

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2006**

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2006**

|   | Individual Quarter      |  | Cumulative Quarter       |   |
|---|-------------------------|--|--------------------------|---|
|   | Current Year<br>Quarter | (Restated)<br>Preceding Year<br>Corresponding<br>Quarter | Current Year-<br>To-Date | (Restated)<br>Preceding Year<br>Corresponding<br>Period |
|   | 30/09/2006<br>RM'000    | 30/09/2005<br>RM'000                                     | 30/09/2006<br>RM'000     | 30/09/2005<br>RM'000                                    |
| <b>Revenue</b>                              | 399,098                 | 297,178  | 399,098                  | 297,178   |
| Cost of sales                               | (309,820)               | (248,426)  | (309,820)                | (248,426)   |
| <b>Gross profit</b>                         | 89,278                  | 48,752   | 89,278                   | 48,752  |
| Operating expenses                          | (17,017)                | (16,669)   | (17,017)                 | (16,669)  |
| Other expenses                              | (3,037)                 | (6,789)  | (3,037)                  | (6,789)   |
| Interest expense                            | (5,602)                 | (3,464)  | (5,602)                  | (3,464)   |
| Interest income                             | 573                     | 901  | 573                      | 901   |
| <b>Profit before taxation</b>               | 64,195                  | 22,731   | 64,195                   | 22,731  |
| Taxation                                    | (3,174)                 | 1,167  | (3,174)                  | 1,167   |
| <b>Profit for the period</b>                | 61,021                  | 23,898   | 61,021                   | 23,898  |
| <b>Attributable to:</b>                     |                         |  |                          |   |
| Equity holders of the parent                | 46,068                  | 14,184   | 46,068                   | 14,184  |
| Minority interests                          | 14,953                  | 9,714  | 14,953                   | 9,714   |
| <b>Profit for the period</b>                | 61,021                  | 23,898   | 61,021                   | 23,898  |
| <b>Earnings per ordinary share (sen): -</b> |                         |  |                          |   |
| (a) Basic                                   | 23.16                   | 7.13   | 23.16                    | 7.13  |
| (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 Statements for the Financial Year Ended 30 June 2006.

**MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)****QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2006****The figures have not been audited****CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2006**

|  | As At End of<br>Current Quarter | (Restated)<br>As At Preceding<br>Financial Year End |
|--|---------------------------------|---|
|  | 30/09/2006<br>RM'000            | 30/06/2006<br>RM'000                                |
| <b>Non current assets</b>  |                                 |   |
| Property, plant and equipment  | 1,182,265                       | 1,176,236   |
| Investments  | 693                             | 693   |
| Intangible assets  | 18,473                          | 12,393  |
|  | <u>1,201,431</u>                | <u>1,189,322</u>                                    |
| <b>Current assets</b>  |                                 |   |
| Inventories  | 97,863                          | 90,813  |
| Trade and other receivables  | 251,063                         | 235,813   |
| Tax recoverable  | 5,513                           | 5,513   |
| Cash and bank balances   | 65,435                          | 84,754  |
|  | <u>419,874</u>                  | <u>416,893</u>                                      |
| <b>TOTAL ASSETS</b>  | <u>1,621,305</u>                | <u>1,606,215</u>                                    |
| <b>Equity attributable to equity holders of the parent</b>                             |                                 |   |
| Share capital  | 104,942                         | 104,942   |
| Reserves   | 762,952                         | 715,415   |
| Treasury shares, at cost   | (163,721)                       | (163,721)   |
|  | <u>704,173</u>                  | <u>656,636</u>                                      |
| <b>Minority interests</b>  | 258,664                         | 243,711   |
| <b>TOTAL EQUITY</b>  | <u>962,837</u>                  | <u>900,347</u>                                      |
| <b>Non-current liabilities</b>   |                                 |   |
| Borrowings (unsecured)   | 126,178                         | 132,354   |
| Retirement benefits  | 506                             | 506   |
| Deferred taxation  | 29,490                          | 26,316  |
|  | <u>156,174</u>                  | <u>159,176</u>                                      |
| <b>Current Liabilities</b>   |                                 |   |
| Trade and other payables   | 246,021                         | 258,477   |
| Short term borrowings and overdrafts (unsecured)                                       | 256,251                         | 288,193   |
| Taxation   | 22                              | 22  |
|  | <u>502,294</u>                  | <u>546,692</u>                                      |
| <b>TOTAL LIABILITIES</b>   | <u>658,468</u>                  | <u>705,868</u>                                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <u>1,621,305</u>                | <u>1,606,215</u>                                    |
| <b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b> | 3.54                            | 3.30  |

