floating rate instruments				
Term loan	14	4.4	67,732	67,732
Revolving credit	14	4.3	15,700	15,700
			83,432	83,432

25. FINANCIAL INSTRUMENTS *cont'd*

Fair Values

Recognised Financial Instruments

The carrying amounts of financial assets and liabilities of the Group and of the Company as at 30 June 2009 approximate their fair value except as follows:

	2009		2008	
	Carrying amount	Market value	Carrying amount	Market value
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Other assets	**4,345**	**2,777**	4,455	3,960

Unrecognised Financial Instruments

The contracted amount of financial instruments not recognised in the balance sheet are as follows:

	Group	
	2009	2008
	RM'000	RM'000
Forward foreign exchange contracts	-	315,476

All the above forward foreign exchange contracts mature within 1 year. The fair value of the above contracts is not material to be disclosed.

26. CONTINGENT LIABILITIES

Amkor Technology, Inc. ("Amkor") has filed a complaint with the International Trade Commission ("ITC") on 17 November 2003 alleging Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd and Carsem Inc. (collectively "Carsem Group") of infringing three of Amkor's United States Patents. Amkor has also filed a civil lawsuit at the District Court on even date alleging Carsem Group of infringement of the same three patents which are the subject of the ITC Investigation.

Following a hearing in July and August 2004, an Administrative Law Judge ("ALJ") issued an Initial Determination finding all of the asserted claims of Amkor's patents invalid, not infringed, or both, and no violation by Carsem Group. Subsequently, the ITC reviewed the Initial Determination and remanded to the ALJ for further findings on several issues.

Carsem Group has been advised by its lawyers that the ALJ has found that some but not all of Carsem Group's devices infringed on Amkor's patents. Carsem Group has filed a petition for review by the ITC and the motion to extend the target date for completion of this investigation by three months pending ASAT, Inc's subpoena enforcement proceeding ("ASAT Proceeding").

On 13 July 2009, Carsem Group's lawyers have updated that the ITC has now set a target date to complete the investigation by 1 September 2009, but instructed the ALJ to set a schedule for the remand proceedings, and to issue an Initial Determination extending the target date accordingly.

As at the date of this report, the ASAT Proceeding is still pending. Therefore, there is insufficient information to ascertain the outcome or to estimate the amount of any liability thereof.

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 31 to 70 are drawn up in accordance with 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 of 30 June 2009 and of their financial performance and cash flows for the year then ended.

On behalf of the Board,

KWEK LENG SAN

DAVID EDWARD COMLEY

Kuala Lumpur
19 August 2009

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, CHEAH WING KET, being the officer primarily responsible for the financial management of MALAYSIAN PACIFIC INDUSTRIES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 31 to 70 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 19 August 2009.

CHEAH WING KET

Before me:

ZULKIFLA MOHD DAHLIM
Pesuruhjaya Sumpah
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 balance sheets as at 30 June 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 70.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company'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 have been properly drawn up in accordance with 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 of 30 June 2009 and of their financial performance and cash flows for the year then ended.

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' reports of all the subsidiaries of which we have not acted as auditors, which are 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 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

