



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

Interim Financial Statements
30 June 2011



**Condensed Consolidated Statements of Comprehensive Income
For the Period Ended 30 June 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Revenue	68,341	61,623	129,307	108,979
Operating expenses	(47,697)	(40,880)	(93,647)	(73,819)
Other income	2,969	749	3,676	1,271
Profit before tax	23,613	21,492	39,336	36,431
Taxation	(6,901)	(5,690)	(11,302)	(10,073)
Profit for the period	16,712	15,802	28,034	26,358
Profit attributable to:				
Owners of the parent	16,281	14,774	27,174	24,546
Minority interests	431	1,028	860	1,812
	16,712	15,802	28,034	26,358
Earnings per share attributable to owners of the parent (Sen)				
Basic	9.76	8.83	16.30	14.72

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 30 June 2011

	Unaudited 30.06.2011 RM'000	Audited 31.12.2010 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	291,203	283,374
Investment properties	4,116	4,171
Intangible assets	4,943	4,943
Deferred tax asset	8,290	9,031
	308,552	301,519
Current Assets		
Inventories	14,974	16,688
Trade and other receivables	70,346	57,565
Tax recoverable	5,975	7,338
Short term investment	1,750	2,281
Cash and bank balances	100,475	98,580
	193,520	182,452
TOTAL ASSETS	502,072	483,971
EQUITY AND LIABILITIES		
Current Liabilities		
Retirement benefit obligations	322	481
Borrowings	5,000	5,206
Trade and other payables	41,403	50,058
Current tax liabilities	66	38
	46,791	55,783
Net current assets	146,729	126,669



Condensed Consolidated Statements of Financial Position
As at 30 June 2011 (continued)

	Unaudited 30.06.2011 RM'000	Audited 31.12.2010 RM'000
Non Current Liabilities		
Deferred tax liabilities	25,163	24,304
Borrowing	14,524	16,921
Retirement benefit obligations	7,994	7,394
	<u>47,681</u>	<u>48,619</u>
Total Liabilities	<u>94,472</u>	<u>104,402</u>
Net assets	407,600	379,569
Equity attributable to owners of the parent		
Share capital	169,503	169,503
Share premium	82,414	82,414
Treasury shares	(4,390)	(4,387)
Other reserves	188	188
Retained earnings	137,895	110,721
	<u>385,610</u>	<u>358,439</u>
Minority interests	21,990	21,130
Total Equity	<u>407,600</u>	<u>379,569</u>
TOTAL EQUITY AND LIABILITIES	<u>502,072</u>	<u>483,971</u>
Net assets per share (RM)	2.31	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.



Eastern Pacific Industrial Corporation Berhad

Company No: 66667-K

(Incorporated in Malaysia)

**Condensed Consolidated Statements of Changes in Equity
For the Period Ended 30 June 2011**

	----- 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 2011	169,503	82,414	(4,387)	188	110,721	358,439	21,130	379,569
Share Buy Back	-	-	(3)	-	-	(3)	-	(3)
Profit for the period	-	-	-	-	27,174	27,174	860	28,034
30 June 2011	169,503	82,414	(4,390)	188	137,895	385,610	21,990	407,600



Condensed Consolidated Statements of Changes in Equity
For the Period Ended 30 June 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	-	-	(4,260)	-	-	(4,260)	-	(4,260)
Profit for the period	-	-	-	-	24,546	24,546	1,812	26,358
Dividend	-	-	-	-	(3,167)	(3,167)	(195)	(3,362)
30 June 2010	169,503	82,414	(4,385)	188	89,713	337,433	19,444	356,877

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.



**Condensed Consolidated Cash Flow Statements
For the Period Ended 30 June 2011**

	CUMULATIVE QUARTER	
	30.06.2011	30.06.2010
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	39,336	36,431
Adjustment for non cash and non operating item	6,218	6,255
Operating profit before working capital changes	45,554	42,686
Net change in current assets	(9,360)	(15,567)
Net change in current liabilities	(8,629)	(22)
Cash from operations	27,565	27,097
Tax paid	(9,773)	(5,834)
Tax refund	1,656	1,588
Retirement benefits paid	(339)	(399)
Net cash flow from operating activities	19,109	22,452
Cash flow used in investing activities		
Purchase of property, plant and equipment	(14,663)	(4,795)
Proceeds from disposal of property, plant and equipment	55	73
Net cash flow used in investing activities	(14,608)	(4,722)
Cash flow used in financing activities		
Repayment of borrowings	(2,603)	(2,976)
Purchase of treasury shares	(3)	(4,260)
Dividends paid to shareholders	-	(3,167)
Dividends paid to minority shareholders	-	(196)
Net cash flow used in financing activities	(2,606)	(10,599)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,895	7,131
At start of the year	98,580	83,388
At end of the period	100,475	90,519
Represented by:		
Deposit, cash and bank balances	100,475	91,563
Bank overdraft	-	(1,044)
	100,475	90,519

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.



