

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2020

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	30/12/2019 RM'000
Revenue	483,935	413,763	924,520	782,860
Cost of sales	(383,347)	(334,414)	(735,942)	(642,628)
Gross profit	100,588	79,349	188,578	140,232
Operating expenses	(19,753)	(17,146)	(35,740)	(32,967)
Other operating income	10,399	3,118	11,515	6,938
Profit from operation	91,234	65,321	164,353	114,203
Interest income	549	833	1,159	1,448
Finance costs	(683)	(674)	(1,327)	(864)
Profit before taxation	91,100	65,480	164,185	114,787
Taxation	(9,962)	(11,915)	(17,263)	(17,838)
Profit for the period	81,138	53,565	146,922	96,949
Profit attributable to:				
Owners of the Company	67,037	45,097	122,345	81,890
Non-controlling interests	14,101	8,468	24,577	15,059
Profit for the period	81,138	53,565	146,922	96,949
Earnings per ordinary share (sen):				
(a) Basic	33.87	23.73	61.93	43.09
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statements 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 2020.

MALAYSIAN PACIFIC INDUSTRIES BERHAD (196201000323 (4817-U))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2020 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Profit for the period	81,138	53,565	146,922	96,949
Foreign currency translation differences for foreign operations	(2,097)	(2,270)	(3,525)	(9,966)
Cash flow hedge	1,005	1,894	2,873	1,233
Total comprehensive income for the period	80,046	53,189	146,270	88,216
Total comprehensive income attributable to:				
Owners of the Company	65,972	44,153	121,278	72,787
Non-controlling interests	14,074	9,036	24,992	15,429
Total comprehensive income for the period	80,046	53,189	146,270	88,216

The Condensed Consolidated Statements 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 2020.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	As At End of Current Quarter	As At End of Preceding Financial Year
	31/12/2020 RM'000	30/06/2020 RM'000
Property, plant and equipment	825,768	716,967
Right-of-use assets	40,564	42,921
Investment properties	29,244	29,709
Investments	46	46
Total non-current assets	895,622	789,643
Inventories	140,451	117,118
Trade and other receivables, including derivatives	315,399	262,127
Tax recoverable	5,100	5,600
Deposits, cash and bank balances	968,124	835,231
Total current assets	1,429,074	1,220,076
TOTAL ASSETS	2,324,696	2,009,719
Equity attributable to owners of the Company		
Share capital	352,373	352,373
Reserves	1,370,858	1,192,350
Treasury shares	(163,816)	(163,816)
	1,559,415	1,380,907
Non-controlling interests	267,023	238,233
TOTAL EQUITY	1,826,438	1,619,140
Lease liabilities	23,722	23,858
Deferred tax liabilities	1,516	816
Total non-current liabilities	25,238	24,674
Trade and other payables, including derivatives	391,770	328,998
Borrowings (unsecured)	49,742	9,250
Lease liabilities	1,566	2,735
Current tax liabilities	29,942	24,922
Total current liabilities	473,020	365,905
TOTAL LIABILITIES	498,258	390,579
TOTAL EQUITY AND LIABILITIES	2,324,696	2,009,719
Net assets per share attributable to owners of the Company (RM)	7.88	7.24

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2020.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020

	Attributable to owners of the Company										Total equity RM'000
	Non-distributable					Distributable					
	Share capital RM'000	Other reserve RM'000	Hedging reserve RM'000	Exchange fluctuation reserve RM'000	Reserve for own shares RM'000	Executive share scheme reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Non-controlling interests RM'000	Total RM'000	
Current year-to-date ended 31 December 2020	352,373	38,346	(473)	82,785	(49,598)	4,325	(163,816)	1,116,965	238,233	1,380,907	1,619,140
At 1 July 2020	-	-	-	-	-	-	-	122,345	24,577	122,345	146,922
Profit for the period	-	-	-	-	-	-	-	-	-	(3,525)	(3,525)
Other comprehensive income/(expense)	-	-	-	(3,525)	-	-	-	-	-	2,458	2,873
-foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-
-cash flow hedge	-	-	2,458	-	-	-	-	-	-	-	-
Total comprehensive income/(expense) for the period	-	-	2,458	(3,525)	-	-	-	122,345	24,992	121,278	146,270
Dividend	-	-	-	-	-	-	-	(19,789)	(9,300)	(19,789)	(29,089)
Share-based payment	-	-	-	-	-	1,013	-	-	380	1,013	1,393
Disposal of trust shares	-	-	-	-	43,858	-	-	32,148	12,718	76,006	88,724
Total transactions with owners of the Company	-	-	-	-	43,858	1,013	-	12,359	3,798	57,230	61,028
At 30 December 2020	352,373	38,346	1,985	79,260	(5,740)	5,338	(163,816)	1,251,669	267,023	1,559,415	1,826,438

