

# EP MANUFACTURING BHD.

(Company No. 390116-T)

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Comprehensive Income

For the Period Ended 31 December 2011 - (unaudited)

	3 months quarter ended 31.12.2011 RM'000	3 months quarter ended 31.12.2010 RM'000	Cumulative 12 months 31.12.2011 RM'000	(audited) Cumulative 12 months 31.12.2010 RM'000
Revenue	168,896	132,138	577,136	587,519
Operating expenses	(131,296)	(102,762)	(456,887)	(465,263)
Depreciation and amortisation	(33,282)	(17,522)	(83,952)	(81,711)
Other income /(expenses)	1,335	(2,181)	4,677	2,481
<b>Results from operating activities</b>	<b>5,653</b>	<b>9,673</b>	<b>40,974</b>	<b>43,026</b>
Finance costs	(4,229)	(2,041)	(12,247)	(10,862)
Interest income	415	174	920	305
Net finance costs	(3,814)	(1,867)	(11,327)	(10,557)
<b>Profit/(loss) before tax</b>	<b>1,839</b>	<b>7,806</b>	<b>29,647</b>	<b>32,469</b>
Income tax credit /(expenses)	6,419	355	8,430	(6,363)
<b>Total comprehensive income for the period</b>	<b>8,258</b>	<b>8,161</b>	<b>38,077</b>	<b>26,106</b>
<b>Profit attributable to :</b>				
Owners of the Company	8,258	7,449	38,077	25,686
Minority interests	-	712	-	420
<b>Net profit for the period</b>	<b>8,258</b>	<b>8,161</b>	<b>38,077</b>	<b>26,106</b>
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	8,258	7,449	38,077	25,685
Minority interests	-	712	-	420
<b>Total comprehensive income for the period</b>	<b>8,258</b>	<b>8,161</b>	<b>38,077</b>	<b>26,105</b>
Earnings per ordinary share (sen):				
Basic	5.17	4.61	23.83	15.89
Diluted	-	-	-	-

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.

# EP MANUFACTURING BHD.

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(Incorporated in Malaysia)

## Condensed Consolidated Statement of Financial Position

As at 31 December 2011 - (unaudited)

	31.12.2011 RM'000	31.12.2010 RM'000 (Audited)
<b>Assets</b>		
Property, plant and equipment	253,874	288,960
Intangible assets	96,287	111,129
Deferred tax assets	5,978	5,478
<b>Total non-current assets</b>	<b>356,139</b>	<b>405,567</b>
Inventories	41,342	36,689
Trade and other receivables	72,284	82,277
Prepayment and other assets	7,575	2,785
Prepayment of tax	697	311
Fixed deposits	28,261	12,055
Cash and cash equivalents	43,994	26,136
<b>Total current assets</b>	<b>194,153</b>	<b>160,253</b>
<b>Total assets</b>	<b>550,292</b>	<b>565,820</b>
<b>Equity</b>		
Share Capital	165,960	165,960
Reserves	113,892	80,210
Treasury Shares	(4,346)	(2,689)
<b>Total equity attributable to equity holders of the parent</b>	<b>275,506</b>	<b>243,481</b>
<b>Liabilities</b>		
Borrowings	72,572	70,265
Deferred tax liabilities	1,259	10,234
<b>Total non-current liabilities</b>	<b>73,831</b>	<b>80,499</b>
Trade and other payables	104,277	112,515
Borrowings	91,081	124,446
Current tax liabilities	759	136
Provision for warranties	4,838	4,743
<b>Total current liabilities</b>	<b>200,955</b>	<b>241,840</b>
<b>Total liabilities</b>	<b>274,786</b>	<b>322,339</b>
<b>Total equity and liabilities</b>	<b>550,292</b>	<b>565,820</b>
<b>Net Assets per share attributable to equity holders of the parent (RM)</b>	<b>1.73</b>	<b>1.51</b>

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.

