

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2022

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Revenue	526,419	608,006	1,090,434	1,192,531
Cost of sales	(455,645)	(470,204)	(929,502)	(923,329)
Gross profit	70,774	137,802	160,932	269,202
Operating expenses	(33,128)	(32,337)	(66,562)	(60,495)
Other operating (expenses)/income	(4,181)	11,228	11,184	21,499
Profit from operation	33,465	116,693	105,554	230,206
Interest income	6,167	486	10,139	906
Finance costs	(2,360)	(1,751)	(4,626)	(3,050)
Profit before taxation	37,272	115,428	111,067	228,062
Taxation	(5,450)	(15,393)	(11,585)	(32,085)
Profit for the period	31,822	100,035	99,482	195,977
Profit attributable to:				
Owners of the Company	18,330	85,320	71,029	167,004
Non-controlling interests	13,492	14,715	28,453	28,973
Profit for the period	31,822	100,035	99,482	195,977
Earnings per ordinary share (sen):				
(a) Basic	9.22	43.00	35.72	84.17
(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 Audited Financial Statements for the Financial Year Ended 30 June 2022.

Malaysian Pacific Industries Berhad (196201000323 (4817-U))

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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 31 DECEMBER 2022 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Profit for the period	31,822	100,035	99,482	195,977
Foreign currency translation differences for foreign operations	(30,682)	6,038	(35,678)	12,002
Cash flow hedge	11,249	1,277	6,651	1,216
Total comprehensive income for the period	12,389	107,350	70,455	209,195
Total comprehensive income attributable to:				
Owners of the Company	(4,399)	92,330	40,064	179,925
Non-controlling interests	16,788	15,020	30,391	29,270
Total comprehensive income for the period	12,389	107,350	70,455	209,195

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2022.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	As At End of Current Quarter	As At End of Preceding Financial Year
	31/12/2022 RM'000	30/06/2022 RM'000
Property, plant and equipment	1,461,040	1,511,323
Right-of-use assets	50,323	52,285
Investment properties	27,446	27,897
Investments	46	46
Total non-current assets	1,538,855	1,591,551
Inventories	185,532	206,279
Trade and other receivables, including derivatives	299,493	356,139
Tax recoverable	-	62
Cash and cash equivalents	1,055,543	964,826
Total current assets	1,540,568	1,527,306
TOTAL ASSETS	3,079,423	3,118,857
Equity attributable to owners of the Company		
Share capital	352,373	352,373
Reserves	1,854,402	1,811,656
Treasury shares	(163,816)	(163,816)
	2,042,959	2,000,213
Non-controlling interests	341,191	321,568
TOTAL EQUITY	2,384,150	2,321,781
Borrowings (unsecured)	84,715	180,100
Lease liabilities	22,461	23,566
Deferred tax liabilities	5,496	2,269
Total non-current liabilities	112,672	205,935
Trade and other payables, including derivatives	399,383	543,813
Borrowings (unsecured)	154,889	13,170
Lease liabilities	3,841	2,781
Current tax liabilities	24,488	31,377
Total current liabilities	582,601	591,141
TOTAL LIABILITIES	695,273	797,076
TOTAL EQUITY AND LIABILITIES	3,079,423	3,118,857
Net assets per share attributable to owners of the Company (RM)	10.27	10.06

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2022.

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022

	← 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 31 December 2022											
At 1 July 2022	352,373	69,489	(3,625)	126,771	(997)	29,266	(163,816)	1,590,752	2,000,213	321,568	2,321,781
Profit for the period	-	-	-	-	-	-	-	71,029	71,029	28,453	99,482
Other comprehensive income/(expense)											
-foreign currency translation differences	-	-	-	(35,678)	-	-	-	-	(35,678)	-	(35,678)
-cash flow hedge	-	-	4,713	-	-	-	-	-	4,713	1,938	6,651
Total comprehensive income/(expense) for the period	-	-	4,713	(35,678)	-	-	-	71,029	40,064	30,391	70,455
Dividend	-	-	-	-	-	-	-	(19,884)	(19,884)	(18,202)	(38,086)
Share-based payment	-	-	-	-	-	22,566	-	-	22,566	7,434	30,000
Total transactions with owners of the Company	-	-	-	-	-	22,566	-	(19,884)	2,682	(10,768)	(8,086)
At 31 December 2022	352,373	69,489	1,088	91,093	(997)	51,832	(163,816)	1,641,897	2,042,959	341,191	2,384,150

