

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

Interim Financial Statements
30 September 2008

Eastern Pacific Industrial Corporation Berhad

Company no: 66667-K

(Incorporated in Malaysia)

Condensed Consolidated Income Statements For the Period Ended 30 September 2008

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30.09.2008 RM'000	30.09.2007 RM'000	30.09.2008 RM'000	30.09.2007 RM'000
Revenue	60,683	40,073	179,790	107,024
Operating expenses	(47,020)	(28,118)	(140,986)	(72,329)
Other income	1,295	687	3,159	1,964
Profit before tax	14,958	12,642	41,963	36,659
Taxation	(3,125)	(3,526)	(12,238)	(10,873)
Profit for the period	11,833	9,116	29,725	25,786
Attributable to:				
Equity holders of the company	10,916	8,464	26,125	23,772
Minority interest	917	652	3,600	2,014
	11,833	9,116	29,725	25,786
Earnings per share attributable to equity holders of the parent (Sen)				
Basic	6.45	5.05	15.45	14.21
Diluted	-	5.00	-	14.09
Dividend per share (Sen)	4.0	3.5	7.5	7.0

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 2007 and the accompanying explanatory notes on pages 8 to 15 of the interim financial statements.

Eastern Pacific Industrial Corporation Berhad

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Condensed Consolidated Balance Sheet As at 30 September 2008

	Unaudited 30.09.2008 RM'000	Audited 31.12.2007 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	219,750	181,841
Prepaid lease payment	25,734	19,524
Investment property	4,420	4,503
Intangible assets	14,099	14,400
Other investments	126	68
	<u>264,129</u>	<u>220,336</u>
Current Assets		
Inventories	4,925	11,221
Trade receivables	54,229	41,623
Other receivables	15,477	9,417
Short term investment	3,082	3,722
Tax recoverable	2,416	2,476
Deposit, cash and bank balances	63,320	76,840
	<u>143,449</u>	<u>145,299</u>
TOTAL ASSETS	<u><u>407,578</u></u>	<u><u>365,635</u></u>

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Condensed Consolidated Balance Sheet (continued) As at 30 September 2008

	Unaudited 30.09.2008 RM'000	Audited 31.12.2007 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holder of the Company		
Share capital	169,163	168,945
Share premium	82,317	82,152
Treasury shares	(80)	-
Other reserves	2,188	857
Retained earnings	47,724	26,733
	<u>301,312</u>	<u>278,687</u>
Minority interest	14,688	15,326
Total Equity	<u>316,000</u>	<u>294,013</u>
Non Current Liabilities		
Deferred tax liabilities	19,362	20,586
Borrowings	27,807	598
Retirement benefit obligations	5,576	5,894
	<u>52,745</u>	<u>27,078</u>
Current Liabilities		
Retirement benefit obligations	1,162	226
Borrowings	1,639	2,233
Trade payables	8,632	15,566
Other payables	25,387	23,025
Current tax liabilities	2,013	3,494
	<u>38,833</u>	<u>44,544</u>
Total Liabilities	<u>91,578</u>	<u>71,622</u>
TOTAL EQUITY AND LIABILITIES	<u>407,578</u>	<u>365,635</u>
Net assets per share (RM)	<u>1.87</u>	<u>1.74</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 2007 and the accompanying explanatory notes on pages 8 to 15 of the interim financial statements.

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Condensed Consolidated Statements of Changes in Equity For the Period Ended 30 September 2008

	----- Attributable to the holders of the Company -----						Minority interest	Total
	----- Non distributable -----			Distributable				
	Share capital	Share premium	Treasury Shares	Other reserves	Retained earnings	Sub Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1 January 2008	168,945	82,152	-	857	26,733	278,687	15,326	294,013
Issuance of shares– ESOS	218	76	-	-	-	294	-	294
Share-based payment under ESOS	-	89	-	1,331	-	1,420	-	1,420
Share buy-back	-	-	(80)	-	-	(80)	-	(80)
Investment in subsidiary	-	-	-	-	-	-	400	400
Net changes in the interest from minority shareholders	-	-	-	-	(753)	(753)	(4,141)	(4,894)
Profit for the period	-	-	-	-	26,125	26,125	3,600	29,725
Dividend	-	-	-	-	(4,381)	(4,381)	(497)	(4,878)
30 September 2008	169,163	82,317	(80)	2,188	47,724	301,312	14,688	316,000

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Condensed Consolidated Statements of Changes in Equity (continued) For the Period Ended 30 September 2008

	----- 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 additional interest from minority shareholders	-	-	-	-	-	(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

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 2007 and the accompanying explanatory notes on pages 8 to 15 of the interim financial statements.

