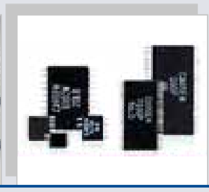
annual report **2011**

Malaysian Pacific Industries Berhad (4817-U)

A Member of the Hong Leong Group

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Malaysian Pacific Industries Berhad (4817-U)

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 Securites Berhad.

Corporate Information

DIRECTORS

YBhg Datuk Kwek Leng San
Executive Chairman

Mr Peter Nigel Yates
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 Fiftieth 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, 18 October 2011 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 2011.

2. To approve the payment of Director fees of RM250,000/- for the financial year ended 30 June 2011 (2010: RM220,000/-), to be divided amongst the Directors in such manner as the Directors may determine. (Resolution 1)

3. To re-elect the following retiring Directors:

   (a) YBhg Datuk Kwek Leng San (Resolution 2)
   (b) Tuan Syed Zaid bin Syed Jaffar Albar. (Resolution 3)

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

SPECIAL BUSINESS

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

5. **Authority To Directors To Issue Shares**

   "**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 5)

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

   "**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as disclosed in Section 2.3 of Part A of the Circular to Shareholders dated 26 September 2011 ("Circular") with HLCM and persons connected with HLCM as set out in Appendix II of the Circular ("Hong Leong Group"), provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the Hong Leong Group than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders and that the aggregate value of the recurrent related party transactions conducted during the financial year is disclosed in the annual report of the Company by providing a breakdown of the aggregate value of the transactions made during the financial year, amongst others, based on the following information:

   (a) the type of the recurrent related party transactions made; and

   (b) the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company and/or its subsidiaries;

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

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

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

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

   whichever is the earlier;

Notice of Annual General Meeting
(cont'd)

AND THAT authority be and is hereby given to the Directors of the Company to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by this ordinary resolution." (Resolution 6)

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

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

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

(b) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the retained profits and/or the share premium account of the Company (As of 30 June 2011, the audited retained profits and share premium of the Company were RM232.94 million and RM249.95 million respectively); and

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

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

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

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

or in any other manner as may be prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Main Market Listing Requirements of Bursa Securities and any other relevant authority for the time being in force AND THAT the authority to deal with the Said Shares shall continue to be valid until all the Said Shares have been dealt with by the Directors of the Company." (Resolution 7)

8. 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
26 September 2011

Notice of Annual General Meeting
(cont'd)

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 forty-eight hours before the time of the meeting or adjourned meeting.

Explanatory Notes On Special Business

1. Authority To Directors To Issue Shares

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

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 14 October 2010 and which will lapse at the conclusion of the Fiftieth Annual General Meeting.

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

2. Proposed Shareholders' Mandate On Recurrent Related Party Transactions Of A Revenue Or Trading Nature ("Proposed Shareholders' Mandate")

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

   Detailed information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 26 September 2011 which is despatched together with the Company's Annual Report.

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

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

   Detailed information on the Proposed Share Buyback is set out in the Share Buyback Statement dated 26 September 2011 which is despatched together with the Company's Annual Report.

Statement Accompanying Notice of Annual General Meeting
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

- Details of individuals who are standing for election as Directors

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

Directors' Profile

YBHG DATUK KWEK LENG SAN

Executive Chairman/Non-Independent

Datuk Kwek Leng San, aged 56, a Singaporean, graduated from University of London with a Bachelor of Science (Engineering) degree. He also holds a Master of Science (Finance) degree from City University London. He has extensive business experience in various business sectors, including financial services and manufacturing.

Datuk Kwek was appointed to the Board of Directors ("Board") of Malaysian Pacific Industries Berhad ("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.

He is the President & Chief Executive Officer of Hong Leong Industries Berhad ("HLI"), Managing Director of Narra Industries Berhad ("Narra"), Chairman of Southern Steel Berhad and a Director of Hong Leong Bank Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He is also a Director of Hong Leong Company (Malaysia) Berhad, Hong Leong Marketing Co Berhad and Hong Leong Foundation, all public companies.

MR PETER NIGEL YATES

Group Managing Director/Non-Independent

Mr Peter Nigel Yates, aged 55, a British citizen, graduated from University of Wales, United Kingdom, with a Bachelor of Science (Honours) degree in Electronic Engineering. He also holds a Diploma in Management from University of Coventry, United Kingdom.

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

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

SYED ZAID BIN SYED JAFFAR ALBAR

Non-Executive Director/Independent

Syed Zaid bin Syed Jaffar Albar, aged 57, a Malaysian, graduated with a Bachelor of Arts (Honours) degree in Law in the United Kingdom and qualified as a Barrister-at-Law from Lincoln's Inn. He has been in active legal practice for more than 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 presently the Chairman of the Board Audit & Risk Management Committee of MPI.

He is also a Director of Narra, Malaysia Building Society Berhad and Kencana Petroleum Berhad, companies listed on the Main Market of Bursa Securities, and a Director of Motorsports Commission of Malaysia Bhd and Motorsports Association of Malaysia Bhd, both public companies.

Directors' Profile
(cont'd)

MR TAN KEOK YIN
Non-Executive Director/Independent

Mr Tan Keok Yin, aged 67, a Malaysian, graduated from the University of Malaya with a Bachelor of Arts (Honours) degree in Economics in 1966. He also completed a Management Program at the University of California, Berkeley in 1984 and a Program in International Boards and Directors at the Swedish Academy of Directors, Stockholm in 1995. He worked in Bank Negara Malaysia from 1966-1977, during which period he was sent to assist the Penang State Government on economic and industrial planning and also to the Ministry of Trade and Industry on trade promotion. 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 panellist in 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 and bar coding and electronic communication worldwide.

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 GuocoLand (Malaysia) Berhad, a company listed on the Main Market of Bursa Securities and a Director of Hong Leong Assurance Berhad, a public company.

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

Tan Sri Asmat bin Kamaludin, aged 67, 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.

He is the Non-Executive Chairman of UMW Holdings Berhad, Panasonic Manufacturing Malaysia Berhad, Symphony House Berhad, SCOMI Group Berhad, Compugates Holdings Berhad, TASCO Berhad and SCOMI Marine Berhad, Non-Executive Vice Chairman of YTL Cement Berhad and a Director of Lion Industries Corporation Berhad, companies listed on the Main Market of Bursa Securities. He is also a Director of Permodalan Nasional Berhad, The Royal Bank of Scotland Berhad and JACTIM Foundation, all public companies. He was appointed to represent Malaysia as Governor on the Governing Board of The Economic Research Institute for Asean and East Asia.

Notes

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

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

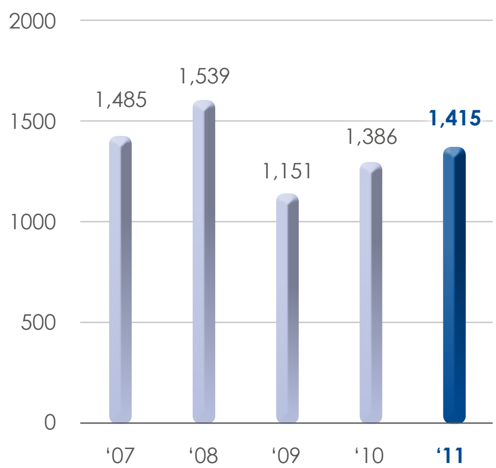
3. ***Conviction of Offences***
   None of the Directors has been convicted of any offences within the past 10 years.

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

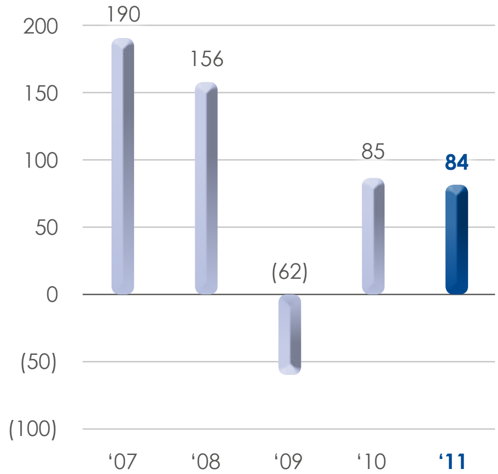
Group Financial Highlights

(RM'million)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenue	1,485	1,539	1,151	1,386	**1,415**
Profit/(loss) before tax	190	156	(62)	85	**84**
Profit/(loss) attributable to owners of the company	132	112	(40)	105	**59**
Net earnings/(loss) per share (sen)	68	58	(20)	54	**30**
Net dividend per share (sen)	40	37	20	25	**20**
Total Equity	966	1.025	920	963	**969**
Total assets	1,591	1,625	1,400	1,439	**1,420**
Capital expenditure	214	267	129	190	**241**

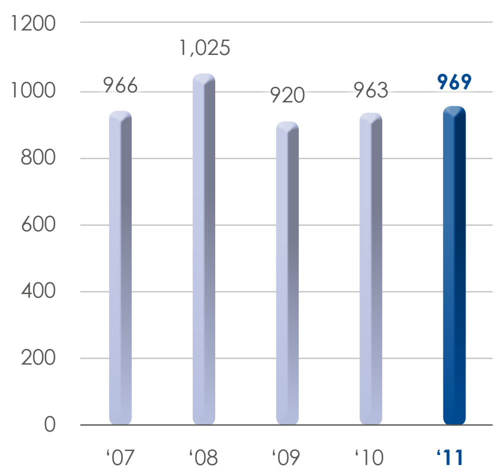
Revenue (RM'million)



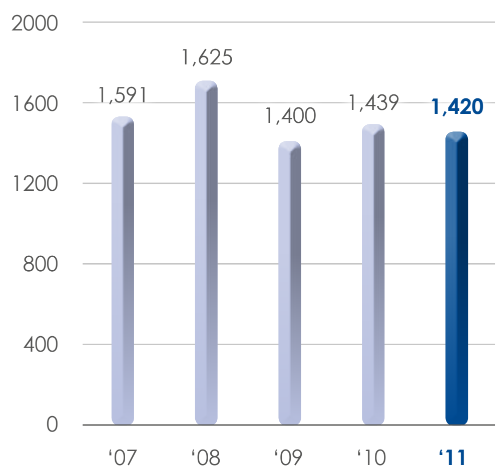
Profit/(Loss) Before Tax (RM'million)



Total Equity (RM'million)



Total Assets (RM'million)



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 2011.

CHALLENGING BUSINESS ENVIRONMENT

The global economy experienced modest growth last year after the strong rebound from the economic crisis of 2009. Key concerns on the debt crisis in the EURO region and the record United States ("US") trade deficit led to global economic uncertainties. The natural disaster caused by the Japanese earthquake hurt the supply chains of the global manufacturing industry, further dampening the already shaken global economy. However, strong growth in China and the emerging markets cushioned the negative impact in the developed countries. Malaysia, as one of the emerging countries, managed a gross domestic product growth of 5%. Weaker US economic data and the effect from Quantitative Easings caused the US Dollar ("USD") to weaken against most currencies including the Ringgit Malaysia ("RM"). In addition, the weak USD further provoked speculation on commodities. The stronger local currency and escalating commodity prices adversely impacted the performance of the Group's revenue and profitability during the financial year under review.

FINANCIAL REVIEW

During the financial year ended 30 June 2011 ("FY 2011"), the Group's revenue grew in line with that of the global semiconductor industry. Strong demand in tablet computing and smart phone devices at the end markets sustained the growth of the industry.

