

EP MANUFACTURING BHD.

(Company No. 390116-T)

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Income Statement

For the Period Ended 31 March 2010 - unaudited

	3 months quarter ended 31.03.2010 RM'000	3 months quarter ended 31.03.2009 RM'000	Cumulative 3 months 31.03.2010 RM'000	Cumulative 3 months 31.03.2009 RM'000
Revenue	150,228	103,543	150,228	103,543
Operating profit	7,210	5,283	7,210	5,283
Interest expense	(2,955)	(4,503)	(2,955)	(4,503)
Interest income	32	15	32	15
Other income	246	327	246	327
Profit before taxation	4,533	1,122	4,533	1,122
Tax expense	(301)	-	(301)	-
Net profit for the period	4,232	1,122	4,232	1,122
Attributable to:				
Equity holders of the parent	4,122	1,027	4,122	1,027
Minority interests	110	95	110	95
Net profit for the period	4,232	1,122	4,232	1,122
Earnings per ordinary share (sen):				
Basic	2.48	0.62	2.48	0.62
Diluted	-	-	-	-

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

EP MANUFACTURING BHD.

(Company No. 390116-T)

(Incorporated in Malaysia)

Condensed Consolidated Balance Sheet

As at 31 March 2010 - unaudited

	31.03.2010 RM'000	31.12.2009 RM'000 (Audited)
Assets		
Property, plant and equipment	307,162	327,392
Other investments	-	38
Intangible assets	111,004	112,598
Deferred tax assets	5,326	5,326
Total non-current assets	<u>423,492</u>	<u>445,354</u>
Inventories	28,931	28,535
Trade and other receivables	103,172	81,650
Current tax assets	335	335
Fixed deposits	4,825	4,817
Cash and cash equivalents	18,615	12,032
Total current assets	<u>155,878</u>	<u>127,369</u>
Total assets	<u>579,370</u>	<u>572,723</u>
Equity		
Share Capital	165,960	165,960
Reserves	61,697	57,579
Treasury Shares	(2,647)	(2,647)
Total equity attributable to equity holders of the parent	<u>225,010</u>	<u>220,892</u>
Minority interests	6,114	6,005
Total equity	<u>231,124</u>	<u>226,897</u>
Liabilities		
Borrowings	98,825	100,149
Deferred tax liabilities	2,443	2,572
Total non-current liabilities	<u>101,268</u>	<u>102,721</u>
Trade and other payables	128,203	107,262
Borrowings	113,336	130,850
Current tax liabilities	3,153	2,851
Provision for warranties	2,286	2,142
	<u>246,978</u>	<u>243,105</u>
Total liabilities	348,246	345,826
Total equity and liabilities	<u>579,370</u>	<u>572,723</u>
Net Assets per share attributable to equity holders of the parent (RM)	<u>1.36</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 2009 and the accompanying explanatory notes attached to the interim financial statements.

EP MANUFACTURING BHD.

(Company No. 390116-T)

(Incorporated in Malaysia)

Unaudited Condensed Cash Flow Statement

For the Financial Period Ended 31.03.2010

	3 months Ended 31.03.2010 RM'000	3 months Ended 31.03.2009 RM'000															
Net cash inflow from operating activities	28,326	7,315															
Net cash inflow/ (outflow) from investing activities	(177)	(482)															
<table><tbody><tr><td>Interest received</td><td style="text-align: right;">(32)</td><td style="text-align: right;">(15)</td></tr><tr><td>Pledged of deposits with licenced banks</td><td style="text-align: right;">(235)</td><td style="text-align: right;">(10)</td></tr><tr><td>Proceeds from disposal of property, plant and equipment</td><td style="text-align: right;">-</td><td style="text-align: right;">90</td></tr><tr><td>Proceeds from disposal of quoted shares</td><td style="text-align: right;">90</td><td style="text-align: right;">-</td></tr><tr><td>Purchase of property, plant and equipment</td><td style="text-align: right;">-</td><td style="text-align: right;">(547)</td></tr></tbody></table>			Interest received	(32)	(15)	Pledged of deposits with licenced banks	(235)	(10)	Proceeds from disposal of property, plant and equipment	-	90	Proceeds from disposal of quoted shares	90	-	Purchase of property, plant and equipment	-	(547)
Interest received	(32)	(15)															
Pledged of deposits with licenced banks	(235)	(10)															
Proceeds from disposal of property, plant and equipment	-	90															
Proceeds from disposal of quoted shares	90	-															
Purchase of property, plant and equipment	-	(547)															
Net cash flow from financing activities	(19,691)	(6,160)															
Net change in Cash & Cash Equivalents	8,458	673															
Cash & Cash Equivalents at 1 January	4,788	8,972															
Foreign exchange differences on opening balances	-	-															
Cash & Cash Equivalents at 31 March	13,246	9,645															

