

Eastern Pacific Industrial Corporation Berhad
Company no: 66667-K
(Incorporated in Malaysia)

Interim Financial Statements
30 September 2007

Eastern Pacific Industrial Corporation Berhad

Company no: 66667-K

(Incorporated in Malaysia)

Condensed Consolidated Income Statements For the Period Ended 30 September 2007

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30.09.2007 RM'000	30.09.2006 RM'000	30.09.2007 RM'000	30.09.2006 RM'000
Revenue	40,073	26,085	107,024	75,608
Operating expenses	(28,118)	(22,067)	(72,329)	(65,770)
Other income	687	914	1,964	2,073
Profit before tax	12,642	4,932	36,659	11,911
Taxation	(3,526)	(3,098)	(10,873)	(8,197)
Profit for the period	9,116	1,834	25,786	3,714
Attributable to:				
Equity holders of the company	8,464	1,888	23,772	4,052
Minority interest	652	(54)	2,014	(338)
	9,116	1,834	25,786	3,714
Earnings per share attributable to equity holders of the parent (Sen)				
Basic	5.1	1.2	14.2	2.5
Diluted	5.0	-	14.1	-
Dividend per share (Sen)	3.5	2.5	7.0	6.0

The unaudited condensed consolidated income statements presented above have been reviewed and approved by the Board of Directors.

The condensed consolidated income statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2006 and the accompanying explanatory notes on pages 6 to 14 of the interim financial statements.

Eastern Pacific Industrial Corporation Berhad

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Condensed Consolidated Balance Sheet As at 30 September 2007

	Unaudited 30.09.2007 RM'000	Audited 31.12.2006 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	171,698	159,858
Prepaid lease payment	18,447	18,750
Land held for development	595	595
Investment property	3,855	3,933
Intangible assets	10,200	9,662
Other investments	68	68
	<u>204,863</u>	<u>192,866</u>
Current Assets		
Inventories	3,178	2,417
Trade receivables	26,514	25,097
Other receivables	14,336	9,389
Short term investment	7,486	6,843
Tax recoverable	1,127	1,690
Deposit, cash and bank balances	74,591	65,063
	<u>127,232</u>	<u>110,499</u>
TOTAL ASSETS	<u><u>332,095</u></u>	<u><u>303,365</u></u>

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Condensed Consolidated Balance Sheet (continued) As at 30 September 2007

	Unaudited 30.09.2007 RM'000	Audited 31.12.2006 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holder of the Company		
Share capital	168,538	165,030
Share premium	81,620	79,672
Other reserves	802	693
Retained earnings	19,831	4,616
	<u>270,791</u>	<u>250,011</u>
Minority interest	6,038	4,849
Total Equity	276,829	254,860
Non Current Liabilities		
Deferred tax liabilities	21,160	21,288
Retirement benefits	4,989	4,426
	<u>26,149</u>	<u>25,714</u>
Current Liabilities		
Retirement benefits	422	374
Borrowings	623	1,287
Trade payables	6,993	6,663
Other payables	18,797	13,238
Current tax liabilities	2,282	1,229
	<u>29,117</u>	<u>22,791</u>
 Total Liabilities	 <u>55,266</u>	 <u>48,505</u>
 TOTAL EQUITY AND LIABILITIES	 <u><u>332,095</u></u>	 <u><u>303,365</u></u>
Net assets per share (RM)	<u>1.64</u>	<u>1.54</u>

The unaudited condensed consolidated balance sheets presented above have been reviewed and approved by the Board of Directors.

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes on pages 6 to 14 of the interim financial statements.

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Condensed Consolidated Statements of Changes in Equity For the Period Ended 30 September 2007

	----Attributable to the holders of the Company----					Minority interest	Total
	-----Non distributable-----			Distributable			
	Share capital	Share premium	Other reserves	Retained earnings	Sub Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1 January 2007	165,030	79,672	693	4,616	250,011	4,849	254,860
Issuance of shares– ESOS	3,508	1,421	-	-	4,929	-	4,929
Share-based payment under ESOS	-	527	109	-	636	-	636
Acquisition of share in existing subsidiary	-	-	-	-	-	(825)	(825)
Profit for the period	-	-	-	23,772	23,772	2,014	25,786
Dividend	-	-	-	(8,557)	(8,557)	-	(8,557)
30 September 2007	168,538	81,620	802	19,831	270,791	6,038	276,829

	----Attributable to the holders of the Company----					Minority interest	Total
	-----Non distributable-----			Distributable			
	Share capital	Share premium	Other reserves	Retained earnings	Sub Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1 January 2006	164,880	79,626	182	4,456	249,144	2,378	251,522
Issuance of shares– ESOS	149	45	-	-	194	-	194
Translation difference of foreign currency	-	-	6	-	6	-	6
Share-based payment under ESOS	-	-	323	-	323	-	323
Acquisition of subsidiary	-	-	-	-	-	1,610	1,610
Profit for the period	-	-	-	4,052	4,052	(338)	3,714
Dividend	-	-	-	(4,157)	(4,157)	(108)	(4,265)
30 September 2006	165,029	79,671	511	4,351	249,562	3,542	253,104

The unaudited condensed consolidated statements of changes in equity presented above have been reviewed and approved by the Board of Directors.

