



Malaysian Pacific Industries

A Member of the Hong Leong Group Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2007

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2007

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	(Restated) Preceding Year Corresponding Quarter	Current Year- To-Date	(Restated) Preceding Year Corresponding Period
	31/12/2007 RM'000	31/12/2006 RM'000	31/12/2007 RM'000	31/12/2006 RM'000
Revenue	423,868	376,110	809,611	775,208
Cost of sales	(328,925)	(304,860)	(651,001)	(614,680)
Gross profit	94,943	71,250	158,610	160,528
Operating expenses	(17,345)	(15,479)	(34,389)	(32,496)
Other income/(expenses)	(6,757)	512	(8,656)	(2,525)
Interest expense	(4,072)	(5,377)	(8,394)	(10,979)
Interest income	691	651	1,268	1,224
Profit before taxation	67,460	51,557	108,439	115,752
Taxation	(4,257)	(6,577)	(9,775)	(9,571)
Profit for the period	63,203	44,980	98,664	106,001
Attributable to:				
Equity holders of the parent	49,205	37,336	75,441	83,404
Minority interests	13,998	7,644	23,223	22,597
Profit for the period	63,203	44,980	98,664	106,001
Earnings per ordinary share (sen): -				
(a) Basic	25.25	19.16	38.71	42.79
(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 2007.

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MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2007**

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CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2007

	As At End of Current Quarter	(Restated) As At End of Preceding Financial Year
	31/12/2007 RM'000	30/06/2007 RM'000
Non-current assets		
Property, plant and equipment	1,213,945	1,131,848
Prepaid lease payments	20,588	20,699
Investments	693	693
Intangible assets	12,393	12,393
	<u>1,247,619</u>	<u>1,165,633</u>
Current assets		
Inventories	108,587	106,583
Trade and other receivables	253,127	211,403
Tax recoverable	502	502
Cash and bank balances	95,237	106,758
	<u>457,453</u>	<u>425,246</u>
TOTAL ASSETS	<u>1,705,072</u>	<u>1,590,879</u>
Equity attributable to equity holders of the parent		
Share capital	104,942	104,942
Reserves	825,867	772,526
Treasury shares, at cost	(163,771)	(163,761)
	<u>767,038</u>	<u>713,707</u>
Minority interests	263,963	252,740
TOTAL EQUITY	<u>1,031,001</u>	<u>966,447</u>
Non-current liabilities		
Borrowings (unsecured)	118,375	142,810
Retirement benefits	442	506
Deferred taxation	59,175	49,427
	<u>177,992</u>	<u>192,743</u>
Current Liabilities		
Trade and other payables	284,426	212,945
Short term borrowings (unsecured)	211,653	218,744
	<u>496,079</u>	<u>431,689</u>
TOTAL LIABILITIES	<u>674,071</u>	<u>624,432</u>
TOTAL EQUITY AND LIABILITIES	<u>1,705,072</u>	<u>1,590,879</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	3.96	3.66

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2007.

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2007

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2007

	Attributable to equity holders of the parent							Minority interest	Total equity	
	Share Capital	Reserves attributable to capital	Exchange fluctuation reserve	Reserve for own shares	Share option reserve	Retained profits	Treasury shares			Total
	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 2007	104,942	250,512	895	(42,603)	689	563,033	(163,761)	713,707	252,740	966,447
At 1 July 2007	-	-	-	-	-	75,441	-	75,441	23,223	98,664
Net Profit for the period	-	-	-	-	-	(25,337)	-	(25,337)	(12,000)	(37,337)
Dividends	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	2,625	-	-	-	-	2,625	-	2,625
Share-based payment	-	-	-	-	612	-	-	612	-	612
Purchase of treasury shares	-	-	-	-	-	-	(10)	(10)	-	(10)
At 31 December 2007	104,942	250,512	3,520	(42,603)	1,301	613,137	(163,771)	767,038	263,963	1,031,001

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The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2007 (Cont'd)

