

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 2021 - (Unaudited)

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/12/2021 RM'000	Preceding year corresponding quarter ended 31/12/2020 RM'000	Current year- to-date 31/12/2021 RM'000	Preceding year- to-date 31/12/2020 RM'000
Revenue	126,846	134,172	345,417	408,867
Operating expenses	(115,629)	(122,363)	(317,635)	(377,088)
Depreciation and amortisation	(7,489)	(10,347)	(30,242)	(39,337)
Other income	1,216	715	2,774	2,406
Results from operating activities	4,944	2,177	314	(5,152)
Finance costs	(2,226)	(2,366)	(7,593)	(9,350)
Finance income	69	(6)	138	220
Net finance costs	(2,157)	(2,372)	(7,455)	(9,130)
Share of profit of equity-accounted joint venture, net of tax	417	312	1,012	915
Profit/(Loss) before tax	3,204	117	(6,129)	(13,367)
Tax expense	(464)	(741)	(2,056)	(1,537)
Profit/(Loss) for the year	2,740	(624)	(8,185)	(14,904)
Total comprehensive income/(expense) for the year	2,740	(624)	(8,185)	(14,904)
Profit/(Loss) attributable to :				
Owners of the Company	2,740	(876)	(8,185)	(15,156)
Non-controlling interests	-	252	-	252
Profit/(Loss) for the year	2,740	(624)	(8,185)	(14,904)
Total comprehensive income/(expense) attributable to :				
Owners of the Company	2,740	(876)	(8,185)	(15,156)
Non-controlling interests	-	252	-	252
Total comprehensive income/(expense) for the year	2,740	(624)	(8,185)	(14,904)
Earnings/(Loss) per ordinary share (sen):				
Basic	1.39	(0.55)	(4.14)	(9.58)
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 2020 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 2021 - (Unaudited)

	31/12/2021 (Unaudited) RM'000	31/12/2020 (Audited) RM'000
Assets		
Property, plant and equipment	227,367	276,601
Right-of-use assets	2,573	2,178
Investment properties	14,417	14,417
Investment in a joint venture	477	372
Intangible assets	85,555	85,078
Deferred tax assets	5,094	5,056
Total non-current assets	<u>335,483</u>	<u>383,702</u>
Inventories	47,225	43,624
Trade and other receivables	48,399	69,529
Current tax assets	4,642	4,889
Prepayments and other assets	15,618	4,614
Cash and cash equivalents	41,231	29,711
Non-current assets classified as held for sales	39,090	-
Total current assets	<u>196,205</u>	<u>152,367</u>
Total assets	<u>531,688</u>	<u>536,069</u>
Equity		
Share capital	197,346	180,029
Reserves	64,719	67,519
Equity attributable to owners of the Company	<u>262,065</u>	<u>247,548</u>
Non-controlling interests	<u>(252)</u>	<u>(252)</u>
Total equity	<u>261,813</u>	<u>247,296</u>
Liabilities		
Loan and borrowings	23,149	27,323
Lease liabilities	1,145	859
Deferred income	2,199	2,387
Deferred tax liabilities	4,670	4,496
Total non-current liabilities	<u>31,163</u>	<u>35,065</u>
Loan and borrowings	144,538	155,210
Lease liabilities	1,489	1,456
Deferred income	188	189
Current tax liabilities	9	78
Provision for warranties	212	92
Trade and other payables	92,276	96,683
Total current liabilities	<u>238,712</u>	<u>253,708</u>
Total liabilities	269,875	288,773
Total equity and liabilities	<u>531,688</u>	<u>536,069</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.33</u>	<u>1.56</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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 2021 - (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	
At 1 January 2021	180,029	(5,063)	72,582	247,548	(252)	247,296
Loss for the year	-	-	(8,185)	(8,185)	-	(8,185)
Total comprehensive expense for the year	-	-	(8,185)	(8,185)	-	(8,185)
Ordinary shares issued pursuant to Private Placement	17,317	-	(281)	17,036	-	17,036
Disposal of own shares	-	5,063	603	5,666	-	5,666
At 31 December 2021	197,346	-	64,719	262,065	(252)	261,813
At 1 January 2020	180,029	(4,951)	87,738	262,816	(504)	262,312
Loss for the year	-	-	(15,156)	(15,156)	252	(14,904)
Total comprehensive expense for the year	-	-	(15,156)	(15,156)	252	(14,904)
Repurchase of own shares	-	(112)	-	(112)	-	(112)
At 31 December 2020	180,029	(5,063)	72,582	247,548	(252)	247,296

