

EP MANUFACTURING BHD.

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

Condensed Consolidated Statement of Comprehensive Income

For the Period Ended 30 September 2011 - (unaudited)

	3 months quarter ended 30.09.2011 RM'000	3 months quarter ended 30.09.2010 RM'000	Cumulative 9 months 30.09.2011 RM'000	Cumulative 9 months 30.09.2010 RM'000
Revenue	<u>142,197</u>	<u>147,807</u>	<u>408,239</u>	<u>455,347</u>
Results from operating activities	9,038	10,840	32,350	30,437
Finance costs	(2,962)	(1,903)	(8,018)	(7,991)
Finance income	191	53	505	131
Other income	1,379	1,500	2,971	1,255
Profit before taxation	<u>7,646</u>	<u>10,489</u>	<u>27,808</u>	<u>23,832</u>
Income tax expenses	2,310	(3,480)	2,010	(6,706)
Total comprehensive income for the period	<u>9,956</u>	<u>7,009</u>	<u>29,818</u>	<u>17,126</u>
Profit attributable to :				
Owners of the Company	9,956	6,964	29,818	16,787
Minority interests	-	45	-	339
Net profit for the period	<u>9,956</u>	<u>7,009</u>	<u>29,818</u>	<u>17,126</u>
Total comprehensive income attributable to :				
Owners of the Company	9,956	6,964	29,818	16,787
Minority interests	-	45	-	339
Total comprehensive income for the period	<u>9,956</u>	<u>7,009</u>	<u>29,818</u>	<u>17,126</u>
Earnings per ordinary share (sen):				
Basic	<u>6.20</u>	<u>4.31</u>	<u>18.58</u>	<u>10.38</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 2010 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Financial Position

As at 30 September 2011 - (unaudited)

	30.09.2011 RM'000	31.12.2010 RM'000 (Audited)
Assets		
Property, plant and equipment	272,901	288,960
Intangible assets	105,956	111,129
Deferred tax assets	5,478	5,478
Total non-current assets	384,335	405,567
Inventories	37,249	36,689
Trade and other receivables	77,495	82,277
Prepayment and other assets	6,698	2,785
Prepayment of tax	972	311
Fixed deposits	56,407	12,055
Cash and cash equivalents	19,781	26,136
Total current assets	198,602	160,253
Total assets	582,937	565,820
Equity		
Share Capital	165,960	165,960
Reserves	107,233	80,210
Treasury Shares	(4,264)	(2,689)
Total equity attributable to equity holders of the parent	268,929	243,481
Liabilities		
Borrowings	78,906	70,265
Deferred tax liabilities	7,232	10,234
Total non-current liabilities	86,138	80,499
Trade and other payables	100,326	112,515
Borrowings	121,441	124,446
Current tax liabilities	922	136
Provision for warranties	5,181	4,743
Total current liabilities	227,870	241,840
Total liabilities	314,008	322,339
Total equity and liabilities	582,937	565,820
Net Assets per share attributable to equity holders of the parent (RM)	1.68	1.51

The condensed consolidated balance sheet 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.

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Condensed Consolidated Statement of Cash Flow

For the Financial Period Ended 30.09.2011 -(Unaudited)

	9 months Ended 30.09.2011 RM'000	9 months Ended 30.09.2010 RM'000
Net cash inflow from operating activities	71,915	69,464
Net cash outflow from investing activities	(34,346)	(34,309)
Interest received	505	(234)
Pledged of deposits with licenced banks	(7,182)	(4,412)
Proceeds from disposal of property, plant and equipment	1	1,076
Proceeds from disposal of quoted shares	-	90
Purchase of property, plant and equipment	(27,670)	(30,828)
Net cash flow from financing activities	(6,755)	(33,755)
Net change in Cash & Cash Equivalents	<u>30,814</u>	<u>1,400</u>
Cash & Cash Equivalents at 1 January	26,369	4,788
Foreign exchange differences on opening balances	2	-
Cash & Cash Equivalents at 30 September	<u><u>57,185</u></u>	<u><u>6,188</u></u>

The condensed consolidated cash flow statement 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.

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Condensed Consolidated Statement of Changes in Equity

For the Financial Period Ended 30 September 2011 -(unaudited)

	----- Attributable to equity holders of the Company -----		----- Non Distributable -----		----- Distributable -----		Total Equity RM'000
	Ordinary Shares RM'000	Share Premium RM'000	Exchange translation reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total RM'000	
At 1 January 2011	165,960	14,069	(982)	(2,689)	67,123	243,481	243,481
Total comprehensive income for the period	-	-	-	(1,575)	29,818	29,818	29,818
Repurchase of own shares	-	-	-	(1,575)	-	(1,575)	(1,575)
Dividend to owners of the Company	-	-	-	-	(2,795)	(2,795)	(2,795)
At 30 September 2011	165,960	14,069	(982)	(4,264)	94,146	268,929	268,929
At 1 January 2010	165,960	14,069	(981)	(2,647)	44,489	220,890	226,897
Total comprehensive income for the period	-	-	3	-	16,787	16,790	17,129
Dividend to owners of the Company	-	-	-	-	(1,212)	(1,212)	(1,212)
-for financial year ended 31 Dec 2009	-	-	-	-	(1,212)	(1,212)	(1,212)
Dividend to minority shareholders	-	-	-	-	(58)	(58)	(58)
At 30 September 2010	165,960	14,069	(978)	(2,647)	58,851	235,255	241,543

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.

