

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000
Revenue	369,097	413,756	369,097	413,756
Cost of sales	(308,214)	(335,783)	(308,214)	(335,783)
Gross profit	60,883	77,973	60,883	77,973
Operating expenses	(15,821)	(16,974)	(15,821)	(16,974)
Other operating income	3,820	2,764	3,820	2,764
Profit from operation	48,882	63,763	48,882	63,763
Interest income	615	451	615	451
Finance costs	(190)	(964)	(190)	(964)
Profit before taxation	49,307	63,250	49,307	63,250
Taxation	(5,923)	(9,969)	(5,923)	(9,969)
Profit for the period	43,384	53,281	43,384	53,281
Profit attributable to:				
Owners of the Company	36,793	42,278	36,793	42,278
Non-controlling interests	6,591	11,003	6,591	11,003
Profit for the period	43,384	53,281	43,384	53,281
Earnings per ordinary share (sen): -				
(a) Basic	19.36	22.25	19.36	22.25
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2019.

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)
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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2019 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year-	Preceding Year
	Quarter	Corresponding	To-Date	Corresponding
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Profit for the period	43,384	53,281	43,384	53,281
Foreign currency translation differences for foreign operations	(7,696)	(1,556)	(7,696)	(1,556)
Cash flow hedge	(661)	(3,261)	(661)	(3,261)
Total comprehensive income for the period	35,027	48,464	35,027	48,464
Total comprehensive income attributable to:				
Owners of the Company	28,634	38,013	28,634	38,013
Non-controlling interests	6,393	10,451	6,393	10,451
Total comprehensive income for the period	35,027	48,464	35,027	48,464

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2019.

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30
 SEPTEMBER 2019**

	As At End of Current Quarter	As At End of Preceding Financial Year
	30/09/2019 RM'000	30/06/2019 RM'000
Property, plant and equipment	678,020	663,977
Right-of-use assets	35,282	-
Investment properties	30,406	30,639
Investments	46	46
Total non-current assets	743,754	694,662
Inventories	107,593	105,432
Trade and other receivables, including derivatives	225,856	190,536
Tax Recoverable	4,778	4,364
Deposits, cash and bank balances	760,705	713,386
Total current assets	1,098,932	1,013,718
TOTAL ASSETS	1,842,686	1,708,380
Equity attributable to owners of the Company		
Share capital	352,373	352,373
Reserves	1,109,740	1,080,654
Treasury shares	(163,816)	(163,816)
	1,298,297	1,269,211
Non-controlling interests	236,596	230,021
TOTAL EQUITY	1,534,893	1,499,232
Lease liabilities	25,600	-
Deferred tax liabilities	1,873	2,082
Total non-current liabilities	27,473	2,082
Trade and other payables, including derivatives	263,632	194,298
Lease liabilities	2,332	-
Current tax liabilities	14,356	12,768
Total current liabilities	280,320	207,066
TOTAL LIABILITIES	307,793	209,148
TOTAL EQUITY AND LIABILITIES	1,842,686	1,708,380
Net assets per share attributable to owners of the Company (RM)	6.83	6.68

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2019.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2019

← Attributable to owners of the Company →

← Non-distributable Distributable →

	Share capital	Other reserve	Hedging reserve	Exchange fluctuation reserve	Reserve for own shares	Executive share scheme Reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 30 September 2019	352,373	30,042	(140)	75,425	(52,771)	5,385	(163,816)	1,022,713	1,269,211	230,021	1,499,232
At 1 July 2019	-	-	-	-	-	-	-	36,793	36,793	6,591	43,384
Profit for the period	-	-	-	(7,696)	-	-	-	-	(7,696)	-	(7,696)
Other comprehensive income/(expense)	-	-	(463)	-	-	-	-	-	(463)	(198)	(661)
-foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-
-cash flow hedge	-	-	(463)	-	-	-	-	-	(463)	(198)	(661)
Total comprehensive income/(expense) for the period	-	-	(463)	(7,696)	-	-	-	36,793	28,634	6,393	35,027
Share-based payment	-	-	-	-	-	452	-	-	452	182	634
Total transactions with owners of the Company	-	-	-	-	-	452	-	-	452	182	634
At 30 September 2019	352,373	30,042	(603)	67,729	(52,771)	5,837	(163,816)	1,059,506	1,298,297	236,596	1,534,893

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2019 (cont'd)

	← Attributable to owners of the Company →										
	← Non-distributable →						Distributable				
	Share capital	Other reserve	Hedging reserve	Exchange fluctuation reserve	Reserve for own shares	Executive share scheme Reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Preceding year corresponding period ended 30 September 2018											
At 1 July 2018	352,373	24,567	(3,723)	76,991	(53,043)	3,127	(163,816)	951,070	1,187,546	217,383	1,404,929
Profit for the period	-	-	-	-	-	-	-	42,278	42,278	11,003	53,281
Other comprehensive income/(expense)											
-foreign currency translation differences	-	-	-	(1,556)	-	-	-	-	(1,556)	-	(1,556)
-cash flow hedge	-	-	(2,709)	-	-	-	-	-	(2,709)	(552)	(3,261)
Total comprehensive income/(expense) for the period	-	-	(2,709)	(1,556)	-	-	-	42,278	38,013	10,451	48,464
Share-based payment	-	-	-	-	-	609	-	-	609	239	848
Total transactions with owners of the Company	-	-	-	-	-	609	-	-	609	239	848
At 30 September 2018	352,373	24,567	(6,432)	75,435	(53,043)	3,736	(163,816)	993,348	1,226,168	228,073	1,454,241

