

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

Interim Financial Statements
30 September 2009

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

Condensed Consolidated Income Statements
For the Period Ended 30 September 2009

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
	RM'000	RM'000	RM'000	RM'000
Revenue	43,751	60,683	133,921	179,790
Operating expenses	(31,781)	(47,020)	(96,275)	(140,986)
Other income	2,389	1,295	4,542	3,159
Profit before tax	14,359	14,958	42,188	41,963
Taxation	(1,880)	(3,125)	(4,894)	(12,238)
Profit for the period	12,479	11,833	37,294	29,725
Attributable to:				
Equity holders of the company	10,804	10,916	32,584	26,125
Minority interest	1,675	917	4,710	3,600
	12,479	11,833	37,294	29,725

Earnings per share attributable to equity holders of the Company (Sen)

Basic	6.38	6.45	19.24	15.45
Dividend per share (Sen)	3.50	4.00	8.50	7.50

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 2008 and the accompanying explanatory notes on pages 7 to 12 of the interim financial statements.

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

Condensed Consolidated Balance Sheet
As at 30 September 2009

	Unaudited 30.09.2009 RM'000	Audited 31.12.2008 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	228,471	226,804
Prepaid lease payments	25,177	25,584
Investment properties	4,317	4,393
Intangible assets	9,576	9,576
Other investment	54	126
Deferred tax assets	7,962	-
	275,557	266,483
Current Assets		
Inventories	8,342	4,457
Trade receivables	37,047	49,166
Other receivables	10,133	8,662
Short term investments	3,063	2,696
Tax recoverable	6,657	5,473
Deposit, cash and bank balances	78,203	65,177
	143,445	135,631
TOTAL ASSETS	419,002	402,114

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Condensed Consolidated Balance Sheet
As at 30 September 2009 (continued)

	Unaudited 30.09.2009 RM'000	Audited 31.12.2008 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holder of the Company		
Share capital	169,503	169,173
Share premium	82,414	82,319
Treasury shares	(125)	(125)
Other reserves	2,185	2,188
Retained earnings	61,884	37,428
	315,861	290,983
Minority interest	16,026	13,476
Total Equity	331,887	304,459
Non Current Liabilities		
Deferred tax liabilities	22,626	20,350
Borrowings	25,000	25,000
Retirement benefit obligations	5,972	5,361
	53,598	50,711
Current Liabilities		
Retirement benefit obligations	1,048	1,549
Borrowings	3,849	5,309
Trade payables	9,341	12,623
Other payables	19,279	25,934
Current tax liabilities	-	1,529
	33,517	46,944
Total Liabilities	87,115	97,655
TOTAL EQUITY AND LIABILITIES	419,002	402,114
Net assets per share (RM)	1.86	1.72

The unaudited condensed consolidated balance sheet 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 of the Group for the year ended 31 December 2008 and the accompanying explanatory notes on pages 7 to 12 of the interim financial statements.

Eastern Pacific Industrial Corporation Berhad

Company No: 66667-K

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Condensed Consolidated Statements of Changes in Equity

For the Period Ended 30 September 2009

	----- Attributable to the equity holders of the Company -----							
	----- Non distributable equity -----				Distributable			
	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Sub Total	Minority interest	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1 January 2009	169,173	82,319	(125)	2,188	37,428	290,983	13,476	304,459
Net changes in the interest from minority shareholders	-	-	-	-	327	327	(1,725)	(1,398)
Issuance of shares - ESOS	330	92	-	-	-	422	-	422
Share-based payment under ESOS	-	3	-	(3)	-	-	-	-
Profit for the period	-	-	-	-	32,584	32,584	4,710	37,294
Dividend	-	-	-	-	(8,455)	(8,455)	(435)	(8,890)
30 September 2009	169,503	82,414	(125)	2,185	61,884	315,861	16,026	331,887

Eastern Pacific Industrial Corporation Berhad

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**Condensed Consolidated Statements of Changes in Equity
For the Period Ended 30 September 2009 (continued)**

	----- Attributable to the equity holders of the Company -----							
	----- Non distributable equity -----				Distributable			
	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Sub Total	Minority interest	Total
RM'000	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

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 2008 and the accompanying explanatory notes on pages 7 to 12 of the interim financial statements.

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**Condensed Consolidated Cash Flow Statements
For the Period Ended 30 September 2009**

	CUMULATIVE QUARTER	
	30.09.2009	30.09.2008
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	42,188	41,963
Adjustment for non cash and non operating item	11,387	11,118
Operating profit before working capital changes	53,575	53,081
Net changes in current assets	4,552	(12,522)
Net changes in current liabilities	(9,804)	(3,646)
Cash from operations	48,323	36,913
Tax paid	(13,618)	(14,264)
Tax refund	312	232
Retirement benefits paid	(961)	(459)
Net cash flow from operating activities	34,056	22,422
Cash flow from investing activities		
Purchase of property, plant and equipment	(10,345)	(45,465)
Purchase of prepaid lease payment	-	(6,528)
Acquisition of interest from minority shareholders	(1,050)	(6,000)
Proceeds from disposal of property, plant and equipment	293	101
Net cash flow used in investing activities	(11,102)	(57,892)
Cash flow from financing activities		
Drawdown of borrowings	-	27,518
Repayment of borrowings	(1,151)	(212)
Issuance of shares – ESOS	330	218
Share premium on issuance of shares	92	76
Share buy-back	-	(80)
Dividends paid to shareholders	(8,455)	(4,381)
Dividends paid to minority shareholders	(435)	(497)
Net cash flow (used in)/from financing activities	(9,619)	22,642
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,335	(12,828)
At start of the year	64,868	74,847
At end of the period	78,203	62,019
Represented by:		
Deposit, cash and bank balances	78,203	63,320
Bank overdraft	-	(1,301)
	78,203	62,019

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 2008 and the accompanying explanatory notes on pages 7 to 12 of the interim financial statements.

