



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

Interim Financial Statements
31 March 2011



**Condensed Consolidated Statements of Comprehensive Income
For the Period Ended 31 March 2011**

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31.03.2011 RM'000	31.03.2010 RM'000	31.03.2011 RM'000	31.03.2010 RM'000
Revenue	60,966	47,356	60,966	47,356
Operating expenses	(45,950)	(32,939)	(45,950)	(32,939)
Other income	707	522	707	522
Profit before tax	15,723	14,939	15,723	14,939
Taxation	(4,401)	(4,383)	(4,401)	(4,383)
Profit for the period	11,322	10,556	11,322	10,556
Profit attributable to:				
Owners of the parent	10,893	9,772	10,893	9,772
Minority interests	429	784	429	784
	11,322	10,556	11,322	10,556
Earnings per share attributable to owners of the parent (Sen)				
Basic	6.53	5.80	6.53	5.80

The unaudited 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 2010 and the accompanying explanatory notes on pages 7 to 12 of the interim financial statements.



Condensed Consolidated Statements of Financial Position
As at 31 March 2011

	Unaudited 31.03.2011 RM'000	Audited 31.12.2010 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	279,387	283,374
Investment properties	4,144	4,171
Intangible assets	4,943	4,943
Deferred tax asset	8,734	9,031
	297,208	301,519
Current Assets		
Inventories	15,391	16,688
Trade and other receivables	79,554	57,565
Tax recoverable	6,959	7,338
Short term investment	2,281	2,281
Cash and bank balances	91,437	98,580
	195,622	182,452
TOTAL ASSETS	492,830	483,971
EQUITY AND LIABILITIES		
Current Liabilities		
Retirement benefit obligations	161	481
Borrowings	5,530	5,206
Trade and other payables	48,449	50,058
Current tax liabilities	-	38
	54,140	55,783
Net current assets	141,482	126,669



Condensed Consolidated Statements of Financial Position
As at 31 March 2011 (continued)

	Unaudited 31.03.2011 RM'000	Audited 31.12.2010 RM'000
Non Current Liabilities		
Deferred tax liabilities	24,357	24,304
Borrowing	15,619	16,921
Retirement benefit obligations	7,823	7,394
	<u>47,799</u>	<u>48,619</u>
Total Liabilities	<u>101,939</u>	<u>104,402</u>
Net assets	390,891	379,569
Equity attributable to owners of the parent		
Share capital	169,503	169,503
Share premium	82,414	82,414
Treasury shares	(4,387)	(4,387)
Other reserves	188	188
Retained earnings	121,614	110,721
	<u>369,332</u>	<u>358,439</u>
Minority interests	21,559	21,130
Total Equity	<u>390,891</u>	<u>379,569</u>
TOTAL EQUITY AND LIABILITIES	<u>492,830</u>	<u>483,971</u>
Net assets per share (RM)	2.21	2.15

The unaudited 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 2010 and the accompanying explanatory notes on pages 7 to 12 of the interim financial statements.



**Condensed Consolidated Cash Flow Statements
For the Period Ended 31 March 2011**

	CUMULATIVE QUARTER	
	31.03.2011	31.03.2010
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	15,723	14,939
Adjustment for non cash and non operating item	3,839	3,379
Operating profit before working capital changes	19,562	18,318
Net change in current assets	(17,424)	(4,806)
Net change in current liabilities	(1,746)	(5,846)
Cash from operations	392	7,666
Tax paid	(5,051)	(2,659)
Tax refund	1,662	-
Retirement benefits paid	(280)	(183)
Net cash flow (used in)/from operating activities	(3,277)	4,824
Cash flow used in investing activity		
Purchase of property, plant and equipment representing net cash used in investing activity	(2,667)	(1,217)
Cash flow used in financing activities		
Repayment of borrowings	(1,523)	(1,674)
Purchase of treasury shares	-	(924)
Dividends paid to minority shareholders	-	(196)
Net cash flow used in financing activities	(1,523)	(2,794)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(7,467)	813
At start of the year	98,580	83,388
At end of the period	91,113	84,201
Represented by:		
Deposit, cash and bank balances	91,437	85,406
Bank overdraft	(324)	(1,205)
	91,113	84,201

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 2010 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 March 2011**

	----- Attributable to equity holders of the Company -----							
	----- Non distributable equity -----			Distributable				
	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Sub Total	Minority interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1 January 2011	169,503	82,414	(4,387)	188	110,721	358,439	21,130	379,569
Profit for the period	-	-	-	-	10,893	10,893	429	11,322
31 March 2011	169,503	82,414	(4,387)	188	121,614	369,332	21,559	390,891



Condensed Consolidated Statements of Changes in Equity
For the Period Ended 31 March 2011 (continued)

	----- Attributable to equity holders of the Company -----							Total equity
	----- Non distributable equity -----				Distributable			
	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Sub Total	Minority interests	
	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	68,334	320,314	17,827	338,141
Share Buy Back	-	-	(924)	-	-	(924)	-	(924)
Profit for the period	-	-	-	-	9,772	9,772	784	10,556
Dividend	-	-	-	-	-	-	(195)	(195)
31 March 2010	169,503	82,414	(1,049)	188	78,106	329,162	18,416	347,578

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 2010 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 financial year ended 31 December 2010. 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 2010.

