



Eastern Pacific Industrial Corporation Berhad

Company no: 66667-K

(Incorporated in Malaysia)

Interim Financial Statements

31 December 2010



Condensed Consolidated Statements of Comprehensive Income
For the Period Ended 31 December 2010

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Revenue	53,311	49,545	235,136	183,466
Operating expenses	(40,728)	(38,396)	(171,716)	(134,674)
Other income	5,534	1,126	11,972	5,667
Profit before tax	18,117	12,275	75,392	54,459
Taxation	(1,878)	(629)	(18,790)	(5,521)
Profit for the period	16,239	11,646	56,602	48,938
Profit attributable to:				
Owners of the parent	14,870	9,564	52,844	42,146
Minority interests	1,369	2,082	3,758	6,792
	16,239	11,646	56,602	48,938
Earnings per share attributable to owners of the parent (Sen)				
Basic	8.77	5.65	31.69	24.89

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

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009 and the accompanying explanatory notes on pages 7 to 14 of the interim financial statements.



Condensed Consolidated Statements of Financial Position
As at 31 December 2010

	Audited 31.12.2010 RM'000	Audited 31.12.2009 RM'000 Restated
ASSETS		
Non Current Assets		
Property, plant and equipment	283,374	262,576
Investment properties	4,171	4,283
Goodwill	4,943	9,767
Deferred tax asset	9,031	9,604
	301,519	286,230
Current Assets		
Inventories	16,688	5,417
Trade and other receivables	57,565	46,566
Short term investment	2,281	3,159
Tax recoverable	7,338	8,239
Cash and bank balances	98,580	83,388
	182,452	146,769
TOTAL ASSETS	483,971	432,999
EQUITY AND LIABILITIES		
Current Liabilities		
Retirement benefit obligations	481	1,398
Borrowings	5,206	5,000
Trade and other payables	50,058	36,886
Current tax liabilities	38	134
	55,783	43,418
Net current assets	126,669	103,351



Condensed Consolidated Statements of Financial Position
As at 31 December 2010 (continued)

	Audited 31.12.2010 RM'000	Audited 31.12.2009 RM'000
Non Current Liabilities		
Deferred tax liabilities	24,304	22,910
Borrowing	16,921	22,707
Retirement benefit obligations	7,394	5,825
	<u>48,619</u>	<u>51,442</u>
Total Liabilities	<u>104,402</u>	<u>94,860</u>
Net assets	<u>379,569</u>	<u>338,139</u>
Equity attributable to owners of the parent		
Share capital	169,503	169,503
Share premium	82,414	82,414
Treasury shares	(4,387)	(125)
Other reserves	188	188
Retained earnings	110,721	68,332
	<u>358,439</u>	<u>320,312</u>
Minority interests	21,130	17,827
Total Equity	<u>379,569</u>	<u>338,139</u>
TOTAL EQUITY AND LIABILITIES	<u>483,971</u>	<u>432,999</u>
Net assets per share (RM)	2.17	1.89

The audited condensed consolidated statements of financial position presented above have been reviewed and approved by the Board of Directors.

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009 and the accompanying explanatory notes on pages 7 to 14 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 2010

	----- Attributable to equity holders of the Company -----						Minority interests	Total equity
	----- Non distributable equity -----			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 2010	169,503	82,414	(125)	188	68,332	320,312	17,827	338,139
Acquisition of a subsidiary	-	-	-	-	(12)	(12)	-	(12)
Purchase of treasury shares	-	-	(4,262)	-	-	(4,262)	-	(4,262)
Effect from disposal of a subsidiary	-	-	-	-	(3,109)	(3,109)	-	(3,109)
Profit for the period	-	-	-	-	52,844	52,844	3,758	56,602
Dividends on ordinary shares	-	-	-	-	(7,334)	(7,334)	(455)	(7,789)
31 December 2010	169,503	82,414	(4,387)	188	110,721	358,439	21,130	379,569



Condensed Consolidated Statements of Changes in Equity
For the Period Ended 31 December 2010 (continued)

	----- Attributable to equity holders of the Company -----							Minority interests	Total equity
	----- Non distributable equity -----				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 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	(2,006)	(861)	
Issuance of shares pursuant to ESOS	330	92	-	-	-	422	-	422	
Exercise of employee share options	-	3	-	(3)	-	-	-	-	
Expiry of employee share options	-	-	-	(1,997)	1,997	-	-	-	
Profit for the period	-	-	-	-	42,146	42,146	6,792	48,938	
Dividends on ordinary shares	-	-	-	-	(14,384)	(14,384)	(435)	(14,819)	
31 December 2009	169,503	82,414	(125)	188	68,332	320,312	17,827	338,139	

The audited 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 2009 and the accompanying explanatory notes on pages 7 to 14 of the interim financial statements.