# EP MANUFACTURING BHD.

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## Condensed Consolidated Statement of Cash Flow

For the Financial Year Ended 30.12.2011 -(Unaudited)

	12 months Ended 31.12.2011 RM'000	(audited) 12 months Ended 31.12.2010 RM'000
<b>Cashflow from operating activities</b>		
Profit before taxation	29,647	32,469
Adjustment for:		
Non cash items	89,270	86,595
Non-operating items	11,319	6,297
<b>Operation profit before working capital changes</b>	<b>130,236</b>	<b>125,361</b>
Decrease/ (increase) in inventories	(6,575)	(8,154)
Decrease/ (increase) in trade and other receivables	5,203	(3,534)
Decrease/ (increase) in trade and other payables	(8,238)	6,041
Decrease/(increase) in provision	(3,018)	2,601
<b>Cash generated from/ (used in) operations</b>	<b>117,608</b>	<b>122,315</b>
Income tax (paid) / refund	(1,029)	(1,544)
<b>Net cash generated from operating activities</b>	<b>116,579</b>	<b>120,771</b>
<b>Cash flow from investing activities:</b>		
Acquisition of minority interest	-	(7,000)
Interest received	920	305
Pledged deposits with licensed banks	(7,348)	(7,232)
Increase in development costs	(370)	(215)
Proceeds from disposal of property, plant & equipment	1	5,135
Purchase of property, plant & equipment	(33,709)	(48,072)
Proceeds from disposal of other investment	-	90
<b>Net cash generated from investing activities</b>	<b>(40,506)</b>	<b>(56,989)</b>
<b>Cash flow from financing activities:</b>		
Finance cost paid	(12,248)	(10,862)
Net repayment of bank borrowings	(24,426)	(18,056)
Repayment in finance lease liabilities	(6,632)	(10,942)
Dividends paid to owners of the Company	(4,393)	(2,424)
Dividends paid to minority interest	-	(55)
Repurchase of shares	(1,657)	(42)
<b>Net cash generated from financing activities</b>	<b>(49,356)</b>	<b>(42,381)</b>
Net increase/(decrease) in cash and cash equivalent	26,717	21,401
Foreign exchange differences on opening	(1)	-
Cash and cash equivalent as at beginning,	26,369	4,788
Cash and cash equivalent as at end	<b>53,085</b>	<b>26,189</b>

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.

# EP MANUFACTURING BHD.

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## Condensed Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2011 -(unaudited)

----- Attributable to equity holders 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
Total comprehensive income for the year	-	-	(2)	-	38,077	38,075	-	38,075
Dividend to owners of the Company	-	-	-	-	(4,393)	(4,393)	-	(4,393)
Repurchase of own shares	-	-	-	(1,657)	-	(1,657)	-	(1,657)
<b>At 31 December 2011</b>	<b>165,960</b>	<b>14,069</b>	<b>(984)</b>	<b>(4,346)</b>	<b>100,807</b>	<b>275,506</b>	<b>-</b>	<b>275,506</b>
<b>(Audited)</b>								
<b>At 1 January 2010</b>	165,960	14,069	(981)	(2,647)	44,491	220,892	6,005	226,897
Total comprehensive income for the year	-	-	(1)	-	25,686	25,685	420	26,105
Dividend to owners of the Company	-	-	-	-	(2,424)	(2,424)	-	(2,424)
Dividend to minority shareholders	-	-	-	-	-	-	(55)	(55)
Repurchase of own shares	-	-	-	(42)	-	(42)	-	(42)
Acquisition of minority shareholder	-	-	-	-	(630)	(630)	(6,370)	(7,000)
<b>At 31 December 2010</b>	<b>165,960</b>	<b>14,069</b>	<b>(982)</b>	<b>(2,689)</b>	<b>67,123</b>	<b>243,481</b>	<b>-</b>	<b>243,481</b>

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 Fourth Quarter ended 31 December 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.

## **New and revised FRSs, IC interpretations and Amendments issued but are not yet effective for the Group's Current Quarter Report**

Effective for financial periods beginning on or after 1 July 2011:

IC Interpretation 14

FRS119- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendments relating to Prepayments of a Minimum Funding Requirement)

IC Interpretation 19

Extinguishing Financial Liabilities with Equity Instruments

## **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.

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## 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.

## A8. Segmental information

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

	Automotive		Water		Consolidated	
	31 DEC 2011	31 DEC 2010	31 DEC 2011	31 DEC 2010	31 DEC 2011	31 DEC 2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	559,140	564,647	17,996	22,872	577,136	587,519
Segment results	57,623	54,029	(6,487)	(8,599)	51,136	45,430
Unallocated expenses					(166)	426
Results from operating activities					50,970	45,856
Amortisation of intangible assets					(9,075)	(2,525)
Finance Cost					(12,247)	(10,862)
Tax expenses					8,429	(6,363)
Net profit for the year					38,077	26,106

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## 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

	31.12.2011
	RM'000
<b>Property, plant and equipment</b>	
Contracted but not provided for and payable: Within one year	20,550

## 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 fourth quarter ended 31 December 2011, the Company has bought back 108,300 of its issued shares from open market at an average purchase cost of RM0.76 per share. The total consideration paid for the share buy back during the fourth quarter ended 31 December 2011, including transaction costs was RM82,376.04. The shares repurchased are being held as treasury shares.