**The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2006.**

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2006**

**The figures have not been audited**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2006**

|  | Attributable to equity holders of the parent |                                  |                              |                        |                  |                  |                | Minority interest | Total equity   |
|--|--|----------------------------------|------------------------------|------------------------|------------------|------------------|----------------|-------------------|----------------|
|  | Share Capital                                | Reserves attributable to capital | Exchange fluctuation reserve | Reserve for own shares | Retained profits | Treasury shares  | Total          |                   |                |
|  | RM'000                                       | RM'000                           | RM'000                       | RM'000                 | RM'000           | RM'000           | RM'000         | RM'000            | RM'000         |
| <b>Current year-to date ended 30 September 2006</b>  |  |                                  |                              |                        |                  |                  |                |                   |                |
| <b>At 1 July 2006</b>  |  |                                  |                              |                        |                  |                  |                |                   |                |
| As previously reported   | 104,942                                      | 250,262                          | (1,764)                      | -                      | 506,487          | (163,721)        | 696,206        | 243,711           | 939,917        |
| Prior year adjustments:  |  |                                  |                              |                        |                  |                  |                |                   |                |
| Effect of consolidation of Executive Share Option Scheme ("ESOS") Trust with the adoption of FRS 2 | -  | -                                | -                            | (41,474)               | 1,904            | -                | (39,570)       | -                 | (39,570)       |
| As restated  | 104,942                                      | 250,262                          | (1,764)                      | (41,474)               | 508,391          | (163,721)        | 656,636        | 243,711           | 900,347        |
| Net Profit for the period  | -  | -                                | -                            | -                      | 46,068           | -                | 46,068         | 14,953            | 61,021         |
| Foreign currency translation differences   | -  | -                                | 1,469                        | -                      | -                | -                | 1,469          | -                 | 1,469          |
| <b>At 30 September 2006</b>  | <b>104,942</b>                               | <b>250,262</b>                   | <b>(295)</b>                 | <b>(41,474)</b>        | <b>554,459</b>   | <b>(163,721)</b> | <b>704,173</b> | <b>258,664</b>    | <b>962,837</b> |

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2006**

**The figures have not been audited**

|  | Attributable to equity holders of the parent |                                  |                              |                        |                  |                  |                | Minority interest | Total equity   |
|--|--|----------------------------------|------------------------------|------------------------|------------------|------------------|----------------|-------------------|----------------|
|  | Share capital                                | Reserves attributable to capital | Exchange fluctuation reserve | Reserve for own shares | Retained profits | Treasury shares  | Total          |                   |                |
|  | RM'000                                       | RM'000                           | RM'000                       | RM'000                 | RM'000           | RM'000           | RM'000         | RM'000            | RM'000         |
| <b>Preceding year corresponding period ended 30 September 2005</b> |  |                                  |                              |                        |                  |                  |                |                   |                |
| <b>At 1 July 2005</b>  |  |                                  |                              |                        |                  |                  |                |                   |                |
| As previously reported   | 104,942                                      | 250,262                          | (3,629)                      | -                      | 473,943          | (163,620)        | 661,898        | 236,916           | 898,814        |
| Prior year adjustments:  |  |                                  |                              |                        |                  |                  |                |                   |                |
| Effect of consolidation of ESOS Trust with the adoption of FRS 2   |  |                                  |                              | (5,732)                | 1,606            |                  | (4,126)        |                   | (4,126)        |
| As restated  | 104,942                                      | 250,262                          | (3,629)                      | (5,732)                | 475,549          | (163,620)        | 657,772        | 236,916           | 894,688        |
| Net Profit for the period  | -  | -                                | -                            | -                      | 14,184           | -                | 14,184         | -                 | 14,184         |
| Foreign currency translation differences                           | -  | -                                | 521                          | -                      | -                | -                | 521            | -                 | 521            |
| Effect of consolidation of ESOS Trust with the adoption of FRS 2   | -  | -                                | -                            | -                      | 420              | -                | 420            | -                 | 420            |
| <b>At 30 September 2005</b>  | <b>104,942</b>                               | <b>250,262</b>                   | <b>(3,108)</b>               | <b>(5,732)</b>         | <b>490,153</b>   | <b>(163,620)</b> | <b>672,897</b> | <b>236,916</b>    | <b>909,813</b> |