I am pleased to report a revenue of RM1,415 million for the FY 2011, a growth of 2% (12% in USD terms) over the previous financial year ended 30 June 2010 ("FY 2010"). Profit attributable to owners of the Company was lower at RM59 million against RM105 million in FY 2010. Consequently, earnings per share were lower at 30 sen against 54 sen recorded for FY 2010. The weaker performance was mainly due to the strengthening of the RM against the USD coupled with rising commodity prices during the financial year under review.

Strong cash flows generated from the Group's operations have enabled the Group to invest RM241 million in new plant and equipment, reduce debt by RM24 million and pay a dividend of RM40 million in the financial year.

SIGNIFICANT DEVELOPMENT

Amkor Technology, Inc. ("Amkor") filed a complaint with the International Trade Commission ("ITC") on 17 November 2003 alleging Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd (now known as Recams Sdn Bhd) and Carsem Inc. (collectively "Carsem Group") of infringing three of Amkor's US Patents. Amkor 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.

After several years of investigations, the ITC has, on 20 July 2010, issued the final determination and found that the claims of Amkor's patents are invalid and not infringed and that Carsem Group has not violated the Tariff Act by importing the Micro Leadframe Package (MLP) Products which Amkor has accused of infringement ("ITC's Decision").

Chairman's Statement
(cont'd)

SIGNIFICANT DEVELOPMENT (cont'd)

Amkor appealed against ITC's Decision to the Court of Appeal of the Federal Circuit. The Court directed Amkor to file its Opening Appeal Brief on or before 3 January 2011 and Carsem Group to file its Intervenor Brief (reply) within 40 days from the date of receipt of Amkor's Opening Appeal Brief.

As at 23 May 2011, Carsem Group, ITC and Amkor have filed their Appeal Briefs. As required by the US Federal Circuit Rules of Court, the parties have also filed a Joint Settlement Conference Report with the Court on 31 May 2011 confirming that the parties have conducted settlement discussion in connection with this case as late as September 2010 but that no settlement has been reached.

The parties is now awaiting a communication from the Court to set a date for hearing oral arguments.

FUTURE AND PROSPECTS

Going forward, the continuing global economic recovery is expected to be choppy given slow growth in the US coupled with continuing debt deleveraging and the yet unresolved debt crisis in the EURO region. With growth restrained, the management will focus on technology advancement and cost saving projects to keep the Group's competitive edge in the semiconductor industry.

Barring any unforeseen circumstances, the Board expects the Group to perform satisfactorily in the new financial year ending 30 June 2012.

DIVIDEND

The Company has declared and paid a first and second interim tax exempt dividends totalling 20 sen per share during the financial year under review. The Board does not recommend any final dividend for the FY 2011.

APPRECIATION

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

The financial year ended 30 June 2011 has been a year of modest growth for the semiconductor industry, with the Semiconductor Industry Association reporting growth in US Dollar ("USD") terms of 10.6%.

Against this backdrop, Malaysian Pacific Industries Berhad has grown revenue by 12% in USD terms. However there has been a substantial strengthening of the Ringgit Malaysia ("RM") during the year, which has meant revenue growth in RM terms, was limited to 2%. This currency movement, combined with substantial commodity price increases have also had a substantial effect on profitability, driving down profit attributable to MPI equity holders to RM59 million.

Revenues were adversely affected in the second half of the year by the economic consequences of the Japanese earthquake tragedy. Although there was no immediate direct impact on the supply of key raw materials, the wider effect was a reduction in demand which has persisted beyond the end of the financial year.

OPERATING SEGMENT REVIEW

Asia sales again represent 47% of the Group's revenues, a proportion unchanged from last year. This has been supported by growth of 14% in Carsem Semiconductor (Suzhou) Co., Ltd. ("Carsem Suzhou") operation, where we have continued to invest in expanding capacity for production of Micro Leadframe Packages ("MLP"). The growth occurred during the first half of the year, with the second half proving relatively soft. Carsem's new, extremely thin version of the MLP package, at 0.3mm thick, known as "X3" is now well established in the transient voltage suppression market, and we have shipped significant volumes. For the first time, one of our Asian customers has moved into Carsem's top 5 customer list. Leadframe sales to Asia continue to dominate the business of Dynacraft Industries Sdn Bhd ("Dynacraft").

European sales declined slightly during the year and now represent 30% of the Group's revenues. Sales to European automotive customers remain strong with good prospects for further growth. We have continued our investment in new cost-effective ATE (automatic test equipment) systems, building our test development capability in parallel and making inroads into new areas such as RF testing. MLP capacity has been increased to match, allowing us to take a higher proportion of combined assembly/test (turnkey) business, thereby adding value and reducing cycle time to customers.

US sales increased from 22% to 23% of the Group's revenues. There has been a major migration during the year to high-density leadframe, which improves both productivity and capacity. Although some customers have been slower to qualify the new leadframe than anticipated, over 70% of the identified production volumes have been converted, and the remainder will convert during the financial year ending 30 June 2012 ("FY 2012"). The new cavity package concept has also been introduced into the US market, gaining a very important designed-in win for tyre pressure sensors, which will grow substantially in coming years.

Group Managing Director's Review
(cont'd)



OPERATION REVIEW

Carsem Suzhou continued to grow, with USD revenues increasing by 14% year-on-year. The adoption of copper wire is rapidly gaining momentum, and combined with the adoption of the new high-density leadframe design, have resulted in lower costs and enhanced sales. With the plant rapidly approaching full capacity, we have broken ground on a substantial building expansion, which will increase capacity by a factor of four to 20 million units/day. Construction is due to be completed in December 2011, with the volume ramp-up planned to commence in January 2012. The plant has received several customer awards again this year, underlining its success in attracting US and European customers to balance the regional dependency.

Carsem (M) Sdn Bhd ("Carsem (M)") has been substantially affected by the weakening USD which averaged RM3.08 as compared with RM3.37 in the previous year. Competitive pressures have prevented any price increases to offset the erosion. Margins have therefore been squeezed, and even though USD revenues were higher by 10%, profit in RM terms was lower than the previous year. Nevertheless, the revision of the product portfolio and the operational cost reduction drive have resulted in lower underlying unit costs during the year. This programme has now been followed with a focus on streamlining processes and reducing inventory and work-in-progress to reduce manufacturing cycle time by a factor of two for key high volume lines.

Dynacraft has experienced a particularly challenging year. Rising metal prices, particularly of copper and silver, combined with the unfavorable foreign exchange environment, have substantially eroded profits, despite 14% higher sales in USD terms. During the year, capital investment has resulted in a 20% increase in etched leadframe capacity (for MLP applications), from which benefits will start to flow through in FY 2012. Dynacraft is exploring partnership options in China to maximise the value of its expertise in etched leadframe for which demand is forecast to rise substantially over the next 5 years.

RESEARCH AND DEVELOPMENT

The Carsem Technology Centre ("CTC") has been recognised by the industry with the award of Best Paper in the IEMT Conference in 2010 for the new 0.3mm thick X3 package. This has been followed up with the development of a dual-die version, enabling bi-directional transient voltage suppression, once again opening up a new market area. Production will commence in Suzhou in the coming year. There have also been significant developments in the field of cavity packages, where CTC's proven competence in developing novel materials and package architectures has borne fruit. During the year, Carsem (M) filed 5 patents which were approved. Dynacraft has also been developing an injection molding process to open up new applications such as cavity packages for MEMS and LED applications.

OUTLOOK

Although the immediate general economic outlook for the semiconductor industry is unclear, the Group is well-positioned to benefit from any resumption in growth. New technologies such as copper wire and high-density leadframe are already in place, and additional capacity can come on-stream in China in the second half of the year. We expect the performance of the Group to be satisfactory in the FY 2012.

PETER NIGEL YATES
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 already 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, our customers, our employees and our 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 an on-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.

Corporate Social Responsibility
(cont'd)

SOCIAL SUSTAINABILITY

Employee Development and Welfare

The Group has initiated structured development programmes to help develop leadership skills, technical and soft skills amongst different groups of employees.

The Group's Graduate Development Programme aims to identify and develop young graduates from various disciplines like engineering, research & development, sales & marketing, finance, human resource and information technology into talents to support the growth of the Group. Such programme entails classroom training, on-the-job familiarisation, projects or learning assignments as well as mentoring.

For the 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 ("QPP") since 1991, the Group also initiated LEAN Manufacturing practices in 2007. Both these programmes run with the aim of inculcating a continuous improvement culture amongst the workforce in the Group. Employees at various levels are trained in the QPP Curriculum for their development and application at 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 cultures that fuel creativity, entrepreneurship and openness.

The Group also actively promotes work-life balance through various sports, family and social initiatives. In this regard, various initiatives such as sports activities, social events and family day outings 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 Safety 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.

Earth Hour, a global event where households and businesses are encouraged to turn off non-essential lights and other electrical appliances for one hour to raise awareness towards the need to take action on climate change, was observed by the Group.

Organised by the World Wildlife Fund, Earth Hour was conceived in Sydney in 2007. Since then, many other cities around the world have adopted the event which is held on the last Saturday of March annually. By doing its part, the Group supported this global effort to help make a difference.

Corporate Social Responsibility
(cont'd)

COMMUNITY INVESTMENT

The Group conducts most of its philanthropic activities through Hong Leong Foundation ("Foundation"), the charitable arm of the Hong Leong Group. Since its incorporation in 1992, the Foundation's programmes have been funded by contributions from Group companies and the focus is on education and community welfare as its key thrusts.

Scholarship

The Foundation's Scholarship Programme benefits academically outstanding Malaysian students from low-income families and students with disabilities. The Foundation believes that providing scholarships is about providing opportunities – giving students the chance to have the higher education necessary to break the cycle of poverty.

Over RM2 million is allocated each year for diploma and undergraduate studies at local universities and selected institutions of higher learning within Malaysia. 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. In this regard, 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.

A separate fund has also been set aside for scholarship grants to deserving children of Group employees.

Both grants for the public and Group employees' children are unconditional – they do not carry any repayment requirement nor are the recipients bonded to work for the Group upon graduation.

After School Care Programme

In a competitive and fast-paced society, latchkey children from under-served areas can get left behind academically. The After School Care Programme with the cooperation of several participating schools, caters to this group of children. The programme provides homework, tutoring, revision guidance and a hot meal.

The Foundation currently has such projects in Selangor, Negeri Sembilan, Johor and Sabah.

School Building Fund

To enhance existing facilities for a better learning environment, the Foundation has made donations to various academic and vocational training institutions nationwide.

Corporate Social Responsibility
(cont'd)

COMMUNITY INVESTMENT (cont'd)

Community Welfare

Under the Foundation's Community Welfare Programme, contributions in cash and in-kind are distributed to charities nationwide.

For this financial year, contributions amounting to about RM2 million were made, amongst others, to Pertubuhan Keluarga Orang Orang Bermasalah Pembelajaran Wilayah Persekutuan dan Selangor, Perak Association for Intellectually Disabled, Vinashini Home Seremban, Women's Aid Organisation, Home For the Aged (CWS) Simee and Sabah Cheshire Home.

COMMUNITY PARTNER PROGRAMME

Our Community Partner Programme is based on the dual ideals of capacity building and empowerment. We work with a partner for a period of three years with an exit strategy. The aim of this programme is to provide holistic support from a wide range of issues from Human Resource to media to funding sustainability. At present, the Foundation works with its community partner, Science Of Life 24/7.

Small Enterprise Programme

The people behind the Group are entrepreneurs and we seek to propagate this same spirit of entrepreneurship to the community.