Condensed Consolidated Cash Flow Statements
For the Period Ended 31 December 2010

	CUMULATIVE QUARTER	
	31.12.2010	31.12.2009
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	75,392	54,459
Adjustment for non cash and non operating item	2,234	11,857
Operating profit before working capital changes	77,626	66,316
Net change in current assets	(12,970)	11,338
Net change in current liabilities	13,076	(5,746)
Cash from operations	77,732	71,908
Tax paid	(14,537)	(17,044)
Tax refund	1,588	315
Retirement benefits paid	(690)	(1,031)
Net cash flow from operating activities	64,093	54,148
Cash flow from investing activities		
Purchase of property, plant and equipment	(35,798)	(18,345)
Additional investment in subsidiaries	-	(1,050)
Proceeds from disposal of investments	2,027	1
Proceeds from disposal of subsidiary	2,200	-
Proceeds from disposal of property, plant and equipment	301	456
Net cash flow used in investing activities	(31,270)	(18,938)
Cash flow from financing activities		
Repayment of borrowings	(5,580)	(2,293)
Issuance of shares - ESOS	-	422
Purchase of treasury shares	(4,262)	-
Dividends paid to shareholders	(7,334)	(14,384)
Dividends paid to non-controlling shareholders	(455)	(435)
Net cash flow used in financing activities	(17,631)	(16,690)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,192	18,520
At start of the year	83,388	64,868
At end of the period	98,580	83,388

The audited 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 2009 and the accompanying explanatory notes on pages 7 to 14 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 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 financial year ended 31 December 2009. 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 2009.

2 Changes in Accounting Policies

The accounting policies and presentation adopted by the Group for the interim financial statements are consistent with those adopted for the Group's consolidated audited financial statements for the year ended 31 December 2009, except for the following:

FRSs/Interpretations/Amendments to FRSs	Effective date
FRS 7: Financial Instruments - Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 101 (revised): Presentation of Financial Statements	1 January 2010
FRS 123 (revised): Borrowing Costs	1 January 2010
FRS 132 (revised): Financial Instruments: Presentation	1 January 2010
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
Amendment to FRS 3: Business Combination	1 January 2010
Amendment to FRS 7: Financial Instruments - Disclosures	1 January 2010
Amendment to FRS 8: Operating Segments	1 January 2010
Amendment to FRS 101: Presentation of Financial Statement	1 January 2010
Amendment to FRS 102: Inventories	1 January 2010
Amendment to FRS 107: Statement of Cash Flows	1 January 2010
Amendment to FRS 108: Accounting Policies, Changes in Estimates and Errors	1 January 2010
Amendment to FRS 116: Property, Plant and Equipment	1 January 2010
Amendment to FRS 117: Leases	1 January 2010
Amendment to FRS 127: Consolidated and Separate Financial Statement	1 January 2010
Amendment to FRS 132: Financial Instruments : Disclosure and Presentation	1 January 2010
Amendment to FRS 133: Earning Per Share	1 January 2010
Amendment to FRS 134: Interim Financial Reporting	1 January 2010
Amendment to FRS 140: Investment Property	1 January 2010
IC Interpretation 10: Impairment and Interim Financial Reporting	1 January 2010



2 Changes in Accounting Policies (continued)

Other than the implications as discussed below, the adoption of the above standards, amendments and interpretations do not have any material impact on the financial statements of the Group:

a) FRS 8: Operating Segments

FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group presents its segment information based on its business segments, which is also the basis of presenting its monthly internal management reports. The basis of measurement of segment results, segment assets and segment liabilities are same as the basis of measurement for external reporting.

b) Amendment to FRS 117: Leases

The amendment clarifies the classification of lease of land and requires entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of this amendment will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. The reclassification of leasehold land from prepaid land lease payments to property, plant and equipment has been accounted for retrospectively and certain comparatives as at 31 December 2009 have been restated as follows:

	Previously stated RM'000	Adjustment RM'000	Restated RM'000
Non-current assets			
Property, plant and equipment	227,552	35,024	262,576
Prepaid land lease payments	35,024	(35,024)	-

3 Disclosure of the qualification on the preceding annual financial statements

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

4 Seasonal or cyclical factors

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



5 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.

6 Changes in estimates

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

7 Issuances, repurchases or repayments of debt and equity securities

There were no issuances, repurchases and repayment of debt and equity securities in the current financial year except for the purchase of treasury shares as follows:

	Number of treasury shares '000	Total consideration RM'000
At 1 January 2010	100	125
Repurchased during the year	2,657	4,262
At 31 December 2010	<u>2,757</u>	<u>4,387</u>

The repurchase transactions were financed by internally generated funds.

