

EP MANUFACTURING BHD.

(Company No. 390116-T)

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Income Statement

For the Period Ended 30 September 2009 - unaudited

	3 months quarter ended 30.09.2009 RM'000	3 months quarter ended 30.09.2008 RM'000	Cumulative 9 months 30.09.2009 RM'000	Cumulative 9 months 30.09.2008 RM'000
Revenue	<u>115,293</u>	<u>129,764</u>	<u>337,268</u>	<u>361,087</u>
Operating profit	6,218	6,900	16,857	21,507
Interest expense	(3,517)	(3,196)	(11,716)	(11,083)
Interest income	19	18	48	77
Other income	(867)	(642)	(536)	(2,913)
Profit before taxation	<u>1,853</u>	<u>3,080</u>	<u>4,653</u>	<u>7,588</u>
Tax expense	-	-	1	(50)
Net profit for the period	<u>1,853</u>	<u>3,080</u>	<u>4,654</u>	<u>7,538</u>
Attributable to:				
Equity holders of the parent	1,818	2,856	4,560	6,966
Minority interests	35	224	94	572
Net profit/(loss) for the period	<u>1,853</u>	<u>3,080</u>	<u>4,654</u>	<u>7,538</u>
Earnings per ordinary share (sen):				
Basic	<u>1.09</u>	<u>1.72</u>	<u>2.74</u>	<u>4.20</u>
Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Balance Sheet

As at 30 September 2009 - unaudited

	30.09.2009 RM'000	31.12.2008 RM'000 (audited)
Assets		
Property, plant and equipment	301,781	333,909
Other investments	38	38
Intangible assets	128,013	146,775
Deferred tax assets	3,043	3,043
Total non-current assets	<u>432,875</u>	<u>483,765</u>
Inventories	31,399	45,608
Trade and other receivables	92,592	89,766
Current tax assets	350	1,081
Fixed deposits	5,129	5,460
Cash and cash equivalents	10,054	8,071
Total current assets	<u>139,524</u>	<u>149,986</u>
Total assets	<u>572,399</u>	<u>633,751</u>
Equity		
Share Capital	165,960	165,960
Reserves	55,764	51,235
Treasury Shares	(2,647)	(2,647)
Total equity attributable to equity holders of the parent	<u>219,077</u>	<u>214,548</u>
Minority interests	5,520	5,427
Total equity	<u>224,597</u>	<u>219,975</u>
Liabilities		
Borrowings	111,456	149,213
Deferred tax liabilities	7,198	11,084
Total non-current liabilities	<u>118,654</u>	<u>160,297</u>
Trade and other payables	99,698	129,001
Borrowings	127,415	122,380
Current tax liabilities	17	17
Provision for warranties	2,018	1,766
Dividend payable	-	315
	<u>229,148</u>	<u>253,479</u>
Total liabilities	<u>347,802</u>	<u>413,776</u>
Total equity and liabilities	<u>572,399</u>	<u>633,751</u>
Net Assets per share attributable to equity holders of the parent (RM)	<u>1.35</u>	<u>1.33</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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Unaudited Condensed Cash Flow Statement

For the Financial Period Ended 30.09.2009

	9 months Ended 30.09.2009 RM'000	9 months Ended 30.09.2008 RM'000
Net cash inflow from operating activities	44,142	42,235
Net cash inflow/ (outflow) from investing activities	1,740	(37,959)
Intangible cost capitalised	-	(15,058)
Interest received	(48)	(47)
Pledged of deposits with licenced banks	(587)	(6)
Proceeds from disposal of property, plant and equipment	204	-
Purchase of property, plant and equipment	(10,662)	(22,848)
Impairment loss in investment of a subsidiary company	12,833	-
Net cash flow from financing activities	(44,817)	(3,824)
Net change in Cash & Cash Equivalents	<u>1,065</u>	<u>452</u>
Cash & Cash Equivalents at 1 January	8,972	10,342
Foreign exchange differences on opening balances	-	-
Cash & Cash Equivalents at 30 September	<u><u>10,037</u></u>	<u><u>10,794</u></u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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Unaudited Condensed Statement of Changes in Equity