As at 31 December 2011, total shares bought back and held as treasury shares were 6,460,700 shares.

## 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.



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## **A14. Material events subsequent to the end of the financial period**

There were no material events subsequent to the current quarter ended 31 December 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 & second interim tax exempt dividend of 1 sen per ordinary shares for the financial year ended 31 December 2011 was paid on 18 November 2011 and 20 February 2012 respectively.

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

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

#### **Current Quarter**

Revenue of the Group for the current quarter was 27.82% higher than the corresponding quarter last year, contributed largely by introduction of new model. Water segment sales lowered by RM3mil as compared to last year's corresponding quarter due to lower demand from customers.

The Group registered a post-tax profit of RM8.2mil for the current quarter, comparable with corresponding quarter last year.

#### **Current Year to Date**

The Group recorded revenue of RM577mil for the current financial year ended 31 December 2011, a dropped of 1.76% as compared to last year due to lower sales volume as a result of supply chain disruptions from Japan Tsunami and Thailand flood.

The Group's post tax profit for the current financial year improved by 50% as there was improvement in operating profit and reversal of defer tax liabilities and recognition of defer tax assets.

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## B2. Comparison with Preceding Quarter

Revenue for the current quarter was 18.77% higher than the preceding quarter, contributed from automotive segment with higher sales from New Myvi and Alza. Water segment sales improved by RM1.6mil as compared to last quarter.

The Group registered a post-tax profit of RM8.2mil for the current quarter, RM1.7mil lower than corresponding quarter due to realized forex loss of RM0.36mil and unrealized foreign exchange loss of RM1.35mil.

## B3. Current year prospects

The Malaysian Automotive Association (MAA) has forecasted the total industry volume growth of 2.5% to 615,000 units for Y2012 from 600,123 units for Y2011.

The Group will continue to focus on improving operational efficiency and product quality.

The Board opines that the Group will sustain its performance for the forth-coming year.

## B4. Profit forecast or profit guarantee

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

## B5. Tax expense

In RM'000	Current year quarter	Preceding year quarter	Current year to date	Preceding year to date (Audited)
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
<b>Current tax:</b>				
-Current year	53	174	1,044	999
-Prior year	-	(2,297)	-	(2,146)
	53	(2,123)	1,044	(1,147)
<b>Deferred tax:</b>				
-Current year	(1,967)	1,768	(2,469)	7,510
-Prior year	(4,505)	-	(7,005)	-
	(6,472)	1,768	(9,474)	7,510
<b>Total</b>	<b>(6,419)</b>	<b>(355)</b>	<b>(8,430)</b>	<b>6,363</b>

The effective tax rate of the Group for the current quarter and current year to date was lower than the statutory tax rate due to tax exemption and tax incentives granted to certain subsidiaries.

The reversal on defer tax liabilities in prior year due to finalization of investment tax

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allowances in one of the subsidiary company.

## B6. Status of corporate proposals

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

## B7. Borrowing and debt securities

The borrowings as at 31 December 2011 are as follows:

	RM'000
<b>Current</b>	
Trade facilities	62,414
Term loan	14,984
Finance lease liabilities	3,683
IMTN	<u>10,000</u>
	<u>91,081</u>
<b>Non-current</b>	
MUNIF/ IMTN	-
Term loan	72,163
Finance lease liabilities	<u>409</u>
	<u>72,572</u>
<b>Total</b>	<u>163,653</u>

The above borrowings are denominated in Ringgit Malaysia.

## B8. Changes in material litigation

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

## B9. Dividend

The Board did not propose any dividend for the current quarter under review.

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## B10. 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)
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	'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	(6,143)	(4,305)	(6,143)	(4,305)
Weighted average number of shares	159,817	161,655	159,817	161,655
Profit for the period (RM'000)	8,259	7,449	38,077	25,685
Basic earnings per share (sen)	5.17	4.61	23.83	15.89
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.

## B11. Realised and Unrealised Profits

	Current quarter ended 31/12/2011	Preceding quarter ended 30/09/2011
	RM'000	RM'000
Total retained profits/ (accumulated losses) of the Company and its subsidiaries:		
- Realised	94,702	88,967
- Unrealised	6,109	5,179
Total group retained profits/ (accumulated losses) as per consolidated accounts	100,811	94,146

By order of The Board  
EP Manufacturing Bhd

Tay Li Li  
Company Secretary  
Shah Alam.  
Date: 29 February, 2012