



Malaysian Pacific Industries

A Member of the Hong Leong Group

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2009

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2009

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2009 RM'000	31/12/2008 RM'000	31/12/2009 RM'000	31/12/2008 RM'000
Revenue	346,570	293,508	658,889	687,614
Cost of sales	(298,241)	(275,326)	(573,529)	(601,561)
Gross profit	48,329	18,182	85,360	86,053
Operating expenses	(14,808)	(14,900)	(28,218)	(32,252)
Other income/(expenses)	491	(21,225)	(239)	(32,068)
Profit/(loss) from operation	34,012	(17,943)	56,903	21,733
Interest expense	(1,263)	(3,031)	(2,893)	(6,330)
Interest income	314	943	573	1,596
Profit/(loss) before taxation	33,063	(20,031)	54,583	16,999
Taxation	(3,017)	(2,117)	(5,469)	(5,454)
Profit/(loss) for the period	30,046	(22,148)	49,114	11,545
Attributable to:				
Equity holders of the parent	25,716	(14,732)	43,490	13,066
Minority interests	4,330	(7,416)	5,624	(1,521)
Profit/(loss) for the period	30,046	(22,148)	49,114	11,545
Earnings/(loss) per ordinary share (sen): -				
(a) Basic	13.19	(7.56)	22.31	6.70
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2009.

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2009****The figures have not been audited****CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2009**

	As At End of Current Quarter	As At End of Preceding Financial Year
	31/12/2009 RM'000	30/06/2009 RM'000
Non current assets		
Property, plant and equipment	1,007,313	1,051,454
Prepaid lease payments	20,080	20,302
Investments	46	46
Intangible assets	12,393	12,393
	<u>1,039,832</u>	<u>1,084,195</u>
Current assets		
Inventories	90,676	71,998
Trade and other receivables	212,624	166,282
Deposits, cash and bank balances	124,546	77,329
	<u>427,846</u>	<u>315,609</u>
TOTAL ASSETS	<u>1,467,678</u>	<u>1,399,804</u>
Equity attributable to equity holders of the parent		
Share capital	104,942	104,942
Reserves	776,332	758,217
Treasury shares, at cost	(163,796)	(163,791)
	<u>717,478</u>	<u>699,368</u>
Minority interests	217,688	220,956
TOTAL EQUITY	<u>935,166</u>	<u>920,324</u>
Non-current liabilities		
Borrowings (unsecured)	176,310	73,806
Employee benefits	422	422
Deferred taxation	66,390	62,640
	<u>243,122</u>	<u>136,868</u>
Current Liabilities		
Trade and other payables	210,114	149,463
Borrowings (unsecured)	78,450	193,149
Taxation	826	-
	<u>289,390</u>	<u>342,612</u>
TOTAL LIABILITIES	<u>532,512</u>	<u>479,480</u>
TOTAL EQUITY AND LIABILITIES	<u>1,467,678</u>	<u>1,399,804</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	3.68	3.59

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2009.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2009

Attributable to equity holders of the parent

	Share capital	Share premium	Capital redemption reserve	Capital reserve	Exchange fluctuation reserve	Reserve for own shares	Share option reserve	Retained profits	Treasury shares	Total	Minority interest	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
Current year-to date ended 31 December 2009												
At 1 July 2009	104,942	249,952	710	2,283	23,303	(42,603)	2,794	521,778	(163,791)	699,368	220,956	920,324
Net gain recognised directly in equity -	-	-	-	-	(5,346)	-	-	-	-	(5,346)	-	(5,346)
Foreign currency translation differences	-	-	-	-	-	-	-	43,490	-	43,490	5,624	49,114
Profit for the period	-	-	-	-	-	-	-	43,490	-	43,490	-	43,490
Total recognised (expense)/income for the period	-	-	-	-	(5,346)	-	-	43,490	-	38,144	5,624	43,768
Dividends	-	-	-	-	-	-	-	(19,490)	-	(19,490)	(8,999)	(28,489)
Transfer to capital redemption reserve	-	-	100	-	-	-	-	(100)	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	(5)	(5)	-	(5)
Share-based payments	-	-	-	-	-	-	(539)	-	-	(539)	107	(432)
At 31 December 2009	104,942	249,952	810	2,283	17,957	(42,603)	2,255	545,678	(163,796)	717,478	217,688	935,166