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 2020 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 2021 - (Unaudited)

	12 months Ended 31/12/2021 RM'000	12 months Ended 31/12/2020 RM'000
Cash flows from operating activities		
Loss before tax	(6,129)	(13,367)
Adjustments for:		
Non-cash items	32,446	47,296
Non-operating items	6,939	9,443
Share of profit of equity-accounted joint venture, net of tax	(1,012)	(915)
Operating profit before changes in working capital	32,244	42,457
Changes in working capital:		
Inventories	(5,819)	3,898
Trade and other receivables, prepayments and other assets	10,351	12,524
Trade and other payables	(4,432)	5,640
Cash generated from operations	32,344	64,519
Interest paid	(5,518)	(7,244)
Tax paid	(1,742)	(4,653)
Warranties paid	(55)	(86)
Net cash from operating activities	25,029	52,536
Cash flows from investing activities		
Acquisition of intangible assets	(700)	(35)
Acquisition of property, plant and equipment	(18,452)	(7,897)
Dividend received from a joint venture	907	1,045
Decrease in other investment	-	1,428
Increase in pledged deposits with licensed banks	(68)	(58)
Interest received	138	220
Proceeds from disposal of property, plant and equipment	206	-
Net cash used in investing activities	(17,969)	(5,297)
Cash flows from financing activities		
Net repayment of bankers' acceptances	(7,179)	(32,161)
Net repayment of term loans	(7,337)	(6,645)
Interest paid	(2,075)	(2,106)
Payment of lease liabilities	(1,389)	(1,214)
Net (repayment)/drawdown of other bank facilities	(125)	30
Proceeds from issuance of shares pursuant to Private Placement	17,036	-
Disposal/(Repurchase) of treasury shares	5,666	(112)
Net cash from/(used) in financing activities	4,597	(42,208)
Net increase in cash and cash equivalents	11,657	5,031
Cash and cash equivalents at beginning of the year	17,330	12,299
Cash and cash equivalents at end of the year	28,987	17,330

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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	2,643	2,575
Cash and bank balances	38,588	27,136
Cash and cash equivalents in the statements of financial positions	41,231	29,711
Pledged deposits	(2,643)	(2,575)
Bank overdraft	(9,601)	(9,806)
Cash and cash equivalents in the statements of cash flows	28,987	17,330

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Fourth Quarter ended 31 December 2021

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 2021 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 2020. 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 2020.

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 2020.

The followings are accounting standards, interpretations and amendments of the 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 2021

- Amendments to MFRS 9, *Financial Instruments*
- MFRS 139, *Financial Instruments: Recognition and Measurement*
- MFRS 7, *Financial Instruments: Disclosures*
- MFRS 4, *Insurance Contracts*
- MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Fourth Quarter ended 31 December 2021

A2. Significant accounting policies (continued)

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

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group.

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact to the financial statements of the Group.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Fourth Quarter ended 31 December 2021

A3. Audit qualifications

The audited financial statements of the Group for the financial year ended 31 December 2020 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.

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 major 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.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Fourth Quarter ended 31 December 2021

A11. Capital commitments

Capital commitments not provided for in the financial statements as at 31 December 2021 are as follows:

	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>3,581</u>

A12. Changes in contingent liabilities or contingent assets

The changes in contingent liabilities since 31 December 2020 are summarised as follows:-

	RM'000
Balance as at 31 December 2020	60,115
Movement in corporate guarantee issued to financial institutions for banking facilities granted to the subsidiaries	<u>(19,936)</u>
Balance as at 31 December 2021	<u>40,179</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 debts and equity securities during the current quarter under review except for the followings:-

- i) The Company had issued and allotted 24,766,000 new ordinary shares pursuant to the private placement exercise as set out in the table below:

Listing date	Issue price	Placement shares	Proceeds raised
	RM		RM
3 November 2021	0.550	24,766,000	13,621,300

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Fourth Quarter ended 31 December 2021

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 2020 up to the date of this report.

