

## 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 30 September 2017 - (Unaudited)

	Individual Quarter		Cumulative Period	
	Current year quarter ended 30/9/2017 RM'000	Preceding year corresponding quarter ended 30/9/2016 RM'000	Current year- to-date 30/9/2017 RM'000	Preceding year- to-date 30/9/2016 RM'000
<b>Revenue</b>	<b>119,197</b>	<b>108,502</b>	<b>330,750</b>	<b>306,595</b>
Operating expenses	(108,309)	(86,755)	(287,165)	(258,474)
Depreciation and amortisation	(16,634)	(26,622)	(48,426)	(52,723)
Other income	705	669	2,181	3,884
<b>Results from operating activities</b>	<b>(5,041)</b>	<b>(4,206)</b>	<b>(2,660)</b>	<b>(718)</b>
Finance costs	(3,159)	(3,484)	(9,851)	(10,473)
Finance income	42	67	150	206
Net finance costs	(3,117)	(3,417)	(9,701)	(10,267)
Share of profit of equity-accounted joint venture, net of tax	34	78	561	78
<b>Loss before tax</b>	<b>(8,124)</b>	<b>(7,545)</b>	<b>(11,800)</b>	<b>(10,907)</b>
Tax expense	(4,231)	(875)	(6,639)	(3,522)
<b>Loss for the period</b>	<b>(12,355)</b>	<b>(8,420)</b>	<b>(18,439)</b>	<b>(14,429)</b>
<b>Other comprehensive expense, net of tax Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	-	(4)	-	-
Other comprehensive expense for the period net of tax	-	(4)	-	-
<b>Total comprehensive expense for the period</b>	<b>(12,355)</b>	<b>(8,424)</b>	<b>(18,439)</b>	<b>(14,429)</b>
<b>Loss attributable to :</b>				
Owners of the Company	(12,354)	(8,414)	(18,437)	(14,412)
Non-controlling interests	(1)	(6)	(2)	(17)
<b>Loss for the period</b>	<b>(12,355)</b>	<b>(8,420)</b>	<b>(18,439)</b>	<b>(14,429)</b>
<b>Total comprehensive expense attributable to :</b>				
Owners of the Company	(12,354)	(8,418)	(18,437)	(14,412)
Non-controlling interests	(1)	(6)	(2)	(17)
<b>Total comprehensive expense for the period</b>	<b>(12,355)</b>	<b>(8,424)</b>	<b>(18,439)</b>	<b>(14,429)</b>
Loss per ordinary share (sen):				
Basic	(7.77)	(5.29)	(11.59)	(9.05)
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 2016 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 30 September 2017