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

EP MANUFACTURING BHD.

(Company No. 390116-T)
(Incorporated in Malaysia)

Unaudited Condensed Statement of Changes in Equity

For the Financial Period Ended 31 March 2010

----- Share Capital ----- Attributable to equity holders of the Company ----- Distributable

----- Non Distributable ----- Distributable

Exchange

Ordinary Shares RM'000	Financial Instruments* RM'000	Share Premium RM'000	Capital Reserve RM'000	Exchange translation reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
165,960	-	14,069	-	(981)	(2,647)	44,491	220,892	6,005	226,897
-	-	-	-	(4)	-	-	(4)	-	(4)
-	-	-	-	-	-	4,122	4,122	109	4,230
-	-	-	-	(4)	-	4,122	4,118	109	4,227
165,960	-	14,069	-	(985)	(2,647)	48,612	225,010	6,114	231,124

At 1 January 2010

Net profit/(loss) recognised directly in equity

Profit for the period

Total recognised income and expense for the year

At 31 March 2010

At 1 January 2009

Net loss recognised directly in equity

Profit for the period

Total recognised income and expense for the year

At 31 December 2009

165,960	-	14,069	-	(32)	(2,647)	37,198	214,548	5,427	219,975
-	-	-	-	(949)	-	-	(949)	-	(949)
-	-	-	-	-	-	7,293	7,293	578	7,871
-	-	-	-	(949)	-	7,293	6,344	578	6,922
165,960	-	14,069	-	(981)	(2,647)	44,491	220,892	6,005	226,897

The condensed consolidated statement 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 attached to the interim financial statements.

EP MANUFACTURING BHD.

(Company No. 390116-T)

For the Period Ended 31 March 2010

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

A1. Basis of preparation

These interim financial statements are un-audited and have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions under paragraph 9.22 of the Listing Requirements of the 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 2009 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 and amendments effective for annual periods beginning on or after 1 July 2009

- FRS 8, *Operating Segments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation – Puttable Financial Instruments and Obligations Arising on Liquidation*

EP MANUFACTURING BHD.

(Company No. 390116-T)

For the Period Ended 31 March 2010

A2. Changes in accounting policies (continued)

- *Separation of Compound Instruments*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
 - *Reclassification of Financial Assets*
 - *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 – *Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010 (continued)

- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

EP MANUFACTURING BHD.

(Company No. 390116-T)

For the Period Ended 31 March 2010

A2. Changes in accounting policies (continued)

The Group and the Company plans to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, Amendments to FRS 2, IC Interpretations 13 and 14 which are not applicable to the Group and the Company; and
- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for Amendments to FRS 2, Amendments to FRS 5, IC Interpretations 12, 15, 16 and 17 which are not applicable to the Group and the Company.

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors*, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs. The initial application of the other applicable standards (and its consequential amendments) and interpretations is not expected to have any material financial impact on the Group and the Company's financial statements.

A3. Audit qualifications

The audited financial statements of the Group for the financial year ended 31 December 2009 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.

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.

EP MANUFACTURING BHD.

(Company No. 390116-T)

For the Period Ended 31 March 2010

A6. Changes in composition of the Group

On 4 November 2009, PT EP Metering & Services ("PT EPMS"), the subsidiary of the Company has signed a Deed of Establishment for the incorporation of a 90%-owned subsidiary in the Republic of Indonesia namely PT Tirta Serang Madani ("PTTSM").

