

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2021

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2021

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2021 RM'000	30/06/2020 RM'000	30/06/2021 RM'000	30/06/2020 RM'000
Revenue	537,341	405,451	1,988,489	1,564,600
Cost of sales	(438,544)	(328,530)	(1,602,978)	(1,301,181)
Gross profit	98,797	76,921	385,511	263,419
Operating expenses	(19,616)	(18,166)	(75,440)	(67,715)
Other operating income	17,664	3,352	48,595	13,929
Profit from operation	96,845	62,107	358,666	209,633
Interest income	397	879	2,533	3,719
Finance costs	(1,216)	(532)	(3,575)	(1,890)
Profit before taxation	96,026	62,454	357,624	211,462
Taxation	(6,563)	(6,866)	(32,101)	(32,708)
Profit for the period	89,463	55,588	325,523	178,754
Profit attributable to:				
Owners of the Company	75,101	49,045	271,819	152,989
Non-controlling interests	14,362	6,543	53,704	25,765
Profit for the period	89,463	55,588	325,523	178,754
Earnings per ordinary share (sen):				
(a) Basic	37.85	25.73	137.36	80.42
(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))

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MALAYSIAN PACIFIC INDUSTRIES BERHAD (196201000323 (4817-U))
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ENDED 30 JUNE 2021

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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2021 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2021 RM'000	30/06/2020 RM'000	30/06/2021 RM'000	30/06/2020 RM'000
Profit for the period	89,463	55,588	325,523	178,754
Foreign currency translation differences for foreign operations	9,268	(2,882)	25,627	7,360
Cash flow hedge	(31)	2,512	347	(497)
Total comprehensive income for the period	98,700	55,218	351,497	185,617
Total comprehensive income attributable to:				
Owners of the Company	84,292	47,922	297,750	160,016
Non-controlling interests	14,408	7,296	53,747	25,601
Total comprehensive income for the period	98,700	55,218	351,497	185,617

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 30 JUNE 2021

	As At End of Current Quarter	As At End of Preceding Financial Year
	30/06/2021 RM'000	30/06/2020 RM'000
Property, plant and equipment	1,051,200	716,967
Right-of-use assets	38,844	42,921
Investment properties	28,790	29,709
Investments	46	46
Total non-current assets	1,118,880	789,643
Inventories	170,226	117,118
Trade and other receivables, including derivatives	285,509	262,127
Tax recoverable	3,815	5,600
Cash and cash equivalents	985,988	835,231
Total current assets	1,445,538	1,220,076
TOTAL ASSETS	2,564,418	2,009,719
Equity attributable to owners of the Company		
Share capital	352,373	352,373
Reserves	1,509,133	1,192,350
Treasury shares	(163,816)	(163,816)
	1,697,690	1,380,907
Non-controlling interests	287,045	238,233
TOTAL EQUITY	1,984,735	1,619,140
Borrowings (unsecured)	12,856	-
Lease liabilities	23,721	23,858
Deferred tax liabilities	898	816
Total non-current liabilities	37,475	24,674
Trade and other payables, including derivatives	444,320	328,998
Borrowings (unsecured)	70,708	9,250
Lease liabilities	1,588	2,735
Current tax liabilities	25,592	24,922
Total current liabilities	542,208	365,905
TOTAL LIABILITIES	579,683	390,579
TOTAL EQUITY AND LIABILITIES	2,564,418	2,009,719
Net assets per share attributable to owners of the Company (RM)	8.56	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.

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2021

	← Attributable to owners of the Company →										
	← 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	RM'000
Current year-to-date ended 30 June 2021											
At 1 July 2020	352,373	38,346	(473)	82,785	(49,598)	4,325	(163,816)	1,116,965	1,380,907	238,233	1,619,140
Profit for the period	-	-	-	-	-	-	-	271,819	271,819	53,704	325,523
Other comprehensive income/(expense)											
-foreign currency translation differences	-	-	-	25,627	-	-	-	-	25,627	-	25,627
-cash flow hedge	-	-	304	-	-	-	-	-	304	43	347
Total comprehensive income/(expense) for the period	-	-	304	25,627	-	-	-	271,819	297,750	53,747	351,497
Dividend	-	-	-	-	-	-	-	(59,469)	(59,469)	(18,600)	(78,069)
Share-based payment	-	-	-	-	-	2,496	-	-	2,496	947	3,443
ESS shares exercised	-	-	-	-	2,901	(4,087)	-	1,186	-	-	-
Disposal of trust shares	-	-	-	-	43,858	-	-	32,148	76,006	12,718	88,724
Total transactions with owners of the Company	-	-	-	-	46,759	(1,591)	-	(26,135)	19,033	(4,935)	14,098
Transfer to capital reserve	-	12,150	-	-	-	-	-	(12,150)	-	-	-
At 30 June 2021	352,373	50,496	(169)	108,412	(2,839)	2,734	(163,816)	1,350,499	1,697,690	287,045	1,984,735