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Condensed Consolidated Cash Flow Statements For the Period Ended 30 September 2008

	CUMULATIVE QUARTER	
	30.09.2008	30.09.2007
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	41,963	36,659
Adjustment for non cash and non operating item	11,118	6,245
Operating profit before working capital changes	53,081	42,904
Net change in current assets	(12,522)	5,808
Net change in current liabilities	(3,646)	(5,889)
Cash from operating activities	36,913	42,823
Tax paid	(14,264)	(10,330)
Tax refund	232	260
Retirement benefits paid	(459)	(20)
Net cash flow from operating activities	22,422	32,733
Cash flow from investing activities		
Purchase of property, plant and equipment	(45,465)	(19,135)
Purchase of prepaid lease payment	(6,528)	-
Purchase of short term investment	-	(1,296)
Acquisition of interest from minority shareholders	(6,000)	(961)
Proceeds from disposal of short term investment	-	1,888
Proceeds from disposal of property, plant and equipment	101	171
Net cash flow used in investing activities	(57,892)	(19,333)

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Condensed Consolidated Cash Flow Statements (continued) For the Period Ended 30 September 2008

	CUMULATIVE QUARTER	
	30.09.2008	30.09.2007
	RM'000	RM'000
Cash flow from financing activities		
Drawdown of borrowings	27,518	-
Repayment of borrowings	(212)	-
Issuance of share – ESOS	218	3,508
Share premium on issuance of share	76	1,948
Share buy back	(80)	-
Dividends paid to shareholders	(4,381)	(8,556)
Dividends paid to minority shareholders	(497)	(108)
Net cash flow from/(used in) financing activities	<u>22,642</u>	<u>(3,208)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,828)	10,192
At start of the year	<u>74,847</u>	<u>63,776</u>
At end of the period	<u><u>62,019</u></u>	<u><u>73,968</u></u>
Represented by:		
Deposit, cash and bank balances	63,320	74,591
Bank overdraft	(1,301)	(623)
	<u>62,019</u>	<u>73,968</u>

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 2007 and the accompanying explanatory notes on pages 8 to 15 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 2007. 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 2007.

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, repurchases and repayment of debt and equity securities in the current financial year except for the following:

- a) Issuance 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 – 1.50	166	204
1.51 – 2.00	34	53
2.01 – 2.26	18	37
Total	218	294

- b) The details of shares held as treasury shares for the period ended 30 September 2008 are as follows:

	Number of treasury shares	Total considerations RM
Balance as at 1 January 2008	-	-
Repurchased during the quarter	60,000	80,182
Balance as at 30 September 2008	<u>60,000</u>	<u>80,182</u>

The repurchase transactions were financed by internally generated funds.

7 Dividend paid

Dividend paid during the period ended 30 September 2008 was 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 26% income tax in respect of the financial year ended 31 December 2007 declared on 19 February 2008, paid on 5 May 2008.	<u>3.5</u>	<u>4,381</u>

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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 30.09.2008		CUMULATIVE QUARTER 9 months ended 30.09.2008	
	Revenue RM'000	Profit before tax RM'000	Revenue RM'000	Profit before tax RM'000
Oil and gas	55,107	13,819	163,967	39,892
Port services	7,743	1,959	24,243	6,314
Investment holdings	17,550	14,464	37,698	27,335
Others	1,672	419	4,325	1,056
	82,072	30,661	230,233	74,597
Elimination	(21,389)	(15,703)	(50,443)	(32,634)
Consolidated	60,683	14,958	179,790	41,963

Division	INDIVIDUAL QUARTER 3 months ended 30.09.2007		CUMULATIVE QUARTER 9 months ended 30.09.2007	
	Revenue RM'000	Profit before tax RM'000	Revenue RM'000	Profit 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

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

9 Material events subsequent to the end of the period

There was no 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.

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10 Changes in the composition of the Group

On 22 January 2008, Eastern Pacific Offshore Fabrication Sdn Bhd (formerly known as Elite Award Sdn Bhd) ('EPOF'), a wholly owned subsidiary of the Company had acquired two (2) ordinary shares of RM1.00 each fully paid, representing the entire issued and paid-up capital of Terengganu Fabricators Sdn Bhd (T-Fab) for a cash consideration of RM2.00 and thereafter subscribed to 599,998 ordinary shares fully paid, representing 60% of increased paid up capital of T-Fab.

The Group had on 14 July 2008 entered into Share Sale Agreement with Tuan Haji Ahmad Nordin bin Abd Aziz and with Encik Mohd Zulkifli bin Said for the sale of 12% equity interest in Natuream Enviro-Services Sdn Bhd each. The disposal represents 24% or 240,000 ordinary shares of RM1.00 each for total consideration of RM240,000.