8 Dividend paid

Dividend paid during the year ended 31 December 2010 was as follows:

	Cumulative Quarter Gross dividend per share Sen	Amount of dividend net of tax, RM '000
Second interim dividend of 2.5 sen per share less 25% taxation in respect of the financial year ended 31 December 2009 declared on 22 February 2010, paid on 18 May 2010	2.5	3,165
First interim dividend of 2.5 sen per share tax exempt in respect of the financial year ending 31 December 2010 declared on 4 August 2010, paid on 18 October 2010	<u>2.5</u>	<u>4,169</u>



9 Segment Reporting

	Investment holding	Oil and gas operation		Port management	Others	Adjustment	Group
		Supply base	Fabrication				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2010							
External revenue	432	118,954	71,930	36,168	7,652	-	235,136
Inter-segment revenue	51,340	2,722	333	-	-	(54,395)	-
Total revenue	51,772	121,676	72,263	36,168	7,652	(54,395)	235,136
RESULTS							
Segment results	(9,628)	62,689	10,437	9,406	(425)	2,913	75,392
31 December 2009							
External revenue	175	105,257	37,911	29,986	10,137	-	183,466
Inter-segment revenue	40,331	2,299	-	-	3,861	(46,491)	-
Total revenue	40,506	107,556	37,911	29,986	13,998	(46,491)	183,466
RESULTS							
Segment results	(9,990)	56,360	4,889	7,524	(5,800)	1,476	54,459
Segment assets							
31 December 2010	38,877	288,585	55,568	75,735	11,232	13,974	483,971
31 December 2009	35,861	258,365	35,167	66,281	17,954	19,371	432,999

The "Others" segment mainly comprise the provision of threading tubulars, environmental management and information communication technology.



10 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.

11 Changes in the composition of the Group

On 8 September 2010, the Group disposed its 100% equity interest in its subsidiary, Natuream Enviro-Services Sdn Bhd (NES) for a total consideration of RM2.20 million. The disposal has been completed on 21 December 2010 and did not give any material effect on the earnings per share, net assets per share, gearing and share capital of EPIC for the year ended 31 December 2010.

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.

13 Review of performance

The Group achieved revenue of RM53.31 million in the fourth quarter under review, an increase of RM3.76 million or 8% compared to RM49.55 million reported in the same quarter in the preceding year. The Group recorded profit before tax of RM18.12 million, increase by 48% compared to RM12.28 million achieved in the same quarter in the preceding year.

For the 12 months ended 31 December 2010, the Group generated revenue of RM235.14 million, an increase of RM51.67 million or 28% compared to RM183.47 million achieved in the same period in the preceding year. The Group recorded profit before tax of RM75.39 million, increase by 38% compared to RM54.46 million achieved in the same period in the preceding year.

The increase in revenue and profit before tax was mainly due to increase in port operations and oil and gas activities.

14 Review of current quarter profitability against preceding quarter

During the current quarter under review, the Group recorded profit before tax of RM18.12 million, decrease of 15% as compared to RM20.84 million of profit before tax reported in the preceding quarter due to lower oil and gas activities with regards to fabrication services in current quarter as compared to previous quarter.



15 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 2011 compared to the year 2010.

16 Profit forecast and profit guarantee

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

17 Taxation

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Malaysian tax:				
- current year	1,872	1,988	16,823	12,565
Deferred tax	6	(1,359)	1,967	(7,044)
	<u>1,878</u>	<u>629</u>	<u>18,790</u>	<u>5,521</u>

The effective tax rate for the current quarter under review was lower than the statutory tax rate of 25% mainly due to capitalisation of certain deductible expenditure.

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 Investment in quoted securities

Purchase and sales of quoted securities for the financial year to date are as follows:

	Year to date RM'000
Bursa Malaysia	
Purchases	383
Sales	1,053
Profit on disposal	<u>(68)</u>

The quoted securities had been disposed on 22 October 2010.



20 Corporate proposals

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

21 Group borrowings and debt securities

The Group exposure in borrowings is as follows:

	As at 31.12.2010 RM'000	As at 31.12.2009 RM'000
Secured borrowings denominated in Ringgit Malaysia		
- Short term	5,206	5,000
- Long term	16,921	22,707
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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 last audited financial statements ended 31 December 2009.



24 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended 31.12.2010	31.12.2009	12 months ended 31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit attributable to the equity holder of the Company	14,870	9,564	52,844	42,146
<i>Weighted average number of ordinary shares ('000)</i>				
Issued at the beginning of the period	169,503	169,173	169,503	169,173
Effects of share options	-	-	-	146
Shares repurchased	(1)	-	(2,757)	-
Weighted average number of shares	169,502	169,173	166,746	169,319
Basic earnings per share (sen)	8.77	5.65	31.69	24.89

25 Realised and unrealised profits disclosure

The retained profits may be analysed as follows:

	As at end of current quarter 31.12.2010 RM'000	As at end of preceding quarter 30.09.2010 RM'000
- Realised	125,976	118,405
- Unrealised	(15,255)	(15,267)
	<u>110,721</u>	<u>103,138</u>