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Interim Financial Report for the Third Quarter ended 30 September 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 new revised accounting standards, amendments and interpretations:

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.*
- *Amendments to FRS 138, Intangible Assets*
- *IC Interpretation 12, Service Concession Agreements*
- *IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation*
- *IC Interpretation 17: Distributions of Non-cash Assets to Owners*
- *Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives*

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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*
 - *Additional Exemptions for First-time Adopters*
- *Amendments to FRS 2, Group Cash settled Share Based Payment Transactions*
- *Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- *IC Interpretation 4, Determining whether an Arrangement contains a Lease*
- *IC Interpretation 18, Transfers of Assets from Customers*
- *Improvements to FRSs (2010)*

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.

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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. Segmental information

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

	Automotive		Water		Consolidated	
	30 Sep 2011	30 Sep 2010	30 Sep 2011	30 Sep 2010	30 Sep 2011	30 Sep 2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	395,484	440,747	12,755	14,600	408,239	455,347
Segment results	41,376	35,918	(5,526)	(4,452)	35,850	31,466
Unallocated expenses					(24)	357
Results from operating activities					35,826	31,823
Finance Cost					(8,018)	(7,991)
Tax expenses					2,010	(6,706)
Net profit for the year					29,818	17,126

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

	30.09.2011
	RM'000
Property, plant and equipment	
Contracted but not provided for and payable: Within one year	24,000

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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, repurchase, resale and repayment of debt and equity securities except for the following:-

i) During the third quarter ended 30 September 2011, the Company has bought back 468,400 of its issued shares from open market at an average purchase cost of RM0.84 per share. The total consideration paid for the share buy back during the third quarter ended 30 September 2011, including transaction costs was RM392,478.95. The shares repurchased are being held as treasury shares.

As at 30 September 2011, total shares bought back and held as treasury shares were 6,352,400 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 30 September 2011 up to the date of this report.

A15. Dividends Paid

Final dividend of 1 sen per share less tax at 25% and tax exempt dividend of 1 sen per share for the financial year ended 31 December 2010 were paid on 25 August 2011.

A first tax exempt interim dividend of 1 sen per ordinary share for the current financial year ending 31 December 2011 was paid on 18 November 2011.

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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 posted lower revenue of RM142.2million for the quarter under review as compared to RM147.8million 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 RM7.6million compared to RM10.5million in the corresponding period last year. The decrease was mainly attributed to lower sales as compared to preceding year corresponding quarter.

B2. Variation of results against preceding quarter (Quarter 3, 2011 vs. Quarter 2, 2011)

For the quarter under review, the Group achieved revenue of RM142.2mil, higher by RM1.7mil or 1.2%, as compared to preceding quarter's revenue of RM140.5mil. This was mainly due to higher sales revenue in automotive segment.

The Group registered profit before tax of RM7.6mil for the current quarter, lower by RM4.0mil as compared to the previous quarter's profit before tax of RM11.7mil mainly attributable to product mix.

B3. Current year prospects

Despite the slower pace of recoveries in motor vehicles supply chain, sales volumes are expected to pick up in the fourth-quarter. New models launched during the year have been well received. Hence, the Group performance is expected to be maintained.

B4. Profit forecast or profit guarantee

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

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B5. Tax expense

In RM'000	Current year quarter	Preceding year quarter	Current year to date	Preceding year to date
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
Current tax:				
-Current year	356	480	968	998
-Prior year	2	-	24	(34)
	358	480	992	964
Deferred tax:				
-Current year	(168)	3,000	(502)	5,742
-Prior year	(2,500)	-	(2,500)	-
		3,000	(3,002)	5,742
Total	(2,310)	3,480	(2,010)	6,706

The effective tax rate of the Group for the current quarter and current year to date was lower than the statutory tax rate due mainly to tax incentive in the form of tax exemption and investment tax allowances granted to certain subsidiary companies as well as adjustment for overprovision of deferred tax of prior year.

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

There was no sale of unquoted investments and/or properties for the current quarter.

B7. Quoted investments

There was 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.

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B9. Borrowing and debt securities

The borrowings as at 30 September 2011 are as follows:

	RM'000
Current	
Trade facilities	60,891
Term loan	15,070
Finance lease liabilities	5,480
MUNIF/ IMTN	40,000
	<u>121,441</u>
Non-current	
MUNIF/ IMTN	10,000
Term loan	67,951
Finance lease liabilities	955
	<u>78,906</u>
Total	<u>200,347</u>

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 has declared a second tax exempt interim dividend of 1 sen per share for the financial year ending 31 December 2011 which will be paid on 20 February 2012 to the Depositors registered in the Record of Depositors at the close of business on 6 February 2012.

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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		Cumulative Quarter	
	Current year quarter	Preceding year quarter (restated)	Current year to date	Preceding year to date (restated)
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	'000	'000	'000	'000
Issued ordinary shares at beginning of the year	165,960	165,960	165,960	165,960
Effect of treasury shares held	(5,466)	(4,301)	(5,466)	(4,301)
Weighted average number of shares	160,494	161,659	160,494	161,659
Profit for the period (RM'000)	9,956	6,964	29,818	16,787
Basic earnings per share (sen)	6.20	4.31	18.58	10.38
Diluted earnings per share (sen)	N/A	N/A	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 30/09/2011	Preceding quarter ended 30/06/2011
	RM'000	RM'000
Total retained profits/ (accumulated losses) of the Company and its subsidiaries:		
- Realised	88,967	81,996
- Unrealised	5,179	4,988
Total group retained profits/ (accumulated losses) as per consolidated accounts	94,146	86,984

By order of The Board
EP Manufacturing Bhd

Tay Li Li
Company Secretary
Shah Alam.
Date: 22 November 2011