Thong Foo Vung
Approval Number: 2867/08/10(J)
Chartered Accountant

Petaling Jaya,
19 August 2009

Other Information

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2009

Location	Tenure	Existing Use	Acquisition Date	Approximate Area (Sq Ft)	Approximate Age of Building (Year)	Net Book Value as at 30 June 2009 (RM'000)
Jalan Lapangan Terbang 30720 Ipoh Perak Darul Ridzuan	20 Apr 2074	Office and factory building	21 Sep 1998	158,297	13 - 34	24,120
Jalan Lapangan Terbang 30720 Ipoh Perak Darul Ridzuan	15 Aug 2081	Office and factory building	21 Sep 1998	64,469	11 -21	15,328
Jalan Lapangan Terbang 30720 Ipoh Perak Darul Ridzuan	23 May 2082	Office and factory building	21 Sep 1998	19,849	13 - 21	1,143
Jalan Lapangan Terbang 30720 Ipoh Perak Darul Ridzuan	08 May 2039	Industrial land-factory under construction	28 Jan 1999 & 30 Mar 1998	53,724	-	16,084
Jalan Lapangan Terbang 30720 Ipoh Perak Darul Ridzuan	08 May 2039	Office and factory building	07 Apr 1989	45,680	15	2,905
Jalan Lapangan Terbang 30720 Ipoh Perak Darul Ridzuan	06 Nov 2063	Multi-storey car park	07 Nov 2003	66,812	2	7,182
Lot 52986 Kawasan Perindustrian Taman Meru 30020 Jelapang Perak Darul Ridzuan	29 Oct 2091	Office and factory building	30 Oct 1992	1,348,704	18	72,048
Plot 73021 Shenxu Road Suzhou Industrial Park Jiangsu Province 215021 The People's Republic of China	19 Aug 2052	Office and factory building	30 Apr 2002	645,823	6	25,316
Lot 2367 11900 Bayan Lepas Pulau Pinang	31 Aug 2031	Office and factory building*	18 Jun 1995	257,000	15	24,397
Lot 8 11900 Bayan Lepas Pulau Pinang	16 Jun 2058	Office and factory building	18 Jun 1995	227,463	10	14,447
Plot 15 11900 Bayan Lepas Pulau Pinang	22 Feb 2065	Vacant office and factory building	24 Feb 2005	208,368	4	24,528

* These buildings are situated on an operating lease land as disclosed in Note 23 of the financial statements.

2. ANALYSIS OF SHAREHOLDINGS AS AT 28 AUGUST 2009

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 2009

Size of Holdings	No. of Shareholders	%	No. of Shares*	%
Less than 100	200	6.46	4,967	0.00
100 – 1,000	1,344	43.42	1,027,211	0.52
1,001 – 10,000	1,285	41.52	4,356,786	2.19
10,001 – 100,000	212	6.85	5,650,808	2.84
100,001 – less than 5% of issued shares	52	1.68	60,754,000	30.55
5% and above of issued shares	2	0.07	127,106,647	63.90
	3,095	100.00	198,900,419	100.00

Note:
* Excluding 10,984,000 shares bought back and retained by the Company as treasury shares.

List Of Thirty Largest Shareholders As At 28 August 2009

Names of Shareholders		No. of Shares	%
1.	Assets Nominees (Tempatan) Sdn Bhd - Hong Leong Industries Berhad	111,956,247	56.29
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	15,150,400	7.61
3.	Citigroup Nominees (Asing) Sdn Bhd - Citigroup Global Markets Limited	9,856,400	4.96
4.	Maxider Sdn Bhd	7,039,700	3.54
5.	Assets Nominees (Tempatan) Sdn Bhd - Exempted ESOS (MPIB)	4,000,000	2.01
6.	Pertubuhan Keselamatan Sosial	3,555,100	1.79
7.	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad	3,325,200	1.67
8.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Amanah Saham Wawasan 2020	3,168,200	1.59
9.	Hong Leong Industries Berhad	3,042,400	1.53
10.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Sekim Amanah Saham Nasional	2,503,000	1.26
11.	Employees Provident Fund Board	2,221,100	1.12

2. ANALYSIS OF SHAREHOLDINGS AS AT 28 AUGUST 2009 *cont'd*

List Of Thirty Largest Shareholders As At 28 August 2009 *cont'd*

	Names of Shareholders	No. of Shares	%
12.	HLG Nominee (Tempatan) Sdn Bhd - Hong Leong Bank Berhad	2,200,000	1.11
13.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Amanah Saham Malaysia	2,194,200	1.10
14.	Citigroup Nominees (Asing) Sdn Bhd - Artradis Barracuda Fund	2,164,300	1.09
15.	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for Prudential Fund Management Berhad	2,164,000	1.09
16.	Citigroup Nominees (Asing) Sdn Bhd - AB2 Fund	2,150,000	1.08
17.	Low Poh Weng	1,414,000	0.71
18.	Hong Leong Assurance Berhad - As Beneficial Owner	1,370,800	0.69
19.	HLG Nominee (Asing) Sdn Bhd - Asia Fountain Investment Company Limited	1,000,000	0.50
20.	Valuecap Sdn Bhd	766,600	0.38
21.	RHB Capital Nominee (Tempatan) Sdn Bhd - Poh Soon Sim	748,700	0.38
22.	Assets Nominees (Tempatan) Sdn Bhd - HLCM Capital Sdn Bhd	735,000	0.37
23.	Mayban Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan)	518,300	0.26
24.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (Norges Bank)	505,000	0.25
25.	Mayban Nominees (Tempatan) Sdn Bhd - Affin Equity Fund	452,000	0.23
26.	Citigroup Nominees (Asing) Sdn Bhd - DFA Emerging Markets Small Cap Series	339,500	0.17
27.	HSBC Nominees (Asing) Sdn Bhd - Kwek Leng San	315,000	0.16
28.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Morgan Stanley & Co. International PLC (Client)	270,000	0.14
29.	HLG Nominee (Tempatan) Sdn Bhd - Hong Leong Assurance Berhad (Life)	229,200	0.11
30.	CIMB Trustee Berhad - Amanah Saham Darul Iman	228,900	0.11
		185,583,247	93.30