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 2008. 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 2008.

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.

6 Issuances, repurchases or repayments of debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities in the current financial year except for the 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	330	422

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7 Dividend paid

Dividend paid during the period ended 30 September 2009 was as follows:

	Cumulative Quarter Gross dividend per share Sen	Amount of dividend, net of tax RM '000
Second interim dividend of 5.0 sen per share tax exempt in respect of the financial year ended 31 December 2008 declared on 26 February 2009, paid on 12 May 2009	<u>5.0</u>	<u>8,455</u>

8 Segment Reporting

30.09.09	Investment Holding RM'000	Oil and Gas Operations RM'000	Logistics RM'000	ICT RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	160	112,044	21,046	671	-	133,921
Inter-segment sales	37,475	1,664	-	3,861	(43,000)	-
Total revenue	<u>37,635</u>	<u>113,708</u>	<u>21,046</u>	<u>4,532</u>	<u>(43,000)</u>	<u>133,921</u>
RESULTS						
Segment results	(7,435)	49,835	5,392	(3,588)	171	44,375
Unallocated corporate expenses						<u>(2,187)</u>
Profit before tax						42,188
Income taxes						(4,894)
Minority interests						<u>(4,710)</u>
Net profit for the year						<u>32,584</u>

8 Segment Reporting (continued)

	Investment Holding RM'000	Oil and Gas Operations RM'000	Logistics RM'000	ICT RM'000	Eliminations RM'000	Consolidated RM'000
30.09.08						
Revenue						
External sales	251	154,863	24,243	433	-	179,790
Inter-segement sales	37,447	9,103		3,892	(50,442)	-
Total revenue	37,698	163,966	24,243	4,325	(50,442)	179,790
RESULTS						
Segment results	(9,820)	46,321	7,321	(2,833)	334	41,323
Unallocated corporate expenses						640
Profit before tax						41,963
Income taxes						(12,238)
Minority interests						(3,600)
Net profit for the year						26,125

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.

10 Changes in the composition of the Group

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 RM43.75 million in the third quarter under review, a decrease of RM16.93 million or 28% compared to RM60.68 million reported in the same quarter in the preceding year. The Group recorded 4% decrease in profit before tax of RM14.36 million, compared to RM14.96 million achieved in the same quarter in the preceding year.

For the nine months ended 30 September 2009, the Group recorded revenue of RM133.92 million, a decrease of RM45.87 million or 26% compared to RM179.79 million achieved in the same period in the preceding year. The decrease in revenue was mainly due to lower oil and gas activities as compared to the same period in preceding year.

Despite 26% decrease in revenue, the Group recorded profit before tax of RM42.19 million, increase by 0.5% or RM0.23 million compared to RM41.96 million achieved in the same period in the preceding year.

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 RM14.36 million, a decrease of 11% as compared to RM16.05 million of profit before tax reported in the preceding quarter. This is due to decrease in oil and gas activities in current quarter as compared to previous quarter.

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 2009 compared to the year 2008.

15 Profit forecast and profit guarantee

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

16 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Current income tax:				
- Malaysian income tax	3,671	4,587	10,581	13,462
Deferred tax:				
- Relating to origination and reversal of temporary differences	(1,791)	(1,462)	(5,687)	(1,224)
	<u>1,880</u>	<u>3,125</u>	<u>4,894</u>	<u>12,238</u>

The effective tax rate was lower than the statutory tax rate due to recognition of deferred tax assets arising from unused tax credits.

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 Investment in quoted securities

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

	Current quarter RM'000	Year to date RM'000
Bursa Malaysia		
Purchases	60	268
Sales	168	269
Loss/(gain) on disposal of quoted shares	4	(2)
	<hr/>	<hr/>

(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	1,000
iii) At market value	1,000

The quoted securities are managed by external asset management company.

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 30.09.2009 RM'000	As at 30.09.2008 RM'000
Secured borrowings denominated in Ringgit Malaysia		
- Short term	3,849	1,301
- Long term	25,000	27,411
Unsecured borrowings denominated in Ringgit Malaysia		
- Short term	-	338
- Long term	-	396
	<hr/>	<hr/>

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 statements ended 31 December 2008.

23 Dividend

On 17 August 2009, the Board of Directors approved and declared the payment of a first interim dividend of 3.5 sen per share tax exempt in respect of the financial year ending 31 December 2009. The amount of dividend is RM5,929,118.98 which has been paid on 15 October 2009.

24 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended 30.09.2009	30.09.2008	9 months ended 30.09.2009	30.09.2008
Basic earnings per share	RM'000	RM'000	RM'000	RM'000
Profit attributable to the equity holder of the Company	10,804	10,916	32,584	26,125
	'000	'000	'000	'000
Number of shares at the beginning of the period	169,173	168,945	169,173	168,945
Effects of share options	170	183	158	165
Weighted average number of shares	169,343	169,128	169,331	169,110
Basic earnings per share (sen)	6.38	6.45	19.24	15.45