Pursuant to the Call and Put Options Agreement dated 3 August 2007, the Company had on 15 August 2008 exercised the call option rights to acquire from Tham Fook Choy and Wong Hoo Kim the aggregate of 248,000 ordinary shares of RM1.00 each for a total consideration of RM6,000,000. The Group had on the same date, entered into Share Sale Agreement with Encik Shah Rizal Noor Ikhsan for the sale of 5% equity interest in Mushtari Engineering & Trading Sdn Bhd. The disposal represents 62,000 ordinary shares of RM1.00 each for total consideration of RM1,500,000.

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

11 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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12 Review of performance

The Group achieved revenue of RM60.7 million in the third quarter under review, an increase of RM20.6 million or 51% compared to RM40.1 million reported in the same quarter in the preceding year.

The Group recorded profit before tax of RM14.9 million, an increase of 18% compared to RM12.6 million achieved in the same quarter in the preceding year.

For the nine months ended 30 September 2008, the Group recorded revenue of RM179.8 million, an increase of 68% or RM72.8 million compared to RM107.0 million achieved in the same period in the preceding year. The Group recorded profit before tax of RM41.9 million, an increase of RM5.2 million or 14% compared to RM36.7 million achieved in the same period in the preceding year.

The increase in revenue and profit before tax are mainly due to higher oil and gas activities, contribution from port operation and contribution from Mushtari Engineering & Trading Sdn Bhd, a subsidiary acquired on 4 October 2007.

The oil and gas operation remains as the main contributor to the Group performance.

13 Review of current quarter profitability against preceding quarter

During the current quarter under review, the Group recorded profit before tax of RM14.9 million, an increase of 8% as compared to RM13.9 million of profit before tax reported in the preceding quarter due to higher oil and gas activities.

14 Prospects for the current financial year

Barring any unforeseen circumstances, the Directors are confident that the Group will be able to achieve satisfactory results for the financial year ending 31 December 2008 compared to the year 2007.

15 Profit forecast and profit guarantee

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

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16 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Malaysian tax:				
- current year	4,587	3,519	13,462	13,092
Deferred tax liabilities				
- origination / (reversal)	(1,462)	7	(1,224)	(2,219)
	3,125	3,526	12,238	10,873

The effective tax rate for the current quarter is lower than the statutory tax rate due to deferred tax expense arising from reversal of temporary differences of property, plant and equipment.

17 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.

18 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	58	333
Sales	65	383
Profit on disposal of quoted shares	-	27

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

	RM'000
i) At cost	1,000
ii) At carrying value	789
iii) At market value	789

The quoted securities are managed by external asset management company.

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19 Corporate proposals

There were no corporate proposals as at the current financial year to date.

20 Group borrowings and debt securities

The Group exposure in borrowings is as follows:

	As at 30.09.2008 RM'000	As at 30.09.2007 RM'000
Secured borrowings denominated in Ringgit Malaysia		
- Short term	1,301	-
- Long term	27,411	-
Unsecured borrowings denominated in Ringgit Malaysia		
- Short term	338	623
- Long term	396	-

21 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.

22 Changes in material litigation

There are no changes in material litigation since the date of the last audited financial report ended 31 December 2007.

23 Dividends

On 19 February 2008, the Board of Directors declared the payment of a second interim dividend of 3.5 sen per share less 26% income tax in respect of the financial year ended 31 December 2007 amounting to RM4,380,580.96 which was paid on 5 May 2008.

On 24 July 2008, the Board of Directors declared a first interim dividend of 4.0 sen per share comprising of 2.0 sen per share tax exempt and 2.0 sen per share less 26% income tax in respect of the financial year ending 31 December 2008 amounting to RM5,885,476.92 (2007: 3.5 sen) which was paid on 6 October 2008.

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24 Earnings per share

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30.9.2008	30.9.2007	30.9.2008	30.9.2007
a) Basic earnings per share				
	RM'000	RM'000	RM'000	RM'000
Profit attributable to the equity holder of the Company	10,916	8,464	26,125	23,772
	Unit '000	Unit '000	Unit '000	Unit '000
Number of shares at the beginning of the period	168,945	165,030	168,945	165,030
Effects of share options and share buy-back	183	2,446	165	2,276
Weighted average number of shares	169,128	167,476	169,110	167,306
Basic earnings per share (Sen)	6.45	5.05	15.45	14.21

b) Diluted earnings per share

Diluted earnings per share for the current quarter and financial year to date are not presented as the market price of Company's ordinary shares is currently lower than average exercise price of outstanding options. Accordingly, it is assumed there is 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.

Diluted earnings per share for comparative period is as follows:

	3 months ended	9 months ended
	30.9.2007	30.9.2007
	RM'000	RM'000
Profit attributable to the equity holder of the Company	8,464	23,772
	Unit '000	Unit '000
Weighted average number of shares as per above	167,476	167,306
Adjustment for share options	1,667	1,349
Weighted average number of shares - diluted	169,143	168,655
Diluted earnings per share (Sen)	5.00	14.09