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2019.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2019 RM'000	30/09/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	49,307	63,250
Adjustments for:-		
Depreciation and amortisation	44,474	42,040
Dividend income	(3,997)	(4,091)
Non-cash items	(11,472)	4,824
Net financing (income)/cost	(425)	513
Operating profit before changes in working capital	77,887	106,536
Changes in working capital		
Net change in current assets	(22,368)	(28,935)
Net change in current liabilities	65,016	71,054
Taxation paid	(4,663)	(5,860)
Net financing income received/cost (paid)	425	(513)
Dividend received	3,997	4,091
Net cash generated from operating activities	120,294	146,373
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(65,486)	(78,459)
Proceeds from disposal of property, plant and equipment	196	2
Net cash used in investing activities	(65,290)	(78,457)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from borrowings	-	11,988
Repayments of borrowings	-	(1,805)
Payment of lease liabilities	(8,382)	-
Net cash used in financing activities	(8,382)	10,183
NET CHANGE IN CASH AND CASH EQUIVALENTS	46,622	78,099
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	713,386	647,621
EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH HELD	697	2,399
CASH & CASH EQUIVALENTS AT END OF PERIOD	760,705	728,119

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

	30/09/2019 RM'000	30/09/2018 RM'000
Deposits, cash and bank balances	760,705	728,119

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2019.

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1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2019. This interim financial report also complies with International Accounting Standards 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2019 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2019 which are applicable to the Group. The initial adoption of these applicable MFRSs, amendments and interpretations do not have any material impact on the financial statements of the Group except for the adoption of MFRS 16 Leases which requires the lessee to recognise the right-of-use of the underlying lease asset and future lease payments liabilities in the statement of financial position.

In accordance with the transitional provisions provided in MFRS 16 Leases, comparative information for the previous financial year ended 30 June 2019 were not restated. The financial impact on the financial statements of the Group arising from the adoption of MFRS 16 Leases on 1 July 2019 are as follows:

Condensed Statement of Financial Position

	At 30 June 2019 RM’000	Adoption of MFRS 16 RM’000	At 1 July 2019 RM’000
Non-current assets			
Right-of-use assets	-	36,357	36,357
Non-current liabilities			
Lease liabilities	-	32,662	32,662
Current liabilities			
Lease Liabilities	-	3,695	3,695

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

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

3. Seasonality or cyclicity of interim operations

There has been no material seasonal or cyclical factor affecting the results of the quarter under review.

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

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the quarter under review and financial year-to-date.

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

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

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

- (a) There were no additional shares bought back during the quarter under review and financial year-to-date. The total number of shares bought back as at 30 September 2019 was 10,988,000 shares and the shares are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016.
- (b) There were no additional shares purchased by the ESS Trust during the quarter under review and financial year-to-date. As at 30 September 2019, the total number of shares held by the ESS Trust was 8,840,000 shares.

There were no issuance of shares, shares cancellation, resale of treasury shares or repayment of debt or equity securities during the quarter under review and financial year-to-date.

7. Dividend paid

There were no dividend paid during the quarter under review and financial year-to-date.

8. Operating Segments

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

	Asia RM'000	United States of America ("USA") RM'000	Europe RM'000	Total RM'000
Segment profit	31,814	6,599	9,010	47,423
Included in the measure of segment profit are:				
Revenue from external customers	230,846	52,588	83,911	367,345
Depreciation and amortisation	29,112	6,061	9,266	44,439
Reconciliation of segment profit				
Profit				RM'000
Reportable segments				47,423
Non-reportable segments				1,459
Interest income				615
Finance costs				(190)
Consolidated profit before taxation				49,307
			External revenue RM'000	Depreciation and amortisation RM'000
Reportable segments			367,345	44,439
Non-reportable segments			1,752	35
Total			369,097	44,474

9. Material events not reflected in the financial statements

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

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10. Changes in the composition of the Group

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

11. Review of performance

For the quarter under review, the Group recorded revenue of RM369.1 million and profit before taxation (“PBT”) of RM49.3 million as compared with revenue and PBT of RM413.8 million and RM63.3 million respectively for the corresponding quarter of the preceding year ended 30 June 2019 (“FY2019”). Revenue for the Asia, USA and Europe segments were lower by 8%, 24% and 8% respectively against the corresponding quarter of FY2019.

The lower PBT for the quarter against the corresponding quarter was mainly due to lower revenue affected by the unsettled trade tension between USA and China. However, this was partially offset by the cost savings arising from effective cost controls.