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022 (cont'd)

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity	
	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 31 December 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	-	-	-	-	-	-	-	167,004	167,004	28,973	195,977
Other comprehensive income/(expense)											
-foreign currency translation differences	-	-	-	12,002	-	-	-	-	12,002	-	12,002
-cash flow hedge	-	-	919	-	-	-	-	-	919	297	1,216
Total comprehensive income/(expense) for the period	-	-	919	12,002	-	-	-	167,004	179,925	29,270	209,195
Dividend	-	-	-	-	-	-	-	(19,840)	(19,840)	(15,072)	(34,912)
Share-based payment	-	-	-	-	-	16,472	-	-	16,472	5,517	21,989
Total transactions with owners of the Company	-	-	-	-	-	16,472	-	(19,840)	(3,368)	(9,555)	(12,923)
At 31 December 2021	352,373	50,496	750	120,414	(2,839)	19,206	(163,816)	1,497,663	1,874,247	306,760	2,181,007

Dividends received by the trust set up for the Executive Share Scheme ("ESS") ("ESS Trust") amounted to RM6,000 (FY22: RM50,000) 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 Audited Financial Statements for the Financial Year Ended 30 June 2022.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2022

	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2022	31/12/2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	111,067	228,062
Adjustments for:-		
Depreciation and amortisation	164,614	133,429
Dividend income	(1,097)	(5,314)
Non-cash items	17,737	18,146
Net financing (income)/cost	(5,513)	2,144
Operating profit before changes in working capital	286,808	376,467
Changes in working capital		
Net change in current assets	85,722	(95,016)
Net change in current liabilities	(131,518)	219,581
Taxation paid	(17,099)	(17,479)
Net financing income received/cost (paid)	5,513	(2,144)
Dividend received	1,097	5,314
Net cash generated from operating activities	230,523	486,723
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(148,476)	(464,722)
Proceeds from disposal of property, plant and equipment	597	2,142
Net cash used in investing activities	(147,879)	(462,580)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to owner of the company	(19,884)	(19,840)
Dividend paid to non-controlling shareholders of a subsidiary	(18,202)	(15,072)
Drawdown from borrowings	57,987	148,519
Repayments of borrowings	(2,845)	(59,578)
Payment of lease liabilities	(2,586)	(1,138)
Net cash generated from financing activities	14,470	52,891
NET CHANGE IN CASH AND CASH EQUIVALENTS	97,114	77,034
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	964,826	985,988
EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH HELD	(6,397)	1,360
CASH & CASH EQUIVALENTS AT END OF PERIOD	1,055,543	1,064,382

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

	31/12/2022	31/12/2021
	RM'000	RM'000
Deposits, cash and bank balances	1,051,634	733,519
Investment in Money Market Fund	3,909	330,863
	1,055,543	1,064,382

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2022.

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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 2022. 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 2022 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2022 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 31 December 2022 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 31 December 2022, the total number of shares held by the ESS Trust was 56,000 shares.

Subsequent to the quarter under review, 39,204 MPI Shares held in the ESS Trust were transferred to eligible executives 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.

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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 21 December 2022.

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	34,955	20,554	45,211	100,720
Included in the measure of segment profit are:				
Revenue from external customers	596,050	180,189	314,114	1,090,353
Depreciation and amortisation	111,219	20,077	33,167	164,463
Reconciliation of segment profit				
Profit				RM'000
Reportable segments				100,720
Non-reportable segments				4,834
Interest income				10,139
Finance costs				(4,626)
Consolidated profit before taxation				111,067
			External revenue RM'000	Depreciation and amortisation RM'000
Reportable segments			1,090,353	164,463
Non-reportable segments			81	151
Total			1,090,434	164,614

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 RM526.4 million against the corresponding quarter of the last financial year of RM608.0 million. Revenue for the Asia and USA segments were lower by 28% and 1% respectively while for the Europe segment was higher by 24%. Profit before taxation (“PBT”) was RM37.3 million against RM115.4 million for the corresponding quarter of the last financial year.

