

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021

The figures have not been audited

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Revenue	584,525	440,585	584,525	440,585
Cost of sales	(453,125)	(352,595)	(453,125)	(352,595)
Gross profit	131,400	87,990	131,400	87,990
Operating expenses	(28,158)	(15,987)	(28,158)	(15,987)
Other operating income	10,271	1,116	10,271	1,116
Profit from operation	113,513	73,119	113,513	73,119
Interest income	420	610	420	610
Finance costs	(1,299)	(644)	(1,299)	(644)
Profit before taxation	112,634	73,085	112,634	73,085
Taxation	(16,692)	(7,301)	(16,692)	(7,301)
Profit for the period	95,942	65,784	95,942	65,784
Profit attributable to:				
Owners of the Company	81,684	55,308	81,684	55,308
Non-controlling interests	14,258	10,476	14,258	10,476
Profit for the period	95,942	65,784	95,942	65,784
Earnings per ordinary share (sen):				
(a) Basic	41.17	28.05	41.17	28.05
(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 2021.

MALAYSIAN PACIFIC INDUSTRIES BERHAD (196201000323 (4817-U))
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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2021 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Profit for the period	95,942	65,784	95,942	65,784
Foreign currency translation differences for foreign operations	5,964	(1,428)	5,964	(1,428)
Cash flow hedge	(61)	1,868	(61)	1,868
Total comprehensive income for the period	101,845	66,224	101,845	66,224
Total comprehensive income attributable to:				
Owners of the Company	87,595	55,306	87,595	55,306
Non-controlling interests	14,250	10,918	14,250	10,918
Total comprehensive income for the period	101,845	66,224	101,845	66,224

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 2021.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	As At End of Current Quarter	As At End of Preceding Financial Year
	30/09/2021 RM'000	30/06/2021 RM'000
Property, plant and equipment	1,148,860	1,051,200
Right-of-use assets	37,664	38,844
Investment properties	28,559	28,790
Investments	46	46
Total non-current assets	<u>1,215,129</u>	<u>1,118,880</u>
Inventories	180,433	170,226
Trade and other receivables, including derivatives	326,495	285,509
Tax recoverable	1,493	3,815
Cash and cash equivalents	1,043,808	985,988
Total current assets	<u>1,552,229</u>	<u>1,445,538</u>
TOTAL ASSETS	<u><u>2,767,358</u></u>	<u><u>2,564,418</u></u>
Equity attributable to owners of the Company		
Share capital	352,373	352,373
Reserves	1,603,615	1,509,133
Treasury shares	(163,816)	(163,816)
	<u>1,792,172</u>	<u>1,697,690</u>
Non-controlling interests	303,394	287,045
TOTAL EQUITY	<u>2,095,566</u>	<u>1,984,735</u>
Borrowings (unsecured)	58,311	12,856
Lease liabilities	22,803	23,721
Deferred tax liabilities	1,884	898
Total non-current liabilities	<u>82,998</u>	<u>37,475</u>
Trade and other payables, including derivatives	486,896	444,320
Borrowings (unsecured)	71,269	70,708
Lease liabilities	1,450	1,588
Current tax liabilities	29,179	25,592
Total current liabilities	<u>588,794</u>	<u>542,208</u>
TOTAL LIABILITIES	<u>671,792</u>	<u>579,683</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,767,358</u></u>	<u><u>2,564,418</u></u>
Net assets per share attributable to owners of the Company (RM)	9.03	8.56

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2021.

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

	← Attributable to owners of the Company →							Retained earnings	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				
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 2021											
At 1 July 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
Profit for the period	-	-	-	-	-	-	-	81,684	81,684	14,258	95,942
Other comprehensive income/(expense)											
-foreign currency translation differences	-	-	-	5,964	-	-	-	-	5,964	-	5,964
-cash flow hedge	-	-	(53)	-	-	-	-	-	(53)	(8)	(61)
Total comprehensive income/(expense) for the period	-	-	(53)	5,964	-	-	-	81,684	87,595	14,250	101,845
Share-based payment	-	-	-	-	-	6,887	-	-	6,887	2,099	8,986
Total transactions with owners of the Company	-	-	-	-	-	6,887	-	-	6,887	2,099	8,986
At 30 September 2021	352,373	50,496	(222)	114,376	(2,839)	9,621	(163,816)	1,432,183	1,792,172	303,394	2,095,566

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Current Year- To-Date 30/09/2021 RM'000	Preceding Year Corresponding Period 30/09/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	112,634	73,085
Adjustments for:-		
Depreciation and amortisation	63,755	43,251
Dividend income	(2,651)	(2,939)
Non-cash items	7,361	1,277
Net financing cost	879	34
Operating profit before changes in working capital	181,978	114,708
Changes in working capital		
Net change in current assets	(50,012)	(17,277)
Net change in current liabilities	42,392	21,956
Taxation paid	(9,857)	(6,816)
Net financing cost paid	(879)	(34)
Dividend received	2,651	2,939
Net cash generated from operating activities	166,273	115,476
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(154,551)	(81,524)
Proceeds from disposal of property, plant and equipment	86	-
Net cash used in investing activities	(154,465)	(81,524)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from borrowings	45,388	12,764
Repayments of borrowings	-	(1,250)
Disposal of trust shares	-	88,724
Payment of lease liabilities	(1,056)	(1,023)
Net cash generated from financing activities	44,332	99,215
NET CHANGE IN CASH AND CASH EQUIVALENTS	56,140	133,167
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	985,988	835,231
EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH HELD	1,680	(4,456)
CASH & CASH EQUIVALENTS AT END OF PERIOD	1,043,808	963,942