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes on pages 6 to 14 of the interim financial statements.

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Condensed Consolidated Cash Flow Statements For the Period Ended 30 September 2007

	CUMULATIVE QUARTER	
	30.09.2007	30.09.2006
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	36,659	11,911
Adjustment for non cash and non operating item	6,245	21,807
Operating profit before working capital changes	42,904	33,718
Net change in current assets	5,808	(4,370)
Net change in current liabilities	(5,889)	6,312
Cash from operating activities	42,823	35,660
Tax paid	(10,330)	(8,920)
Tax refund	260	-
Retirement benefits paid	(20)	(1,144)
Net cash flow from operating activities	32,733	25,596
Cash flow from investing activities		
Purchase of property, plant and equipment	(19,070)	(8,779)
Purchase of investment property	(65)	-
Purchase of short term investment	(1,296)	(174)
Net cash from acquisition of subsidiary	(961)	1,876
Proceeds from disposal of short term investment	1,888	2,431
Proceeds from disposal of property, plant and equipment	171	90
Net cash flow used in investing activities	(19,333)	(4,556)
Cash flow from financing activities		
Repayment of borrowings	-	(1,160)
Issuance of share – ESOS	3,508	194
Share premium on issuance of share	1,948	-
Dividends paid to shareholders	(8,556)	(4,157)
Dividends paid to minority shareholders	(108)	(108)
Net cash flow used in financing activities	(3,208)	(5,231)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,192	15,809
At start of the year	63,776	40,727
At end of the period	73,968	56,536
Represented by:		
Deposit, cash and bank balances	74,591	57,912
Bank overdraft	(623)	(1,376)
	73,968	56,536

The unaudited condensed consolidated cash flow statements presented above have been reviewed and approved by the Board of Directors.

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes on pages 6 to 14 of the interim financial statements.

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Explanatory Notes Pursuant to FRS 134: Interim Financial Reporting and Listing Requirements of Bursa Malaysia Securities Berhad

1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2006.

2 Disclosure of the qualification on the preceding annual financial statements

There was no qualification on the Group's preceding annual financial statements.

3 Seasonal or cyclical factors

The Group's operation was not materially affected by seasonal or cyclical factors.

4 Unusual item affecting assets, liabilities, equity, net income or cash flows

Other than those disclosed in the financial statements, there were no unusual items that affect assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review.

5 Changes in estimates

There were no material changes in the estimates used for the preparation of the interim financial report.

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6 Issuance or repayment of debt, equity securities and shares

There were no issuances, cancellations, repurchases, resales and repayment of debt and equity securities in the current financial year-to-date except for the issue of the following new ordinary shares of RM1.00 each pursuant to the Employees' Share Option Scheme ("ESOS") of the Company:

Option price per share RM	No. of shares issued '000	Cash proceeds RM'000
1.14 – 1.19	537	621
1.20 – 1.28	2,102	2,645
1.43 – 1.47	246	259
1.52 – 1.59	415	914
1.61	208	490
Total	3,508	4,929

7 Dividend paid

Dividends paid during the period ended 30 September 2007 were as follows:

	Cumulative Quarter	
	Gross dividend per share Sen	Amount of dividend, net of tax RM '000
Second interim dividend of 3.5 sen per share less 27% income tax in respect of the financial year ended 31 December 2006 declared on 27 March 2007, paid on 10 May 2007.	3.5	4,250
First interim dividend of 2.5 sen per share comprising of 1 sen per share tax exempt and 1.5 sen less 28% tax in respect of the financial year ended 31 December 2006 declared on 21 November 2006, paid on 10 January 2007.	2.5	3,433
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8 Segmental analysis

The segment information by activities for the Company and its subsidiaries for the current financial year to date is as follows:

Division	INDIVIDUAL QUARTER 3 months ended 30.09.2007		CUMULATIVE QUARTER 9 months ended 30.09.2007	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Oil and gas	32,656	12,002	87,216	32,709
Port services	7,319	2,131	20,097	6,381
Investment holdings	17,954	14,213	37,359	28,735
Others	1,363	366	4,230	1,423
	59,292	28,712	148,902	69,248
Elimination	(19,219)	(16,070)	(41,878)	(32,589)
Consolidated	40,073	12,642	107,024	36,659