The Group’s revenue for the financial year-to-date was RM1,090.4 million, 9% lower as compared with revenue of RM1,192.5 million for the corresponding period of FY22. Revenue for the Asia segment was lower by 22% while for the USA and Europe segments were higher by 3% and 24% respectively against the corresponding period of FY22. PBT for the financial year-to-date closed at RM111.1 million against RM228.1 million for the corresponding period of FY22.

The lower revenue and PBT for the quarter and year-to-date under review were mainly due to lower demand from the consumer electronics market. However, the negative impact of lower PBT was partially offset by the appreciation of USD against RM during the quarter under review. The USD has since weakened towards the end of the quarter.

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

Revenue for the quarter of RM526.4 million was lower by 6.7% against the preceding quarter of RM564.0 million. Revenue for the Asia segment was lower by 13% while for the USA and Europe segments were higher by 2% and 1% respectively against the preceding quarter.

For the quarter under review, the Group recorded PBT of RM37.3 million as compared with RM73.8 million for the preceding quarter. The lower PBT for the quarter under review was mainly due to lower revenue as mentioned in Note 11 and the weakening USD towards the end of the quarter.

13. Prospects

The Board anticipates that the operating environment continues to be challenging for the coming quarters especially our China operation due to the overall weak demand in China and the current geopolitical tension. However, the Board expects demand in China to improve as it enters the endemic phase. Thus, the Group will continue to focus on its business strategies and operational efficiencies to ensure sustainability and strengthen its fundamentals in conducting business.

14. Profit forecast / profit guaranteed

This note is not applicable.

15. Profit before taxation

	Current Year Quarter	Current Year- to-date
Profit before taxation is arrived at after charging/(crediting):	31/12/2022 RM'000	31/12/2022 RM'000
Gross dividend income from short term investments	(465)	(1,097)
Depreciation and amortisation	81,998	164,614
Loss on foreign exchange	20,823	15,941
Fair value gain on derivatives	(4,798)	(2,909)
Share-based payments	15,000	30,000
Provision for slow moving inventories	2,153	3,650

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16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To-date	Corresponding
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Malaysian				
- current year	4,330	5,730	9,803	12,505
	4,330	5,730	9,803	12,505
Overseas				
- current year	(26)	9,661	636	18,578
- prior years	(6)	2	(6)	2
	(32)	9,663	630	18,580
Deferred taxation				
- current year	1,152	-	1,152	1,000
	1,152	-	1,152	1,000
	5,450	15,393	11,585	32,085

The Group's effective tax rate for the quarter under review and financial year-to-date 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 2022 are as follows:

	RM'000
Unsecured short term borrowings	154,889
Unsecured long term borrowings	84,715
	<u>239,604</u>
	RM'000
The above include borrowings denominated in RMB	<u>239,604</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 does not recommend any interim dividend for the quarter ended 31 December 2022 of the financial year ending 30 June 2023 (2nd quarter FY22: Nil).
- (b) For the financial year-to-date, a total single tier dividend of 10.0 sen per share (FY22: single tier dividend of 10.0 sen) has been declared and paid.

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 RM18,330,000 (2nd quarter FY22: RM RM85,320,000) by the weighted average number of ordinary shares during the quarter of 198,840,419 (2nd quarter FY22: 198,402,155).

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 RM71,029,000 (FY22: RM167,004,000) and the weighted average number of ordinary shares during the period of 198,840,419 (FY22 : 198,402,155).

	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
	31/12/2022 '000	31/12/2021 '000	31/12/2022 '000	31/12/2021 '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	(56)	(494)	(56)	(494)
Weighted average number of ordinary shares (basic)	198,840	198,402	198,840	198,402

(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 2022, 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>218,906</u>	<u>1,915</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 2022.

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
16 February 2023