

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2019**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2019 RM'000	31/12/2018 RM'000	31/12/2019 RM'000	31/12/2018 RM'000
<b>Revenue</b>	413,763	398,162	782,860	811,918
Cost of sales	(334,414)	(318,510)	(642,628)	(654,293)
<b>Gross profit</b>	79,349	79,652	140,232	157,625
Operating expenses	(17,146)	(18,723)	(32,967)	(35,697)
Other operating income/(expenses)	3,118	(675)	6,938	2,089
<b>Profit from operation</b>	65,321	60,254	114,203	124,017
Interest income	833	913	1,448	1,364
Finance costs	(674)	(1,007)	(864)	(1,971)
<b>Profit before taxation</b>	65,480	60,160	114,787	123,410
Taxation	(11,915)	(10,588)	(17,838)	(20,557)
<b>Profit for the period</b>	53,565	49,572	96,949	102,853
<b>Profit attributable to:</b>				
Owners of the Company	45,097	39,225	81,890	81,503
Non-controlling interests	8,468	10,347	15,059	21,350
<b>Profit for the period</b>	53,565	49,572	96,949	102,853
<b>Earnings per ordinary share (sen):</b>				
(a) Basic	23.73	20.64	43.09	42.89
(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 31 DECEMBER 2019 (cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year-	Preceding Year
	Quarter	Corresponding	To-Date	Corresponding
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	53,565	49,572	96,949	102,853
Foreign currency translation differences for foreign operations	(2,270)	(26)	(9,966)	(1,582)
Cash flow hedge	1,894	3,018	1,233	(243)
<b>Total comprehensive income for the period</b>	<b>53,189</b>	<b>52,564</b>	<b>88,216</b>	<b>101,028</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	44,153	41,665	72,787	79,678
Non-controlling interests	9,036	10,899	15,429	21,350
<b>Total comprehensive income for the period</b>	<b>53,189</b>	<b>52,564</b>	<b>88,216</b>	<b>101,028</b>

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 STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	As At End of Current Quarter	As At End of Preceding Financial Year
	31/12/2019 RM'000	30/06/2019 RM'000
Property, plant and equipment	714,442	663,977
Right-of-use assets	34,018	-
Investment properties	30,174	30,639
Investments	46	46
<b>Total non-current assets</b>	<b>778,680</b>	<b>694,662</b>
Inventories	107,749	105,432
Trade and other receivables, including derivatives	231,726	190,536
Tax recoverable	5,191	4,364
Deposits, cash and bank balances	801,728	713,386
<b>Total current assets</b>	<b>1,146,394</b>	<b>1,013,718</b>
<b>TOTAL ASSETS</b>	<b>1,925,074</b>	<b>1,708,380</b>
<b>Equity attributable to owners of the Company</b>		
Share capital	352,373	352,373
Reserves	1,135,341	1,080,654
Treasury shares	(163,816)	(163,816)
	1,323,898	1,269,211
<b>Non-controlling interests</b>	<b>233,514</b>	<b>230,021</b>
<b>TOTAL EQUITY</b>	<b>1,557,412</b>	<b>1,499,232</b>
Lease liabilities	23,737	-
Deferred tax liabilities	1,671	2,082
<b>Total non-current liabilities</b>	<b>25,408</b>	<b>2,082</b>
Trade and other payables, including derivatives	315,446	194,298
Borrowings (unsecured)	4,033	-
Lease liabilities	2,770	-
Current tax liabilities	20,005	12,768
<b>Total current liabilities</b>	<b>342,254</b>	<b>207,066</b>
<b>TOTAL LIABILITIES</b>	<b>367,662</b>	<b>209,148</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,925,074</b>	<b>1,708,380</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>6.97</b>	<b>6.68</b>

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 31 DECEMBER 2019**

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity	
	Non-distributable				Distributable						
	Share capital	Other reserve	Hedging reserve	Exchange fluctuation reserve	Reserve for own shares	Executive share scheme Reserve	Treasury shares	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Current year-to-date ended 31 December 2019</b>											
At 1 July 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
Profit for the period	-	-	-	-	-	-	-	81,890	81,890	15,059	96,949
Other comprehensive income/(expense)											
-foreign currency translation differences	-	-	-	(9,966)	-	-	-	-	(9,966)	-	(9,966)
-cash flow hedge	-	-	863	-	-	-	-	-	863	370	1,233
<b>Total comprehensive income/(expense) for the period</b>	-	-	863	(9,966)	-	-	-	81,890	72,787	15,429	88,216
Dividend	-	-	-	-	-	-	-	(19,006)	(19,006)	(12,300)	(31,306)
Share-based payment	-	-	-	-	-	906	-	-	906	364	1,270
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	906	-	(19,006)	(18,100)	(11,936)	(30,036)
<b>At 31 December 2019</b>	<b>352,373</b>	<b>30,042</b>	<b>723</b>	<b>65,459</b>	<b>(52,771)</b>	<b>6,291</b>	<b>(163,816)</b>	<b>1,085,597</b>	<b>1,323,898</b>	<b>233,514</b>	<b>1,557,412</b>