A16. Dividends Paid

There is no dividend paid during the quarter under review.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Fourth Quarter ended 31 December 2021

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 th quarter)		Changes		Cumulative period		Changes	
	Current year quarter ended 31/12/2021 RM'000	Preceding year corresponding quarter ended 31/12/2020 RM'000	Amount RM'000	%	Current year-to-date 31/12/2021 RM'000	Preceding year-to- date 31/12/2020 RM'000	Amount RM'000	%
Revenue	126,846	134,172	(7,326)	(5.5)	345,417	408,867	(63,450)	(15.5)
Operating profit/(loss)	5,361	2,489	2,872	115.4	1,326	(4,237)	5,563	131.3
Profit/(Loss) before tax	3,204	117	3,087	2,638.5	(6,129)	(13,367)	7,238	54.1
Profit/(Loss) after tax	2,740	(624)	3,364	539.1	(8,185)	(14,904)	6,719	45.1
Profit/(Loss) attributable to owners of the Company	2,740	(624)	3,364	539.1	(8,185)	(14,904)	6,719	45.1

The Group recorded lower revenue of RM126.8mil in the current quarter compared to RM134.2mil in the preceding year corresponding quarter. Revenue was lower by RM7.3mil mainly due to car makers' manufacturing was disrupted in mid of December 2021 because many vendors were affected by the flood across Peninsular Malaysia.

The Group recorded profit after tax of RM2.7mil for the current quarter as compared to loss after tax of RM0.6mil in the preceding year corresponding quarter mainly due to lower depreciation and amortization in the current quarter as some of the machineries have been fully depreciated.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Fourth Quarter ended 31 December 2021

B2. Comparison with Immediate Preceding Quarter

	Current year quarter ended 31/12/2021 RM'000	Immediate preceding quarter ended 30/9/2021 RM'000	Changes	
			Amount RM'000	%
Revenue	126,846	41,742	85,104	203.9
Operating profit/(loss)	5,361	(5,541)	10,902	196.8
Profit/(Loss) before tax	3,204	(6,969)	10,173	146.0
Profit/(Loss) after tax	2,740	(7,130)	9,870	138.4
Profit/(Loss) attributable to owners of the Company	2,740	(7,130)	9,870	138.4

The Group's revenue increased by RM85.1mil in the current quarter compared to the preceding quarter due to car makers increased production to meet the backlog sales orders after the Movement Control Order and lockdown were lifted in mid of August 2021.

The Group recorded profit after tax of RM2.7mil as compared to loss after tax of RM7.1mil in the preceding quarter.

B3. Prospects for the coming financial year

Automotive sector is expected to see a stronger recovery in 2022, with total industry volume (TIV) forecast at 600,000 units compare to 508,911 units in 2021. It is expected a buoyant recovery in car sales with the opening up of economy activities and extension of vehicle sales tax exemption to 30 June 2022.

However, first quarter of 2022 will be very challenging with a new wave of Covid-19 infections and knock-on effect of the severe flood in Selangor in December 2021. The Board remains cautious and expects the automotive sector to continue to be challenging in 2022 and the performance of the Group will be dependent on the market demand for vehicles and country's economic conditions.

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. 199601017765 (390116-T))

Interim Financial Report for the Fourth Quarter ended 31 December 2021

B5. Tax expense

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/12/2021 RM'000	Preceding year corresponding quarter ended 31/12/2020 RM'000	Current year- to-date 31/12/2021 RM'000	Preceding year-to- date 31/12/2020 RM'000
<u>Income tax:</u>				
-Current year	356	192	1,866	1,444
-Prior years	84	(34)	54	(37)
	<u>440</u>	<u>158</u>	<u>1,920</u>	<u>1,407</u>
<u>Deferred tax:</u>				
-Current year	(1)	689	111	236
- Prior years	25	(106)	25	(106)
	<u>24</u>	<u>583</u>	<u>136</u>	<u>130</u>
	<u>464</u>	<u>741</u>	<u>2,056</u>	<u>1,537</u>

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

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Fourth Quarter ended 31 December 2021

B6. Status of corporate proposals

There were no corporate proposals announced as at the date of this announcement save for the following:

i) Proposed Private Placement

On 7 May 2021, the Company had announced to undertake a private placement of up to 31,600,000 new ordinary shares, representing up to approximately 20% of the total number of issued shares of the Company (excluding treasury shares) ("Proposed Private Placement").