2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2011.

FRSs, Amendments to FRSs and IC Interpretations

FRS 1 *First-time Adoption of Financial Reporting Standards*

FRS 3 *Business Combinations (Revised)*

FRS 127 *Consolidated and Separate Financial Statements*

Amendments to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*

Amendments to FRS 1 Additional Exemptions for First-time Adopters

Amendments to FRS 2 *Share-based Payment*

Amendments to FRS 2 *Group Cash Settle Share-based Payment Transactions*

Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Amendments to FRS 7 *Improving Disclosure about Financial Instruments*

Amendments to FRS 132 *Financial Instruments: Presentation*

Amendments to FRS 138 *Intangible Assets*

Improvements to FRS issued in 2010

IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*

IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*

IC Interpretation 17 *Distributions of a Non-cash Assets to Owners*

IC Interpretation 18 *Transfer of Assets from Customers*

Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial performance, position or presentation of financials of the Group, other than the disclosures under the Amendments to FRS 7 which will affect the 2011 annual financial statements.



2 Changes in Accounting Policies (continued)

At the date of authorisation of these interim financial statements, the following FRS, IC Interpretations and Amendments to IC Interpretation were issued but not yet effective and have not been applied by the Group:

FRS, IC Interpretation and Amendments to IC Interpretation	Effective date
FRS 124 <i>Related Party Disclosures</i>	1 January 2012
IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2011
Amendments to IC Interpretation 14 <i>Prepayments of a Minimum Funding Requirement</i>	1 July 2011

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.

8 Dividend paid

There was no dividend paid during the period ended 31 March 2011.



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 March 2011							
External revenue	123	29,176	22,868	7,320	1,479	-	60,966
Inter-segment revenue	1,376	728	-	-	-	(2,104)	-
Total revenue	1,499	29,904	22,868	7,320	1,479	(2,104)	60,966
RESULTS							
Segment results	(2,354)	14,106	2,401	1,834	(44)	(220)	15,723
31 March 2010							
External revenue	29	25,741	10,892	8,918	1,776	-	47,356
Inter-segment revenue	29,356	549	-	-	-	(29,905)	-
Total revenue	29,385	26,290	10,892	8,918	1,776	(29,905)	47,356
RESULTS							
Segment results	(2,367)	13,489	1,809	3,176	(856)	(312)	14,939
Segment assets							
31 March 2011	34,312	298,804	60,392	74,303	11,344	13,675	492,830
31 March 2010	36,466	261,438	36,896	66,125	17,027	18,768	436,720

The "Others" segment mainly comprise the provision of threading tubulars 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

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 RM60.97 million in the first quarter under review, an increase of RM13.61 million or 29% compared to RM47.36 million reported in the same quarter in the preceding year. The Group recorded profit before tax of RM15.72 million, increase by 5% compared to RM14.94 million achieved in the same quarter in the preceding year.

The increase in revenue and profit before tax was mainly due to increase in 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 RM15.72 million, decrease of 13% as compared to RM18.12 million of profit before tax reported in the preceding quarter due to one-off recognition of gain on disposal of a subsidiary in previous reporting 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 3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Malaysian tax:				
- current year	4,051	3,789	4,051	3,789
Deferred tax	350	594	350	594
	<u>4,401</u>	<u>4,383</u>	<u>4,401</u>	<u>4,383</u>

The effective tax rate of the Group is higher than the statutory tax rate of 25% mainly due to certain expenses which were not deductible for tax purposes.

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

There was no investment in quoted securities as at the end of the quarter. There was no purchase and disposal of quoted securities for the current quarter and financial year-to-date.

20 Corporate proposals

There were no corporate proposals for the period under review.

21 Group borrowings and debt securities

The Group exposure in borrowings is as follows:

	As at 31.03.2011 RM'000	As at 31.03.2010 RM'000
Secured borrowings denominated in Ringgit Malaysia		
- Short term	5,530	6,205
- Long term	<u>15,619</u>	<u>21,032</u>



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 interim financial report ended 31 December 2010.

24 Earnings per share

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Basic earnings per share				
Profit attributable to the equity holder of the Company (RM'000)	10,893	9,772	10,893	9,772
Weighted average number of ordinary shares in issue ('000)	166,746	168,454	166,746	168,454
Basic earnings per share (sen)	6.53	5.80	6.53	5.80

25 Retained earnings

	As at 31.03.2011 RM'000	As at 31.12.2010 RM'000
Total retained earnings of the Group		
- Realised	285,595	269,015
- Unrealised	(15,623)	(15,255)
	<u>269,972</u>	<u>253,760</u>
Less: Consolidation adjustments	(148,358)	(143,039)
Total retained earnings	<u>121,614</u>	<u>110,721</u>