

## EP MANUFACTURING BHD.

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

### Condensed statement of profit or loss and other comprehensive income

for the financial period ended 31 March 2015 - (Unaudited)

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/3/2015 RM'000	Preceding year corresponding quarter ended 31/3/2014 RM'000	Current year- to-date 31/3/2015 RM'000	Preceding year- to-date 31/3/2014 RM'000
<b>Revenue</b>	<b>134,815</b>	<b>116,329</b>	<b>134,815</b>	<b>116,329</b>
Operating expenses	(113,130)	(101,370)	(113,130)	(101,370)
Depreciation and amortisation	(16,544)	(9,373)	(16,544)	(9,373)
Other income	1,928	1,477	1,928	1,477
<b>Results from operating activities</b>	<b>7,069</b>	<b>7,063</b>	<b>7,069</b>	<b>7,063</b>
Finance costs	(3,287)	(2,714)	(3,287)	(2,714)
Finance income	223	194	223	194
Net finance costs	(3,064)	(2,520)	(3,064)	(2,520)
<b>Profit before tax</b>	<b>4,005</b>	<b>4,543</b>	<b>4,005</b>	<b>4,543</b>
Tax expense	(1,510)	(1,292)	(1,510)	(1,292)
<b>Profit for the period</b>	<b>2,495</b>	<b>3,251</b>	<b>2,495</b>	<b>3,251</b>
<b>Other comprehensive expense, net of tax Items that may be reclassified subsequently to profit or loss</b>				
Fair value of available-for-sale financial assets	-	(60)	-	(60)
Foreign currency translation differences for foreign operations	-	(3)	-	(3)
Other comprehensive expense for the period, net of tax	-	(63)	-	(63)
<b>Total comprehensive income for the period</b>	<b>2,495</b>	<b>3,188</b>	<b>2,495</b>	<b>3,188</b>
<b>Profit attributable to :</b>				
Owners of the Company	2,513	3,269	2,513	3,269
Non-controlling interests	(18)	(18)	(18)	(18)
<b>Profit for the period</b>	<b>2,495</b>	<b>3,251</b>	<b>2,495</b>	<b>3,251</b>
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	2,513	3,206	2,513	3,206
Non-controlling interests	(18)	(18)	(18)	(18)
<b>Total comprehensive income for the period</b>	<b>2,495</b>	<b>3,188</b>	<b>2,495</b>	<b>3,188</b>
<b>Earnings per ordinary share (sen):</b>				
Basic	<b>1.58</b>	<b>2.05</b>	<b>1.58</b>	<b>2.05</b>
Diluted	-	-	-	-

These condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 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 2015

	31/3/2015 (Unaudited) RM'000	31/12/2014 (Audited) RM'000
<b>Assets</b>		
Property, plant and equipment	381,756	382,188
Intangible assets	88,636	89,478
Deferred tax assets	1,438	1,616
<b>Total non-current assets</b>	<b>471,830</b>	<b>473,282</b>
Inventories	36,447	37,946
Trade and other receivables	90,454	113,413
Prepayments and other assets	3,582	3,535
Current tax assets	2,525	1,718
Cash and cash equivalents	66,873	66,581
<b>Total current assets</b>	<b>199,881</b>	<b>223,193</b>
<b>Total assets</b>	<b>671,711</b>	<b>696,475</b>
<b>Equity</b>		
Share capital	165,960	165,960
Reserves	174,381	173,464
<b>Total equity attributable to owners of the Company</b>	<b>340,341</b>	<b>339,424</b>
Non-controlling interest	(146)	(128)
<b>Total equity</b>	<b>340,195</b>	<b>339,296</b>
<b>Liabilities</b>		
Loan and borrowings	92,084	95,390
Deferred income	3,440	3,518
Deferred tax liabilities	4,872	5,226
<b>Total non-current liabilities</b>	<b>100,396</b>	<b>104,134</b>
Loan and borrowings	162,033	173,502
Deferred income	188	189
Current tax liabilities	1,392	488
Provision for warranties	1,224	1,269
Trade and other payables	66,283	76,004
Dividend payable	-	1,593
<b>Total current liabilities</b>	<b>231,120</b>	<b>253,045</b>
<b>Total liabilities</b>	<b>331,516</b>	<b>357,179</b>
<b>Total equity and liabilities</b>	<b>671,711</b>	<b>696,475</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>2.14</b>	<b>2.13</b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