12. Material changes in profit before taxation against the immediate preceding quarter

The Group’s revenue for the quarter under review was RM369.1 million against the preceding quarter of RM345.9 million. Revenue for the Asia, USA and Europe segments were higher by 6%, 7% and 8% respectively against the preceding quarter.

For the quarter under review, the Group recorded PBT of RM49.3 million as compared with RM40.9 million for the preceding quarter. The higher PBT for the quarter under review was mainly due to higher revenue registered.

13. Prospects

The Board anticipates the operating environment to remain challenging due to uncertainties in the global economy for the financial year ending 30 June 2020. The management will continue to improve the Group’s operational efficiencies with more automation and digitalisation, and enhance product development to strengthen the Group’s position in the chosen sectors.

14. Profit forecast / profit guaranteed

This note is not applicable.

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15. **Profit before taxation**

	Current Year Quarter	Current Year- to-date
	30/09/2019 RM'000	30/09/2019 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Gross dividend income from short term investments	(3,997)	(3,997)
Depreciation and amortisation	44,474	44,474
Impairment and write off of trade receivables	89	89
Loss on foreign exchange	1,351	1,351
Fair value loss on derivatives	42	42
Share-based payments	634	634
Provision for and write off of inventories	1,011	1,011
Impairment of property, plant and equipment	-	-
Gain on disposal of quoted /unquoted investments or properties	-	-

16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000
Current taxation				
Malaysian				
- current year	2,138	2,457	2,138	2,457
	2,138	2,457	2,138	2,457
Overseas				
- current year	4,819	7,560	4,819	7,560
- prior years	(1,034)	(48)	(1,034)	(48)
	3,785	7,512	3,785	7,512
	5,923	9,969	5,923	9,969

The Group's effective tax rate for the quarter under review is lower than statutory tax rate mainly due to tax incentive granted to subsidiaries of the Company.

17. **Corporate proposals**

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

18. **Group's borrowings and debt securities**

There were no borrowings outstanding as at 30 September 2019.

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19. Changes in material litigation

There are no material litigations as at the date of this report.

20. Dividend

- (a) The Board has declared a first interim single tier dividend of 10.0 sen per share for the quarter ended 30 September 2019 of the financial year ending 30 June 2020 (1st quarter 2018/2019: single tier dividend of 10.0 sen) to be paid on 24 December 2019 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 11 December 2019.

This is to inform that a Depositor shall qualify for the entitlement only in respect of: -

- (i) shares transferred into the Depositor's securities account before 4.30 p.m. on 11 December 2019 in respect of ordinary transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Bursa Malaysia Securities Berhad's Listing Requirements
- (b) For the financial year-to-date, single tier dividend of 10.0 sen per share (2018/2019: single tier dividend of 10.0 sen) has been declared.

21. Earnings per ordinary share

(a) Basic earnings per ordinary share

The basic earnings per ordinary share for the quarter under review is calculated by dividing the Group's profit attributable to owners of the Company of RM36,793,000 (1st quarter 2018/2019: RM42,278,000) by the weighted average number of ordinary shares during the quarter of 190,056,419 (1st quarter 2018/2019: 190,006,419).

	Weighted average number of ordinary shares			
	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to-date	Preceding Year Corresponding Period
	30/09/2019 '000	30/09/2018 '000	30/09/2019 '000	30/09/2018 '000
Issued ordinary shares at beginning of period	209,884	209,884	209,884	209,884
Treasury shares held at beginning of period	(10,988)	(10,988)	(10,988)	(10,988)
Trust Shares held at beginning of period	(8,840)	(8,890)	(8,840)	(8,890)
Weighted average number of ordinary shares (basic)	190,056	190,006	190,056	190,006

b) Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share in the quarter under review/financial year-to-date and preceding year corresponding quarter/period as there were no dilutive potential ordinary shares.

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22. Derivatives

The Group has entered into a number of forward foreign exchange contracts by subsidiaries to hedge the cash flow risk in relation to the variations of cash flows arising from future forecasted transactions.

The forward foreign exchange contracts are stated at fair value using observable market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

As at 30 September 2019, the contract amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	Contract amount	Fair Value Assets / (Liabilities)
	RM'000	RM'000
Less than 1 year	<u>207,792</u>	<u>(1,198)</u>

Derivatives (which are classified as financial assets/liabilities) categorised as fair value through profit or loss are subsequently measured at their fair values with the gains/losses recognised in profit or loss. Gains/losses arising from fair value changes of derivatives is as disclosed in Note 15.

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the previous financial year ended 30 June 2019.

23. Gains/losses arising from fair value changes of financial liabilities

Other than derivatives which are classified as financial liabilities when they are at fair value loss position, the Group does not remeasure its financial liabilities at fair value after the initial recognition.

By Order of the Board
Malaysian Pacific Industries Berhad

Joanne Leong Wei Yin
Company Secretary

Kuala Lumpur
26 November 2019