

# EP MANUFACTURING BHD.

(Company No. 390116-T)

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Comprehensive Income

For the Period Ended 31 March 2011 - unaudited

	3 months quarter ended 31.3.2011 RM'000	3 months quarter ended 31.3.2010 RM'000	Cumulative 3 months 31.3.2011 RM'000	Cumulative 3 months 31.3.2010 RM'000
<b>Revenue</b>	<u>125,497</u>	<u>150,228</u>	<u>125,497</u>	<u>150,228</u>
<b>Results from operating activities</b>	10,190	7,210	10,190	7,210
Finance costs	(2,569)	(2,955)	(2,569)	(2,955)
Finance income	152	32	152	32
Other income	700	246	700	246
<b>Profit before taxation</b>	<u>8,473</u>	<u>4,533</u>	<u>8,473</u>	<u>4,533</u>
Income tax expense	122	(301)	122	(301)
<b>Total comprehensive income for the period</b>	<u>8,595</u>	<u>4,232</u>	<u>8,595</u>	<u>4,232</u>
<b>Profit attributable to:</b>				
Owners of the Company	8,595	4,122	8,595	4,122
Minority interests	-	110	-	110
<b>Profit for the period</b>	<u>8,595</u>	<u>4,232</u>	<u>8,595</u>	<u>4,232</u>
<b>Total comprehensive income attributable to:</b>				
Owner of the Company	8,595	4,122	8,595	4,122
Minority interests	-	110	-	110
<b>Total comprehensive income for the period</b>	<u>8,595</u>	<u>4,232</u>	<u>8,595</u>	<u>4,232</u>
Basic earnings per ordinary share	<u>5.34</u>	<u>2.55</u>	<u>5.34</u>	<u>2.55</u>
Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

# EP MANUFACTURING BHD.

(Company No. 390116-T)

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Financial Position

As at 31 March 2011 - unaudited

	31.03.2011 RM'000	31.12.2010 RM'000 (Audited)
<b>Assets</b>		
Property, plant and equipment	290,586	288,960
Intangible assets	110,194	111,129
Deferred tax assets	5,478	5,478
<b>Total non-current assets</b>	<u>406,258</u>	<u>405,567</u>
Inventories	36,300	36,689
Trade and other receivables	87,575	82,277
Prepayment and other assets	7,058	2,785
Prepayment of tax	528	311
Fixed deposits	18,174	12,055
Cash and cash equivalents	20,718	26,136
<b>Total current assets</b>	<u>170,353</u>	<u>160,253</u>
<b>Total assets</b>	<u>576,611</u>	<u>565,820</u>
<b>Equity</b>		
Share Capital	165,960	165,960
Reserves	88,805	80,210
Treasury Shares	(3,004)	(2,689)
<b>Total equity attributable to owners of the Company</b>	<u>251,761</u>	<u>243,481</u>
<b>Liabilities</b>		
Borrowings	81,179	70,265
Deferred tax liabilities	10,066	10,234
<b>Total non-current liabilities</b>	<u>91,245</u>	<u>80,499</u>
Trade and other payables	97,044	112,515
Borrowings	131,760	124,446
Current tax liabilities	45	136
Provision for warranties	4,756	4,743
<b>Total current liabilities</b>	<u>233,605</u>	<u>241,840</u>
<b>Total liabilities</b>	<u>324,850</u>	<u>322,339</u>
<b>Total equity and liabilities</b>	<u>576,611</u>	<u>565,820</u>
<b>Net Assets per share attributable to owners of the Company (RM)</b>	<u>1.52</u>	<u>1.47</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

# EP MANUFACTURING BHD.

(Company No. 390116-T)

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Cash Flow

For the Financial Period Ended 31.03.2011 - Unaudited

	<b>3 months Ended 31.03.2011 RM'000</b>	<b>3 months Ended 31.03.2010 RM'000</b>
<b>Net cash inflow from operating activities</b>	293	28,326
<b>Net cash inflow/ (outflow) from investing activities</b>	(21,319)	(177)
Interest received	152	(32)
Pledged of deposits with licenced banks	(6,352)	(235)
Proceeds from disposal of property, plant and equipment	1	-
Proceeds from disposal of quoted shares	-	90
Purchase of property, plant and equipment	(15,120)	-
Impairment loss in investment of a subsidiary company	-	-
<b>Net cash flow from financing activities</b>	12,867	(19,691)
<b>Net change in Cash &amp; Cash Equivalents</b>	(8,159)	8,458
<b>Cash &amp; Cash Equivalents at 1 January</b>	26,369	4,788
<b>Foreign exchange differences on opening balances</b>	-	-
<b>Cash &amp; Cash Equivalents at 31 March</b>	<u>18,210</u>	<u>13,246</u>

The condensed consolidated statement of cashflow should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

