

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2016

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2016 RM'000	31/12/2015 RM'000	31/12/2016 RM'000	31/12/2015 RM'000
Revenue	401,409	379,693	759,418	766,338
Cost of sales	(314,177)	(305,305)	(609,272)	(616,137)
Gross profit	87,232	74,388	150,146	150,201
Operating expenses	(16,455)	(15,126)	(32,332)	(31,121)
Other operating income/(expenses)	8,773	(21,915)	17,648	(18,145)
Profit from operation	79,550	37,347	135,462	100,935
Interest income	384	136	701	288
Finance costs	(336)	(402)	(744)	(866)
Profit before taxation	79,598	37,081	135,419	100,357
Taxation	(12,439)	6,034	(18,651)	2,074
Profit for the period	67,159	43,115	116,768	102,431
Attributable to:				
Owners of the company	54,981	32,934	94,702	79,853
Non-controlling interests	12,178	10,181	22,066	22,578
Profit for the period	67,159	43,115	116,768	102,431
Earnings per ordinary share (sen): -				
(a) Basic	28.95	17.34	49.86	42.04
(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 2016.

Malaysian Pacific Industries Berhad (4817-U)

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MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)
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ENDED 31 DECEMBER 2016

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2016 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2016 RM'000	31/12/2015 RM'000	31/12/2016 RM'000	31/12/2015 RM'000
Profit for the period	67,159	43,115	116,768	102,431
Foreign currency translation differences for foreign operations	17,065	(24,604)	27,466	31,412
Cash flow hedge	(12,606)	23,678	(18,645)	(6,610)
Total comprehensive income for the period	71,618	42,189	125,589	127,233
Total comprehensive income attributable to:				
Owners of the Company	62,380	26,295	108,012	105,947
Non-controlling interests	9,238	15,894	17,577	21,286
Total comprehensive income for the period	71,618	42,189	125,589	127,233

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 2016.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	As At End of Current Quarter	As At End of Preceding Financial Year
	31/12/2016 RM'000	30/06/2016 RM'000
Property, plant and equipment	685,702	719,967
Investment properties	32,964	33,429
Investments	46	46
Deferred tax assets	1,077	-
Total non-current assets	719,789	753,442
Inventories	100,124	87,670
Trade and other receivables	283,686	212,368
Deposits, cash and bank balances	406,958	317,339
Total current assets	790,768	617,377
TOTAL ASSETS	1,510,557	1,370,819
Equity attributable to owners of the Company		
Share capital	104,942	104,942
Reserves	1,130,466	1,038,520
Treasury shares, at cost	(163,816)	(163,816)
	1,071,592	979,646
Non-controlling interests	197,457	190,470
TOTAL EQUITY	1,269,049	1,170,116
Employee benefits	245	245
Deferred tax liabilities	-	3,648
Total non-current liabilities	245	3,893
Trade and other payables	215,554	160,604
Borrowings (unsecured)	20,000	33,297
Current tax liabilities	5,709	2,909
Total current liabilities	241,263	196,810
TOTAL LIABILITIES	241,508	200,703
TOTAL EQUITY AND LIABILITIES	1,510,557	1,370,819
Net assets per share attributable to owners of the Company (RM)	5.64	5.16

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2016.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

	Attributable to owners of the Company										Total	Non-controlling interests	Total equity	
	Non-distributable					Distributable								
	Share capital	Share premium	Capital redemption reserve	Capital 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	RM'000	RM'000	RM'000	
Current year- to-date ended 31 December 2016														
At 1 July 2016	104,942	247,431	1,050	15,364	5,327	75,361	(53,833)	2,367	(163,816)	745,453	979,646	190,470	1,170,116	
Profit for the period	-	-	-	-	-	-	-	-	-	94,702	94,702	22,066	116,768	
Other comprehensive (expenses)/income														
-foreign currency translation differences	-	-	-	-	-	27,466	-	-	-	-	27,466	-	27,466	
-cash flow hedge	-	-	-	-	(14,156)	-	-	-	-	-	(14,156)	(4,489)	(18,645)	
Total comprehensive (expense) /income for the period	-	-	-	-	(14,156)	27,466	-	-	-	94,702	108,012	17,577	125,589	
Dividend	-	-	-	-	-	-	-	-	-	(15,194)	(15,194)	(10,050)	(25,244)	
Share-based payments	-	-	-	-	-	-	-	(872)	-	-	(872)	(540)	(1,412)	
Total transaction with owners	-	-	-	-	-	-	-	(872)	-	(15,194)	(16,066)	(10,590)	(26,656)	
At 31 December 2016	104,942	247,431	1,050	15,364	(8,829)	102,827	(53,833)	1,495	(163,816)	824,961	1,071,592	197,457	1,269,049	

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016 (Cont'd)