On 2 June 2021, the Company announced that Bursa Securities has, vide its letter dated 1 June 2021 (which was received on 2 June 2021), resolved to approve the listing and quotation of up to 31,600,000 Placement Shares to be issued pursuant to the Proposed Private Placement.

The detail of share issuance are as follows:-

Tranches	Listing date	No of shares	Issue price (RM)	Total proceeds (RM)
1 st tranche	15 July 2021	3,000,000	0.465	1,395,000
2 nd tranche	5 August 2021	3,834,000	0.600	2,300,400
3 rd tranche	3 November 2021	24,766,000	0.550	13,621,300
Total		31,600,000		17,316,700

The status of utilisation of proceeds raised from the Placement Shares were as follows:

Details of utilisation	Estimated ⁽¹⁾ proceeds from and the proposed utilisation of private placement	Actual ⁽²⁾ proceeds from and the proposed utilisation of private placement	Estimated timeframe of utilisation after completion	Actual utilisation as at 31 Dec 2021	Balance to be utilised
	RM'000	RM'000		RM'000	RM'000
Working capital requirements	12,914	17,036	Within 24 months	12,453	4,583
Estimated expenses for the Proposed Private Placement	200	281	Within 1 month	281	-
Total	13,114	17,317		12,734	4,583

Note (1): The estimated proceeds from and proposed utilisation of Private Placement is based on 31,600,000 shares at an indicative price of RM0.415.

Note (2): The actual proceeds are based on actual payment received from 31,600,000 Placement Shares.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Fourth Quarter ended 31 December 2021

B6. Status of corporate proposals (continued)

ii) Proposed acquisition of 5,000,000 ordinary shares in Kensington Development Sdn. Bhd. ("Kensington Development")

The Company had on 19 July 2021, entered into a Share Sale Agreement ("SSA") with Bestempire Limited ("Bestempire") for the proposed acquisition of 5,000,000 ordinary shares in Kensington Development, representing the entire equity interest in Kensington Development, from Bestempire for a purchase consideration of RM45.6 million to be satisfied.

Based on the audited financial statements of Kensington Development for the financial year ended December 2020, Kensington Development would not contribute to 25% or more of the Group's net profit and/or result in a diversion of 25% or more of the Group's net assets.

Nevertheless, the Company expects the profit of Kensington Development in the future to potentially contribute to 25% or more of the Group's net profits. Pursuant thereto, the Company shall seek its shareholders' approval for the proposed diversification of the Group's business to include property development, construction, project management and its related activities pursuant to Paragraph 10.13(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in the next general meeting.

On 20 October 2021, the Company announced that all conditions precedent to the SSA have been fulfilled and accordingly, the SSA has become unconditional on 18 October 2021.

iii) Memorandum Of Understanding

On 10 November 2021, the Board of Directors announced that the Company had entered into a Memorandum of Understanding ("MOU") with Malaysia Automotive Robotics and IoT Institute ("MARii") to collaborate and venture into a Super Delivery Ecosystem and Electric Vehicles ("EV").

The Company and MARii agree to explore the establishment of a Production and Localisation plan to assemble 2-wheel and 4-wheel EVs. This will include a Marketing infrastructure to sell these EVs in the local Malaysian market, together with a charging network to support them.

As the first application, both parties also agree to establish a Super Delivery Ecosystem, and to incorporate this with an Electronic Payment system. There will be a redefinition of the present delivery infrastructure, and a consolidation to take it to the next level. This will give rise to a Structured Integrated Platform to better serve all involved.