This year, our Small Enterprise Programme supported Silent Teddies Bakery, a bakery project initiated by the Community Service Center for the Deaf. We have in the past supported United Voice's Art Gallery, a charity that works with people with learning disabilities, Good Shepherd Bakery, a charity that offers a half way home for gender based violence, micro finance for the single mothers of Chow Kit through Yayasan Nur Salam and people living with HIV with the Malaysian Aids Council.

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

Corporate Governance and Internal Control

"Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders."

~ Finance Committee on Corporate Governance

The Board of Directors 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.

Corporate Governance and Internal Control
(cont'd)

A. DIRECTORS (cont'd)

III Board Meetings (cont'd)

The Board met four (4) times during the financial year ended 30 June 2011. Details of attendance of each director are as follows:

Directors	Attendance
YBhg Datuk Kwek Leng San	4/4
Mr Peter Nigel Yates	4/4
Syed Zaid bin Syed Jaffar Albar	3/4
Mr Tan Keok Yin	4/4
YBhg Tan Sri Asmat bin Kamaludin	4/4

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.

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 and Board committee member, including the Executive Chairman and GMD.

Having reviewed the assessments in respect of the financial year ended 30 June 2011, the Board is satisfied that the Board and Board committee have continued to operate effectively in discharging their duties and responsibilities. The directors and Board committee members have also fulfilled their responsibilities as members of the Board and Board committee 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.

Corporate Governance and Internal Control
(cont'd)

A. DIRECTORS (cont'd)

VII Training and Education (cont'd)

As part of the training programme for its directors, the Company has prepared for the use of its directors, the Director Manual, and regularly organises in-house programmes, briefings and updates by its in-house professionals. The directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge.

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 2011, 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 2011, the directors of the Company, including members of the Board Audit & Risk Management Committee, attended the following training programmes, seminars, briefings and/or workshops:

- Corporate Governance - The Holistic Board
- Going Forward: Risk & Reform - Implication for Audit Committee Oversight
- Requirements of Bursa Malaysia Securities Berhad
- Financial Industry Conference
- Strategic Trade Act 2010 Forum - Proactive Deterrence Against Proliferation of Weapons of Mass Destruction
- Assessing the Risk and Control Environment

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").

Corporate Governance and Internal Control
(cont'd)

B. DIRECTORS' REMUNERATION (cont'd)

III Disclosure

The aggregate remuneration of director for the financial year ended 30 June 2011 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	110,000	3,091,843	3,201,843
Non-Executive Directors	180,000	80,000	260,000

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 – 500,000	-	-
500,001 – 550,000	1	-
550,001 – 2,650,000	-	-
2,650,001 – 2,700,000	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, investor briefing, 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 Peter Nigel Yates
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.

Corporate Governance and Internal Control
(cont'd)

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 2011. Details of attendance of the Committee members are set out in the Board Audit & Risk Management Committee Report appearing on page 25 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.

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.

Corporate Governance and Internal Control
(cont'd)

E. STATEMENT ON INTERNAL CONTROL (cont'd)

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 the 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 2011, 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 and Internal Control is made in accordance with the resolution of the Board of Directors.

Board Audit & Risk Management Committee Report

CONSTITUTION

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

COMPOSITION

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

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.

Board Audit & Risk Management Committee Report
(cont'd)

AUTHORITY

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

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

MEETINGS

The Committee meets at least 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 2011, four (4) Committee meetings were held and the attendance of the Committee members was as follows:

Members	Attendance
Tuan Syed Zaid bin Syed Jaffar Albar	3/4
Mr Tan Keok Yin	4/4
YBhg Tan Sri Asmat bin Kamaludin	4/4

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.

Board Audit & Risk Management Committee Report
(cont'd)

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 HLMG Management Co Sdn Bhd ("HMMC"), a wholly-owned subsidiary of Hong Leong Manufacturing Group Sdn Bhd ("HLMG"). The provision of the IA services is part of the shared services of companies within the HLMG Group. The total cost incurred by the IA Department of HMMC for the financial year ended 30 June 2011 amounted to RM975,071.

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.

Financial Statements

Malaysian Pacific Industries Berhad (4817-U)

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2011.

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
Profit for the year attributable to:		
Owners of the Company	58,768	39,449
Non-controlling interest	16,230	-
	74,998	39,449

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 RM19,889,842 in respect of the financial year ended 30 June 2011 on 21 December 2010; and

(ii) a second interim dividend of 10 sen per share tax exempt amounting to RM19,889,842 in respect of the financial year ended 30 June 2011 on 8 June 2011.

The Directors do not recommend a final dividend for the financial year ended 30 June 2011.

DIRECTORS OF THE COMPANY

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

YBhg Datuk Kwek Leng San (Executive Chairman)
Mr Peter Nigel Yates (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, YBhg Datuk Kwek Leng San and Tuan Syed Zaid bin Syed Jaffar Albar retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' Report
(cont'd)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year who had beneficial interests in the ordinary shares and/or options over ordinary shares of the Company and/or its related corporations during the financial year ended 30 June 2011 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 At 01.07.2010	Acquired	Sold	At 30.06.2011
Shareholdings in which Directors have direct interests					
Interests of YBhg Datuk Kwek Leng San in:					
Hong Leong Company (Malaysia) Berhad	1.00	117,500	-	-	117,500
Hong Leong Industries Berhad	0.50	2,520,000	1,260,000^	1,260,000®	2,520,000
Malaysian Pacific Industries Berhad	0.50	315,000	945,000+	-	1,260,000
Hong Leong 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 Peter Nigel Yates in:					
Malaysian Pacific Industries Berhad	0.50	-	54,900	-	54,900
	-	250,000*	-	-	250,000*
Interest of Tuan Syed Zaid bin Syed Jaffar Albar in:					
Hong Leong Financial Group Berhad	1.00	38,151	-	-	38,151
Shareholding in which a Director has indirect interest					
Interest of YBhg Tan Sri Asmat bin Kamaludin in:					
Hong Leong Bank Berhad	1.00	3,000@	10,000#	3,000@	10,000#

Legend:

^ Shares acquired from right issue.

® Cancellation pursuant to a reduction of share capital.

\+ Entitlement to Malaysian Pacific Industries Berhad shares pursuant to capital distribution by Hong Leong Industries Berhad ("HLI") to entitled shareholders of HLI via a reduction of the share capital and cancellation of the share premium reserve of HLI.

@ Shares held pursuant to Section 134(12)(c) of the Companies Act,1965 ("CA").

Shares held pursuant to Section 6A(2) of the CA.

DIRECTORS' BENEFITS

No Director of the Company has since the end of the previous financial year received nor 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.

Directors' Report
(cont'd)

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 features 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 the 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, be satisfied by way of issuance of new shares; transfer of existing shares purchased by trusts established for the ESOS ("ESOS Trusts"); or a combination of both new shares and existing shares.

During the previous financial year ended 30 June 2007, MPI granted conditional incentive share options ("Options I") over 250,000 ordinary shares of RM0.50 each in MPI ("MPI Shares") at an exercise price of RM10.61 per MPI Share to an eligible executive of Carsem Semiconductor (Suzhou) Co., Ltd ("Carsem Suzhou"), a wholly-owned subsidiary of the Company, whilst Carsem (M) Sdn Bhd ("Carsem (M)"), a subsidiary of the Company, granted Options I over 2,600,000 MPI Shares at an exercise price of RM10.61 per MPI Share to eligible executives of Carsem (M). The Options I were subject to the achievement of certain performance criteria by the option holders over the option performance period.

The Boards of MPI and Carsem (M) have respectively determined that the option holders of MPI and Carsem (M) ("MPI and Carsem (M) Option Holders I") have not achieved the performance criteria at the end of the option performance period. Hence, the Options I over a total of 2,850,000 MPI Shares ("MPI and Carsem (M) Options I") have not been vested to the MPI and Carsem (M) Option Holders I and accordingly, the MPI and Carsem (M) Options I lapsed during the financial year.

During the preceding financial year end 30 June 2010, MPI has further granted conditional incentive share options ("Options II") over 100,000 MPI Shares at an exercise price of RM6.76 per MPI Share to an eligible executive of Carsem Suzhou whilst Carsem (M) has granted Options II over 850,000 MPI Shares at an exercise price of RM6.76 per MPI Share to eligible executives of Carsem (M). The Options II were subject to the achievement of certain other performance criteria by the option holders over the option performance period.

Directors' Report
(cont'd)

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

The Boards of MPI and Carsem (M) have respectively determined that the option holders of MPI and Carsem (M) ("MPI and Carsem (M) Option Holders II") have not achieved the performance criteria at the end of the option performance period. Hence, the Options II over a total of 950,000 MPI Shares ("MPI and Carsem (M) Options II") have not been vested to the MPI and Carsem (M) Option Holders II and accordingly, the MPI and Carsem (M) Options II lapsed subsequent to the end of the financial year.

ISSUE OF SHARES AND DEBENTURES

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

There were no shares bought back during the financial year. The total number of shares bought back as at 30 June 2011 was 10,986,000 (2010: 10,986,000) ordinary shares of RM0.50 each which are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

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

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

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

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

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

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

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

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

Directors' Report
(cont'd)

OTHER STATUTORY INFORMATION (cont'd)

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2011 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,

Datuk Kwek Leng San

Peter Nigel Yates

Kuala Lumpur
25 August 2011

Statements of Financial Position
as at 30 June 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
ASSETS					
Property, plant and equipment	4	**1,020,347**	981,555	**678**	-
Investments	5	**46**	46	**426,491**	426,491
Intangible assets	6	**12,393**	12,393	**-**	-
Other assets		**-**	-	**-**	4,208
Total non-current assets		**1,032,786**	993,994	**427,169**	430,699
Inventories	7	**102,270**	87,736	**-**	-
Trade and other receivables	8	**215,142**	228,445	**53,503**	57,248
Current tax assets		**35**	35	**35**	35
Cash and cash equivalents	9	**69,543**	128,866	**1,638**	21,654
Total current assets		**386,990**	445,082	**55,176**	78,937
TOTAL ASSETS		**1,419,776**	1,439,076	**482,345**	509,636
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	10	**104,942**	104,942	**104,942**	104,942
Reserves	11	**807,090**	798,989	**472,526**	479,525
Treasury shares, at cost		**(163,803)**	(163,803)	**(163,803)**	(163,803)
		748,229	740,128	**413,665**	420,664
Non-controlling interests		**220,910**	222,740	**-**	-
TOTAL EQUITY		**969,139**	962,868	**413,665**	420,664
LIABILITIES					
Borrowings (unsecured)	12	**12,097**	85,734	**-**	35,000
Employee benefits	13(a)	**422**	422	**245**	245
Deferred tax liabilities	14	**21,146**	15,146	**-**	-
Total non-current liabilities		**33,665**	101,302	**245**	35,245
Trade and other payables	15	**219,397**	240,862	**21,335**	22,327
Borrowings (unsecured)	12	**195,359**	130,433	**47,100**	31,400
Current tax liabilities		**2,216**	3,611	**-**	-
Total current liabilities		**416,972**	374,906	**68,435**	53,727
TOTAL LIABILITIES		**450,637**	476,208	**68,680**	88,972
TOTAL EQUITY AND LIABILITIES		**1,419,776**	1,439,076	**482,345**	509,636

The notes on pages 41 to 79 are an integral part of these financial statements.