	← Attributable to owners of the Company →										Total	Non-controlling interests	Total equity
	← Non-distributable →					→ Distributable							
	Share capital	Share premium	Capital redemption reserve	Capital 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	RM'000	RM'000
Preceding year corresponding period ended 31 December 2015													
At 1 July 2015	104,942	247,431	1,050	13,775	(4,973)	78,998	(53,833)	2,276	(163,808)	633,207	859,065	169,101	1,028,166
Profit for the period	-	-	-	-	-	-	-	-	-	79,853	79,853	22,578	102,431
Other comprehensive (expenses)/income													
-foreign currency translation differences	-	-	-	-	-	31,412	-	-	-	-	31,412	-	31,412
-cash flow hedge	-	-	-	-	(5,318)	-	-	-	-	-	(5,318)	(1,292)	(6,610)
Total comprehensive (expense) /income for the period	-	-	-	-	(5,318)	31,412	-	-	-	79,853	105,947	21,286	127,233
Dividend	-	-	-	-	-	-	-	-	-	(15,194)	(15,194)	(9,600)	(24,794)
Purchase of treasury shares	-	-	-	-	-	-	-	-	(8)	-	(8)	-	(8)
Share-based payment	-	-	-	-	-	-	-	954	-	-	954	190	1,144
Total transaction with Owners	-	-	-	-	-	-	-	954	(8)	(15,194)	(14,248)	(9,410)	(23,658)
At 31 December 2015	104,942	247,431	1,050	13,775	(10,291)	110,410	(53,833)	3,230	(163,816)	697,866	950,764	180,977	1,131,741

Dividends received by the trust set up for the Executive Share Scheme ("ESS") ("ESS Trust") amounted to RM717,600 (2015/2016: RM717,600) 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 2016.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2016

	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2016 RM'000	31/12/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	135,419	100,357
Adjustments for:-		
Depreciation and amortisation	94,958	108,752
Dividend income	(3,851)	(1,721)
Non-cash items	7,449	(22,571)
Net financing cost	43	578
Operating profit before changes in working capital	234,018	185,395
Changes in working capital		
Net change in current assets	(79,531)	115,109
Net change in current liabilities	21,728	(55,798)
Taxation paid	(16,088)	(15,618)
Net financing cost paid	(43)	(578)
Retirement benefit paid	-	(87)
Dividend received	3,851	1,721
Net cash generated from operating activities	163,935	230,144
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(40,020)	(77,089)
Proceeds from disposal of property, plant and equipment	1,929	262
Net cash used in investing activities	(38,091)	(76,827)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to owner of the company	(15,194)	(15,194)
Dividend paid to non-controlling shareholders of a subsidiary	(10,050)	(9,600)
Drawdown of borrowings	20,000	75,188
Repayments of borrowings	(35,503)	(124,598)
Purchase of treasury shares	-	(8)
Net cash used in financing activities	(40,747)	(74,212)
NET CHANGE IN CASH AND CASH EQUIVALENTS	85,097	79,105
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	317,339	152,014
EFFECT ON FOREIGN EXCHANGE	4,522	1,813
CASH & CASH EQUIVALENTS AT END OF PERIOD	406,958	232,932

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

	31/12/2016 RM'000	31/12/2015 RM'000
Deposits, cash and bank balances	406,958	232,932

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2016.

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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 2016. 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 2016.

The Group has adopted the MFRSs, amendments and interpretations effective for annual period beginning on or after 1 January 2016 where 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.

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.

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 2016 was 10,988,000 shares and the shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

(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 2016, the total number of shares held by the ESS Trust was 8,970,000 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

During the financial year-to-date, the Company paid an interim single tier dividend of 8.0 sen per share amounted to RM15.9 million on 9 December 2016.

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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	72,264	28,991	32,922	134,177
Included in the measure of segment profit are:				
Revenue from external customers	374,672	183,365	199,488	757,525
Depreciation and amortisation	45,658	25,614	23,628	94,900
Reconciliation of segment profit				
Profit				RM'000
Reportable segments				134,177
Non-reportable segments				1,285
Interest income				701
Finance costs				(744)
Consolidated profit before taxation				135,419
			External revenue RM'000	Depreciation and amortisation RM'000
Reportable segments			757,525	94,900
Non-reportable segments			1,893	58
Total			759,418	94,958

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 other than as mentioned below:

Recams Sdn Bhd ("Recams"), a wholly-owned subsidiary of Carsem (M) Sdn Bhd, which in turn is a subsidiary of the Company, has been placed under member's voluntary liquidation pursuant to Section 254(1)(b) of the Companies Act, 1965. The Joint Liquidators of Recams have convened a Final Meeting to conclude the Member's Voluntary Liquidation of Recams and accordingly, Recams will be dissolved on 28 January 2017.