## Condensed Consolidated Statement of Changes in Equity

for the financial period ended 31 March 2015 - (Unaudited)

←----- Attributable to equity holders of the Company -----→  
 ←----- Non Distributable -----→      Distributable

	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
<b>At 1 January 2015</b>	165,960	14,069	(976)	-	(4,552)	164,923	339,424	(128)	339,296
Total comprehensive income for the period	-	-	-	-	-	2,513	2,513	(18)	2,495
Dividend to owners of the Company	-	-	-	-	-	(1,592)	(1,592)	-	(1,592)
Repurchase of own shares	-	-	-	-	(4)	-	(4)	-	(4)
<b>At 31 March 2015</b>	165,960	14,069	(976)	-	(4,556)	165,844	340,341	(146)	340,195
<b>At 1 January 2014</b>	165,960	14,069	(976)	-	(4,521)	152,616	327,148	(56)	327,092
Total comprehensive income for the period	-	-	(3)	-	-	3,269	3,266	(18)	3,248
Fair value of available-for-sale financial assets	-	-	-	(60)	-	-	(60)	-	(60)
Dividend to owners of the Company	-	-	-	-	-	(1,593)	(1,593)	-	(1,593)
Repurchase of own shares	-	-	-	-	(4)	-	(4)	-	(4)
<b>At 31 March 2014</b>	165,960	14,069	(979)	(60)	(4,525)	154,292	328,757	(74)	328,683

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 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 Flows

for the financial period ended 31 March 2015 -(Unaudited)

	3 months Ended 31/3/2015 RM'000	3 months Ended 31/3/2014 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	4,005	4,543
Adjustments for:		
Non cash items	16,544	9,373
Non-operating items	3,062	3,068
<b>Operation profit before working capital changes</b>	<u>23,611</u>	<u>16,984</u>
Decrease/(increase) in inventories	1,499	(3,320)
Decrease/(increase) in trade and other receivables	22,642	4,750
(Decrease)/increase in trade and other payables	(9,330)	5,742
(Decrease)/increase in provisions and deferred income	(1,829)	(4,023)
<b>Cash generated from operations</b>	<u>36,593</u>	<u>20,133</u>
Income tax paid	(1,595)	(1,610)
<b>Net cash from operating activities</b>	<u>34,998</u>	<u>18,523</u>
<b>Cash flows from investing activities</b>		
Interest received	223	194
Withdrawal/(pledged) deposits with licensed banks	(17)	(608)
Purchase of property, plant & equipment	(15,271)	(23,115)
<b>Net cash used in investing activities</b>	<u>(15,065)</u>	<u>(23,529)</u>
<b>Cash flows from financing activities</b>		
Finance cost paid	(3,287)	(2,714)
Net drawdown/(repayment) of bank borrowings	(14,879)	4,932
Net drawdown/(repayment) of finance lease liabilities	104	(91)
Dividends paid to owners of the Company	(1,592)	(1,593)
Repurchase of shares	(4)	(4)
<b>Net cash used in financing activities</b>	<u>(19,658)</u>	<u>530</u>
Net increase/(decrease) in cash and cash equivalents	275	(4,476)
Cash and cash equivalents as at beginning	<u>61,384</u>	<u>50,192</u>
Cash and cash equivalents as at end	<u>61,659</u>	<u>45,716</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

# EP MANUFACTURING BHD.

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Interim Financial Report for the First Quarter ended 31 March 2015

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

### A1. Basis of preparation

These condensed consolidated interim financial statements for the first quarter ended 31 March 2015 are unaudited and have been prepared in accordance with MFRS 134: *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for a full annual financial statements.