Income Statements
for the year ended 30 June 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Revenue		**1,415,247**	1,386,202	**47,365**	42,161
Cost of sales		**(1,288,422)**	(1,202,524)	**-**	-
Gross profit		**126,825**	183,678	**47,365**	42,161
Distribution expenses		**(19,731)**	(18,340)	**-**	-
Administrative expenses		**(34,579)**	(39,983)	**(1,644)**	(987)
Other operating income		**19,589**	12,326	**140**	-
Other operating expenses		**(3,742)**	(48,186)	**(3,766)**	(5,062)
Results from operating activities		**88,362**	89,495	**42,095**	36,112
Finance costs		**(6,438)**	(5,943)	**(2,970)**	(2,694)
Finance income		**1,734**	1,432	**338**	427
Profit before tax	16	**83,658**	84,984	**39,463**	33,845
Income tax expense	17	**(8,660)**	40,902	**(14)**	-
Profit for the year		**74,998**	125,886	**39,449**	33,845
Profit attributable to :					
Owners of the Company		**58,768**	105,407	**39,449**	33,845
Non-controlling interests		**16,230**	20,479	**-**	-
Profit for the year		**74,998**	125,886	**39,449**	33,845
Basic earnings per ordinary share (sen)	18	**30.29**	54.08		

The notes on pages 41 to 79 are an integral part of these financial statements.

Statements of Comprehensive Income
for the year ended 30 June 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit for the year		**74,998**	125,886	**39,449**	33,845
Other comprehensive income					
Foreign currency translation differences for foreign operations		**(5,099)**	(13,282)	**-**	-
Total comprehensive income for the year		**69,899**	112,604	**39,449**	33,845
Total comprehensive income attributable to:					
Owners of the Company		**53,669**	92,125	**39,449**	33,845
Non-controlling interests		**16,230**	20,479	**-**	-
Total comprehensive income for the year		**69,899**	112,604	**39,449**	33,845

The notes on pages 41 to 79 are an integral part of these financial statements.

Statements of Changes In Equity

for the year ended 30 June 2011

Group	Note	Share capital RM'000	Share premium* RM'000	Capital redemption reserve* RM'000	Capital reserve* RM'000	Exchange fluctuation reserve* RM'000	Reserve for own shares* RM'000	Share option reserve* RM'000	Treasury shares* RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total RM'000
		Attributable to owners of the Company											
At 1 July 2009		104,942	249,952	710	2,283	23,303	(42,603)	2,794	(163,791)	521,778	699,368	220,956	920,324
Other comprehensive income - foreign currency translation differences		-	-	-	-	(13,282)	-	-	-	-	(13,282)	-	(13,282)
Profit for the year		-	-	-	-	-	-	-	-	105,407	105,407	20,479	125,886
Total comprehensive income for the year		-	-	-	-	(13,282)	-	-	-	105,407	92,125	20,479	112,604
Purchase of own shares		-	-	-	-	-	-	-	(12)	-	(12)	-	(12)
Share-based payment transactions		-	-	-	-	-	-	(2,628)	-	-	(2,628)	(697)	(3,325)
Dividends	19	-	-	-	-	-	-	-	-	(48,725)	(48,725)	(17,998)	(66,723)
Total distribution to owners		-	-	-	-	-	-	(2,628)	(12)	(48,725)	(51,365)	(18,695)	(70,060)
Transfer to capital redemption reserve		-	-	340	-	-	-	-	-	(340)	-	-	-
Transfer to capital reserve		-	-	-	1,467	-	-	-	-	(1,467)	-	-	-
At 30 June 2010		104,942	249,952	1,050	3,750	10,021	(42,603)	166	(163,803)	576,653	740,128	222,740	962,868
		Note 10	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11		Note 11			

* Non-distributable

The notes on pages 41 to 79 are an integral part of these financial statements.

Statements of Changes In Equity
for the year ended 30 June 2011
(cont'd)

Group	Note	Attributable to owners of the Company											
		Share capital RM'000	Share premium* RM'000	Capital redemption reserve* RM'000	Capital reserve* RM'000	Exchange fluctuation reserve* RM'000	Reserve for own shares* RM'000	Share option reserve* RM'000	Treasury shares* RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total RM'000
At 1 July 2010		104,942	249,952	1,050	3,750	10,021	(42,603)	166	(163,803)	576,653	740,128	222,740	962,868
Other comprehensive income - foreign currency translation differences		-	-	-	-	(5,099)	-	-	-	-	(5,099)	-	(5,099)
Profit for the year		-	-	-	-	-	-	-	-	58,768	58,768	16,230	74,998
Total comprehensive income for the year		-	-	-	-	(5,099)	-	-	-	58,768	53,669	16,230	69,899
Purchase of own shares		-	-	-	-	-	(6,650)	-	-	-	(6,650)	-	(6,650)
Share-based payment transactions		-	-	-	-	-	-	(166)	-	-	(166)	(62)	(228)
Dividends	19	-	-	-	-	-	-	-	-	(38,752)	(38,752)	(17,998)	(56,750)
Total distribution to owners		-	-	-	-	-	(6,650)	(166)	-	(38,752)	(45,568)	(18,060)	(63,628)
Transfer to capital reserve		-	-	-	1,285	-	-	-	-	(1,285)	-	-	-
At 30 June 2011		**104,942**	**249,952**	**1,050**	**5,035**	**4,922**	**(49,253)**	**-**	**(163,803)**	**595,384**	**748,229**	**220,910**	**969,139**
		Note 10	Note 11	Note 11	Note 11	Note 11	Note 11	Note 11		Note 11			

* Non-distributable

The notes on pages 41 to 79 are an integral part of these financial statements.

Statements of Changes In Equity
for the year ended 30 June 2011 (cont'd)

Company

	Note	Share capital RM'000	Share premium* RM'000	Reserve for own shares* RM'000	Share option reserve* RM'000	Treasury shares* RM'000	Retained profits RM'000	Total RM'000
At 1 July 2009		104,942	249,952	-	245	(163,791)	245,429	436,777
Profit and total comprehensive income for the year		-	-	-	-	-	33,845	33,845
Purchase of treasury shares		-	-	-	-	(12)	-	(12)
Share-based payment transactions		-	-	-	(221)	-	-	(221)
Dividends	19	-	-	-	-	-	(49,725)	(49,725)
Total distribution to owners		-	-	-	(221)	(12)	(49,725)	(49,958)
At 30 June 2010/1 July 2010		104,942	249,952	-	24	(163,803)	229,549	420,664
Effect of adoption of FRS 139		-	-	(3,522)	-	-	3,522	-
		104,942	249,952	(3,522)	24	(163,803)	233,071	420,664
Profit and total comprehensive income for the year		-	-	-	-	-	39,449	39,449
Purchase of treasury shares		-	-	(2,636)	-	-	-	(2,636)
Share-based payment transactions		-	-	-	(24)	-	-	(24)
Dividends	19	-	-	-	-	-	(39,580)	(39,580)
Others		-	-	(4,208)	-	-	-	(4,208)
Total distribution to owners		-	-	(6,644)	(24)	-	(39,580)	(46,448)
At 30 June 2011		**104,942**	**249,952**	**(10,366)**	**-**	**(163,803)**	**232,940**	**413,665**
		Note 10	Note 11	Note 11	Note 11			

* Non-distributable

The notes on pages 41 to 79 are an integral part of these financial statements.

Statements of Cash Flows
for the year ended 30 June 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash flows from operating activities					
Profit before tax		**83,658**	84,984	**39,463**	33,845
Adjustments for:					
Depreciation of property, plant and equipment		**193,914**	213,669	**104**	-
Dividend income		**(371)**	-	**(47,365)**	(42,161)
Gain on disposal of property, plant and equipment		**(1,039)**	(172)	**(140)**	-
Impairment of property, plant and equipment		**2,711**	45,257	**-**	-
Finance costs		**6,438**	5,943	**2,970**	2,694
Finance income		**(1,734)**	(1,432)	**(338)**	(427)
Property, plant and equipment written off		**-**	5,636	**-**	-
Share-based payments		**(228)**	(3,325)	**-**	-
Unrealised (gain)/loss on foreign exchange		**(1,388)**	12,038	**3,762**	5,063
Fair value gain on derivative instruments		**(878)**	-	**-**	-
Operating profit/(loss) before changes in working capital		**281,083**	362,598	**(1,544)**	(986)
Change in inventories		**(14,489)**	(24,802)	**-**	-
Change in trade and other receivables		**30,984**	(79,056)	**(7)**	105
Change in trade and other payables		**(20,187)**	101,428	**(1,088)**	1,189
Cash generated from/(used in) operations		**277,391**	360,168	**(2,639)**	308
Taxation paid		**(4,055)**	(3,016)	**(14)**	-
Finance costs paid		**(6,438)**	(5,943)	**(2,970)**	(2,694)
Finance income received		**1,734**	1,432	**338**	427
Dividends received		**371**	-	**47,365**	42,161
Net cash generated from operating activities		**269,003**	352,641	**42,080**	40,202

The notes on pages 41 to 79 are an integral part of these financial statements.

Statements of Cash Flows
for the year ended 30 June 2011
(cont'd)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		**1,463**	415	**140**	-
Purchase of property, plant and equipment		**(241,321)**	(189,621)	**(782)**	-
Redemption of redeemable preference shares by a subsidiary		**-**	-	**-**	34,000
Net cash (used in)/generated from investing activities		**(239,858)**	(189,206)	**(642)**	34,000
Cash flows from financing activities					
Proceeds from borrowings		**238,518**	149,392	**1,700**	59,000
Repayments of borrowings		**(262,452)**	(193,260)	**(21,000)**	(69,000)
Dividends paid to owners of the Company		**(38,752)**	(48,725)	**(39,580)**	(49,725)
Dividends paid to non-controlling shareholders of subsidiaries		**(17,998)**	(17,998)	**-**	-
Purchase of treasury shares		**-**	(12)	**-**	(12)
Purchase of Trust Shares		**(6,650)**	-	**(2,636)**	-
Repayment by/(advance to) subsidiaries		**-**	-	**62**	(25,882)
Net cash used in financing activities		**(87,334)**	(110,603)	**(61,454)**	(85,619)
Net change in cash and cash equivalents		**(58,189)**	52,832	**(20,016)**	(11,417)
Cash and cash equivalents at beginning of financial year	(i)	**128,866**	77,329	**21,654**	33,071
Effect of exchange rate fluctuation on cash held		**(1,134)**	(1,295)	**-**	-
Cash and cash equivalents at end of financial year	(i)	**69,543**	128,866	**1,638**	21,654

NOTE ON THE STATEMENTS OF CASH FLOWS

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

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Deposits with:					
Licensed banks		**40,455**	71,983	**1,515**	8,203
Discount house		**-**	12,109	**-**	12,109
		40,455	84,092	**1,515**	20,312
Cash and bank balances		**29,088**	44,774	**123**	1,342
	9	**69,543**	128,866	**1,638**	21,654

The notes on pages 41 to 79 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 Manufacturing Group Sdn Bhd and Hong Leong Company (Malaysia) Berhad respectively, both incorporated in Malaysia.

The consolidated financial statements as at and for the financial year ended 30 June 2011 comprise the Company and its subsidiaries ("the Group"). The financial statements of the Company for the financial year ended 30 June 2011 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 25 August 2011 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 ("FRSs") 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.

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.

2.2 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; other than those disclosed in the following notes:

- Note 2.2 (a) - basis of consolidation
- Note 2.2 (c) - leased assets
- Note 2.2 (e) - financial instruments

Notes to the Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. 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.