**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 2006.**

**MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)****QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2006****The figures have not been audited****CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2006**

|   | <b>Current Year-<br/>To-Date</b> | <b>Preceding Year<br/>Corresponding<br/>Period</b> |
|---|----------------------------------|--|
|   | <b>30/09/2006<br/>RM'000</b>     | <b>30/09/2005<br/>RM'000</b>                       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |                                  |  |
| Profit before taxation                                    | 64,195                           | 22,731   |
| Adjustments for:-   |                                  |  |
| Depreciation and amortisation                             | 56,707                           | 53,393   |
| Non-cash items  | (8,133)                          | (519)  |
| Net financing cost  | 5,029                            | 2,563  |
| Operating profit before changes in working capital        | <u>117,798</u>                   | <u>78,168</u>                                      |
| Changes in working capital                                |                                  |  |
| Net change in current assets                              | (13,703)                         | (36,317)   |
| Net change in current liabilities                         | (13,472)                         | (11,827)   |
| Taxation received   | -                                | 2,206  |
| Net financing cost paid                                   | <u>(5,029)</u>                   | <u>(2,563)</u>                                     |
| <b>Net cash generated from operating activities</b>       | <u>85,594</u>                    | <u>29,667</u>                                      |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                |                                  |  |
| Other investments   | <u>(66,598)</u>                  | <u>(34,690)</u>                                    |
| <b>Net cash used in investing activities</b>              | <u>(66,598)</u>                  | <u>(34,690)</u>                                    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                |                                  |  |
| Net repayments of borrowings                              | <u>(38,430)</u>                  | <u>(18,823)</u>                                    |
| <b>Net cash used in financing activities</b>              | <u>(38,430)</u>                  | <u>(18,823)</u>                                    |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>            | (19,434)                         | (23,846)   |
| <b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b> | 84,709                           | 173,446  |
| <b>EFFECT ON FOREIGN EXCHANGE</b>                         | 124                              | 32   |
| <b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>       | <u>65,399</u>                    | <u>149,632</u>                                     |

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

|                        | <b>30/09/2006<br/>RM'000</b> | <b>30/09/2005<br/>RM'000</b> |
|------------------------|------------------------------|------------------------------|
| Cash and bank balances | 65,435                       | 149,632                      |
| Bank overdrafts        | (36)                         | -                            |
|                        | <u>65,399</u>                | <u>149,632</u>               |

**The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2006.**

# MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2006

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**The figures have not been audited**

### 1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards (“FRS”) 134 “Interim Financial Reporting” and the applicable disclosure provisions of the 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 2006.

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 2006 except for the changes in accounting policies and presentation which are expected to be reflected in the financial statements for the financial year ending 30 June 2007 resulting from the adoption of applicable FRSs adopted by the Malaysian Accounting Standards Board that are effective for the financial period beginning 1 January 2006 as follows:-

|         |   |
|---------|---|
| FRS 2   | Share-based Payment   |
| FRS 3   | Business Combinations   |
| FRS 5   | Non-current Assets Held for Sale and Discontinued Operations    |
| FRS 101 | Presentation of Financial Statements                            |
| FRS 102 | Inventories   |
| FRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| FRS 110 | Events After the Balance Sheet Date                             |
| FRS 116 | Property, Plant and Equipment                                   |
| FRS 121 | The Effect of Changes in Foreign Exchange Rates                 |
| FRS 127 | Consolidated and Separate Financial Statements                  |
| FRS 128 | Investments in Associates                                       |
| FRS 131 | Interests in Joint Ventures                                     |
| FRS 132 | Financial Instruments : Disclosure and Presentation             |
| FRS 133 | Earnings Per Share  |
| FRS 136 | Impairment of Assets  |
| FRS 138 | Intangible Assets   |
| FRS 140 | Investment Property   |

The adoption of FRSs 5, 102, 108, 110, 116, 121, 127, 128, 131,132, 133 and 140 do not have any significant financial impact on the Group. The principal effect of the changes in accounting policies resulting from the adoption of other new and revised FRSs are as follows:-

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2006**

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**The figures have not been audited**

**1. Basis of preparation (Cont'd)**

**(a) FRS2 : Share-based Payment**

FRS 2 requires an entity to recognise share-based payments in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity. With the adoption of FRS 2, the compensation expense relating to share options is recognised in the income statements over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date. The change in accounting policy is applied retrospectively only for those shares options granted after 31 December 2004 and have not vested as of 1 January 2006 as provided in the transitional provision of FRS 2.

The Group operates an equity-settled, share based compensation plan for the employees of the Group under the Malaysian Pacific Industries Berhad's Executive Share Option Scheme ("ESOS"). As at 30 June 2006, there were no share options outstanding pursuant to the ESOS. For the current quarter under review, there were no share options granted under the ESOS and accordingly, the adoption of FRS 2 has not resulted in any financial impact to the Group.