	30/9/2017 (Unaudited) RM'000	31/12/2016 (Audited) RM'000
<b>Assets</b>		
Property, plant and equipment	425,715	413,793
Intangible assets	89,785	90,004
Investment in a joint venture	341	327
Deferred tax assets	7,242	2,365
<b>Total non-current assets</b>	<b>523,083</b>	<b>506,489</b>
Inventories	61,686	42,021
Trade and other receivables	89,547	96,825
Prepayments and other assets	2,521	5,152
Current tax assets	3,130	4,137
Other investments	3,330	3,889
Cash and cash equivalents	21,904	40,299
<b>Total current assets</b>	<b>182,118</b>	<b>192,323</b>
<b>Total assets</b>	<b>705,201</b>	<b>698,812</b>
<b>Equity</b>		
Share capital	180,029	165,960
Reserves	121,095	153,631
<b>Total equity attributable to owners of the Company</b>	<b>301,124</b>	<b>319,591</b>
Non-controlling interest	(504)	(502)
<b>Total equity</b>	<b>300,620</b>	<b>319,089</b>
<b>Liabilities</b>		
Loan and borrowings	97,572	82,134
Deferred income	3,000	3,141
Deferred tax liabilities	3,374	4,555
<b>Total non-current liabilities</b>	<b>103,946</b>	<b>89,830</b>
Loan and borrowings	170,888	198,661
Deferred income	370	541
Current tax liabilities	8,386	-
Provision for warranties	815	650
Trade and other payables	120,176	90,041
<b>Total current liabilities</b>	<b>300,635</b>	<b>289,893</b>
<b>Total liabilities</b>	<b>404,581</b>	<b>379,723</b>
<b>Total equity and liabilities</b>	<b>705,201</b>	<b>698,812</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.89</b>	<b>2.01</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 2016 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 30 September 2017 - (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 2017</b>	165,960	14,069	(985)	(4,649)	145,196	319,591	(502)	319,089
Deregistration of a subsidiary	-	-	985	-	(985)	-	-	-
Loss for the period	-	-	-	-	(18,437)	(18,437)	(2)	(18,439)
Total comprehensive (expense)/income for the period	-	-	985	-	(19,422)	(18,437)	(2)	(18,439)
Repurchase of own shares	-	-	-	(30)	-	(30)	-	(30)
Transition to no-par value regime on 31 January 2017 (Note a)	14,069	(14,069)	-	-	-	-	-	-
<b>At 30 September 2017</b>	<b>180,029</b>	<b>-</b>	<b>-</b>	<b>(4,679)</b>	<b>125,774</b>	<b>301,124</b>	<b>(504)</b>	<b>300,620</b>
<b>At 1 January 2016</b>	165,960	14,069	(983)	(4,557)	163,307	337,796	(519)	337,277
Total comprehensive (expense)/income for the period	-	-	-	-	(14,412)	(14,412)	(17)	(14,429)
Dividend to owners of the Company	-	-	-	-	(796)	(796)	-	(796)
Repurchase of own shares	-	-	-	(92)	-	(92)	-	(92)
<b>At 30 September 2016</b>	<b>165,960</b>	<b>14,069</b>	<b>(983)</b>	<b>(4,649)</b>	<b>148,099</b>	<b>322,496</b>	<b>(536)</b>	<b>321,960</b>

Note a: In accordance with Section 74 of the Companies Act, 2016, the Company's shares no longer have a par or nominal value with effect from 31 January 2017. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition. In accordance with the transitional provisions set out in section 618 of the Companies Act, 2016, any amount standing to the credit of the share premium account becomes part of the Company's share capital. Companies have twenty-four months upon the commencement of Companies Act, 2016 to utilise the credit. During the financial period, the Company has utilised none of the credit of the share premium account which have now become part of the share capital.

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 2016 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 30 September 2017 -(Unaudited)

	9 months Ended 30/9/2017 RM'000	9 months Ended 30/9/2016 RM'000
<b>Cash flows from operating activities</b>		
Loss before tax:	(11,800)	(10,907)
Adjustments for:		
Non cash items	48,426	52,723
Non-operating items	10,330	15,134
Share of profit of equity-accounted joint venture, net of tax	(14)	(78)
<b>Operation profit before changes in working capital</b>	<u>46,942</u>	<u>56,872</u>
<b>Changes in working capital:</b>		
Decrease/(increase) in inventories	(19,665)	8,256
Decrease/(increase) in trade and other receivables, prepayments and other assets	9,556	10,349
(Decrease)/increase in trade and other payables	31,825	(23,534)
(Decrease)/increase in deferred income	(312)	(141)
<b>Cash generated from operations</b>	<u>68,346</u>	<u>51,802</u>
Finance costs paid	(5,937)	(6,181)
Income tax paid	(4,987)	(7,496)
Warranties paid	(549)	(252)
<b>Net cash generated from operating activities</b>	<u>56,873</u>	<u>37,873</u>
<b>Cash flows from investing activities</b>		
Interest received	150	206
Increase in pledged deposits with licensed banks	510	(731)
Increase in development costs	(1,350)	(5,008)
Purchase of property, plant and equipment	(58,779)	(48,975)
<b>Net cash used in investing activities</b>	<u>(59,469)</u>	<u>(54,508)</u>
<b>Cash flows from financing activities</b>		
Finance costs paid	(3,914)	(4,292)
Net drawdown/(repayment) of bank borrowings	(1,881)	12,504
Net drawdown/(repayment) of finance lease liabilities	(10,232)	(361)
Dividends paid to owners of the Company	-	(1,592)
Purchase of treasury shares	(30)	(92)
<b>Net cash used in financing activities</b>	<u>(16,057)</u>	<u>6,167</u>
Net increase/(decrease) in cash and cash equivalents	(18,653)	(10,468)
Cash and cash equivalents at beginning of period	28,289	26,953
Cash and cash equivalents at end of period	<u>9,636</u>	<u>16,485</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 2016 and the accompanying explanatory notes attached to the interim financial statements.