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

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

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

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 July 2010 the Group has applied FRS 3, *Business Combinations* (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Acquisitions on or after 1 July 2010

For acquisitions on or after 1 July 2010, the Group measures goodwill at the acquisition date as:

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

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

On acquisition date, the non-controlling interests that entitle their holders to a proportionate share of the acquiree's net assets, in the event of liquidation is measured at the present ownership instruments proportionate share in the recognised amounts of the acquiree's identifiable net assets or, unless otherwise disclosed, at fair value.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Notes to the Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Accounting for business combinations (cont'd)

Acquisitions on or after 1 July 2010 (cont'd)

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 July 2006 and 30 June 2010

For acquisitions between 1 July 2006 and 30 June 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 July 2006

For acquisitions prior to 1 July 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Accounting for acquisitions of non-controlling interests

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

(iv) Loss of control

The Group applied FRS 127, *Consolidated and Separate Financial Statements* (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Notes to the Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(v) Non-controlling interests

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

Since the beginning of the reporting period, the Group has applied FRS 127, *Consolidated and Separate Financial Statements* (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

In the previous years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(vi) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

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

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

Notes to the Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

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

(i) Recognition and measurement (cont'd)

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

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

(ii) Subsequent costs

The cost of replacing a part of 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 or the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. 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:

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

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

(c) Leased assets

(i) Finance lease

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

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

Notes to the Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Leased assets (cont'd)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position.

In the previous years, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments, except for leasehold land classified as investment property.

The Group has adopted the amendment made to FRS 117, *Leases* on 1 July 2010 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively. The impact arising from the reclassification is disclosed in Note 26.

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

(d) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Notes to the Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Financial Instruments

Arising from the adoption of FRS 139, *Financial Instruments: Recognition and Measurement*, with effect from 1 July 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 July 2010, different accounting policies were applied. Significant changes to the accounting policies are set out in Note 2.3.

(i) Initial recognition and measurement

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives or financial assets that are specifically designated into this category upon initial recognition.

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

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents. Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

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

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

All financial assets are subject to review for impairment (see Note 2.2(i)(i)).

Notes to the Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Financial instruments (cont'd)

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

Financial liabilities

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

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

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

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

(iii) Regular way purchase or sale of financial assets

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

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

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

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

(f) Inventories

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

The cost of inventories is based on the weighted average cost formula, 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 an appropriate share of production overheads based on normal operating capacity.

Notes to the Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(f) Inventories (cont'd)

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

(g) Receivables

Prior to the adoption of FRS 139, receivables were initially recognised at their costs and subsequently measured at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2.2(e).

(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 the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with Note 2.2(e).

(i) Impairment

(i) Financial assets

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

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

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

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

Notes to the Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(i) Impairment (cont'd)

(i) Financial assets (cont'd)

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

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

(ii) Other assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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

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

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

(j) Equity instruments

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

Notes to the Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(j) Equity instruments (cont'd)

(i) Issue expenses

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

(ii) Repurchase, disposal and reissue of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

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

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

(k) Employee benefits

(i) Short term employee benefits

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

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

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

(ii) 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.

Notes to the Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(k) Employee benefits (cont'd)

(ii) Share-based payments and reserve for own shares (cont'd)

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

Trust Shares are accounted for as a deduction from equity and classified as reserve for own shares. Dividends received by the ESOS Trusts are eliminated against the dividend distribution of the Company.

(l) Foreign currency

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the 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 profit or loss.

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

(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 end of the reporting period, 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.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR"). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

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

Notes to the Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(m) Revenue and other income

Group

(i) Revenue on goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Interest income

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

Company

(iii) Dividend income

Dividend income of the Company is recognised in profit or loss when the right to receive payment is established.

(n) Borrowing costs

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

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

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

(o) Income tax

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

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

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

Notes to the Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(o) Income tax (cont'd)

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

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

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

(p) 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. The unwinding of the discount is recognised as finance cost.

(q) 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.

(r) Operating segments

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

(s) Earnings per ordinary share

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

Basic EPS is calculated by dividing the profit for the Group attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Notes to the Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Changes in accounting policies and effect arising from adoption of new FRSs

2.3.1 FRSs issued and effective

FRS 139, *Financial Instruments: Recognition and Measurement*

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

Derivatives

Prior to the adoption of FRS 139, derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now categorised as fair value through profit or loss and measured at their fair values with the gain or loss recognised in profit or loss.

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

These changes in accounting policies do not have any significant impact on the financial position and results of the Group and the Company.

Amendments to FRS 117, *Leases*

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not have any impact on the results of the Group and the Company.

FRS 101, *Presentation of Financial Statements*

The Group applies FRS 101 (revised) which became effective as of 1 July 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

The Group and the Company have adopted the two statements format for the presentation of comprehensive income. Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on the results of the Group and the Company.

2.3.2 FRSs, Amendment to FRSs and Interpretations issued but not yet effective

FRSs, Amendments to FRSs and Interpretations effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
  - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
  - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Share-based Payment: Group Cash-settled Share based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures* - Improving Disclosures about Financial Instruments
- IC Interpretation 4, *Determining whether an Arrangement contains Lease*
- IC Interpretation 18, *Transfers of Assets from Customer*
- Improvements to FRSs (2010)

Notes to the Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Changes in accounting policies and effect arising from adoption of new FRSs (cont'd)

2.3.2 FRSs, Amendment to FRSs and Interpretations issued but not yet effective (cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*
- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures (revised)*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Group and the Company plan to apply the abovementioned Amendments to FRSs and Interpretations that will be effective for annual periods beginning on or after 1 January 2011 and 1 July 2011 respectively.

The initial application of the aforesaid amendments or interpretations are not expected to have any significant financial impact to the financial position on results of the Group and the Company upon their first adoption.

Those standards and interpretations that are effective from 1 January 2012 will not be adopted by the Group and Company because following the announcement by the MASB on 1 August 2008, the Group's and Company's financial statements will be prepared in accordance with the International Financial Reporting Standards ("IFRS") framework for annual periods beginning on 1 July 2012. The management has yet to assess the impact of the adoption of the IFRS framework on the financial position and performance of the Group and the Company.

3. COMPANIES IN THE GROUP

The principal activities of the companies in the Group, their country of incorporation and the effective interest of MPI are shown below:

Name of subsidiary	Country of incorporation	Effective interest 2011 %	Effective interest 2010 %	Principal activity
Carsem (M) Sdn Bhd	Malaysia	70	70	Manufacturing and testing of semiconductor devices and electronic components
Recams 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. +*	The United States of America	70	70	Semiconductor devices' and electronic components' marketing agent
Carsem Holdings (HK) Limited #	Hong Kong	100	100	Intended to be an investment holding company

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

Notes to the Financial Statements
(cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM'000	Building* improvement RM'000	Plant, equipment and motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost					
At 1 July 2009	28,805	330,411	2,743,269	14,008	3,116,493
Additions	-	1,806	172,287	15,528	189,621
Disposals	-	-	(2,998)	-	(2,998)
Write off	-	-	(116,714)	(525)	(117,239)
Transfers	-	4,559	19,791	(24,350)	-
Currency translation differences	(213)	(2,265)	(20,202)	-	(22,680)
At 30 June 2010/1 July 2010	28,592	334,511	2,795,433	4,661	3,163,197
Additions	-	3,240	207,768	30,313	241,321
Disposals	-	(349)	(77,239)	-	(77,588)
Write off	-	-	(185)	-	(185)
Transfers	-	479	13,184	(13,663)	-
Currency translation differences	(74)	(798)	(7,717)	144	(8,445)
At 30 June 2011	**28,518**	**337,083**	**2,931,244**	**21,455**	**3,318,300**
Accumulated depreciation and impairment losses					
At 1 July 2009					
Accumulated depreciation	8,503	128,388	1,900,682	-	2,037,573
Accumulated impairment losses	-	-	7,164	-	7,164
	8,503	128,388	1,907,846	-	2,044,737
Charge for the financial year	376	16,080	197,213	-	213,669
Disposals	-	-	(2,755)	-	(2,755)
Write off	-	-	(111,603)	-	(111,603)
Impairment losses #	-	-	45,257	-	45,257
Currency translation differences	(28)	(555)	(7,080)	-	(7,663)
At 30 June 2010/1 July 2010					
Accumulated depreciation	8,851	143,913	1,976,457	-	2,129,221
Accumulated impairment losses	-	-	52,421	-	52,421
	8,851	143,913	2,028,878	-	2,181,642
Charge for the financial year	341	16,007	177,566	-	193,914
Disposals	-	(292)	(76,872)	-	(77,164)
Write off	-	-	(185)	-	(185)
Impairment losses	-	28	2,683	-	2,711
Currency translation differences	(11)	(219)	(2,735)	-	(2,965)
At 30 June 2011					
Accumulated depreciation	**9,181**	**159,409**	**2,074,231**	**-**	**2,242,821**
Accumulated impairment losses	**-**	**28**	**55,104**	**-**	**55,132**
	9,181	**159,437**	**2,129,335**	**-**	**2,297,953**

Notes to the Financial Statements
(cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Leasehold land RM'000	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 2009	20,302	202,023	835,423	14,008	1,071,756
At 30 June 2010/1 July 2010	19,741	190,598	766,555	4,661	981,555
At 30 June 2011	**19,337**	**177,646**	**801,909**	**21,455**	**1,020,347**

Company	Equipment and motor vehicles RM'000
Cost	
At 1 July 2009/30 June 2010/1 July 2010	1,036
Additions	782
Disposals	(776)
Write off	(153)
At 30 June 2011	**889**
Accumulated depreciation	
At 1 July 2009/30 June 2010/1 July 2010	1,036
Charge for the financial year	104
Disposals	(776)
Write off	(153)
At 30 June 2011	**211**
Carrying amounts	
At 1 July 2009/30 June 2010/1 July 2010	-
At 30 June 2011	**678**

* The buildings of the Group are situated on leasehold land except for certain buildings of a subsidiary which are situated on an operating lease land (Note 21).

The above impairment loss was taken because of technological change and continued softness in demand and planned cessation of production of certain products to which the equipment were dedicated and thus, the anticipated future usage of such equipment will be reduced.

Notes to the Financial Statements
(cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

4.1 Leasehold land

Included in the carrying amount of leasehold land are:

	Group	
	2011 RM'000	**2010 RM'000 restated**
Leasehold land with unexpired lease period of less than 50 years	**5,174**	5,358
Leasehold land with unexpired lease period of more than 50 years	**14,163**	14,383
	19,337	19,741

5. INVESTMENTS

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Long term				
Unquoted shares in subsidiaries:				
At cost	**-**	-	**426,445**	426,445
Other investments categorised as available-for-sale	**46**	46	**46**	46
	46	46	**426,491**	426,491

6. INTANGIBLE ASSETS

Group

	Goodwill RM'000
Cost / Carrying amounts	
At 30 June 2010/1 July 2010/30 June 2011	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 customers. These customers are grouped by geographical location of customers 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 7.60%.

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.

Notes to the Financial Statements
(cont'd)

7. INVENTORIES

	Group	
	2011 RM'000	2010 RM'000
Raw materials	**55,885**	49,625
Work-in-progress	**8,901**	11,658
Finished goods	**23,577**	16,969
Consumable spares	**13,907**	9,484
	102,270	87,736

8. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables		**192,950**	194,830	**-**	-
Allowance for impairment losses		**(3,850)**	(2,972)	**-**	-
		189,100	191,858	**-**	-
Amounts due from a subsidiary	a	**-**	-	**53,476**	57,227
Other debtors		**5,717**	10,852	**-**	2
Derivatives		**878**	-	**-**	-
Deposits		**1,763**	1,282	**5**	5
Prepayments		**17,684**	24,453	**22**	14
		215,142	228,445	**53,503**	57,248

Company

Note a

Amounts due from a subsidiary is non-trade, unsecured, interest free and repayable on demand.

