

**EP MANUFACTURING BHD.**

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

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

for the financial year ended 31 December 2016 - (Unaudited)

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/12/2016 RM'000	Preceding year corresponding quarter ended 31/12/2015 RM'000	Current year- to-date 31/12/2016 RM'000	Preceding year- to-date 31/12/2015 RM'000
<b>Revenue</b>	<b>128,928</b>	<b>133,091</b>	<b>435,523</b>	<b>502,301</b>
Operating expenses	(109,929)	(115,480)	(368,403)	(428,016)
Depreciation and amortisation	(19,990)	(13,441)	(72,713)	(59,290)
Other income	1,682	2,425	5,566	8,586
<b>Results from operating activities</b>	<b>691</b>	<b>6,595</b>	<b>(27)</b>	<b>23,581</b>
Finance costs	(3,583)	(3,396)	(14,056)	(13,086)
Finance income	157	157	363	643
Net finance costs	(3,426)	(3,239)	(13,693)	(12,443)
Share of profit of equity-accounted joint venture, net of tax	249	-	327	-
<b>(Loss)/Profit before tax</b>	<b>(2,486)</b>	<b>3,356</b>	<b>(13,393)</b>	<b>11,138</b>
Tax expense	(383)	(3,153)	(3,905)	(7,572)
<b>(Loss)/Profit for the period</b>	<b>(2,869)</b>	<b>203</b>	<b>(17,298)</b>	<b>3,566</b>
<b>Other comprehensive expense, net of tax</b> <b>Items that may be reclassified subsequently to</b> <b>profit or loss</b>				
Foreign currency translation differences for foreign operations	(2)	(2)	(2)	(7)
Other comprehensive expense for the period, net of tax	(2)	(2)	(2)	(7)
<b>Total comprehensive (expense)/income for the period</b>	<b>(2,871)</b>	<b>201</b>	<b>(17,300)</b>	<b>3,559</b>
<b>(Loss)/Profit attributable to :</b>				
Owners of the Company	(2,903)	281	(17,315)	3,957
Non-controlling interests	34	(78)	17	(391)
<b>(Loss)/Profit for the period</b>	<b>(2,869)</b>	<b>203</b>	<b>(17,298)</b>	<b>3,566</b>
<b>Total comprehensive (expense)/income attributable to :</b>				
Owners of the Company	(2,905)	279	(17,317)	3,950
Non-controlling interests	34	(78)	17	(391)
<b>Total comprehensive (expense)/income for the period</b>	<b>(2,871)</b>	<b>201</b>	<b>(17,300)</b>	<b>3,559</b>
(Loss)/Earnings per ordinary share (sen):				
Basic	(1.82)	0.18	(10.88)	2.48
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 2015 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 December 2016

	31/12/2016 (Unaudited) RM'000	31/12/2015 (Audited) RM'000
<b>Assets</b>		
Property, plant and equipment	413,793	391,725
Intangible assets	90,004	89,585
Investment in a joint venture	327	-
Deferred tax assets	2,365	1,597
<b>Total non-current assets</b>	<b>506,489</b>	<b>482,907</b>
Inventories	42,021	41,707
Trade and other receivables	96,825	113,552
Prepayments and other assets	5,152	2,759
Current tax assets	4,137	2,368
Other investments	3,889	3,118
Cash and cash equivalents	30,604	29,201
<b>Total current assets</b>	<b>182,628</b>	<b>192,705</b>
<b>Total assets</b>	<b>689,117</b>	<b>675,612</b>
<b>Equity</b>		
Share capital	165,960	165,960
Reserves	153,631	171,836
<b>Total equity attributable to owners of the Company</b>	<b>319,591</b>	<b>337,796</b>
Non-controlling interest	(502)	(519)
<b>Total equity</b>	<b>319,089</b>	<b>337,277</b>
<b>Liabilities</b>		
Loan and borrowings	82,134	71,241
Deferred income	3,141	3,329
Deferred tax liabilities	4,555	4,120
<b>Total non-current liabilities</b>	<b>89,830</b>	<b>78,690</b>
Loan and borrowings	188,966	174,396
Deferred income	541	189
Current tax liabilities	-	3,033
Provision for warranties	650	769
Trade and other payables	90,041	80,462
Dividend payable	-	796
<b>Total current liabilities</b>	<b>280,198</b>	<b>259,645</b>
<b>Total liabilities</b>	<b>370,028</b>	<b>338,335</b>
<b>Total equity and liabilities</b>	<b>689,117</b>	<b>675,612</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>2.01</b>	<b>2.12</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 2015 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 year ended 31 December 2016 - (Unaudited)