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

	30/09/2021 RM'000	30/09/2020 RM'000
Deposits, cash and bank balances	720,665	963,942
Investment in Money Market Fund	323,143	-
	1,043,808	963,942

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2021.

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1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“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 2021. This interim financial report also complies with International Accounting Standard 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 2021 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2021 and 1 April 2021 respectively 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 September 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) There were no additional shares purchased by the Executive Share Scheme (“ESS”) Trust during the quarter under review and financial year-to-date. As at 30 September 2021, the total number of shares held by the ESS Trust was 494,264 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.

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7. **Dividend paid**

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

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	75,607	14,249	23,456	113,312
Included in the measure of segment profit are:				
Revenue from external customers	375,370	83,380	124,895	583,645
Depreciation and amortisation	45,596	7,522	10,625	63,743
Reconciliation of segment profit				
Profit				RM'000
Reportable segments				113,312
Non-reportable segments				201
Interest income				420
Finance costs				(1,299)
Consolidated profit before taxation				112,634
			External revenue RM'000	Depreciation and amortisation RM'000
Reportable segments			583,645	63,743
Non-reportable segments			880	12
Total			584,525	63,755

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 RM584.5 million with the Asia, USA and Europe segments growing by 30%, 31% and 43% respectively against the corresponding quarter of the last financial year of RM440.6 million. Profit before taxation (“PBT”) achieved was RM112.6 million against RM73.1 million for the corresponding quarter of the last financial year.

The higher PBT for the quarter 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 RM584.5 million against the preceding quarter of RM537.3 million with the Asia and USA segments recording higher revenue by 11% and 14% respectively whilst the Europe segment was lower by 1%.

For the quarter under review, the Group recorded PBT of RM112.6 million as compared with RM96.0 million for the preceding quarter. The higher PBT for the quarter under review was mainly due to higher revenue and the strengthening of the US Dollar against the Ringgit Malaysia.

13. Prospects

The semiconductor industry continues to show resilience and growth in spite of the challenging operating environment due to the COVID-19 pandemic, manpower limitations and supply chain disruptions. 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.

15. Profit before taxation

	Current Year Quarter	Current Year- to-date
	30/09/2021 RM'000	30/09/2021 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Gross dividend income from short term investments	(2,651)	(2,651)
Depreciation and amortisation	63,755	63,755
Impairment and write off of trade receivables	58	58
Gain on foreign exchange	(2,116)	(2,116)
Fair value gain on derivatives	(144)	(144)
Share-based payments	8,986	8,986
Provision for slow moving inventories	1,058	1,058
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	
	30/09/2021	Quarter	30/09/2021	Period	
	RM'000	30/09/2020	RM'000	30/09/2020	RM'000
Current taxation					
Malaysian					
- current year	6,775	1,895	6,775	1,895	
	6,775	1,895	6,775	1,895	
Overseas					
- current year	8,917	5,386	8,917	5,386	
- prior years	-	20	-	20	
	8,917	5,406	8,917	5,406	
Deferred taxation					
- current year	1,000	-	1,000	-	
	1,000	-	1,000	-	
	16,692	7,301	16,692	7,301	

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 30 September 2021 are as follows:

	RM'000
Unsecured short term borrowings	71,269
Unsecured long term borrowings	58,311
	<u>129,580</u>
	RM'000
The above include borrowings denominated in RMB	<u>129,580</u>

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 10.0 sen per share for the quarter ended 30 September 2021 of the financial year ending 30 June 2022 (1st quarter FY21: single tier dividend of 10.0 sen per share) to be paid on 23 December 2021 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 9 December 2021.

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 4.30 p.m. on 9 December 2021 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 10.0 sen per share (FY21: single tier dividend of 10.0 sen per share) 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 is calculated by dividing the Group's profit attributable to owners of the Company of RM81,684,000 (1st quarter FY21: RM55,308,000) by the weighted average number of ordinary shares during the quarter of 198,402,155 (1st quarter FY21: 197,183,828).

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
	30/09/2021 '000	30/09/2020 '000	30/09/2021 '000	30/09/2020 '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)	(494)	(8,284)
	<u>198,402</u>	<u>190,612</u>	<u>198,402</u>	<u>190,612</u>
Effect of disposal of Trust Shares	-	6,572	-	6,572
Weighted average number of ordinary shares (basic)	<u>198,402</u>	<u>197,184</u>	<u>198,402</u>	<u>197,184</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 September 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>234,421</u>	<u>(728)</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 2021.

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
24 November 2021