

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

Interim Financial Statements
31 December 2009

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

Condensed Consolidated Income Statements
For the Period Ended 31 December 2009

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Revenue	50,066	65,001	183,987	244,791
Operating expenses	(37,899)	(68,663)	(134,173)	(209,647)
Other income	232	1,535	4,774	4,692
Profit before tax	12,399	(2,127)	54,588	39,836
Taxation	(626)	(1,694)	(5,520)	(13,932)
Profit for the period	11,773	(3,821)	49,068	25,904
Attributable to:				
Equity holders of the company	9,691	(4,738)	42,275	22,183
Minority interest	2,082	917	6,793	3,721
	11,773	(3,821)	49,068	25,904
Earnings per share attributable to equity holders of the Company (Sen)				
Basic	5.73	(2.80)	24.97	13.12
Dividend per share (Sen)	-	-	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 31 December 2009

	Unaudited	Audited
	31.12.2009	31.12.2008
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	227,552	226,804
Prepaid lease payments	35,024	25,584
Investment properties	4,282	4,393
Intangible assets	9,767	9,576
Other investment	84	126
Deferred tax assets	9,604	-
	<u>286,313</u>	<u>266,483</u>
Current Assets		
Inventories	5,418	4,457
Trade receivables	36,718	49,166
Other receivables	9,336	8,662
Short term investments	3,159	2,696
Tax recoverable	8,092	5,473
Deposit, cash and bank balances	83,388	65,177
	<u>146,111</u>	<u>135,631</u>
TOTAL ASSETS	<u><u>432,424</u></u>	<u><u>402,114</u></u>

Eastern Pacific Industrial Corporation Berhad
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Condensed Consolidated Balance Sheet
As at 31 December 2009 (continued)

	Unaudited 31.12.2009 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	188	2,188
Retained earnings	68,461	37,428
	320,441	290,983
Minority interest	17,827	13,476
Total Equity	338,268	304,459
Non Current Liabilities		
Deferred tax liabilities	22,909	20,350
Borrowings	22,707	25,000
Retirement benefit obligations	5,825	5,361
	51,441	50,711
Current Liabilities		
Retirement benefit obligations	1,398	1,549
Borrowings	5,000	5,309
Trade payables	11,501	12,623
Other payables	24,812	25,934
Current tax liabilities	4	1,529
	42,715	46,944
Total Liabilities	94,156	97,655
TOTAL EQUITY AND LIABILITIES	432,424	402,114
Net assets per share (RM)	1.89	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

(Incorporated in Malaysia)

Condensed Consolidated Statements of Changes in Equity

For the Period Ended 31 December 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	-	-	-	-	1,145	1,145	(2,007)	(862)
Issuance of shares - ESOS	330	92	-	-	-	422	-	422
Share-based payment under ESOS	-	3	-	(3)	-	-	-	-
Transfer of reserve upon expiry of ESOS	-	-	-	(1,997)	1,997	-	-	-
Profit for the period	-	-	-	-	42,275	42,275	6,793	49,068
Dividend	-	-	-	-	(14,384)	(14,384)	(435)	(14,819)
31 December 2009	169,503	82,414	(125)	188	68,461	320,441	17,827	338,268

Eastern Pacific Industrial Corporation Berhad

Company No: 66667-K

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**Condensed Consolidated Statements of Changes in Equity
For the Period Ended 31 December 2009 (continued)**

	----- Attributable to the equity holders of the Company -----							
	----- Non distributable equity -----				Distributable			
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Sub Total RM'000	Minority interest RM'000	Total RM'000
1 January 2008	168,945	82,152	-	857	26,733	278,687	15,326	294,013
Issuance of shares - ESOS	228	78	-	-	-	306	-	306
Share-based payment under ESOS	-	89	-	1,331	-	1,420	-	1,420
Share buy-back	-	-	(125)	-	-	(125)	-	(125)
Investment in subsidiary	-	-	-	-	-	-	400	400
Net changes in the interest from minority shareholders	-	-	-	-	(1,222)	(1,222)	(5,474)	(6,696)
Profit for the period	-	-	-	-	22,183	22,183	3,721	25,904
Dividend	-	-	-	-	(10,266)	(10,266)	(497)	(10,763)
31 December 2008	169,173	82,319	(125)	2,188	37,428	290,983	13,476	304,459

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.