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MALAYSIAN PACIFIC INDUSTRIES BERHAD (196201000323 (4817-U))

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020 (cont'd)

	Attributable to owners of the Company						Total equity				
	Non-distributable			Distributable							
	Share capital	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
Preceding year corresponding period ended 31 December 2019	352,373	30,042	(140)	75,425	(52,771)	5,385	(163,816)	1,022,713	1,269,211	230,021	1,499,232
At 1 July 2019	-	-	-	-	-	-	-	81,890	81,890	15,059	96,949
Profit for the period	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income/(expense)	-	-	-	(9,966)	-	-	-	-	(9,966)	-	(9,966)
-foreign currency translation differences	-	-	863	-	-	-	-	-	863	370	1,233
-cash flow hedge	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(expense) for the period	-	-	863	(9,966)	-	-	-	81,890	72,787	15,429	88,216
Dividend	-	-	-	-	-	-	-	(19,006)	(19,006)	(12,300)	(31,306)
Share-based payment	-	-	-	-	-	906	-	-	906	364	1,270
Total transactions with owners of the Company	-	-	-	-	-	906	-	(19,006)	(18,100)	(11,936)	(30,036)
At 31 December 2019	352,373	30,042	723	65,459	(52,771)	6,291	(163,816)	1,085,597	1,323,898	233,514	1,557,412

Dividends received by the trust set up for the Executive Share Scheme ("ESS") ("ESS Trust") amounted to RM101,000 (2019/2020: RM884,000) 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 2020.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2020

	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2020 RM'000	31/12/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	164,185	114,787
Adjustments for:-		
Depreciation and amortisation	89,329	89,095
Dividend income	(5,288)	(7,536)
Non-cash items	7,966	(3,533)
Net financing cost/(income)	168	(584)
Operating profit before changes in working capital	256,360	192,229
Changes in working capital		
Net change in current assets	(80,601)	(38,093)
Net change in current liabilities	63,445	121,674
Taxation paid	(11,751)	(12,111)
Net financing cost (paid)/income received	(168)	584
Dividend received	5,288	7,536
Net cash generated from operating activities	232,573	271,819
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(189,275)	(144,760)
Proceeds from disposal of property, plant and equipment	238	209
Net cash used in investing activities	(189,037)	(144,551)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to owner of the company	(19,789)	(19,006)
Dividend paid to non-controlling shareholders of a subsidiary	(9,300)	(12,300)
Drawdown from borrowings	49,645	7,213
Repayments of borrowings	(9,250)	(3,180)
Disposal of trust shares	88,724	-
Payment of lease liabilities	(1,305)	(9,737)
Net cash used in financing activities	98,725	(37,010)
NET CHANGE IN CASH AND CASH EQUIVALENTS	142,261	90,258
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	835,231	713,386
EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH HELD	(9,368)	(1,916)
CASH & CASH EQUIVALENTS AT END OF PERIOD	968,124	801,728

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

	31/12/2020 RM'000	31/12/2019 RM'000
Deposits, cash and bank balances	968,124	801,728

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2020.

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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 paragraph 9.22 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 2020. 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 financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2020 except for the adoption of MFRSS, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2020 which are 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.

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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 2020 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 Executive Share Scheme (“ESS”) Trusts during the quarter under review and financial year-to-date.

During the financial year-to-date, 7,284,264 existing ordinary shares in the Company (“MPI shares”) held in the ESS Trusts were disposed of to its immediate holding company at market price.

As at 31 December 2020, the total number of shares held by the ESS Trusts was 1,008,333 shares, including the 8,333 vested MPI Shares which were transferred to an eligible executive subsequent to the quarter under review.

Subsequent to the quarter under review, 50,000 MPI Shares held in an ESS Trust were transferred to an eligible executive of the Group arising from the vesting of free MPI Shares pursuant to the ESS.

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 10.0 sen per share amounted to RM19.9 million on 24 December 2020.

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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	110,945	22,307	33,223	166,475
Included in the measure of segment profit are:				
Revenue from external customers	595,308	133,481	193,870	922,659
Depreciation and amortisation	61,292	11,572	16,401	89,265
Reconciliation of segment profit				
Profit				RM'000
Reportable segments				166,475
Non-reportable segments				(2,122)
Interest income				1,159
Finance costs				(1,327)
Consolidated profit before taxation				164,185
			External revenue RM'000	Depreciation and amortisation RM'000
Reportable segments			922,659	89,265
Non-reportable segments			1,861	64
Total			924,520	89,329

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 RM483.9 million with the Asia, USA and Europe segments growing by 17%, 27% and 13% against the corresponding quarter of the preceding year ended 30 June 2020 ("FY20") of RM413.8 million. PBT achieved was RM91.1 million against RM65.5 million for the corresponding quarter of FY20.