In connection with the ESOS, a trust has been set up and is administered by an appointed trustee. The trustee will be entitled from time to time to accept advances from the Group to purchase the Company's ordinary shares from the open market for the purposes of the ESOS ("ESOS Trust").

With the adoption of FRS 2, the ESOS Trust has been consolidated into the Company's consolidated financial statements where the cost of the Company's ordinary shares purchased is classified as reserve for own shares.

**(b) FRS 3 : Business Combination, FRS 136 : Impairment of Assets and FRS 138 : Intangible Assets**

The adoption of FRS 3, FRS 136 and FRS 138 has resulted in the Group ceasing amortisation of goodwill. Goodwill carried at cost less accumulated impairment losses, is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it may be impaired. Impairment losses are recognised in the income statement when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds the recoverable amount.

In prior periods, goodwill was amortised on a straight-line basis over its estimated useful life of twenty (20) years.

In accordance with the transitional provision of FRS 3, the cumulative amortisation as at 1 July 2006 has been offset against the cost of goodwill and the carrying amount of goodwill as at 1 July 2006 of RM12,393,000 ceased to be amortised. This change in accounting policy has been applied prospectively and as such there is no restatement of comparative amounts whilst the Group's profit for the current quarter under review was higher by RM459,500 resulting from the cessation of amortisation of goodwill.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2006**

**The figures have not been audited**

**1. Basis of preparation (Cont'd)**

**(c) FRS 101 : Presentation of Financial Statements**

The adoption of revised FRS 101 requires new presentation of the financial statements.

In the consolidated income statement, minority interests are presented as an allocation of the total profit for the financial period between the equity holders of the parent and minority interests. In the consolidated balance sheet and consolidated statement of changes in equity, minority interests are presented within total equity. FRS 101 also requires disclosure on the face of the consolidated statement of changes in equity, a total for recognised income and expenses for the financial period, showing separately the amount attributable to the equity holders of the parent and the minority interests.

The presentation of this interim financial report is based on the revised requirements of FRS 101 in which certain comparative figures have been restated to conform with the current period's presentation.

The following comparatives have been restated due to the adoption of new and revised FRSS which have retrospective impact on the preceding period's financial statements:-

**Condensed Consolidated Balance Sheet**

|              | <b>At 30 June 2006</b>                |   |                        |
|--------------|---------------------------------------|---|------------------------|
|              | <b>As<br/>Previously<br/>Reported</b> | <b>Consolidation<br/>of ESOS Trust<br/>with the<br/>adoption of<br/>FRS 2</b> | <b>As<br/>Restated</b> |
|              | RM'000                                | RM'000  | RM'000                 |
| Other assets | 39,570                                | (39,570)  | -                      |
| Reserves     | 754,985                               | (39,570)  | 715,415                |

**Condensed Consolidated Statement of Changes in Equity**

|                                       | <b>As<br/>Previously<br/>Reported</b> | <b>Consolidation<br/>of ESOS Trust<br/>with the<br/>adoption of<br/>FRS 2</b> | <b>As<br/>Restated</b> |
|---------------------------------------|---------------------------------------|---|------------------------|
|                                       | RM'000                                | RM'000  | RM'000                 |
| Reserve for own shares at 1 July 2006 | -                                     | (41,474)  | (41,474)               |
| Retained profits at 1 July 2006       | 506,487                               | 1,904   | 508,391                |
| Reserve for own shares at 1 July 2005 | -                                     | (5,732)   | (5,732)                |
| Retained profits at 1 July 2005       | 473,943                               | 1,606   | 475,549                |

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2006**

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**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 have been no material seasonal or cyclical factors 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 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 the prior financial years.

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

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

**7. Dividend paid**

There was no dividend paid during the current financial year-to-date.

**8. Segmental reporting**

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

|                        | <b>Semiconductor</b> | <b>Investment holding</b> | <b>Total</b>   |
|------------------------|----------------------|---------------------------|----------------|
|                        | <b>RM'000</b>        | <b>RM'000</b>             | <b>RM'000</b>  |
| <b>Revenue</b>         | <u>399,098</u>       | <u>-</u>                  | <u>399,098</u> |
| <b>Results</b>         |                      |                           |                |
| Segment results        | <u>69,435</u>        | <u>(211)</u>              | <u>69,224</u>  |
| Interest expense       |                      |                           | <u>(5,602)</u> |
| Interest income        |                      |                           | <u>573</u>     |
| Profit before taxation |                      |                           | <u>64,195</u>  |
| Taxation               |                      |                           | <u>(3,174)</u> |
| Profit for the period  |                      |                           | <u>61,021</u>  |

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2006**

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**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.