### Cash and cash equivalents in the statement of cash flows comprise the following:

Deposit placed with licensed banks	2,719	6,792
Cash and bank balances	19,185	21,628
	<u>21,904</u>	<u>28,420</u>
Less : Pledged deposits	(2,364)	(2,298)
Bank overdraft	(9,904)	(9,637)
	<u>9,636</u>	<u>16,485</u>

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the Third Quarter ended 30 September 2017

## 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 third quarter ended 30 September 2017 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 2016. 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 2016.

### 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 2016 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 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

#### 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*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the Third Quarter ended 30 September 2017

## A2. Changes in accounting policies (continued)

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

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 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 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017, except for Amendments to MFRS 12 which is not applicable to the Group.
- 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, except for Amendments for MFRS 1, Amendments for MFRS 2, Amendments for MFRS 4 and Amendments for MFRS 140 which are not applicable to the Group.
- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for the annual periods beginning on or after 1 January 2019.

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the Third Quarter ended 30 September 2017

## A2. Changes in accounting policies (continued)

The initial application of the accounting 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:

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

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

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

### **IFRS 9, Financial Instruments**

IFRS 9 replaces the guidance in IFRS 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 IFRS 9.

### **IFRS 16, Leases**

IFRS 16 replaces the guidance in IFRS 117, *Leases*, IFRS Interpretation 4, *Determining whether an Arrangement contains a Lease*, IFRS Interpretation 115, *Operating Leases – Incentives* and IFRS Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*

The Group is currently assessing the financial impact that may arise from the adoption of IFRS 16.

## A3. Audit qualifications

The audited financial statements of the Group for the financial year ended 31 December 2016 was not subject to any qualification.

# **EP MANUFACTURING BHD.**

(Company No. 390116-T)

Interim Financial Report for the Third Quarter ended 30 September 2017

## **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 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. Material impairment of assets**

There was no material impairment of assets during the quarter under review and financial period to date.



# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the Third Quarter ended 30 September 2017

## A11. Capital commitments

Capital commitments not provided for in the financial statements as at 30 September 2017 are as follows:

	RM'000
<b>Property, plant and equipment</b>	
Authorized but not contracted for	2,923
Contracted but not provided for	39,151
	<u>42,074</u>

## A12. Changes in contingent liabilities or contingent assets

The changes in contingent liabilities since 31 December 2016 are summarised as follows:-

	RM'000
Balance as at 31 December 2016	129,624
Movement in corporate guarantee issued to financial institutions for banking facilities granted to the subsidiaries	<u>(2,562)</u>
Balance as at 30 September 2017	<u>127,062</u>

The contingent liabilities were in respect of financial guarantees to banks for banking facilities granted to certain subsidiaries. There was no indication that any subsidiary would default on repayment.

## A13. 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 39,900 ordinary shares of RM1.00 each were repurchased in the open market for a total consideration of RM21,146.47 or at an average purchase cost of approximately RM0.53 per share. The shares bought back are held as treasury shares.

As at 30 September 2017, total shares bought back and held as treasury shares were 6,928,900 shares.

## A14. 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.

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the Third Quarter ended 30 September 2017

## A15. Material events subsequent to the end of the financial year

There were no material events subsequent to the current quarter ended 30 September 2017 up to the date of this report.

## A16. Dividends Paid

There is no dividend paid during the quarter under review.