	Attributable to equity holders of the parent						Minority interest	Total equity		
	Share Capital	Reserves attributable to capital	Exchange fluctuation reserve	Reserve for own shares	Share option reserve	Retained profits			Treasury shares	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Preceding year corresponding period ended 31 December 2006										
At 1 July 2006	104,942	250,262	(1,764)	-	-	506,487	(163,721)	696,206	243,711	939,917
As previously reported										
Prior year adjustments:										
Effect of adoption of IC Interpretation 112										
“Consolidation - Special Purpose Entities”	-	-	-	(42,603)	-	3,033	-	(39,570)	-	(39,570)
As restated	104,942	250,262	(1,764)	(42,603)	-	509,520	(163,721)	656,636	243,711	900,347
Net Profit for the period	-	-	-	-	-	83,404	-	83,404	22,597	106,001
Dividends	-	-	-	-	-	(33,134)	-	(33,134)	(17,213)	(50,347)
Foreign currency translation differences	-	-	1,228	-	-	-	-	1,228	-	1,228
Transfer to capital redemption reserve	-	100	-	-	-	(100)	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	(30)	(30)	-	(30)
At 31 December 2006	104,942	250,362	(536)	(42,603)	-	559,690	(163,751)	708,104	249,095	957,199

Dividends received by the ESOS Trust amounted to RM520,000 (2007: RM680,000) 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 2007.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2007

The figures have not been audited

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2007

	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2007 RM'000	31/12/2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	108,439	115,752
Adjustments for:-		
Depreciation and amortisation	116,498	114,052
Non-cash items	482	(5,641)
Net financing cost	7,126	9,755
Operating profit before changes in working capital	<u>232,545</u>	<u>233,918</u>
Changes in working capital		
Net change in current assets	(46,139)	(3,728)
Net change in current liabilities	75,885	(51,728)
Retirement benefit paid	(64)	-
Taxation (paid)/refunded	(27)	1,382
Net financing cost paid	(7,126)	(9,755)
Net cash generated from operating activities	<u>255,074</u>	<u>170,089</u>
CASH FLOW FROM INVESTING ACTIVITY		
Other investments	(199,000)	(120,701)
Net cash used in investing activity	<u>(199,000)</u>	<u>(120,701)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments of borrowings	(30,185)	(12,988)
Dividend paid	(37,337)	(50,347)
Purchase of treasury shares	(10)	(30)
Net cash used in financing activity	<u>(67,532)</u>	<u>(63,365)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(11,458)	(13,977)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	106,758	84,709
EFFECT ON FOREIGN EXCHANGE	(63)	(141)
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>95,237</u>	<u>70,591</u>

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

	31/12/2007 RM'000	31/12/2006 RM'000
Cash and bank balances	<u>95,237</u>	<u>70,591</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2007.

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MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2007**

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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 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 2007.

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 2007 except for the changes in accounting policies and presentation resulting from the adoption of the following applicable FRSs adopted by the Malaysian Accounting Standards Board:

Standard/Interpretation		Effective date
FRS 107	Cash Flow Statements	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 117	Leases	1 October 2006
FRS 118	Revenue	1 July 2007
FRS 119	Employee Benefits	1 July 2007
FRS 124	Related Party Disclosures	1 October 2006
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
Amendment to FRS 119 ²⁰⁰⁴	Employees Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007

The adoption of FRSs 107, 112, 118, 119, 124, 137, Amendment to FRS 119²⁰⁰⁴ and Amendment to FRS 121 do not have any significant financial impact on the Group.

The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land are classified as prepaid lease payments and amortised on a straight-line basis over the remaining lease term of the land. Prior to 1 July 2007, leasehold land were classified as property, plant and equipment and were stated at cost less accumulated depreciation.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2007

The figures have not been audited

1. Basis of preparation (Cont'd)

The following comparatives have been restated due to the adoption of FRS 117 which has an retrospective impact on the preceding period's financial statements:-

Condensed Consolidated Balance Sheet

	At 30 June 2007		
	As Previously Reported	Adoption of FRS 117	As Restated
	RM'000	RM'000	RM'000
Property, plant and equipment	1,152,547	(20,699)	1,131,848
Prepaid lease payments	-	20,699	20,699

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 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.

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 RM9,050. The total number of shares bought back as at 31 December 2007 was 10,981,000 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 share options granted during the quarter under review and financial year-to-date. As at 31 December 2007, the Group 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.
- (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 as at 31 December 2007 was 4,000,000 shares.

There were no issuance of shares, share cancellation, resale of treasury shares nor repayment of debt or equity securities during the quarter under review and financial year-to-date.

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7. Dividend paid

During the financial year-to-date, the Company paid a first interim dividend of 13.0 sen per share tax exempt amounted to RM25.9 million on 27 December 2007.

8. Segmental reporting

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

	Semiconductor	Investment holding	Total
	RM'000	RM'000	RM'000
Revenue	<u>809,611</u>	<u>-</u>	<u>809,611</u>
Results			
Segment results	<u>118,559</u>	<u>(2,994)</u>	115,565
Interest expense			(8,394)
Interest income			<u>1,268</u>
Profit before taxation			108,439
Taxation			<u>(9,775)</u>
Profit for the period			<u>98,664</u>

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.