**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 were no contingent liabilities or contingent assets as at the date of this report.

**13. Review of performance**

Revenue of the Group rose 34.3% to RM 399.1 million from the same quarter last year. The Group's profit before taxation ("PBT") was higher by RM41.5 million or 182.4% as compared with the same quarter last year.

The higher revenue and improvement in PBT were mainly due to higher sales volume and firmer average selling price.

**14. Material changes in PBT**

The Group's PBT for the current quarter under review was RM64.2 million as compared with RM59.5 million recorded in the preceding quarter. The increase was mainly attributable to higher revenue growth over the preceding quarter.

**15. Prospects**

The overall semiconductor market remains positive. Barring any unforeseen circumstances, the Group's performance would be satisfactory for the financial year ending 30 June 2007.

**16. Profit forecast / profit guaranteed**

This note is not applicable.

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**17. Taxation**

Taxation comprise: -

|                                | <b>Individual Quarter</b>    |   | <b>Cumulative Quarter</b>     |  |
|--------------------------------|------------------------------|---|-------------------------------|--|
|                                | <b>Current Year Quarter</b>  | <b>Preceding Year Corresponding Quarter</b> | <b>Current Year- To- Date</b> | <b>Preceding Year Corresponding Period</b> |
|                                | <b>30/09/2006<br/>RM'000</b> | <b>30/09/2005<br/>RM'000</b>                | <b>30/09/2006<br/>RM'000</b>  | <b>30/09/2005<br/>RM'000</b>               |
| Deferred taxation              |                              |   |                               |  |
| - current year                 | 3,174                        | 1,633                                       | 3,174                         | 1,633                                      |
| - overprovision in prior years | -                            | (2,800)                                     | -                             | (2,800)                                    |
|                                | <u>3,174</u>                 | <u>(1,167)</u>                              | <u>3,174</u>                  | <u>(1,167)</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 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) for the current quarter and year-to-date.

(b) There were no investments in quoted securities as at 30 September 2006.

**20. Corporate proposals**

There were no corporate proposals announced but not completed as at the date of this report.

**21. Group's borrowings and debt securities**

Particulars of the Group's borrowings and debt securities as at 30 September 2006 are as follows:

|   |                          |
|---|--------------------------|
| (i) Unsecured short term borrowings and overdraft | <b>RM'000</b><br>256,251 |
| (ii) Unsecured long term borrowings               | 126,178                  |
|   | <u>382,429</u>           |

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

|                |               |
|----------------|---------------|
|                | <b>RM'000</b> |
| USD borrowings | 187,278       |
| RMB borrowings | 35,967        |

# MALAYSIAN PACIFIC INDUSTRIES BERHAD (4817-U)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2006

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**The figures have not been audited**

### 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 26 October 2006 are as follows: -

|                                    | <b>Contract amount<br/>RM'000</b> |
|------------------------------------|-----------------------------------|
| Foreign exchange forward contracts | <u>206,308</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.

### 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 (M) Sdn Bhd, Carsem Semiconductor Sdn Bhd and Carsem Inc. (collectively "Carsem Group") of infringing three of Amkor's United States Patents. Amkor has also filed a civil lawsuit at the District Court on even date alleging Carsem Group of infringement of the same three patents which are the subject of the ITC Investigation.

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 Group. Subsequently, the ITC reviewed the Initial Determination and remanded to the ALJ for further findings on several issues.

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

Carsem Group's motion is granted to the extent that the target date for completion of this investigation is extended to a date that is three months after completion of the pending ASAT Proceeding.

As at the date of this report, the ASAT Proceeding is still pending.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER  
ENDED 30 SEPTEMBER 2006**

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**The figures have not been audited**

**24. Dividend**

- (a) The Board has declared an interim dividend of 17.0 sen per share tax exempt for the quarter ended 30 September 2006 of the financial year ending 30 June 2007 (2005/2006 : 15.0 sen per share tax exempt) to be paid on 6 December 2006 to shareholders of ordinary shares whose names appear in the Record of Depositors at the close of business on 22 November 2006.

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 4.00 p.m. on 22 November 2006 in respect of ordinary transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad Listing Requirement.
- (b) For the financial year-to-date, a total dividend of 17.0 sen per share tax exempt has been declared (2005/2006: 15.0 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 / year-to-date is based on the profit attributable to ordinary equity holders of the parent of RM46,068,000 (2005/2006 : RM14,184,000) and the weighted average number of ordinary shares outstanding during the quarter of 198,908,419 (2005/2006: 198,918,419).

**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's 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  
31 October 2006