# EP MANUFACTURING BHD.

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

## Condensed Consolidated Statement of Changes in Equity

For the Financial Period Ended 31 March 2011 - Unaudited

----- Attributable to shareholders of the Company -----

----- Non distributable ----- Distributable

	Ordinary Shares RM'000	Share Premium 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
<b>At 1 January 2011</b>	165,960	14,069	(982)	(2,689)	67,123	243,481	-	243,481
Net loss recognised directly in equity	-	-	-	-	-	-	-	-
Total comprehensive income for the quarter	-	-	-	-	8,595	8,595	-	8,595
Repurchased of own shares	-	-	-	(315)	-	(315)	-	(315)
Total recognised income and expense for the year	-	-	-	(315)	8,595	8,280	-	8,280
<b>At 31 March 2011</b>	165,960	14,069	(982)	(3,004)	75,718	251,761	-	251,761
<b>At 1 January 2010</b>	165,960	14,069	(981)	(2,647)	44,491	220,892	6,005	226,897
Net profit/ (loss) recognised directly in equity	-	-	(4)	-	-	(4)	-	(4)
Total comprehensive income for the year	-	-	-	-	4,122	4,122	109	4,231
Total recognised income and expense for the year	-	-	(4)	-	4,122	4,118	109	4,227
<b>At 31 March 2010</b>	165,960	14,069	(985)	(2,647)	48,613	225,010	6,114	231,124

The condensed consolidated statement 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 attached to the interim financial statements.

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the First Quarter ended 31 March 2011

## A Notes to the Interim Financial Statements Pursuant to Financial Reporting Standards (“FRS”) 134

### A1. Basis of preparation

These interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

### A2. Changes in accounting policies

The significant accounting policies and methods of computation adopted in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2010 except for the adoption of the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standard Board (MASB) but are not yet effective for the Group and the Company.:

#### *FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011*

- *IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments*
- *Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement*

#### *FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012*

- *FRS 124, Related Party Disclosures (revised)*
- *IC Interpretation 15, Agreements for the Construction of Real Estate*

The Group and the Company plans to adopt the abovementioned standards, amendments and interpretations, where applicable, from the annual period beginning 1 January 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012.

# **EP MANUFACTURING BHD.**

(Company No. 390116-T)

Interim Financial Report for the First Quarter ended 31 March 2011

## **A2. Changes in accounting policies (con't)**

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods' financial statements upon their first adoption.

## **A3. Audit qualifications**

The audited financial statements of the Group for the financial year ended 31 December 2010 was not subject to any qualification.

## **A4. Unusual items affecting assets, liabilities, equity, net income or cash flow**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow for this quarter under review.

## **A5. Material changes in estimates**

There were no changes in estimates of amounts reported in prior financial quarter or financial year that have a material effect in the financial quarter under review.

## **A6. Changes in composition of the Group**

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

## **A7. Seasonal or cyclical factors**

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

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the First Quarter ended 31 March 2011

## A8. Segmental information

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

	Automotive		Water		Consolidated	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	120,115	145,455	5,382	4,773	125,497	150,228
Segment results	12,826	9,028	(1,883)	(1,631)	10,943	7,397
Unallocated expenses					99	91
Results from operating activities					11,042	7,488
Finance Cost					(2,569)	(2,955)
Tax expenses					122	(301)
Net profit for the year					8,595	4,232

## 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.

## A10. Capital commitments

	31.03.2011
	RM'000
<b>Property, plant and equipment</b>	
Contracted but not provided for and payable: Within one year	34,000
Approved but not provided for: One year or later and no later than five years	-
<b>TOTAL</b>	<b>34,000</b>

# **EP MANUFACTURING BHD.**

(Company No. 390116-T)

Interim Financial Report for the First Quarter ended 31 March 2011

## **A11. Changes in contingent liabilities or contingent assets**

There were no material changes in contingent liabilities or contingent assets of the Group since the last audited financial statements for the financial year ended 31 December 2010.

## **A12. Debt and equity securities**

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities except for the following:-

i) During the current financial quarter, the Company bought back 523,400 of its issued shares from open market at an average purchase price of RM0.59 per share or for a total purchase price of RM311,162.13 including transaction cost. The shares bought back were held as treasury shares.

As at 31 March 2011, total shares bought back and held as treasury shares were 4,916,300 shares, and

ii) full redemption of the RM150.0million Murabahah Underwritten Notes Issuance Facility ("MUNIF") on 16 February 2011.

## **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. Material events subsequent to the end of the financial period**

There were no material events subsequent to the current quarter ended 31 March 2011 up to the date of this report.

## **A15. Dividends Paid**

There was no dividend paid during the current quarter.



# **EP MANUFACTURING BHD.**

(Company No. 390116-T)

Interim Financial Report for the First Quarter ended 31 March 2011

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

### **B1. Review of the performance**

The Group posted lower revenue of RM125.5million for the quarter under review compared to RM150.2million registered in the preceding year's corresponding quarter, mainly due to drop in sales revenue in automotive segment.