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits with:				
Licensed banks	**40,455**	71,983	**1,515**	8,203
Discount house	**-**	12,109	**-**	12,109
	40,455	84,092	**1,515**	20,312
Cash and bank balances	**29,088**	44,774	**123**	1,342
	69,543	128,866	**1,638**	21,654

Notes to the Financial Statements
(cont'd)

9. CASH AND CASH EQUIVALENTS (cont'd)

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits and bank balances	**18,503**	13,744	**142**	1,352

10. SHARE CAPITAL

	Group and Company			
	2011		2010	
Ordinary shares of RM0.50 each	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Authorised:				
At 1 July/30 June	**400,000**	**200,000**	400,000	200,000
Issued and fully paid:				
At 1 July/30 June	**209,884**	**104,942**	209,884	104,942

There were no shares bought back during the financial year. The total number of shares bought back as at 30 June 2011 was 10,986,000 (2010: 10,986,000) ordinary shares of RM0.50 each which are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

11. RESERVES

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Reserves consist of:					
Share premium		**249,952**	249,952	**249,952**	249,952
Capital redemption reserve	a	**1,050**	1,050	**-**	-
Capital reserve	b	**5,035**	3,750	**-**	-
Exchange fluctuation reserve	c	**4,922**	10,021	**-**	-
Reserve for own shares	d	**(49,253)**	(42,603)	**(10,366)**	-
Share option reserve	e	**-**	166	**-**	24
Retained profits	f	**595,384**	576,653	**232,940**	229,549
		807,090	798,989	**472,526**	479,525

Notes to the Financial Statements
(cont'd)

11. RESERVES (cont'd)

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 Trusts as disclosed in Note 2.2(k)(ii).

During the financial year, the trustee has repurchased 1,134,000 (2010: Nil) Trust Shares from the open market. As at 30 June 2011, the total number of Trust Shares purchased by the trustee was 5,134,000 (2010: 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(k)(ii).

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 2011 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 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.

12. BORROWINGS (UNSECURED)

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Current				
Term loans	**64,084**	41,081	**35,000**	-
Revolving credit	**63,058**	73,952	**12,100**	31,400
Bankers' acceptances	**68,217**	15,400	**-**	-
	195,359	130,433	**47,100**	31,400
Non-current				
Term loans	**12,097**	85,734	**-**	35,000
	207,456	216,167	**47,100**	66,400

Notes to the Financial Statements
(cont'd)

13. EMPLOYEE BENEFITS

(a) Retirement benefits

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 30 June	**422**	422	**245**	245

(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.

During the previous financial year ended 30 June 2007, MPI granted conditional incentive share options ("Options I") over 250,000 ordinary shares of RM0.50 each in MPI ("MPI Shares") at an exercise price of RM10.61 per MPI Share to an eligible executive of Carsem Semiconductor (Suzhou) Co., Ltd ("Carsem Suzhou"), a wholly-owned subsidiary of the Company, whilst Carsem (M) Sdn Bhd ("Carsem (M)"), a subsidiary of the Company, granted Options I over 2,600,000 MPI Shares at an exercise price of RM10.61 per MPI Share to eligible executives of Carsem (M). The Options I were subject to the achievement of certain performance criteria by the option holders over the option performance period.

The Boards of MPI and Carsem (M) have respectively determined that the option holders of MPI and Carsem (M) ("MPI and Carsem (M) Option Holders I") have not achieved the performance criteria at the end of the option performance period. Hence, the Options I over a total of 2,850,000 MPI Shares ("MPI and Carsem (M) Options I") have not been vested to the MPI and Carsem (M) Option Holders I and accordingly, the MPI and Carsem (M) Options I lapsed during the financial year.

During the preceding financial year end 30 June 2010, MPI has further granted conditional incentive share options ("Options II") over 100,000 MPI Shares at an exercise price of RM6.76 per MPI Share to an eligible executive of Carsem Suzhou whilst Carsem (M) has granted Options II over 850,000 MPI Shares at an exercise price of RM6.76 per MPI Share to eligible executives of Carsem (M). The Options II were subject to the achievement of certain other performance criteria by the option holders over the option performance period.

The Boards of MPI and Carsem (M) have respectively determined that the option holders of MPI and Carsem (M) ("MPI and Carsem (M) Option Holders II") have not achieved the performance criteria at the end of the option performance period. Hence, the Options II over a total of 950,000 MPI Shares ("MPI and Carsem (M) Options II") have not been vested to the MPI and Carsem (M) Option Holders II and accordingly, the MPI and Carsem (M) Options II lapsed subsequent to the end of the financial year.

Notes to the Financial Statements
(cont'd)

14. DEFERRED TAXATION

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2011			2010		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	**-**	**(28,212)**	**(28,212)**	-	(22,951)	(22,951)
Inventories	**3,435**	**-**	**3,435**	2,939	-	2,939
Other items	**3,631**	**-**	**3,631**	4,866	-	4,866
Tax assets/(liabilities)	**7,066**	**(28,212)**	**(21,146)**	7,805	(22,951)	(15,146)
Set off of tax	**(7,066)**	**7,066**	**-**	(7,805)	7,805	-
Net tax liabilities	**-**	**(21,146)**	**(21,146)**	-	(15,146)	(15,146)

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.

15. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade payables		**94,991**	88,887	**-**	-
Amounts due to:					
- Related companies	a	**49**	17	**-**	-
- Subsidiaries	b	**-**	-	**20,459**	20,363
Other payables		**84,681**	107,838	**-**	-
Accrued expenses		**39,676**	44,120	**876**	1,964
		219,397	240,862	**21,335**	22,327

Group

Note a

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

Company

Note b

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

Notes to the Financial Statements
(cont'd)

16. PROFIT BEFORE TAX

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
Holding company's auditors				
- statutory audits	**118**	118	**20**	20
- other services	**21**	16	**8**	3
Other auditors				
- statutory audits	**32**	32	**-**	-
- other services	**17**	17	**-**	-
Allowance for impairment loss on trade receivables	**878**	1,156	**-**	-
Inventories written down	**2,442**	753	**-**	-
Depreciation of property, plant and equipment	**193,914**	213,669	**104**	-
Gain on disposal of property, plant and equipment	**(1,039)**	(172)	**(140)**	-
Impairment of property, plant and equipment	**2,711**	45,257	**-**	-
Property, plant and equipment written off	**-**	5,636	**-**	-
Directors' remuneration				
(Key management personnel)				
Executive Directors				
- Fees[N1]	**110**	110	**70**	70
- Salaries and bonuses	**2,858**	2,650	**350**	200
- Contribution to Employees Provident Fund	**42**	24	**42**	24
- Share-based payments	**-**	60	**-**	-
	3,010	2,844	**462**	294
Non-Executive Directors				
- Fees	**180**	150	**180**	150
- Other emoluments	**80**	80	**80**	80
	260	230	**260**	230
Personnel expenses:				
- Wages, salaries and others	**290,421**	262,802	**86**	136
- Contributions to Employees Provident Fund	**25,772**	23,585	**10**	16
- Share-based payments	**(228)**	(3,385)	**-**	-
Gross dividends from:				
- Unquoted subsidiaries	**-**	-	**(46,994)**	(42,161)
- Other investments	**(371)**	-	**(371)**	-
Interest expense				
- Term loan	**2,548**	4,479	**1,350**	1,821
- Others	**3,890**	1,464	**1,620**	873
Net (gain)/loss on foreign exchange				
- Realised	**(3,960)**	(14,415)	**-**	-
- Unrealised	**(2,266)**	12,038	**3,762**	5,063
Rental of property, plant, equipment and premises	**3,560**	3,110	**52**	50
Rental income	**(20)**	(120)	**-**	-
Research and development expenditure	**20,819**	15,761	**-**	-

[N1] These fees have been assigned in favour of the company where the Directors are employed.

The estimated monetary value of Executive Directors' benefits-in-kind of the Group is RM192,000 (2010: RM177,000).

Notes to the Financial Statements
(cont'd)

17. INCOME TAX EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current tax expense				
Malaysian				
- current year	**496**	925	**46**	-
- prior years	**(32)**	2,285	**(32)**	-
Overseas - current year	**2,196**	3,382	**-**	-
	2,660	6,592	**14**	-
Deferred tax expense				-
- current year	**6,000**	(45,369)	**-**	-
- prior years	**-**	(2,125)	**-**	-
	6,000	(47,494)	**-**	-
	8,660	(40,902)	**14**	-

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Reconciliation of taxation				
Profit before tax	**83,658**	84,984	**39,463**	33,845
Taxation at Malaysian statutory tax rate of 25%	**20,915**	21,246	**9,866**	8,461
Difference of tax rate in foreign jurisdiction	**(2,879)**	(4,600)	**-**	-
Non-deductible expenses	**1,826**	1,934	**2,021**	2,044
Tax exempt income	**(9,782)**	(13,151)	**(11,841)**	(10,505)
Effect of temporary differences arising in pioneer period	**(611)**	(33,867)	**-**	-
Tax incentives	**-**	(5,460)	**-**	-
Utilisation of previously unrecognised capital allowance	**-**	(8,165)	**-**	-
Changes in unrecognised temporary differences previously not recognised	**-**	1,228	**-**	-
Others	**(777)**	(227)	**-**	-
	8,692	(41,062)	**46**	-
(Over)/under provision in prior years	**(32)**	160	**(32)**	-
Income tax expense	**8,660**	(40,902)	**14**	-

Notes to the Financial Statements
(cont'd)

18. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The basic earnings per ordinary share is calculated by dividing the Group's profit attributable to owners of the Company of RM58,768,000 (2010: RM105,407,000) by the weighted average number of ordinary shares outstanding during the financial year of 194,040,693 (2010: 194,899,712) calculated as follows:

Weighted average number of ordinary shares

	2011 '000	2010 '000
Issued ordinary shares at beginning of financial year	**209,884**	209,884
Less:		
Treasury shares held at beginning of financial year	**(10,986)**	(10,984)
Trust Shares held at beginning of financial year	**(4,000)**	(4,000)
	194,898	194,900
Effect of purchase of Trust Shares held in ESOS Trusts	**(857)**	-
Weighted average number of ordinary shares at end of financial year	**194,041**	194,900

Diluted earnings per ordinary share

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

19. DIVIDENDS

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

Ordinary Shares	Per share (Tax exempt) Sen	Group RM'000	Company RM'000	Date of payment
2011				
First Interim	10.0	19,376	19,790	21 December 2010
Second Interim	10.0	19,376	19,790	8 June 2011
	20.0	**38,752**	**39,580**	
2010				
First Interim	10.0	19,490	19,890	17 December 2009
Second Interim	15.0	29,235	29,835	25 June 2010
	25.0	48,725	49,725	

Dividends received by the ESOS Trusts for the Group and the Company amounted to RM1,028,000 (2010: RM1,000,000) and RM200,000 (2010: Nil) respectively are eliminated against the dividend expense of the Company as the Trust Shares are accounted for as reserve for own shares as disclosed in Note 2.2(k)(ii).