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019 (cont'd)**

	Attributable to owners of the Company								Total	Non-controlling interests	Total equity
	Non-distributable				Distributable						
	Share capital	Other reserve	Hedging reserve	Exchange fluctuation reserve	Reserve for own shares	Executive share scheme Reserve	Treasury shares	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Preceding year corresponding period ended 31 December 2018</b>											
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	-	-	-	-	-	-	-	81,503	81,503	21,350	102,853
Other comprehensive income/(expense)											
-foreign currency translation differences	-	-	-	(1,582)	-	-	-	-	(1,582)	-	(1,582)
-cash flow hedge	-	-	(243)	-	-	-	-	-	(243)	-	(243)
<b>Total comprehensive income/(expense) for the period</b>	-	-	(243)	(1,582)	-	-	-	81,503	79,678	21,350	101,028
Dividend	-	-	-	-	-	-	-	(19,001)	(19,001)	(10,500)	(29,501)
Share-based payment	-	-	-	-	-	1,218	-	-	1,218	478	1,696
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	1,218	-	(19,001)	(17,783)	(10,022)	(27,805)
<b>At 31 December 2018</b>	<b>352,373</b>	<b>24,567</b>	<b>(3,966)</b>	<b>75,409</b>	<b>(53,043)</b>	<b>4,345</b>	<b>(163,816)</b>	<b>1,013,572</b>	<b>1,249,441</b>	<b>228,711</b>	<b>1,478,152</b>

Dividends received by the trust set up for the Executive Share Scheme ("ESS") ("ESS Trust") amounted to RM884,000 (2018/2019: RM889,000) are eliminated against the dividend expense of the Company following the consolidation of ESS Trust.

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 31 DECEMBER 2019**

	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2019 RM'000	31/12/2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	114,787	123,410
Adjustments for:-		
Depreciation and amortisation	89,095	86,206
Dividend income	(7,536)	(7,949)
Non-cash items	(3,533)	14,553
Net financing (income)/cost	(584)	607
Operating profit before changes in working capital	192,229	216,827
Changes in working capital		
Net change in current assets	(38,093)	41,046
Net change in current liabilities	121,674	7,749
Taxation paid	(12,111)	(14,539)
Net financing income received/cost (paid)	584	(607)
Dividend received	7,536	7,949
<b>Net cash generated from operating activities</b>	<b>271,819</b>	<b>258,425</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(144,760)	(127,584)
Proceeds from disposal of property, plant and equipment	209	10
<b>Net cash used in investing activities</b>	<b>(144,551)</b>	<b>(127,574)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to owner of the company	(19,006)	(19,001)
Dividend paid to non-controlling shareholders of a subsidiary	(12,300)	(10,500)
Drawdown from borrowings	7,213	12,010
Repayments of borrowings	(3,180)	(16,836)
Payment of lease liabilities	(9,737)	-
<b>Net cash used in financing activities</b>	<b>(37,010)</b>	<b>(34,327)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>90,258</b>	<b>96,524</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>713,386</b>	<b>647,621</b>
<b>EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH HELD</b>	<b>(1,916)</b>	<b>2,250</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>801,728</b>	<b>746,395</b>

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

	31/12/2019 RM'000	31/12/2018 RM'000
Deposits, cash and bank balances	801,728	746,395

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
<b>Non-current assets</b>			
Right-of-use assets	-	36,357	36,357
<b>Non-current liabilities</b>			
Lease liabilities	-	32,662	32,662
<b>Current liabilities</b>			
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 31 December 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 31 December 2019, the total number of shares held by the ESS Trust was 8,840,000 shares.

Subsequent to the quarter under review, a total of 100,000 existing ordinary shares in the Company ("MPI Shares") held in the ESS Trust were transferred to an eligible executive arising from the vesting of MPI Shares free of consideration pursuant to the Executive Share Grant Scheme.

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**

During the financial year-to-date, the Company paid an interim single tier dividend of 10.0 sen per share amounted to RM19.9 million on 24 December 2019.

