

## EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

(Incorporated in Malaysia)

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

for the financial year ended 31 December 2020 - (Unaudited)

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/12/2020 RM'000	Preceding year corresponding quarter ended 31/12/2019 RM'000	Current year- to-date 31/12/2020 RM'000	Preceding year- to-date 31/12/2019 RM'000
<b>Revenue</b>	<b>134,172</b>	<b>139,269</b>	<b>408,867</b>	<b>484,650</b>
Operating expenses	(122,363)	(131,976)	(377,088)	(437,454)
Depreciation and amortisation	(10,347)	(12,341)	(39,337)	(51,492)
Other income	715	1,020	2,406	3,572
<b>Results from operating activities</b>	<b>2,177</b>	<b>(4,028)</b>	<b>(5,152)</b>	<b>(724)</b>
Finance costs	(2,366)	(3,409)	(9,350)	(13,785)
Finance income	(6)	116	220	286
Net finance costs	(2,372)	(3,293)	(9,130)	(13,499)
Share of profit of equity-accounted joint venture, net of tax	312	442	915	1,977
<b>Profit/(Loss) before tax</b>	<b>117</b>	<b>(6,879)</b>	<b>(13,367)</b>	<b>(12,246)</b>
Tax expense	(741)	2,665	(1,537)	(3,028)
<b>Loss for the year</b>	<b>(624)</b>	<b>(4,214)</b>	<b>(14,904)</b>	<b>(15,274)</b>
<b>Total comprehensive expense for the year</b>	<b>(624)</b>	<b>(4,214)</b>	<b>(14,904)</b>	<b>(15,274)</b>
<b>Loss attributable to :</b>				
Owners of the Company	(876)	(4,214)	(15,156)	(15,274)
Non-controlling interests	252	-	252	-
<b>Loss for the year</b>	<b>(624)</b>	<b>(4,214)</b>	<b>(14,904)</b>	<b>(15,274)</b>
<b>Total comprehensive expense attributable to :</b>				
Owners of the Company	(876)	(4,214)	(15,156)	(15,274)
Non-controlling interests	252	-	252	-
<b>Total comprehensive expense for the year</b>	<b>(624)</b>	<b>(4,214)</b>	<b>(14,904)</b>	<b>(15,274)</b>
Loss per ordinary share (sen):				
Basic	(0.55)	(2.66)	(9.58)	(9.64)
Diluted	-	-	-	-

These condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

# EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))  
(Incorporated in Malaysia)

## Condensed Consolidated Statements of Financial Position

as at 31 December 2020 - (Unaudited)

	31/12/2020 (Unaudited) RM'000	31/12/2019 (Audited) RM'000
<b>Assets</b>		
Property, plant and equipment	276,601	304,648
Right-of-use assets	2,178	2,840
Investment properties	14,417	14,417
Investment in a joint venture	372	502
Intangible assets	85,078	85,748
Deferred tax assets	5,056	5,033
<b>Total non-current assets</b>	<b>383,702</b>	<b>413,188</b>
Inventories	43,624	55,307
Trade and other receivables	69,529	84,996
Current tax assets	4,889	3,068
Prepayments and other assets	4,614	3,068
Other investments	-	1,428
Cash and cash equivalents	29,711	24,415
<b>Total current assets</b>	<b>152,367</b>	<b>172,282</b>
<b>Total assets</b>	<b>536,069</b>	<b>585,470</b>
<b>Equity</b>		
Share capital	180,029	180,029
Reserves	67,519	82,787
<b>Equity attributable to owners of the Company</b>	<b>247,548</b>	<b>262,816</b>
<b>Non-controlling interests</b>	<b>(252)</b>	<b>(504)</b>
<b>Total equity</b>	<b>247,296</b>	<b>262,312</b>
<b>Liabilities</b>		
Loan and borrowings	27,323	31,945
Lease liabilities	859	1,503
Deferred income	2,387	2,576
Deferred tax liabilities	4,496	4,343
<b>Total non-current liabilities</b>	<b>35,065</b>	<b>40,367</b>
Loan and borrowings	155,210	189,157
Lease liabilities	1,456	1,419
Deferred income	189	189
Current tax liabilities	78	1,503
Provision for warranties	92	1,170
Trade and other payables	96,683	89,353
<b>Total current liabilities</b>	<b>253,708</b>	<b>282,791</b>
<b>Total liabilities</b>	<b>288,773</b>	<b>323,158</b>
<b>Total equity and liabilities</b>	<b>536,069</b>	<b>585,470</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.56</b>	<b>1.66</b>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

