

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2005

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2005

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2005 RM'000	31/12/2004 RM'000	31/12/2005 RM'000	31/12/2004 RM'000
Revenue	318,591	257,250	615,769	572,369
Operating expenses	(278,192)	(245,842)	(543,287)	(521,019)
Other operating (expenses) / income	(1,464)	526	(8,253)	(6,394)
Operating profit	38,935	11,934	64,229	44,956
Interest expense	(4,074)	(5,351)	(7,538)	(9,991)
Interest income	1,084	2,010	1,985	3,316
Profit before taxation	35,945	8,593	58,676	38,281
Taxation	(4,484)	(861)	(3,317)	(3,661)
Profit after taxation	31,461	7,732	55,359	34,620
Minority interest	(9,219)	(5,901)	(18,933)	(14,897)
Net Profit for the period	22,242	1,831	36,426	19,723
Earnings per ordinary share (sen): -				
(a) Basic	11.18	0.92	18.31	9.92
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2005.

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2005****The figures have not been audited****CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2005**

	As At End of Current Quarter	As At Preceding Financial Year End
	31/12/2005 RM'000	30/06/2005 RM'000
Property, plant and equipment	1,043,450	1,026,376
Investments	693	693
Intangible assets	15,595	16,676
Other assets	9,900	4,125
Deferred tax assets	2,500	-
Current assets		
Inventories	81,880	61,026
Trade and other receivables	209,166	177,939
Tax recoverable	3,451	8,378
Cash and bank balances	138,210	173,449
	432,707	420,792
Current Liabilities		
Trade and other payables	231,185	199,540
Short term borrowings and overdraft (unsecured)	161,953	129,916
Provision	-	6,800
	393,138	336,256
Net current assets	39,569	84,536
	1,111,707	1,132,406
Share capital	104,942	104,942
Reserves	728,335	720,576
Treasury shares, at cost	(163,669)	(163,620)
	669,608	661,898
Minority shareholders' interests	239,568	236,916
Long term and deferred liabilities		
Borrowings (unsecured)	187,418	224,204
Retirement benefits	506	506
Deferred taxation	14,607	8,882
	202,531	233,592
	1,111,707	1,132,406
Net assets per share (sen)	337	333

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2005.

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2005**

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005

	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2005 RM'000	31/12/2004 RM'000
Profit before taxation	58,676	38,281
Adjustments for:-		
Depreciation and amortisation	108,061	106,709
Non-cash items	(676)	18
Net financing cost	5,553	6,675
Operating profit before changes in working capital	171,614	151,683
Changes in working capital		
Net change in long term / current assets	(58,096)	55,930
Net change in current liabilities	24,507	(41,136)
Taxation refunded	4,835	9,095
Net financing costs paid	(5,553)	(6,675)
Other operating expenses paid	-	(115)
Net cash generated from operating activities	137,307	168,782
Investing Activities		
Other investments	(122,223)	(132,334)
Net cash used in investing activities	(122,223)	(132,334)
Financing Activities		
Dividend paid	(46,118)	(43,038)
Net (repayments) / proceeds of borrowings	(4,269)	69,529
Net cash (used in) / generated from financing activities	(50,387)	26,491
Net change in cash and cash equivalents	(35,303)	62,939
Cash & cash equivalents at beginning of period	173,446	150,904
Effect of foreign exchange rate changes	67	-
Cash & cash equivalents at end of period	138,210	213,843

Cash and cash equivalents included in the consolidated cash flow statements comprise the following balance sheet amounts:

	31/12/2005 RM'000	31/12/2004 RM'000
Cash and bank balances	138,210	213,843

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2005.

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2005**

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2005

	Share Capital	Reserves attributable to capital	Reserves attributable to revenue	Retained profits	Treasury shares	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 31 December 2005						
At 1 July 2005	104,942	250,262	(3,629)	473,943	(163,620)	661,898
Net Profit for the period	-	-	-	36,426	-	36,426
Dividends	-	-	-	(29,837)	-	(29,837)
Purchase of treasury shares	-	-	-	-	(49)	(49)
Foreign currency translation differences	-	-	1,170	-	-	1,170
At 31 December 2005	104,942	250,262	(2,459)	480,532	(163,669)	669,608
Preceding year corresponding period ended 31 December 2004						
At 1 July 2004	104,942	250,162	(3,629)	501,160	(163,620)	689,015
Net Profit for the period	-	-	-	19,723	-	19,723
Dividends	-	-	-	(29,838)	-	(29,838)
Transfer to capital redemption reserve	-	100	-	(100)	-	-
At 31 December 2004	104,942	250,262	(3,629)	490,945	(163,620)	678,900

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2005.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2005

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1. Accounting policies and methods of computation

The interim financial report has been prepared in accordance with FRS134 “Interim Financial Reporting” and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2005.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2005.