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

	Share Capital RM'000	Share Premium RM'000	Translation 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 2016</b>	165,960	14,069	(983)	(4,557)	163,307	337,796	(519)	337,277
Total comprehensive expense for the year	-	-	(2)	-	(17,315)	(17,317)	17	(17,300)
Dividend to owners of the Company	-	-	-	-	(796)	(796)	-	(796)
Repurchase of own shares	-	-	-	(92)	-	(92)	-	(92)
<b>At 31 December 2016</b>	<b>165,960</b>	<b>14,069</b>	<b>(985)</b>	<b>(4,649)</b>	<b>145,196</b>	<b>319,591</b>	<b>(502)</b>	<b>319,089</b>
<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 year	-	-	(7)	-	3,957	3,950	(391)	3,559
Dividend to owners of the Company	-	-	-	-	(5,573)	(5,573)	-	(5,573)
Repurchase of own shares	-	-	-	(5)	-	(5)	-	(5)
<b>At 31 December 2015</b>	<b>165,960</b>	<b>14,069</b>	<b>(983)</b>	<b>(4,557)</b>	<b>163,307</b>	<b>337,796</b>	<b>(519)</b>	<b>337,277</b>

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 2015 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 year ended 31 December 2016 -(Unaudited)

	12 months Ended 31/12/2016 RM'000	12 months Ended 31/12/2015 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(13,393)	11,138
Adjustments for:		
Non cash items	72,524	59,101
Non-operating items	20,230	13,451
Share of profit of equity-accounted joint venture, net of tax	(327)	-
<b>Operation profit before changes in working capital</b>	<u>79,034</u>	<u>83,690</u>
<b>Changes in working capital:</b>		
Decrease/(increase) in inventories	(314)	(3,761)
Decrease/(increase) in trade and other receivables	14,705	135
(Decrease)/increase in trade and other payables	9,397	4,886
Warranties paid	(1,124)	(1,442)
<b>Cash generated from operations</b>	<u>101,698</u>	<u>83,508</u>
Income tax paid	(9,040)	(6,764)
<b>Net cash generated from operating activities</b>	<u>92,658</u>	<u>76,744</u>
<b>Cash flows from investing activities</b>		
Interest received	363	643
Increase in pledged deposits with licensed banks	(838)	(169)
Increase in development costs	(2,284)	(3,191)
Proceeds from disposal of property, plant & equipment	39	114
Purchase of property, plant & equipment	(78,322)	(53,514)
<b>Net cash used in investing activities</b>	<u>(81,042)</u>	<u>(56,117)</u>
<b>Cash flows from financing activities</b>		
Finance costs paid	(14,056)	(13,086)
Net drawdown/(repayment) of bank borrowings	5,947	(35,138)
Net drawdown/(repayment) of finance lease liabilities	(485)	(452)
Dividends paid to owners of the Company	(1,592)	(6,370)
Purchase of treasury shares	(92)	(5)
<b>Net cash used in financing activities</b>	<u>(10,278)</u>	<u>(55,051)</u>
Net increase/(decrease) in cash and cash equivalents	1,338	(34,424)
Effect of change in exchange rate	(2)	(7)
Cash and cash equivalents at beginning of period	26,953	61,384
Cash and cash equivalents at end of period	<u>28,289</u>	<u>26,953</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 2015 and the accompanying explanatory notes attached to the interim financial statements.

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the Fourth Quarter ended 31 December 2016

## 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 fourth quarter ended 31 December 2016 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 2015. 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 2015.

### 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 2015 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, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the Fourth Quarter ended 31 December 2016

## A2. Changes in accounting policies (continued)

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

- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for the MFRS 14, Amendments to MFRS 5, Amendments to MFRS 11, Amendments to MFRS 128 and Amendments to MFRS 141.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

# **EP MANUFACTURING BHD.**

(Company No. 390116-T)

Interim Financial Report for the Fourth Quarter ended 31 December 2016

## **A2. Changes in accounting policies (continued)**

The initial application of the above standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements for the Group except as mentioned below:

### **MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

### **MFRS 9, Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

## **A3. Audit qualifications**

The audited financial statements of the Group for the financial year ended 31 December 2015 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 year-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 year-to-date.

# **EP MANUFACTURING BHD.**

(Company No. 390116-T)

Interim Financial Report for the Fourth Quarter ended 31 December 2016

## **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 cyclical nature 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 contained 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.

## **A10. Capital commitments**

Capital commitments not provided for in the financial statements as at 31 December 2016 are as follows:

	<b>RM'000</b>
<b>Property, plant and equipment</b>	
Authorized but not contracted for	8,682
Contracted but not provided for	83,476
	<hr/>
	<b>92,158</b>
	<hr/>



# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the Fourth Quarter ended 31 December 2016

## A11. Changes in contingent liabilities or contingent assets

The changes in contingent liabilities since 31 December 2015 are summarised as follows:-

	RM'000
Balance as at 31 December 2015	117,476
Movement in corporate guarantee issued to financial institutions for banking facilities granted to the subsidiaries	<u>12,082</u>
Balance as at 31 December 2016	<u>129,558</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.