## Condensed Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2020 - (Unaudited)

	<-- Attributable to equity holders of the Company -->					Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	
<b>At 1 January 2020</b>	180,029	(4,951)	87,738	262,816	(504)	262,312
Loss for the financial year	-	-	(15,156)	(15,156)	252	(14,904)
Total comprehensive expense for the financial year	-	-	(15,156)	(15,156)	252	(14,904)
Repurchase of own shares	-	(112)	-	(112)	-	(112)
<b>At 31 December 2020</b>	180,029	(5,063)	72,582	247,548	(252)	247,296
<b>At 1 January 2019</b>	180,029	(4,853)	103,012	278,188	(504)	277,684
Loss for the financial year	-	-	(15,274)	(15,274)	-	(15,274)
Total comprehensive expense for the financial year	-	-	(15,274)	(15,274)	-	(15,274)
Repurchase of own shares	-	(98)	-	(98)	-	(98)
<b>At 31 December 2019</b>	180,029	(4,951)	87,738	262,816	(504)	262,312

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

# EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

(Incorporated in Malaysia)

## Condensed Consolidated Statements of Cash Flows

for the financial year ended 31 December 2020 - (Unaudited)

	12 months Ended 31/12/2020 RM'000	12 months Ended 31/12/2019 RM'000
<b>Cash flows from operating activities</b>		
Loss before tax	(13,367)	(12,246)
Adjustments for:		
Non-cash items	39,148	51,305
Non-operating items	15,796	18,230
Share of profit of equity-accounted joint venture, net of tax	(915)	(1,977)
<b>Operating profit before changes in working capital</b>	<u>40,662</u>	<u>55,312</u>
<b>Changes in working capital:</b>		
Inventories	3,963	4,550
Trade and other receivables, prepayments and other assets	13,855	(17,222)
Trade and other payables	5,509	5,934
<b>Cash generated from operations</b>	<u>63,989</u>	<u>48,574</u>
Interest paid	(7,085)	(8,892)
Income taxes paid	(4,653)	(5,065)
Warranties paid	(84)	(108)
<b>Net cash from operating activities</b>	<u>52,167</u>	<u>34,509</u>
<b>Cash flows from investing activities</b>		
Acquisition of intangible assets	(35)	(527)
Acquisition of property, plant and equipment	(7,258)	(14,692)
Dividend received from a joint venture	1,045	2,426
Decrease/(Increase) in other investment	1,428	(43)
Increase in pledged deposits with licensed banks	(58)	(68)
Interest received	220	286
Proceeds from disposal of property, plant and equipment	-	5,414
<b>Net cash used in investing activities</b>	<u>(4,658)</u>	<u>(7,204)</u>
<b>Cash flows from financing activities</b>		
Net (repayment)/drawdown of bankers' acceptances	(32,161)	21,770
Net repayment of term loans	(6,627)	(34,418)
Interest paid	(2,265)	(4,893)
Payment of lease liabilities	(1,343)	(13,620)
Net drawdown of other bank facilities	30	358
Repurchase of treasury shares	(112)	(98)
<b>Net cash used in financing activities</b>	<u>(42,478)</u>	<u>(30,901)</u>
Net increase/(decrease) in cash and cash equivalents	5,031	(3,596)
Cash and cash equivalents at beginning of the year	<u>12,299</u>	<u>15,895</u>
Cash and cash equivalents at end of the year	<u>17,330</u>	<u>12,299</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

Cash and cash equivalents in the statements of cash flows comprise the following:

Deposits placed with licensed banks	2,575	2,517
Cash and bank balances	27,136	21,898
Cash and cash equivalents in the statements of financial positions	<u>29,711</u>	<u>24,415</u>
Pledged deposits	(2,575)	(2,517)
Bank overdraft	(9,806)	(9,599)
Cash and cash equivalents in the statements of cash flows	<u>17,330</u>	<u>12,299</u>

# EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Fourth Quarter ended 31 December 2020

## 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 2020 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 2019. 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 2019.

### A2. Significant 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 2019. The following are accounting standards, interpretations and amendments of the Malaysian Financial Reporting Standards (“MFRSs”) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

#### MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

#### MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

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## A2. Significant accounting policies (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

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 plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.
- from the annual period beginning on 1 January 2022 for the amendment that is effective for annual periods beginning on or after 1 January 2022.