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

The increase in sales during the quarter under review is attributable to a strong seasonal year-end festive demand.

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 current 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 prior financial years.

6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

During the current financial year-to-date, the Company bought back 5,000 of its own shares from the open market for a total consideration of RM48,000. The total number of shares bought back as at 31 December 2005 was 10,971,000 shares and the shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

There were no issuance of shares, shares cancellation, resale of treasury shares nor repayment of debt or equity during the current financial year-to-date.

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2005

The figures have not been audited

7. Dividend paid

During the current financial year-to-date, the Company paid a first interim dividend of 15 sen per share tax exempt amounting to RM29.8 million on 23 December 2005.

8. Segmental reporting

The Group's segmental report for the current financial year-to-date is as follows: -

	Semiconductor	Investment holding	Total
	RM'000	RM'000	RM'000
Revenue	615,749	20	615,769
Results			
Operating profit / (loss)	64,515	(286)	64,229
Interest expense			(7,538)
Interest income			1,985
Profit before taxation			58,676
Taxation			(3,317)
Profit after taxation			55,359
Minority interest			(18,933)
Net profit for the period			36,426

9. Valuations of property, plant and equipment

The valuation of property, plant and equipment has been brought forward without any amendments from the previous annual financial statements.

10. Material events not reflected in the financial statements

There were no material subsequent events to be disclosed as at the date of this report.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2005

The figures have not been audited

11. 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.

12. Contingent liabilities or contingent assets

Save as disclosed in Note 23, there are no contingent liabilities or contingent assets as at the date of this report.

13. Review of performance

Compared with the same quarter last year, the Group's revenue increased to RM318.6 million or 23.8% from RM257.3 million while profit before taxation increased from RM8.6 million to RM35.9 million. The improvement in performance is attributable to higher sales from a strong seasonal demand.

For the current financial year-to-date, the Group recorded a PBT of RM58.7 million compared with RM38.3 million recorded in the previous year's corresponding period. The increase is attributable mainly to higher revenue resulting in better factory utilisation.

14. Material changes in profit before taxation ("PBT")

The Group's PBT for the quarter under review was RM35.9 million as compared with RM22.7 million for the preceding quarter. The increase is attributable mainly to higher revenue resulting in better factory utilisation.

15. Prospects

Barring any unforeseen circumstances, the Board is optimistic that the Group's performance should improve further in the second half of the financial year ending 30 June 2006.

16. Profit forecast / profit guaranteed

This note is not applicable.

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2005

The figures have not been audited

17. Taxation

Taxation comprise: -

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2005 RM'000	31/12/2004 RM'000	31/12/2005 RM'000	31/12/2004 RM'000
Current taxation				
Malaysia				
- current year	-	19	-	89
- Under/(over) provision in prior years	51	(1,497)	51	(4,806)
Overseas - current year	41	-	41	-
	<u>92</u>	<u>(1,478)</u>	<u>92</u>	<u>(4,717)</u>
Deferred taxation				
- current year	4,392	2,339	6,025	8,378
- overprovision in prior years	-	-	(2,800)	-
	<u>4,392</u>	<u>2,339</u>	<u>3,225</u>	<u>8,378</u>
	<u>4,484</u>	<u>861</u>	<u>3,317</u>	<u>3,661</u>

The Group's effective tax rate for the current quarter / year-to-date are lower than the statutory tax rate mainly due to tax incentives/ allowances granted to certain subsidiaries.

18. Sale of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties for the current quarter and year to-date.

19. Quoted securities

(a) There were no purchases or disposals of quoted securities (other than securities in existing subsidiaries and associated companies) for the current quarter and year-to-date.