Notes to the Financial Statements
(cont'd)

20. OPERATING SEGMENTS

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

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

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

Segment profit

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

Segment assets

Segment assets information is not presented to the Board of Directors in the internal management reports. Thus, no disclosure is made on segment assets.

Segment liabilities

Segment liabilities information is not presented to the Board of Directors in the internal management reports. Thus, no disclosure is made on segment liability.

	Asia		USA		Europe		Total	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Segment profit	**42,127**	58,450	**22,824**	19,300	**25,628**	12,723	**90,579**	90,473
Included in the measure of segment profit are:								
Revenue from external customers	**660,469**	645,724	**325,998**	307,323	**428,780**	433,155	**1,415,247**	1,386,202
Depreciation and amortisation	**88,631**	94,890	**46,264**	48,535	**59,019**	70,244	**193,914**	213,669
Impairment of property, plant and equipment	**985**	16,075	**619**	10,332	**1,107**	18,850	**2,711**	45,257
Property, plant and equipment written off	**-**	2,002	**-**	1,287	**-**	2,347	**-**	5,636

Reconciliations of reportable segment profit

	2011 RM'000	**2010 RM'000**
Profit		
Reportable segments	**90,579**	90,473
Non-reportable segments	**(2,217)**	(978)
Interest cost	**(6,438)**	(5,943)
Interest income	**1,734**	1,432
Consolidated profit before tax	**83,658**	84,984

Notes to the Financial Statements
(cont'd)

20. OPERATING SEGMENTS (cont'd)

Geographical segments

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

	Revenue	
	2011 RM'000	2010 RM'000
USA	**325,998**	307,323
Singapore	**255,725**	234,588
Malaysia	**184,589**	198,620
Switzerland	**149,434**	160,012
Others	**499,501**	485,659
	1,415,247	1,386,202

Non-current assets of the Group by geographical location of the assets are as follows:

	Non-current assets	
	2011 RM'000	2010 RM'000
Malaysia	**797,872**	777,864
The People's Republic of China	**234,819**	216,026
Others	**49**	58
	1,032,740	993,948

Major customer

During the financial year, revenue from one single customer amounted to RM196,263,000 (2010: RM165,972,000) contributed to more than 10% of the Group's revenue.

21. COMMITMENTS

	Group	
	2011 RM'000	2010 RM'000
Property, plant and equipment:		
Authorised and contracted for	**113,934**	116,615
Authorised but not contracted for	**167,182**	71,817
	281,116	188,432
Operating lease commitments:		
Expiring within one year	**1,178**	1,178
Expiring between one to five years	**6,895**	6,541
Expiring after five years	**32,957**	34,489
	41,030	42,208

Notes to the Financial Statements
(cont'd)

21. COMMITMENTS (cont'd)

Group

The Group has lease commitments of RM1,178,000 (2010: RM1,178,000) 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 2014, 2019, 2024 and 2029. None of the leases include contingent rental.

22. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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.

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

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

(ii) Hong Leong Industries Berhad ("HLI"), HLMG Management Co Sdn Bhd ("HMMC"), Hong Leong Assurance Berhad ("HLA"), Hong Leong Capital Berhad ("HLCB"), GuocoLand (Malaysia) Berhad ("GLM"), GuocoLeisure Limited ("GL"), 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.

Significant transactions with related parties are as follows:

	Transactions	Entities with joint control or significant influence over the entity related parties	Group 2011 RM'000	Group 2010 RM'000
(a)	Rental of shared office space	HLA	52	51
(b)	Receipt of insurance and insurance broking services, stock broking and corporate advisory services, hotel-related services, security guard services, after sales services in respect of air conditioners and related products	HLA, HLCB and its subsidiaries, GLM, GL and its subsidiaries, GSC, HLI and its subsidiaries	127	146
(c)	Receipt of corporate office support services	HMMC	1,434	1,093
(d)	Receipt of group management and/or support services	Subsidiaries of HLCM	3,206	2,146
(e)	Payment for usage of the Hong Leong logo and trade mark	GIAL	22	11
(f)	Interest income	HLB and its subsidiary	69	86

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.

Notes to the Financial Statements
(cont'd)

23. FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 30 June 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

23.1 Categories of financial instruments

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

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

2011	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL RM'000	AFS RM'000
Financial assets				
Group				
Investments	46	-	-	46
Trade and other receivables	197,458	196,580	878	-
Cash and cash equivalents	69,543	69,543	-	-
	267,047	**266,123**	**878**	**46**
Company				
Investments	46	-	-	46
Trade and other receivables	53,481	53,481	-	-
Cash and cash equivalents	1,638	1,638	-	-
	55,165	**55,119**	**-**	**46**
Financial liabilities				
Group				
Loans and borrowings	(207,456)	(207,456)	-	-
Trade and other payables	(219,397)	(219,397)	-	-
	(426,853)	**(426,853)**	**-**	**-**
Company				
Loans and borrowings	(47,100)	(47,100)	-	-
Trade and other payables	(21,335)	(21,335)	-	-
	(68,435)	**(68,435)**	**-**	**-**

23.2 Net gains and losses arising from financial instruments

	2011 Group RM'000	2011 Company RM'000
Net gains/(losses) arising on:		
Loans and receivables	25,516	(3,424)
Fair value through profit or loss	878	-
Other liabilities	(24,872)	(2,970)
	1,522	**(6,394)**

Notes to the Financial Statements
(cont'd)

23. FINANCIAL INSTRUMENTS (cont'd)

23.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

23.3.1 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables, net of impairment loss, as at the end of the reporting period by geographic region was:

	Group 2011 RM'000
USA	45,430
Singapore	36,729
Malaysia	30,657
Switzerland	1,936
Others	74,348
	189,100

Notes to the Financial Statements
(cont'd)

23. FINANCIAL INSTRUMENTS (cont'd)

23.3 Financial risk management (cont'd)

23.3.1 Credit risk (cont'd)

Impairment losses

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

Group 2011	Gross RM'000	Individual impairment RM'000	Net RM'000
Not past due	146,123	-	146,123
Past due 1 - 30 days	41,143	(814)	40,329
Past due 31 - 60 days	4,410	(1,762)	2,648
Past due more than 60 days	1,274	(1,274)	-
	192,950	**(3,850)**	**189,100**

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

	Group 2011 RM'000
At 1 July	2,972
Impairment loss recognised	878
At 30 June	**3,850**

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

Intercompany balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk and credit quality

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

Impairment losses

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

Notes to the Financial Statements
(cont'd)

23. FINANCIAL INSTRUMENTS (cont'd)

23.3 Financial risk management (cont'd)

23.3.1 Credit risk (cont'd)

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group's and Company's short term deposits are placed as fixed rates investments and upon which management endeavours to obtain the best rate available in the market.

Cash and cash equivalents are placed with reputable financial institutions.

Exposure to credit risk and credit quality

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

Impairment losses

As at the end of the reporting period, there was no indication that cash and cash equivalents were not recoverable.

23.3.2 Liquidity risk

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

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

The table below summarises the maturity profile of the Group's and the Company's liabilities (including forward exchange contracts) as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000
2011					
Non-derivative financial liabilities					
Payables and accruals	219,397		219,397	219,397	-
Bank borrowings	207,456	0.9% - 4.2%	237,967	225,782	12,185
	426,853		**457,364**	**445,179**	**12,185**
Derivative financial liabilities					
Forward exchange contracts (gross settled):					
Outflow	-		(132,847)	(132,847)	-
Inflow	878		133,725	133,725	-
	878		**878**	**878**	**-**

Notes to the Financial Statements
(cont'd)

23. FINANCIAL INSTRUMENTS (cont'd)

23.3 Financial risk management (cont'd)

23.3.2 Liquidity risk (cont'd)

Company	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000
2011				
Non-derivative financial liabilities				
Payables and accruals	21,335		21,335	21,335
Bank borrowings	47,100	3.8% - 4.2%	49,030	49,030
	68,435		**70,365**	**70,365**

23.3.3 Market risk

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

Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

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

Group	Denominated in USD RM'000
2011	
Trade receivables	191,643
Forward exchange contracts - receivables	(133,725)
	57,918
Deposit with financial institutions	17,943
Trade and other payables	(138,446)
Unsecured bank loans	(92,138)
Net exposure	**(154,723)**

Notes to the Financial Statements
(cont'd)

23. FINANCIAL INSTRUMENTS (cont'd)

23.3 Financial risk management (cont'd)

23.3.3 Market risk (cont'd)

Currency risk (cont'd)

Currency risk sensitivity analysis

A 5% strengthening/(weakening) of the Ringgit Malaysia against USD at the end of the reporting period would have increased /(decreased) profit or loss before tax of the Group by RM3,642,000. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

A 5% strengthening/(weakening) of the Renminbi against USD at the end of the reporting period would have increased /(decreased) profit or loss before tax of the Group by RM4,095,000. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Interest rate risk

The Group's and the Company's borrowings are not exposed to a risk of change in their fair values due to changes in interest rates. The Group's and the Company's borrowings are exposed to a risk of change in cash flows due to changes in interest rate. Receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's borrowings are short-term in nature. As such, the Group and the Company do not engage in any hedging activities to manage interest risk fluctuations.

Exposure to interest rate risk

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial assets	**40,455**	84,092	**1,515**	20,312
Financial liabilities	**(68,217)**	(15,400)	**-**	-
Floating rate instruments				
Financial liabilities	**(139,239)**	(200,767)	**(47,100)**	(66,400)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

An increase/(decrease) of 50 basis points (bp) in interest rates at the end of the reporting period would have (decreased)/increased the profit or loss before tax of the Group and the Company by RM696,000 and RM236,000 respectively. This analysis assumes that all other variables remain constant.

Notes to the Financial Statements
(cont'd)

23. FINANCIAL INSTRUMENTS (cont'd)

23.3 Financial risk management (cont'd)

23.3.4 Fair value of financial instruments

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

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

There were no material differences between the carrying amounts and the fair values of other financial assets and liabilities.

24. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The debt-to-equity ratio at 30 June 2011 and at 30 June 2010 were as follows:

	Group	
	2011 RM'000	**2010 RM'000**
Total loans and borrowings	**207,456**	216,167
Less: Cash and cash equivalents	**(69,543)**	(128,866)
Net debt	**137,913**	87,301
Total equity	**969,139**	962,868
Debt-to-equity ratio	**0.14**	0.09

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

Notes to the Financial Statements
(cont'd)

25. SIGNIFICANT LITIGATION

Amkor Technology, Inc. ("Amkor") filed a complaint with the International Trade Commission ("ITC") on 17 November 2003 alleging Carsem (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd (now known as Recams Sdn Bhd) and Carsem Inc. (collectively "Carsem Group") of infringing three of Amkor's United States Patents. Amkor 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.

After several years of investigations, the ITC had, on 20 July 2010, issued the final determination and found that the claims of Amkor's patents are invalid and not infringed and that Carsem Group had not violated the Tariff Act by importing the Micro Leadframe Package (MLP) Products which Amkor had accused of infringement ("ITC's Decision").

Amkor appealed against ITC's Decision to the Court of Appeal of the Federal Circuit. The Court directed Amkor to file its Opening Appeal Brief on or before 3 January 2011 and Carsem Group to file its Intervenor Brief (reply) within 40 days from the date of receipt of Amkor's Opening Appeal Brief.

