

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2017

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2017

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2017 RM'000	31/03/2016 RM'000	31/03/2017 RM'000	31/03/2016 RM'000
Revenue	396,000	352,123	1,155,418	1,118,461
Cost of sales	(309,135)	(291,891)	(918,407)	(908,028)
Gross profit	86,865	60,232	237,011	210,433
Operating expenses	(18,390)	(13,962)	(50,722)	(45,083)
Other operating (expenses)/ income	(6,485)	1,532	11,163	(16,613)
Profit from operation	61,990	47,802	197,452	148,737
Interest income	777	346	1,478	634
Finance costs	(479)	(631)	(1,223)	(1,497)
Profit before taxation	62,288	47,517	197,707	147,874
Taxation	(8,998)	(2,782)	(27,649)	(708)
Profit for the period	53,290	44,735	170,058	147,166
Attributable to:				
Owners of the company	43,213	38,989	137,915	118,842
Non-controlling interests	10,077	5,746	32,143	28,324
Profit for the period	53,290	44,735	170,058	147,166
Earnings per ordinary share (sen): -				
(a) Basic	22.75	20.53	72.61	62.57
(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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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2017 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2017 RM'000	31/03/2016 RM'000	31/03/2017 RM'000	31/03/2016 RM'000
Profit for the period	53,290	44,735	170,058	147,166
Foreign currency translation differences for foreign operations	(2,180)	(34,794)	25,286	(3,382)
Cash flow hedge	8,463	23,887	(10,182)	17,277
Total comprehensive income for the period	59,573	33,828	185,162	161,061
Total comprehensive income attributable to:				
Owners of the Company	47,541	22,445	155,553	128,392
Non-controlling interests	12,032	11,383	29,609	32,669
Total comprehensive income for the period	59,573	33,828	185,162	161,061

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
MARCH 2017

	As At End of Current Quarter	As At End of Preceding Financial Year
	31/03/2017 RM'000	30/06/2016 RM'000
Property, plant and equipment	690,271	719,967
Investment properties	32,731	33,429
Investments	46	46
Total non-current assets	723,048	753,442
Inventories	100,694	87,670
Trade and other receivables	303,908	212,368
Deposits, cash and bank balances	484,009	317,339
Total current assets	888,611	617,377
TOTAL ASSETS	1,611,659	1,370,819
Equity attributable to owners of the Company		
Share capital	352,373	104,942
Reserves	930,428	1,038,520
Treasury shares, at cost	(163,816)	(163,816)
	1,118,985	979,646
Non-controlling interests	209,624	190,470
TOTAL EQUITY	1,328,609	1,170,116
Employee benefits	245	245
Deferred tax liabilities	981	3,648
Total non-current liabilities	1,226	3,893
Trade and other payables	215,646	160,604
Borrowings (unsecured)	64,270	33,297
Current tax liabilities	1,908	2,909
Total current liabilities	281,824	196,810
TOTAL LIABILITIES	283,050	200,703
TOTAL EQUITY AND LIABILITIES	1,611,659	1,370,819
Net assets per share attributable to owners of the Company (RM)	5.89	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 MARCH 2017

	← Attributable to owners of the Company →											
	← Non-distributable →							Distributable				Total equity RM'000
	Share capital	Share premium	Other reserve	Hedging reserve	Exchange fluctuation reserve	Reserve for own shares	Executive share scheme reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	
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 March 2017												
At 1 July 2016	104,942	247,431	16,414	5,327	75,361	(53,833)	2,367	(163,816)	745,453	979,646	190,470	1,170,116
Profit for the period	-	-	-	-	-	-	-	-	137,915	137,915	32,143	170,058
Other comprehensive (expenses)/income												
-foreign currency translation differences	-	-	-	-	25,286	-	-	-	-	25,286	-	25,286
-cash flow hedge	-	-	-	(7,648)	-	-	-	-	-	(7,648)	(2,534)	(10,182)
Total comprehensive (expense) /income for the period	-	-	-	(7,648)	25,286	-	-	-	137,915	155,553	29,609	185,162
Dividend	-	-	-	-	-	-	-	-	(15,194)	(15,194)	(10,050)	(25,244)
Share-based payments	-	-	-	-	-	-	(1,020)	-	-	(1,020)	(405)	(1,425)
Total transaction with owners	-	-	-	-	-	-	(1,020)	-	(15,194)	(16,214)	(10,455)	(26,669)
Reclassification pursuant to S618(2) of CA 2016*	247,431	(247,431)	-	-	-	-	-	-	-	-	-	-
At 31 March 2017	352,373	-	16,414	(2,321)	100,647	(53,833)	1,347	(163,816)	868,174	1,118,985	209,624	1,328,609

*Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any outstanding share premium and capital redemption reserve accounts shall become part of share capital.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017 (Cont'd)

	← Attributable to owners of the Company →											
	← Non-distributable →							Distributable				
	Share capital	Share premium	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	RM'000	RM'000
Preceding year corresponding period ended 31 March 2016												
At 1 July 2015	104,942	247,431	14,825	(4,973)	78,998	(53,833)	2,276	(163,808)	633,207	859,065	169,101	1,028,166
Profit for the period	-	-	-	-	-	-	-	-	118,842	118,842	28,324	147,166
Other comprehensive (expenses)/income												
-foreign currency translation differences	-	-	-	-	(3,382)	-	-	-	-	(3,382)	-	(3,382)
-cash flow hedge	-	-	-	12,932	-	-	-	-	-	12,932	4,345	17,277
Total comprehensive (expense) /income for the period	-	-	-	12,932	(3,382)	-	-	-	118,842	128,392	32,669	161,061
Dividend	-	-	-	-	-	-	-	-	(15,194)	(15,194)	(9,600)	(24,794)
Purchase of treasury shares	-	-	-	-	-	-	-	(8)	-	(8)	-	(8)
Share-based payment	-	-	-	-	-	-	1,431	-	-	1,431	285	1,716
Total transaction with Owners	-	-	-	-	-	-	1,431	(8)	(15,194)	(13,771)	(9,315)	(23,086)
At 31 March 2016	104,942	247,431	14,825	7,959	75,616	(53,833)	3,707	(163,816)	736,855	973,686	192,455	1,166,141

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 MARCH 2017

	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2017 RM'000	31/03/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	197,707	147,874
Adjustments for:-		
Depreciation and amortisation	143,164	159,975
Dividend income	(6,030)	(2,766)
Non-cash items	7,271	684
Net financing (income) /cost	(255)	863
Operating profit before changes in working capital	341,857	306,630
Changes in working capital		
Net change in current assets	(85,867)	53,305
Net change in current liabilities	19,301	(87,081)
Taxation paid	(28,777)	(19,302)
Net financing income received /cost (paid)	255	(863)
Retirement benefit paid	-	(87)
Dividend received	6,030	2,766
Net cash generated from operating activities	252,799	255,368
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(94,672)	(108,540)
Proceeds from disposal of property, plant and equipment	1,911	504
Net cash used in investing activities	(92,761)	(108,036)
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	83,180	119,639
Repayments of borrowings	(55,349)	(144,279)
Purchase of treasury shares	-	(8)
Net cash used in financing activities	2,587	(49,442)
NET CHANGE IN CASH AND CASH EQUIVALENTS	162,625	97,890
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	317,339	152,014
EFFECT ON FOREIGN EXCHANGE	4,045	(14)
CASH & CASH EQUIVALENTS AT END OF PERIOD	484,009	249,890

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

	31/03/2017 RM'000	31/03/2016 RM'000
Deposits, cash and bank balances	484,009	249,890

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 cyclical nature 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 March 2017 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 March 2017, 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	104,247	42,114	49,089	195,450
Included in the measure of segment profit are:				
Revenue from external customers	571,615	277,018	303,678	1,152,311
Depreciation and amortisation	69,609	38,073	35,390	143,072
Reconciliation of segment profit				
Profit				RM'000
Reportable segments				195,450
Non-reportable segments				2,002
Interest income				1,478
Finance costs				(1,223)
Consolidated profit before taxation				<u>197,707</u>
			External revenue RM'000	Depreciation and amortisation RM'000
Reportable segments			1,152,311	143,072
Non-reportable segments			3,107	92
Total			<u>1,155,418</u>	<u>143,164</u>

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.