(b) Particulars of investments in quoted securities as at 31 December 2005: -

	RM'000
At cost	<u>-</u>
At book value	<u>-</u>
At market value	<u>1,746</u>

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2005

The figures have not been audited

20. Corporate proposals

There were no corporate proposals announced but not completed as at the date of this report other than as mentioned below:

The Company had, on 14 October 2005, announced that the shareholders of Malaysian Pacific Industries Berhad had approved the establishment of a new Executive Share Option Scheme (“Scheme”) of up to 15% of the issued and paid-up ordinary share capital of the Company.

Approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the new ordinary shares of the Company to be issued pursuant to the exercise of options under the Scheme as obtained on 5 January 2006. The Scheme was established on 23 January 2006.

21. Group’s borrowings and debt securities

Particulars of the Group’s borrowings and debt securities as at 31 December 2005 are as follows:

	RM’000
(i) Unsecured short term borrowings and overdraft	161,953
(ii) Unsecured long term borrowings	187,418
	<u>349,371</u>

The above include borrowings denominated in foreign currency as follows: -

	RM’000
USD borrowings	259,010
RMB borrowings	15,956

22. Financial instruments with off balance sheet risk

The Group enters into short-term foreign exchange contracts to hedge its exposure to currency fluctuations affecting certain foreign currency denominated trade payables and receivables.

Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

The financial instruments with off balance sheet risk as at 9 February 2006 are as follow: -

	Contract amount RM’000
Foreign exchange forward contracts	<u>20,020</u>

The above contracts are maturing within a period of 6 months.

There is minimal credit and market risk because the contracts were executed with established financial institutions.

Gains and losses on foreign exchange contracts are recognised in the income statements upon realisation.

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2005

The figures have not been audited

23. Changes in material litigation

Amkor Technology, Inc (“Amkor”) has filed a complaint with the International Trade Commission (“ITC”) on 17 November 2003 alleging Carsem of infringing claims in three of Amkor’s United States Patents. Following a hearing in July and August 2004, an Administrative Law Judge (“ALJ”) issued an Initial Determination finding all of the asserted claims of Amkor’s patents invalid, not infringed, or both, and no violation by Carsem. Subsequently, the ITC reviewed the Initial Determination and remanded to the ALJ for further findings on several issues.

MPI has now been advised by its lawyers that the ALJ has found that some but not all of Carsem’s devices infringed on Amkor’s patents. Carsem has filed a petition for review by the ITC and the motion to extend the target date for completion of this investigation by three (3) months pending ASAT, Inc. subpoena enforcement proceeding.

Carsem’s motion is granted to the extent that the target date for completion of this investigation is extended to a date that is three (3) months after completion of the pending ASAT, Inc. subpoena enforcement proceeding.

24. Dividend

- (a) The Board does not recommend any interim dividend for the quarter ended 31 December 2005 of the financial year ending 30 June 2006 (2004/2005: Nil).
- (b) For the financial year-to-date, a total dividend of 15 sen per share tax exempt has been declared (2004/2005: 15 sen per share tax exempt).

25. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the current quarter is based on the net profit attributable to ordinary shareholders of RM22,242,000 (2004/2005 : RM1,831,000) and the weighted average number of ordinary shares outstanding during the quarter of 198,916,354 (2004/2005: 198,918,419).

The calculation of basic earnings per ordinary share for the current year-to-date is based on the net profit attributable to ordinary shareholders of RM36,426,000 (2004/2005 : RM19,723,000) and the weighted average number of ordinary shares outstanding during the period of 198,917,386 (2004/2005: 198,918,419)

Weighted average number of ordinary share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2005 '000	31/12/2004 '000	31/12/2005 '000	31/12/2004 '000
Issued ordinary shares at beginning of period	198,918	198,918	198,918	198,918
Effect of purchase of treasury shares`	(2)	-	(1)	-
Weighted average number of ordinary shares	198,916	198,918	198,917	198,918

MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
QUARTER ENDED 31 DECEMBER 2005**

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25. Earnings per ordinary share (cont'd)

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share in the current quarter / year-to-date and preceding year corresponding quarter / period as there were no dilutive potential ordinary shares. Therefore, no consideration for adjustment in the form of increase in the number of shares was used in calculating the potential dilution of its earnings per share.

By Order of the Board
Malaysian Pacific Industries Berhad

Joanne Leong Wei Yin
Company Secretary

Kuala Lumpur
14 February 2006