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11. Review of performance

For the quarter under review, the Group recorded a revenue of RM401 million and profit before taxation (“PBT”) of RM80 million as compared with a revenue and PBT of RM380 million and RM37 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2016. Revenue for the Asia segment was lower by 1% whilst the USA and the Europe segments were higher by 9% and 18% respectively against the corresponding quarter of the preceding year.

The Group’s revenue for the financial year-to-date was RM759 million, marginally lower as compared with the preceding year’s corresponding period. Revenue for the Asia segment was lower by 8%, the USA segment was flat whilst the Europe segment was higher by 14% against the preceding year’s corresponding period. PBT for the financial year-to-date closed at RM135 million against RM100 million in the corresponding period of the preceding year.

The higher PBT for the quarter and financial year-to-date under review were mainly due to favourable foreign exchange difference and lower operating cost.

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

The Group’s revenue for the quarter under review was RM401 million against the preceding quarter of RM358 million. Revenues for the Asia, USA and Europe segments were higher by 11%, 20% and 7% against the preceding quarter.

For the quarter under review, the Group recorded a PBT of RM80 million as compared with a PBT of RM56 million in the preceding quarter. The higher PBT for the quarter under review was mainly due to improved revenue and the strengthening of the US Dollar against the Ringgit Malaysia.

13. Prospects

The Board anticipates the industry to grow moderately in the coming quarters. Barring any unforeseen circumstances, the Board expects the performance of the Group to be satisfactory for the financial year ending 30 June 2017.

14. Profit forecast / profit guaranteed

This note is not applicable.

15. Profit before taxation

	Current Year Quarter	Current Year- to-date
	31/12/2016 RM'000	31/12/2016 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Gross dividend income from short term investments	(1,953)	(3,851)
Depreciation and amortization	47,448	94,958
Impairment and write off of trade receivables	96	188
Gain on foreign exchange	(8,230)	(14,732)
Fair value loss on financial instruments designated as hedge instruments	4,958	5,304
Share-based payments	(1,607)	(1,412)
Provision for and write off of inventories	982	2,232
Impairment of property, plant and equipment	-	-
Gain on disposal of quoted /unquoted investments or properties	-	-

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16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To-date	Corresponding
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Malaysian				
- current year	6,548	4,954	12,860	9,598
	6,548	4,954	12,860	9,598
Overseas				
- current year	5,955	1,035	7,853	3,175
- prior years	(64)	(23)	(2,062)	(2,847)
	5,891	1,012	5,791	328
Deferred taxation				
- current year	-	-	-	-
- prior years	-	(12,000)	-	(12,000)
	-	(12,000)	-	(12,000)
	12,439	(6,034)	18,651	(2,074)

The Group's effective tax rate for the quarter under review/financial year-to-date is lower than statutory tax rate mainly due to tax incentive granted to a subsidiary 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 2016 are as follows:-

Unsecured short term borrowings	RM'000
	<u>20,000</u>

There were no borrowings denominated in foreign currencies as at 31 December 2016.

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 2016 of the financial year ending 30 June 2017 (2nd quarter 2015/2016: Nil).

(b) For the financial year-to-date, a total single tier dividend of 8.0 sen per share (2015/2016: single tier dividend of 8.0 sen) has been declared.

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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 RM54,981,000 (2nd quarter 2015/2016: RM32,934,000) by the weighted average number of ordinary shares during the quarter of 189,926,419 (2nd quarter 2015/2016: 189,926,962).

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 RM94,702,000 (2014/2015 : RM79,853,000) and the weighted average number of ordinary shares during the period of 189,926,419 (2015/2016 : 189,927,191).

	Weighted average number of ordinary shares			
	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	to-date	Corresponding Period
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	'000	'000	'000	'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)	(10,987)	(10,988)	(10,987)
ESS Trust Shares held at beginning of period	(8,970)	(8,970)	(8,970)	(8,970)
Weighted average number of ordinary shares (basic)	189,926	189,927	189,926	189,927

(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. Realised and unrealised profits/(losses) disclosure

The breakdowns of the retained earnings of the Group, into realised and unrealised profits/(losses) are as follows:-

	As At End of Current Quarter	As At End of Preceding Financial Year
	31/12/2016 RM'000	30/06/2016 RM'000
Total retained earnings of the Company and its subsidiaries:-		
-realised	891,490	790,728
-unrealised	(3,677)	(6,217)
	<u>887,813</u>	<u>784,511</u>
Less: Consolidation adjustments	(62,852)	(39,058)
Group's retained earnings	<u>824,961</u>	<u>745,453</u>

By Order of the Board
Malaysian Pacific Industries Berhad

Joanne Leong Wei Yin
Lee Wui Kien
Company Secretaries

Kuala Lumpur
25 January 2017