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11. Review of performance

For the quarter under review, the Group recorded revenue of RM396 million and profit before taxation (“PBT”) of RM62 million as compared with revenue and PBT of RM352 million and RM48 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2016. Revenue for the Asia, USA and Europe segments were higher by 7%, 28% and 10% respectively against the corresponding quarter of the preceding year.

The Group’s revenue for the financial year-to-date was RM1.2 billion as compared with RM1.1 billion for the preceding year’s corresponding period. Revenue for the Asia segment was lower by 3% whilst the USA and Europe segments were both higher by 8% and 13% respectively compared to last year’s corresponding period. PBT for the financial year-to-date closed at RM198 million against RM148 million in the corresponding period of the preceding year.

The higher PBT for the quarter and financial year-to-date 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 RM396 million against the preceding quarter of RM401 million. Revenue for the Asia and Europe segments were flat whilst the USA segment was lower by 6% against the preceding quarter.

For the quarter under review, the Group recorded PBT of RM62 million as compared with RM80 million in the preceding quarter. The lower PBT for the quarter under review was mainly due to lower revenue and unfavourable foreign exchange differences.

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
	31/03/2017 RM'000	31/03/2017 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Gross dividend income from short term investments	(2,179)	(6,030)
Depreciation and amortization	48,206	143,164
Impairment and write off of trade receivables	96	284
Loss/(gain) on foreign exchange	10,037	(4,695)
Fair value (gain)/loss on financial instruments designated as hedge instruments	(1,538)	3,766
Share-based payments	(14)	(1,426)
Provision for and write off of inventories	2,074	4,306
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
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Malaysian				
- current year	5,007	14,423	17,867	24,021
- prior years	8	8	8	8
	5,015	14,431	17,875	24,029
Overseas				
- current year	4,004	6	11,857	3,181
- prior years	(21)	45	(2,083)	(2,802)
	3,983	51	9,774	379
Deferred taxation				
- current year	-	-	-	-
- prior years	-	(11,700)	-	(23,700)
	-	(11,700)	-	(23,700)
	8,998	2,782	27,649	708

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 March 2017 are as follows:-

Unsecured short term borrowings	RM'000 64,270
The above include borrowings denominated in foreign currencies as follows: - Chinese Yuan	RM'000 64,270

19. **Changes in material litigation**

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

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20. Dividend

- (a) The Board has declared a second interim single tier dividend of 19.0 sen per share for the quarter ended 31 March 2017 of the financial year ending 30 June 2017 (3rd quarter 2015/2016: second interim single tier dividend of 15.0 sen per share)) to be paid on 23 May 2017 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 8 May 2017.

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 4.00 p.m. on 8 May 2017 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, a total single tier dividend of 27.0 sen per share (2015/2016: single tier dividend of 23.0 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 RM43,213,000 (3rd quarter 2015/2016: RM38,989,000) by the weighted average number of ordinary shares during the quarter of 189,926,419 (3rd quarter 2015/2016: 189,926,419).

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 RM137,915,000 (2015/2016 : RM118,842,000) and the weighted average number of ordinary shares during the period of 189,926,419 (2015/2016 : 189,926,935).

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
	31/03/2017 '000	31/03/2016 '000	31/03/2017 '000	31/03/2016 '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)	(10,987)
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	189,926	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
	31/03/2017 RM'000	30/06/2016 RM'000
Total retained earnings of the Company and its subsidiaries:-		
-realised	943,285	790,728
-unrealised	(5,198)	(6,217)
	<u>938,087</u>	<u>784,511</u>
Less: Consolidation adjustments	(69,913)	(39,058)
Group's retained earnings	<u>868,174</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
18 April 2017