Division	INDIVIDUAL QUARTER 3 months ended 30.09.2006		CUMULATIVE QUARTER 9 months ended 30.09.2006	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Oil and gas	25,876	9,745	74,395	26,382
Port services	-	-	-	-
Investment holdings	1,893	(5,493)	21,740	(534)
Others	1,426	688	5,532	1,978
	29,195	4,940	101,667	27,826
Elimination	(3,110)	(8)	(26,059)	(15,915)
Consolidated	26,085	4,932	75,608	11,911

The Group had ceased the operation in property development activities through its wholly-owned subsidiary Eastern Pacific Properties Sdn Bhd.

The Group operates mainly in Malaysia and accordingly no information on the Group's operations by geographical segment has been provided.

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9 Carrying amount of revalued property, plant and equipment

There has been no changes on revalued property, plant and equipment since the financial statements for the year ended 31 December 2006.

10 Material events subsequent to the end of the period

On 4 October 2007, Mushtari Engineering & Trading Sdn Bhd is the latest addition to the Group with the completion of 70% acquisition of its equity interest. The detail of this corporate exercise is presented in note 20 of this report.

Except for the above, there was no other item, transaction or event of a material and unusual nature which has arisen during the period from the end of the financial quarter to the date of this announcement that would affect substantially the results of the operations of the Group.

11 Changes in the composition of the Group

In accordance to the Terms in the Share Sales Agreement for the purchase of Tubex Sdn Bhd, the company on 30 September 2007, had purchased the remaining 5% equity interest in Tubex Sdn Bhd (Tubex) from Tuan Haji Suhaimi bin Mokhtar. The purchase represents 5% or 250,000 ordinary shares of RM1 each for total consideration of RM961,176.84 or RM3.8447 per ordinary share.

On 4 April 2007, the Company had entered into two separate Sale and Purchase Agreements with Tuan Haji Ahmad Nordin bin Abd Aziz and with Encik Mohd Aminuddin bin Husain for the purchase of 30% equity interest in Natuream Enviro-Services Sdn Bhd (NES) and 21% equity interest in NES respectively. The purchase represents 51% or 510,000 ordinary shares of RM1.00 each for total consideration of RM510,000 or RM1.00 per ordinary share.

With the purchase, Tubex and NES becomes wholly-owned subsidiary of the Company.

Except for the above, there were no changes in the composition of the Group for the financial period under review.

12 Contingent liabilities

There were no other changes in contingent liabilities since the last annual balance sheet date to the date of this quarterly report.

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13 Review of performance

The Group achieved revenue of RM40.1 million in the third quarter under review, an increase of RM14.0 million or 54% compared to RM26.1 million reported in the same quarter in the preceding year. The Group recorded profit before tax of RM12.6 million, an increase of 157% compared to RM4.9 million achieved in the same quarter in the preceding year.

For the nine months ended 30 September 2007, the Group recorded revenue of RM107.0 million, an increase of 42% or RM31.4 million compared to RM75.6 million achieved in the same period in the preceding year. The Group recorded profit before tax of RM36.7 million, an increase of RM24.8 million or 208% compared to RM11.9 million achieved in the same period in the preceding year. The significant increase in profit before tax are mainly due to higher oil and gas activities, contribution from newly privatised port operation and no more substantial provision for doubtful debt.

The petroleum supply base operation remains as the main contributor to the Group performance.

14 Review of current quarter profitability against preceding quarter

During the current quarter under review, the Group recorded profit before tax of RM12.6 million, an increase of 2% as compared to RM12.4 million of profit before tax reported in the preceding quarter due to higher oil and gas activities.

15 Prospects for the current financial year

Barring any unforeseen circumstances, the Directors are confident that the Group will be able to achieve better results for the financial year ending 31 December 2007.

16 Profit forecast and profit guarantee

The Group has not provided any profit forecast or profit guarantee in a public document.

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17 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
	RM'000	RM'000	RM'000	RM'000
Malaysian tax:				
- current year	3,519	2,900	13,092	7,877
Deferred tax liabilities				
- origination / (reversal)	7	198	(2,219)	319
	3,526	3,098	10,873	8,196

The effective tax rate for the current quarter is higher than the statutory tax rate due to certain expenses which were not deductible for tax purpose.

18 Profit on sale of unquoted investments and/or properties

There was no disposal of unquoted investments or properties held as fixed assets for the financial period to date.