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2021 (cont'd)

	← Attributable to owners of the Company →							Total	Non-controlling interests	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
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 June 2020											
At 1 July 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
Profit for the period	-	-	-	-	-	-	-	152,989	152,989	25,765	178,754
Other comprehensive income/(expense)											
-foreign currency translation differences	-	-	-	7,360	-	-	-	-	7,360	-	7,360
-cash flow hedge	-	-	(333)	-	-	-	-	-	(333)	(164)	(497)
Total comprehensive income/(expense) for the period	-	-	(333)	7,360	-	-	-	152,989	160,016	25,601	185,617
Dividend	-	-	-	-	-	-	-	(51,409)	(51,409)	(18,600)	(70,009)
Share-based payment	-	-	-	-	-	3,089	-	-	3,089	1,211	4,300
ESS shares exercised	-	-	-	-	3,173	(4,149)	-	976	-	-	-
Total transactions with owners of the Company	-	-	-	-	3,173	(1,060)	-	(50,433)	(48,320)	(17,389)	(65,709)
Transfer to capital reserve	-	8,304	-	-	-	-	-	(8,304)	-	-	-
At 30 June 2020	352,373	38,346	(473)	82,785	(49,598)	4,325	(163,816)	1,116,965	1,380,907	238,233	1,619,140

Dividends received by the trust set up for the Executive Share Scheme (“ESS”) (“ESS Trust”) amounted to RM200,000 (FY20: RM2,293,000) 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 30 JUNE 2021

	Current Year- To-Date 30/06/2021 RM'000	Preceding Year Corresponding Period 30/06/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	357,624	211,462
Adjustments for:-		
Depreciation and amortisation	199,084	179,230
Dividend income	(10,488)	(15,100)
Non-cash items	16,007	(654)
Net financing cost/(income)	1,042	(1,829)
Operating profit before changes in working capital	563,269	373,109
Changes in working capital		
Net change in current assets	(91,550)	(78,043)
Net change in current liabilities	116,028	133,818
Taxation paid	(30,034)	(22,957)
Net financing cost (paid)/income received	(1,042)	1,829
Dividend received	10,488	15,100
Net cash generated from operating activities	567,159	422,856
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(494,881)	(249,090)
Proceeds from disposal of property, plant and equipment	244	304
Receipt of government grant	-	14,472
Net cash used in investing activities	(494,637)	(234,314)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to owner of the company	(59,469)	(51,409)
Dividend paid to non-controlling shareholders of a subsidiary	(18,600)	(18,600)
Drawdown from borrowings	94,239	32,593
Repayments of borrowings	(22,749)	(23,343)
Disposal of trust shares	88,724	-
Payment of lease liabilities	(1,786)	(10,245)
Net cash generated from/(used in) financing activities	80,359	(71,004)
NET CHANGE IN CASH AND CASH EQUIVALENTS	152,881	117,538
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	835,231	713,386
EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH HELD	(2,124)	4,307
CASH & CASH EQUIVALENTS AT END OF PERIOD	985,988	835,231

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

	30/06/2021 RM'000	30/06/2020 RM'000
Deposits, cash and bank balances	679,530	835,231
Investment in Money Market Fund	306,458	-
	985,988	835,231

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.

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 June 2021 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) During the financial year-to-date, a total of 505,736 existing ordinary shares in the Company (“MPI Shares”) held in the ESS Trust were transferred to the eligible executives arising from the vesting of MPI Shares free of consideration pursuant to the Executive Share Scheme (“ESS”).

During the financial year-to-date, a total of 7,284,264 MPI Shares held in the ESS Trust were disposed to its immediate holding company at market price.

There were no additional shares purchased by the ESS Trust during the quarter under review and financial year-to-date. As at 30 June 2021, the total number of shares held by the ESS Trust was 494,264 shares.