The Group does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

## A3. Audit qualifications

The audited financial statements of the Group for the financial year ended 31 December 2019 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.

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## 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.

## 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 contains 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 year.

## A11. Capital commitments

Capital commitments not provided for in the financial statements as at 31 December 2020 are as follows:

	<b>RM'000</b>
<b>Property, plant and equipment</b>	
Contracted but not provided for	<u>3,447</u>

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Interim Financial Report for the Fourth Quarter ended 31 December 2020

## A12. Changes in contingent liabilities or contingent assets

The changes in contingent liabilities since 31 December 2019 are summarised as follows:-

	RM'000
Balance as at 31 December 2019	77,697
Movement in corporate guarantee issued to financial institutions for banking facilities granted to the subsidiaries	(17,564)
Balance as at 31 December 2020	<u>60,133</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 was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

As at 31 December 2020, total shares bought back and held as treasury shares were 7,958,800 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.

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

There were no material events subsequent to the current quarter ended 31 December 2019 up to the date of this report.

## A16. Dividends Paid

There is no dividend paid during the quarter under review.



# EP MANUFACTURING BHD.

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Interim Financial Report for the Fourth Quarter ended 31 December 2020

## 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 (4 <sup>th</sup> quarter)		Changes		Cumulative period		Changes	
	Current year quarter ended 31/12/2020	Preceding year corresponding quarter ended 31/12/2019	Amount	%	Current year-to-date 31/12/2020	Preceding year-to- date 31/12/2019	Amount	%
	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	
Revenue	134,172	139,269	(5,097)	(3.7)	408,867	484,650	(75,783)	(15.6)
Operating profit/(loss)	2,489	(3,586)	6,075	169.4	(4,237)	1,253	(5,490)	(438.1)
Profit/(Loss) before tax	117	(6,879)	6,996	101.7	(13,367)	(12,246)	(1,121)	(9.2)
Loss after tax	(624)	(4,214)	3,590	85.2	(14,904)	(15,274)	370	2.4
Loss attributable to owners of the Company	(876)	(4,214)	3,338	79.2	(15,156)	(15,274)	118	0.8

The Group recorded lower revenue of RM134.2mil in the current quarter as compared to RM139.3mil in the preceding year corresponding quarter. Revenue was lower by 3.7% as Malaysia still under the Recovery Movement Control Order (RMCO) and Conditional Movement Control Order (CMCO) in certain areas amid rising in Covid-19 cases and the ending of the loan moratorium period.

Loss after tax for the current quarter was lower at RM0.6mil as compared to RM4.2mil in the preceding year corresponding quarter. Loss for the current quarter was mitigated by improvement in operating cost, lower depreciation and amortisation and lower finance cost.

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## B2. Comparison with Immediate Preceding Quarter

	Current year quarter ended 31/12/2020	Immediate preceding quarter ended 30/9/2020	Changes	
			Amount	%
	RM'000	RM'000	RM'000	
Revenue	134,172	127,125	7,047	5.5
Operating profit	2,489	1,656	833	50.3
Profit/(Loss) before tax	117	(235)	352	149.8
Loss after tax	(624)	(233)	(391)	(167.8)
Loss attributable to owners of the Company	(876)	(233)	(643)	(276.0)

The Group recorded higher revenue of RM134.2mil in the current quarter as compared to RM127.1mil in the preceding quarter mainly due to increase in vehicle sales ahead of the anticipated end of the sales tax exemption on 31<sup>st</sup> December 2020. On 29<sup>th</sup> December 2020, the government announced that the sales tax exemption been extended to another six months until 30<sup>th</sup> June 2021.

Loss after tax was higher at RM0.6mil as compared to RM0.2mil in the preceding quarter.

## B3. Prospects for the coming financial year

The Ministry of International Trade and Industry (MITI) has reinstated automotive manufacturing to the approved list of services in economic sectors allowed to operate during the second movement control order (MCO 2.0). Thus, automotive industry are expecting a stronger recovery in 2021 on the back of an effective roll-out of the Covid-19 vaccination programme couple with massive fiscal and monetary measures by the government. On 29<sup>th</sup> December 2020, the Ministry of Finance had announced that the vehicle sales tax exemption being extended for a further six months until 30<sup>th</sup> June 2021.