19 Purchase/Disposal of quoted securities

(a) Purchases and sales of quoted securities for the current quarter and financial year to date and the profit arising there from are as follows:

	Current quarter	Year to date
	RM'000	RM'000
Bursa Malaysia		
Purchases	285	497
Sales	237	386
Profit on disposal of quoted shares	11	43

(b) Investments in quoted shares as at end of the current financial year to date are as follows:

	RM'000
i) At cost	873
ii) At carrying value	912
iii) At market value	912

The quoted securities are managed by external asset management company.

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20 Corporate proposals

On 3 August 2007, the Company had entered into a share sale agreement with Y.Bhg Dato' Syed Abdul Rahman bin Syed Ahmad, Syed Mohd Rizal bin Syed Abdul Rahman, Aminin bin Abdul Rashid @ Rashid and Chen Ken Boon to acquire 868,000 ordinary shares of RM1.00 each representing 70% equity interest in Mushtari Engineering & Trading Sdn Bhd (MET) for a total cash consideration of RM21 million.

Pursuant to the Share Sale Agreement, the Company had also on the same day entered into the following agreements:

- i) Call and put options agreement with Wong Hoo Kim and Tham Fook Choy (collectively the "Guarantors") and Aminin Abd Rashid @ Rashid (collectively the "Remaining Shareholders") to grant to EPIC a call option right to acquire from the Remaining Shareholders and the Remaining Shareholders will be granted by EPIC with a put option right to sell to EPIC the aggregate 372,000 ordinary shares of RM1.00 each in MET held collectively by the Remaining Shareholders representing 30% of the issued and paid-up share capital of MET.
- ii) Profit guarantee agreement with the Guarantors to jointly and severally guarantee, covenant and warrant to EPIC that the audited profit after tax of MET shall not be less than RM5 million for the financial year ending 31 December 2007
- iii) In addition, the Company had on the same day entered into a shareholders agreement with the Remaining Shareholders and MET to set out the terms and conditions regulating their relationship as shareholders of MET.

On 27 September 2007 at the Company's Extraordinary General Meeting, the shareholders had approved the above proposal.

Except for the above, there were no other corporate proposals as at the current financial year to date.

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21 Group borrowings and debt securities

The Group exposure in borrowings is as follows:

	As at 30.09.2007 RM'000	As at 30.09.2006 RM'000
Unsecured borrowings denominated in Ringgit Malaysia		
– Short term	623	1,504

22 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at the latest practicable date, which is not earlier than 7 days from date of issue of this quarterly report.

23 Changes in material litigation

There are no changes in material litigation since the date of the last audited financial report ended 31 December 2006.

24 Dividends proposed

On 23 July 2007, the Board of Directors approved and declared a first interim dividend of 3.5 sen per share less 27% income tax in respect of the financial year ending 31 December 2007 amounting to RM4,306,155.34 (2006: 3.5 sen) which has been paid on 1 October 2007.

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25 Earnings per share

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30.9.2007	30.9.2006	30.9.2007	30.9.2006
a) Basic earnings per share				
	RM'000	RM'000	RM'000	RM'000
Profit attributable to the equity holder of the company	<u>8,464</u>	<u>1,888</u>	<u>23,772</u>	<u>4,052</u>
	Unit '000	Unit '000	Unit '000	Unit '000
Number of shares at the beginning of the period	165,030	164,880	165,030	164,880
Effects of share options	<u>2,446</u>	<u>130</u>	<u>2,276</u>	<u>130</u>
Weighted average number of shares	<u>167,476</u>	<u>165,010</u>	<u>167,306</u>	<u>165,010</u>
Basic earnings per share (Sen)	<u>5.1</u>	<u>1.2</u>	<u>14.2</u>	<u>2.5</u>

b) Diluted earnings per share

	3 months ended 30.9.2007 RM'000	9 months ended 30.9.2007 RM'000
Profit attributable to the equity holder of the company	<u>8,464</u>	<u>23,772</u>
	Unit '000	Unit '000
Weighted average number of shares as per above	167,476	167,306
Adjustment for share options	<u>1,667</u>	<u>1,349</u>
Weighted average number of shares - diluted	<u>169,143</u>	<u>168,655</u>
Diluted earnings per share (Sen)	<u>5.0</u>	<u>14.1</u>

Diluted earnings per share for the comparative quarter and year are not presented as the market price of Company's ordinary shares was lower than average exercise price of outstanding options as at 30 September 2006. Accordingly, it was assumed there was no full exercise of the outstanding options to merit adjustment for an increase in the number of ordinary shares which could result in a dilution of the Company's earnings per share as at that date.