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

### B1. Review of the performance

#### Current Quarter

	Individual quarter (3 <sup>rd</sup> quarter)		Changes		Cumulative period		Changes	
	Current year quarter ended 30/9/2017	Preceding year corresponding quarter ended 30/9/2016	Amount	%	Current year- to-date 30/9/2017	Preceding year-to- date 30/9/2016	Amount	%
	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	
Revenue	119,197	108,502	10,695	9.9	330,750	306,595	24,155	7.9
Operating loss	(5,007)	(4,128)	(879)	21.3	(2,099)	(640)	(1,459)	228.0
Loss before tax	(8,124)	(7,545)	(579)	7.7	(11,800)	(10,907)	(893)	8.2
Loss after tax	(12,355)	(8,420)	(3,935)	46.7	(18,439)	(14,429)	(4,010)	27.8
Loss attributable to owners of the Company	(12,354)	(8,414)	(3,940)	46.8	(18,437)	(14,412)	(4,025)	27.9

Revenue of the Group for the current quarter was 9.9% higher than the preceding year corresponding quarter mainly contributed by higher sales for Honda localisation parts for the new models introduced in December 2016 and June 2017. In addition, introduction of the new Mazda model also contributed to higher Group's revenue.

However, the Group recorded higher loss after tax of RM12.4mil due to drop in Proton sales and fixed overhead costs have impacted the Group's profitability.

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the Third Quarter ended 30 September 2017

## B2. Comparison with Immediate Preceding Quarter

	Current year quarter ended 30/9/2017	Immediate preceding quarter ended 30/6/2017	Changes	
			Amount	%
	RM'000	RM'000	RM'000	
Revenue	119,197	88,628	30,569	34.5
Operating loss	(5,007)	(2,466)	(2,541)	103.0
Loss before tax	(8,124)	(5,640)	(2,484)	44.0
Loss after tax	(12,355)	(6,359)	(5,996)	94.3
Loss attributable to owners of the Company	(12,354)	(6,359)	(5,995)	94.3

Revenue of the Group for the current quarter was 34.5% higher than the preceding quarter due to sales rebound for Proton and Perodua models. Honda sales also increased due to introduction of new model in June 2017.

The Group registered higher loss after tax of RM12.4mil for current quarter compared to RM6.4mil in the preceding quarter.

## B3. Prospects for coming financial year

The operating environment continues to be challenging, however the Board remains confident that the Group will continue to increase productivity and efficiency and to source new customer base to remain competitive in the automotive industry.

The Group is optimistic that the total sales would likely rebound after launches of major new models this year namely Hybrid variants of Honda City and Jazz, Honda CR-V, Mazda CX-5 and new Perodua model.

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the Third Quarter ended 30 September 2017

## B4. Profit forecast or profit guarantee

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

## B5. Tax expense

	Individual Quarter		Cumulative Period	
	Current year quarter ended 30/9/2017 RM'000	Preceding year corresponding quarter ended 30/9/2016 RM'000	Current year- to-date 30/9/2017 RM'000	Preceding year-to- date 30/9/2016 RM'000
<b><u>Income tax:</u></b>				
-Current year	1,199	974	4,099	3,850
-Prior years	8,598	(66)	8,598	(66)
	<u>9,797</u>	<u>908</u>	<u>12,697</u>	<u>3,784</u>
<b><u>Deferred tax:</u></b>				
-Current year	178	(33)	(314)	(246)
-Prior years	(5,744)	-	(5,744)	(16)
	<u>(5,566)</u>	<u>(33)</u>	<u>(6,058)</u>	<u>(262)</u>
	<b>4,231</b>	<b>875</b>	<b>6,639</b>	<b>3,522</b>

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.