**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
<b>Segment profit</b>	76,062	14,841	20,865	111,768
Included in the measure of segment profit are:				
Revenue from external customers	493,644	107,531	178,434	779,609
Depreciation and amortisation	58,674	11,607	18,749	89,030
<b>Reconciliation of segment profit</b>				
<b>Profit</b>				<b>RM'000</b>
Reportable segments				111,768
Non-reportable segments				2,435
Interest income				1,448
Finance costs				(864)
Consolidated profit before taxation				114,787
			<b>External revenue RM'000</b>	<b>Depreciation and amortisation RM'000</b>
Reportable segments			779,609	89,030
Non-reportable segments			3,251	65
<b>Total</b>			<b>782,860</b>	<b>89,095</b>



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**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.

**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 RM413.8 million and profit before taxation ("PBT") of RM65.5 million as compared with revenue and PBT of RM398.2 million and RM60.2 million respectively for the corresponding quarter of the preceding year ended 30 June 2019 ("FY2019"). Revenue for the Asia segment was higher by 9% whilst the USA and Europe segments were lower by 8% and 3% respectively against the corresponding quarter of FY2019.

The Group's revenue for the financial year-to-date was RM782.9 million, 4% lower as compared with revenue of RM811.9 million for the preceding year's corresponding period. Revenue for the Asia segment was flat whilst the USA and Europe segments were both lower by 16% and 5% respectively against the preceding year's corresponding period. PBT for the financial year-to-date closed at RM114.8 million against RM123.4 million for the corresponding period of the preceding year.

The higher PBT for the quarter under review was mainly due to higher revenue.

The lower PBT for the year-to-date under review was mainly due to lower revenue affected by the ongoing trade war between the USA and China. However, this was partially mitigated 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 RM413.8 million against the preceding quarter of RM369.1 million. Revenue for the Asia, USA and Europe segments were higher by 14%, 4% and 13% respectively against the preceding quarter.

For the quarter under review, the Group recorded PBT of RM65.5 million as compared with RM49.3 million for the preceding quarter. The higher PBT for the quarter under review was mainly due to higher revenue but was partially offset by foreign exchange losses.

**13. Prospects**

The Board anticipates the operating environment to remain challenging for the financial year ending 30 June 2020 due to uncertainties in the global economy and the impact of the Covid-19 outbreak. 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
	31/12/2019 RM'000	31/12/2019 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Gross dividend income from short term investments	(3,539)	(7,536)
Depreciation and amortisation	44,621	89,095
Impairment and write off of trade receivables	89	178
Loss on foreign exchange	5,752	7,103
Fair value gain on derivatives	(438)	(396)
Share-based payments	636	1,270
Provision for and write off of inventories	1,632	2,643
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
	31/12/2019 RM'000	31/12/2018 RM'000	31/12/2019 RM'000	31/12/2018 RM'000
Current taxation				
Malaysian				
- current year	3,067	6,850	5,205	9,307
	3,067	6,850	5,205	9,307
Overseas				
- current year	9,648	3,739	14,467	11,299
- prior years	-	(1)	(1,034)	(49)
	9,648	3,738	13,433	11,250
Deferred taxation				
- current year	(800)	-	(800)	-
	(800)	-	(800)	-
	11,915	10,588	17,838	20,557

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**

Particulars of the Group's borrowings and debt securities as at 31 December 2019 are as follows:

Unsecured short term borrowings	<b>RM'000</b> 4,033
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There were no borrowings denominated in foreign currencies as at 31 December 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 does not recommend any interim dividend for the quarter ended 31 December 2019 of the financial year ending 30 June 2020 (2<sup>nd</sup> quarter 2018/2019: Nil).

(b) For the financial year-to-date, a total 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 RM45,097,000 (2<sup>nd</sup> quarter 2018/2019: RM39,225,000) by the weighted average number of ordinary shares during the quarter of 190,056,419 (2<sup>nd</sup> quarter 2018/2019: 190,006,419).

The basic earnings per ordinary share for financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM81,890,000 (2018/2019: RM81,503,000) and the weighted average number of ordinary shares during the period of 190,056,419 (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
	31/12/2019 '000	31/12/2018 '000	31/12/2019 '000	31/12/2018 '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 31 December 2019, the contract amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	<b>Contract amount</b>	<b>Fair Value Assets / (Liabilities)</b>
	<b>RM'000</b>	<b>RM'000</b>
Less than 1 year	<u>154,418</u>	<u>1,732</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 February 2020