For the Financial Period Ended 30 September 2009

	Share Capital		Attributable to equity holders of the Company		Non Distributable		Distributable		Minority Interests	Total Equity
	RM'000		RM'000		RM'000		RM'000			
At 1 January 2009	165,960	-	14,069	-	(2,647)	37,198	214,548	5,427	219,975	
Net profit recognised directly in equity	-	-	-	32	-	-	32	-	32	
Profit for the period	-	-	-	-	-	4,497	4,497	93	4,590	
Total recognised income and expense for the year	-	-	-	32	-	4,497	4,529	93	4,622	
At 30 September 2009	165,960	-	14,069	-	(2,647)	41,695	219,077	5,520	224,597	
At 1 January 2008	124,422	7,176	42,774	4,146	(1,474)	25,200	199,598	11,288	210,886	
Conversion to ordinary shares	-	-	-	-	-	-	-	-	-	
- EPMB ICUPS	40,398	(6,978)	(27,918)	-	-	-	5,501	-	5,501	
- EPMB RCSPS	1,140	(198)	(786)	-	-	-	156	-	156	
Net loss recognised directly in equity	-	-	-	428	-	-	428	-	428	
Profit for the period	-	-	-	-	-	6,966	6,966	572	7,537	
Total recognised income and expense for the year	-	-	-	428	-	6,966	7,394	572	7,965	
Treasury shares acquired	-	-	-	-	-	-	-	-	-	
Conversion of preference shares in subsidiary	-	-	-	-	-	-	-	(5,759)	(5,759)	
Preference dividends	-	-	-	-	-	(379)	(379)	-	(379)	
- EPMB ICUPS	-	-	-	-	-	(10)	(10)	-	(10)	
- EPMB RCSPS	-	-	-	-	-	-	-	-	-	
At 30 September 2008	165,960	-	14,070	4,146	(1,046)	31,776	212,260	6,101	218,360	

* Par value of the equity components of EP Manufacturing Bhd.'s Irredeemable Convertible Unsecured Preference Shares of RM0.10 each ("EPMB ICUPS") and EP Manufacturing Bhd.'s Redeemable Convertible Secured Preference Shares of RM0.10 each ("EPMB RCSPS").

The condensed consolidated statement 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 attached to the interim financial statements.

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For the Period Ended 30 September 2009

A Explanatory Notes Pursuant to Financial Reporting Standards (“FRS”) 134

A1. Basis of preparation

The interim financial statements are un-audited and have been prepared in accordance with Financial Reporting Standards (FRS134), Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

A2. Changes in accounting policies

The significant accounting policies adopted in this interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2008 except for the adoption of the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs / Interpretations	Effective date
FRS 4, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments :Disclosures</i>	1 January 2010
FRS 8, <i>Operating Segments</i>	1 July 2009
FRS 139, <i>Financial Instruments :Recognition and Measurement</i>	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010

The Group and the Company plan to apply the abovementioned FRSs/ Interpretations from the annual period beginning 1 January 2010, except for FRS 4, which is not applicable.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

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A2. Changes in accounting policies (continued)

FRS 8, Operating Segment –will become effective for financial statements for the year ending 31 December 2010. FRS 8, which replaces FRS 114, Segment Reporting, 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. Currently, the Group presents segment information in respect of its business segments. Under FRS 8, the Group will present segment information in respect of its operating segments: automotive and water division.

A3. Audit qualifications

The audited financial statements of the Group for the financial year ended 31 December 2008 was not subject to any qualification.

A4. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter. For financial period-to-date, a reduction of RM9.625million from amount payable to the vendor and cost of investment in Circle Ring Network in accordance with the sales and purchase of shares agreement, and correspondingly, the manufacturing and distribution rights intangible assets at the Group level has been reduced by RM9.625million.

A5. Change of accounting estimate

There was no change to estimate of amounts reported in prior financial quarter or financial year that have a material effect for the financial quarter under review.

A6. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter.

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A7. Seasonal or cyclical factors

The business operations of the Group were not affected by any seasonal or cyclical factors.

A8. Segment information

Segment information is presented in respect of the Group's business segment:

	Automotive		Water		Consolidated	
	30 Sep 2009	30 Sep 2008	30 Sep 2009	30 Sep 2008	30 Sep 2009	30 Sep 2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	330,826	350,272	6,442	10,814	337,268	361,086
Segment results	23,845	28,725	(4,385)	(3,974)	19,460	24,752
Unallocated expenses					(324)	(1,188)
Results from operating activities					19,136	23,564
Net amortization of intangible assets					(2,765)	(4,893)
Finance Cost					(11,717)	(11,083)
Tax expenses					1	(50)
Net profit for the period					4,654	7,538

A9. Valuation of property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the previous annual financial statements.