The Group's revenue for the financial year-to-date was RM924.5 million, 18% higher as compared with revenue of RM782.9 million for the corresponding period of FY20. Revenue for the Asia, USA and Europe segments were higher by 21%, 24% and 9% respectively against the preceding year's corresponding period. PBT for the financial year-to-date closed at RM164.2 million against RM114.8 million for the corresponding period of FY20.

The higher PBT for the quarter and the year-to-date under review were mainly due to higher revenue across all segments.

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

Revenue recorded for the quarter under review was RM483.9 million against the preceding quarter of RM440.6 million with the Asia, USA and Europe segments recording higher revenue by 6%, 9% and 22% respectively.

For the quarter under review, the Group achieved PBT of RM91.1 million compared with RM73.1 million for the preceding quarter. The higher PBT for the quarter under review was mainly due to higher revenue.

13. Prospects

The semiconductor industry is showing resilience and growth in spite of the challenging operating environment due to the COVID-19 pandemic and the prospect of an uneven recovery of the global economy. Barring any unforeseen circumstances, the Board expects the Group's performance for the financial year ending 30 June 2021 to be satisfactory.

14. Profit forecast / profit guaranteed

This note is not applicable.

15. Profit before taxation

	Current Year Quarter	Current Year- to-date
	31/12/2020 RM'000	31/12/2020 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Gross dividend income from short term investments	(2,349)	(5,288)
Depreciation and amortisation	46,078	89,329
Impairment and write off of trade receivables	93	184
Loss on foreign exchange	1,116	7,838
Fair value gain on derivatives	(1,358)	(1,872)
Share-based payments	697	1,393
Provision for and write off of inventories	879	1,576
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
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Malaysian				
- current year	2,837	3,067	4,732	5,205
	2,837	3,067	4,732	5,205
Overseas				
- current year	7,122	9,648	12,508	14,467
- prior years	3	-	23	(1,034)
	7,125	9,648	12,531	13,433
Deferred taxation				
- current year	-	(800)	-	(800)
	-	(800)	-	(800)
	9,962	11,915	17,263	17,838

The Group's effective tax rate for the quarter under review is lower than statutory tax rate mainly due to tax incentive granted to subsidiaries 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 2020 are as follows:

Unsecured short term borrowings	RM'000 49,742
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The above include borrowings denominated in RMB	RM'000 49,742
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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 2020 of the financial year ending 30 June 2021 (2nd quarter FY20: Nil).

(b) For the financial year-to-date, a total single tier dividend of 10.0 sen per share (FY20: single tier dividend of 10.0 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 RM67,037,000 (2nd quarter FY20: RM45,097,000) by the weighted average number of ordinary shares during the quarter of 197,896,419 (2nd quarter FY20: 190,056,419).

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 RM122,345,000 (FY20: RM81,890,000) and the weighted average number of ordinary shares during the period of 197,540,123 (FY20 : 190,056,419).

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
	31/12/2020 '000	31/12/2019 '000	31/12/2020 '000	31/12/2019 '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)	(10,988)
Trust Shares held at beginning of period	(1,000)	(8,840)	(8,284)	(8,840)
	<u>197,896</u>	<u>190,056</u>	<u>190,612</u>	<u>190,056</u>
Effect of disposal of Trust Shares	-	-	6,928	-
Weighted average number of ordinary shares (basic)	<u>197,896</u>	<u>190,056</u>	<u>197,540</u>	<u>190,056</u>

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. Derivatives

The Group has entered into a number of forward foreign exchange contracts by subsidiaries to hedge the cash flow risk in relation to the variations of cash flows arising from future forecasted transactions.

The forward foreign exchange contracts are stated at fair value using observable market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

As at 31 December 2020, the contract amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	Contract amount	Fair Value Assets / (Liabilities)
	RM'000	RM'000
Less than 1 year	<u>90,688</u>	<u>4,334</u>

Derivatives (which are classified as financial assets/liabilities) categorised as fair value through profit or loss are subsequently measured at their fair values with the gains/losses recognised in profit or loss. Gains/losses arising from fair value changes of derivatives is as disclosed in Note 15.

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the previous financial year ended 30 June 2020.

23. Gains/losses arising from fair value changes of financial liabilities

Other than derivatives which are classified as financial liabilities when they are at fair value loss position, the Group does not remeasure its financial liabilities at fair value after the initial recognition.

By Order of the Board
Malaysian Pacific Industries Berhad

Joanne Leong Wei Yin
Company Secretary

Kuala Lumpur
25 February 2021