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 except for the purchase of treasury shares as follows:

	Number of treasury shares '000	Total consideration RM'000
At 1 January 2011	2,757	4,387
Repurchased during the year	1	3
At 30 June 2011	<u>2,758</u>	<u>4,390</u>

The repurchase transactions were financed by internally generated funds.

8 Dividend paid

There was no dividend paid during the period ended 30 June 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
30 June 2011							
External revenue	166	64,115	45,254	15,775	3,997	-	129,307
Inter-segment revenue	2,979	1,881	-	-	-	(4,860)	-
Total revenue	3,145	65,996	45,254	15,775	3,997	(4,860)	129,307
RESULTS							
Segment results	(5,630)	34,483	4,220	3,575	1,001	1,687	39,336
30 June 2010							
External revenue	266	56,226	29,336	19,008	4,143	-	108,979
Inter-segment revenue	31,903	1,242	-	-	-	(33,145)	-
Total revenue	32,169	57,468	29,336	19,008	4,143	(33,145)	108,979
RESULTS							
Segment results	(4,570)	30,164	4,895	7,014	(449)	(623)	36,431
Segment assets							
30 June 2011	30,937	313,337	60,119	71,760	12,687	13,232	502,072
31 December 2010	38,877	288,585	55,568	75,735	11,232	13,974	483,971

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 RM68.34 million in the second quarter under review, an increase of RM6.72 million or 11% compared to RM61.62 million reported in the same quarter in the preceding year. The Group recorded profit before tax of RM23.61 million, increase by 10% compared to RM21.49 million achieved in the same quarter in the preceding year.

For the six months ended 30 June 2011, the Group generated revenue of RM129.31 million, an increase of RM20.33 million or 19% compared to RM108.98 million achieved in the same period in the preceding year. The Group recorded profit before tax of RM39.34 million, increase by 8% compared to RM36.43 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 RM23.61 million, increase of 50% as compared to RM15.72 million of profit before tax reported in the preceding quarter due to increase in port operations and oil and gas activities.

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 6 months ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
Malaysian tax:				
- current year	5,675	4,824	9,703	8,613
Deferred tax	1,226	866	1,599	1,460
	<u>6,901</u>	<u>5,690</u>	<u>11,302</u>	<u>10,073</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 and reversal of deferred tax assets arising from unused tax credit.

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

On 24 August 2011, the Board of Directors had received a Notice of Unconditional Take-Over Offer by Lembaga Tabung Amanah Warisan Negeri Terengganu and Pembinaan PTB Sdn Bhd through Kenanga Investment Bank Berhad to acquire all ordinary shares of RM1.00 each in Eastern Pacific Industrial Corporation Berhad (offer shares) not owned by them at an offer price of RM3.10 per offer share to be satisfied fully in cash.

21 Group borrowings and debt securities

The Group exposure in borrowings is as follows:

	As at 30.06.2011 RM'000	As at 30.06.2010 RM'000
Secured borrowings denominated in Ringgit Malaysia		
- Short term	5,000	6,044
- Long term	<u>14,524</u>	<u>19,731</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		CUMULATIVE QUARTER	
	3 months ended 30.06.2011	30.06.2010	6 months ended 30.06.2011	30.06.2010
Basic earnings per share				
Profit attributable to the equity holder of the Company (RM'000)	16,281	14,774	27,174	24,546
<i>Weighted average number of ordinary shares in issue ('000)</i>				
Issued at the beginning of the period	166,746	169,403	166,746	169,403
Share repurchased	(1)	(2,071)	(1)	(2,656)
Weighted average number of ordinary shares	166,745	167,332	166,745	166,747
Basic earnings per share (sen)	9.76	8.83	16.30	14.72

25 Retained earnings

	As at 30.06.2011 RM'000	As at 31.12.2010 RM'000
Total retained earnings of the Group		
- Realised	304,217	269,015
- Unrealised	(16,873)	(15,255)
	287,344	253,760
Less: Consolidation adjustments	(149,449)	(143,039)
Total retained earnings	137,895	110,721