## 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 Third Quarter ended 30 September 2017

## B7. Borrowings

	As at 30/9/2017		As at 30/9/2016	
	JPY'000	RM'000 Equivalent	JPY'000	RM'000 Equivalent
<b>Non- Current Secured</b>				
Finance lease liabilities	380,139	14,452	825,980	33,972
Finance lease liabilities	-	387	-	787
Term loans	-	82,733	-	60,441
<b>Total</b>	<b>380,139</b>	<b>97,572</b>	<b>825,980</b>	<b>95,200</b>
<b>Current Secured</b>				
Finance lease liabilities	170,288	6,474	-	-
Finance lease liabilities	-	392	-	452
Banker's acceptance	-	131,993	-	150,887
Bank overdraft	-	9,904	-	9,637
Bai Bithaman Ajil facilities	-	-	-	7,398
Term loans	-	22,125	-	26,562
<b>Total</b>	<b>170,288</b>	<b>170,888</b>	<b>-</b>	<b>194,936</b>
<b>Total borrowings</b>	<b>550,427</b>	<b>268,460</b>	<b>825,980</b>	<b>290,136</b>

During the 9 months ended 30 September 2017, the Group reduced its total borrowings by 7.5% from RM290.136mil as at 30 September 2016 to RM268.460mil as at 30 September 2017 due to repayment of Japanese Yen ("JPY") finance lease liabilities and lower utilisation of banker's acceptance.

The Group is exposed to foreign currency risk on borrowings that are denominated in JPY. However, the Group does not transact in any derivatives instruments or hedge their current exposure due to JPY shows less volatility trend this year and it will be more expensive after hedging cost.

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the Third Quarter ended 30 September 2017

## B7. Borrowings (cont'd)

The weighted average interest rate of borrowings is 3.48% and the proportion of debt that is based on fixed and floating interest rate are as follows:

	As at 30/9/2017	As at 30/9/2016
	RM'000	RM'000
Fixed interest rate borrowings	162,859	186,574
Floating interest rate borrowings	105,601	103,562
Total borrowings	<u>268,460</u>	<u>290,136</u>

## B8. Disclosure of derivatives

The Group did not enter into any derivative contract and accordingly there were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 September 2017.

## B9. Changes in material litigation

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

## B10. Dividend

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

# EP MANUFACTURING BHD.

(Company No. 390116-T)

Interim Financial Report for the Third Quarter ended 30 September 2017

## B11.Loss per share

The calculation of basic loss per share is based on the net loss 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 30/9/2017	Preceding year corresponding quarter ended 30/9/2016	Current year-to-date 30/9/2017	Preceding year-to-date 30/9/2016
Loss for the period attributable to owners of the Company (RM'000)	(12,354)	(8,414)	(18,437)	(14,412)
Weighted average number of ordinary shares ('000)	159,078	159,185	159,078	159,185
Basic loss per share (sen)	(7.77)	(5.29)	(11.59)	(9.05)
Diluted loss 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 Third Quarter ended 30 September 2017

## B12. Notes to the Statement of Comprehensive Income

	Individual Quarter		Cumulative Period	
	Current year quarter ended 30/9/2017 RM'000	Preceding year corresponding quarter ended 30/9/2016 RM'000	Current year-to-date 30/9/2017 RM'000	Preceding year-to-date 30/9/2016 RM'000
Interest income	42	67	150	206
Other income	705	669	2,181	3,884
Interest expense	(3,159)	(3,484)	(9,851)	(10,473)
Depreciation and amortisation	(16,634)	(26,622)	(48,426)	(52,723)
Foreign exchange gain/(loss)	191	(4,283)	(322)	(4,373)

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 Third Quarter ended 30 September 2017

## B13. Realized and Unrealized Profits

The breakdown of the retained profits of the Group as at 30 September 2017 into realized and unrealized profits, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirement are as follows:

	<b>Current year quarter ended 30/9/2017 RM'000</b>	<b>As at end of 31/12/2016 RM'000</b>
Total retained earnings of the Company and its subsidiaries:		
- Realized	132,126	160,297
- Unrealized	24,510	15,721
	<hr/> 156,636	<hr/> 176,018
Less: Consolidation adjustments	(30,862)	(30,822)
Total retained earnings as per statement of financial positions	<hr/> <b>125,774</b>	<hr/> <b>145,196</b>

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: 24 November 2017