

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
Revenue	358,009	386,645	358,009	386,645
Cost of sales	(295,095)	(310,832)	(295,095)	(310,832)
Gross profit	62,914	75,813	62,914	75,813
Operating expenses	(15,877)	(15,995)	(15,877)	(15,995)
Other operating income	8,875	3,770	8,875	3,770
Profit from operation	55,912	63,588	55,912	63,588
Interest income	317	152	317	152
Finance costs	(408)	(464)	(408)	(464)
Profit before taxation	55,821	63,276	55,821	63,276
Taxation	(6,212)	(3,960)	(6,212)	(3,960)
Profit for the period	49,609	59,316	49,609	59,316
Attributable to:				
Owners of the company	39,721	46,919	39,721	46,919
Non-controlling interests	9,888	12,397	9,888	12,397
Profit for the period	49,609	59,316	49,609	59,316
Earnings per ordinary share (sen): -				
(a) Basic	20.91	24.70	20.91	24.70
(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 30 SEPTEMBER 2016 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
Profit for the period	49,609	59,316	49,609	59,316
Foreign currency translation differences for foreign operations	10,401	56,016	10,401	56,016
Cash flow hedge	(6,039)	(30,288)	(6,039)	(30,288)
Total comprehensive income for the period	53,971	85,044	53,971	85,044
Total comprehensive income attributable to:				
Owners of the Company	45,632	79,652	45,632	79,652
Non-controlling interests	8,339	5,392	8,339	5,392
Total comprehensive income for the period	53,971	85,044	53,971	85,044

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 30
SEPTEMBER 2016

	As At End of Current Quarter	As At End of Preceding Financial Year
	30/09/2016 RM'000	30/06/2016 RM'000
Property, plant and equipment	701,225	719,967
Investment properties	33,196	33,429
Investments	46	46
Total non-current assets	734,467	753,442
Inventories	91,679	87,670
Trade and other receivables	240,131	212,368
Deposits, cash and bank balances	359,816	317,339
Total current assets	691,626	617,377
TOTAL ASSETS	1,426,093	1,370,819
Equity attributable to owners of the Company		
Share capital	104,942	104,942
Reserves	1,084,347	1,038,520
Treasury shares, at cost	(163,816)	(163,816)
	1,025,473	979,646
Non-controlling interests	198,809	190,470
TOTAL EQUITY	1,224,282	1,170,116
Employee benefits	245	245
Deferred tax liabilities	2,017	3,648
Total non-current liabilities	2,262	3,893
Trade and other payables	172,775	160,604
Borrowings (unsecured)	24,860	33,297
Current tax liabilities	1,914	2,909
Total current liabilities	199,549	196,810
TOTAL LIABILITIES	201,811	200,703
TOTAL EQUITY AND LIABILITIES	1,426,093	1,370,819
Net assets per share attributable to owners of the Company (RM)	5.40	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 30 SEPTEMBER 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
Current year- to-date ended 30 September 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	-	-	-	-	-	-	-	-	-	39,721	39,721	9,888	49,609
Other comprehensive (expenses)/income													
-foreign currency translation differences	-	-	-	-	-	10,401	-	-	-	-	10,401	-	10,401
-cash flow hedge	-	-	-	-	(4,490)	-	-	-	-	-	(4,490)	(1,549)	(6,039)
Total comprehensive (expense) /income for the period	-	-	-	-	(4,490)	10,401	-	-	-	39,721	45,632	8,339	53,971
Share-based payments	-	-	-	-	-	-	-	195	-	-	195	-	195
Total transaction with owners	-	-	-	-	-	-	-	195	-	-	195	-	195
At 30 September 2016	104,942	247,431	1,050	15,364	837	85,762	(53,833)	2,562	(163,816)	785,174	1,025,473	198,809	1,224,282

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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 30 September 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	-	-	-	-	-	-	-	-	-	46,919	46,919	12,397	59,316
Other comprehensive (expenses)/income													
-foreign currency translation differences	-	-	-	-	-	56,016	-	-	-	-	56,016	-	56,016
-cash flow hedge	-	-	-	-	(23,283)	-	-	-	-	-	(23,283)	(7,005)	(30,288)
Total comprehensive (expense) /income for the period	-	-	-	-	(23,283)	56,016	-	-	-	46,919	79,652	5,392	85,044
Share-based payment	-	-	-	-	-	-	-	477	-	-	477	95	572
Total transaction with Owners	-	-	-	-	-	-	-	477	-	-	477	95	572
At 30 September 2015	104,942	247,431	1,050	13,775	(28,256)	135,014	(53,833)	2,753	(163,808)	680,126	939,194	174,588	1,113,782