Eastern Pacific Industrial Corporation Berhad

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**Condensed Consolidated Cash Flow Statements
For the Period Ended 31 December 2009**

	CUMULATIVE QUARTER	
	31.12.2009	31.12.2008
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	54,588	39,836
Adjustment for non cash and non operating item	11,783	33,429
Operating profit before working capital changes	66,371	73,265
Net changes in current assets	11,644	(15,236)
Net changes in current liabilities	(2,105)	(153)
Cash from operations	75,910	57,876
Tax paid	(17,044)	(19,349)
Tax refund	314	232
Retirement benefits paid	(1,030)	(690)
Net cash flow from operating activities	58,150	38,069
Cash flow from investing activities		
Purchase of property, plant and equipment	(12,346)	(54,864)
Net cash from acquisition of subsidiary	-	(600)
Purchase of prepaid lease payment	(10,000)	(6,528)
Acquisition of interest from minority shareholders	(1,050)	(4,821)
Proceeds from disposal of property, plant and equipment	456	184
Net cash flow used in investing activities	(22,940)	(66,629)
Cash flow from financing activities		
Drawdown of borrowings	-	30,107
Repayment of borrowings	(2,293)	(945)
Issuance of shares – ESOS	422	307
Share buy-back	-	(125)
Dividends paid to shareholders	(14,384)	(10,266)
Dividends paid to minority shareholders	(435)	(497)
Net cash flow (used in)/from financing activities	(16,690)	18,581
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	18,520	(9,979)
At start of the year	64,868	74,847
At end of the period	83,388	64,868
Represented by:		
Deposit, cash and bank balances	83,388	65,177
Bank overdraft	-	(309)
	83,388	64,868

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

Dividends paid during the year ended 31 December 2009 were 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	5.0	8,455
First interim dividend of 3.5 sen per share tax exempt in respect of the financial year ended 31 December 2009 declared on 17 August 2009, paid on 15 October 2009	3.5	5,929
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8 Segment Reporting

31.12.09	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	215	153,219	29,986	567	-	183,987
Inter-segment sales	40,331	2,299	-	3,861	(46,491)	-
Total revenue	<hr/> 40,546	<hr/> 155,518	<hr/> 29,986	<hr/> 4,428	<hr/> (46,491)	<hr/> 183,987
RESULTS						
Segment results	(10,817)	63,068	8,296	(6,649)	-	53,898
Unallocated corporate expenses						690
Profit before tax						<hr/> 54,588
Income taxes						(5,520)
Minority interests						<hr/> (6,793)
Net profit for the year						<hr/> <hr/> 42,275

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
31.12.08						
Revenue						
External sales	229	211,595	32,239	728	-	244,791
Inter-segement sales	39,290	9,641	-	5,229	(54,160)	-
Total revenue	39,519	221,236	32,239	5,957	(54,160)	244,791
RESULTS						
Segment results	(12,189)	68,795	10,816	(7,211)	710	60,921
Unallocated corporate expenses						(21,085)
Profit before tax						39,836
Income taxes						(13,932)
Minority interests						(3,721)
Net profit for the year						22,183

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.

12 Review of performance

The Group achieved revenue of RM50.07 million in the fourth quarter under review, a decrease of RM14.93 million or 23% compared to RM65.00 million reported in the same quarter in the preceding year. The Group recorded 683% increase in profit before tax of RM12.40 million, compared to RM2.13 million loss suffered in the same quarter in the preceding year mainly due to provisions made.

For the twelve months ended 31 December 2009, the Group recorded revenue of RM183.99 million, a decrease of RM60.80 million or 25% compared to RM244.79 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 25% decrease in revenue, the Group recorded profit before tax of RM54.59 million, increase by 37% or RM14.75 million compared to RM39.84 million achieved in the same period in the preceding year. No significant provision made during the financial year under review as compared to 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 RM12.40 million, a decrease of 14% as compared to RM14.36 million of profit before tax reported in the preceding quarter due to slight increase in operating expenses.

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 2010 compared to the year 2009.

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		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Current income tax:				
- Malaysian income tax	1,985	708	12,565	14,168
Deferred tax:				
- Relating to origination and reversal of temporary differences	(1,359)	986	(7,045)	(236)
	<u>626</u>	<u>1,694</u>	<u>5,520</u>	<u>13,932</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 year 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	-	268
Sales	69	339
Loss on disposal of quoted shares	18	20
	<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	941
iii) At market value	941

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 borrowing and debt securities

The Group exposure in borrowing is as follows:

	As at 31.12.2009 RM'000	As at 31.12.2008 RM'000
Secured borrowing denominated in Ringgit Malaysia		
- Short term	5,000	5,000
- Long term	22,707	25,000
Unsecured borrowings denominated in Ringgit Malaysia		
- Short term	-	309
	<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 proposed

On 22 February 2010, the Board of Directors approved and declared the payment of a second interim dividend of 2.5 sen per share less 25% taxation in respect of the financial year ended 31 December 2009. The date of payment will be determined later.

24 Earnings per share

Basic earnings per share are computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Profit attributable to the equity holder of the Company (RM'000)	9,691	(4,738)	42,275	22,183
	'000	'000	'000	'000
Number of shares at the beginning of the year	169,173	168,945	169,173	168,945
Effects of share options	-	196	146	182
Weighted average number of shares	169,173	169,141	169,319	169,127
Basic earnings per share (sen)	5.73	(2.80)	24.97	13.12