The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2014. The explanatory notes attached to the unaudited interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

### 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 2014 except for the adoption of the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been applied by the Group:

#### MFRSs, Amendments to MFRSs and IC Interpretation effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*

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## A2. Changes in accounting policies (continued)

### MFRSs, Amendments to MFRSs and IC Interpretation effective for annual periods beginning on or after 1 July 2014 (continued)

- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

### MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptance Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*

### MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

### MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018<sup>1</sup>

- MFRS 9, *Financial Instruments (2014)<sup>2</sup>*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The initial application of the above standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoption.

# **EP MANUFACTURING BHD.**

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Interim Financial Report for the First Quarter ended 31 March 2015

## **A3. Audit qualifications**

The audited financial statements of the Group for the financial year ended 31 December 2014 was not subject to any qualification.

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

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual in nature, size or incidence during this financial period-to-date.

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

There were no changes in nature and amount of changes in estimates of amounts reported in current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the financial period-to-date.

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

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

## **A7. Seasonality or cyclicity of operations**

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

## **A8. Segmental information**

During the current reporting period, the Group operates under one main business segment which is Automotive. The information contain in the Condensed statement of profit or loss and other comprehensive income represent the Automotive segment.

## **A9. Valuation of property, plant and equipment**

The valuations of certain property, plant and equipment have been brought forward without amendment from the latest audited annual financial statements.

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Interim Financial Report for the First Quarter ended 31 March 2015

## A10. Capital commitments

Capital commitments not provided for in the financial statements as at 31 March 2015 are as follows:

	RM'000
<b>Property, plant and equipment</b>	
Authorized but not contracted for and payable	106
Contracted but not provided for and payable	1,635
	<u>1,741</u>

## A11. Changes in contingent liabilities or contingent assets

The changes in contingent liabilities since 31 December 2014 are summarised as follows:-

	RM'000
Balance as at 31 December 2014	139,644
Movement in corporate guarantee issued to financial institutions for banking facilities granted to the subsidiaries	<u>(14,822)</u>
Balance as at 31 March 2015	<u>124,822</u>

## A12. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review except for 5,000 ordinary shares of RM1.00 each were repurchased in the open market for a total consideration of RM4,125.00 or at an average purchase cost of approximately RM0.825 per share. The shares bought back are held as treasury shares.

As at 31 March 2015, total shares bought back and held as treasury shares were 6,712,700 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 MFRS 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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Interim Financial Report for the First Quarter ended 31 March 2015

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

There were no material events subsequent to the current quarter ended 31 March 2015 up to the date of this report.

## **A15. Dividends Paid**

In respect of financial year ended 31 December 2014, a second single tier interim dividend of 1 sen per share amounted to RM1,592,473 was paid on 27 March 2015.

## **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 15.9% higher than the preceding year corresponding quarter, contributed from higher sales from automotive.

The Group registered lower profit by RM0.8mil for current quarter compared to preceding year corresponding quarter due to sales mix.

### **B2. Comparison with Immediate Preceding Quarter**

The Group revenue was 1.9% higher than the preceding quarter arose from higher sales from automotive.

Profit is lower by RM4.2mil for current quarter compared to the immediate preceding quarter due to sales mix.

### **B3. Prospects for coming financial year**

The operating environment continues to be challenging. However the Group believes that the demand for local automotive still remains positive. The Board remains confident that the Group will continue to register satisfactory performance.