The Group's pre-tax profit for the current quarter was RM8.47million compared to preceding year's corresponding quarter profit of RM4.53million. The increase was mainly attributed to improved operating profit and reduction in finance costs.

### **B2. Variation of results against preceding quarter (Quarter 1, 2011 vs. Quarter 4, 2010)**

For the quarter under review, the Group achieved Revenue of RM125.5mil, lowered by RM6.64mil or 5%, as compared to preceding quarter's Revenue of RM132.14mil. This was mainly due to drop in sales revenue in automotive segment and water segment.

However, the Group profit before tax for the current quarter registered RM8.47mil, higher by RM0.67mil as compared to the previous quarter's profit before tax of RM7.81mil. .

### **B3. Current year prospects**

The Group expects the automotive sector would be affected by disruption in supply chain due to the earthquake in Japan in March 2011.

As such, the Board remains cautious that the Group will strive to maintain its performance consistent with last year.

### **B4. Profit forecast or profit guarantee**

There were no profit forecast or profit guarantee issued by the Group.

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the First Quarter ended 31 March 2011

## B5. Tax expense

In RM'000	Current year quarter	Preceding year quarter
	31.03.2011	31.03.2010
<b>Current tax:</b>		
-Current year	45	(301)
-Prior year	-	-
	45	(301)
<b>Deferred tax:</b>		
-Current year	(167)	-
-Prior year	-	-
	(167)	-
<b>Total</b>	<b>(122)</b>	<b>(301)</b>

The income tax charge is due to certain profitable subsidiary company of the Group is subjected to tax at applicable statutory tax rate. The effective tax rate is higher than the statutory tax rate mainly due to disallowable expenses.

Included in the tax expense, is the reversal of deferred tax liabilities of RM167,000 arising from the amortization of water segment intangible assets.

## B6. Profit/(loss) on sale of unquoted investments and/or properties

There were no sale of unquoted investments and/or properties included in the results for the current quarter.

## B7. Quoted investments

There were no purchase or disposal of quoted securities for the current quarter.

## B8. 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)

Interim Financial Report for the First Quarter ended 31 March 2011

## B9. Borrowing and debt securities

The borrowings as at 31 March 2011 are as follows:

	RM'000
<b>Current</b>	
Trade facilities	70,127
Term loan	12,240
Finance lease liabilities	6,886
Overdraft	2,507
MUNIF/ IMTN	40,000
	<hr/>
	131,760
<b>Non-current</b>	
MUNIF/ IMTN	10,000
Term loan	68,987
Finance lease liabilities	2,192
	<hr/>
	81,179
<b>Total</b>	<hr/> <hr/>
	212,939

The above borrowings are denominated in Ringgit Malaysia.

## B10. Off balance sheet financial instruments

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

## B11. Changes in material litigation

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

## B12. Dividend

The Board of Directors does not declare any interim dividend for the current quarter. The Board recommends a final dividend of 1.00 sen per ordinary share less tax at 25% (0.75 sen net per ordinary share) and a tax exempt dividend of 1.00 sen per ordinary share for the financial year ended 31 December 2010 subject to the approval by the shareholders at the forth coming Annual General Meeting.

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the First Quarter ended 31 March 2011

## B13. Earnings per share

The calculation of basic earnings per share is based on net profit attributable to shareholders of the Company during the quarter and the weighted average number of ordinary shares in issued during the quarter.

	Individual Quarter	
	Current year quarter	Preceding year quarter
	31.03.2011	31.03.2010
Issued ordinary shares at beginning of the year	165,960	165,960
Effect of treasury shares held	(4,916)	(4,301)
Weighted average number of shares	161,044	161,659
Profit for the period (RM'000)	8,595	4,122
Basic earning per share (sen)	5.34	2.55
Diluted earnings per share (sen)	N/A	N/A

No diluted EPS is disclosed in these financial statements as there are no dilutive potential ordinary shares.

## B14. Realised and Unrealised Profits

	Current quarter ended 31/03/2011
	RM'000
Total retained profits/ (accumulated losses) of the Company and its subsidiaries:	
- Realised	71,888
- Unrealised	3,830
Total group retained profits/ (accumulated losses) as per consolidated accounts	75,718

The Company has applied Listing Directive (LD09/10: Disclosure Requirements Pursuant to FRS139, Financial Instruments: Recognition and Measurement) which exempts entities from disclosing comparative figures on the breakdown of realized and unrealized profits in the first year of applying the directive requirement.

# **EP MANUFACTURING BHD.**

(Company No. 390116-T)

Interim Financial Report for the First Quarter ended 31 March 2011

By order of The Board  
EP Manufacturing Berhad

Tay Li Li  
Company Secretary  
Shah Alam.  
Date: 27 April 2011