2. ANALYSIS OF SHAREHOLDINGS AS AT 28 AUGUST 2009 *cont'd*

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 28 August 2009 are as follows:

	Names of Shareholders	Direct Interest No. of shares	Direct Interest %	Indirect Interest No. of shares	Indirect Interest %
1.	YBhg Tan Sri Quek Leng Chan	-	-	127,683,309*	64.19*
2.	Hong Leong Industries Berhad	114,998,647	57.82	7,039,700^	3.54^
3.	Hong Leong Company (Malaysia) Berhad ("HLCM")	-	-	127,629,809+	64.17+
4.	HL Holdings Sdn Bhd	-	-	127,629,809#	64.17#
5.	Hong Realty (Private) Limited	-	-	127,629,809#	64.17#
6.	Hong Leong Investment Holdings Pte. Ltd.	-	-	127,629,809#	64.17#
7.	Kwek Holdings Pte Ltd	-	-	127,629,809#	64.17#
8.	Mr Kwek Leng Beng	-	-	127,629,809#	64.17#
9.	Mr Kwek Leng Kee	-	-	127,629,809#	64.17#
10.	Davos Investment Holdings Private Limited	-	-	127,629,809#	64.17#
11.	Mr Quek Leng Chye	150,000	0.08	127,629,809#	64.17#
12.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	15,150,400	7.62	-	-

Notes:
* Held through HLCM and a company in which YBhg Tan Sri Quek Leng Chan has interest.
^ Held through a subsidiary.
\+ Held through subsidiaries.
\# Held through HLCM.

3. DIRECTORS' INTERESTS AS AT 28 AUGUST 2009

Subsequent to the financial year end, there is no change as at 28 August 2009 to the Directors' interests in the ordinary shares and/or options of the Company and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Directors' Report on page 27 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 2009

Month	No. of Shares Bought Back	Highest Price Paid RM	Lowest Price Paid RM	Average Price Paid * RM	Total Consideration* RM
November 2008	1,000	6.10	6.10	6.15	6,149
May 2009	1,000	5.25	5.25	5.30	5,298

Note:
* Inclusive of transaction charges.

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.

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, 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 Forty-eighth Annual General Meeting of the Company to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 20 October 2009 at 10.00 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":

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees		
2.	To re-elect Mr Kwek Leng San as a Director		
3.	To re-elect Mr Tan Keok Yin as a Director		
4.	To re-appoint Messrs KPMG as Auditors and authorise the Directors to fix their remuneration		
5.	As a special business, to approve the ordinary resolution on authority to Directors to issue shares.		

Dated this __________ day of ________________________ 2009

____
Number of shares held

____
Signature(s) of Member

Notes:

1. 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.
2. 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.
3. A proxy 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.
4. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where two proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in order for the appointments to be valid (please see note 7 below). 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.
5. 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.
6. 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 48 hours before the time of the meeting or adjourned meeting.
7. In the event two (2) proxies are appointed, please fill in the ensuing section.

Names of proxies	% of shareholdings to be represented

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

The Company Secretary
MALAYSIAN PACIFIC INDUSTRIES BERHAD
Level 9, Wisma Hong Leong,
18 Jalan Perak,
50450 Kuala Lumpur.

1st Fold Here