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

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

# EP MANUFACTURING BHD.

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## B5. Tax expense

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/03/2015 RM'000	Preceding year corresponding quarter ended 31/03/2014 RM'000	Current year- to-date 31/03/2015 RM'000	Preceding year-to-date 31/03/2014 RM'000
<b>Income tax:</b>				
-Current year	(1,687)	1,176	(1,687)	1,176
-Prior years	-	-	-	-
	<u>(1,687)</u>	<u>1,176</u>	<u>(1,687)</u>	<u>1,176</u>
<b>Deferred tax:</b>				
-Current year	177	116	177	116
-Prior years	-	-	-	-
	<u>177</u>	<u>116</u>	<u>177</u>	<u>116</u>
	<u><b>(1,510)</b></u>	<u><b>1,292</b></u>	<u><b>(1,510)</b></u>	<u><b>1,292</b></u>

The effective tax rate of the Group for the current quarter was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes and no deferred tax assets recognized for certain subsidiaries.

## B6. Status of corporate proposals

There were no new or outstanding corporate proposals announced which have not been completed as at the date of this report.

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Interim Financial Report for the First Quarter ended 31 March 2015

## B7. Group borrowings and debt securities

The group borrowings as at 31 March 2015 are as follows:

	RM'000
Non-current	
- Finance lease liabilities	763
- Bai Bithaman Ajil facilities	13,277
- Term loans	78,044
	<u>92,084</u>
Current	
- Finance lease liabilities	311
- Bankers' acceptance	128,222
- Bai Bithaman Ajil facilities	10,152
- Term loans	23,348
	<u>162,033</u>
Total	<u>254,117</u>

The above borrowings are secured and denominated in Ringgit Malaysia.

## B8. Changes in material litigation

As at the date of this report, there is no pending material litigation.

## B9. Dividend

The Board of Directors does not declare any dividend for the financial period-to-date.

The Board recommends a final single tier dividend of 2 sen per ordinary share for the financial year ended 31 December 2014 subject to the approval by the shareholders at the forthcoming Annual General Meeting.

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the First Quarter ended 31 March 2015

## B10.Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to owners of the Company for the period divided by the weighted average number of ordinary shares:

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/03/2015	Preceding year corresponding quarter ended 31/03/2014	Current year- to- date 31/03/2015	Preceding year-to-date 31/03/2014
Profit for the period attributable to owners of the Company (RM'000)	2,513	3,269	2,513	3,269
Weighted average number of ordinary shares ('000)	159,267	159,284	159,267	159,284
Basic earnings per share (sen)	1.58	2.05	1.58	2.05
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

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

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the First Quarter ended 31 March 2015

## B11. Notes to the Statement of Comprehensive Income

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/03/2015 RM'000	Preceding year corresponding quarter ended 31/03/2014 RM'000	Current year-to-date 31/03/2015 RM'000	Preceding year-to-date 31/03/2014 RM'000
Interest income	223	194	223	194
Other income	1,928	1,477	1,928	1,477
Interest expense	(3,287)	(2,714)	(3,287)	(2,714)
Depreciation and amortisation	(16,544)	(9,373)	(16,544)	(9,373)
Foreign exchange gain/(loss)	(217)	(467)	(217)	(467)

The above disclosure is prepared in accordance with the paragraph 16 of Appendix 9B of the Main Listing Requirements ("MLR") issued by Bursa Malaysia Securities Berhad. Except for the above, the rest of the items required for disclosures pursuant to Paragraph 16 of MLR are not applicable to the Group.

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the First Quarter ended 31 March 2015

## B12. Realized and Unrealized Profits

The breakdown of the retained profits of the Group as at 31 March 2015 into realized and unrealized profits, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirement are as follows:

	Current year quarter ended 31/03/2015 RM'000	As at end of 31/12/2014 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realized	182,563	176,570
- Unrealized	10,693	15,823
	<hr/>	<hr/>
	193,256	192,393
Less: Consolidation adjustments	(27,412)	(27,470)
Total retained earnings as per statement of financial positions	<hr/>	<hr/>
	165,844	164,923

The determination of realized and unrealized profits is compiled based on Guidance on Special Matter No. 1 *Determination of Realized and Unrealized Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realized and unrealized profits above is solely for the purposes of complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

By order of The Board  
EP Manufacturing Bhd.

Tay Li Li  
Company Secretary  
Shah Alam  
Date: 24 April 2015