The Board of Directors nevertheless still cautious of the resurgence of the COVID-19 cases and its impact on the country's economy. Hence the Board expects the automotive sector to remain challenging in 2021 and performance of the Group will be dependent on the customers' demand and economic conditions.

## B4. Profit forecast or profit guarantee

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

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Interim Financial Report for the Fourth Quarter ended 31 December 2020

## B5. Tax expense

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/12/2020 RM'000	Preceding year corresponding quarter ended 31/12/2019 RM'000	Current year- to-date 31/12/2020 RM'000	Preceding year-to- date 31/12/2019 RM'000
<b>Income tax:</b>				
-Current year	276	(111)	1,528	3,402
-Prior years	(118)	(330)	(121)	(202)
	<u>158</u>	<u>(441)</u>	<u>1,407</u>	<u>3,200</u>
<b>Deferred tax:</b>				
-Current year	841	(2,587)	388	(535)
-Prior years	(258)	363	(258)	363
	<u>583</u>	<u>(2,224)</u>	<u>130</u>	<u>(172)</u>
	<u>741</u>	<u>(2,665)</u>	<u>1,537</u>	<u>3,028</u>

The effective tax rate of the Group for the current year was higher than the statutory tax rate mainly due to certain expenses which are not tax deductible.

## B6. Status of corporate proposals

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

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Interim Financial Report for the Fourth Quarter ended 31 December 2020

## B7. Loans and borrowings

	<b>As at 31/12/2020 RM'000</b>	<b>As at 31/12/2019 RM'000</b>
<b>Non- Current</b>		
Term loans	27,027	31,649
Other bank facilities	296	296
<b>Total</b>	<b>27,323</b>	<b>31,945</b>
<b>Current</b>		
Term loans	20,488	22,511
Banker's acceptance	99,790	131,951
Revolving credit	25,000	25,000
Bank overdraft	9,806	9,599
Other bank facilities	126	96
<b>Total</b>	<b>155,210</b>	<b>189,157</b>
<b>Total loans and borrowings</b>	<b>182,533</b>	<b>221,102</b>

The Group's total borrowings decreased by 17.4% to RM182.5mil as at 31 December 2020 from RM221.1mil as at 31 December 2019 mainly due to repayment of term loans and lower Banker's Acceptance.

The weighted average interest rate of borrowings is 4.36% and the proportion of debt that is based on fixed and floating interest rates are as follows:

	<b>As at 31/12/2020 RM'000</b>	<b>As at 31/12/2019 RM'000</b>
Fixed interest rate borrowings	120,136	149,820
Floating interest rate borrowings	62,397	71,282
<b>Total loans and borrowings</b>	<b>182,533</b>	<b>221,102</b>

# EP MANUFACTURING BHD.

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Interim Financial Report for the Fourth Quarter ended 31 December 2020

## 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 31 December 2020.

## 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 year-to-date.

## 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 31/12/2020	Preceding year corresponding quarter ended 31/12/2019	Current year-to-date 31/12/2020	Preceding year-to-date 31/12/2019
Loss for the period attributable to owners of the Company (RM'000)	(876)	(4,214)	(15,156)	(15,274)
Weighted average number of ordinary shares ('000)	158,179	158,476	158,179	158,476
Basic loss per share (sen)	(0.55)	(2.66)	(9.58)	(9.64)
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.

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Interim Financial Report for the Fourth Quarter ended 31 December 2020

## B12. Notes to the Statement of Comprehensive Income

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/12/2020 RM'000	Preceding year corresponding quarter ended 31/12/2019 RM'000	Current year-to-date 31/12/2020 RM'000	Preceding year-to-date 31/12/2019 RM'000
Interest income	(6)	116	220	286
Other income	715	1,020	2,406	3,572
Interest expense	(2,366)	(3,409)	(9,350)	(13,785)
Depreciation and amortisation	(10,347)	(12,341)	(39,337)	(51,492)
Inventories written down	(7,954)	(5,186)	(7,954)	(5,186)
Gain on disposal of property, plant and equipment	-	43	-	43
Reversal of Inventories written down	133	(106)	234	437
Trade and other receivables written off	(1,349)	-	(1,349)	-
Foreign exchange gain/(loss)	103	187	169	(450)

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.

By order of The Board  
EP Manufacturing Bhd.

Teo Wei Theng  
Company Secretary  
Shah Alam  
Date: 26 February 2021