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2009(Cont'd)

	Attributable to equity holders of the parent												
	Share capital	Share premium	Share redemption reserve	Capital reserve	Capital reserve	Exchange fluctuation reserve	Reserve for own shares	Share option reserve	Retained profits	Treasury shares	Total	Minority interest	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 December 2008													
At 1 July 2008	104,942	249,952	660	1,806	11,506	(42,603)	1,887	601,189	(163,779)	765,560	259,687	1,025,247	
Net gain recognised directly in equity - Foreign currency translation differences	-	-	-	-	9,489	-	-	-	-	9,489	-	9,489	
Profit for the period	-	-	-	-	-	-	-	13,066	-	13,066	(1,521)	11,545	
Total recognised income/(expense) for the period	-	-	-	-	9,489	-	-	13,066	-	22,555	(1,521)	21,034	
Dividends	-	-	-	-	-	-	-	(19,490)	-	(19,490)	(4,499)	(23,989)	
Transfer to capital redemption reserve	-	-	50	-	-	-	-	(50)	-	-	-	-	
Transfer to capital reserve	-	-	-	483	-	-	-	(483)	-	-	-	-	
Purchase of treasury shares	-	-	-	-	-	-	-	-	(7)	(7)	-	(7)	
Share-based payments	-	-	-	-	-	-	603	-	-	603	-	603	
At 31 December 2008	104,942	249,952	710	2,289	20,995	(42,603)	2,490	594,232	(163,786)	769,221	253,667	1,022,888	

Dividends received by the ESOS Trust amounted to RM400,000 (2008/2009: RM400,000) are eliminated against the dividend expense of the Company following the consolidation of ESOS Trust.

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2009.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2009

	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2009 RM'000	31/12/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	54,583	16,999
Adjustments for:-		
Depreciation and amortisation	109,238	120,392
Non-cash items	9,944	1,309
Net financing cost	2,320	4,733
Operating profit before changes in working capital	176,085	143,433
Changes in working capital		
Net change in current assets	(83,247)	73,866
Net change in current liabilities	66,780	9,480
Tax paid	(874)	(39)
Net financing cost paid	(2,320)	(4,733)
Net cash generated from operating activities	156,424	222,007
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(70,692)	(90,631)
Net cash used in investing activity	(70,692)	(90,631)
CASH FLOWS FROM FINANCING ACTIVITY		
Net repayments of borrowings	(9,519)	(104,999)
Dividend paid to equity holders of the Company	(19,490)	(19,490)
Dividend paid to minority shareholders of subsidiaries	(8,999)	(4,499)
Purchase of treasury shares	(5)	(6)
Net cash used in financing activity	(38,013)	(128,994)
NET CHANGE IN CASH AND CASH EQUIVALENTS	47,719	2,382
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	77,329	102,245
EFFECT ON FOREIGN EXCHANGE	(502)	643
CASH & CASH EQUIVALENTS AT END OF PERIOD	124,546	105,270

Cash and cash equivalents included in the consolidated cash flow statements comprise the following balance sheet amounts:

	31/12/2009 RM'000	31/12/2008 RM'000
Deposits, cash and bank balances	124,546	105,270

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2009.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2009

The figures have not been audited

1. **Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards (“FRS”) 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 2009.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2009.

On 1 July 2009, the Group has adopted FRS 8 Operating Segments. The adoption of FRS 8 does not have any financial impact on the financial statements of the Group.

The Group has not applied all the Amendments to FRSs, FRSs and IC Interpretations that have been issued by the Malaysian Accounting Standard Board but are not yet effective.

FRS 4, FRS120, FRS129, FRS131, FRS140, IC Interpretation 12,13,14,15,16 and 17 are not applicable to the Group and hence, no further disclosure is required.

The Group plans to adopt the other Amendments to FRSs, FRSs and IC Interpretations for the financial year ending 30 June 2011.

The financial impact on the financial statements of the Group resulting from the adoption of FRS 7 and FRS 139 upon first adoption of these FRSs as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors are not disclosed by virtue of the exemptions given in the respective FRSs.