As at 31 December 2016, total shares bought back and held as treasury shares were 6,874,000 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.

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

There were no material events subsequent to the current quarter ended 31 December 2016 up to the date of this report.

## A15. Dividends Paid

There is no dividend paid during the quarter under review.

# **EP MANUFACTURING BHD.**

(Company No. 390116-T)

Interim Financial Report for the Fourth Quarter ended 31 December 2016

## **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 3.1% lower than the preceding year corresponding quarter due to drop in sales from automotive in line with weaker demand for motor vehicles. Consequentially, the Group registered net loss of RM2.9mil compared to net profit of RM0.2mil in the preceding year corresponding quarter

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

Revenue of the Group for the current quarter was 18.8% higher than the preceding quarter due to slight recovery in market automotive sales.

The Group registered lower net loss of RM2.9mil for current quarter compared to RM8.4mil in the preceding quarter.

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

The operating environment continues to be challenging due to weaker demand for motor vehicles. However the Board remains confident that the Group will continue to improve the efficiency and source new customer base to be competitive in the automotive industry.

### **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.

(Company No. 390116-T)

Interim Financial Report for the Fourth Quarter ended 31 December 2016

## B5. Tax expense

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/12/2016 RM'000	Preceding year corresponding quarter ended 31/12/2015 RM'000	Current year- to-date 31/12/2016 RM'000	Preceding year-to- date 31/12/2015 RM'000
<b>Income tax:</b>				
-Current year	386	3,955	4,236	9,213
-Prior years	68	(554)	2	(554)
	<u>454</u>	<u>3,401</u>	<u>4,238</u>	<u>8,659</u>
<b>Deferred tax:</b>				
-Current year	(717)	(2,369)	(963)	(3,208)
-Prior years	646	2,121	630	2,121
	<u>(71)</u>	<u>(248)</u>	<u>(333)</u>	<u>(1,087)</u>
	<u>383</u>	<u>3,153</u>	<u>3,905</u>	<u>7,572</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 corporate proposals announced which have not been completed as at the date of this report.

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the Fourth Quarter ended 31 December 2016

## B7. Group borrowings and debt securities

The group borrowings as at 31 December 2016 are as follows:

	Denominated in	Foreign currency amount JPY'000	Total RM'000
Non-current			
- Finance lease liabilities	JPY	619,196	23,794
- Finance lease liabilities	RM	-	693
- Term loans	RM	-	57,647
			<u>82,134</u>
Current			
- Finance lease liabilities	JPY	192,227	7,460
- Finance lease liabilities	RM	-	422
- Banker's acceptance	RM	-	146,302
- Bai Bithaman Ajil facilities	RM	-	4,542
- Term loans	RM	-	30,240
			<u>188,966</u>
Total			<u>271,100</u>

## 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 year-to-date.

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the Fourth Quarter ended 31 December 2016

## 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 31/12/2016	Preceding year corresponding quarter ended 31/12/2015	Current year-to-date 31/12/2016	Preceding year-to-date 31/12/2015
(Loss)/Profit for the period attributable to owners of the Company (RM'000)	(2,903)	281	(17,315)	3,957
Weighted average number of ordinary shares ('000)	159,161	159,247	159,161	159,247
Basic (loss)/earnings per share (sen)	(1.82)	0.18	(10.88)	2.48
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 Fourth Quarter ended 31 December 2016

## B11. Notes to the Statement of Comprehensive Income

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/12/2016 RM'000	Preceding year corresponding quarter ended 31/12/2015 RM'000	Current year-to-date 31/12/2016 RM'000	Preceding year-to-date 31/12/2015 RM'000
Interest income	157	157	363	643
Other income	1,682	2,425	5,566	8,586
Interest expense	(3,583)	(3,396)	(14,056)	(13,086)
Depreciation and amortisation	(19,990)	(13,441)	(72,713)	(59,290)
Provision for and write off of inventories	(2,366)	-	(2,366)	-
Impairment of assets	(3,408)	-	(3,408)	-
Foreign exchange gain/(loss)	2,188	(3)	(2,185)	(410)

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

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the Fourth Quarter ended 31 December 2016

## B12. Realized and Unrealized Profits

The breakdown of the retained profits of the Group as at 31 December 2016 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 31/12/2016 RM'000	As at end of 31/12/2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realized	161,076	169,464
- Unrealized	14,942	17,298
	<hr/>	<hr/>
	176,018	186,762
Less: Consolidation adjustments	(30,822)	(23,455)
Total retained earnings as per statement of financial positions	<hr/>	<hr/>
	145,196	163,307

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.

Teo Wei Theng  
Company Secretary  
Shah Alam  
Date: 28 February 2017