As at the date of this report, the approval from Department of Law and Human Rights of Indonesia for the Deed has yet to be received.

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	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	145,455	101,725	4,773	1,818	150,228	103,543
Segment results	9,028	7,935	(1,242)	(1,280)	7,786	6,655
Unallocated expenses					91	12
Results from operating activities					7,877	6,667
Net amortization of intangible assets					(389)	(1,042)
Finance Cost					(2,955)	(4,503)
Tax expenses					(301)	-
Net profit for the period					4,232	1,122

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.

EP MANUFACTURING BHD.

(Company No. 390116-T)

For the Period Ended 31 March 2010

A10. Capital commitments

	31.03.2010
	RM'000
Property, plant and equipment	
Contracted but not provided for and payable:	
Within one year	1,287
Approved but not provided for:	
One year or later and no later than five years	50,000
TOTAL	51,287

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 recommends a final dividend of 1 sen less 25% tax per ordinary share for the current financial year ended 31 December 2009, subject to shareholders approval at the forthcoming Annual General Meeting. No dividend is recommended for the quarter under review.

EP MANUFACTURING BHD.

(Company No. 390116-T)

For the Period Ended 31 March 2010

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 RM150.23million for the quarter under review was RM46.69million higher than the RM103.54million registered in the preceding year's corresponding quarter due to higher sales volume.

The Group's pre-tax profit for the current quarter was RM4.53million compared to preceding year's corresponding quarter profit of RM1.12million.

B2. Variation of results against preceding quarter (Quarter 1, 2010 vs. Quarter 4, 2009)

For the quarter under review, the Group's revenue was higher by RM20.03million as compared to preceding quarter contributed by the higher volume and introduction of Perodua Alza. Meanwhile, profit before tax for the current quarter is RM4.53million, which is higher by RM1.77million as compared to the previous quarter.

B3. Current year prospects

The automotive industry is projecting a growth in sales as compared to last year. This will brightened the outlook for a new start Year 2010.

Moving forward, the Board is positive on the Group's better performance for the forthcoming period.

B4. Profit forecast or profit guarantee

This is not applicable as there was no profit forecast or profit guarantee issued in respect of the current financial period under review.

EP MANUFACTURING BHD.

(Company No. 390116-T)

For the Period Ended 31 March 2010

B5. Tax expense

	3 months ended 31.03	
	2010	2009
	RM'000	RM'000
Current tax expense:		
Malaysia – current provision	(301)	-
Malaysia – deferred tax liabilities	-	-
- deferred tax assets	-	-
Malaysia income tax- over provided in prior years	-	-
	<u>(301)</u>	<u>-</u>

The effective tax rate of the Group is lower than the statutory tax rate due to the utilization of unabsorbed capital allowances, tax losses of previous years and tax incentives under the Income Tax Act 1967.

B6. Quoted investments

The group has disposed off the quoted securities during the quarter, with a book value of RM37,682 for a sales proceeds of RM89,889, resulting in a gain on disposal of RM52,207.

B7. Status of corporate proposals

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

EP MANUFACTURING BHD.

(Company No. 390116-T)

For the Period Ended 31 March 2010

B8. Borrowing and debt securities

The borrowings as at 31 March 2010 are as follows:

	RM'000
Current	
Trade facilities	48,687
Term loan	10,758
Finance lease liabilities	6,522
Overdraft	5,369
MUNIF/ IMTN	42,000
	<u>113,336</u>
Non-current	
MUNIF/ IMTN	50,000
Term loan	39,769
Finance lease liabilities	9,056
	<u>98,825</u>
Total	<u>212,161</u>

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.

B10. Changes in material litigation

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

EP MANUFACTURING BHD.

(Company No. 390116-T)

For the Period Ended 31 March 2010

B11. Earnings per share

The calculation of the earnings per share for the Group is based on profit attributable to ordinary shareholders 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
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Profit for the period (RM'000)	4,122	1,027	4,122	1,027
Number of ordinary shares RM1.00 each ('000)	165,960	165,960	165,960	165,960
Basic earning per share (sen)	2.48	0.62	2.48	0.62
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.