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6. **Issuances, cancellations, repurchases, resale and repayments of debt and equity securities (cont'd)**

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**

The Company has paid the following dividend during the current financial year to-date:

	Current year-to-date RM'000
First interim single tier dividend of 10.0 sen per share, paid on 24 December 2020	19,890
Second interim single tier dividend of 20.0 sen per share, paid on 29 June 2021	39,779
	<u>59,669</u>

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	243,224	47,721	77,973	368,918
Included in the measure of segment profit are:				
Revenue from external customers	1,260,862	283,073	440,817	1,984,752
Depreciation and amortisation	136,762	24,777	37,416	198,955
Reconciliation of segment profit				
Profit				RM'000
Reportable segments				368,918
Non-reportable segments				(10,252)
Interest income				2,533
Finance costs				(3,575)
Consolidated profit before taxation				<u>357,624</u>
			External revenue RM'000	Depreciation and amortisation RM'000
Reportable segments			1,984,752	198,955
Non-reportable segments			3,737	129
Total			<u>1,988,489</u>	<u>199,084</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.

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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.

11. Review of performance

For the quarter under review, the Group recorded revenue of RM537.3 million with the Asia, USA and Europe segments growing by 25%, 30% and 60% respectively against the corresponding quarter of the preceding year ended 30 June 2020 (“FY20”) of RM405.5 million. Profit before taxation (“PBT”) achieved was RM96.0 million against RM62.5 million for the corresponding quarter of FY20.

The Group’s revenue for the financial year-to-date was RM1,988.5 million, 27% higher as compared with revenue of RM1,564.6 million for the corresponding period of FY20. Revenue for the Asia, USA and Europe segments were higher by 25%, 32% and 31% respectively against the preceding year’s corresponding period. PBT for the financial year-to-date closed at RM357.6 million against RM211.5 million for the corresponding period of FY20.

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

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

Revenue for the quarter under review was RM537.3 million against the preceding quarter of RM526.6 million with the Asia and Europe segments recording higher revenue by 3% and 4% respectively whilst the USA segment was lower by 4%. The PBT and PAT for the quarter under review were RM96.0 million and RM89.5 million respectively against preceding quarter PBT of RM97.4 million and PAT of RM89.1 million.

13. Prospects

The semiconductor industry continues to show 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 2022 to be satisfactory.

14. Profit forecast / profit guaranteed

This note is not applicable.

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15. Profit before taxation

	Current Year Quarter	Current Year- to-date
	30/06/2021 RM'000	30/06/2021 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Gross dividend income from short term investments	(2,682)	(10,488)
Depreciation and amortisation	58,583	199,084
Impairment and write off of trade receivables	96	374
Gain on foreign exchange	(9,025)	(13,219)
Fair value loss on derivatives	904	117
Share-based payments	1,354	3,443
(Reversal of)/provision for slow moving inventories	(357)	1,884
Impairment of property, plant and equipment	-	-
Gain on disposal of quoted /unquoted investments or properties	-	-

16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30/06/2021 RM'000	30/06/2020 RM'000	30/06/2021 RM'000	30/06/2020 RM'000
Current taxation				
Malaysian				
- current year	4,424	3,947	13,210	12,313
- prior years	(2,045)	(886)	(7,250)	(1,260)
	2,379	3,061	5,960	11,053
Overseas				
- current year	6,943	6,324	28,332	26,129
- prior years	(2,259)	(2,225)	(2,191)	(3,380)
	4,684	4,099	26,141	22,749
Deferred taxation				
- current year	(500)	(294)	-	(1,094)
	(500)	(294)	-	(1,094)
	6,563	6,866	32,101	32,708

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.

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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 June 2021 are as follows:

	RM'000
Unsecured short term borrowings	70,708
Unsecured long term borrowings	12,856
	<u>83,564</u>
	RM'000
The above include borrowings denominated in RMB	<u>83,564</u>

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 final dividend for the financial year ended 30 June 2021 (FY20: nil).
- (b) For the financial year-to-date, a total single tier dividend of 30.0 sen per share (FY20: single tier dividend of 27.0 sen per share) 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 RM75,101,000 (4th quarter FY20: RM49,045,000) by the weighted average number of ordinary shares during the quarter of 198,402,155 (4th quarter FY20: 190,612,155).

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 RM271,819,000 (FY20: RM152,989,000) and the weighted average number of ordinary shares during the period of 197,887,887 (FY20 : 190,247,250).

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
	30/06/2021 '000	30/06/2020 '000	30/06/2021 '000	30/06/2020 '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	(494)	(8,284)	(8,284)	(8,840)
	<u>198,402</u>	<u>190,612</u>	<u>190,612</u>	<u>190,056</u>
Effect of disposal and vested of Trust Shares	-	-	7,276	191
Weighted average number of ordinary shares (basic)	<u>198,402</u>	<u>190,612</u>	<u>197,888</u>	<u>190,247</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 30 June 2021, 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>260,552</u>	<u>(799)</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

Wong Wei Fong
Zoe Lim Hoon Hwa
Company Secretaries

Kuala Lumpur
30 August 2021