As at 23 May 2011, Carsem Group, ITC and Amkor had filed their Appeal Briefs. As required by the US Federal Circuit Rules of Court, the parties had also filed a Joint Settlement Conference Report with the Court on 31 May 2011 confirming that the parties had conducted settlement discussion in connection with this case as late as September 2010 but that no settlement had been reached.

The parties now await a communication from the Court setting a date to hear oral arguments.

26. COMPARATIVE FIGURES

26.1 FRS 101, *Presentation of Financial Statements* (revised)

Arising from the adoption of FRS 101 (revised), income statements for the year ended 30 June 2010 have been re-presented as statement of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income.

26.2 Amendments to FRS 117, *Leases*

Following the adoption of the amendments to FRS 117, certain comparatives have been re-presented as follows:

	Group 2010 As restated RM'000	Group 2010 As previously stated RM'000
Carrying amounts		
Property, plant and equipment	981,555	961,814
Prepaid lease payments	-	19,741

Notes to the Financial Statements
(cont'd)

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

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Main Market Listing Requirements of Bursa Malaysia. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 30 June 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group 2011 RM'000	**Company 2011 RM'000**
Total retained earnings of the Company and its subsidiaries:		
- realised	717,504	236,702
- unrealised	(22,962)	(3,762)
	694,542	232,940
Less: Consolidation adjustments	(99,158)	-
Total retained earnings	**595,384**	**232,940**

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

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 33 to 78 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 2011 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 27 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Datuk Kwek Leng San

Peter Nigel Yates

Kuala Lumpur
25 August 2011

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 33 to 79 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 25 August 2011.

Cheah Wing Ket

Before me:

MOHAN A.S. MANIAM
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 statements of financial position as at 30 June 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 33 to 78.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements 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 2011 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' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 3 to the financial statements.

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

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

Independent Auditors' Report
to the members of Malaysian Pacific Industries Berhad
(cont'd)

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 27 to the financial statements has been compiled by the Company as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Thong Foo Vung
Approval Number: 2867/08/12(J)
Chartered Accountant

Petaling Jaya,
25 August 2011

Other Information

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2011

Location	Tenure	Existing use	Acquisition Date	Approximate Area (Sq Ft)	Approximate Age of Building (Year)	Net Book Value as at 30 June 11 (RM'000)
Jalan Lapangan Terbang 30720 Ipoh, Perak Darul Ridzuan	20 Apr 2074	Office and factory building	21 Sep 1998	158,297	15-36	14,278
Jalan Lapangan Terbang 30720 Ipoh, Perak Darul Ridzuan	15 Aug 2081	Office and factory building	21 Sep 1998	64,469	13-24	13,700
Jalan Lapangan Terbang 30720 Ipoh, Perak Darul Ridzuan	23 May 2082	Office and factory building	21 Sep 1998	19,849	15-23	860
Jalan Lapangan Terbang 30720 Ipoh, Perak Darul Ridzuan	08 May 2039	Industrial land-factory under construction	28 Jan 1999 & 30 Mar 1998	53,274	-	14,472
Jalan Lapangan Terbang 30720 Ipoh, Perak Darul Ridzuan	08 May 2039	Office and factory building	07 Apr 1989	45,680	17	1,874
Jalan Lapangan Terbang 30720 Ipoh, Perak Darul Ridzuan	06 Nov 2063	Multi-storey car park	07 Nov 2003	66,812	4	6,506
Lot 52986 Kawasan Perindustrian Taman Meru, Jelapang Perak Darul Ridzuan	29 Oct 2091	Office and factory building	30 Oct 1992	1,348,966	20	57,824
Plot 73021 Shenxu Road Suzhou Industrial Park The Municipality of Suzhou Province of Jiangsu The People's Republic of China	19 Aug 2052	Office and factory building	30 Apr 2002	645,823	8	20,373
Lot 2367, Bayan Lepas Pulau Pinang	30 Aug 2031	Office and factory building *	18 Jun 1995	257,000	17	24,336
Lot 8, Bayan Lepas Pulau Pinang	06 Jan 2070	Office and factory building	18 Jun 1995	227,441	12	14,571
Plot 15, Bayan Lepas Pulau Pinang	06 Jan 2070	Vacant office and factory building	24 Feb 2005	208,357	6	23,509

* These buildings are situated on an operating lease land as disclosed in Note 21 of the financial statements

Other Information
(cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 2 SEPTEMBER 2011

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 2 September 2011

Size of Holdings	No. of Shareholders	%	No. of Shares*	%
Less than 100	754	12.17	14,965	0.01
100 – 1,000	2,524	40.73	1,573,952	0.79
1,001 – 10,000	2,428	39.18	8,331,065	4.19
10,001 – 100,000	413	6.66	11,408,637	5.73
100,001 – less than 5% of issued shares	76	1.23	63,564,112	31.96
5% and above of issued shares	2	0.03	114,005,688	57.32
	6,197	100.00	198,898,419	100.00

Note
* Excluding 10,986,000 shares bought back and retained by the Company as treasury shares.

List Of Thirty Largest Shareholders As At 2 September 2011

	Names of Shareholders	No. of Shares	%
1.	Assets Nominees (Tempatan) Sdn Bhd - Hong Leong Manufacturing Group Sdn Bhd	99,950,588	50.25
2.	Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	14,055,100	7.07
3.	Lembaga Tabung Haji	6,016,200	3.02
4.	Assets Nominees (Tempatan) Sdn Bhd - Exempt AN for Malaysian Pacific Industries Berhad (ESOS)	5,134,000	2.58
5.	Low Poh Weng	4,542,500	2.28
6.	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad	4,231,600	2.13
7.	Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for Barclays Capital Securities Ltd	4,059,000	2.04
8.	Pertubuhan Keselamatan Sosial	3,555,100	1.79
9.	Mayban Nominees (Tempatan) Sdn Bhd - Public Regular Savings Fund	3,446,025	1.73
10.	Amanahraya Trustees Berhad - Amanah Saham Malaysia	2,762,100	1.39
11.	HLG Nominee (Tempatan) Sdn Bhd - Hong Leong Bank Berhad	2,463,100	1.24
12.	Assets Nominees (Tempatan) Sdn Bhd - Hong Leong Industries Berhad	2,438,469	1.23
13.	Amanahraya Trustees Berhad - Public Smallcap Fund	2,260,900	1.14

Other Information
(cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 2 SEPTEMBER 2011 (cont'd)

List of Thirty Largest Shareholders As At 2 September 2011 (cont'd)

	Names of Shareholders	No. of Shares	%
14.	Mayban Nominees (Tempatan) Sdn Bhd - Public Ittikal Fund	2,052,400	1.03
15.	Hong Leong Assurance Berhad - As Beneficial Owner	1,952,238	0.98
16.	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for Prudential Fund Management Berhad	1,714,800	0.86
17.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	1,574,400	0.79
18.	HLG Nominee (Asing) Sdn Bhd - Asia Fountain Investment Company Limited	1,000,000	0.50
19.	Assets Nominees (Tempatan) Sdn Bhd - Soft Portfolio Sdn Bhd	995,500	0.50
20.	HSBC Nominees (Asing) Sdn Bhd - Kwek Leng San	990,000	0.50
21.	Hong Bee Hardware Company, Sdn. Berhad	757,250	0.38
22.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (Norges BK Lend)	647,600	0.33
23.	Citigroup Nominees (Asing) Sdn Bhd - DFA Emerging Markets Small Cap Series	566,713	0.29
24.	AIBB Nominees (Tempatan) Sdn Bhd - Low Mei Loon	523,250	0.26
25.	Citigroup Nominees (Asing) Sdn Bhd - Dimensional Emerging Markets Value Fund	459,675	0.23
26.	HLG Nominee (Tempatan) Sdn Bhd - Chut Nyak Isham Bin Nyak Ariff	455,850	0.23
27.	Mayban Nominees (Tempatan) Sdn Bhd - Affin Equity Fund	423,450	0.21
28.	RHB Capital Nominees (Tempatan) Sdn Bhd - Poh Soon Sim	413,100	0.21
29.	Grandeur Holdings Sdn Bhd	383,250	0.19
30.	Valuecap Sdn Bhd	359,675	0.18
		170,183,833	85.56

Other Information
(cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 2 SEPTEMBER 2011 (cont'd)

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 2 September 2011 are as follows:

	Names of Shareholders	Direct Interest No. of shares	Direct Interest %	Indirect Interest No. of shares	Indirect Interest %
1.	Hong Leong Manufacturing Group Sdn Bhd	99,950,588	50.25	2,438,469	1.23^
2.	Hong Leong Company (Malaysia) Berhad ("HLCM")	-	-	108,211,457	54.41^
3.	YBhg Tan Sri Quek Leng Chan	-	-	110,245,457	55.43*
4.	HL Holdings Sdn Bhd	-	-	108,211,457	54.41#
5.	Hong Realty (Private) Limited	-	-	108,968,707	54.79®
6.	Hong Leong Investment Holdings Pte. Ltd.	-	-	108,968,707	54.79®
7.	Kwek Holdings Pte Ltd	-	-	108,968,707	54.79®
8.	Mr Kwek Leng Beng	-	-	108,968,707	54.79®
9.	Mr Kwek Leng Kee	-	-	108,968,707	54.79®
10.	Davos Investment Holdings Private Limited	-	-	108,968,707	54.79®
11.	Mr Quek Leng Chye	150,000	0.08	108,968,707	54.79®
12.	AmanahRaya Trustees Berhad – Skim Amanah Saham Bumiputera	14,055,100	7.07	-	-

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

3. DIRECTORS' INTERESTS AS AT 2 SEPTEMBER 2011

Subsequent to the financial year end, there is no change, as at 2 September 2011, to the Directors' interests in the ordinary shares and/or options over ordinary shares of the Company and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Directors' Report on page 29 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 except for the changes set out below:

	Number of ordinary shares/*shares to be acquired arising from the exercise of options	%
Direct Interests of		
Mr Peter Nigel Yates in:		
Malaysian Pacific Industries Berhad	56,000	0.03
	Nil*^	Nil*^
Tuan Syed Zaid bin Syed Jaffar Albar in:		
Hong Leong Financial Group Berhad	Nil	Nil

Note
^ Share options lapsed.

4. SHARE BUYBACK

The Company did not buy back any of its shares during the financial year ended 30 June 2011.

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 ("the Company"), hereby appoint ______________________________

____

NRIC/Passport No. ______________________________

of ______________________________

or failing him/her ______________________________

NRIC/Passport No. ______________________________

of ______________________________

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Fiftieth 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, 18 October 2011 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":

	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Director fees		
2.	To re-elect YBhg Datuk Kwek Leng San as a Director		
3.	To re-elect Tuan Syed Zaid bin Syed Jaffar Albar as a Director		
4.	To re-appoint Messrs KPMG as Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
5.	To approve the ordinary resolution on authority to Directors to issue shares		
6.	To approve the ordinary resolution on the proposed shareholders' mandate on recurrent related party transactions of a revenue or trading nature with Hong Leong Company (Malaysia) Berhad ("HLCM") and persons connected with HLCM		
7.	To approve the ordinary resolution on the proposed renewal of authority for the purchase of own shares by the Company		

Dated this __________ day of ______________________ 2011

____
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 forty-eight hours before the time of the meeting or adjourned meeting.*
7. *In the event two proxies are appointed, please fill in the ensuing section.*

Name 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

Malaysian Pacific Industries Berhad (4817-U)
Level 9, Wisma Hong Leong
18 Jalan Perak, 50450 Kuala Lumpur
Tel : 03-2164 2631
Fax : 03-2164 2514

www.mpind.my