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 30 SEPTEMBER 2016

	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2016 RM'000	30/09/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	55,821	63,276
Adjustments for:-		
Depreciation and amortisation	47,510	54,338
Dividend income	(1,898)	(727)
Non-cash items	1,766	(24,608)
Net financing cost	91	313
Operating profit before changes in working capital	103,290	92,592
Changes in working capital		
Net change in current assets	(34,895)	84,799
Net change in current liabilities	6,688	(34,532)
Taxation paid	(7,256)	(10,312)
Net financing cost paid	(91)	(313)
Retirement benefit paid	-	(87)
Dividend received	1,898	727
Net cash generated from operating activities	69,634	132,874
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(20,805)	(36,326)
Proceeds from disposal of property, plant and equipment	1,525	32
Net cash used in investing activities	(19,280)	(36,294)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	-	54,341
Repayments of borrowings	(9,323)	(84,592)
Net cash used in financing activities	(9,323)	(30,251)
NET CHANGE IN CASH AND CASH EQUIVALENTS	41,031	66,329
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	317,339	152,014
EFFECT ON FOREIGN EXCHANGE	1,446	3,031
CASH & CASH EQUIVALENTS AT END OF PERIOD	359,816	221,374

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

	30/09/2016 RM'000	30/09/2015 RM'000
Deposits, cash and bank balances	359,816	221,374

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 30 September 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 30 September 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

There were no dividend paid during the quarter under review and financial year-to-date.

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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	30,934	10,559	14,122	55,615
Included in the measure of segment profit are:				
Revenue from external customers	177,270	83,440	96,299	357,009
Depreciation and amortisation	22,911	12,394	12,181	47,486

Reconciliation of segment profit

	RM'000
Profit	
Reportable segments	55,615
Non-reportable segments	297
Interest income	317
Finance costs	(408)
Consolidated profit before taxation	55,821

	External revenue RM'000	Depreciation and amortisation RM'000
Reportable segments	357,009	47,486
Non-reportable segments	1,000	24
Total	358,009	47,510

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 RM358 million and profit before taxation (“PBT”) of RM56 million compared with a revenue and PBT of RM387 million and RM63 million respectively for the corresponding quarter of the preceding year ended 30 June 2016 (“FY2016”). Revenues for the Asia and USA segments were both lower by 15% and 8% respectively whilst the Europe segment was higher by 10% against the corresponding quarter of FY2016.

The lower PBT was mainly due to lower revenue arising from the slower demand from the consumer electronics market in particular smartphone but cushioned by the improved revenue from the automotive market during the quarter under review.

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

The Group’s revenue for the quarter under review was RM358 million against the preceding quarter of RM345 million. Revenues for the USA and Europe segments were both higher by 15% and 7% respectively whilst the Asia segment was lower by 3% against the preceding quarter.

For the quarter under review, the Group recorded a PBT of RM56 million compared with a PBT of RM49 million in the preceding quarter. The higher PBT was mainly due to higher revenue and strengthening of the US Dollar against the Ringgit Malaysia.

13. Prospects

The Board anticipates the operating environment to remain challenging due to uncertainty in the macro economy. 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
	30/09/2016 RM'000	30/09/2016 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Gross dividend income from short term investments	(1,898)	(1,898)
Depreciation and amortization	47,510	47,510
Impairment and write off of trade receivables	92	92
Gain on foreign exchange	(6,502)	(6,502)
Fair value loss on financial instruments designated as hedge instruments	346	346
Share-based payments	195	195
Provision for and write off of inventories	1,250	1,250
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	
	30/09/2016	Quarter	30/09/2016	Period	
	RM'000	30/09/2015	RM'000	30/09/2015	RM'000
Current taxation					
Malaysian					
- current year	6,312	4,644	6,312	4,644	
	6,312	4,644	6,312	4,644	
Overseas					
- current year	1,898	2,140	1,898	2,140	
- prior years	(1,998)	(2,824)	(1,998)	(2,824)	
	(100)	(684)	(100)	(684)	
	6,212	3,960	6,212	3,960	

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

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 30 September 2016 are as follows:-

Unsecured short term borrowings	RM'000 24,860
The above include borrowings denominated in foreign currencies as follows: -	
Chinese Yuan	RM'000 24,860

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 first interim single tier dividend of 8.0 sen per share for the quarter ended 30 September 2016 of the financial year ending 30 June 2017 (2015/2016: single tier dividend of 8.0 sen) to be paid on 9 December 2016 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 25 November 2016.

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 25 November 2016 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, single tier dividend of 8.0 sen per share (2015/2016: single tier dividend of 8.0 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/financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM39,721,000 (1st quarter 2015/2016: RM46,919,000) by the weighted average number of ordinary shares during the quarter of 189,926,419 (1st quarter 2015/2016: 189,927,419).

	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
	30/09/2016 '000	30/09/2015 '000	30/09/2016 '000	30/09/2015 '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)	(10,986)	(10,988)	(10,986)
ESS Trust Shares held at beginning of period	(8,970)	(8,971)	(8,970)	(8,971)
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
	30/09/2016 RM'000	30/06/2016 RM'000
Total retained earnings of the Company and its subsidiaries:-		
-realised	838,435	790,728
-unrealised	(2,197)	(6,217)
	<u>836,238</u>	<u>784,511</u>
Less: Consolidation adjustments	(51,064)	(39,058)
Group's retained earnings	<u>785,174</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
9 November 2016