The MOU shall remain in effect for a period of two years commencing from 10 November 2021.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Fourth Quarter ended 31 December 2021

B6. Status of corporate proposals (continued)

- iv) Multiple proposals i) Proposed disposal and leaseback; ii) Proposed private placement; iii) Proposed ESOS; and iv) Proposed diversification (collectively the "Proposals")

On 29 November 2021, the Board of Directors announced that the Company had entered into a conditional sale and purchase agreement with Precious Vision Sdn. Bhd. ("Precious Vision") and EP Properties (M) Sdn. Bhd. for the proposed disposal of the Glenmarie Properties for a total cash consideration of RM53.5 million ("SPA"). Simultaneously with the execution of the SPA, the Company has entered into a conditional lease agreement with Precious Vision to lease part of the Glenmarie Properties ("Lease Agreement"), which is currently used by the Group as its manufacturing plant and office premise, for a lease term of 5 years commencing from the unconditional date of the Lease Agreement ("Proposed Disposal and Leaseback").

The Company also proposed to undertake the followings:

- i) Proposed private placement of up to 30% of the total number of issued ordinary shares of the Company to third party investors to be identified later ("Proposed private placement");
- ii) Proposed establishment of an employee's share option scheme ("ESOS") of up to 15% of Company's total number of issued ordinary shares, excluding treasury shares, if any, at any point in time over the duration of the ESOS for the eligible Directors and employees of the Group ("Proposed ESOS"); and
- iii) Proposed diversification of the Group's principal activities to include the undertaking of property development, construction, project management and related activities ("Proposed diversification").

Save for the above, there was no other corporate proposals that have been announced by the Group as at the date of this report.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Fourth Quarter ended 31 December 2021

B7. Loans and borrowings

	As at 31/12/2021 RM'000	As at 31/12/2020 RM'000
Non- Current		
Term loans	22,978	27,027
Other bank facilities	171	296
Total	23,149	27,323
Current		
Term loans	17,200	20,488
Banker's acceptance	92,611	99,790
Revolving credit	25,000	25,000
Bank overdraft	9,601	9,806
Other bank facilities	126	126
Total	144,538	155,210
Total loans and borrowings	167,687	182,533

Borrowings are secured and denominated in Ringgit Malaysia.

Borrowings of the Group have reduced to RM167.7mil as at 31 December 2021 from RM182.5mil as at 31 December 2020. Loans and borrowings have decreased mainly due to lower utilization of bankers' acceptances and repayment of term loans.

The weighted average interest rate of borrowings is 3.92% and the proportion of debt that is based on fixed and floating interest rates are as follows:

	As at 31/12/2021 RM'000	As at 31/12/2020 RM'000
Fixed interest rate borrowings	115,621	120,136
Floating interest rate borrowings	52,066	62,397
Total loans and borrowings	167,687	182,533

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Fourth Quarter ended 31 December 2021

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 2021.

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 current financial year.

B11. Profit/(Loss) per share

The calculation of basic profit/(loss) per share is based on the net profit/(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 31/12/2021	Preceding year corresponding quarter ended 31/12/2020	Current year-to-date 31/12/2021	Preceding year-to-date 31/12/2020
Profit/(Loss) for the period attributable to owners of the Company (RM'000)	2,740	(876)	(8,185)	(15,156)
Weighted average number of ordinary shares ('000)	197,560	158,179	197,560	158,179
Basic earnings/(loss) per share (sen)	1.39	(0.55)	(4.14)	(9.58)
Diluted earnings/(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. 199601017765 (390116-T))

Interim Financial Report for the Fourth Quarter ended 31 December 2021

B12. Notes to the Statement of Comprehensive Income

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/12/2021 RM'000	Preceding year corresponding quarter ended 31/12/2020 RM'000	Current year-to-date 31/12/2021 RM'000	Preceding year-to-date 31/12/2020 RM'000
Finance income	69	(6)	138	220
Other income	1,216	715	2,774	2,406
Finance costs	(2,226)	(2,366)	(7,593)	(9,350)
Depreciation and amortisation	(7,490)	(10,347)	(30,243)	(39,337)
Net Inventories written off	(1,938)	(7,451)	(2,218)	(7,785)
Trade and other receivables written off	-	(1,349)	-	(1,349)
Reversal of impairment loss on trade and other receivables	243	-	243	-
Foreign exchange gain/(loss)	(21)	101	(135)	167
Gain on disposal of property, plant and equipment	58	-	206	-

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: 28 February 2022