The first adoption of the other Amendments to FRSs, FRSs and IC Interpretations are not expected to have any material financial 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 have been no material seasonal or cyclical factors 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 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) During the quarter under review and financial year-to-date, the Company bought back 1,000 of its own shares from the open market for total cash consideration of RM5,600. The total number of shares bought back as at 31 December 2009 was 10,985,000 shares and the shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.
- (b) The Group has previously granted 3,650,000 conditional incentive share options ("Options") to eligible executives of the Group pursuant to the Executive Share Option Scheme ("ESOS") of the Company which was established on 23 January 2006, subject to the achievement of certain performance criteria over an option performance period. During the quarter ended 30 September 2009, 800,000 Options have lapsed. There were no share options granted during the quarter under review and financial year-to-date. As at 31 December 2009, the balance of Options granted to the eligible executives of the Group was 2,850,000.
- (c) There were no additional shares purchased by the trust set up for the ESOS ("ESOS Trust") during the quarter under review and financial year-to-date. The total number of shares purchased by the ESOS Trust ("Trust Shares") as at 31 December 2009 was 4,000,000 shares.

There were no issuance of shares, shares cancellation, resale of treasury shares nor 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 a first interim dividend of 10.0 sen per share tax exempt amounted to RM19.9 million on 17 December 2009.

8. Operating Segments

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

	Asia	USA	Europe	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue	324,720	137,233	196,936	658,889
Segment results	36,118	11,122	10,966	58,206
Unallocated expenses				(1,303)
Profit from operation				56,903
Interest expense				(2,893)
Interest income				573
Profit before taxation				54,583
Taxation				(5,469)
Profit for the period				49,114

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The figures have not been audited

9. Valuations of property, plant and equipment

There were no revaluation of property, plant and equipment as at the date of this report.

10. Material events not reflected in the financial statements

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

11. 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.

12. Contingent liabilities or contingent assets

Save as disclosed in Note 23, there were no contingent liabilities or contingent assets as at the date of this report.

13. Review of performance

For the quarter under review, the Group recorded a revenue and profit before taxation ("PBT") of RM346.6 million and RM33.1 million respectively as against a revenue and loss before taxation of RM 293.5 million and RM20.0 million respectively in the preceding year's corresponding quarter. The significant improvement in the results was mainly due to higher revenue achieved during the quarter under review.

The Group's revenue for the financial year-to-date was RM658.9 million, a decline of 4% from the preceding year's corresponding period of RM687.6 million. PBT for the financial year-to-date was, however, higher at RM54.6 million representing an increase of 221.0% over the last year's corresponding period of RM17.0 million. The increase in PBT was mainly due to the lower adverse foreign exchange differences and benefits derived from the cost down initiatives implemented.

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

The Group's revenue and PBT for the quarter under review were RM346.6 million and RM33.1 million respectively as compared with RM312.3 million and RM21.5 million recorded in the preceding quarter respectively. The higher PBT was mainly due to the higher revenue achieved during the quarter under review.

15. Prospects

The Board anticipates that the results of the Group will further improve in the coming quarters in line with the recovery in the semiconductor industry. Barring any unforeseen circumstances, the Board expects the Group's performance to be satisfactory for the financial year ending 30 June 2010.

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16. Profit forecast / profit guaranteed

This note is not applicable.

17. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To- Date	Preceding Year Corresponding Period
	31/12/2009 RM'000	31/12/2008 RM'000	31/12/2009 RM'000	31/12/2008 RM'000
Current taxation				
Malaysian				
- current year	-	17	-	31
- under provision in prior years	-	-	-	8
Overseas - current year	767	-	1,719	-
	<u>767</u>	<u>17</u>	<u>1,719</u>	<u>39</u>
Deferred taxation - current year	2,250	2,100	3,750	5,415
	<u>2,250</u>	<u>2,100</u>	<u>3,750</u>	<u>5,415</u>
	<u>3,017</u>	<u>2,117</u>	<u>5,469</u>	<u>5,454</u>

The Group's taxation charge for the current quarter under review mainly represents tax provision made by a foreign subsidiary and deferred tax provided for by the local subsidiaries.

18. Sale of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties for the quarter under review and financial year-to-date.

19. Quoted securities

(a) There were no purchases or disposals of quoted securities (other than securities in existing subsidiaries) for the quarter under review and financial year-to-date.

(b) There were no investments in quoted securities as at 31 December 2009.