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A10. Capital commitments

	30.09.2009
	RM'000
Property, plant and equipment	
Contracted but not provided for and payable: Within one year	10,568
Approved but not provided for:	
One year or later and no later than five years	62,000
TOTAL	72,568

A11. Changes in contingent liabilities

As at the date of this report, there were no changes to the contingent liabilities of the Group.

A12. Debt and equity securities

For the current financial quarter, there were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities.

A13. Related party transactions

The Group has significant related party transactions with companies in which certain directors of the Company have interests. Related parties are those defined under FRS 124, Related Party Disclosures. Transactions with these related parties have been entered into in the normal course of business and have been established under arms length basis.

A14. Events subsequent to the balance sheet date

There were no material events that have not been reflected in the financial statements for the current quarter and for the financial year to date.

A15. Dividends

The Board does not recommend any interim dividend for the current financial quarter.

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B. Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of the performance

The Group's revenue of RM115.29million for the quarter under review was RM14.47million lower than the RM129.76million registered in the preceding year's corresponding quarter due to reduction in sales volume.

The Group's pre-tax profit for the current quarter was RM1.85million compared to preceding year's corresponding quarter profit of RM3.08million.

B2. Variation of results against preceding quarter (Quarter 3, 2009 vs. Quarter 2, 2009)

For the quarter under review, the Group's revenue was lower as compared to preceding quarter due to the lower volume from customers. Meanwhile, profit before tax for the current quarter is RM1.85million, which is higher by 174,000 as compared to the previous quarter.

B3. Current year prospects

With the gradual improved economic sentiments, the automotive car industry is projecting a recovery in sales.

Going forward, the Board anticipated that with the launch of Perodua MPV, this would further enhance and improve the financial performance of the Group for the forth-coming period.

B4. Profit forecast or profit guarantee

The Company has received a profit guarantee of RM9.625 million in last quarter.

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B5. Tax expense

	9 months ended 31.12	
	2009 RM'000	2008 RM'000
Current tax expense:		
Malaysia – current provision	-	(50)
Malaysia – deferred tax liabilities	-	-
- deferred tax assets	-	-
Malaysia income tax- over provided in prior years	1	-
	<u>1</u>	<u>(50)</u>

No provision for taxation is required for the profit making subsidiary due to exemption under pioneer status, utilization of unabsorbed capital allowances and tax losses of previous years.

B6. Quoted investments

Investments in quoted securities as at 30 September 2009 are as follows:-

	RM'000
Shares quoted in Malaysia, at cost	<u>38</u>
Book value of quoted shares in Malaysia	<u>38</u>
Market value of quoted shares in Malaysia	<u>55</u>

There were no purchases or disposals of quoted investments during the financial quarter under review.

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B7. Status of corporate proposals

There were no corporate proposals announced or not completed as at the date of this quarterly report.

B8. Borrowing and debt securities

The borrowings as at 30 September 2009 are as follows:

	RM'000
Current	
Trade facilities	65,904
Term loan	8,476
Finance lease liabilities	6,358
Overdraft	4,677
MUNIF/ IMTN	42,000
	<hr/>
	127,415
Non-current	
MUNIF/ IMTN	67,000
Term loan	32,227
Finance lease liabilities	12,229
	<hr/>
	111,456
Total	<hr/> <hr/>
	238,871

The above borrowings are denominated in Ringgit Malaysia.

B9. Off balance sheet financial instruments

There are no off balance sheet risks as at the date of this report that might materially affect the position or business of the Group.

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B10. Changes in material litigation

There is no material litigation as at the date of this report.

B11. Earnings per share

The calculation of the earnings per share for the Group is based on profit attributable to ordinary shareholders (after preference dividend for ICUPS & RCSPS for Year:2008) on the number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year quarter	Current year to date	Preceding year to date
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
Profit for the period (RM'000)	1,818	2,856	4,560	6,966
Number of ordinary shares RM1.00 each ('000)	165,960	165,960	165,960	165,960
Basic earning per share (sen)	1.09	1.72	2.74	4.20
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

The Group has no potential ordinary shares in issue, therefore diluted earnings per share has not been presented.