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)

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13. Review of performance

The Group recorded a revenue of RM423.9 million and a profit before taxation ("PBT") of RM67.5 million respectively for the quarter under review. The higher revenue and PBT as compared with the preceding year's corresponding quarter were mainly due to better revenue achieved for the quarter. The higher revenue has offset the negative impact on the PBT arising from the further appreciation of the Ringgit Malaysia against the US Dollar.

The Group's revenue for the financial year-to-date was RM809.6 million, a growth of 4.4% over the preceding year's corresponding period of RM775.2 million. PBT for the year-to-date was RM108.4 million, a decline of 6.3% over last year's corresponding period of RM115.8 million. PBT was lower despite the higher revenue achieved, mainly due the significant appreciation of the Ringgit Malaysia against the US Dollar during the period under review.

14. Material changes in revenue and PBT against the immediate preceding quarter

The Group's revenue and PBT for the quarter under review were RM423.9 million and RM67.5 million as compared with RM385.7 million and RM40.98 million recorded in the preceding quarter respectively. The higher revenue and PBT were mainly due to better revenue achieved for the quarter under review.

15. Prospects

The third quarter's sales are anticipated to be lower in line with adjustments from the seasonal expectations. Barring any unforeseen circumstances, the Board expects the Group's performance to be satisfactory for the current financial year ending 30 June 2008.

16. Profit forecast / profit guaranteed

This note is not applicable.

17. Taxation

Taxation comprise: -

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To- Date	Preceding Year Corresponding Period
	31/12/2007 RM'000	31/12/2006 RM'000	31/12/2007 RM'000	31/12/2006 RM'000
Current taxation (Malaysia) - current year	20	-	27	-
Deferred taxation - current year	4,237	6,577	9,748	9,751
	<u>4,257</u>	<u>6,577</u>	<u>9,775</u>	<u>9,751</u>

The Group's effective tax rate is lower than the statutory tax rate mainly due to tax incentives granted to certain subsidiaries.

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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 2007.

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 2007 are as follows: -

	RM'000
(i) Unsecured short term borrowings	211,653
(ii) Unsecured long term borrowings	118,375
	<u>330,028</u>

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

	RM'000
USD borrowings	91,289

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.

There were no financial instruments with off balance sheet risk as at 31 December 2007.

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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 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 now 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. subpoena enforcement proceeding ("ASAT Proceeding").

Carsem Group's motion is granted to the extent that the target date for completion of this investigation is extended to a date that is three months after completion of the pending ASAT Proceeding.

As at the date of this report, the ASAT Proceeding is still pending.

24. Dividend

- (a) The Board does not recommend any interim dividend for the quarter ended 31 December 2007 of the financial year ending 30 June 2008 (2006/2007: Nil)
- (b) For the financial year-to-date, a total dividend of 13.0 sen per share tax exempt has been declared (2006/2007: 17.0 sen per share tax exempt).

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)

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25. Earnings per ordinary share

The calculation of basic earnings per ordinary share for the quarter under review is based on the profit attributable to ordinary equity holders of the parent of RM49,205,000 (2006/2007 : RM37,336,000) and the weighted average number of ordinary shares outstanding during the quarter of 194,904,039 (2006/2007 (restated): 194,906,462).

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 RM75,441,000 (2006/2007 : RM83,404,000) and the weighted average number of ordinary shares outstanding during the period of 194,904,229 (2006/2007 (restated): 194,907,441).

Weighted average number of ordinary share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	(Restated) Preceding Year Corresponding Quarter	Current Year- To-Date	(Restated) Preceding Year Corresponding Period
	31/12/2007 '000	31/12/2006 '000	31/12/2007 '000	31/12/2006 '000
Issued ordinary shares at beginning of period	194,904	194,908	194,904	194,908
Effect of purchase of treasury shares	-	(2)	-	(1)
Weighted average number of ordinary shares	194,904	194,906	194,904	194,907

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share in the quarter under review and financial year-to-date as the potential ordinary shares from the exercise of Options would increase the basic earnings per ordinary share.

The Group had no dilution in its earnings per ordinary share in the preceding year's corresponding quarter / period as there were no dilutive potential ordinary shares. Therefore, no consideration for adjustment in the form of increase in the number of shares was used in calculating the potential dilution of its earnings per share.

By Order of the Board
Malaysian Pacific Industries Berhad

Joanne Leong Wei Yin
Company Secretary

Kuala Lumpur
26 February 2008