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20. Corporate proposals

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

21. Group's borrowings and debt securities

Particulars of the Group's borrowings and debt securities as at 31 December 2009 are as follows: -

	RM'000
(i) Unsecured short term borrowings	176,310
(ii) Unsecured long term borrowings	78,450
	<u>254,760</u>

The above include borrowings denominated in foreign currencies as follows: -

	RM'000
USD borrowings	100,624

22. Financial instruments with off balance sheet risk

The Group enters into short-term foreign exchange contracts to hedge its exposure to currency fluctuations affecting certain foreign currency denominated trade payables and receivables.

Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

The financial instruments with off balance sheet risk as at 20 January 2010 are as follows: -

	Contract amount
	RM'000
Foreign exchange forward contracts	<u>39,825</u>

The above contracts are maturing within a period of 3 months.

There is minimal credit and market risk because the contracts were executed with established financial institutions.

Gains and losses on foreign exchange contracts are recognised in the income statements upon realisation.

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23. Changes in material litigation

Amkor Technology, Inc. ("Amkor") has 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 has 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.

Following a hearing in July and August 2004, an Administrative Law Judge ("ALJ") issued an Initial Determination finding all of the asserted claims of Amkor's patents invalid, not infringed, or both, and no violation by Carsem Group. Subsequently, the ITC reviewed the Initial Determination and remanded to the ALJ for further findings on several issues.

Carsem Group has been advised by its lawyers that the ALJ has found that some but not all of Carsem Group's devices infringed on Amkor's patents. Carsem Group has filed a petition for review by the ITC and the motion to extend the target date for completion of this investigation by three months pending ASAT, Inc.'s subpoena enforcement proceeding.

On 1 July 2009, the ITC issued a Remand Order remanding the investigation to the ALJ and setting a new Target Date of 1 September 2009 to complete the investigation, but instructed the ALJ to set a schedule for the remand proceedings, and to issue an Initial Determination extending the target date accordingly. Subsequently, the ALJ issued an Order extending the Target Date to 2 February 2010.

On 10 and 11 September 2009, the ALJ held a hearing at the ITC in order to receive the additional evidence ordered by the ITC. On 2 November 2009, the ALJ addressed issues related to the invalidity of Amkor's patents and supplements a prior Initial Determination issued in November 2005, in which the ALJ found all but four claims of one patent invalid, not infringed, and/or not enforceable at the ITC. Carsem Group has on 12 November 2009 submitted its petition for review by the ITC. On 16 December 2009, the ITC issued its Notice that it has determined to review both of the ALJ's Initial Determinations. On 12 January 2010, both parties had filed their respective briefs with the ITC and the ITC is scheduled to render a final decision on 9 February 2010. After that, either party can seek further review in the Federal Appellate Court.

24. Dividend

- (a) The Board does not recommend any interim dividend for the quarter ended 31 December 2009 of the financial year ending 30 June 2010 (2nd quarter 2008/2009: Nil).
- (b) For the financial year-to-date, a total dividend of 10.0 sen per share tax exempt has been declared (2008/2009: 10.0 sen per share tax exempt).

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25. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings/(loss) per ordinary share for the quarter under review is based on the profits attributable to ordinary equity holders of the parent of RM25,716,000 (2008/2009 : losses attributable to ordinary equity holders of the parent RM14,732,000) and the weighted average number of ordinary shares outstanding during the quarter of 194,900,419 (2008/2009 : 194,902,419).

The calculation of basic earnings per ordinary share for the financial year-to-date is based on the profit attributable to ordinary equity holders of the parent of RM43,490,000 (2008/2009 : RM13,066,000) and the weighted average number of ordinary shares outstanding during the period of 194,900,185 (2008/2009 : 194,902,191).

Weighted average number of ordinary share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2009 '000	31/12/2008 '000	31/12/2009 '000	31/12/2008 '000
Issued ordinary shares at beginning of period	209,884	209,884	209,884	209,884
Treasury shares held at beginning of period	(10,984)	(10,982)	(10,984)	(10,982)
Trust Shares held at beginning of period	(4,000)	(4,000)	(4,000)	(4,000)
Weighted average number of ordinary shares	194,900	194,902	194,900	194,902

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's corresponding quarter / period as the potential ordinary shares from the exercise of Options would increase the basic earnings per ordinary share.

By Order of the Board
Malaysian Pacific Industries Berhad

Joanne Leong Wei Yin
Company Secretary
Kuala Lumpur
26 January 2010